



HEALTH & BEAUTY

**PROSPECTUS**

regarding the admission to trading of

**EUR 125,000,000 senior secured floating rate bonds 2021/2025 issued by LR Global Holding GmbH**

ISIN: NO0010894850

This prospectus was approved by the Swedish Financial Supervisory Authority on 24 January 2022.

The validity of this prospectus will expire within twelve (12) months after the date of its approval. The Issuer's obligation to supplement this prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when this prospectus is no longer valid.

Amounts payable under the Bonds (as defined herein) are calculated by reference to EURIBOR and EURIBOR constitutes a benchmark according to regulation (EU) 2016/1011 (the "**Benchmark Regulation**"). The European Money Market Institute (EMMI) is the authorised administrator of EURIBOR. EURIBOR is considered compliant with the Benchmark Regulation and EMMI was added to the register for benchmark administrators maintained by the European Securities and Markets Authority (ESMA) in accordance with Article 36 of the Benchmark Regulation, meaning that EURIBOR as an interest basis may be used also after the end of the applicable Benchmark Regulation transitional period (i.e., after 1 January 2020).

## IMPORTANT INFORMATION

This prospectus (the "**Prospectus**") has been prepared by LR Global Holding GmbH, a limited liability company incorporated under the laws of Germany and registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Münster, Germany under registration number HRB 14367 (the "**Company**" or the "**Issuer**" and, together with its consolidated subsidiaries, "**LR Group**", "**LR**", the "**Group**", "**we**", "**us**", "**our**" or "**ourselves**"), in relation to the application for admission for trading of bonds issued under the Issuer's EUR 125,000,000 senior secured floating rate bonds 2021/2025 with ISIN NO0010894850 (the "**Bonds**"), issued on 3 February 2021 (the "**Issue Date**"), in accordance with the terms and conditions for the Bonds (the "**Terms and Conditions**" and the "**Bond Issue**", respectively) on the corporate bond list of Nasdaq Stockholm Aktiebolag ("**Nasdaq Stockholm**"). The Bonds were listed on the Open Market of Frankfurt Stock Exchange, under the trading name LR Global Holding GmbH 7.25% 21/25 on 28 January 2021. Concepts and terms defined in Section "**Terms and Conditions for the Bonds**" are used with the same meaning throughout the entire Prospectus unless otherwise explicitly understood from the context or otherwise defined in this Prospectus. For the avoidance of doubt, this Prospectus has been prepared solely in relation to the application for admission for trading of the Bonds on the corporate bond list of Nasdaq Stockholm. Pareto Securities AB, Pareto Securities AS, Frankfurt Branch and Skandinaviska Enskilda Banken AB (publ) have acted as joint bookrunners and NT Services AS has acted as paying agent.

This Prospectus has been prepared by the Company and approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the "**SFSA**") pursuant to Chapter II and Article 20 in the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "**Prospectus Regulation**"). Furthermore, Annexes 6, 14 and 21 of the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, form the basis for the content of this Prospectus. Approval and registration in accordance with the Prospectus Regulation does not constitute any guarantee from the SFSA that the information in this Prospectus is accurate or complete.

This Prospectus is not an offer for sale or a solicitation of an offer to purchase the Bonds in any jurisdiction. It has been prepared solely for the purpose of admitting the Bonds to trading on Nasdaq Stockholm. This Prospectus may not be distributed in the United States of America, Australia, Hong Kong, Japan, Canada, Switzerland, Singapore, South Africa or New Zealand or in any other jurisdiction where such distribution or disposal requires additional prospectus, registration or additional measures or is contrary to the rules and regulations in such country. Persons into whose possession this Prospectus comes or persons who acquire the Bonds are therefore required to inform themselves about, and to observe, such restrictions. The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and are subject to U.S. tax law requirements. The Bonds may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons, except for "Qualified Institutional Buyers" ("**QIB**") within the meaning of Rule 144A under the U.S. Securities Act. Bondholders located in the United States are not permitted to transfer Bonds except (i) subject to an effective registration statement under the U.S. Securities Act, (ii) to a person that the Bondholder reasonably believes is a QIB within the meaning of Rule 144A that is purchasing for its own account, or the account of another QIB, to whom notice is given that the resale, pledge or other transfer may be made in reliance on Rule 144A, (iii) outside the United States in accordance with Regulation S under the U.S. Securities Act, (iv) pursuant to an exemption from registration under the U.S. Securities Act provided by Rule 144 thereunder (if available) or (v) pursuant to any other available exemption from registration under the U.S. Securities Act, subject to the receipt by the Issuer of an opinion of counsel or such other evidence that the Issuer may reasonably require confirming that such sale or transfer is in compliance with the Securities Act. Furthermore, the Company has not registered the Bonds under any other country's securities laws. It is the investor's obligation to ensure that the offers and sales of Bonds comply with all applicable securities laws.

Unless otherwise explicitly stated, no financial information contained in this Prospectus has been audited or reviewed by the Issuer's auditors. Certain financial information in this Prospectus may have been rounded according to established commercial standards and, as a result, rounded figures may not add up to the aggregate amounts (sum totals or subtotals), which are calculated based on unrounded figures. Financial information presented in parentheses denotes the negative of such number presented. This Prospectus shall be read together with all documents that are incorporated by reference and possible supplements to this Prospectus. In this Prospectus, any references to "**EUR**" refer to Euro as the single currency of the participating member states in accordance with the legislation of the European Community relating to Economic and Monetary Union.

This Prospectus may contain forward-looking statements and assumptions regarding future market conditions, operations and results. Such forward-looking statements and information are based on the beliefs of the Issuer's management or are assumptions based on information available to the Group. The words "considers", "intends", "deems", "expects", "anticipates", "plans" and similar expressions indicate some of these forward-looking statements. Other such statements may be identified from the context. Any forward-looking statements in this Prospectus involve known and unknown risks, uncertainties and other factors which may cause the actual results, performances or achievements of the Group to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Further, such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. Although the Issuer believes that the forecasts or indications of future results, performances and achievements are based on reasonable assumptions and expectations, they involve uncertainties and are subject to certain risks, the occurrence of which could cause actual results to differ materially from those predicted in the forward-looking statements and from past results, performances or achievements. Further, actual events and financial outcomes may differ significantly from what is described in such statements as a result of the materialisation of risks and other factors affecting the Group's operations. Such factors of a significant nature are mentioned in Section "**Risk factors**" below.

Certain amounts payable under the Bonds are calculated by reference to EURIBOR and EURIBOR constitutes a benchmark according to regulation (EU) 2016/1011 (the "**Benchmark Regulation**"). The European Money Market Institute (EMMI) is the authorised administrator of EURIBOR. EURIBOR is considered compliant with the Benchmark Regulation and EMMI was added to the register for benchmark administrators maintained by the European Securities and Markets Authority (ESMA) in accordance with Article 36 of the Benchmark Regulation, meaning that EURIBOR as an interest basis may be used also after the end of the applicable Benchmark Regulation transitional period (i.e., after 1 January 2020).

The Bonds may not be a suitable investment for all investors and each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference into this Prospectus or any applicable supplement; (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact other Bonds will have on its overall investment portfolio; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds; (iv) understand thoroughly the Terms and Conditions; and (v) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

This Prospectus has been prepared in English only and is governed by Swedish law. Disputes concerning, or related to, the contents of this Prospectus shall be subject to the exclusive jurisdiction of the courts of Sweden. The Issuer submits to the non-exclusive jurisdiction of the City Court of Stockholm (Sw. *Stockholms tingsrätt*). The Prospectus is available at the SFSA's website ([www.fi.se](http://www.fi.se)) and the Issuer's website ([www.lrworl.com/investorrelations](http://www.lrworl.com/investorrelations)).

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# SUMMARY

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## Introduction and Warnings

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**Name and international securities identification number (ISIN) of the securities** – This prospectus (the "**Prospectus**") relates to the issuance of the EUR 125,000,000 senior secured floating rate bonds 2021/2025 with ISIN NO0010894850 (the "**Bonds**") of LR Global Holding GmbH, issued on 3 February 2021 (the "**Issue Date**"), in accordance with the terms and conditions for the Bonds (the "**Terms and Conditions**" and the "**Bond Issue**", respectively).

**Identity and contact details of the issuer, including its legal entity identifier (LEI)** – The issuer of the Bonds is LR Global Holding GmbH, Kruppstraße 55, 59227 Ahlen, Federal Republic of Germany ("**Germany**") (telephone: +49 (0) 2382 7658 0; website: www.LRworld.com), a limited liability company incorporated under the laws of Germany, legal entity identifier ("**LEI**") 529900YM1HDMG9MCJD66, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Münster, Germany under registration number HRB 14367 (the "**Company**" or the "**Issuer**" and, together with its consolidated subsidiaries, "**LR Group**", "**LR**", the "**Group**", "**we**", "**us**", "**our**" or "**ourselves**").

**Identity and contact details of the competent authority approving the Prospectus and date of the approval of the Prospectus** – On 24 January 2022, the Swedish Financial Supervisory Authority (*Finansinspektionen*), Brunnsgratan 3, Box 7821, 103 97 Stockholm, Sweden, telephone: +46 (0) 8 408 980 00, approved this Prospectus.

**Warnings** – *This summary should be read as an introduction to the Prospectus. Every decision to invest in the Bonds should be based on the investors' consideration of the Prospectus as a whole. Investors in the Bonds may lose all or part of the invested capital. Where a claim relating to the Prospectus is brought before a court, the plaintiff may have to bear the costs of translating the Prospectus before legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent 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 the Bonds.*

## Key Information on the Issuer

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### Who Is the Issuer of the Securities?

**Issuer Information** – The Company has its registered offices at Kruppstraße 55, 59227 Ahlen, Germany, and its corporate seat in Ahlen, Germany, and the LEI 529900YM1HDMG9MCJD66. As a limited liability company (*Gesellschaft mit beschränkter Haftung (GmbH)*) incorporated in Germany, the Company is subject to German law.

**Principal Activities** – We operate a digitally driven direct-to-consumer (D2C) social selling platform, distributing our health and beauty products in 24 countries across continental Europe, in Russia, in Turkey and in Kazakhstan and have recently launched distributions in South Korea, our first entry-point into the East Asian market. Germany, France, Czech Republic, Poland and Russia/Kazakhstan being our core markets, we distribute the vast majority of our products to an engaged community of partners, which join our community to benefit from preferred pricing of our products and access to our bonus model that incentivizes partners to refer new potential customers to our product offering and also to become partners as part of our community and/or to be part of our marketing and product distribution by on-selling our products.

**Major Shareholder** – On 30 November 2021, Aloco Holding S.à r.l. ("**Aloco**") with registered offices at 51, boulevard Grande-Duchesse Charlotte, 1331 Luxembourg, Grand Duchy of Luxembourg ("**Luxembourg**"), contributed all its shares in the Company to LR Health & Beauty SE, Germany ("**LR SE**"), with registered offices at Kruppstraße 55, 59227 Ahlen, Germany. As of the date of this Prospectus, Aloco directly holds 100% of the

shares in LR SE, which again directly holds 100% of the shares in the Company. As of the date of this Prospectus, the majority of the shares in Aloco are owned by Quadriga Capital Private Equity Fund IV LP (approximately 74%) and Quadriga Capital IV Commerce Holding LP (approximately 14%) (together, the "**Quadriga Funds**"). The Quadriga Funds pool the investments of a large group of professional and institutional investors and are managed by Quadriga Capital IV GP Limited as general partner.

**Controlling Shareholder** – As of the date of this Prospectus, the Company is controlled by Aloco.

**Management Board** – The members of the management board of the Company are Andreas Friesch (chief executive officer) and Dr. Andreas Laabs (chief financial officer and chief operating officer) as managing directors (*Geschäftsführer*).

**Statutory Auditors** – The Company's statutory auditor is Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Hamburg office, Rothenbaumchaussee 78, 20148 Hamburg, Germany ("**EY**").

### **What Is the Key Financial Information Regarding the Issuer?**

The key financial information contained in the following tables as of 31 December 2019 and 31 December 2020 or relating to the financial years ended 31 December 2019 or 31 December 2020 derives from the Company's audited consolidated financial statements as of and for the financial years ended 31 December 2019 and 31 December 2020, prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**") and the additional requirements of German commercial law pursuant to Section 315e para. 1 of the German Commercial Code (*Handelsgesetzbuch* – "**HGB**"). The key financial information contained in the following tables as of 30 September 2021 or relating to the nine-month period ended 30 September 2021 derives from the Company's unaudited consolidated interim financial information as of and for the nine-month period ended 30 September 2021, which does not represent a complete set of interim condensed consolidated financial statements in accordance with IFRS for interim financial reporting (IAS 34), or constitutes the Group's internal financial information.

Where financial information in this Prospectus is labeled "audited" in tables, this financial information was taken from the Company's audited consolidated financial statements mentioned above. The label "unaudited" is used in tables of this Prospectus to indicate financial information that was taken from the Company's unaudited consolidated interim financial information mentioned above, or from the Company's accounting records or internal reporting systems or has been calculated based on figures from the above-mentioned sources.

#### *Selected Data from the Consolidated Statement of Profit or Loss*

	<b>For the financial year ended 31 December</b>		<b>For the nine-month period ended 30 September</b>	
	<b>2020</b>	<b>2019</b>	<b>2021</b>	<b>2020</b>
	(audited)		(unaudited)	
	(in EUR million)		(in EUR million)	
Profit or loss for the period .....	14.8	0.9	(7.1)	10.1

#### *Selected Data from the Consolidated Balance Sheet / Statement of Financial Positions*

	<b>As of 31 December</b>		<b>As of 30 September</b>
	<b>2020</b>	<b>2019</b>	<b>2021</b>
	(unaudited)		(unaudited)
	(in EUR million)		(in EUR million)
Net financial debt <sup>(1)</sup> .....	242.7 <sup>(2)</sup>	259.7 <sup>(3)</sup>	217.6 <sup>(4)(5)</sup>

(1) Defined as long term debt plus short term debt minus cash.

(2) Comprising non-current liabilities to shareholders, current liabilities to financial institutions, certain current other liabilities for the fixed-rate loan Styria minus cash and cash equivalents, as presented in the relevant consolidated balance sheet of the Issuer.

(3) Comprising non-current liabilities to shareholders, non-current liabilities to financial institutions, certain non-current other liabilities for the fixed-rate loan Styria minus cash and cash equivalents, as presented in the relevant consolidated balance sheet of the Issuer.

(4) Comprising non-current liabilities to shareholders, non-current bond liabilities minus cash and cash equivalents, as presented in the relevant consolidated statement of financial positions of the Issuer.

- (5) Aloco Holding S.à r.l., as the Issuer's former direct controlling shareholder, originally granted a shareholder loan in the principal amount of EUR 109,930,000.00 to the Issuer under a shareholder loan agreement originally dated 4 March 2013 (as amended and restated from time to time) ("**Shareholder Loan**"). On 30 November 2021, Aloco Holding S.à r.l. performed a contribution in kind of its receivables resulting from the Shareholder Loan in the full amount of EUR 146,324,810.00 (principal amount, interest and costs) to the Issuer by way of assignment. The contribution was made as a contribution to the free capital reserve pursuant to Section 272 para 2 no. 4 of the German Commercial Code (*Handelsgesetzbuch* – "**HGB**"). Accordingly, the corresponding indebtedness under the Shareholder Loan has been reduced to zero.

#### *Selected Data from the Consolidated Statement of Cash Flows*

	For the financial year ended 31 December		For the nine-month period ended 30 September	
	2020	2019	2021	2020
	(audited)		(unaudited)	
	(in EUR million)		(in EUR million)	
Cash flow from operating activities .....	34.5	14.4	7.3	16.7
Cash flow from investing activities .....	(5.9)	(2.7)	(4.5)	(3.6)
Cash flow from financing activities .....	(19.1)	(6.2)	(16.6)	(5.9)

#### *What Are the Key Risks that Are Specific to the Issuer?*

- Key drivers for our future growth and business success are the number of new partners and improvement of selling rates of our partners. However, there is a risk that we do not manage to recruit and/or retain motivated and successful partners, which could adversely affect our business.
- We rely on strong demand for our products, which, in particular, depends on the performance of the economy in the European Economic Area. A number of adverse developments have significantly increased the risk of a severe recession which could adversely affect our business, in particular the outbreak of the COVID-19 pandemic, the possible exit of one or more member states from the European Union such as Poland, Hungary and/or Italy and/or a potential economic, political and/or military conflict between the European Union and Russia.
- We operate in a highly competitive market characterized by a constant change in consumer trends sensitive to the introduction of new products and the potential entry of competitors. In order to keep up with such trends, to meet the needs of customers and to differentiate from potential competitors, new products and services must continually be developed and existing products and services improved.
- A majority of partners' and customers' orders are placed online through the Group's IT platform, and the Group is dependent on information systems to retain sales, to efficiently communicate with partners and to obtain information on customer behavior and sales patterns in different markets.
- The Group's success depends to a certain extent upon brand recognition and the goodwill associated with the trademarks and trade names.
- Our organization is built around a number of individuals with many years of experience within the direct selling industry, product development, financing and marketing. The loss of any of the Group's key employees could hamper the Group's operations and have an adverse effect on its operations.
- Approximately half of our revenue from the sales of goods is attributable to products manufactured and packaged in our facilities in Ahlen, Germany. Any material disruption of such facilities may have material effects on our operations, financial position and earnings.
- We conduct operations in 28 countries across two continents and are thus exposed to changes in various laws, rules and regulations, including tax laws and competition laws. Due to the nature of our operations, we may be adversely affected by changes in laws and regulations, in particular those related to cosmetics, food safety competition rules and business structures.
- We are exposed to product liability or recall claims in the event that the use of our products results in, or is alleged to result in or have a likelihood of resulting in, bodily injury such as allergies, eczema or similar medical conditions.
- The adoption of new laws and ordinances and changes to existing accounting regulations, including international accounting rules, may lead to the Group needing to amend its procedures in relation to accounting, financial reporting and internal inspection.

- Doing direct business with many individuals, we process a significant amount of personal data protected by various data protection laws and regulations. We may face substantial fines if we fail to properly collect, use, transmit and store personal data in compliance with the applicable data protection laws and regulations.

## **Key Information on the Securities**

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### ***What Are the Main Features of the Securities?***

The Bonds constitute debt instruments (Sw. *skuldförbindelser*), each of the type set forth in Chapter 1 Section 3 of the Swedish Central Securities Depositories and Financial Instruments Accounts Act (Sw. *lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*).

The Bonds constitute direct, senior, unsubordinated and secured obligations of the Company, and shall at all times, rank *pari passu* and without any preference among them, and at least *pari passu* with all other direct, unsubordinated and unsecured obligations of the Company, subject to those obligations which are mandatorily preferred by law, and except as otherwise provided in the the finance documents entered into as part of transaction security for the Bonds. This means that a Bondholder will normally receive payment after any prioritised creditors' receipt of payment in full, in the event of the Company's liquidation, company reorganisation or bankruptcy/insolvency.

The Bonds bear interest from (and including) the first issue date (3 February 2021), up to (but excluding) the final maturity date (3 February 2025) or any relevant redemption date prior to the final maturity date. Interest on the Bonds is paid at a floating rate of EURIBOR plus 725 basis points *per annum*, quarterly in arrears on 28/29 February (i.e., the last day of February, as applicable), 31 May, 31 August and 30 November in each year, or to the extent such day is not a CSD Business Day, the CSD Business Day following from an application of the Business Day Convention (all as defined in the Terms and Conditions).

As of the date of this Prospectus, the maximum amount of 125,000 Bonds has been issued. Further Bonds can only be issued with the consent of the Bondholders in accordance with Clause 18.4.2(a) of the Terms and Conditions. The initial nominal amount of each initial Bond is EUR 1,000 and the minimum permissible investment in connection with the issue of the Bonds is EUR 100,000. The ISIN of the Bonds is NO0010894850.

### ***Where Will the Securities be Traded?***

The Bonds will be admitted to trading on the corporate bond list of Nasdaq Stockholm Aktiebolag ("**Nasdaq Stockholm**" and "**Admission to Trading**", respectively) or, if such Admission to Trading is not possible to attain or obtain, at another regulated market (as defined in the Markets in Financial Instruments Directive 2014/65/EU (MiFID II), as amended). The Bonds have also been listed on the Open Market of Frankfurt Stock Exchange, which is a multilateral trading platform (MTF), on 28 January 2021.

### ***Is There a Guarantee Attached to the Securities?***

The obligations under the Bonds are guaranteed under a Swedish law governed guarantee agreement ("**Guarantee Agreement**") entered into by, or through accessions by certain subsidiaries of the Issuer (the "**Guarantors**").

Subject to the Guarantee Agreement, each Guarantor irrevocably and unconditionally and jointly and severally as a principal obligor (Sw. *proprieborgen*) guarantees to the secured parties under the Bonds as for its own debts (Sw. *såsom för egen skuld*) the full and punctual payment and performance by each Group company of all the secured obligations, including the payment of principal, interest, costs, expenses or other amount under the finance documents (including the Bonds and the documents entered into as part of transaction security for the Bonds) that has not been fully and irrevocably paid by the Issuer or any other obligor under such documents. Such guarantee commitments have been entered into in accordance with the Guarantee Agreement, which is entered into between the Issuer, each Guarantor and the security agent (Nordic Trustee & Agency AB (publ), i.e., the agent under the Bonds). The obligations and liabilities of the Guarantors under the Guarantee Agreement shall be limited if

required (but only if and to the extent required) under the laws of the jurisdiction in which the relevant Guarantor is incorporated.

As of the date of this Prospectus, the Guarantors are LR Health & Beauty Systems Beteiligungs GmbH (Germany), LR Health & Beauty Systems GmbH (Germany), LR Partner Benefits GmbH (Germany), LR-International Beteiligungs GmbH (Germany) and LR Health & Beauty GmbH (Germany), LR Health & Beauty Systems SAS (France), LR Jersey Holding Limited (Jersey), LR HEALTH & BEAUTY SINGLE MEMBER LIMITED LIABILITY COMPANY (LR HEALTH & BEAUTY SYSTEMS ΣΥΣΤΗΜΑΤΑ ΥΤΕΛΑΣ ΚΑΙ ΟΜΟΡΦΙΑΣ ΜΟΝΟΠΡΟΣΩΗ ΕΤΑΙΡΕΙΑ ΠΕΡΙΟΡΙΣΜΕΝΗΣ ΕΥΘΥΝΗΣ) (Greece), LR Health & Beauty Systems, s.r.o. (Czech Republic), LR Health & Beauty Systems, s.r.o. (Slovakia), LR Health & Beauty Systems sp. z o.o. (Poland). None of the entities are required to have a LEI-code.

Further Guarantors may accede to the Guarantee Agreement by way of signing, *inter alia*, accession letters. Existing Guarantors may, under certain conditions and subject to the Guarantee Agreement, resign from the Guarantee Agreement.

In the decision of the SFSA made on 21 December 2021, the SFSA has granted an exemption from certain disclosure requirements regarding financial information. According to the decision, the Issuer is not required to disclose separate financial information regarding the Guarantors as otherwise required pursuant to Section 3 in Appendix 21 and Section 11.1 in Appendix 6, of the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129. The exemption was granted based on the fact that the Guarantors are included in the Issuer's audited consolidated financial statements as of and for the financial years ended 31 December 2019 and 2020 as well as the Issuer's unaudited consolidated interim financial information as of and for the nine-month period ended 30 September 2021 that is relevant for the Issuer and that is incorporated into the Prospectus by reference, and stated in brief above.

### ***What Are the Key Risks that Are Specific to the Securities?***

- The Issuer is a holding company and a significant part of the Issuer's assets and revenue relate to or are derived from the Issuer's subsidiaries. The Issuer is therefore dependent upon receipt of sufficient income related to the operation of and the ownership in such entities in order to make payments under the Bonds.
- Due to the nature of the Bonds, in the event of bankruptcy, re-organization or winding-up of the Issuer, the Bondholders normally receive payment after any priority creditors have been fully paid to the extent that the Bondholders' claim is not secured by and settled from the enforcement proceeds of the transaction security (consisting of pledges over shares and the guarantee pursuant to the Guarantee Agreement) for the Bonds (the "**Transaction Security**"). To the extent the Transaction Security relates to assets of subsidiaries of the Issuer, each security interest granted will be limited in scope to comply with limitations on financial assistance, capital maintenance rules or similar restrictions under applicable law. As a result, the security interest can only be enforced if and to the extent that such enforcement will not lead to a violation of these restrictions under corporate laws applicable to the relevant subsidiary. In Germany, a GmbH is prohibited from distributing assets to its shareholders to the extent the amount of the GmbH's net assets is already less than or would fall below the amount of its stated share capital. Providing security for debt of a direct or indirect shareholder is considered a distribution to such shareholder. The Transaction Security may thus not be enforceable in the event of a default of the Issuer, or only be enforceable in part, which may limit the recovery of the Bondholders. Further, there is a risk that the proceeds from any enforcement of the Transaction Security would not be sufficient to satisfy all amounts then due on or in respect of the Bonds.



## Key Information on the Admission to Trading on a Regulated Market

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### *Under Which Conditions and Timetable Can I Invest in this Security?*

**Timetable** – Application for Admission to Trading will be filed in immediate connection with the SFSA's approval of this Prospectus. The earliest date for admitting the Bonds to trading on Nasdaq Stockholm is at the latest 26 January 2022.

**Total Expenses** – The total expenses for the Admission to Trading are estimated to amount to approximately EUR 125,000.00.

### *Why Is this Prospectus Being Produced?*

**Reasons and Use of Issue Proceeds** – This Prospectus has been prepared for the purpose of applying for admission of trading of the Bonds at Nasdaq Stockholm (or another regulated market as defined in the Markets in Financial Instruments Directive 2014/65/EU (MiFID II), as amended), which is a requirement from the Bondholders according to the Terms and Conditions.

The proceeds from the Bond Issue (after deduction for the fees paid by the Issuer to Pareto Securities AB, Pareto Securities AS, Frankfurt Branch and Skandinaviska Enskilda Banken AB (publ) ("**Joint Bookrunners**") for the services provided in relation to the Bond Issue and placement of the Bonds) were applied towards (i) repaying in full the then existing bank debt of the Issuer in an approximate amount of EUR 85,000,000; (ii) the payment by (or on behalf of) Aloco Holding S.à r.l. (as the then sole direct shareholder of the Issuer) of a refinancing fee to the lenders under the then existing bank debt under (i) in an amount of EUR 5,000,000; (iii) repaying, together with cash on balance sheet, the then existing loans or credits made to the Issuer by direct or indirect shareholders of the Issuer in an approximate amount of EUR 35,000,000; and (iv) the payment of transaction costs in relation to the Bond Issue (to the extent not already deducted from the proceeds of the Bonds) on or about the Issue Date.

**Material Conflicts of Interest** – The Joint Bookrunners and/or their affiliates have engaged in, and may in the future engage in, investment banking and/or other services for the Group in the ordinary course of business. Accordingly, conflicts of interest may exist or may arise as a result of the Joint Bookrunners and/or their affiliates having previously engaged, or will in the future engage, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

# RISK FACTORS

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*The purpose of this section is to enable a potential investor to assess the relevant risks related to its potential investment in the Bonds in order to make an informed investment decision. According to Article 16 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC, as amended, the risk factors featured in a prospectus must be limited to risks that are specific to the issuer and/or to the securities and are material for taking an informed investment decision. Therefore, the following risks are only those risks that are specific to LR Global Holding GmbH (the "**Company**" or the "**Issuer**") and its consolidated subsidiaries (together with the Company, "**LR Group**", "**LR**", the "**Group**", "**we**", "**us**", "**our**" or "**ourselves**"), the markets in which it operates with its platform and to the Bonds and based on the Company's current assessment material for making an informed investment decision.*

*The following risk factors are categorized into subcategories based on their respective nature. Within each such subcategory, the order of risk factors is based on the Company's current assessment with respect to the probability of occurrence and expected magnitude of the adverse impact of such risk factors, with the two most material risk factors mentioned at the beginning of each subcategory (i.e., those the Company believes are most likely to have a material adverse impact).*

## Risks Related to the Group's Business Activities and Industry

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***We operate no brick and mortar stores and the Group may be unable to recruit and retain sufficient Partners to remain competitive and/or may be unable to end its relationships with unproductive and/or inefficient Partners***

One of the Group's main drivers for future growth and business success is the number of new people joining our social selling platform and the improvement of selling rates per individual consumer of our products.

We distribute the vast majority of our products to an engaged community of partners, which join our community to benefit from preferred pricing of our products and access to our bonus model that incentivizes partners to refer new potential customers to our product offering and also to become partners as part of our community and/or to be part of our marketing and product distribution by on-selling our products. To be counted as part of our community, individuals who signed up as a "partner" through one of our sales partner agreements must also have made a purchase of LR products within the last 90 days ("**Partners**"). As of 31 December 2020, our community consists of more than 300,000 Partners.

The vast majority of our Partners show consumer behavior, e.g., by purchasing the Group's products for their own consumption, without recruiting new Partners or reselling such products. However, LR's business model depends on Partners actively reaching out to new potential Partners via referral marketing or direct sales of LR products to them. The Partners are independent contractors who purchase products directly from LR Group either to sell and deliver them directly to their customers or to keep them for personal use. Partners are free to support us in expanding the number of Partners, e.g., by representing LR and our products on social media and/or directly referring new customers to become Partners of their own. The loss of high performing Partners could adversely affect the growth and the performance of the network and the Group's overall sales. In order for the Group to increase sales it must increase the number of Partners. Accordingly, it is important that the Group succeeds in recruiting new Partners, elevating and keeping them as Partners and retaining existing Partners. The Group is subject to significant competition for the recruitment of Partners from other direct selling organizations including those that market cosmetics, wellness and other types of products (see risk factor "*The Group may be unable to remain competitive in a market that is sensitive to the introduction of new products and competitors, and that is characterized by constant changes in the needs of customers*"). Therefore, the Group must maintain its high product quality and ensure that business opportunities and compensation arrangements for Partners are attractive and in line with market levels. If LR Group is unsuccessful in the recruitment and retention of Partners or is

unable to compete effectively, the size of our community of Partners and the quality of Partners could decline, which would have an adverse effect on the Group's operations, financial position and earnings.

Additionally, in certain cases across various jurisdictions, LR Group may not be able to terminate its relationship with particular Partners, due to specific contractual arrangements where LR has waived its right for ordinary termination, i.e., without specific cause. This relates to certain legacy contracts where LR waived its right for ordinary termination to show its commitment to its Partners. In some cases, even an extraordinary termination requires several written warnings before LR may declare the extraordinary termination of the relevant sales partner agreement. This also applies to a significant number of high-performing and long-standing Partners. Due to the high threshold for terminating the relationship with certain Partners, LR Group may be unable to swiftly separate its relationship with such Partners, even in case of severe contractual violations and/or non-compliance with LR Group policies. While this is less relevant for low-performing Partners generating less revenue, this is of particular relevance where ordinary termination of the relationship is not an option. Effectively, LR would have to tolerate certain behavior that may be harmful to the LR brand. This inability could significantly harm LR Group's relationships with Partners and customers as well as negatively affect product sales and thereby have an adverse effect on the Group's operations, financial position and earnings.

***The Group's business, prospects, results of operations, cash flows and financial position may be adversely affected by the COVID-19 pandemic***

The outbreak of COVID-19, which the World Health Organization, WHO, on 30 January 2020, declared a "Public Health Emergency of International Concern", has led to and will continue to have a significant impact on the societies and the markets in which the Group operates in the form of, e.g., reduced production, disrupted value chains and logistics, temporary and long-term redundancy, unemployment and decreased consumer demand. The impact of these and other factors could significantly impact consumer confidence and result in economic pressures on consumers, including reduced discretionary spending. A reduction in affordability caused by a prolonged recession could increase consumer down-trading (switching to a cheaper brand or category) and/or reduce personal consumption in individual markets (see risk factor "*The current key financing of the Group relies upon refinancing of significant outstanding amounts at the end of the term of such financing*").

Additionally, since personal contacts between the customer and the Partners as well as incentive trips with Partners, other sales seminars, conferences and meetings are an integral part of the Group's direct sales marketing strategy, the feasibility of the Group's business model may be severely impaired by the social distancing and governmental restrictions implemented in several markets where the Group is active and may result in long-term changes in consumer behavior (see risk factor "*The Group may not be able to maintain or grow its revenue or its business*").

While the impact on Group revenue and profit from the COVID-19 pandemic appears to have been limited, the lockdown measures implemented in various countries worldwide to slow the spread of the infection have materially impacted LR's international expansion plans, particularly in South Korea. LR's expansion strategy relies on achieving a critical mass of Partners in the relevant country, usually requiring physical meetings or development events that cannot take place while lockdown measures are in place (particularly the case in South Korea). Further or continued lockdown measures in expansion countries can significantly affect LR's growth strategy, adversely affecting the Group's earnings and future prospects (see also risk factor "*LR Group may be unable to manage its expansion to new markets, which could prevent plans for future growth and adversely affect the Group's operations, financial position and earnings*").

To date, the impact on the Group of the COVID-19 pandemic has been limited. However, currently, Europe is experiencing a fourth wave of the pandemic, with the emergence of new strains that are more contagious than the initial strain, in particular the so-called "Delta" and – as of November 2021- the so-called "Omicron" variant and possibly additional variants with mutations where the effects on the future development of the pandemic is completely unforeseeable as at the date of this Prospectus. The future impact of the pandemic on the industry and the markets in which we operate as well as on our operations will depend largely on future developments,

including the success of vaccination efforts, the efficacy of available vaccines, the availability of effective medications and other medical treatments and the proliferation of more contagious or virulent variants of the virus. In particular, if available vaccines prove less effective against the "Delta", "Omicron", or other additional variants, the effects of the pandemic may be prolonged and/or worsened. A failure to contain the pandemic or the continued application of measures taken for the purpose of containing it could significantly negatively affect the result, the growth and overall future prospects of our business. If the pandemic continues to spread and affect economic life over a prolonged period of time, or other similar viruses emerge that give rise to similar effects, the adverse impact on the global economy could deepen and result in adverse effects on the Group's operations, financial position and earnings as well as overall future prospects.

***The Group may be unable to remain competitive in a market that is sensitive to the introduction of new products and competitors, and that is characterized by constant changes in the needs of customers***

The business environment in which the Group operates is competitive, sensitive to the introduction of new products and characterized by constant changes in customer needs and entries of potential competitors. The Group competes against cosmetics manufacturers that sell their products through retail channels, direct sales and online and mail orders. Many of the Group's competitors are large, multinational companies that have significantly greater resources than the Group and with products that in certain markets benefit from significantly greater brand name recognition and consumer loyalty than the Group's products. In addition, the Group's present and future competitors may be able to develop products that are comparable or superior in quality to those offered by LR Group. This may have an effect on consumers' choice of product across different offerings and result in increased competition, which may have an adverse effect on the pricing of the Group's products as well as its margins and sales volumes, thereby affecting its profitability and/or revenue.

***The Group may not be able to maintain or grow its revenue or its business***

LR Group experienced significant growth in the past financial year. However, there can be no assurance that the Group will be able to sustain these historic growth levels, or that it will continue to experience significant above-market growth or any growth at all. LR's historic growth and expansion may not be indicative of future performance for a variety of reasons, including increasing competition, COVID-19 driven effects, the implementation of its growth strategy and the expansion of its business. In addition, LR anticipates that the growth rate will decline over time as the Group achieves higher market penetration rates in all markets in which we operate. To the extent the growth rate slows, LR Group's business performance will become increasingly dependent on its ability to achieve economies of scale by, among other things, using our operating leverage, increasing our fulfillment efficiencies and reducing marketing costs in relation to our revenue. LR Group has made and is continuing to make investments in optimizing and localizing the customer experience, fulfillment and technology infrastructure and the development of mobile applications. However, there can be no assurance that these efforts will be sufficient to grow revenue or business in total or in relation to the costs the Group incurs. If revenue growth slows or if revenue declines, this could have a material adverse effect on LR Group's business, financial condition, results of operations and prospects.

***The Group may not be able to manage its growth effectively***

The rapid growth of LR Group's business has placed, and any future growth is expected to continue to place, significant demands on Group management and LR Group's operational and financial infrastructure. As operations grow further, LR will need to continue to improve and upgrade the systems and infrastructure to deal with the greater scale and complexity of operations, especially technology systems and fulfillment infrastructure. Such expansion will require LR Group to commit substantial management, operational and other resources in advance of any increase in the size of its business with no assurance that revenue and profit will increase accordingly.

Continued growth may also strain the Group's ability to maintain reliable service levels for the Partners, impede efforts to attract, train, motivate and retain employees, and/or complicate our plans to develop and improve our operational, financial and management controls. Specifically, in certain regions, continued growth could result in LR's business, including fulfillment services sourced from third parties, being unable to accommodate the number of customers or orders, e.g., if service providers' fulfillment centers begin to operate at or near capacity. Any failure to effectively manage the increasing size and complexity of the Group's business resulting from future growth could have a material adverse effect on its business, financial condition, results of operations and prospects.

***With Aloe Vera-containing nutrition products as the best-selling product group, the Group is vulnerable to changes in customer demand***

In the nine-month period ended 30 September 2021, approximately 36% of our revenue from the sales of goods was generated with Aloe Vera containing products. Therefore, any decline in consumer appetite would materially affect the Group's revenue from the sales of goods and, accordingly, negatively impact the Group's financial position. Such change in consumer preference may, *inter alia*, be caused by the rise of another competing product or negative media coverage of the potential health effects of Aloe Vera. Such decline in sales of Aloe Vera containing products could affect the profitability and/or revenue of LR Group.

***The Group may be unable to appropriately respond to changing consumer preferences***

The Group operates in a market characterized by constant change in consumer trends. In order to keep up with such trends, meet the needs of customers and differentiate from potential competitors, new products and services (e.g., leasing cars to Partners) must continually be developed and existing products and services improved. Further business development and the success of the business model are based on private demand and the competitiveness of the overall offer (product and business opportunities) on the market. The rapid and continuous emergence of new distribution channels, particularly in e-commerce, may create consumer price deflation, affecting LR Group's customer relationships and presenting additional challenges to increasing prices in response to commodity and other cost increases. Furthermore, the health and beauty industry is characterized by rapid and frequent changes in demand for products and new product introductions and enhancements. Consumers choose to purchase cosmetics and wellness products based on numerous factors, including brand recognition, product quality and price and the extent to which they are educated on product benefits. In addition, consumers are increasingly focused on product ingredients from perspectives on health, safety and environmental impact. A main driver for future growth is country and language-oriented optimization of offers, and the Group's future competitive position depends on the ability to adapt to changing customer preferences and to meet existing and future market needs. Failure to appropriately respond to changing consumer preferences and demand for new products or product enhancements could significantly harm the Group's relationships with Partners and customers as well as product sales and thereby have an adverse effect on the Group's operations, financial position and earnings.

***The Group's reliance on its trade name and brand recognition makes the Group vulnerable to adverse publicity stemming from product safety or other compliance issues, product tampering, contamination or brand dilution***

The Group's success depends to a certain extent upon brand recognition and the goodwill associated with the trademarks and trade names. Reliance on the Group's brands makes the Group vulnerable to brand damage in a variety of ways. Damage to the Group's brands could result in the loss of revenue associated with the affected brands and higher costs to address these circumstances, including those associated with any product recall events that may occur.

The Group's ability to attract Partners and to sustain and enhance sales through Partners can be affected by adverse publicity or negative public perception of the Group's industry, the Group's competitors or the industry generally. The growing use of social and digital media increases the speed and extent that information, including misinformation, and opinions can be shared. Negative public perception may include negative publicity regarding

the sales structure of significant network marketing companies and negative perception of the business practices or products of the Group's competitors or other social direct selling or network marketing companies. Negative posts or comments about the Group, its brands or suppliers and, in some cases, its competitors, on social or digital media, may lead to controversial discussions about the Group's distribution model, allegations about its own, or its individual Partners', behavior and, whether or not valid, could thus significantly damage the Group's brands and reputation.

Additionally, product safety or other compliance issues, product tampering or contamination or brand dilution could result in adverse publicity and damage to the Group brand. The number of customers, Partners and the results of the Group's operations may be significantly affected by the public's perception of the Group and similar companies. The Group's Partners' and customers' perception of the safety and quality of the Group's products and ingredients as well as similar products and ingredients distributed by other companies can be influenced significantly by media attention, publicized scientific research or findings, widespread product liability claims and other publicity concerning the Group's products or ingredients or similar products or ingredients distributed by other companies.

Further, the dietary supplements we manufacture are, to a great extent, products (or components of end products) that are consumed as food and beverages by consumers. Certain stated benefits associated with our dietary supplements and products refer to the underlying ingredients and have not necessarily been certified by health experts or regulatory bodies in our products specifically. In addition, some of the products that we sell are produced for us by third parties, or contain elements manufactured by third parties, and such third parties may not have adequate quality control standards to assure that such products are not adulterated, misbranded, contaminated or otherwise defective. The consumption of food or beverage products that are contaminated or otherwise defective and that contain our products, including those products that are manufactured by, or contain elements from, third parties, could have a harmful effect on the health of end consumers. If customer perception of the health benefits claimed by our products deteriorates or if they experience any defective or contaminated products, the Group's relationships with Partners and customers and the Group's reputation could deteriorate, adversely affecting its operations, financial position and earnings.

***The Group's success in maintaining, extending and expanding its brand image depends, in part, on its ability to adapt to a rapidly changing media environment and to adequately protect and defend its brands and image***

The Group may fail to invest sufficiently in maintaining, extending and expanding its brand image. If the Group does not successfully maintain, extend and expand its reputation or its brand image this could have an adverse effect on the Group's operations, financial position and earnings. The Group owns certain trademarks and trade name rights used in connection with the marketing and sale of its products. Accordingly, the Group is, from time to time, subject to litigation or other proceedings relating to the defense of the Group's intellectual property rights, the costs of which (even if resolved in the Group's favor) could be substantial. Any adverse judgments with respect to such intellectual property rights could also negatively affect the Group's business and ability to compete. In addition, the laws of certain countries may provide significantly less protection for intellectual property rights than the laws of the member states of the European Union, which may increase the likelihood of third parties infringing the Group's proprietary or licensed intellectual property rights, which may dilute the brand value in the relevant marketplace.

***LR Group may be unable to manage its expansion to new markets, which could prevent plans for future growth and adversely affect the Group's operations, financial position and earnings***

In March 2021, LR Group launched its expansion to East Asia with market entry in South Korea as the first and currently only country in the region. With other advanced markets such as Hong Kong and Japan as neighboring countries to South Korea, LR considers there being significant opportunity for growth and LR's overall strategy depends on the continued development and growth of our business in the aforementioned additional markets. However, it cannot be excluded that the expansion will ultimately prove to be unsuccessful. This may be caused

by several factors, *inter alia*, difficulties in finding an adequate team in the relevant market to manage recruiting Partners and keeping existing Partners engaged or deficiencies in our supply chain resulting in a lack of available products, especially in markets geographically distant from our production facilities in Germany. This may be further amplified by the inability to adequately bring products to distant markets, manage inventory accordingly and/or set up adequate warehousing facilities. The failure of our expansion efforts may result in a significant amount of sunk costs and/or committing significant resources and thus, have a significant negative effect on projected future growth, which could adversely affect the Group's operations, financial position and earnings.

***Any significant unscheduled downtime of the Group's information technology systems could adversely affect the Group's operations, financial position and earnings***

A majority of Partners' and customers' orders are placed online through the Group's IT platform, and the Group is dependent on information systems to retain sales and efficiently communicate with Partners and to obtain information on customer behavior and sales patterns on different markets. Further, the Group conducts direct sales to end consumers through its webpage, and there is an increasing share of LR products being sold via online channels relying on LR's IT solutions such as its webshop and apps supporting its Partners. This is of particular relevance with regard to ongoing IT projects in connection with further developing mobile apps available to the Partners, the Group's webshop, ERP system and other administrative systems. Therefore, any significant unscheduled downtime of the Group's IT systems, including ERP (Enterprise Resource Planning) system, as a result of system failures, data viruses, denial-of-service attacks or other causes could adversely affect the Group's operations, financial position and earnings.

***The success of the Group's operations is dependent on the Group's ability to attract and retain highly qualified employees***

The Group's organization is built around a number of individuals with many years of experience within the direct selling industry, product development, financing and marketing. The loss of any of the Group's key employees could hamper the Group's operations and have an adverse effect on its operations. To a large extent, the Group's operations are dependent on the Group's ability to attract and retain highly qualified management personnel, as well as personnel with expertise in sales, and the Group faces competition for personnel from other companies (see risk factor "*We operate no brick and mortar stores and the Group may be unable to recruit and retain sufficient Partners to remain competitive and/or may be unable to end its relationships with unproductive and/or inefficient Partners*"). If the Group is unsuccessful in its recruitment and retention efforts, it could have an adverse effect on the Group's operations, financial position and earnings.

***Partners may have a statutory claim for post-contractual compensation based on the amount of business and customer relationships they have generated for LR Group***

Partners within the European Union likely qualify as commercial agents within the meaning of Council Directive 86/653/EEC of 18 December 1986 on the coordination of the laws of the Member States relating to self-employed commercial agents. Therefore, Partners may have a statutory claim for post-contractual compensation after termination of the Partner relationship for any ongoing benefits that the principal derives from customers acquired by the agent (under German law, this claim has been implemented as national law in Section 89b of the German Commercial Code (*Handelsgesetzbuch* – "**HGB**").

This compensation obligation applies regardless of how the relevant partner agreement is ended; in particular, even if the relevant agreement is terminated by implicit behavior of either party or mutual agreement without expressly covering the issue of post-contractual compensation claims, this risk may still apply. Only limited exceptions apply; e.g., termination for cause by the principal in case of severe and/or continued violation of contractual obligations by the agent or situations in which the principal is able to prove that it has not received a customer benefit if customer information has not been disclosed by the respective agent. Compensation is capped at an amount equal to the average annual income generated (bonus payments and trade margin). In case of a successful and high-ranking Partner generating significant amounts of business, such compensation claims may

be substantial. Therefore, it cannot be excluded that certain or all Partners will raise such compensation claim upon termination of their contractual relationship as a Partner with LR Group, which would have an adverse effect on the Group's operations, financial position and earnings.

***Significant unscheduled downtime due to natural disasters, insolvency of supplies or other causes at the Group's production facilities, or at the facilities of the Group's third-party manufacturers could adversely affect the Group's ability to meet delivery requirements***

A significant portion of the Group's revenue is attributable to products manufactured and packaged in LR Group's production facilities in Ahlen, Germany. Products are also supplied by third-party manufacturers. Significant unscheduled downtime at the Group's production facilities, or at the facilities of the Group's third-party manufacturers, due to equipment breakdowns, power failures, natural disasters, insolvency of suppliers or any other causes, could adversely affect the Group's ability to meet delivery requirements, in whole or in part, on time, or at all, potentially leading to loss of Partners and end consumers and accordingly have a significant impact on its operations, financial position and earnings.

***Material shortages, delays in delivery of packaging materials and loss of suppliers or a disruption or interruption in the supply chain could adversely affect the Group's reputation and sales***

If the Group experiences any material shortages or delay in delivery of packaging materials, its ability to package and deliver finished goods to its points of sale may be adversely affected, and the Group's reputation and sales may suffer material damage. Further, the loss of suppliers or a significant disruption or interruption in the supply chain could have a material adverse effect on the manufacturing and packaging of the Group's products. This particularly applies to the supply with Aloe Vera as raw ingredients for our products, which is exclusively sourced from a single supplier in Mexico, and any disruption and/or interruption in the supply chain for Aloe Vera, including prolonged effects of the COVID-19 pandemic (see risk factor "*The Group's business, prospects, results of operations, cash flows and financial position may be adversely affected by the COVID-19 pandemic*"), political instability and/or disruptions of production due to technical difficulties would have a material impact on the production of LR Group's largest product group. The materialization of any of the abovementioned risks could have an adverse effect on the reputation, operations, financial position and earnings.

***The Group may be negatively affected by the ability of its Partners to meet their credit obligations as well as by credit card fraud in connection with purchases of the Group's products***

The Group is subject to credit risks relating to its Partners and direct customers. A majority of the Group's Partners are small-scale entrepreneurs with varying credit profiles and a decrease in their ability to meet payment obligations due to, e.g., macroeconomic instability could have an adverse effect on the LR Group's financial position and earnings. In addition, the Group is exposed to cases of credit card fraud and/or payment default in connection with purchases of the Group's products from time to time, which can result in credit losses for the Group.

## **Risks Related to Financial Matters and Market Risk**

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***An increase in interest rates and corresponding inability to hedge interest rate risks may adversely affect the Group's current interest expenses and its future refinancing costs and the Group's results***

The Group's interest expenses amounted to EUR 4.9 million for the financial year ended 31 December 2020, and EUR 19.2 million up and until 30 September 2021. The interest expenses are mainly affected by the volume of interest bearing debt and the applicable interest rate levels, if any. A general rise in interest rates would increase our current interest expenses and our future refinancing costs. In particular, the Bond uses EURIBOR as an interest rate benchmark for its floating interest rate. As EURIBOR is currently negative, no hedging is required at this stage. However, in case LR Group would be required to hedge the risk of interest rate changes through derivative interest rate hedging instruments, there is no guarantee that such instruments will be available or that



we will not incur any market-to-market losses from such hedges. Increased interest rates and increased interest expenses could lead to an increase in future refinancing costs and fluctuations in the Group's results.

***Macroeconomic instability or a further downturn in the economies in which the Group operates could adversely affect the Group's operations, financial position and earnings***

Macroeconomic instability or a further downturn in the economies in which the Group operates, including any recession in one or more of the geographic regions or markets where the Group operates could adversely affect the Group's business and its access to liquidity and capital. Global economic events over the past year due to the COVID-19 pandemic (see risk factor "*The Group's business, prospects, results of operations, cash flows and financial position may be adversely affected by the COVID-19 pandemic*") have resulted in challenges to the Group's business e.g., stress on our supply chains, general reservation of customers to buy our products in times of economic difficulty and less overall purchasing power. Additionally, certain markets may be affected by political instability and corresponding economic downturn, e.g., Russia or Turkey. By way of background, in the past, the Turkish market was a major contributor to our revenue and profit. However, with the reaction of the Turkish government to the anti-government protests starting with the so-called Gezi Park protests and the corresponding decline of the Turkish lira, the collapse of our Turkish market had a significant negative impact on our overall revenue and profit. The Group could experience declines in revenue, profitability and cash flow due to returned orders, payment delays, supply chain disruptions or other factors caused by such economic, operational or business challenges. Any or all of these factors could potentially have a material adverse effect on the Group's liquidity, capital resources and credit ratings, including the Group's ability to access short-term financing. Any or all of these factors could also have a material adverse impact on the Group's ability to raise additional capital, maintain credit lines and could reduce flexibility with respect to working capital.

In addition, consumer spending on cosmetics and wellness products is closely linked to general economic conditions and the availability of personal discretionary income. Decreased global or regional demand for cosmetics and wellness products can be especially pronounced during periods of economic recession or low levels of economic growth. Some of the economic factors influencing consumer-spending behavior include levels of unemployment, inflation or deflation, real disposable income, interest rates, the availability of consumer credit, energy costs, gasoline prices and consumer perception of overall economic conditions and their own economic prospects, all of which are outside of the Group's control. If the current economic situation globally or in an individual country in which the Group operates were adversely affected, companies that compete in the cosmetic and wellness products business, including the Group, may experience sustained periods of decline in sales, profit and growth during such an economic downturn. Any material decline in the amount of consumers' discretionary spending on cosmetics or wellness products would have an adverse effect on the Group's financial position and earnings.

***Negative fluctuations in currency may adversely affect the Group, since the Group conducts a significant part of its operations using foreign currency***

The Group conducts a significant part of its operations through foreign subsidiaries and several subsidiaries do not utilize the Group's reporting currency, Euro, in their operations and financial reporting. In the financial year ended 31 December 2020, 33.8% of the Group's business was conducted in markets with non-Euro currencies. The Group's top five non-Euro markets (excluding Switzerland) were the Czech Republic (Czech koruna) with revenue from the sales of goods equivalent to EUR 23.6 million, Poland (Polish złoty) with EUR 22.3 million, Russia/Kazakhstan (Russian ruble) with EUR 17.8 million, Bulgaria (Bulgarian lew) with EUR 5.9 million and Turkey (Turkish lira) with EUR 4.5 million. Furthermore, certain of the Group's suppliers deliver goods and services to the Group on a USD basis, in particular, the supply of Aloe Vera sourced from Mexico. Accordingly, the Group is subject to currency translation exposure and fluctuations in exchange rates between the Euro and local currencies. This may be and has been of particular relevance with regard to currencies with high fluctuation in exchanges rates, e.g., currently the Turkish lira and the Russian ruble. Due to the current political and economic situation in Turkey, the Turkish lira is especially volatile. The significance of our exposure to foreign currencies is even further elevated as we are not hedging our exposures by way of currency trading or swap derivatives

transactions. Such exposure and fluctuations could have, and historically have had, an adverse effect on the Group's financial position and earnings (see risk factor "*Any significant unscheduled downtime of the Group's information technology systems could adversely affect the Group's operations, financial position and earnings*").

## **Risks Relating to Laws, Regulations and Compliance**

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***If the Group fails to comply with all rules and regulations applicable to the countries it operates in, it may result in the Group's existing or future licenses and authorizations being withdrawn or not granted in the future***

The Group currently operates in 28 countries, each of which employs different rules and regulations with regard to, e.g., marketing and quality standards for cosmetics and food safety. Failure to comply with such rules and regulations as well as regulatory changes or changes in the law may result in existing or future licenses and authorizations being withdrawn or not granted in the future. In case of noncompliance, the Group may also be subject to significant penalties or claims, which may significantly affect the Group's ability to conduct its business.

There is a risk that a competent authority (such as the responsible trade control authority (*Gewerbeaufsichtsamt*)) or a competent court may view the Group's direct sales business model to be or to have the characteristics of an illegal "pyramid" scheme under the German Unfair Competition Act (*Gesetz gegen den unlauteren Wettbewerb*) or comparable legislation in markets outside of Germany. As a result, there could be a ban of the business model or severe restrictions in one or more jurisdictions or the EU as a whole or other international markets outside of the European Union. While the Group's business model is continuously under review and adapted from time to time, we consider that there is a certain risk that the Group's lifestyle marketing strategy and distribution model of social selling may be challenged or misinterpreted by competent authorities or competitors. This may potentially lead to civil litigation, administrative or—in a worst case scenario—criminal proceedings and, ultimately, may in such cases force the Group to make changes to its business model, which could potentially have a negative impact on the Group's ability to market and/or sell its products.

Since the vast majority of the countries where the Group operates as of today are members of the European Union, the Group is also subject to the risk that any change in, e.g., harmonized consumer protection legislation or otherwise would affect the Group negatively in all such markets. Further, the Group is from time to time party to disputes, regulatory proceedings, tax and social security audits (see risk factor "*The Group is susceptible to various tax risks, as its operations are conducted through a number of subsidiaries in various countries*"), which could have a material adverse effect on the Group. For example, although this is to our knowledge no longer the case, in the past, there has existed a behavior in the Group that required Partners not to sell products below the recommended retail prices. In this regard, by way of example, in 2017, the Czech entity of the Group was subject to an investigation conducted by the competition authority in the Czech Republic due to claims of having made such instructions to Czech and Slovakian Partners, which was settled by an agreement with the authority to pay an amount of approximately EUR 140,000.

In jurisdictions like Germany, which also rely on private enforcement of unfair competition laws, the Group further faces the risk that its direct sales business model is legally challenged by competitors or private associations and organizations. According to national unfair competition laws, courts in Germany can issue cease-and-desist orders upon a motion from competitors, associations with legal personalities promoting commercial or independent professional interests (such as the "*Wettbewerbszentrale*") or qualified consumer protection associations (such as the "*Verbraucherzentrale Bundesverband*") in the event of a violation of unfair competition laws. Furthermore, non-EU jurisdictions may also render the Group's business model as a violation of unfair competition laws, or a similar governing body of laws.

Additionally, LR Group may be exposed to risks resulting from Partners operating outside of the bounds of current regulation. By way of example, inventory loading by Partners (i.e., the practice of Partners hoarding LR products to reach certain bonus goals and thereby possibly purchasing significantly more products than they may be able to sell and/or use for private consumption) is strictly forbidden by the respective partner agreements. However,

despite such contractual provisions aimed at preventing such behavior, there is a risk that Partners may engage in inventory loading in violation of the partner agreements. This could also have an adverse effect on the perception of the Group's business model (see risk factor "*The Group's reliance on its trade name and brand recognition makes the Group vulnerable to adverse publicity stemming from product safety or other compliance issues, product tampering, contamination or brand dilution*").

The materialization of such risks could adversely affect the Group's ability to conduct business in a particular market or in general and may adversely affect its overall business.

Other regulatory factors, which could have an adverse effect on the Group, include, among others:

- the imposition of legal, tax or financial burdens on the Group or its Partners creating financial and/or structural pressure on the Group and its distribution model;
- a challenge to the status of the Partners as independent contractors rather than employees or a change in employment laws or regulation, or social security regulations regarding independent contractors resulting in additional financial obligations, investigations and fines;
- trade protection measures and import or export licensing limiting LR's ability to distribute its products;
- unexpected changes in laws, regulations and administrative actions or court rulings, in particular as regards food and nutrition law or changes in regards to policies with which the Group or its suppliers must comply.

As regards foods containing cannabis, the EU Commission is currently considering regulating them generally under existing narcotic laws. This would have the effect that such products can no longer be marketed as foods. As of the date of this Prospectus, the Group offers and considers launching further products containing cannabis in Austria and Germany. Despite currently only limited sales of such products, if the sales were to increase, the negative impact also could increase.

In addition, there are a number of European and other regulations applicable to LR Group's business in all of our target geographies 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 that provide the legal framework in the European Union for a business when wanting to stress certain benefits of their health and/or nutrition products.

If the Group fails to comply with the applicable regulations, it could adversely affect the Group's operations, financial position and earnings through the loss of sales of some or all of the related products and/or administrative fines or litigation from competitors and/or consumer advocacy groups.

### ***Stricter regulation of Aloe Vera-containing products could result in a decrease of sales of such products***

As a part of the general regulation concerning health and beauty products (see risk factor "*If the Group fails to comply with all rules and regulations applicable to the countries it operates in, it may result in the Group's existing or future licenses and authorizations being withdrawn or not granted in the future*"), a particular issue is the regulation of hydroxyanthracene derivatives ("**HAD**"), which are chemical substances that may be naturally present in Aloe Vera-containing products. HAD are genotoxic and can cause cancer in the intestine. In the nine-month period ended 30 September 2021, approximately 36% of our revenue from the sales of goods was generated with products containing Aloe Vera.

The most prominent element of such regulation is the Regulation (EC) No 1925/2006 of the European Parliament and of the Council of 20 December 2006 on the addition of vitamins and minerals and of certain other substances to foods (the "**Additives Regulation**"). In March 2021, the European Commission changed Annex III to the Additives Regulation by passing the Commission Regulation (EU) 2021/468 of 18 March 2021 amending Annex III to Regulation (EC) No 1925/2006 of the European Parliament and of the Council as regards botanical species containing HAD (the "**Additives Regulation Amending Regulation**" or "**ARAR**"). The amendments introduced by the ARAR included a prohibition of adding HAD (or preparations containing HAD) to foods, which, on the face of the black-letter text, would have resulted in an effective ban of the substance. Subsequently to the

coming into force of the ARAR, by way of clarification, the Standing Committee on Plants, Animals, Food and Feed ("PAFF") to the ARAR concluded that a certain number of "parts per million" (ppm) as so-called "limits for quantification" (LOQ) of less than 1 ppm in a substance may qualify as effectively not containing any HAD. This interpretation was further confirmed by the European Commission on 17 March 2021 by way of a subsequent question and answer process.

While LR Group regularly tests its products to check for compliance with the Additives Regulation thresholds, and has so far not identified any HAD concentrations exceeding 1 ppm, it cannot be excluded that more advanced testing methods may result in the detection of HAD above the LOQ and/or that applicable regulations may change. This may lead to there being a prohibition for LR to distribute any or part of its Aloe Vera-containing products, fines or other administrative sanctions, which would force LR to reposition or cancel a majority of its product portfolio, which could have a major adverse effect on the Group's financial position and earnings.

***We are subject to risks from legal, administrative, tax and arbitration proceedings***

In the ordinary course of business, the Group is subject to a number of ongoing legal, administrative, tax and arbitration proceedings at any given time (currently ranging between 15-25 individual proceedings). The Group could also become involved in additional legal, administrative, tax and arbitration proceedings, beyond this range. Such disputes and proceedings may include, but are not limited to, labor-related, breach of contract, intellectual property or product liability claims or proceedings, as well as tax audit proceedings. These proceedings, or potential proceedings, could involve substantial claims for damages or other payments. Based on a judgment or a settlement agreement, the Group could be obligated to pay substantial damages. The Group's litigation costs, and those of third parties, could also be significant. Even if the Group were successful in defending the cases, the Group would still suffer from the distraction of management resources to such litigation, incur certain expenses, and possibly face harm to its reputation from case-related publicity. Any adverse legal, administrative or arbitration proceedings could have a material and adverse effect on the Group's business, financial condition and results of operations.

***The Group could be exposed to product liability or recall claims, in the event that the use of its products results in any bodily injuries or medical conditions***

The Group could be exposed to product liability or recall claims, in the event that the use of its products results in, or is alleged to result in, or have a likelihood of resulting in, bodily injury such as allergies, eczema or other medical conditions (also see risk factors "*If the Group fails to comply with all rules and regulations applicable to the countries it operates in, it may result in the Group's existing or future licenses and authorizations being withdrawn or not granted in the future*" and "*Stricter regulation of Aloe Vera-containing products could result in a decrease of sales of such products*").

In addition, the Group has no control over the actual use to which the products are put, and the end consumer may use products inappropriately or in a manner that may lead to personal injury. There is a risk that any deficiencies in the products, or the inappropriate use thereof, may lead to product liability claims that result in reputational damage and require the Group to make significant cash payments. In the event a claim is successfully brought against the Group, it may result in an adverse effect on the Group's operating results and relations to Partners and other customers. In addition, any product claim, whether or not successful, could also increase the Group's insurance premiums or negatively affect its reputation, resulting in a loss of customers or business. In addition, the Group's products may be rendered unfit for human use due to contamination of ingredients or due to illegal tampering. The occurrence of such problems may result in product recalls, which would cause serious damage to the Group's reputation and brand, as well as loss of revenue. By way of example, in the fall of 2021, LR had to recall Pro Balance and Cannaloe products out of certain production batches due to a contamination of certain widely used food additives with ethylene oxide which also affected consumer products of many other food manufacturers in the EU. In addition, adverse publicity about these types of concerns relating to the Group's brand or to the industry as a whole, whether or not legitimate, may discourage consumers from purchasing the Group's products (see risk factor "*The Group may be unable to appropriately respond to changing consumer preferences*").

If any of the risks would materialize, it could have an adverse effect on the Group's operations, financial position and earnings.

***The Group is susceptible to various tax risks, as its operations are conducted through a number of subsidiaries in various countries***

The Group's international operations are conducted through a number of subsidiaries in various countries, and accordingly, the Group is exposed to risks in relation to transfer pricing. In addition, the Group is subject to the risk that the Group's Partners are re-classified as employees, which could entail a significant adverse tax effect, e.g., due to the emergence of unforeseen obligations to pay tax on bonuses. The Group is also subject to the risk, that in some countries, tax authorities may challenge the tax-deductibility of the Group's international bonus program. Further, the Group regularly-obtains advice in this regard from independent tax professionals. In the event that the Group's interpretation of these laws, treaties and regulations or their applicability is incorrect, if one or more governmental authorities successfully assert conflicting claims over the ability to tax profits in the respective subsidiary or the Group, or if the applicable laws, treaties, regulations or governmental interpretations thereof, or administrative practice in relation thereto change, including with retroactive effect, the Group's effective tax rate could increase and could adversely affect Group's financial position and earnings. Further, the Group is, from time to time, subject to tax and/or social security audits. For example, the cost-deductibility of bonuses was challenged in Greece for the tax period 2010 and 2011. Although, the audit was conducted, and the local tax authorities approved the deductibility of all bonuses as costs for the period in question, the outcome of any future tax audits could, however, if an adverse ruling was received, and we were required to make additional tax payments with respect to previous periods, have an adverse effect on the Group's financial position and earnings.

***The Group may not detect all inappropriate practices, fraud, mistakes or violations of law by the Group's many employees, contractors, Partners, agents, officers or any other persons who conduct business with or on behalf of the Group***

Given the Group's approximately 1.175 employees (full time equivalent; headcount 1.318) as of 30 September 2021, and community of Partners of approximately 300,000 Partners in the financial year ended 31 December 2020, it is difficult to directly control and monitor behavior and sales practices. As a result, there is a risk that the Group's existing compliance processes and internal control systems may not be sufficient to prevent or detect all inappropriate practices, fraud, mistakes or violations of law by the Group's employees, contractors, Partners, agents, officers or any other persons who conduct business with or on behalf of the Group. The Group may in the future discover instances in which the Group or its Partners have failed to comply with applicable laws and regulations or the Group's internal compliance systems. Furthermore, human error could result in an interruption of the Group's operations. If any of the Group's employees, contractors, Partners, agents, officers or other persons with whom the Group conducts business engage in fraudulent, corrupt or other improper or unethical business practices, or otherwise violate applicable laws, regulations or the Group's internal compliance systems, the Group's operations could be impaired, and the Group could become subject to one or more enforcement actions by relevant authorities or otherwise be found to be in violation of such laws, which may result in penalties, fines and sanctions, and in turn, adversely affect the Group's reputation, business, financial condition and results of operations.

***The adoption of new laws and regulations may require the Group to change its existing accounting practices and increases the risk that the Group may apply the regulations incorrectly***

The adoption of new laws and ordinances and changes to existing accounting regulations, including international accounting rules, may lead to the Group needing to amend its procedures in relation to accounting, financial reporting and internal inspection. For the Group spanning two continents and 28 countries this presents a particular challenge. Accordingly, such changes may give rise to uncertainty, with a greater risk of us interpreting and applying relevant regulations incorrectly, which could have a negative impact on the Group's operations, financial position and earnings.

***The failure of the Group to comply with the environmental laws could lead to significant fines and material liabilities***

As a manufacturer of consumer products, the Group is subject to laws and regulations relating to the environment, including air emissions, water discharges, waste management, health and workplace safety, in particular, with regard to our production facilities and corresponding waste and waste management regulation resulting from producing large amounts of waste, including plastic, and a production requiring large amounts of water. Failure to comply with such laws and regulations could result in fines and other sanctions being imposed such as requirements on operational changes to limit pollution emissions and/or decrease the likelihood of accidental hazardous substance releases. Under certain environmental laws, liability for actions at contaminated sites, including buildings and other facilities, is strict, and in some cases, joint and several. The Group may be subject to potentially material liabilities relating to the investigation and clean-up of contaminated areas, including groundwater at properties, now or formerly-owned by, operated or used by the Group and to claims alleging personal injury or damage to natural resources. In addition, new laws and regulations, the discovery of previously-unknown contamination or the imposition of new clean-up requirements, could require the Group to incur costs or could become the basis of new or increased liabilities. The materialization of any risk in relation to environmental regulation could have an adverse effect on the Group's operations, financial position and earnings.

***The Group may face significant challenges from data-protection requirements, including fines for failure to comply with all data-protection rules or damage to the Group's reputation resulting from unauthorized access to the Group's data***

The Group collects, uses, transmits and stores personal data on information-technology systems in the conduct of its business, in relation to its extensive community of Partners and customer base, covering hundreds of thousands of individuals across all of our markets. Particularly 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 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 4% 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. Any non-compliance with data-protection regulations could result in potentially-significant regulatory and/or governmental investigations and/or actions, litigation, fines, sanctions and damage to our reputation.

## **Risks Relating to the Bonds**

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***The Bondholders will not be entitled to take enforcement action in respect of the Transaction Security, except through the Agent, and the Transaction Security will be subject to certain limitations on enforcement, and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability***

The obligations under the Bonds and certain other obligations of the Group to the holders of the Bonds (the "**Bondholders**") will, in addition to the guarantees to be provided by the Material Group Companies (as defined in the terms and conditions of the Bonds (the "**Terms and Conditions**")) (the "**Guarantors** and "**Guarantees**") be secured by, (i) first priority pledge over the shares and interests (as applicable) in the Company and the

Guarantors, (ii) first priority security over certain material and long-term intragroup loans and shareholder debt, (iii) first priority pledges over certain bank accounts located in Germany of the Company and the Guarantors, (iv) a German law security transfer of inventory located in the Group's warehouse in Germany, and (v) material trademarks of the Group, in each case subject to the Agreed Security Principle (as defined in the Terms and Conditions) and together the "**Transaction Security**"). Certain Transaction Security and Guarantees shall be executed, granted and/or perfected after the issue date for the Bonds and the release from the pledged escrow account of the net proceeds from the issuance of the Bonds. Until such measures have been taken, the Bondholders' position as regards the Transaction Security and the Guarantees will be limited (as applicable).

The Bondholders will be represented by Nordic Trustee & Agency AB (publ), Swedish Reg. No. 556882-1879, with registered address P.O. Box 7329, SE-103 90 Stockholm, Sweden, or another party replacing it, as Agent, in accordance with the Terms and Conditions, as agent (the "**Agent**") in all matters relating to the Transaction Security. There is a risk that the Agent, or anyone appointed by it, does not properly fulfil its obligations in terms of perfecting, maintaining, enforcing or taking other necessary actions in relation to the Transaction Security. Further, the Transaction Security will be subject to certain hardening periods (as regards any claw back risks under the relevant insolvency or bankruptcy regime) during which times the Bondholders do not fully, or at all, benefit from the Transaction Security. The Transaction Security will provide that, to the extent permitted by applicable law, only the Agent will have the right to enforce the Transaction Security on behalf of the Bondholders. As a consequence of such contractual provisions, Bondholders will not be entitled to take enforcement action in respect of the Transaction Security, except through the Agent. Accordingly, in case the Agent does not perform its obligations towards the Bondholders in case of an enforcement of the Transaction Security, the realizable value of the Transaction may be considerably lower than the corresponding secured obligations under the Bonds.

In certain jurisdictions, due to the laws and other jurisprudence governing the creation and perfection of security interests, the relevant Transaction Security will secure "parallel debt" obligations created under the relevant Finance Document (as defined in the Terms and Conditions) in favour of the Agent (and not the obligations under the Bonds and the Guarantees). The parallel debt construct has not been fully tested under law in certain of these jurisdictions, and the Transaction Security will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability.

The Agent will be entitled to enter into agreements with members of the Group or third parties, or to take any other action necessary for the purpose of maintaining, releasing or enforcing the Transaction Security or for the purpose of settling, among other things, the Bondholders' rights to the Transaction Security. This may result in a loss of rights for the Bondholders.

***The value of the Transaction Security may decline over time, and the Bondholders may not be able to recover the full value (or any value in the case of an enforcement sale)***

If a Group company whose shares are pledged in favour of the Bondholders is subject to foreclosure, dissolution, winding-up, liquidation, recapitalisation, administrative proceedings or other bankruptcy or insolvency proceedings the shares that are pledged as part of the Transaction Security may be of limited value, since all of its obligations first must be satisfied, potentially leaving few or no remaining assets in the Group company. As a result, the Bondholders may not be able to recover the full value (or any value in the case of an enforcement sale) of such pledged shares. Moreover, the value of the Transaction Security may decline over time. If the proceeds of an enforcement sale are not sufficient to repay all amounts due, on, or in respect of the Bonds, the Bondholders will only have an unsecured claim against the remaining assets (if any) in the Company and the Guarantors for the amounts which remain outstanding on, or in respect of, the Bonds. In relation to unsecured claims, under the relevant bankruptcy law in such country (which differs in each jurisdiction), certain debts and claims must be paid in priority to other debts and claims (for example, costs and expenses of a liquidator, certain payments to employees and/or tax claims (as applicable)).

The value of any intragroup loans and shareholder debt that are subject to the Transaction Security in favour of the Bondholders is largely dependent on the relevant debtor's ability to repay such intragroup loan and/or

shareholder debt. Should the relevant debtor be unable to repay debt obligations upon enforcement of pledge over the intragroup loans and/or shareholder debt, the Bondholders may not recover the full value of the security granted under such intra-group loans and/or shareholder debt (see also in that respect Risk factor "*The security or guarantee to be granted by a subsidiary of the Company may be limited due to corporate benefit limitations and financial assistance issues*").

Certain Group companies will grant security in favour of the Bondholders over inventory located in the Group's warehouse(s) in Germany. The value of such security is dependent on the value of the secured asset and the ability to profitably sell or otherwise dispose of or otherwise foreclose on such assets following enforcement. It is difficult to assess and predict the future value of such underlying assets, which is affected by several factors. If the value of the assets decline, or turn out to be less than expected, there is a risk that the Bondholders may not receive the proceeds expected following enforcement, or any proceeds at all.

***The Bondholders' entitlement to recovery may be limited in the event of insolvency of a Guarantor or a subsidiary of the Company***

The Terms and Conditions will include a "negative pledge" undertaking, meaning that there will be a general restriction on the Company's and the Group's ability to provide, prolong or renew any security over any of its assets. However, the Company may, under certain circumstances, and up to certain amounts, grant security to other lenders of the Company or the Group, which would not necessarily also secure the Bonds. Security granted to other lenders could therefore have an adverse effect on the security position of the Bondholders, and consequently, the Bondholders' recovery in connection with an enforcement of the Transaction Security.

The Bonds will constitute direct, senior, unsubordinated and secured obligations of the Company, and shall at all times, rank *pari passu* and without any preference among them, and at least *pari passu* with all other direct, unsubordinated and unsecured obligations of the Company, subject to those obligations which are mandatorily preferred by law. This means that a Bondholder will normally receive payment after any prioritised creditors' receipt of payment in full, in the event of the Company's liquidation, company reorganisation or bankruptcy/insolvency. Every investor should be aware that by investing in the Bonds, it risks losing the entire, or parts of, its investment in the event of the Company's or Group companies' liquidation, bankruptcy/insolvency or company reorganisation.

The Bonds will constitute structurally-subordinated liabilities of the Company's subsidiaries, which have not acceded as Guarantors in respect of the Bonds, meaning that creditors' claims against such subsidiary may be entitled to payment out of the assets of such subsidiary before the Company. The subsidiaries are legally-separate entities and distinct from the Company, and have no obligation to settle or fulfil the Company's obligations, other than to the extent that follows from security agreements and/or Guarantees to which the subsidiaries are parties. In the event of insolvency of a subsidiary, there is a risk that the Company and its assets are affected by the actions of the creditors of a subsidiary. The insolvency of the subsidiaries may affect the financial position of the Company negatively, and adversely impact the Company's ability to make payments under the Bonds or the ability of Bondholders to recover the full amount of their investment in the Bonds.

The Bondholders will benefit from the Guarantees provided by the Guarantors. In the event of insolvency, liquidation or a similar event relating to one of the Guarantors, all other creditors of such subsidiary would be entitled to be paid out of the assets of such subsidiary with the same priority as the Bondholders (see also in that respect the Risk factor "*The security or guarantee to be granted by a subsidiary of the Company may be limited due to corporate benefit limitations and financial assistance issues*").

Upon the occurrence of an insolvency event in respect of a subsidiary, which is not a Guarantor, an entity within the Group (i.e., the shareholder of the relevant subsidiary and, directly or indirectly, the Company), or the Bondholders with Transaction Security consisting of the shares in such subsidiary, would not be entitled to any payments until the other creditors have received payment in full for their claims. The Bonds will, in the latter case, be structurally subordinated to the liabilities of such subsidiaries, to the extent there is no provision for a prioritised position.



Further, the Group operates in various jurisdictions, and in the event of bankruptcy, insolvency liquidation, dissolution, reorganisation or similar proceedings involving the Company, or any of its subsidiaries, bankruptcy laws, other than those of Germany or Sweden, could apply. The outcome of insolvency proceedings in foreign jurisdictions is difficult to predict, and could, therefore, have a material and adverse effect on the potential recovery in such proceedings. It should further be noted, that based on the initial Transaction Security to be provided on the issue date of the Bonds, insolvency proceedings would likely take place in Germany, under German law.

To the extent that the Company, and/or the Group companies, which owns the warehouse file for insolvency proceedings in Germany, there will be no enforcement actions, but the German insolvency regime will have priority with respect to the realization of the secured assets. In Germany, that means that the Bondholders will remain secured creditors, and the German insolvency administrator (or the debtor in possession) has the right to sell those "secured" assets and will invoice a so-called determination and realisation fee in the total amount of up to 9% of the received proceeds for his broker services.

The right of a creditor to preferred satisfaction may not necessarily prevent an insolvency administrator, liquidator (or similar) from using a movable asset that is subject to this right. The insolvency administrator must, however, compensate the creditor for any loss of value resulting from such use.

***The security or guarantee to be granted by a subsidiary of the Company may be limited due to corporate benefit limitations and financial assistance issues***

In certain jurisdictions, when a limited-liability company guarantees, or provides security for another party's obligations or subordinates any of its rights to the benefit of a third party, without deriving sufficient corporate benefit therefrom, the guarantee, security or subordination will only be effective if the consent of all shareholders of the grantor has been obtained, and to the extent the amount the company granting the security, providing the guarantee or undertaking to subordinate any rights could have distributed a dividend to its shareholders at the time the guarantee, security or subordination was provided (or as otherwise limited by local law). To the extent that a company does not obtain corporate benefit from the provided guarantee or security or subordination undertaking, or such rules apply in any case for upstream guarantees or financial assistance, such guarantee, security or subordination will be limited in value as stated above, and further limitations in respect of security, guarantees and/or subordinations may also exist under local law. For instance, the value of guarantees, security and subordination arrangements that will secure the Bonds may be reduced in certain jurisdictions by laws and regulations (including Germany) limiting a company's ability to provide financial assistance or securing obligations of foreign entities.

Consequently, the security or guarantee to be granted by a subsidiary of the Company could be limited in accordance with the aforesaid, which could have an adverse effect on the Bondholders' security position.

***A German court may not recognize the choice of foreign laws, and may refuse to apply and/or to enforce provisions governed by foreign laws***

The Transaction Security and the Guarantees are provided under various jurisdictions resulting in different legal rules and procedures being applicable. Although, the choice of EU and other foreign laws (e.g., Jersey) to govern the Transaction Security should be recognized by the competent courts of the Federal Republic of Germany in a dispute before a German court, the German court would generally recognize the choice of the substantive laws of such foreign jurisdiction only and would apply the laws of the Federal Republic of Germany with respect to procedural or other insolvency matters. Furthermore, a German court may refuse to apply and/or to enforce provisions governed by foreign laws, as it applies to the Finance Documents (as defined in the Terms and Conditions), if the respective provisions are contrary to German public policy (*ordre public*) or mandatory provisions under German law, the law of another jurisdiction must be applied, regardless of the chosen law. Finally, a German court may not recognize the choice of foreign laws, if, or to the extent it is determined that, (i) the choice of foreign laws is made with respect to any rights in rem (*dingliche Rechte*), (ii) there is no substantial connection between the relevant agreement and the parties thereto, on the one hand, and the foreign law, on the

other hand, or (iii) the choice of foreign laws was made to evade mandatory provisions or public-policy considerations of the laws of another jurisdiction.

As described above, the Transaction Security and the Guarantees are provided, and the Guarantors are incorporated, under the laws of various jurisdictions resulting in different legal rules and procedures being applicable. The risks relating to a court refusing to apply and/or enforce provisions governed by foreign laws, may thus be relevant in, not only Germany, but several other jurisdictions as well. This may result in certain Transaction Security being unenforceable or not enforceable at commercially reasonable terms. Additionally, multi-jurisdictional proceedings are typically complex and costly, and often result in substantial uncertainty and delay, in case of an enforcement of such respective Transaction Security. Consequently, in an event of default under the Bonds, the Transaction Security or parts thereof may not be realizable at a relevant value which may result in considerable losses for the Bondholders in an enforcement scenario.

### ***The Transaction Security may be void due to initial excessive security***

Pursuant to court rulings of the German Federal Court of Justice, the taking of initial excessive security (initial over-collateralisation, *anfängliche Übersicherung*) results in the relevant security arrangement being void. In order to ascertain whether an initial over-collateralisation is given, it is, pursuant to a court ruling of the German Federal Court of Justice, necessary to calculate the liquidation value of the security assets, which can be realised in the insolvency of the security grantor (*realisierbarer Wert*). While the German Federal Court of Justice does the calculation on a case by case basis, legal authors estimate that an initial over-collateralisation exists if the realisation value of the security amounts to more than 110% of the secured claim. It is a factual question whether the security granted under the relevant Transaction Security exceeds this limit. Therefore, whether the taking of security as part of establishing the Transaction Security has resulted in initial excessive security (initial over-collateralisation, *anfängliche Übersicherung*) may only be determined during court proceedings as part of enforcement of the Transaction Security. Consequently, if, in the event an enforcement of the Transaction Security or parts thereof, it is determined that the Transaction Security or parts thereof are void, such Transaction Security may be entirely or partially unenforceable. Consequently, the Transaction Security may not be realizable at a relevant value which may result in considerable losses for the Bondholders in an enforcement scenario.

### ***Our management team has limited experience managing a company subject to capital market obligations, and reporting and compliance requirements could divert resources from the day-to-day management of our business***

Our management team has limited experience managing a company subject to capital market obligations and complying with the increasingly complex laws pertaining to such companies. Following the listing of the Bonds, the Company will, for the first time, be subject to the legal requirements for German companies issuing bonds listed on a public stock exchange, many of which will require substantial attention from our management team and could divert their attention away from the day-to-day management of our business.

Compliance with these rules and regulations will increase our legal and financial compliance costs and may make some activities more time-consuming than they were previously. For example, our accounting, controlling, legal or other corporate administrative functions may not be capable of responding to these additional requirements without difficulties and inefficiencies that may cause us to incur significant additional expenditures and/or expose us to legal, regulatory or civil costs or penalties. Our management will have to evaluate the internal control system independently with new thresholds of materiality, and to implement necessary changes to our internal control system. As a result, management's attention may be diverted from other business concerns, and we may be required to hire additional employees or engage outside consultants to comply with these requirements, which would increase our costs and expenses.

Any non-compliance could result in significant fines or other penalties. To secure compliance, it may become necessary to hire further employees or purchase outside services, which may in turn interfere with our organizational set-up, increase our costs and expenses, and may, therefore, have a material adverse effect on the operation of our business, as well as on our financial condition.

***The Company is a holding company with no direct cash-generating operations and relies on operating subsidiaries to provide it with funds necessary to meet its financial obligations***

The Company is a holding company with no material, direct business operations. The principal assets of the Company are the equity interests it directly or indirectly holds in its operating subsidiaries. As a result, the Company is dependent on loans, dividends and other payments from these subsidiaries, as well as external funding to generate the funds necessary to meet its financial obligations, including payments under the Bonds. The ability of the Company's subsidiaries to make such distributions and other payments depends on their earnings and may be subject to contractual or statutory limitations or the legal requirement of having distributable profit or distributable reserves. As an equity investor in its subsidiaries, the Company's right to receive assets upon their liquidation or reorganization will be effectively subordinated to the claims of their creditors. To the extent that the Company is recognized as a creditor of subsidiaries, the Company's claims may still be subordinated to any security interest in, or other lien on their assets, and to any of their debt or other (lease) obligations that are senior to the Company's claims.

***The current key financing of the Group relies upon refinancing of significant outstanding amounts at the end of the term of such financing***

The Group will eventually be required to refinance certain or all of its outstanding debt, including the Bond, currently serving as the main source of financing for the Group. The Group's ability to successfully refinance its debt is dependent on the conditions of the debt capital markets and its financial condition at such time, as well as the willingness of financial institutions to lend. The Group's access to financing sources may not be available on favorable terms, or at all. The Group's inability to refinance its debt obligations, and, in particular the Bond, would be likely to result in an inability to repay its debt obligations when they become due. In particular, if the Bond is not repaid at maturity, this will result in a default under the terms of the Bond. As a consequence, the Company would most likely have to file for insolvency. The proceeds from the enforcement of the relevant security may not be sufficient to repay the Group's financing debt in full, which may result in the loss of a significant part, or all, of an investment in the Bonds (see also risk factors "*The value of the Transaction Security may decline over time, and the Bondholders may not be able to recover the full value (or any value in the case of an enforcement sale)*" and "*A change of control over the Company may result in the current key financing of the Group being repayable on short notice*").

***A change of control over the Company may result in the current key financing of the Group being repayable on short notice***

The Bondholders have a put option for 101% of the respective outstanding nominal amount in case of a change of control in relation to the Company as issuer of the Nordic Bond. Pursuant to the terms of the Nordic bond, a change of control occurs upon the current controlling entities of Aloco Holding S.à r.l. ("**Aloco**") as the Company's (indirect) majority shareholder losing its decisive influence over LR Group. In this context, "decisive influence" means a person having, as a result of an agreement or through the ownership of shares in the Company (directly or indirectly), (i) a majority of the voting rights in the Company, or (ii) a right to elect or remove a majority of the members of the board of directors of the Company. If more than 80% of the Bonds are returned (not counting any Bonds held by LR Group entities) for redemption under the put option, the Company has an obligation to expressly offer all remaining Bondholders to also return their bonds at 101% of the respective outstanding nominal amount.

As of the date of this Prospectus, the sole shareholder of the Company is LR SE, which is wholly owned by Aloco. The majority of the shares in Aloco are owned by Quadriga Capital Private Equity Fund IV LP (approximately 74%) and Quadriga Capital IV Commerce Holding LP (approximately 14%) (together, the "**Quadriga Funds**"). The Quadriga Funds pool the investments of a large group of professional and institutional investors and are managed by Quadriga Capital IV GP Limited as general partner. Consequently, the Quadriga Funds currently maintain a decisive influence over LR SE. However, no assurance can be given against any sell downs of shares in LR SE by Aloco as its majority shareholder, and thus, a change of control cannot be excluded. It is even likely

that the Quadriga Funds may decide on a significant divestment before the maturity of the Bond, resulting in a change of control. If a change of control were to occur, a significant number of Bondholders, or even all of them, may decide to exercise their put option.

Accordingly, if a significant number, or all of the bondholders, decide to exercise their put option, the Group may have to refinance up to EUR 127.5 million together with accrued but unpaid interest and possibly significant transaction costs within a matter of approximately two months. Any inability of LR Group to obtain such refinancing would likely result in the loss of a significant part, or all of an investment in the Bond (see also risk factors "*The value of the Transaction Security may decline over time, and the Bondholders may not be able to recover the full value (or any value in the case of an enforcement sale)*" and "*The current key financing of the Group relies upon refinancing of significant outstanding amounts at the end of the term of such financing*").

***The floating interest rate and the market value of the Bonds may be affected by the level of general interest rate and regulatory changes to EURIBOR***

The Bonds' value depends on several factors, one of the more significant over time being the level of market interest. The Bonds will bear a floating rate interest of EURIBOR, plus a certain margin, and the interest rate is therefore adjusted for changes in the level of the general interest rate. Hence, there is a risk that decreased general interest rate levels significantly affect the market value of the Bonds.

The determining interest rate benchmarks, such as EURIBOR has been subject to regulatory changes, such as the Benchmarks Regulation (Regulation (EU) 2016/1011 on indices used as benchmarks in financial and contracts, or to measure the performance of investment funds) (the "**BMR**"). The implementation of the BMR will lead to certain previously used benchmarks, such as LIBOR, being discontinued, leading to, *inter alia*, existing financing arrangements potentially needing to be renegotiated or terminated. There is a risk that also EURIBOR will be discontinued, or that alternative benchmark rates will dominate market practice, leading to uncertainties in relation to the interest rate payable in relation to the Bonds. Increased or altered regulatory requirements and risks associated with the BMR (as amended) involve inherent risks, as the effects cannot be fully assessed at this point in time. There is a risk that developments in relation to EURIBOR cause volatility in EURIBOR, which would affect the interest rate for the Bonds.

Should EURIBOR be discontinued, the Terms and Conditions may not provide for an alternative calculation of the interest rate for the Bonds. There is a risk that the lack of such alternative interest-calculation mechanism results in interest payments less advantageous for the Bondholders, compared to similar securities investments, or that such interest payment does not meet market interest rate expectations.

***The market for trading in the Bonds may be illiquid, even if the Bonds are listed and/or admitted to trading***

The Bonds are listed on the Open Market of the Frankfurt Stock Exchange and will, after their admission of trading, be listed on the Nasdaq Stockholm. However, even if securities, including the Bonds, are listed or admitted to trading, there is not always active trading in the securities, so there is a risk that the market for trading in the Bonds will be illiquid, even though the Bonds are listed and/or admitted to trading. In particular, with regard to that the Bonds are traded over-the-counter (OTC), there is a liquidity risk for smaller volume of trades. Therefore, the Bondholders cannot sell their Bonds when desired or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market. It should also be noted that during a given time period, it may be difficult or impossible to sell the Bonds (at all or at reasonable terms) due to, for example, severe price fluctuations, close down of the relevant market or trade restrictions imposed on the market. A lack of liquidity in the market, may have a negative impact on the market value of the Bonds. Furthermore, the nominal value of the Bonds may not be indicative, compared to the market price of the Bonds if they are listed or admitted for trading.

***An investment in the Bonds by an investor whose principal currency is not the Euro may be affected by exchange rate fluctuations***

The Bonds are, and any interest to be paid in respect of them will be, denominated in Euro, and an investment in the Bonds by an investor whose principal currency is not the Euro, exposes the investor to foreign currency exchange rate risk. Accordingly, upon conversion of payments made under the Bonds to the Bondholders in Euro back into the principal currency of the relevant investor where the Euro has lost value relative to the principal currency of the respective investor at the time of conversion, the respective investor may even experience considerable losses despite full repayment of the principal amount (in Euro) and/or full payment of interest under the Bonds (in Euro).

# RESPONSIBLE FOR THE INFORMATION IN THIS PROSPECTUS

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The Company has obtained all necessary resolutions, authorisations and approvals required, in conjunction with the issuance of the Bonds and the performance of its obligations relating thereto. The issuance of the Bonds on 3 February 2021 was authorised by a shareholders' resolution on 29 September 2020, authorising the Issuer's managing directors (*Geschäftsführer*) (the "**Management Board**") to execute, deliver and perform the documents contemplated by the Bond Issue, including this Prospectus.

The Management Board is responsible for the information contained in this Prospectus. The Management Board confirms, that to the best of its knowledge, and having taken all reasonable care to ensure that such is the case, the information contained in the Prospectus, is in accordance with the facts, and the Prospectus makes no omission likely to affect its import. The Management Board is responsible for the information given in this Prospectus only under the conditions, and, to the extent set forth in Swedish law.

The information in the Prospectus and in the documents incorporated by reference, which may derive from third parties, has been accurately reproduced, and, as far as the Issuer 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.

This Prospectus has been approved by the Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*) as competent authority under Regulation (EU) 2017/1129 of the European Parliament and of the Council (the "**Regulation**"). The Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*) (the "**SFSA**") only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Regulation. The SFSA's approval should not be considered as an endorsement of the Issuer that is the subject of this Prospectus, nor should it be considered as an endorsement of the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Bonds.

Ahlen on 24 January 2022

*The Management Board of*  
**LR Global Holding GmbH**

# THE BONDS IN BRIEF

This section contains a general and broad description of the Bonds. It does not claim to be comprehensive or cover all details of the Bonds. Potential investors should therefore carefully consider this Prospectus as a whole, including the documents incorporated by reference, and the full Terms and Conditions for the Bonds included under Section "Terms and Conditions for the Bonds", before a decision is made to invest in the Bonds.

## General

Issuer .....	LR Global Holding GmbH, incorporated as a limited-liability company ( <i>Gesellschaft mit beschränkter Haftung</i> ) under the laws of Germany, registered with the commercial register ( <i>Handelsregister</i> ) of the local court ( <i>Amtsgericht</i> ) of Münster under registration number HRB 14367.
Resolutions, authorisations and approvals.....	The Issuer's shareholder passed a shareholder's resolution approving the issue of the Bonds on 29 September 2020.
The Bonds offered.....	EUR 125,000,000 in an aggregate principal amount of senior-secured floating rate bonds due 3 February 2025.
Nature of the Bonds.....	The Bonds constitute debt instruments (Sw. <i>skuldförbindelser</i> ), each of the type set forth in Chapter 1 Section 3 of the Swedish Central Securities Depositories and Financial Instruments Accounts Act (Sw. <i>lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument</i> ).
Number of Bonds .....	As of the date of this Prospectus, the maximum amount of 125,000 Bonds has been issued. Further Bonds can only be issued with the consent of the Bondholders in accordance with Clause 18.4.2(a) of the Terms and Conditions.
ISIN .....	NO0010894850.
Issue Date .....	3 February 2021.
Issue Price .....	All Bonds are issued on a fully-paid basis at an issue price of one hundred (100) per cent (%) of the Initial Nominal Amount (as defined below).
Interest Rate.....	Interest on the Bonds is paid at a base rate equal to the EURIBOR (3 months) plus 725 basis points <i>per annum</i> (" <b>Interest Rate</b> ").
Use of benchmark.....	Interest payable for the Bonds issued under the Terms and Conditions is calculated by reference to EURIBOR.

Whereas:

"**EURIBOR**" means:

- (a) the applicable percentage rate per annum displayed on Reuters screen EURIBOR01 (or through another system or website replacing it) as of or around 11.00 a.m. (Brussels time) on the Quotation Day for the offering of deposits in Euro and for a period equal to the relevant Interest Period;
- (b) if no rate as described in (a) is available for the relevant Interest Period, the rate determined by the Paying Agent by interpolation between the two closest rates displayed on Reuters screen EURIBOR01 (or through another system or website replacing it) as of or around 11.00 a.m. (Brussels time) on the Quotation Day for the offering of deposits in Euro;
- (c) if no rate as described in (b) is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places), as supplied to the Agent at its request quoted by the Reference Banks, for deposits of EUR 10,000,000 for the relevant period; or

- (d) if no quotation is available pursuant to paragraph (c), the interest rate which according to the reasonable assessment of the Paying Agent best reflects the interest rate for deposits in Euro offered for the relevant period; and

if any such rate is below zero, EURIBOR will be deemed to be zero.

**"Quotation Day"** means, in relation to any period for which the Interest Rate is to be determined, two (2) CSD Business Days before the first day of that period.

**"CSD"** means the Issuer's central securities depository and registrar in respect of the Bonds, initially Verdipapirssentralen ASA, Norwegian reg. no. 985 140 421, Postboks 1174 Sentrum, 0107, Oslo, Norway, or another party replacing it, as CSD, in accordance with the Terms and Conditions.

**"CSD Business Days"** means a day on which (i) the Book-Entry Securities System is open in accordance with the regulations of the CSD; and (ii) the Trans European Automated Real Time Gross Settlement Express Transfer (TARGET2) System or any successor system is open.

**"Interest Period"** means, subject to adjustments in accordance with the Business Day Convention, the period between 28/29 February (i.e., the last day of February, as applicable), 31 May, 31 August and 30 November in each year, provided however that the first Interest Period ends on 28 February 2021 and an Interest Period shall not extend beyond the Final Redemption Date.

**"Business Day Convention"** means that if the last day of any Interest Period originally falls on a day that is not a CSD Business Day, the Interest Period will be extended to include the first following CSD Business Day unless that day falls in the next calendar month, in which case the Interest Period will be shortened to the first preceding CSD Business Day (*Modified Following*).

**"Final Redemption Date"** means the Final Maturity Date (as defined below) or such earlier date on which the Bonds are redeemed in full.

**"Paying Agent"** means the legal entity appointed by the Issuer to act as its paying agent with respect to the Bonds in the CSD from time to time, initially NT Services AS, with business registration number 916 482 574, and registered address Kronprinsesse Märthas plass 1, N-0160 Oslo, Norway.

**"Reference Banks"** means banks reasonably selected by the Agent.

Interest Payment Dates .....	Interest payments for the preceding Interest Period will accrue on the last day of each Interest Period, the first Interest Payment Date being 28 February 2021 (short first Interest Period), and the last Interest Payment Date being the Final Redemption Date. Therefore, interest payments will, subject to adjustments in accordance with the Business Day Convention, accrue on 28/29 February (i.e., the last day of February, as applicable), 31 May, 31 August and 30 November in each year.
Final Maturity Date .....	3 February 2025.
Nominal Amount .....	The initial nominal amount of each initial Bond is EUR 1,000 (" <b>Initial Nominal Amount</b> ") and the minimum permissible investment in connection with the issue of the Bonds is EUR 100,000.
Denomination .....	The Bonds are denominated in EUR.



Status of the Bonds..... The Bonds constitute direct, senior, unsubordinated and secured obligations of the Issuer, and shall at all times, rank *pari passu*, and without any preference between themselves, and at least *pari passu* with all direct, unsubordinated and unsecured obligations of the Issuer, except obligations which are preferred by mandatory regulation, and except as otherwise provided in the finance documents (including the Bonds and the documents entered into as part of transaction security for the Bonds). The Bonds are secured as described in Clause 12 (*Transaction Security and Guarantees*) of the Terms and Conditions, and as further specified in the documents relating to the Transaction Security and the Guarantee Agreement (both as defined below).

Use of Proceeds..... The Issuer shall use, or has used the Net Proceeds from the issue of the Bonds, towards:

- (a) repaying in full existing bank debt of the Issuer in an approximate amount of EUR 85,000,000 (the "**Existing Bank Debt**");
- (b) payment by (or on behalf of) its parent Aloco Holding S.à r.l. of a refinancing fee to the lenders under the Existing Bank Debt in an amount of EUR 5,000,000;
- (c) repaying, together with cash on balance sheet, existing Shareholder Loans of the Issuer in an approximate amount of EUR 35,000,000; and
- (d) payment of transaction costs in relation to the Bond Issue (to the extent not already deducted from the proceeds of the Bonds).

Whereas:

"**Net Proceeds**" means the proceeds from the issue of the Bonds after deduction has been made for the fees payable by the Issuer to Pareto Securities AB, Pareto Securities AS, Frankfurt Branch and Skandinaviska Enskilda Banken AB (publ) for the services provided in relation to the placement and issuance of the Bonds.

## Call Option

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Call Option ..... The Issuer may redeem the Bonds in accordance with Clause 11.3 (*Voluntary total redemption (call option)*) of the Terms and Conditions in whole, but not in part, on any CSD Business Day. Redemption is subject to different redemption amounts for each period in time (ranging from 103.625% to 100.363% of the Outstanding Nominal Amount of the Bonds. For further information, please refer to the Terms and Conditions.

Whereas:

"**Outstanding Nominal Amount**" means the total aggregate Nominal Amount of the Bonds outstanding at the relevant time.

"**Nominal Amount**" means in respect of each Bond the Initial Nominal Amount, subject to the rule that the Agent may instruct the CSD to split the Bonds to a lower nominal amount in order to facilitate partial redemptions, restructuring of the Bonds or other situations.

## Equity Claw Back

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Equity Claw Back..... Following an Equity Listing Event, the Issuer may on one occasion use the proceeds of such Equity Listing Event to repay up to thirty-five (35) per cent (%) of the Outstanding Nominal Amount of the Bonds, in accordance with Clause 11.4 (*Voluntary partial redemption (Equity Claw Back)*) of the Terms and Conditions. The repayment per Bond shall equal the price set out under

Clause 11.3 (*Voluntary total redemption (call option)*) for the relevant period in which the repayment occurs.

Whereas:

**"Equity Listing Event"** means an initial public offering of shares in the Issuer, following which such shares shall be quoted, listed, traded or otherwise admitted to trading on any Regulated Market or recognised unregulated-market place.

**"Regulated Market"** means any regulated market (as defined in Directive 2014/65/EU on markets in financial instruments).

## Put Option

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Put Option ..... Upon the occurrence of a Change of Control Event, each Bondholder shall during a period of forty-five (45) days from the effective date of a notice from the Issuer, have the right to request that all, or some only, of its Bonds be repurchased at a price per Bond equal to one hundred and one (101) per cent (%) of the Outstanding Nominal Amount together with accrued but unpaid Interest, in accordance with Clause 11.5 (*Mandatory repurchase due to a Change of Control Event (put option)*) of the Terms and Conditions.

Whereas:

**"Change of Control Event"** means:

- (a) at any time prior to an Equity Listing Event, Quadriga Capital IV L.P. and any limited partnerships or other funds or entities managed and/or advised by Quadriga Capital IV L.P. ceases to have a Decisive Influence over the Issuer; and
- (b) upon, and at any time following a successful Equity Listing Event, that any Person or group of Persons acting in concert acquire control, directly or indirectly, over more than fifty (50) per cent (%) of the shares or voting rights in the Issuer or a Decisive Influence over the Issuer.

**"Decisive Influence"** means a Person having, as a result of an agreement or through the ownership of shares or ownership interests in another Person (directly or indirectly):

- (a) a majority of the voting rights in that other Person; or
- (b) a right to elect or remove a majority of the members of the board of directors of that other Person.

**"Person"** means any individual, corporation, partnership, limited-liability company, joint venture, association, joint-stock company, trust, unincorporated organisation, government, or any agency or political subdivision thereof, or any other entity, whether or not having a separate legal personality.

## Transaction Securities and Guarantees

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Transaction Securities ..... As continuing security for the due and punctual fulfilment of the obligations under the Bonds, the Issuer has granted certain security interest ("**Transaction Security**").

Such Transaction Security includes the following German law governed security:

- Share pledge agreement dated 1 February 2021 over the shares in (i) the Company, (ii) LR Health & Beauty Systems Beteiligungs GmbH,

- (iii) LR Health & Beauty Systems GmbH, (iv) LR-International Beteiligungs GmbH, (v) LR Partner Benefits GmbH and (iv) LR Health & Beauty GmbH between (a) Aloco Holding S.à r.l., (b) the Company, (c) LR Health & Beauty Systems Beteiligungs GmbH, (d) LR Health & Beauty Systems GmbH and (e) LR-International Beteiligungs GmbH as pledgors and Nordic Trustee & Agency AB (publ) as security agent and pledgee;
- Security assignment agreement dated 4 February 2021 over current and future receivables between (i) Aloco Holding S.à r.l., (ii) the Company, (iii) LR Health & Beauty Systems Beteiligungs GmbH and (iv) LR Health & Beauty Systems GmbH as assignors and Nordic Trustee & Agency AB (publ) as security agent and assignee;
  - Account pledge agreement dated 4 February 2021 over bank accounts between (i) the Company, (ii) LR Health & Beauty Systems Beteiligungs GmbH, (iii) LR Health & Beauty Systems GmbH, (iv) LR-International Beteiligungs GmbH, (v) LR Partner Benefits GmbH and (iv) LR Health & Beauty GmbH as pledgers and Nordic Trustee & Agency AB (publ) as security agent and pledgee;
  - Security transfer agreement dated 4 February 2021 regarding security transfer (*Sicherungsübereignung*) of certain present and future movable assets deposited in a security area at a warehouse, including (i) inventories of finished goods and products, (ii) unfinished goods and products, (iii) raw materials, (iv) supplies and (v) operating materials of LR Health & Beauty Systems Beteiligungs GmbH (identified via certain asset lists, which are to be updated from time to time) between LR Health & Beauty Systems Beteiligungs GmbH as transferor and Nordic Trustee & Agency AB (publ) as security agent and assignee;
  - Security assignment agreement dated 4 February 2021 regarding trademarks of LR Health & Beauty Systems GmbH claims between LR Health & Beauty Systems GmbH as assignor and Nordic Trustee & Agency AB (publ) as security agent and assignee.

Furthermore, the Issuer has granted local law share security over the shares in the following subsidiaries, which also acceded as Guarantors to the Guarantee Agreement (as defined below):

- LR Jersey Holding Limited (Jersey);
- LR Health & Beauty Systems Single Member Limited Liability Company (Greece);
- LR Health & Beauty Systems SAS (France);
- LR Health & Beauty Systems sp. z o.o. (Poland);
- LR Health & Beauty Systems, s.r.o. (Czech Republic);
- LR Health & Beauty Systems, s.r.o. (Slovakia).

Guarantees..... The obligations under the Bonds are guaranteed under a Swedish law governed guarantee agreement ("**Guarantee Agreement**") entered into by, or through accessions by certain subsidiaries of the Issuer (the "**Guarantors**").

Subject to the Guarantee Agreement, each Guarantor irrevocably and unconditionally and jointly and severally as a principal obligor (Sw. *proprieborgen*) guarantees to the secured parties under the Bonds as for its own debts (Sw. *såsom för egen skuld*) the full and punctual payment and performance by each Group company of all the secured obligations, including

the payment of principal, interest, costs, expenses or other amount under the finance documents (including the Bonds and the documents entered into as part of transaction security for the Bonds) that has not been fully and irrevocably paid by the Issuer or any other obligor under such documents. Such guarantee commitments have been entered into in accordance with the Guarantee Agreement, which is entered into between the Issuer, each Guarantor and the security agent (Nordic Trustee & Agency AB (publ), i.e., the agent under the Bonds). The obligations and liabilities of the Guarantors under the Guarantee Agreement shall be limited if required (but only if and to the extent required) under the laws of the jurisdiction in which the relevant Guarantor is incorporated.

As of the date of this Prospectus, the Guarantors are LR Health & Beauty Systems Beteiligungs GmbH (Germany), LR Health & Beauty Systems GmbH (Germany), LR Partner Benefits GmbH (Germany), LR-International Beteiligungs GmbH (Germany) and LR Health & Beauty GmbH (Germany), LR Jersey Holding Limited (Jersey), LR Health & Beauty Systems SAS (France), LR HEALTH & BEAUTY SINGLE MEMBER LIMITED LIABILITY COMPANY (LR HEALTH & BEAUTY SYSTEMS ΣΥΣΤΗΜΑΤΑ ΥΤΕΛΑΣ ΚΑΙ ΟΜΟΡΦΙΑΣ ΜΟΝΟΠΡΟΣΩΗ ΕΤΑΙΡΕΙΑ ΠΕΠΙΟΠΙΣΜΕΝΗΣ ΕΥΘΥΝΗΣ) (Greece), LR Health & Beauty Systems, s.r.o. (Czech Republic), LR Health & Beauty Systems, s.r.o. (Slovakia), LR Health & Beauty Systems sp. z o.o. (Poland). None of the entities are required to have a LEI-code.

Further Guarantors may accede to the Guarantee Agreement by way of signing, *inter alia*, accession letters. Existing Guarantors may, under certain conditions and subject to the Guarantee Agreement, resign from the Guarantee Agreement.

## Undertakings

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| Certain undertakings ..... | <p>The Terms and Conditions contain a number of undertakings that restrict the ability of the Issuer and other Group Companies, <i>inter alia</i>:</p> <ul style="list-style-type: none"> <li>• undertaking to meet the quarterly-performed Maintenance Test, which is met if the leverage ratio (calculated as specified in the Terms and Conditions) is equal to or less than 4.50:1.00, and no event of default under the Terms and Conditions is continuing;</li> <li>• certain information undertakings;</li> <li>• restrictions on making distributions;</li> <li>• restrictions on disposals of assets</li> <li>• restrictions in relation to incurring financial indebtedness (as specified in the Terms and Conditions);</li> <li>• restrictions on making any substantial changes to the general nature of the business carried out by the Group; and</li> <li>• restrictions on providing loans.</li> </ul> |
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Each of these covenants is subject to significant exceptions and qualifications. Please refer to the Terms and Conditions for more information.

## Miscellaneous

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| Transfer restrictions..... | <p>Subject to the applicable rules of the clearing system, the Bonds are freely transferable. However, the Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local</p> |
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	regulation to which a Bondholder may be subject. Each Bondholder must ensure compliance with such restrictions at its own cost and expense.
Credit rating .....	On 9 December 2021, the credit rating agency Scope Ratings GmbH has assigned the Company a credit rating (corporate rating) of BB-/Stable and the Bonds were assigned a credit rating (senior secured rating) of BB-.
Admission to trading .....	<p>The Issuer ensures that: (a) the Bonds are listed on the Open Market of the Frankfurt Stock Exchange as soon as reasonably practicable and within sixty (60) days of the Issue Date, with an intention to complete such listing within thirty (30) days after the Issue Date; and (b) the Bonds, once listed on the Open Market of the Frankfurt Stock Exchange, remain listed on such exchange until the Bonds have been redeemed in full. Such listing has been achieved as of 28 January 2021.</p> <p>Further, the Issuer ensures that: (i) the Bonds are admitted to trading on the Regulated Market of Nasdaq Stockholm or another Regulated Market within twelve (12) months of the Issue Date; and (ii) the Bonds, once admitted to trading on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market, as applicable), continue to be admitted to trading thereon, but no longer than up to, and including the last day on which the admission to trading reasonably can, pursuant to the then applicable regulations (including any regulations preventing trading in the Bonds in close connection to the redemption thereof) of Nasdaq Stockholm (or any other applicable Regulated Market) and the CSD, subsist.</p>
Representation of the Bondholders .....	<p>Nordic Trustee &amp; Agency AB (publ), Swedish Reg. No. 556882-1879, with registered address P.O. Box 7329, SE-103 90 Stockholm, Sweden, is acting as Agent and in accordance with the Terms and Conditions.</p> <p>By acquiring Bonds, each subsequent Bondholder confirms such appointment and authorisation for the Agent to act on its behalf, on the terms, including rights and obligations of the Agent, set out in the Terms and Conditions.</p>
Governing law .....	The Bonds are governed by Swedish law.
Time-bar .....	The right to receive repayment of the principal of the Bonds shall be prescribed and become void ten (10) years from the Redemption Date. The right to receive payment of interest (excluding any capitalised interest) shall be prescribed and become void three (3) years from the relevant due date for payment.
Clearing and settlement .....	<p>The Bonds are connected to the account-based system of Verdipapirssentralen ASA, Norwegian reg. no. 985 140 421, Postboks 1174 Sentrum, 0107, Oslo, Norway. This means that the Bonds are registered on behalf of the Bondholders on a securities account. No physical Bonds have been or will be issued.</p> <p>Any payment or repayment to a Bondholder is made to such Person who is registered as a Bondholder on a Securities Account on the Record Date immediately preceding the relevant due date, by way of crediting the relevant amount to the bank account nominated by such Bondholder in connection with its Securities Account with the CSD.</p> <p>Whereas:</p> <p><b>"Securities Account"</b> means the account for dematerialised securities maintained by the CSD in which (i) an owner of such security is directly registered or (ii) an owner's holding of securities is registered in the name of a nominee.</p> <p><b>"Record Date"</b> means the date on which a Bondholder's ownership of Bonds shall be recorded in the CSD as determined in the Terms and Conditions.</p>

Risk factors..... Investing in the Bonds involves substantial risks and prospective investors should refer to Section "*Risk Factors*" for a discussion of certain factors that they should carefully consider before deciding to invest in the Bonds.

# DESCRIPTION OF THE ISSUER AND THE GROUP

## Overview of the Issuer

Legal and commercial name.....	LR Global Holding GmbH
Commercial register number .....	HRB 14367, commercial register ( <i>Handelsregister</i> ) of the local court ( <i>Amtsgericht</i> ) of Münster, Germany
LEI-code.....	529900YM1HDMG9MCJD66
Date and place of registration.....	30 November 2012, Munich, Germany; the Company was initially incorporated and registered in Munich as Blitz 12-321 GmbH, HRB 202181 with the commercial register ( <i>Handelsregister</i> ) of the local court ( <i>Amtsgericht</i> ) of Munich, Germany as a shelf company which was used for the acquisition of the Group in 2012/2013
Date of incorporation.....	24 October 2012
Legal form.....	German limited liability company ( <i>Gesellschaft mit beschränkter Haftung</i> )
Jurisdiction and laws .....	Germany and the laws of Germany
Registered office .....	Ahlen
Head office and visiting address.....	Kruppstraße 55, 59227 Ahlen, Germany
Email .....	InvestorRelations@lrworld.com
Telephone.....	+49 (0) 2382 7658 0
Website.....	www.lrworld.com/investorrelations (the information provided at the Issuer's or Group's website does not form part of this Prospectus unless explicitly incorporated by reference into the Prospectus)
Operational objective .....	According to section 4 of its articles of association, the objects of the Issuer are the acquisition, holding, disposal and management of rights and interests in companies as well as the acquisition, holding, disposal and management of other assets and all related transactions; furthermore, participation in the management of subsidiaries and affiliated companies and, in particular, the provision of administrative and consulting services, primarily in the areas of accounting and reporting, in personnel matters and in connection with the restructuring and financing of companies as well as the acquisition, administration and disposal of associated companies, with the exception of such activities which are subject to authorization under statutory provisions, whereby such services may also be provided to third parties; furthermore, granting and receiving loans, bonds, other financing instruments and any kind of collateral, both for the Issuer's own purposes and for the purpose of supporting companies in which the Issuer holds direct or indirect interests as well as affiliated companies.

## History and Development

Below follows a timeline setting out some of the key events in the Group's history.

Year	Event
1985	<ul style="list-style-type: none"> <li>Foundation of LR-Cosmetic in Ahlen (Germany) as one of the pioneers of social selling in the German market.</li> </ul>

Year	Event
1989	<ul style="list-style-type: none"> <li>The millionth bottle of perfume is sold.</li> </ul>
1990-1994	<ul style="list-style-type: none"> <li>Establishment of the first international subsidiaries.</li> </ul>
1995	<ul style="list-style-type: none"> <li>Launch of the LR Car Concept.</li> </ul>
2015	<ul style="list-style-type: none"> <li>LR Group is awarded with the Astra Award of the European Direct Selling Association as the best direct sales company in Europe.</li> <li>LR Group is the winner of the Company of the Year Award 2015 awarded by the European Direct Selling Association (Seldia).</li> </ul>
2016-2018	<ul style="list-style-type: none"> <li>Construction of one of the most modern Aloe Vera production plants in Europe.</li> <li>LR Group is awarded the Business Award of the city of Ahlen.</li> </ul>
2019	<ul style="list-style-type: none"> <li>The Group enters the beauty food segment with the 5in1 Beauty Elixir for women.</li> <li>LR Group is awarded with the German Brand Award 2019 by the German Brand Institute in the category "Beauty &amp; Care" for the 5in1 Beauty Elixir.</li> </ul>
2020	<ul style="list-style-type: none"> <li>LR Group is awarded with the German Brand Award 2020 by the German Brand Institute in the category "Health &amp; Pharmaceuticals" for the LR LIFETAKE Night Master and a special mention for "LR" as "Product Brand of the Year".</li> </ul>
2021	<ul style="list-style-type: none"> <li>LR Group is awarded the title of "Top 100 Innovator" by compamedia GmbH.</li> </ul>

## Business and Operations

We offer a product portfolio centered on two main product categories: (1) health, consisting of dietary supplements such as weight management and general wellbeing products, as well as nutritional additives, such as vitamins and minerals and immune system support products, and (2) beauty, consisting of personal care products such as cosmetics, make-up, fragrances and hygiene products. With approximately 1.175 employees (full time equivalent; headcount 1.318) as of 30 September 2021, we operate a digitally-driven direct-to-consumer (D2C) social-selling platform selling our products under our well-established community brand "LR Health & Beauty" in 24 countries across continental Europe, in Russia, in Turkey and in Kazakhstan and have recently-launched distributions in South Korea, our first entry-point into the East Asian market. Germany, France, Czech Republic, Poland and Russia/Kazakhstan are our core markets.

Our diversified portfolio comprises over 300 different health and beauty products that combine natural ingredients with scientific innovation. Aloe Vera products are our best-selling product category contributing to approximately 36% of our revenue from the sales of goods in the nine-month period ended 30 September 2021. The operational business, research and development of these products, as well as the production itself is mostly carried out at our headquarters in Ahlen, Germany. We also operate our own modern production plant for Aloe Vera drinking gels in Ahlen, which was opened in 2018.

We distribute the vast majority of our products to an engaged community of partners, which join our community to benefit from preferred pricing of our products and access to our bonus model that incentivizes partners to refer new, potential customers to our product offering, and to also become partners as part of our community and/or to be part of our marketing and product distribution by on-selling our products. To be counted as part of our community, individuals who signed up as a "partner" through one of our sales partnership agreements have to have also made a purchase of LR products within the last 90 days ("**Partners**"). As of 31 December 2020, our community consists of more than 300,000 Partners.

We believe our social-selling concept with our strong community of Partners has been a key component for our recent growth. Through our platform, we market our high-quality health and beauty products directly to



consumers without relying on retailers or third-party platforms and without any shelf-space limitation. Our Partners leverage their social networks such as Facebook, Instagram or TikTok, and their digital sphere of influence to promote LR's products and recruit new Partners. Many of our Partners act as micro-influencers for our products, i.e., using their strong digital presences by heavily interacting with their followers on social media, sharing our products and their experiences as part of their daily social media activities. Setting us apart from other companies marketing their products digitally, we leverage our Partners' social media interactions with their social network, but we do not pay for single posts of our Partners, and instead, reward our Partners for their successful referrals through bonuses on generated revenue from the sales of goods volume.

Our asset light business model provides us with direct consumer access, consumer data and market insights, all of which enable us to react quickly and cost-efficiently to changes in consumer trends and demand in our markets. In the financial year ended 31 December 2020, approximately 80% of our monthly revenue from the sales of goods, on average, was attributable to repeat buyers, showing our high product quality, the loyalty of our customer base, the strength of our community brand and the efficiency of our community of Partners, with the remaining 20% of monthly sales being attributable to new customers. Therefore, we can utilize the reach of our community of Partners network with a conversion-based model and without additional Partner acquisition costs.

Our business also benefits from the ongoing market digitalization and is attracting a growing number of young micro-influencers, with the number of new Partners under the age of 30 constantly increasing. The demography of our community of Partners with younger, technologically-savvy Partners enables us to reap the benefits of the increasing digitalization, adapting quickly to changes in the fast-moving social media sphere and bringing our products to consumers through all available sales channels, which comprise our webshop [shop.lrworld.com](http://shop.lrworld.com) as our central online sales platform, product subscriptions by Partners on a regular basis, SMS orders at online events, direct-to-consumer sales by Partners, and other sales channels, e.g., phone, fax or email. In the financial year ended 31 December 2020, approximately 80% of our revenue from the sales of goods in a group of representative markets, comprising our largest segment region 1 and Poland, Ukraine, Russia/Kazakhstan and Turkey, were processed through our webshop (approximately 66%) or via subscriptions (approximately 13%), supported by our growing digital presence, and only a minor share was processed via SMS, mail order or other solutions (approximately 21%).

We have substantially increased our efforts regarding environmental, social and governance factors ("ESG") in recent years and have thereby significantly increased our ESG score, e.g., by reducing waste from our production, phasing out plastic scoops and the green plastic caps for our Aloe Vera drinking gels and the Mind Master drinks. The annual Quadriga Capital ESG Impact Monitor, tracking over 400 ESG related KPIs, is obligatory for each portfolio company. LR Group's ESG score under the Quadriga Capital ESG Impact Monitor has consistently improved since 2017.

## **Material Agreements**

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### ***Sample Sales Partner Agreement (Germany)***

In order to become part of the LR Group's partnership program, the applicant must fill out a partnership request. The following illustrates the process for a Partner joining the community of Partners in Germany.

A prerequisite for partnership status is the purchase of a "starter pack" for EUR 29.90, as well as a "first-time order", which consists of one of five beauty product sets, ranging from EUR 120 to EUR 490. LR Group generally charges a flat rate of EUR 2.95 for shipping costs per delivery. Additionally, the applicant will have to attend a starter seminar in order to be eligible to receive future commission.

The EUR 29.90 starter pack gives the Partner his or her own webpage, a connection to LR Group's web store for one year, as well as detailed advertising materials.

Starter packs, as well as any other product sets, grant the Partner PV points (and associated BV points). PV points are used to measure the Partners' success and are required to unlock certain tiers of promotion and bonuses. For

example, the product set costing EUR 120 gives the Partner 150 PV points. PV points can be achieved through (1) personal sales; (2) the recruitment of new Partners (who themselves will have to purchase a starter pack and a first-time order); (3) the sales generated from such recruited Partners; or (4) recruited Partners recruiting new Partners themselves. "PV" stands for point value. The point value is the value assigned to each LR product (excluding sales aids). "BV" stands for business volume. The business volume, like the PV, is a value assigned to every product (except sales aids). The bonus level based on generated PV is calculated with reference to "BV" and then Partners receive the corresponding EUR amount as a payout;

Furthermore, PV points play a significant role in the compensation and promotional model of LR Group and are the basis of structuring incentivization for Partners. For example, if the new Partner achieves a certain number of PV points (within the first three months) from his or her own sales, recruited Partners' sales, and/or PV points in relation to other lineages, he or she will be promoted to "Junior Manager" as a part of the Fast Track Program. A Junior Manager is guaranteed EUR 250 per month. A Manager is guaranteed EUR 500 per month. A Junior Team Leader is guaranteed EUR 1000 per month. If the Partner fails to achieve the necessary amount of PV points within his or her first three months, he or she will be barred from entering the tier system, at all.

The terms and conditions are the following:

- The Partner is a freelancer and will not be deemed an employee. While commercially active, the Partner shall not give the impression of being anything other than a freelancer.
- Only natural persons or GmbHs are eligible to qualify as Partners.
- The purchase of goods for sale may only be carried out through the LR Group. The Partner may only purchase goods from LR Group for his or her own consumption or pursuant to an order from a client. Partners shall not keep a commercial stock of goods.
- The Partner may only sell LR Group's goods through direct sales (i.e., he or she cannot sell such goods via retail).
- The Partner may only make claims about LR Group, its products, its sales system or its compensation model pursuant to LR Group's official guidelines. The Partner shall only use advertising materials provided by LR Group.
- The Partner is obliged to comply with unfair competition laws. The Partner must compensate LR Group for any damages paid as a result of the failure of the Partner to comply with any such laws.
- The Partner may not offer any goods which are in competition with LR Group's products. The Partner may not sell any other goods through direct sales.
- Upon onboarding new Partners, the Partner is entitled to compensation according to the LR Group's Marketing Plan. In order to receive compensation for one's own sales and/or the sales of recruited Partners, the Partner must submit a certificate of participation in a starter seminar and have earned a minimum of 100 PV points through his or her own monthly sales. The Partner may not switch the downline team in which he or she first entered into.
- LR Group has the right to extraordinarily cancel the contract without prior notice if the Partner deliberately or negligently breaches the protection of lineage (downline team), poaches contractually-bound Partners for other companies, engages in bonus manipulation or breaches certain other contractual commitments.

### ***Shareholder Loan Agreement***

Aloco Holding S.à r.l., as the Issuer's former direct controlling shareholder, originally granted a shareholder loan in the principal amount of EUR 109,930,000.00 to the Issuer under a shareholder loan agreement originally dated 4 March 2013 (as amended and restated from time to time) ("**Shareholder Loan**"). On 30 November 2021, Aloco Holding S.à r.l. performed a contribution in kind of its receivables resulting from the Shareholder Loan in the full amount of EUR 146,324,810.00 (principal amount, interest and costs) to the Issuer by way of assignment. The contribution was made as a contribution to the free capital reserve pursuant to Section 272 para 2 no. 4 of the HGB. The registered share capital remains at EUR 25,000. Accordingly, the corresponding indebtedness under

the Shareholder Loan has been reduced to zero. However, as such contribution in kind only came into effect after 30 September 2021, this is not reflected in the unaudited consolidated interim financial information of LR Global Holding GmbH as of and for the nine-month period ended 30 September 2021.

### ***Transaction Security***

As continuing security for the due and punctual fulfilment of the obligations under the Bonds, the Issuer has granted the following German law governed security:

- Share pledge agreement dated 1 February 2021 over the shares in (i) the Company, (ii) LR Health & Beauty Systems Beteiligungs GmbH, (iii) LR Health & Beauty Systems GmbH, (iv) LR-International Beteiligungs GmbH, (v) LR Partner Benefits GmbH and (iv) LR Health & Beauty GmbH between (a) Aloco Holding S.à r.l., (b) the Company, (c) LR Health & Beauty Systems Beteiligungs GmbH, (d) LR Health & Beauty Systems GmbH and (e) LR-International Beteiligungs GmbH as pledgors and Nordic Trustee & Agency AB (publ) as security agent and pledgee;
- Security assignment agreement dated 4 February 2021 over current and future receivables between (i) Aloco Holding S.à r.l., (ii) the Company, (iii) LR Health & Beauty Systems Beteiligungs GmbH and (iv) LR Health & Beauty Systems GmbH as assignors and Nordic Trustee & Agency AB (publ) as security agent and assignee;
- Account pledge agreement dated 4 February 2021 over bank accounts between (i) the Company, (ii) LR Health & Beauty Systems Beteiligungs GmbH, (iii) LR Health & Beauty Systems GmbH, (iv) LR-International Beteiligungs GmbH, (v) LR Partner Benefits GmbH and (iv) LR Health & Beauty GmbH as pledgers and Nordic Trustee & Agency AB (publ) as security agent and pledgee;
- Security transfer agreement dated 4 February 2021 regarding security transfer (*Sicherungsübereignung*) of certain present and future movable assets deposited in a security area at a warehouse, including (i) inventories of finished goods and products, (ii) unfinished goods and products, (iii) raw materials, (iv) supplies and (v) operating materials of LR Health & Beauty Systems Beteiligungs GmbH (identified via certain asset lists, which are to be updated from time to time) between LR Health & Beauty Systems Beteiligungs GmbH as transferor and Nordic Trustee & Agency AB (publ) as security agent and assignee;
- Security assignment agreement dated 4 February 2021 regarding trademarks of LR Health & Beauty Systems GmbH claims between LR Health & Beauty Systems GmbH as assignor and Nordic Trustee & Agency AB (publ) as security agent and assignee.

Furthermore, the Issuer has granted local law share security over the shares in the following subsidiaries, which also acceded as Guarantors to the Guarantee Agreement (as defined below):

- LR Jersey Holding Limited (Jersey);
- LR Health & Beauty Systems Single Member Limited Liability Company (Greece);
- LR Health & Beauty Systems SAS (France);
- LR Health & Beauty Systems sp. z o.o. (Poland);
- LR Health & Beauty Systems, s.r.o. (Czech Republic);
- LR Health & Beauty Systems, s.r.o. (Slovakia).

### ***Guarantee Agreement***

The obligations under the Bonds are guaranteed under a Swedish law governed guarantee agreement ("**Guarantee Agreement**") entered into by, or through accessions by certain subsidiaries of the Issuer (the "**Guarantors**").

Subject to the Guarantee Agreement, each Guarantor irrevocably and unconditionally and jointly and severally as a principal obligor (Sw. *proprieborgen*) guarantees to the secured parties under the Bonds as for its own debts (Sw. *såsom för egen skuld*) the full and punctual payment and performance by each Group company of all the secured obligations, including the payment of principal, interest, costs, expenses or other amount under the finance documents (including the Bonds and the documents entered into as part of transaction security for the Bonds) that

has not been fully and irrevocably paid by the Issuer or any other obligor under such documents. Such guarantee commitments have been entered into in accordance with the Guarantee Agreement, which is entered into between the Issuer, each Guarantor and the security agent (Nordic Trustee & Agency AB (publ), i.e., the agent under the Bonds). The obligations and liabilities of the Guarantors under the Guarantee Agreement shall be limited if required (but only if and to the extent required) under the laws of the jurisdiction in which the relevant Guarantor is incorporated.

As of the date of this Prospectus, the Guarantors are LR Health & Beauty Systems Beteiligungs GmbH, LR Health & Beauty Systems GmbH, LR Partner Benefits GmbH, LR-International Beteiligungs GmbH and LR Health & Beauty GmbH, LR Jersey Holding Limited, Health & Beauty Systems SAS, LR HEALTH & BEAUTY SINGLE MEMBER LIMITED LIABILITY COMPANY (LR HEALTH & BEAUTY SYSTEMS ΣΥΣΤΗΜΑΤΑ ΥΤΕΛΑΣ ΚΑΙ ΟΜΟΡΦΙΑΣ ΜΟΝΟΠΡΟΣΩΗ ΕΤΑΙΡΕΙΑ ΠΕΡΙΟΡΙΣΜΕΝΗΣ ΕΥΘΥΝΗΣ), LR Health & Beauty Systems, s.r.o., LR Health & Beauty Systems, s.r.o., LR Health & Beauty Systems sp. z o.o.. None of the entities are required to have a LEI-code.

Further Guarantors may accede to the Guarantee Agreement by way of signing, *inter alia*, accession letters. Existing Guarantors may, under certain conditions and subject to the Guarantee Agreement, resign from the Guarantee Agreement.

### ***Other Material Agreements***

Beyond the sample sales partner contract agreement, neither the Company nor any other LR Group company has entered into any other material agreements that are not entered into in the ordinary course of its business, which could result in any Group company being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to the Bondholders under the Terms and Conditions.

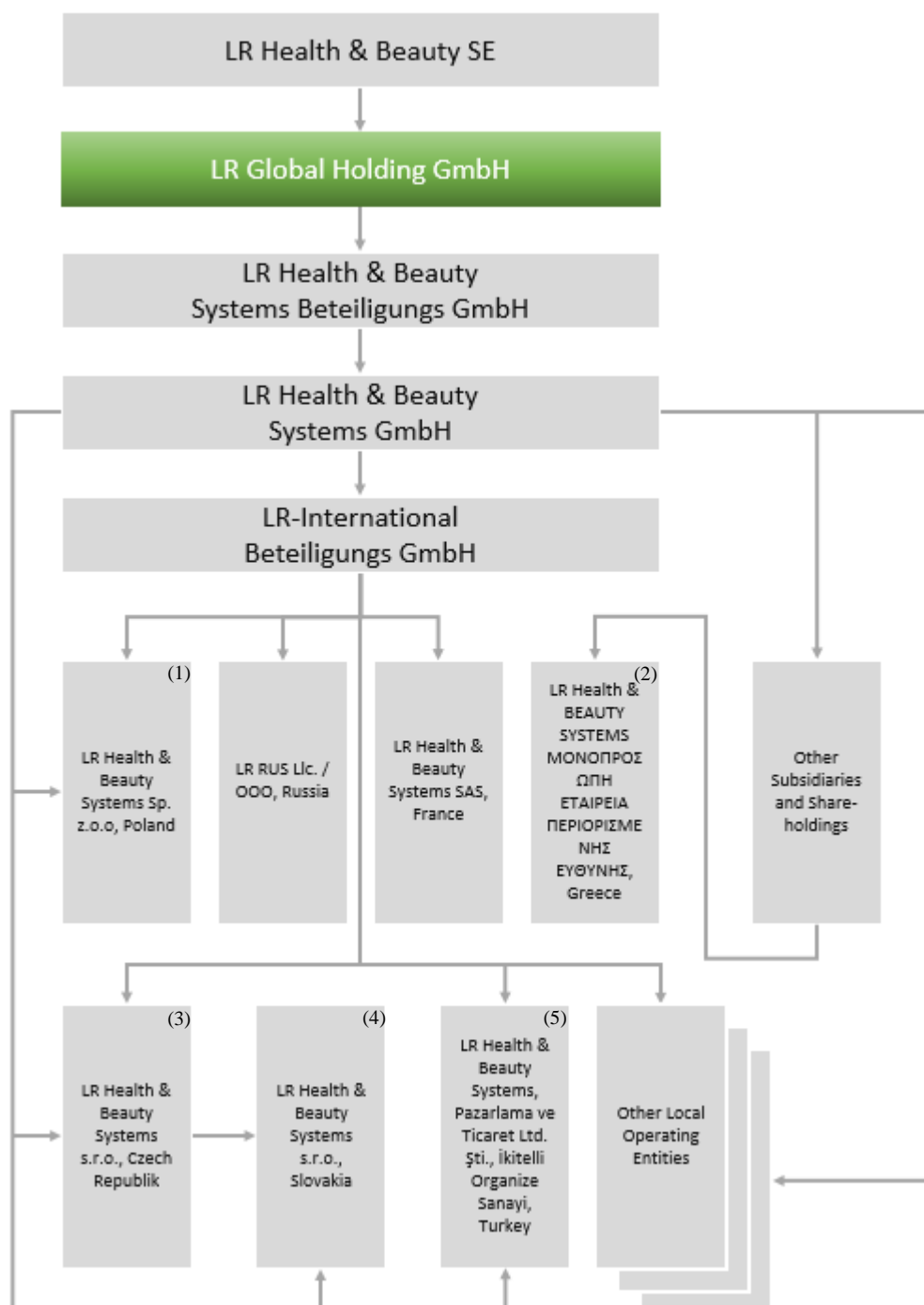
### **Overview of the Group**

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The business of the Group is conducted by the Issuer's various direct and indirect subsidiaries. As of the date of this Prospectus, the Group comprises 34 companies, 27 of which are local operating entities.

For the sake of completeness, the below chart also includes LR Health & Beauty SE ("**LR SE**") as the Issuer's direct parent company.

The following chart shows the Group's current structure of consolidated companies comprising the Issuer and the position of the Issuer within the Group:



- (1) The Polish entity is 99.9% owned by LR-International Beteiligungs GmbH and 0.1% by LR Health & Beauty Systems GmbH.
- (2) The Greek entity is 100% owned by LR Jersey Holding Limited, Jersey, which is 100% owned by LR Partner Benefits GmbH, which is 100% owned by LR Health and Beauty Systems GmbH.
- (3) The Czech entity is 51% owned by LR-International Beteiligungs GmbH and 49% by LR Health & Beauty Systems GmbH.
- (4) The Slovak entity is 11.3% owned by LR-International Beteiligungs GmbH and 88.7% by the Czech entity.
- (5) The Turkish entity is 95% owned by LR-International Beteiligungs GmbH and 5% by LR Health & Beauty Systems GmbH.

All Guarantors, as per the date of this Prospectus, are direct or indirect subsidiaries of the Issuer and are part of the Group. All subsidiaries are wholly owned by the Issuer (directly or indirectly). The Issuer's main object is to be a holding company within the Group. The business operations of the Group are carried out by the Issuer's subsidiaries, including the Guarantors as described below.

Since the majority of the revenue of the Group is derived from the Issuer's operational subsidiaries, the Issuer is dependent upon its subsidiaries in order to generate profit and cash flow and to meet its obligations under the Terms and Conditions.

## Guarantors

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### *Background*

The obligations under the Bonds are guaranteed by the Guarantors under a Guarantee Agreement. As of the date of this Prospectus, the Guarantors are:

- LR Health & Beauty Systems Beteiligungs GmbH (Germany)
- LR Health & Beauty Systems GmbH (Germany)
- LR Partner Benefits GmbH (Germany)
- LR-International Beteiligungs GmbH (Germany)
- LR Health & Beauty GmbH (Germany)
- LR Jersey Holding Limited (Jersey)
- LR Health & Beauty Systems SAS (France)
- LR HEALTH & BEAUTY SINGLE MEMBER LIMITED LIABILITY COMPANY (LR HEALTH & BEAUTY SYSTEMS ΣΥΣΤΗΜΑΤΑ ΥΤΕΛΑΣ ΚΑΙ ΟΜΟΡΦΙΑΣ ΜΟΝΟΠΡΟΣΩΗ ΕΤΑΙΡΕΙΑ ΠΕΠΙΟΠΙΣΜΕΝΗΣ ΕΥΘΥΝΗΣ) (Greece)
- LR Health & Beauty Systems, s.r.o. (Czech Republic)
- LR Health & Beauty Systems, s.r.o. (Slovakia)
- LR Health & Beauty Systems sp. z o.o. (Poland)

According to the Terms and Conditions, the obligations under the Bonds may be guaranteed by additional Guarantors insofar (i) such entities are Group Companies with earnings before interest, tax, depreciation and amortisation ("**EBITDA**", calculated as defined in the Terms and Conditions) representing five (5) per cent (%) (or, in the case of Group Companies incorporated in Turkey or Russia, ten (10) per cent (%)) or more of the aggregated unconsolidated EBITDA of all Group Companies (excluding Ahlen PropCo, as defined in the Terms and Conditions), and (ii) such entities are Group Companies necessary to ensure that the Issuer, LR Health & Beauty Systems Beteiligungs GmbH, LR Health & Beauty Systems GmbH and the other entities meeting requirement (i) (previously nominated by the Issuer under the Terms and Conditions) in aggregate represent on an unconsolidated basis at least ninety (90) per cent (%) of the aggregated unconsolidated EBITDA of all Group Companies (excluding Ahlen PropCo, as defined in the Terms and Conditions). The Issuer has undertaken to procure that each such Group company that meets such requirements enters into or accedes to a Guarantee Agreement as a Guarantor within certain time frames.

### *Overview of the Guarantors*

#### *LR Health & Beauty Systems Beteiligungs GmbH*

LR Health & Beauty Systems Beteiligungs GmbH is a limited liability company incorporated on 25 January 2007 in Germany under the laws of Germany with its domicile in Ahlen, Germany, and its registered office at Kruppstraße 55, 59227 Ahlen, Germany (tel.: +49 (0) 2382 7658 0), registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Münster under registration number HRB 11089.

According to its articles of association, its share capital amounts to EUR 25,000.00, divided into 2 shares, with a nominal value of EUR 25,000.00 (EUR 24,750.00 and EUR 250.00, respectively). The share capital is composed of ordinary shares. The holders of shares are entitled to one vote per Euro per share. The shares are denominated in EUR. The Guarantor is directly wholly owned by the Issuer.

The executive management consists of Andreas Friesch (Managing Director) and Dr. Andreas Laabs (Managing Director). For further information, please see Section "*Management Board*".

#### *LR Health & Beauty Systems GmbH*

LR Health & Beauty Systems GmbH is a limited liability company incorporated on 6 October 2004 in Germany under the laws of Germany with its domicile in Ahlen, Germany, and its registered office at Kruppstraße 55, 59227 Ahlen, Germany (tel.: +49 (0) 2382 7658 0), registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Münster under registration number HRB 10011.

According to its articles of association, its share capital amounts to EUR 25,000.00, divided into 25,000 shares, with a nominal value of EUR 25,000.00. The share capital is composed of ordinary shares. The holders of shares are entitled to one vote per share. The shares are denominated in EUR. The Guarantor is indirectly owned by the Issuer and wholly owned by LR Health & Beauty Systems Beteiligungs GmbH.

The executive management consists of Andreas Friesch (Managing Director) and Dr. Andreas Laabs (Managing Director). For further information, please see Section "*Management Board*".

#### *LR Partner Benefits GmbH*

LR Partner Benefits GmbH is a limited liability company incorporated on 22 March 1989 in Germany under the laws of Germany with its domicile in Ahlen, Germany, and its registered office at Kruppstraße 55, 59227 Ahlen, Germany (tel.: +49 (0) 2382 7658 0), registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Münster under registration number HRB 8315.

According to its articles of association, its share capital amounts to EUR 26,000.00, divided into 26,000 shares, with a nominal value of EUR 26,000.00. The share capital is composed of ordinary shares. The holders of shares are entitled to one vote per share. The shares are denominated in EUR. The Guarantor is indirectly owned by the Issuer and wholly owned by LR Health & Beauty Systems GmbH.

The executive management consists of Andreas Friesch (Managing Director) and Dr. Andreas Laabs (Managing Director). For further information, please see Section "*Management Board*".

#### *LR-International Beteiligungs GmbH*

LR-International Beteiligungs GmbH is a limited liability company incorporated on 4 August 1998 in Germany under the laws of Germany with its domicile in Ahlen, Germany, and its registered office at Kruppstraße 55, 59227 Ahlen, Germany (tel.: +49 (0) 2382 7658 0), registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Münster under registration number HRB 8109.

According to its articles of association, its share capital amounts to 100,000.00 Deutschemark, divided into 1 share, with a nominal value of 100,000.00 Deutschemark. The share capital is composed of one ordinary share. The holders of shares are entitled to one vote per each 100 Deutschemark of each share. The shares are denominated in Deutschemark. The Guarantor is indirectly owned by the Issuer and wholly owned by LR Health & Beauty Systems GmbH.

The executive management consists of Andreas Friesch (Managing Director) and Dr. Andreas Laabs (Managing Director). For further information, please see Section "*Management Board*".

#### *LR Health & Beauty GmbH*

LR Health & Beauty GmbH is a limited liability company incorporated on 16 January 2020 in Germany under the laws of Germany with its domicile in Ahlen, Germany, and its registered office at Kruppstraße 55, 59227 Ahlen, Germany (tel.: +49 (0) 2382 7658 0), registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Münster under registration number HRB 18676.

According to its articles of association, its share capital amounts to EUR 25,000.00, divided into 25,000 shares, with a nominal value of EUR 25,000.00. The share capital is composed of ordinary shares. The holders of shares are entitled to one vote per share. The shares are denominated in EUR. The Guarantor is indirectly owned by the Issuer and wholly owned by LR-International Beteiligungs GmbH.

The executive management consists of Andreas Friesch (Managing Director) and Dr. Andreas Laabs (Managing Director). For further information, please see Section "*Management Board*".

*LR Jersey Holding Limited (Jersey)*

LR Jersey Holding Limited is a limited liability company incorporated on 27 September 2017 in Jersey under the laws of Jersey with its domicile in St. Helier, Jersey, and its registered office at 3rd Floor, 44 Esplanade, St. Helier, JE4 9WG, Jersey (tel.: +44 1534 514183), registered with the Jersey Financial Services Commission (JFSC) Companies registry under registration number 124815.

According to its articles of association, its share capital amounts to 1 pound sterling, divided into 1 share, with a nominal value of 1 pound sterling. The share capital is composed of ordinary shares. The holders of shares are entitled to one vote per share. The share is denominated in pound sterling. The Guarantor is indirectly owned by the Issuer and wholly owned by LR Partner Benefits GmbH.

The executive management consists of Dr. Andreas Laabs (Director), Andreas Friesch (Director) and Thomas Wilhelm Stoffmehl (Director). For further information, please see Section "*Management Board*".

*LR Health & Beauty Systems SAS (France)*

LR Health & Beauty Systems SAS is a limited liability company incorporated on 20 December 2010 in France under the laws of France with its domicile in Caluire-et-Cuire, France, and its registered office at Cité Park - Bâtiment C, 23 avenue de Poumeyrol, 69300 Caluire-et-Cuire, France (tel.: +33 (0) 474 72 94 38), registered with the register (*greffe*) of the commercial court (*tribunal de commerce*) Lyon under registration number 529 089 526 RCS Lyon.

According to its articles of association, its share capital amounts to EUR 10,000.00, divided into 1,000 shares, with a nominal value of EUR 10,000.00. The share capital is composed of ordinary shares. The holders of shares are entitled to one vote per share. The shares are denominated in EUR. The Guarantor is indirectly owned by the Issuer and wholly owned by LR-International Beteiligungs GmbH.

The executive management consists of LR-International Beteiligungs GmbH as president (*Président*) represented by Dr. Andreas Laabs and Andreas Friesch each as managing directors (*Geschäftsführer*). For further information, please see Section "*Management Board*".

*LR HEALTH & BEAUTY SINGLE MEMBER LIMITED LIABILITY COMPANY (LR HEALTH & BEAUTY SYSTEMS ΣΥΣΤΗΜΑΤΑ ΥΤΕΛΑΣ ΚΑΙ ΟΜΟΡΦΙΑΣ ΜΟΝΟΠΡΟΣΩΗ ΕΤΑΙΡΕΙΑ ΠΕΡΙΟΡΙΣΜΕΝΗΣ ΕΥΘΥΝΗΣ) (Greece)*

LR HEALTH & BEAUTY SINGLE MEMBER LIMITED LIABILITY COMPANY (LR HEALTH & BEAUTY SYSTEMS ΣΥΣΤΗΜΑΤΑ ΥΤΕΛΑΣ ΚΑΙ ΟΜΟΡΦΙΑΣ ΜΟΝΟΠΡΟΣΩΗ ΕΤΑΙΡΕΙΑ ΠΕΡΙΟΡΙΣΜΕΝΗΣ ΕΥΘΥΝΗΣ) is a limited liability company incorporated on 5 September 1994 in Greece under the laws of Greece with its domicile in Metamorfosi (Attika), Greece, and its registered office at Ermou 50, Metamorfosi 144 52, Greece (tel.: +30 (0) 210 2 85 14 15), registered with the general electronic commercial registry (*G.E.M.I.*) under registry number 001682601000.

According to its articles of association, its share capital amounts to EUR 130,050.00, divided into 1,445 shares, with a nominal value of EUR 130,050.00. The share capital is composed of ordinary shares. The holders of shares are entitled to one vote per share. The shares are denominated in EUR. The Guarantor is indirectly owned by the Issuer and wholly owned by LR Jersey Holding Limited.

The executive management consists of Babousis Vagis Antonios (Managing Director). For further information, please see Section "*Management Board*".



*LR Health & Beauty Systems, s.r.o. (Czech Republic)*

LR Health & Beauty Systems, s.r.o. is a limited liability company incorporated on 23 December 2013 in the Czech Republic with identification no. (IČO) 024 86 512 under the laws of the Czech Republic with its domicile in Ostrava, Czech Republic, and its registered office in Závodní 1613/2, Hrabůvka, 700 30 Ostrava, Czech Republic (tel.: +420 (0) 59 578 31 31), registered in the Czech Commercial Register (*obchodní rejstřík*) maintained by the Regional Court (*krajský soud*) in Ostrava under file no. C 58017.

According to its articles of association, its registered capital amounts to 433,016,700.00 Czech koruna, divided into 2 ownership interests, with a registered capital of 433,016,700.00 Czech koruna. The holders of shares are entitled to a vote corresponding to their share in the registered capital represented by their respective capital contribution. The shares are denominated in Czech koruna. The Guarantor is indirectly owned by the Issuer and directly owned by LR-International Beteiligungs GmbH (51.0%) and LR Health & Beauty Systems GmbH (49.0%).

The executive management consists of Karla Černá Kubíková (Managing Director). For further information, please see Section "*Management Board*".

*LR Health & Beauty Systems, s.r.o. (Slovakia)*

LR Health & Beauty Systems, s.r.o. is a limited liability company incorporated on 10 June 1994 in Slovakia with identification no. (IČO) 31 380 506 under the laws of Slovakia with its domicile in Turzovka, Slovakia, and its registered office in Stred 422, Turzovka 023 54, Slovakia (tel.: +420 (0) 59 578 31 31), registered in the Slovak Commercial Register (*obchodný register*) maintained by the District Court (*okresný súd*) Žilina, under section Sro, file no. 10380/L.

According to its articles of association, its registered capital amounts to EUR 6.639,00, divided into 2 ownership interests, with a registered capital of EUR 6.639,00. The holders of shares are entitled to a vote corresponding to their share in the registered capital represented by their respective capital contribution. The Guarantor is indirectly owned by the Issuer and directly owned by LR Health & Beauty Systems, s.r.o. (Czech Republic) (88.7%) and LR Health & Beauty Systems GmbH (11.3%).

The executive management consists of Karla Černá Kubíková (Managing Director). For further information, please see Section "*Management Board*".

*LR Health & Beauty Systems sp. z o.o. (Poland)*

LR Health & Beauty Systems sp. z o.o. is a limited liability company incorporated on 19 April 2004 in Poland under the laws of Poland with its domicile in Katowice, Poland, and its registered office in Katowice, at ul. Hutnicza 6, 40-241 Katowice, Poland (tel.: +48 (0) 32 351 12 50), whose file is kept by the District Court for the Katowice-Wschód in Katowice, VIII Commercial Department of the National Court Register, entered in the register of entrepreneurs of the National Court Register under registration number KRS 0000203244, REGON 27821918300000, NIP 9542474874.

According to its articles of association, its share capital amounts to 50,000.00 Polish złoty, divided into 1.000 shares, with a nominal value of 50,000.00 Polish złoty. The share capital is composed of ordinary shares. The holders of shares are entitled to one vote per share. The shares are denominated in Polish złoty. The Guarantor is indirectly owned by the Issuer and directly owned by LR-International Beteiligungs GmbH (99.9%) and LR Health & Beauty Systems GmbH (0.01%).

The executive management consists of Michał Zajac (Managing Director). For further information, please see Section "*Management Board*".

## Trend Information and Adverse Changes

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The seasonality in our revenue from the sales of goods is characterized by the third quarter of each financial year typically being impacted by the summer holiday season resulting in lower revenue from the sales of goods in this quarter as compared with the other quarters. Generally, our strongest months in revenue from the sales of goods are from October, the beginning of the Christmas season, until March the following year, followed by relative stagnation from April until June and a decrease in revenue from the sales of goods in July, August and September due to the holiday season, which usually results in a seasonal low in revenue from the sales of goods in this period. As travel restrictions relating to the world-wide anti-COVID-19 measures started to ease in 2021, resulting in significant travel activity during the summer holiday season in 2021, our revenue from the sales of goods in the third quarter ended 30 September 2021 experienced the typical seasonal low with a decline in revenue from the sales of goods, as compared with the previous quarters of the current financial year, as well as the same period of 2020, where the seasonal summer holiday low in revenue from the sales of goods did not occur because of the COVID-19 related strict travel restrictions.

Other than as described above, there has been no material adverse change in the prospects of the Issuer or any of the Guarantors or any significant changes in the financial performance of the Group since the date of the unaudited consolidated interim financial information of LR Global Holding GmbH as of and for the nine-month period ended 30 September 2021.

## Recent Events

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Prior to the issuance of the Bonds on 3 February 2021, our primary financing consisted of a senior facilities agreement providing for an aggregate amount of initially approximately EUR 93 million of senior secured loans with fixed interest rates ranging from 4% to 5.25% per annum depending on the relevant facilities and subject to certain terms and conditions ("**Senior Loan Financing**") and the Shareholder Loan.

The placement of the Bonds resulted in the termination of the Senior Loan Financing and the repayment of the bank liabilities as well as the partial repayment of the Shareholder Loan. This will impact our financing costs for the remainder of the financial year 2021 and in the medium-term, reflecting higher interest payments. We expect stable annual costs of EUR 11 million over the next 18 months.

At the beginning of October 2021, we launched the new Soul of Nature product line, which is a brand that is focused on precious essences from nature, such as essential oils and cosmetic products. The product assortment of the Soul of Nature product line will cover eight essential oils and four moods of natural scents that we include in our cosmetic range, for example, as shower gel, body butter and air sprays.

On 30 November 2021, Aloco Holding S.à r.l. performed a contribution in kind of its receivables resulting from the Shareholder Loan in the full amount of EUR 146,324,810.00 (principal amount, interest and costs) to the Issuer by way of assignment. The contribution was made as a contribution to the free capital reserve pursuant to Section 272 para 2 no. 4 of the HGB. Subsequently, on the same date, 30 November 2021, Aloco Holding S.à r.l. increased the LR SE's share capital by EUR 10,000,000 from EUR 120,000 to EUR 10,120,000 against a contribution in kind of the shares in the Company into LR SE.

Except as described above, there have been no significant changes to our financial position between 30 September 2021 and the date of this Prospectus, which are to a material extent relevant to the evaluation of the Group's solvency.

## Investments

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Between 30 September 2021 and the date of this Prospectus, we continued to invest in our strategic digitalization initiatives in order to satisfy the growing demand from young target audiences. In this context, we continued the roll-out of the new LR Connect app as part of the continued digitization of our business. Furthermore, we finalized the investment plan for the construction of a modern logistics center with the latest picking and shipping

technology at our site in Ahlen, enabling us to further automate our logistics processes, so that orders can be processed even faster in the future.

The Company expects to finance its future activities from the cash flow generated by the ongoing business activities conducted by its direct and indirect subsidiaries.

## **Governmental, Legal or Arbitration Proceedings**

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In the course of our business activities, we are exposed to numerous related legal risks, particularly in the areas of product liability, competition, intellectual property disputes and tax matters.

In the ordinary course of business, the Group is subject to a number of ongoing legal, administrative, tax and arbitration proceedings at any given time (currently ranging between 15-25 individual proceedings) however, overall our legal exposure is quite limited. Overall, our legal exposure is limited due to our proactive and cooperative community approach, as well as our strong control of our value chain. Below is a non-exhaustive list of legal issues we deem relevant:

- Wage tax litigation related to the financial years 2010 to 2012: EUR 0.7 million related to wage tax, solidarity surcharge and church tax. We have agreed on a stay of enforcement (*Aussetzung der Vollziehung*) with the tax authority for the time being.
- Corporate income tax litigation: We filed our annual tax return, including a full deduction of EUR 6.9 million arrangement fees claimed by the Company in the connection with the acquisition of LR Health & Beauty GmbH. Such deduction, however, was not accepted by the tax authority, resulting in a difference of approximately EUR 0.9 million in taxes payable according to the calculations of the tax authority. For the time being, we agreed to deposit 50% of the tax amount in dispute by way of bank guarantee.
- Arbitration proceeding against Mr. Ilhan Dogan (defendant) by LR Health & Beauty Systems GmbH (plaintiff) in 2021: LR Group claims EUR 5 million (plus interests and costs). The associated cost risk for the arbitration would be the cost of the proceeding if LR Group were unsuccessful in bringing and/or enforcing its claim.

Other than the above, there have been no governmental, legal or arbitration proceedings (including, any such proceedings, which are pending or threatened of which we are aware), during the last 12 months prior to the date of this Prospectus, which may have, or have had in the recent past, significant effects on the Company's and/or LR Group's financial position or profitability.

# OWNERSHIP STRUCTURE

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## Share Capital and Shares

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According to its articles of association, the Issuer's share capital amounts to EUR 25,000 divided into 25,000 shares with a nominal value of EUR 1.00. The share capital of the Issuer is composed of ordinary shares. The holders of ordinary shares are entitled to one (1) vote per share. The shares are denominated in EUR. The Issuer's shares are not publicly traded on an exchange.

## Ownership Structure

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On 30 November 2021, Aloco Holding S.à r.l. ("**Aloco**"), contributed all shares in LR Global Holding GmbH (the "**Company**") to LR Health & Beauty SE ("**LR SE**").

Shareholder	Number of Shares	Share Capital
LR Health & Beauty SE	25,000	EUR 25,000

The Issuer is a privately owned company. The sole shareholder to LR SE's shares is Aloco. Aloco is incorporated as a Luxembourg private limited-liability company (*société à responsabilité limitée*) under Luxembourg law, with its registered seat and business address at 1, boulevard Grande-Duchesse Charlotte L-1331 Luxembourg and registered with the Luxembourg Register of Business and Companies (*Registre de Commerce et des Sociétés*) under docket number B174254.

Aloco is owned by Quadriga Capital Private Equity Fund IV LP (approximately 74%) and Quadriga Capital IV Commerce Holding LP (approximately 14%) (together, the "**Quadriga Funds**") and Aloco Management Beteiligungs GmbH & Co. KG (approximately 13%); no individual natural person directly or indirectly controls more than 25% of Aloco. The Quadriga Funds pool the investments of a large group of professional and institutional investors and are managed by Quadriga Capital IV GP Limited as general partner.

Quadriga Capital is a private equity investor in mid-market growth companies in Germany, Austria and Switzerland. The Quadriga Capital brand was established in 1995 and more than 140 primary and add-on investments have been made over five fund generations. In its portfolio companies Quadriga Capital aims to foster an entrepreneurial culture and compliance with high ESG standards with an effective ESG program since 2007; Quadriga Capital funds consistently achieve highest ratings with the UN PRI1 (A/A to A+/A+) and sustainability program by RobecoSAM (up to 100%).

## Shareholders' Agreements

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As far as the Issuer is aware, there are no shareholders' agreements or other agreements where the terms of such agreements and/or the execution thereof qualifies as or would result in a change of control regarding control over the Issuer by the Quadriga Funds.

# MANAGEMENT BOARD

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## Management Board

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Two (2) Managing Directors are responsible for the Issuer's ongoing management and operations, as well as the representation of the Issuer. The members of the Management Board can be reached at the Company's offices at Kruppstraße 55, 59227 Ahlen, Germany (telephone: +49 (0) 2382 7658 0).

Name	Position
Andreas Friesch	Managing Director ( <i>Geschäftsführer</i> ), CEO & Speaker of the Board
Dr. Andreas Laabs	Managing Director ( <i>Geschäftsführer</i> ), CFO / COO

**Andreas Friesch** was born in Reutlingen, Germany, on January 2, 1965.

Andreas Friesch is a trained wholesale and foreign trade merchant and has completed various additional professional trainings over the course of his career. Before joining LR Group in 2018, Andreas Friesch was member of the management board at Vorwerk Deutschland Stiftung & Co. KG from 2008 until 2018 and, *inter alia*, was responsible for overseeing the successful "Thermomix" product line. Prior to his position as manager at Vorwerk, he served as Sales Director at Philips Lighting GmbH for the DACH region from 2003 until 2008 (having originally joined the company in 1992 as sales representative for its component business).

As CEO of LR Group, Andreas Friesch is responsible for the overall coordination of the Company, as well as for sales, marketing & communication, research & development, events, human resources and network CRM & global digital services. He also serves as a member of the board of trustees (*Kuratorium*) of the German Marketing Association (*Deutscher Marketing Verband e.V.*).

Alongside his office as a member of the Management Board, Mr. Friesch is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside LR Group:

Currently:

- Planprotect AG, Mönchengladbach, Germany (member of the supervisory board (*Mitglied des Aufsichtsrats*)) – since 2021.

Previously:

- Vorwerk Deutschland Stiftung & Co. KG, Wuppertal, Germany (member of the management board (*Vorstand*)) – 2008 until 2018.

Other than listed above, Mr. Friesch has not been a member of any administrative, management or supervisory body of any other company or partnership outside LR Group within the last five years.

**Dr. Andreas Laabs** was born in Hamburg, Germany, on 28 September 1973.

Andreas Laabs studied Business Administration in Hamburg. He received his degree in Business Administration from University of Hamburg and a doctorate in Business Administration from University of Flensburg. Before joining LR Group in 2014, Andreas Laabs was Managing Director at Thalia Holding GmbH / CFO of the Thalia Group and Managing Director of DPV Services GmbH at Druck-und Verlagshaus Gruner + Jahr AG & Co. KG each for several years.

As CFO/COO of LR Group, Andreas Laabs is responsible for financing, controlling, corporate audit, legal/compliance, as well as operations, system and process management/IT.

Mr. Laabs has not been a member of any administrative, management or supervisory body of any other company or partnership outside LR Group within the last five years.

## **Conflicts of Interests within the Management**

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Within LR Group, members of the Management Board have employment agreements with an entity of the Group, as well as memberships on boards of other Group companies. Therefore, conflicts of interest could arise for members of Management Board between their duties towards the Group, the relevant individual Group company and their duties as members of the board of directors of such company or as a member of senior management of such Group company, respectively. In the event that such conflict of interest arises at a board meeting, a board member which has such conflict, will abstain from voting for or against the approval of such participation, or the terms of such participation.

# FINANCIAL INFORMATION

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## Exemptions from Disclosure Requirements

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In the decision of the SFSA made on 21 December 2021, the SFSA has granted an exemption from certain disclosure requirements in accordance with article 18.1 of the Prospectus Regulation. According to the decision, the Issuer is not required to disclose separate financial information regarding the Guarantors as otherwise required pursuant to Section 3 in Appendix 21 and Section 11.1 in Appendix 6, of the Commission Delegated Regulation (EU) 2019/2980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004.

With regards hereto, this Prospectus does not incorporate audited financial information for the past two financial years for each of the Guarantors. The exemption has been granted based on the consolidated financial statements relating to the Issuer being sufficient in order for a potential investor to make an informed assessment of the assets and liabilities, financial position, profit and losses, and prospects of the Issuer and the Guarantors. This is, among other things, due to that the Issuer is the holding company and the Guarantors' operations are similar in nature in comparison with one another, whereby separate financial statements for each Guarantor are not necessary in order to determine the financial position and future prospects for the Guarantors. Hence, the consolidated financial statements, as incorporated by reference into this Prospectus, are sufficient for such assessments by potential investors.

## Historical Financial Information

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The Company's audited consolidated financial statements as of and for the financial years ended 31 December 2019 and 2020, and the Company's unaudited consolidated interim financial information as of and for the nine-month period ended 30 September 2021 have been incorporated into this Prospectus by reference. The information incorporated by reference is to be read as part of this Prospectus. Information in the documents below, which has not been incorporated by reference, is not a part of this Prospectus, and is either deemed by the Issuer to be irrelevant for investors in the Bonds, or is covered elsewhere in the Prospectus.

All financial information in this Prospectus as of 31 December 2019 and 31 December 2020 or relating to the financial years ended 31 December 2019 or 31 December 2020 derives from the Company's audited consolidated financial statements as of and for the financial years ended 31 December 2019 and 31 December 2020. All financial information in this Prospectus as of 30 September 2021 or relating to the nine-month period ended 30 September 2021 derives from the Company's unaudited consolidated interim financial information as of and for the nine-month period ended 30 September 2021 or constitutes the Group's internal financial information.

## Accounting Standards

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The consolidated financial statements of the Company as of and for the financial years ended 31 December 2019 and 31 December 2020, have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and the additional requirements of German commercial law pursuant to Section 315e para. 1 of the HGB.

## Age of the Most Recent Audited Financial Information

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The most recent audited financial information derives from the Issuer's consolidated financial statements as of and for the financial year ended on 31 December 2020, which was published on the Issuer's website on 30 April 2021. This means that the balance sheet date of the Issuer's most recent audited financial information falls less than 18 months prior to the date of this Prospectus.

## **Auditing of the Historical Financial Information**

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The Company's German language consolidated financial statements as of and for the financial years ended 31 December 2019 and 31 December 2020 of which English language translations have been incorporated by reference into this Prospectus have been audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Hamburg office, Rothenbaumchaussee 78, 20148 Hamburg, Germany, in accordance with Section 317 of the HGB and German generally accepted standards for financial statement audits promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer*, "**IDW**"). The Company's consolidated interim financial information as of and for the nine-month period ended 30 September 2021 has not been audited.

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Rauchstraße 26, 10787 Berlin, Germany.

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## Incorporation by Reference

*The information incorporated by reference, set out below, can be found on the hyperlinks inserted next to the description of such information.*

The Company's audited consolidated financial statements as of and for the financial years ended 31 December 2019 and 31 December 2020 and independent auditor's reports thereon as well as the Company's unaudited consolidated interim financial information as of and for the nine-month period ended 30 September 2021 are incorporated by reference into this Prospectus. The pages specified below of the following documents which have previously been published or which are published simultaneously with this Prospectus shall be incorporated by reference into this Prospectus:

Reference	Pages
<b>Unaudited consolidated interim financial information of LR Global Holding GmbH as of and for the nine-month period ended 30 September 2021<sup>1</sup> as contained in the Company's "Q3 2021 Unaudited Consolidated Interim Report" (<a href="#">LINK</a>)</b>	
Unaudited consolidated interim statement of financial positions .....	26-27
Unaudited consolidated interim statement of profit or loss .....	28
Unaudited consolidated interim statement of cash flows .....	29
<b>Audited consolidated financial statements of LR Global Holding GmbH as of and for the financial year ended 31 December 2020, prepared in accordance with IFRS, and independent auditor's report thereon (<a href="#">LINK</a>)</b>	
Consolidated balance sheet .....	1
Consolidated statement of profit or loss .....	2
Consolidated statement of comprehensive income .....	3
Notes to the consolidated financial statements .....	4-49
Consolidated statement of cash flows .....	50
Consolidated statement of changes in equity .....	51
Independent auditor's report <sup>2</sup> .....	52-55
<b>Audited consolidated financial statements of LR Global Holding GmbH as of and for the financial year ended 31 December 2019, prepared in accordance with IFRS, and independent auditor's report thereon (<a href="#">LINK</a>)</b>	
Consolidated balance sheet .....	1
Consolidated statement of profit or loss .....	2
Consolidated statement of comprehensive income .....	3
Notes to the consolidated financial statements .....	4-56
Consolidated statement of cash flows .....	57
Consolidated statement of changes in equity .....	58
Independent auditor's report <sup>3</sup> .....	59-62

The English language consolidated financial statements of LR Global Holding GmbH as of and for the financial years ended 31 December 2019 and 31 December 2020 and the English language independent auditor's reports thereon set out above and incorporated by reference into this Prospectus are translations of the respective German language consolidated financial statements and independent auditor's reports (*Bestätigungsvermerke des unabhängigen Abschlussprüfers*).

<sup>1</sup> The unaudited consolidated interim financial information as of and for the nine-month period ended 30 September 2021 does not represent a complete set of interim condensed consolidated financial statements in accordance with IFRS for interim financial reporting (IAS 34).

<sup>2</sup> The independent auditor's report (*Bestätigungsvermerk des unabhängigen Abschlussprüfers*) refers to the consolidated financial statements and the group management report as of and for the fiscal year ended 31 December 2020 of LR Global Holding GmbH as a whole and not solely to the consolidated financial statements incorporated by reference.

<sup>3</sup> The independent auditor's report (*Bestätigungsvermerk des unabhängigen Abschlussprüfers*) refers to the consolidated financial statements and the group management report as of and for the fiscal year ended 31 December 2019 of LR Global Holding GmbH as a whole and not solely to the consolidated financial statements incorporated by reference.

# OTHER INFORMATION

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## Information about the Prospectus

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This Prospectus has been prepared for the purpose of applying for admission to trading of the Bonds at Nasdaq Stockholm (or another regulated market as defined in the Markets in Financial Instruments Directive 2014/65/EU (MiFID II), as amended), which is a requirement from the Bondholders according to the Terms and Conditions, and has been approved by the SFSA as competent authority under the Prospectus Regulation. The SFSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. The SFSA's approval should not be considered as an endorsement of the Issuer that is the subject of this Prospectus, nor should it be considered as an endorsement of the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Bonds.

The proceeds from the Bond Issue (after deduction for the fees paid by the Issuer to Pareto Securities AB, Pareto Securities AS, Frankfurt Branch and Skandinaviska Enskilda Banken AB (publ) ("**Joint Bookrunners**") for the services provided in relation to the Bond Issue and placement of the Bonds) were applied towards (i) repaying in full the then existing bank debt of the Issuer in an approximate amount of EUR 85,000,000; (ii) the payment by (or on behalf of) Aloco Holding S.à r.l. (as the then sole direct shareholder of the Issuer) of a refinancing fee to the lenders under the then existing bank debt under (i) in an amount of EUR 5,000,000; (iii) repaying, together with cash on balance sheet, the then existing loans or credits made to the Issuer by direct or indirect shareholders of the Issuer in an approximate amount of EUR 35,000,000; and (iv) the payment of transaction costs in relation to the Bond Issue (to the extent not already deducted from the proceeds of the Bonds) on or about the Issue Date.

Application for admission to trading of the Bonds on the corporate bond list of Nasdaq Stockholm (the "**Admission to Trading**") will be filed in immediate connection with the SFSA's approval of this Prospectus. The earliest date for admitting the Bonds to trading on Nasdaq Stockholm is at the latest 26 January 2022. The total expenses for the Admission to Trading are estimated to amount to approximately EUR 125,000.00.

The Bonds have also been listed on the Open Market of Frankfurt Stock Exchange, which is a multilateral trading platform (MTF), on 28 January 2021.

## Information from Third Parties

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Any information in this Prospectus, which has been sourced from a third party, has been accurately reproduced, and, as far as the Issuer 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.

## Interest of Natural and Legal Persons Involved in the Bond Issue

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The Joint Bookrunners and/or their affiliates have engaged in, and may in the future engage in, investment banking and/or other services for the Group in the ordinary course of business. Accordingly, conflicts of interest may exist or may arise as a result of the Joint Bookrunners and/or their affiliates having previously engaged, or will in the future engage, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

## Clearing and Settlement

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The Bonds are connected to the account-based system of Verdipapirsentralen ASA (VPS) in Norway, registration number 985 140 421, Fred. Olsens gate 1, P.O. Box 1174 Sentrum, NO-0107 Oslo, Norway. This means that the Bonds are registered on behalf of the Bondholders on a securities account. No physical Bonds have been or will be issued. Payment of principal, interest and, if applicable, withholding tax will be made through VPS's book-entry system.

## Credit Ratings

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On 9 December 2021, the credit rating agency Scope Ratings GmbH has assigned the Company a credit rating of BB-/Stable (corporate rating) and the Bonds were assigned a credit rating of BB- (senior secured debt rating). Credit ratings are a way of evaluating credit risk. Scope Ratings GmbH is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended).

The credit scale (long-term) from Scope Ratings GmbH applicable to the Issuer (issuer rating) and the Bonds (senior secured debt rating) is set out below. For more information on ratings, visit [www.scooperatings.com](http://www.scooperatings.com).

AAA	Credit ratings at the AAA level reflect an opinion of exceptionally strong credit quality.
AA	Credit ratings at the AA level reflect an opinion of very strong credit quality.
A	Credit ratings at the A level reflect an opinion of strong credit quality.
BBB	Credit Ratings at the BBB level reflect an opinion of good credit quality.
BB	Credit ratings at the BB level reflect an opinion of moderate credit quality.
B	Credit ratings at the B level reflect an opinion of weak credit quality.
CCC	Credit ratings at the CCC level reflect an opinion of very weak credit quality.
CC	Credit ratings at the CC level reflect an opinion of extremely weak credit quality.
C	Credit ratings at the C level reflect an opinion of exceptionally weak credit quality.
Notches	Long-term credit ratings are expressed with symbols from "AAA to C", with "+" and "-" as additional subcategories for each category from AA to B (inclusive), i.e., 20 levels in total with 19 sub-categories for performing issues and issuers plus the default category
Outlook	An issuer credit rating can be accompanied by a credit rating outlook, which can be "stable", "positive" or "negative". The positive and negative outlooks normally refer to a period of 12-18 months. These outlooks do not necessarily signal that an upgrade or a downgrade of a credit rating will automatically follow.

A credit rating does not always reflect the risk associated with an investment in the Issuer or the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning credit rating agency.

## Information on Taxation

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Tax legislation in the investor's home member state and in Germany, where the Issuer is incorporated, may affect any income from the Bonds.

## Documents Available for Inspection

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Copies of the following documents are available at the Issuer's head office in paper format during the validity period of this Prospectus and available in electronic format at the Issuer's website, [ir.lrworld.com/en/bond](http://ir.lrworld.com/en/bond) (the information provided on the Issuer's website does not form part of this Prospectus and has not been reviewed or approved by the SFSA unless the information has explicitly incorporated by reference into the Prospectus).

- The Issuer's articles of association.
- The Issuer's certificate of registration.
- The Terms and Conditions.
- The Guarantee Agreement.
- The unaudited consolidated interim financial information of LR Global Holding GmbH as of and for the nine-month period ended 30 September 2021, which does not represent a complete set of interim condensed consolidated financial statements in accordance with IFRS for interim financial reporting (IAS 34).
- The audited consolidated financial statements of LR Global Holding GmbH as of and for the financial year ended 31 December 2020, prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to Section 315e para. 1 of the HGB, and the independent auditor's report (*Bestätigungsvermerk des unabhängigen Abschlussprüfers*) thereon.
- The audited consolidated financial statements of LR Global Holding GmbH as of and for the financial year ended 31 December 2019, prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to Section 315e para. 1 of the HGB, and the independent auditor's report (*Bestätigungsvermerk des unabhängigen Abschlussprüfers*) thereon.

# **TERMS AND CONDITIONS FOR THE BONDS**

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**TERMS AND CONDITIONS FOR**

**LR GLOBAL HOLDING GMBH**

**EUR 125,000,000**

**SENIOR SECURED FLOATING RATE BONDS 2021/2025**

**ISIN: NO0010894850**

**LEI: 529900YM1HDMG9MCJD66**

## SELLING RESTRICTIONS

No action is being taken that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of this document or any other material relating to the Issuer or the Bonds in any jurisdiction other than Sweden, where action for that purpose is required. Persons into whose possession this document comes are required by the Issuer to inform themselves about, and to observe, any applicable restrictions.

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and are subject to U.S. tax law requirements. The Bonds may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons, except for "Qualified Institutional Buyers" ("**QIB**") within the meaning of Rule 144A under the U.S. Securities Act.

Bondholders located in the United States are not permitted to transfer Bonds except (i) subject to an effective registration statement under the U.S. Securities Act, (ii) to a person that the Bondholder reasonably believes is a QIB within the meaning of Rule 144A that is purchasing for its own account, or the account of another QIB, to whom notice is given that the resale, pledge or other transfer may be made in reliance on Rule 144A, (iii) outside the United States in accordance with Regulation S under the U.S. Securities Act, (iv) pursuant to an exemption from registration under the U.S. Securities Act provided by Rule 144 thereunder (if available) and (v) pursuant to any other available exemption from registration under the U.S. Securities Act, subject to the receipt by the Issuer of an opinion of counsel or such other evidence that the Issuer may reasonably require confirming that such sale or transfer is in compliance with the Securities Act.

## PRIVACY NOTICE

The Issuer, the Paying Agent and the Agent may collect and process personal data relating to the Bondholders, the Bondholders' representatives or agents, and other persons nominated to act on behalf of the Bondholders pursuant to the Finance Documents (name, contact details and, when relevant, holding of Bonds). The personal data relating to the Bondholders is primarily collected from the registry kept by the CSD. The personal data relating to other persons is primarily collected directly from such persons.

The personal data collected will be processed by the Issuer, the Paying Agent and the Agent for the following purposes:

- (a) to exercise their respective rights and fulfil their respective obligations under the Finance Documents;
- (b) to manage the administration of the Bonds and payments under the Bonds;
- (c) to enable the Bondholders' to exercise their rights under the Finance Documents; and
- (d) to comply with their obligations under applicable laws and regulations.

The processing of personal data by the Issuer, the Paying Agent and the Agent in relation to items (a) - (c) is based on their legitimate interest to exercise their respective rights and to fulfil their respective obligations under the Finance Documents. In relation to item (d), the processing is based on the fact that such processing is necessary for compliance with a legal obligation incumbent on the Issuer, the Paying Agent or the Agent. Unless otherwise required or permitted by law, the personal data collected will not be kept longer than necessary given the purpose of the processing.

Personal data collected may be shared with third parties, such as the CSD, when necessary to fulfil the purpose for which such data is processed.

Subject to any legal preconditions, the applicability of which have to be assessed in each individual case, data subjects have the rights as follows. Data subjects have the right to get access to their personal data and may request the same in writing at the address of the Issuer, the Paying Agent and the Agent, respectively. In addition, data subjects have the right to (i) request that personal data is rectified or erased, (ii) object to specific processing, (iii) request that the processing be restricted and (iv) receive personal data provided by themselves in machine-readable format. Data subjects are also entitled to lodge complaints with the relevant supervisory authority if dissatisfied with the processing carried out.

The Issuer's, the Paying Agent's and the Agent's addresses, and the contact details for their respective Data Protection Officers (if applicable), are found on their websites [www.lrworld.com](http://www.lrworld.com) and [www.nordictrustee.com](http://www.nordictrustee.com).

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## 1. DEFINITIONS AND CONSTRUCTION

### 1.1 Definitions

In these terms and conditions (the "**Terms and Conditions**"):

"**Account Operator**" means a bank or other party duly authorised to operate as an account operator (No. *Kontofører*) with Verdpapirsentralen ASA, and through which a Bondholder has opened a Securities Account in respect of its Bonds.

"**Additional Guarantors**" means:

- (a) LR Jersey Holding Limited, a limited liability company incorporated under the laws of Jersey and registered under registration number 124815;
- (b) Health & Beauty Systems SAS, a limited liability company incorporated under the laws of France and registered under registration number 529 089 526 RCS Lyon;
- (c) LR HEALTH & BEAUTY ΣΥΣΤΗΜΑΤΑ ΥΓΕΙΑΣ ΚΑΙ ΟΜΟΡΦΙΑΣ SINGLE MEMBER LIMITED LIABILITY COMPANY (LR HEALTH & BEAUTY SYSTEMS ΣΥΣΤΗΜΑΤΑ ΥΓΕΙΑΣ ΚΑΙ ΟΜΟΡΦΙΑΣ ΜΟΝΟΠΡΟΣΩΗ ΕΤΑΙΡΕΙΑ ΠΕΡΙΟΡΙΣΜΕΝΗΣ ΕΥΘΥΝΗΣ), a limited liability company incorporated in Greece with registered address at the Municipality of Metamorfosi, 50 Ermou Str., Athens, Greece and General Commercial Registry number (GEMI) 001682601000;
- (d) LR Health & Beauty Systems s.r.o., a limited liability company incorporated in Czech Republic with identification no. 024 86 512, registered in the Czech Commercial Register ( ) maintained by the Regional Court (*krajský soud*) in Ostrava under file no. C 58017;
- (e) LR Health & Beauty Systems S.R.O., a limited liability company incorporated in Slovakia with identification no. 31 380 506, registered in the Slovak Commercial Register (*obchodný register*) maintained by the District Court (*okresný súd*) Žilina, under section Sro, file no. 10380/L; and
- (f) LR Health & Beauty Systems sp. z o.o., a limited liability company incorporated under the laws of Poland, with its registered office in Katowice, at ul. Hutnicza 6, 40-241 Katowice, whose file is kept by the District Court for the Katowice-Wschód in Katowice, VIII Commercial Department of the National Court Register, entered in the register of entrepreneurs of the National Court Register under registration number KRS 0000203244, REGON 278219183, NIP 9542474874.

"**Adjusted Nominal Amount**" means the Outstanding Nominal Amount less the Nominal Amount of all Bonds owned by a Group Company or any of their respective Affiliates, irrespective of whether such Person is directly registered as owner of such Bonds.

"**Affiliate**" means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purpose of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"**Agency Agreement**" means the fee agreement entered into between the Agent and the Issuer on or prior to the Issue Date regarding, *inter alia*, the remuneration payable to the Agent, or any replacement agency agreement entered into after the Issue Date between the Issuer and an agent.

**"Agent"** means Nordic Trustee & Agency AB (publ), Swedish Reg. No. 556882-1879, with registered address P.O. Box 7329, SE-103 90 Stockholm, Sweden, or another party replacing it, as Agent, in accordance with these Terms and Conditions.

**"Ahlen PropCo"** means Styria and, in connection with any Ahlen Sale and Leaseback Arrangement, any future owner of the Ahlen Property which is a Subsidiary of the Issuer (for the avoidance of doubt, other than LR Health & Beauty Systems GmbH).

**"Ahlen Property"** means the real estate property located in Kruppstraße, Ahlen which is currently owned by Styria and the subject of the existing Ahlen Sale and Leaseback Arrangements.

**"Ahlen Sale and Leaseback Arrangements"** means the sale and lease back arrangements currently between amongst others, LR Health & Beauty Systems GmbH (amongst other things, as tenant), Styria (amongst other things, as landlord) and Austria Leasing Beteiligungsgesellschaft mbH (amongst other things, as third party lender) as well as any similar arrangements with different parties in the future in relation to the Ahlen Property to which a Material Group Company is a party as tenant, re-purchaser, seller or such other capacity required to implement a customary sale and leaseback transaction.

**"Applicable Accounting Principles"** means generally accepted accounting principles, standards and practices in the jurisdiction of incorporation of the relevant Group Company (including IFRS, if applicable).

**"Bond"** means a debt instrument (Sw. *skuldförbindelser*), each for the Nominal Amount issued by the Issuer and which are governed by and issued under these Terms and Conditions.

**"Bondholder"** means each Person registered as an owner or nominee holder of a Bond, subject however to Clause 8 (*Right to Act on behalf of a Bondholder*).

**"Bondholders' Meeting"** means a meeting among the Bondholders held in accordance with Clauses 18.1 (*Request for a decision*), 18.2 (*Convening of Bondholders' Meeting*) and 18.4 (*Majority, quorum and other provisions*).

**"Book-Entry Securities System"** means the book-entry securities system maintained by the CSD or any other replacement book-entry securities system.

**"Business Day"** means a day on which banks are open for general business, other than a, Sunday or other public holiday, in Stockholm, Sweden or Frankfurt am Main, Germany. Saturdays, Midsummer Eve (*midsommarafton*), Christmas Eve (*julafton*) and New Year's Eve (*nyårsafton*) shall for the purpose of this definition be deemed to be public holidays.

**"Business Day Convention"** means that if the last day of any Interest Period originally falls on a day that is not a CSD Business Day, the Interest Period will be extended to include the first following CSD Business Day unless that day falls in the next calendar month, in which case the Interest Period will be shortened to the first preceding CSD Business Day (*Modified Following*).

**"Change of Control Event"** means:

- (a) at any time prior to an Equity Listing Event, Quadriga Capital IV L.P. and any limited partnerships or other funds or entities managed and/or advised by Quadriga Capital IV L.P. ceases to have a Decisive Influence over the Issuer; and
- (b) upon and at any time following a successful Equity Listing Event, that any Person or group of Persons acting in concert acquire control, directly or indirectly, over more than fifty (50) per cent. of the shares or voting rights in the Issuer or a Decisive Influence over the Issuer.

**"Compliance Certificate"** has the meaning set forth in Clause 14.1.3.

"**CSD**" means the Issuer's central securities depository and registrar in respect of the Bonds, initially Verdicapirssentralen ASA, Norwegian reg. no. 985 140 421, Postboks 1174 Sentrum, 0107, Oslo, Norway, or another party replacing it, as CSD, in accordance with these Terms and Conditions.

"**CSD Business Day**" means a day on which (i) the Book-Entry Securities System is open in accordance with the regulations of the CSD; and (ii) the Trans European Automated Real Time Gross Settlement Express Transfer (TARGET2) System or any successor system is open.

"**CSD Regulations**" means the CSD's rules and regulations applicable to the Issuer, the Agent and the Bonds from time to time.

"**Decisive Influence**" means a Person having, as a result of an agreement or through the ownership of shares or ownership interests in another Person (directly or indirectly):

- (a) a majority of the voting rights in that other Person; or
- (b) a right to elect or remove a majority of the members of the board of directors of that other Person.

"**Disbursement Security and Guarantees**" means:

- (a) first priority pledge over the shares and interests (as applicable) in the Issuer and the Initial Guarantors;
- (b) first priority pledges over the bank accounts located in Germany (including any cash pools of the Group) of the Issuer and the Initial Guarantors;
- (c) first priority security over any current and future Structural Intercompany Loans;
- (d) first priority security over any current and future Shareholder Loans;
- (e) Intellectual Property Security;
- (f) German law security transfer of inventory located in the Group's warehouses in Germany; and
- (g) Guarantees from the Initial Guarantors.

"**Equity Listing Event**" means an initial public offering of shares in the Issuer, following which such shares shall be quoted, listed, traded or otherwise admitted to trading on any Regulated Market or recognised unregulated market place.

"**Escrow Account**" means a bank account maintained with the Escrow Bank by the Escrow Manager on behalf of the Issuer under the Escrow Agreement into which the Net Proceeds of the Bonds issued on the Issue Date will be transferred and which has been pledged in favour of the Agent and the Bondholders (represented by the Agent) under the Escrow Account Pledge Agreement.

"**Escrow Account Pledge Agreement**" means the pledge agreement entered into between the Issuer, the Agent and the Escrow Manager on or prior to the Issue Date in respect of a first priority pledge over the Escrow Account and all funds held on the Escrow Account from time to time, granted in favour of the Agent and the Bondholders (represented by the Agent).

"**Escrow Agreement**" means the agreement entered into between the Issuer, the Agent and the Escrow Manager on or prior to the Issue Date in respect of the establishment of and the legal title to the Escrow Account.

**"Escrow Bank"** means DNB Bank ASA, with business registration number 984 851 006, and registered address P.O. Box 1600 Sentrum, 0021 Oslo, Norway.

**"Escrow Manager"** means NT Services AS, with business registration number 916 482 574, and registered address Kronprinsesse Märthas plass 1, N-0160 Oslo, Norway.

**"EURIBOR"** means:

- (a) the applicable percentage rate *per annum* displayed on Reuters screen EURIBOR01 (or through another system or website replacing it) as of or around 11.00 a.m. (Brussels time) on the Quotation Day for the offering of deposits in Euro and for a period equal to the relevant Interest Period;
- (b) if no rate as described in (a) is available for the relevant Interest Period, the rate determined by the Paying Agent by interpolation between the two closest rates displayed on Reuters screen EURIBOR01 (or through another system or website replacing it) as of or around 11.00 a.m. (Brussels time) on the Quotation Day for the offering of deposits in Euro;
- (c) if no rate as described in (b) is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places), as supplied to the Agent at its request quoted by the Reference Banks, for deposits of EUR 10,000,000 for the relevant period; or
- (d) if no quotation is available pursuant to paragraph (c), the interest rate which according to the reasonable assessment of the Paying Agent best reflects the interest rate for deposits in Euro offered for the relevant period; and

if any such rate is below zero, EURIBOR will be deemed to be zero.

**"Euro"** and **"EUR"** means the single currency of the participating member states in accordance with the legislation of the European Community relating to Economic and Monetary Union.

**"Event of Default"** means an event or circumstance specified in Clause 16.1.

**"Existing Bank Debt"** has the meaning set forth in Clause 3.1(a).

**"Final Maturity Date"** means 3 February 2025, subject to adjustment in accordance with the Business Day Convention (*mutatis mutandis*).

**"Final Redemption Date"** means the Final Maturity Date or such earlier date on which the Bonds are redeemed in full.

**"Finance Charges"** has the meaning set forth in Clause 13.1 (*Definitions*).

**"Finance Documents"** means these Terms and Conditions, the Security Documents, the Escrow Account Pledge Agreement, the Guarantee Agreement, the Agency Agreement and any other document designated by the Issuer and the Agent as a Finance Document.

**"Finance Lease"** means any finance leases, to the extent the arrangement is or would have been treated as a finance or a capital lease in accordance with the Applicable Accounting Principles on the Issue Date.

**"Financial Indebtedness"** means any indebtedness for or in respect of:

- (a) moneys borrowed and debt balances at banks or other financial institutions;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;

- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument, including the Bonds;
- (d) the amount of any liability in respect of any Finance Lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis provided that the requirements for de-recognition under the Applicable Accounting Principles are met);
- (f) any derivative transaction entered into and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close out of that derivative transaction, that amount) shall be taken into account;
- (g) any counter indemnity obligation in respect of a guarantee, note, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability of a Person which is not a Group Company which liability would fall within one of the other paragraphs of this definition;
- (h) any amount raised by the issue of redeemable shares which are redeemable (other than at the option of the Issuer) before the Final Maturity Date and are classified as borrowings under the Applicable Accounting Principles;
- (i) any amount of any liability under an advance or deferred purchase agreement, if (A) the primary reason behind entering into the agreement is to raise finance or (B) the agreement is in respect of the supply of assets or services and payment is due more than six (6) months after the date of supply;
- (j) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing or otherwise being classified as a borrowing under the Applicable Accounting Principles; and
- (k) without double counting, the amount of any liability in respect of any guarantee for any of the items referred to in any of the preceding paragraphs.

**"Financial Report"** means the annual audited consolidated financial statements and quarterly interim unaudited financial statements of the Group, which shall be prepared and made available in accordance with these Terms and Conditions.

**"First Call Date"** means 3 February 2023.

**"Force Majeure Event"** has the meaning set forth in Clause 26.1.

**"Funds Flow"** means the funds flow statement signed by an authorised Person of the Issuer showing the payments to be made from the Escrow Account.

**"Group"** means the Issuer and its Subsidiaries from time to time (each a **"Group Company"**).

**"Group EBITDA"** has the meaning set forth in Clause 13.1 (*Definitions*).

**"Guarantee Agreement"** means the guarantee agreement entered into between the Issuer, each Guarantor and the Security Agent pursuant to which the Secured Obligations under the Finance Documents will be guaranteed by the Guarantors and the Guarantors will undertake to adhere to, and comply with, the undertakings set out in the Finance Documents.

**"Guarantees"** means the guarantees in relation to certain obligations under the Finance Documents provided by the Guarantors pursuant to the Guarantee Agreement (including any accession letters hereto).

**"Guarantors"** means each of the Initial Guarantors, the Additional Guarantors and any other Material Group Companies from time to time (other than the Issuer).

**"IFRS"** means the International Financial Reporting Standards (IFRS) and guidelines and interpretations issued by the International Accounting Standards Board (or any predecessor and successor thereof) in force from time to time.

**"Incurrence Test"** means the test pursuant to Clause 13.3 (*Incurrence Test*).

**"Initial Guarantors"** means:

- (a) LR Health & Beauty Systems Beteiligungs GmbH, a limited liability company incorporated under the laws of Germany and registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Münster under registration number HRB 11089;
- (b) LR Health & Beauty Systems GmbH, a limited liability company incorporated under the laws of Germany and registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Münster under registration number HRB 10011;
- (c) LR Partner Benefits GmbH, a limited liability company incorporated under the laws of Germany and registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Münster under registration number HRB 8315;
- (d) LR-International Beteiligungs GmbH, a limited liability company incorporated under the laws of Germany and registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Münster under registration number HRB 8109; and
- (e) LR Health & Beauty GmbH, a limited liability company incorporated under the laws of Germany and registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Münster under registration number HRB 18676.

**"Initial Nominal Amount"** has the meaning set forth in Clause 2.3.

**"Insolvent"** means, in respect of a relevant Person, that it is deemed to be insolvent, or admits inability to pay its debts as they fall due, in each case within the meaning of Chapter 2, Sections 7-9 of the Swedish Bankruptcy Act (*konkurslagen* (1987:672)) (or its equivalent in any other relevant jurisdiction) or, with respect to insolvency proceedings in Germany, that Person being in a state of illiquidity (*Zahlungsunfähigkeit*) within the meaning of § 17 of the German Insolvency Code (*Insolvenzordnung*) or being over-indebted (*überschuldet*) within the meaning of § 19 of the German Insolvency Code (*Insolvenzordnung*).

**"Intellectual Property"** means:

- (a) any patents, trademarks, service marks, designs, business names, copyrights, database rights, design rights, domain names, moral rights, inventions, confidential information, knowhow and other intellectual property rights and interests held by any Group Company (which may now or in the future subsist), whether registered or unregistered; and
- (b) the benefit of all applications and rights to use such assets of any Group Company (which may now or in the future subsist).

**"Intellectual Property Security"** means the security relating to Intellectual Property granted pursuant to the provisions of Clause 15.17 (*Intellectual Property Security*).

**"Interest"** means the interest on the Bonds calculated in accordance with Clauses 10.1 to 10.3.

**"Interest Coverage Ratio"** has the meaning set forth in Clause 13.1 (*Definitions*).

**"Interest Expenses"** has the meaning set forth in Clause 13.1 (*Definitions*).

**"Interest Payment Date"** means the last day of each Interest Period, the first Interest Payment Date being 28 February 2021 (short first Interest Period) and the last Interest Payment Date being the Final Redemption Date.

**"Interest Period"** means, subject to adjustments in accordance with the Business Day Convention, the period between 28/29 February (i.e. the last day of February, as applicable), 31 May, 31 August and 30 November in each year, provided however that the first Interest Period ends on 28 February 2021 and an Interest Period shall not extend beyond the Final Redemption Date.

**"Interest Rate"** means EURIBOR plus 725 basis points *per annum*.

**"Issue Date"** means 3 February 2021 or such other date as is agreed between the Paying Agent and the Issuer.

**"Issuer"** means LR Global Holding GmbH, a limited liability company incorporated under the laws of Germany and registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Münster, Germany under registration number HRB 14367.

**"Joint Bookrunner"** means Pareto Securities AB, Pareto Securities AS, Frankfurt Branch and Skandinaviska Enskilda Banken AB.

**"Leverage Ratio"** has the meaning set forth in Clause 13.1 (*Definitions*).

**"LR Car Programme"** means the sales partner incentivisation programme of the Group permitting the Group's sales partners (depending on their business performance) to lease certain cars (i) on favourable terms directly from a car leasing provider or (ii) from the Group (benefiting from the Group's preferential rates) on the basis of a back-to-back lease of the Group from certain car leasing providers.

**"Maintenance Test"** means the test pursuant to Clause 13.2 (*Maintenance Test*).

**"Market Loans"** means bonds, notes or other debt securities (however defined), which are or can be quoted, listed, traded or otherwise admitted to trading on a Regulated Market, a MTF or an organised trading facility (each as defined in Directive 2014/65/EU on markets in financial instruments).

**"Material Adverse Effect"** means a material adverse effect on (i) the Issuer or any Guarantor's ability to perform and comply with their obligations under any of the Finance Documents or (ii) the validity or enforceability of the Finance Documents.

**"Material Group Companies"** means:

- (a) the Issuer;
- (b) LR Health & Beauty Systems Beteiligungs GmbH;
- (c) LR Health & Beauty Systems GmbH; and
- (d) any Group Company which is nominated as such by the Issuer in accordance with these Terms and Conditions.

**"MTF"** means any multilateral trading facility (as defined in Directive 2014/65/EU on markets in financial instruments).

**"Net Finance Charges"** has the meaning set forth in Clause 13.1 (*Definitions*).

**"Net Interest Bearing Debt"** has the meaning set forth in Clause 13.1 (*Definitions*).

**"Net Interest Expenses"** has the meaning set forth in Clause 13.1 (*Definitions*).

**"Net Proceeds"** means the proceeds from the issue of the Bonds after deduction has been made for the fees payable by the Issuer to the Joint Bookrunners for the services provided in relation to the placement and issuance of the Bonds.

**"Nominal Amount"** means in respect of each Bond the Initial Nominal Amount, subject to Clause 20.2.14.

**"Outstanding Nominal Amount"** means the total aggregate Nominal Amount of the Bonds outstanding at the relevant time.

**"Parent"** means Aloco Holding S.à r.l., registered with the Luxembourg Register of Commerce and Companies under no. B. 174254.

**"Paying Agent"** means the legal entity appointed by the Issuer to act as its paying agent with respect to the Bonds in the CSD from time to time, initially NT Services AS, with business registration number 916 482 574, and registered address Kronprinsesse Märthas plass 1, N-0160 Oslo, Norway.

**"Payment Date"** means any Interest Payment Date or any Redemption Date.

**"Permitted Financial Indebtedness"** means any Financial Indebtedness (or the refinancing of any Financial Indebtedness):

- (a) arising under the issue of the Bonds or the Finance Documents;
- (b) up until the date of the release of the Net Proceeds from the Escrow Account, any Existing Bank Debt;
- (c) in the form of Shareholder Loans;
- (d) in the form of Structural Intercompany Loans;
- (e) between: (i) a Material Group Company and another Material Group Company (in each case other than the Issuer or LR Health & Beauty Systems Beteiligungs GmbH) and (ii) a wholly-owned Group Company and another wholly-owned Group Company (in each case other than any Material Group Companies);
- (f) between a Material Group Company (other than the Issuer or LR Health & Beauty Systems Beteiligungs GmbH) and a wholly-owned Group Company that is not a Material Group Company, provided that such Financial Indebtedness shall not when aggregated with all other Financial Indebtedness incurred under this paragraph (f), exceed EUR 5,000,000 in outstanding principal amount;
- (g) in the form of any counter indemnity obligation in respect of a guarantee, indemnity, note, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability in the ordinary course of business of a Group Company;
- (h) incurred under any advance or deferred purchase agreement on normal commercial terms by any Group Company from any of its trading partners in the ordinary course of its trading activities;



- (i) arising under a foreign exchange transaction or a commodity transaction for spot or forward delivery entered into in connection with protection against fluctuation in currency rates or prices where the exposure arises in the ordinary course of business or in respect of payments to be made under these Terms and Conditions and/or the Guarantee Agreement, but not any transaction for investment or speculative purposes;
- (j) arising under any interest rate hedging transactions in respect of payments to be made under these Terms and Conditions and/or the Guarantee Agreement, but not any transaction for investment or speculative purposes;
- (k) arising under or in connection with the Ahlen Sale and Leaseback Arrangements up to an amount of (i) EUR 8,000,000, or (ii) in the event that the call option under the Ahlen Sale and Leaseback Arrangements is exercised, EUR 11,000,000, provided that, in the case of (ii), the balance of the resale price and EUR 4,000,000 (less any costs and expenses incurred with the resale) is repaid to a Material Group Company in connection with a resale of the Ahlen Property;
- (l) incurred under local banking facilities up to an aggregate principal amount not exceeding EUR 3,000,000 (or its equivalent) in aggregate for the Group at any time;
- (m) incurred pursuant to any Finance Leases related to any agreements under which a Group Company leases office space (*Sw. kontorshyresavtal*) or other premises;
- (n) incurred pursuant to any Finance Leases arising in connection with the LR Car Programme in the ordinary course of business in a maximum amount equal to five (5) per cent. of the turnover of the Group, calculated on the basis of Relevant Period ending on the last day of the most recent Financial Report;
- (o) incurred pursuant to any Finance Leases (other than those related to (m) and (n) above) incurred in the ordinary course of such Group Company's business in a maximum aggregate amount of EUR 8,000,000 (or the equivalent) at any time;
- (p) incurred as a result of any Group Company acquiring another entity which holds Financial Indebtedness, provided that (i) the Incurrence Test is met (calculated pro forma including the acquired entity's indebtedness in question), and (ii) such indebtedness is repaid or refinanced in full no later than three (3) months from the completion of the acquisition with Financial Indebtedness permitted pursuant to any other limb of this definition;
- (q) under any pension and tax liabilities incurred in the ordinary course of business;
- (r) incurred in connection with the redemption of the Bonds in order to fully refinance the Bonds and provided further that such Financial Indebtedness is subject to an escrow arrangement up until the redemption of the Bonds (taking into account the rules and regulations of the CSD), for the purpose of securing, *inter alia*, the redemption of the Bonds;
- (s) incurred under any cash-pooling arrangements between any Group Companies, subject to a limit on the aggregate amount of such Financial Indebtedness from Material Group Companies (as lenders) to members of the Group who are not Material Group Companies (as borrowers) of EUR 2,000,000; and
- (t) not permitted by the preceding paragraphs and the outstanding amount of which does not exceed EUR 2,000,000.

**"Permitted Security"** means any Security:

- (a) created under the Finance Documents;
- (b) up until the release of the Net Proceeds from the Escrow Account and the repayment of the Existing Bank Debt in full, in the form of any security granted in respect of any Existing Bank Debt;
- (c) arising by operation of law or in the ordinary course of trading and not as a result of any default or omission;
- (d) arising in the ordinary course of banking arrangements for the purposes of netting or set-off debt and credit balances of Group Companies;
- (e) arising under the general terms and conditions of banks and financial institutions in the ordinary course of banking business;
- (f) in the form of rental deposits or other guarantees in respect of any lease agreement including in relation to real property entered into by a Group Company in the ordinary course of business and on normal commercial terms;
- (g) incurred in relation to any Financial Indebtedness permitted pursuant to paragraphs (i), (j), (k) and (l) of the definition of "*Permitted Financial Indebtedness*";
- (h) arising as a consequence of any Finance Lease permitted pursuant to paragraphs (n) and (o) of the definition of "*Permitted Financial Indebtedness*";
- (i) arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to a Group Company in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by any Group Company;
- (j) subsisting as a result of any Group Company acquiring another entity after the Issue Date which entity already had provided security for Financial Indebtedness permitted under paragraph (p) of the definition of "*Permitted Financial Indebtedness*", provided that such security is discharged and released in full upon the refinancing or repayment of such Financial Indebtedness as set out therein;
- (k) created in the form of a pledge over one or more escrow accounts to which the proceeds incurred in relation to a refinancing of the Bonds in full are intended to be received;
- (l) any security provided to secure pension liabilities in the ordinary course of business of a Group Company;
- (m) any security created pursuant to a court order or judgment or as security for costs arising pursuant to court proceedings being contested by the relevant member of the Group in good faith by appropriate proceedings; and
- (n) not otherwise permitted above which secures debt in an amount not exceeding EUR 2,000,000 (or its equivalent in other currencies) at any time.

**"Person"** means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organisation, government, or any agency or political subdivision thereof, or any other entity, whether or not having a separate legal personality.

**"Post-Disbursement Security and Guarantees"** means:

- (a) first priority pledges over the shares and interests (as applicable) in each of the Guarantors (other than the Initial Guarantors);
- (b) first priority pledges over the bank accounts located in Germany of the Guarantors (other than the Initial Guarantors); and
- (c) Guarantees from the Additional Guarantors.

**"Quotation Day"** means, in relation to any period for which the Interest Rate is to be determined, two (2) CSD Business Days before the first day of that period.

**"Record Date"** means the date on which a Bondholder's ownership of Bonds shall be recorded in the CSD as follows:

- (a) in relation to payments pursuant to these Terms and Conditions, the date designated as the relevant Record Date in accordance with the rules of the CSD from time to time; or
- (b) for the purpose of casting a vote with regard to Clause 18 (*Decisions by Bondholders*), the date falling on the immediate preceding Business Day to the date of that Bondholders decision being made or, with respect to a Written Procedure, the date specified in the relevant communication, or another relevant date as accepted by the Agent in accordance with these Terms and Conditions.

**"Redemption Date"** means the date on which the relevant Bonds are to be redeemed or repurchased in accordance with Clause 11 (*Redemption and Repurchase of the Bonds*).

**"Reference Banks"** means banks reasonably selected by the Agent.

**"Reference Date"** means the last day of each financial quarter, being 31 March, 30 June, 30 September and 31 December in each year.

**"Regulated Market"** means any regulated market (as defined in Directive 2014/65/EU on markets in financial instruments).

**"Relevant Period"** has the meaning set forth in Clause 13.1 (*Definitions*).

**"Secured Obligations"** means all present and future obligations and liabilities of any Group Company to the Secured Parties under the Finance Documents.

**"Secured Parties"** means the Bondholders, the Security Agent and the Agent (including in its capacity as Agent under the Agency Agreement).

**"Securities Account"** means the account for dematerialised securities maintained by the CSD in which (i) an owner of such security is directly registered or (ii) an owner's holding of securities is registered in the name of a nominee.

**"Security"** means a mortgage, charge, pledge, lien, security assignment or other security interest securing any obligation of any Person, or any other agreement or arrangement having a similar effect.

**"Security Agent"** means Nordic Trustee & Agency AB (publ), Swedish Reg. No. 556882-1879, with registered address P.O. Box 7329, SE-103 90 Stockholm, Sweden, holding the Transaction Security and

the Guarantees on behalf of the Secured Parties, or another party replacing it, as Security Agent, in accordance with the Guarantee Agreement.

**"Security Documents"** means the following documents:

- (a) each pledge pursuant to which Security is created over the shares and interests (as applicable) in the Issuer and any Guarantor;
- (b) each pledge agreement pursuant to which Security is created over the bank accounts located in Germany (including any cash pools of the Group) of the Issuer and any Guarantor;
- (c) each security agreement pursuant to which Security is created over any current and future Structural Intercompany Loans;
- (d) each security agreement pursuant to which Security is created over any current and future Shareholder Loans;
- (e) each German law security agreement pursuant to which Security is created over transfer of inventory located in the Group's warehouses in Germany;
- (f) the Intellectual Property Security; and
- (g) any other documents pursuant to which Transaction Security is provided.

**"Shareholder Loan"** means any loan or credit made (or to be made) to the Issuer by any direct or indirect shareholder of the Issuer, provided that following the release of the Net Proceeds from the Escrow Account, any such Shareholder Loans shall be (i) fully subordinated to the obligations of the Group under the Finance Documents (including as to interest and maturity) in accordance with a subordination agreement in a form acceptable to the Agent and (ii) the subject of a first priority security interest in favour of the Agent and the Bondholders.

**"Structural Intercompany Loan"** means any loans or credits made by (i) the Issuer to LR Health & Beauty Systems Beteiligungs GmbH, (ii) LR Health & Beauty Systems Beteiligungs GmbH to LR Health & Beauty Systems GmbH, or (iii) from LR Health & Beauty Systems GmbH to any of its wholly-owned subsidiaries, where in each case (a) the term of the loan is at least equal to or longer than twelve (12) months and (b) the aggregate principal amount thereof in addition to any other Structural Intercompany Loans between the same Group Companies is in excess of EUR 1,000,000, but in each case excluding any cash pooling, provided that following release of the Net Proceeds from the Escrow Account, any Structural Intercompany Loans must be the subject of a first priority security interest in favour of the Agent and the Bondholders.

**"Styria"** means Styria Immobilienleasing GmbH & Co Projekt Ahlen KG.

**"Subsidiary"** means, in respect of any Person, a Person in respect of which such Person first-mentioned, directly or indirectly, (i) owns shares or ownership rights representing more than fifty (50) per cent. of the total number of votes held by the owners, (ii) otherwise controls more than fifty (50) per cent. of the total number of votes held by the owners, or (iii) has the power to appoint and remove all, or the majority of, the members of the board of directors or other governing body.

**"Swedish Kronor"** and **"SEK"** means the lawful currency of Sweden.

**"Transaction Costs"** means all fees, costs and expenses, stamp, registration and other taxes incurred by the Issuer or any other member of the Group in connection with the incurrence of any Permitted Financial Indebtedness, including the issuance and admission to trading of the Bonds and the corresponding documentation, including, without limitation, Security Agreements and Guarantee Agreement.

**"Transaction Security"** means the Security provided for the Secured Obligations pursuant to the Security Documents.

**"Written Procedure"** means the written or electronic procedure for decision making among the Bondholders in accordance with Clauses 18.1 (*Request for a decision*), 18.3 (*Instigation of Written Procedure*) and 18.4 (*Majority, quorum and other provisions*).

## 1.2 Construction

1.2.1 Unless a contrary indication appears, any reference in these Terms and Conditions to:

- (a) **"assets"** includes present and future properties, revenues and rights of every description;
- (b) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
- (c) a **"regulation"** includes any law, regulation, rule or official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self- regulatory or other authority or organisation;
- (d) a provision of regulation is a reference to that provision as amended or re-enacted;
- (e) an **"enforcement"** of the Guarantee means the making of a demand for payment under the Guarantee; and
- (f) a time of day is a reference to Stockholm time.

1.2.2 An Event of Default is continuing if it has not been remedied or waived.

1.2.3 When ascertaining whether a limit or threshold specified in Euro has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against EUR for the previous Business Day, as published by the European Central Bank on its website ([www.ecb.europa.eu](http://www.ecb.europa.eu)). If no such rate is available, the most recently published rate shall be used instead.

1.2.4 A notice shall be deemed to be sent by way of press release if it is made available to the public within the European Economic Area promptly and in a non-discriminatory manner.

1.2.5 No delay or omission of the Agent or of any Bondholder to exercise any right or remedy under the Finance Documents shall impair or operate as a waiver of any such right or remedy.

1.2.6 The selling restrictions, the privacy notice and any other information contained in this document before the table of contents section do not form part of these Terms and Conditions and may be updated without the consent of the Bondholders and the Agent.

## 2. STATUS OF THE BONDS

2.1 The Bonds are denominated in Euro and each Bond is constituted by these Terms and Conditions. The Issuer undertakes to make payments in relation to the Bonds and to comply with these Terms and Conditions.

- 2.2 By subscribing for Bonds, each initial Bondholder agrees that the Bonds shall benefit from and be subject to the Finance Documents and by acquiring Bonds, each subsequent Bondholder confirms such agreement.
- 2.3 The initial nominal amount of each initial Bond is EUR 1,000 (the "**Initial Nominal Amount**"). The maximum Outstanding Nominal Amount of the Bonds is EUR 125,000,000. All Bonds are issued on a fully paid basis at an issue price of one hundred (100) per cent. of the Initial Nominal Amount.
- 2.4 The minimum permissible investment in connection with the issue of the Bonds is EUR 100,000.
- 2.5 The maximum Outstanding Nominal Amount of the Bonds may not exceed EUR 125,000,000, unless a consent from the Bondholders is obtained in accordance with Clause 18.4.2(a).
- 2.6 The Bonds constitute direct, senior, unsubordinated and secured obligations of the Issuer and shall at all times rank pari passu and without any preference between themselves and at least pari passu with all direct, unsubordinated and unsecured obligations of the Issuer, except obligations which are preferred by mandatory regulation and except as otherwise provided in the Finance Documents. The Bonds are secured as described in Clause 12 (Transaction Security and Guarantees) and as further specified in the Security Documents and the Guarantee Agreement.
- 2.7 The Bonds are freely transferable but the Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local regulation to which a Bondholder may be subject. Each Bondholder must ensure compliance with such restrictions at its own cost and expense.
- 2.8 No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of any document or other material relating to the Issuer or the Bonds in any jurisdiction other than Sweden, where action for that purpose is required. Each Bondholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Bonds.

### **3. USE OF PROCEEDS**

#### **3.1 The Issuer shall use the Net Proceeds from the issue of the Bonds, towards:**

- (a) repaying in full existing bank debt of the Issuer in an approximate amount of EUR 85,000,000 (the "**Existing Bank Debt**");
- (b) payment by (or on behalf of) the Parent of a refinancing fee to the lenders under the Existing Bank Debt in an amount of EUR 5,000,000 (the "**Refinancing Fee**");
- (c) repaying, together with cash on balance sheet, existing Shareholder Loans of the Issuer in an approximate amount of EUR 35,000,000; and
- (d) payment of transaction costs in relation to the Bond Issue (to the extent not already deducted from the proceeds of the Bonds).

### **4. CONDITIONS PRECEDENT**

#### **4.1 The Issuer shall provide to the Agent, no later than two (2) Business Days prior to the Issue Date (or such later time as agreed by the Agent), the following:**

- (a) a duly executed copy of these Terms and Conditions;

- (b) a duly executed copy of the Agency Agreement;
  - (c) copies of the constitutional documents (commercial register excerpt, articles of association and list of shareholders) of the Issuer;
  - (d) copies of all corporate resolutions (including authorisations) of the Issuer required to execute the relevant Finance Documents to which it is a party;
  - (e) the Escrow Agreement and the Escrow Account Pledge Agreement duly executed by all parties thereto and all documents to be delivered pursuant to such agreements (including all applicable notices, acknowledgements and consents from the Escrow Bank); and
  - (f) such other documents and evidence as is agreed between the Agent and the Issuer.
- 4.2 The Agent shall confirm to the Paying Agent and the Joint Bookrunners when it is satisfied that the conditions in Clause 4.1 have been fulfilled (or amended or waived in accordance with Clause 19 (Amendments and waivers)). The Issue Date shall not occur (i) unless the Agent makes such confirmation to the Paying Agent no later than two (2) Business Days prior to the Issue Date (or later, if the Paying Agent and the Joint Bookrunners so agree), or (ii) if the Paying Agent, the Joint Bookrunners and the Issuer agree to postpone the Issue Date.
- 4.3 Following receipt of the confirmation in accordance with Clause 4.2, the Paying Agent or the Joint Bookrunners shall settle the issuance of the Bonds and pay the Net Proceeds to the Escrow Account (as applicable).
- 4.4 The Agent may assume that the documentation and evidence delivered to it pursuant to Clause 4.1, is accurate, legally valid, enforceable, correct and true unless it has actual knowledge to the contrary, and the Agent does not have to verify or assess the contents of any such documentation or evidence. The Agent does not have any obligation to review the documentation and evidence set out in this Clause 4 from a legal or commercial perspective on behalf of the Bondholders.

## **5. ESCROW OF PROCEEDS**

- 5.1 The Net Proceeds of the Bonds shall be paid into the Escrow Account in accordance with Clause 4.3.
- 5.2 The funds standing to the credit of the Escrow Account will be blocked for the Issuer under the Escrow Agreement and pledged on a first priority basis by the Issuer and the Escrow Manager in favour of the Agent (on behalf of the Bondholders) under the Escrow Account Pledge Agreement.
- 5.3 Upon the Issuer providing the following to the Agent, in form and substance satisfactory to the Agent (acting reasonably), the Issuer and the Agent shall jointly in writing instruct the Escrow Manager to promptly transfer the funds standing to the credit on the Escrow Account in accordance with the Funds Flow:
- (a) a duly executed copy of the Guarantee Agreement;
  - (b) copies of the constitutional documents of each of the Initial Guarantors and the Parent;
  - (c) copies of the register or list of shareholders (if applicable) with respect to each relevant Material Group Company;

- (d) copies of all corporate resolutions (including authorisations) of each of the Initial Guarantors and the Parent required to execute the relevant Finance Documents to which it is a party;
  - (e) evidence, by way of the Funds Flow and a security release letter or agreement (as applicable), that the Existing Bank Debt, the Refinancing Fee and certain Shareholder Loans (or parts thereof) (as referred to under Clause 3 (*Use of Proceeds*)) will be repaid in full (and that the Issuer at the relevant time will have sufficient funds for such repayment), and that any guarantee or security created in respect thereof will be fully released following disbursement of funds from the Escrow Account;
  - (f) a duly executed Compliance Certificate nominating the Material Group Companies dated as of the Issue Date;
  - (g) copies of agreements for any existing Structural Intercompany Loans and Shareholder Loans (and any Structural Intercompany Loans or Shareholder Loans to be made upon or in connection with disbursement), each duly executed by all parties thereto;
  - (h) evidence that all Disbursement Security and Guarantees and all documents related thereto have been executed and will be granted and perfected in accordance with the Security Documents and the Guarantee Agreement in connection with the disbursement of the Net Proceeds from the Escrow Account, subject only to notices/acknowledgments/registrations and similar upon disbursements as agreed in each relevant Security Documents; and
  - (i) legal opinions from legal counsel to the Issuer or the Agent (as customary in such jurisdictions or agreed between the Issuer and the Agent) in respect of the Issuer, the Parent and the relevant Guarantors' capacity and authority to enter into, as well as the enforceability of, the Finance Documents and any Security Documents.
- 5.4 The Agent shall confirm to the Issuer, the Escrow Manager and the Joint Bookrunners when it is satisfied that the conditions in Clause 5.3 have been fulfilled (or amended or waived in accordance with Clause 19 (*Amendments and waivers*)).
- 5.5 The Agent may assume that the documentation and evidence delivered to it pursuant to Clause 5.3, is accurate, legally valid, enforceable, correct and true unless it has actual knowledge to the contrary, and the Agent does not have to verify or assess the contents of any such documentation or evidence. The Agent does not have any obligation to review the documentation and evidence set out in this Clause 5 from a legal or commercial perspective on behalf of the Bondholders.

## **6. CONDITIONS SUBSEQUENT**

- 6.1 The Issuer shall ensure that the Agent receives the following conditions subsequent as soon as reasonably practicable after, and in any event within ninety (90) Business Days of, the date of disbursement of the Net Proceeds from the Escrow Account:
- (a) copies of the constitutional documents of each party to a Finance Document (other than the Agent, the Escrow Manager, the Issuer and the Initial Guarantors);
  - (b) copies of all corporate resolutions (including authorisations) of each party to a Finance Document (other than the Agent, the Escrow Manager, the Issuer and the Initial Guarantors) required to execute the relevant Finance Documents to which it is a party;



- (c) copies of the register of shareholders (in each case) with respect to each relevant Material Group Company;
- (d) copies of the Finance Documents, including the Security Documents, duly executed, to the extent not already provided;
- (e) evidence that the Post-Disbursement Security and Guarantees and all documentation relating thereto has been duly executed, granted and perfected in accordance with the Security Documents and the Guarantee Agreement; and
- (f) legal opinions from legal counsel to the Issuer or the Agent (as customary in such jurisdictions or agreed between the Issuer and the Agent) in respect of the relevant Guarantor's capacity and authority to enter into, as well as the enforceability of, any Security Documents and the Guarantee Agreement.

6.2 The Agent may assume that the documentation and evidence delivered to it pursuant to Clause 6.1 is accurate, legally valid, enforceable, correct and true unless it has actual knowledge to the contrary, and the Agent does not have to verify or assess the contents of any such documentation or evidence. The Agent does not have any obligation to review the documentation and evidence set out in this Clause 6 from a legal or commercial perspective on behalf of the Bondholders.

## **7. BONDS IN BOOK-ENTRY FORM**

- 7.1 The Bonds will be registered for the Bondholders on their respective Securities Accounts and no physical bonds will be issued. Accordingly, the Bonds will be registered in accordance with the relevant securities legislation and the CSD Regulations. Registration requests relating to the Bonds shall be directed to an Account Operator.
- 7.2 The Issuer shall at all times ensure that the registration of the Bonds in the CSD is correct and shall as soon as practicably possible after any amendment or variation of these Terms and Conditions give notice to the CSD of any such amendment or variation. The Issuer shall ensure that the Agent is provided with a copy of any notification given to the CSD.
- 7.3 In order to carry out its functions and obligations under these Terms and Conditions, the Agent will have access to the relevant information regarding ownership of the Bonds, as recorded and regulated with the CSD.
- 7.4 The information referred to in Clause 7.3 above may only be used for the purposes of carrying out their duties and exercising their rights in accordance with the Finance Documents and shall not disclose such information to any Bondholder or third party unless necessary for such purposes.

## **8. RIGHT TO ACT ON BEHALF OF A BONDHOLDER**

- 8.1 If any Person other than a Bondholder wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney or other authorisation from the Bondholder or a successive, coherent chain of powers of attorney or authorisations starting with the Bondholder and authorising such Person.
- 8.2 If a beneficial owner of a Bond not being registered as a Bondholder wishes to exercise any rights under the Finance Documents (without obtaining a power of attorney or other proof of authorisation pursuant to Clause 8.1), it must obtain other proof of ownership of the Bonds, acceptable to the Agent.

- 8.3 A Bondholder (whether registered as such or proven to the Agent's satisfaction to be the beneficial owner of the Bond as set out in Clause 8.2) may issue one or several powers of attorney or other authorisations to third parties to represent it in relation to some or all of the Bonds held by it. Any such representative may act independently under the Finance Documents in relation to the Bonds for which such representative is entitled to represent the Bondholder and may further delegate its right to represent such Person by way of a further power of attorney.
- 8.4 The Agent shall only have to examine the face of a power of attorney or other authorisation that has been provided to it pursuant to Clause 8.3 and may assume that such document has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face or the Agent has actual knowledge to the contrary.
- 8.5 These Terms and Conditions shall not affect the relationship between a Bondholder who is the nominee (Sw. *förvaltare*) with respect to a Bond and the owner of such Bond, and it is the responsibility of such nominee to observe and comply with any restrictions that may apply to it in this capacity.

## **9. PAYMENTS IN RESPECT OF THE BONDS**

- 9.1 Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Bonds requested by a Bondholder pursuant to these Terms and Conditions, shall be made to such Person who is registered as a Bondholder on a Securities Account on the Record Date immediately preceding the relevant due date, by way of (if no specific order is made by the Agent) crediting the relevant amount to the bank account nominated by such Bondholder in connection with its Securities Account with the CSD.
- 9.2 Payment constituting good discharge of the Issuer's payment obligations to the Bondholder under these Terms and Conditions will be deemed to have been made to each Bondholder once the amount has been credited to the bank holding the bank account nominated by the Bondholder in connection with its Securities Account in the CSD. If the paying bank and the receiving bank are the same, payment shall be deemed to have been made once the amount has been credited to the bank account nominated by the Bondholder in question.
- 9.3 If a Payment Date or a date for other payments to the Bondholders pursuant to these Terms and Conditions falls on a day on which is not a CSD Business Day and a Business Day, the payment shall be made on the first following possible day on which is both a CSD Business Day and a Business Day, unless any provision to the contrary have been set out for such payment in these Terms and Conditions.
- 9.4 If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. Interest shall accrue in accordance with Clause 10.4 during such postponement.
- 9.5 If payment or repayment is made in accordance with this Clause 9, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a Person not entitled to receive such amount.
- 9.6 Notwithstanding anything to the contrary in these Terms and Conditions, the Bonds shall be subject to, and any payment made in relation thereto shall be made in accordance with, the rules and procedures of the CSD.
- 9.7 The Issuer shall pay any stamp duty and other public fees accruing in connection with the issuance of the Bonds, and shall deduct at source any applicable withholding tax payable pursuant to law. The Issuer is

not liable to reimburse any stamp duty or public fee or to gross- up any payments under the Finance Documents by virtue of any withholding tax, public levy or the similar.

- 9.8 All amounts payable under these Terms and Conditions shall be payable in the currency of the Bonds set out in Clause 2.1. If, however, the currency differs from the currency of the bank account connected to the Bondholder's account in the CSD, any cash settlement may be exchanged and credited to this bank account.
- 9.9 Any specific payment instructions, including foreign exchange bank account details, to be connected to the Bondholder's account in the CSD must be provided by the relevant Bondholder to the Paying Agent (either directly or through its Account Operator in the CSD) within five (5) Business Days prior to a Payment Date. Depending on any currency exchange settlement agreements between each Bondholder's bank and the Paying Agent, and opening hours of the receiving bank, cash settlement may be delayed, and payment shall be deemed to have been made once the cash settlement has taken place, provided, however, that no default interest or other penalty shall accrue for the account of the Issuer for such delay.

## **10. INTEREST**

- 10.1 Each Bond will accrue Interest at the Interest Rate on the Nominal Amount for each Interest Period, commencing on and including the first date of the Interest Period, and ending on but excluding the last date of the Interest Period.
- 10.2 Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made to the Bondholders on each Interest Payment Date for the preceding Interest Period.
- 10.3 Interest shall be payable quarterly in arrears on the Interest Payment Dates each year. Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis), adjusted modified following basis.
- 10.4 If the Issuer fails to pay any amount payable by it under the Finance Documents on its due date, default interest shall accrue on the overdue amount from (but excluding) the due date up to (and including) the date of actual payment at a rate which is two hundred (200) basis points higher than the Interest Rate. The default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Agent or the CSD, in which case the Interest Rate shall apply instead.

## **11. REDEMPTION AND REPURCHASE OF THE BONDS**

### **11.1 Redemption at Maturity**

The Issuer shall redeem all, but not some only, of the outstanding Bonds in full on the Final Maturity Date with an amount per Bond equal to the Outstanding Nominal Amount together with accrued but unpaid Interest.

### **11.2 Purchase of Bonds by Group Companies**

- 11.2.1 Any Group Company may, subject to applicable regulations, at any time and at any price purchase Bonds on the market or in any other way.
- 11.2.2 Bonds held by a Group Company may at such Group Company's discretion be retained or sold but not cancelled, except if held by the Issuer and cancelled in connection with a redemption of the Bonds in full.

### 11.3 Voluntary Total Redemption (Call Option)

11.3.1 The Issuer may redeem the Bonds in whole, but not in part, on any CSD Business Day from and including:

- (a) the Issue Date to, but not including, the First Call Date at a price equal to the sum of (i) 103.625 per cent. of the Outstanding Nominal Amount of the Bonds and (ii) the remaining interest payments up to, but not including, the First Call Date;
- (b) the First Call Date to, but not including, the date falling thirty (30) months after the Issue Date at a price equal to 103.625 per cent. of the Outstanding Nominal Amount of the Bonds;
- (c) the date falling thirty (30) months after the Issue Date to, but not including, the date falling thirty-six (36) months after the Issue Date at a price equal to 102.538 per cent. of the Outstanding Nominal Amount of the Bonds;
- (d) the date falling thirty-six (36) months after the Issue Date to, but not including, the date falling forty-two (42) months after the Issue Date at a price equal to 101.450 per cent. of the Outstanding Nominal Amount of the Bonds; and
- (e) the date falling forty-two (42) months after the Issue Date to, but not including, the Final Maturity Date at a price equal to 100.363 per cent. of the Outstanding Nominal Amount of the Bonds,

in each case together with accrued and unpaid interest on the Bonds.

11.3.2 For the purpose of calculating the remaining interest payments pursuant to Clause 11.3.1(a) above it shall be assumed that the Interest Rate for the period from the relevant Record Date to the First Call Date will be equal to the Interest Rate in effect on the date on which notice of redemption is given to the Bondholders. The relevant Record Date shall be agreed upon between the Issuer, the CSD and the Agent in connection with such repayment.

11.3.3 Redemption in accordance with Clause 11.3 (*Voluntary total redemption (call option)*) shall be made by the Issuer giving not less than ten (10) Business Days' notice to the Bondholders and the Agent, in each case calculated from the effective date of the notice. The notice from the Issuer shall specify the Redemption Date and also the Record Date on which a Person shall be registered as a Bondholder to receive the amounts due on such Redemption Date. The notice is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent that shall be satisfied prior to the Record Date. Upon fulfilment of the conditions precedent (if any), the Issuer shall redeem the Bonds in full at the applicable amount on the specified Redemption Date.

### 11.4 Voluntary Partial Redemption (Equity Claw Back)

11.4.1 Following an Equity Listing Event, the Issuer may on one occasion use the proceeds of such Equity Listing Event to repay up to thirty-five (35) per cent. of the Outstanding Nominal Amount of the Bonds.

11.4.2 The repayment must occur on an Interest Payment Date within one hundred and eighty (180) days after such Equity Listing Event and be made with funds in an aggregate amount not exceeding the cash proceeds received by the Issuer as a result of such Equity Listing Event (net of fees, charges and commissions actually incurred in connection with such Equity Listing Event and net of taxes paid or payable as a result of such Equity Listing Event).

- 11.4.3 The repayment per Bond shall equal the price set out under Clause 11.3 (*Voluntary total redemption (call option)*) above for the relevant period in which the repayment occurs, in each case together with accrued but unpaid interest on the repaid amount.
- 11.4.4 Partial redemption in accordance with Clause 11.4 (*Voluntary partial redemption (Equity Claw Back)*) shall be made by the Issuer giving not less than fifteen (15) Business Days' notice to the Bondholders and the Agent, in each case calculated from the effective date of the notice. The notice from the Issuer shall specify the Redemption Date and also the Record Date on which a Person shall be registered as a Bondholder to receive the amounts due on such Redemption Date. The notice is irrevocable.
- 11.5 Mandatory Repurchase due to a Change of Control Event (Put Option)**
- 11.5.1 Upon the occurrence of a Change of Control Event, each Bondholder shall during a period of forty-five (45) days from the effective date of a notice from the Issuer of the Change of Control Event, pursuant to paragraph (e) of Clause 14.1.1 (after which time period such right shall lapse), have the right to request that all, or some only, of its Bonds be repurchased at a price per Bond equal to one hundred and one (101) per cent. of the Outstanding Nominal Amount together with accrued but unpaid Interest. However, such period may not start earlier than upon the occurrence of the Change of Control Event.
- 11.5.2 The notice from the Issuer pursuant to paragraph (e) of Clause 14.1.1 shall specify the period during which the right pursuant to Clause 11.5.1 may be exercised, the Redemption Date and include instructions about the actions that a Bondholder needs to take if it wants Bonds held by it to be repurchased. If a Bondholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer shall procure that the Paying Agent will repurchase the relevant Bonds and the repurchase amount shall fall due on the Redemption Date specified in the notice given by the Issuer pursuant to paragraph (e) of Clause 14.1.1. The Redemption Date shall occur on a CSD Business Day within ten (10) Business Days after the end of the period referred to in Clause 11.5.1.
- 11.5.3 If Bondholders representing more than eighty (80) per cent. of the Adjusted Nominal Amount have requested that Bonds held by them are repurchased pursuant to this Clause 11.5, the Issuer shall, no later than five (5) Business Days after the end of the period referred to in Clause 11.5.1, send a notice to the remaining Bondholders, if any, giving them a further opportunity to request that Bonds held by them be repurchased on the same terms during a period of twenty (20) Business Days from the date such notice is effective. Such notice shall specify the Redemption Date, the Record Date on which a Person shall be registered as a Bondholder to receive the amounts due on such Redemption Date and also include instructions about the actions that a Bondholder needs to take if it wants Bonds held by it to be repurchased. If a Bondholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer shall procure that the Paying Agent will repurchase the relevant Bonds and the repurchase amount shall fall due on the Redemption Date specified in the notice given by the Issuer pursuant to this Clause 11.5.3. The Redemption Date must fall on a CSD Business Day no later than ten (10) Business Days after the end of the period of twenty (20) Business Days referred to in this Clause 11.5.3.
- 11.5.4 The Issuer shall comply with the requirements of any applicable securities regulations in connection with the repurchase of Bonds. To the extent that the provisions of such regulations conflict with the provisions in this Clause 11.5, the Issuer shall comply with the applicable securities regulations and will not be deemed to have breached its obligations under this Clause 11.5 by virtue of the conflict.
- 11.5.5 The Issuer shall not be required to repurchase any Bonds pursuant to this Clause 11.5, if a third party in connection with the occurrence of a Change of Control Event offers to purchase the Bonds in the manner and on the terms set out in this Clause 11.5 (or on terms more favourable to the Bondholders) and

purchases all Bonds validly tendered in accordance with such offer. If Bonds tendered are not purchased within the time limits stipulated in this Clause 11.5, the Issuer shall repurchase any such Bonds within ten (10) Business Days after the expiry of the time limit.

- 11.5.6 No repurchase of Bonds pursuant to this Clause 11.5 shall be required if the Issuer has given notice of a redemption pursuant to Clause 11.3 (*Voluntary total redemption (call option)*) provided that such redemption is duly exercised.

## **12. TRANSACTION SECURITY AND GUARANTEES**

- 12.1 As continuing security for the due and punctual fulfilment of the Secured Obligations, the Issuer grants (and shall procure that any other Group Company (as applicable) grants) as first ranking security to the Secured Parties (as represented by the Security Agent) the Transaction Security on the terms set out in the Security Documents.
- 12.2 The Issuer guarantees (and shall procure that each Guarantor guarantees) irrevocably and unconditionally and jointly and severally (Sw. *proprieborgen*) to the Secured Parties (as represented by the Security Agent) as for its own debts (Sw. *såsom för egen skuld*) the full and punctual performance by the Group Companies of all their obligations under the Finance Documents on the terms set out in the Guarantee Agreement (including any accession letters thereto).
- 12.3 The Security Agent shall hold the Transaction Security and the Guarantees on behalf of the Secured Parties in accordance with the Security Documents and the Guarantee Agreement.
- 12.4 The Issuer undertakes to ensure that each Group Company promptly does all such acts and executes and supplies all such documents (including, without limitation, any Security Document and/or Guarantee Agreement and any document, including any accession agreement, to be executed or supplied in relation thereto) as the Agent may reasonably request for the purposes of establishing the Security and/or the Guarantees.
- 12.5 The Issuer shall, in connection with the establishment of any Transaction Security and/or Guarantees:
- (a) promptly supply to the Agent copies of the constitutional documents, copies of all corporate resolutions (including authorisations) required to execute the relevant Finance Documents, and copies of the register of shareholders (in each case) with respect to each relevant Group Company;
  - (b) ensure that each relevant Group Company promptly does all such acts and executes and supplies all such documents (including, without limitation, any Security Document and the Guarantee Agreement and any document, including accession agreements, to be executed or supplied in relation thereto) as necessary for the purposes of establishing the Security and/or the Guarantees; and
  - (c) provide to the Agent legal opinions from legal counsel to the Issuer or the Agent (as customary in such jurisdictions or agreed between the Issuer and the Agent) in respect of the relevant Group Companies' capacity and authority to enter into, as well as the enforceability of, any Security Documents and the Guarantee Agreement.
- 12.6 All Security and Guarantees shall be subject to, and limited as required by the agreed security principles set out in the annex hereto (the "**Agreed Security Principles**").

- 12.7 Unless and until the Agent has received instructions from the Bondholders in accordance with Clause 18 (*Decisions by Bondholders*), the Agent shall (without first having to obtain the Bondholders' consent) be entitled to enter into agreements with the Issuer or a third party or take any other actions, if it is, in the Agent's opinion, necessary for the purpose of maintaining, altering, releasing or enforcing the Transaction Security and/or the Guarantees, creating further Security for the benefit of the Secured Parties or for the purpose of settling the Bondholders' or the Issuer's rights to the Transaction Security and/or the Guarantees, in each case in accordance with the terms of the Finance Documents.
- 12.8 For the purpose of exercising the rights of the Secured Parties, the Agent may instruct the CSD in the name and on behalf of the Issuer to arrange for payments to the Secured Parties under the Finance Documents and change the bank account registered with the CSD and from which payments under the Bonds are made to another bank account. The Issuer shall immediately upon request by the Agent provide it with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent and the CSD), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under this Clause 12.8.
- 12.9 The Security Agent shall be entitled to release all Transaction Security and the Guarantees when it is satisfied of the full discharge of the Secured Obligations.

### 13. FINANCIAL UNDERTAKINGS

#### 13.1 Definitions

For the purpose of this Clause 13, the following terms shall have the meaning set out below:

**"Equity Cure"** means a cash injection from shareholders to the Issuer in accordance with Clause 13.2.3.

**"Finance Charges"** means, for the Relevant Period, the aggregate amount of the accrued interest, commission, fees, discounts, payment fees, premiums or charges and other finance payments in respect of Financial Indebtedness whether paid or payable in cash or capitalised by any Group Company according to the latest Financial Reports (calculated on a consolidated basis), excluding any unrealised gains or losses on any derivative instruments other than any derivative instruments which are accounted for on a hedge accounting basis.

**"Group EBITDA"** means, for the relevant period, the consolidated profit of the Group from ordinary activities according to the latest financial reports, without double-counting and in each case, if and only to the extent, these items arise during the Relevant Period:

- (a) before deducting any amount of tax on profits, gains or income paid or payable by any Group Company;
- (b) before deducting any Net Finance Charges;
- (c) excluding any *"Exceptional Items"* (positive or negative) of a one off, non-recurring, non-operational, extraordinary, unusual or exceptional nature (including, without limitation, costs, fees and expenses in connection with any acquisition, restructuring expenditures (in each case, whether or not successful)), provided that such items in no event shall exceed in aggregate ten (10) per cent. of Group EBITDA in any Relevant Period;
- (d) before deducting any Transaction Costs;
- (e) before taking into account any unrealised gains or losses on any derivative instrument (other than any derivative instruments which is accounted for on a hedge account basis);

- (f) after adding back or deducting, as the case may be, the amount of any loss or gain against book value arising on a disposal of any asset (other than in the ordinary course of trading) and any loss or gain arising from an upward or downward revaluation of any asset;
- (g) after deducting the amount of any profit (or adding back the amount of any loss) of any Group Company which is attributable to minority interests which is not included in the financial statements;
- (h) after adding back or deducting, as the case may be, the Group's share of the profits or losses of entities which are not part of the Group;
- (i) after adding back any losses to the extent covered by any insurance and in respect of which insurance proceeds have been received by the Group; and
- (j) after adding back any amount attributable to the amortisation, depreciation, impairment or depletion of assets of the Group Companies (including goodwill or other tangible assets).

**"Interest Coverage Ratio"** means the ratio of Group EBITDA to Net Interest Expenses.

**"Interest Expenses"** means, for any Relevant Period, the aggregate amount of interest, commission, fees, discounts, premiums or charges paid or payable by any member of the Group calculated on a consolidated basis in cash in respect of any Net Interest Bearing Debt:

- (a) excluding any agency, arrangement, underwriting, amendment, consent, one-off or other upfront fees or costs in respect of any Financial Indebtedness;
- (b) excluding the capital element of payments in respect of Finance Leases;
- (c) excluding any non-cash pay interest on any Financial Indebtedness and any interest (capitalised or otherwise) accrued on any shareholder contribution and/or subordinated debt; and
- (d) excluding any interest cost or expected return on plan assets in relation to any postemployment benefit schemes.

**"Leverage Ratio"** means the ratio of Net Interest Bearing Debt to Group EBITDA.

**"Net Finance Charges"** means, for the Relevant Period, the Finance Charges according to the latest Financial Report(s), after deducting any interest payable for that Relevant Period to any Group Company and any interest income received or receivable by any Group Company.

**"Net Interest Bearing Debt"** means the aggregate interest bearing Financial Indebtedness of the Group, excluding:

- (a) any Shareholder Loans;
- (b) any Financial Indebtedness owing by a Group Company to another Group Company constituting Permitted Financial Indebtedness;
- (c) any Bonds owned by the Issuer; and
- (d) any pension and tax liabilities,

less cash and cash equivalents (excluding funds held on the Escrow Account) of the Group in accordance with the Applicable Accounting Principles. For the avoidance of doubt, guarantees and bank guarantees shall not constitute Net Interest Bearing Debt.



**"Net Interest Expenses"** means, for any Relevant Period, the Interest Expenses for that Relevant Period after deducting any interest accrued (whether or not paid) in that Relevant Period to any member of the Group and any interest income received on any bank deposit, cash or cash equivalent investment.

**"Relevant Period"** means each period of twelve (12) consecutive calendar months to the relevant test date.

## 13.2 Maintenance Test

13.2.1 The Maintenance Test is met if:

- (a) the Leverage Ratio is equal to or less than 4.50:1.00; and
- (b) no Event of Default is continuing.

13.2.2 The Maintenance Test shall be tested quarterly and calculated in accordance with the accounting principles applicable to the Issuer and tested by reference to the Financial Report for the period ending on each Reference Date with respect to the Relevant Period ending on such Reference Date. The first test of the Maintenance Test shall be made in relation to the Relevant Period ending on 31 March 2021.

13.2.3 If there is a breach of the Maintenance Test, no Event of Default will occur if, within thirty (30) Business Days of the earlier of (i) a delivery of the relevant Compliance Certificate evidencing that breach and (ii) the date when such Compliance Certificate should have been delivered in accordance with these Terms and Conditions, the Issuer has received an equity injection in cash by way of share issue in the Issuer, unconditional shareholder contribution to the Issuer, or Shareholder Loans to the Issuer, in an amount sufficient (or such higher amount as agreed between the Issuer and the shareholder) to ensure compliance with the Maintenance Test as at the relevant Reference Date (the **"Cure Amount"**).

13.2.4 Upon receipt of the Cure Amount, the calculation of the Leverage Ratio shall, for the purposes of the calculation of the Maintenance Test, be adjusted so that the Net Interest Bearing Debt for the Relevant Period is reduced by an amount equal to the Cure Amount.

13.2.5 Any Equity Cure must be made in cash to the Issuer and no more than two (2) Equity Cures may be made over the life of the Bonds. Equity Cures may not be injected in respect of any consecutive calendar quarters.

## 13.3 Incurrence Test

13.3.1 The Incurrence Test is met if:

- (a) the Leverage Ratio is less than:
  - (i) 3.50:1.00 from, and including, the Issue Date to, but excluding, the date falling twelve (12) months after the Issue Date;
  - (ii) 3.25:1.00 from, and including, the date falling twelve (12) months after the Issue Date to, but excluding, the date falling twenty-four (24) months after the Issue Date;
  - (iii) 3.00:1.00 from, and including, the date falling twenty-four (24) months after the Issue Date to, but excluding, the date falling thirty-six (36) months after the Issue Date; and
  - (iv) 2.75:1.00 from, and including the date falling thirty-six (36) months after the Issue Date to, but excluding, the Final Maturity Date,

- (b) the Interest Coverage Ratio is greater than 2.50:1.00, and
- (c) no Event of Default is continuing or would occur upon the relevant incurrence.

#### 13.4 **Distribution Test**

13.4.1 The Distribution Test is met if:

- (a) the Leverage Ratio is equal to or less than 2.00:1.00 (calculated *pro forma* including the relevant Restricted Payment);
- (b) the Interest Coverage Ratio is greater than 2.50:1.00; and
- (c) no Event of Default is continuing or would occur upon the making of the relevant Restricted Payment.

#### 13.5 **Calculations and Calculation Adjustments**

13.5.1 The calculation of the Interest Coverage Ratio and Leverage Ratio shall be made for the Relevant Period ending on the last day of the period covered by the most recent Financial Report.

13.5.2 Net Interest Bearing Debt shall be measured on the last day of the period covered by the most recent Financial Report, however so that (a) the full commitment of any new Financial Indebtedness in respect of which the Incurrence Test shall be made (after deducting any Financial Indebtedness which shall be refinanced at the time of incurrence of such new Financial Indebtedness) shall be added to the Net Interest Bearing Debt, and (b) that any cash balance/proceeds resulting from the incurrence of such new Financial Indebtedness shall not reduce the Net Interest Bearing Debt.

13.5.3 The figures for Group EBITDA for the Relevant Period ending on the last day of the period covered by the most recent Financial Report shall be used for the Incurrence Test, the Distribution Test and the Maintenance Test, but adjusted so that:

- (a) entities acquired or disposed of by the Group, or any increased ownership share in a Group Company, during the Relevant Period, or after the end of the Relevant Period but before the relevant testing date, shall be included or excluded (as applicable), *pro forma*, for the entire Relevant Period; and
- (b) in relation to the Incurrence Test only, any entity to be acquired, or any ownership share in a Group Company to be increased, with the proceeds from the new Financial Indebtedness shall be included, *pro forma*, for the entire Relevant Period.

### 14. **INFORMATION TO BONDHOLDERS**

#### 14.1 **Information from the Issuer**

14.1.1 The Issuer shall:

- (a) prepare and make available the annual audited consolidated financial statements of the Group and unconsolidated financial statements of the Issuer, in each case in the English language, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors, on its website and by press release not later than four (4) months after the expiry of each financial year;

- (b) starting with the quarter ending 31 March 2021, prepare and make available the quarterly interim unaudited consolidated financial statements of the Group and unconsolidated financial statements of the Issuer, in each case in the English language, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors, on its website and by press release not later than two (2) months after the expiry of each relevant interim period;
- (c) issue a Compliance Certificate to the Agent in connection with:
  - (i) the incurrence of debt pursuant to paragraph (p) of the definition of "*Permitted Financial Indebtedness*",
  - (ii) the making of a Restricted Payment in accordance with Clause 15.1 (*Distributions*) (other than with respect to any payment made in accordance with Clause 3.1),
  - (iii) the delivery of the Financial Reports (commencing with the Financial Reports as at and for the period ending 31 March 2021),
  - (iv) acquisition of entities in excess of five (5) per cent. of Group EBITDA referred to under (b) of Clause 15.14 (*Nomination of Material Group Companies*), and
  - (v) the Agent's reasonable request, within twenty (20) days from such request.
- (d) following the Issue Date, keep the latest version of these Terms and Conditions and the Guarantee Agreement available on the website of the Issuer; and
- (e) promptly notify the Agent (and, as regards a Change of Control Event, the Bondholders and the Agent) when the Issuer is or becomes aware of the occurrence of a Change of Control Event or Event of Default, and shall provide the Agent with such further information as the Agent may request following receipt of such notice. Such notice may be given in advance of the occurrence of a Change of Control Event and be conditional upon the occurrence of a Change of Control Event, if a definitive agreement is in place providing for such Change of Control Event.

14.1.2 Once the Bonds have been admitted to trading on Nasdaq Stockholm (or another Regulated Market), the consolidated reports on the Group referred to under paragraphs (a) and (b) of Clause 14.1.1 in addition, be prepared in accordance with IFRS and made available in accordance with the rules and regulations of Nasdaq Stockholm (or another Regulated Market) (as amended from time to time) and the Swedish Securities Market Act, (if applicable).

14.1.3 The Issuer shall on the earlier of when the financial statements pursuant to Clause 14.1.1 (i) are made available, or (ii) should have been made available, submit to the Agent a compliance certificate substantially in the form set out in a schedule to these Terms and Conditions (a "**Compliance Certificate**"), signed by the CEO, CFO or any other authorised signatory of the Issuer, (a) certifying that, so far as he or she is aware, no Event of Default is continuing or, if he or she is aware that such event is continuing, specifying the event and steps, if any, being taken to remedy it; (b) if provided in connection with a Financial Report being made available, certifying that the Maintenance Test is met (including figures in respect of the relevant financial tests and the basis on which they have been calculated); (c) if provided in connection with the testing of the Incurrence Test or the Distribution Test, certifying that the relevant test is met and including calculations and figures in respect of the relevant test; and (d) in the case of a Compliance Certificate provided in connection with the delivery of an annual consolidated financial report, or an acquisition referred to in (b) of Clause 15.14 (*Nomination of Material Group Companies*) above, including the identity of each Material Group Company.

## 14.2 Information from the Agent

- 14.2.1 Subject to the restrictions of a non-disclosure agreement entered into by the Agent in accordance with Clause 14.2.2, the Agent is entitled to disclose to the Bondholders any document, information, event or circumstance directly or indirectly relating to the Issuer or the Bonds. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Bondholders delay disclosure or refrain from disclosing certain information (save for that any delay in disclosing an Event of Default shall be dealt with in accordance with Clause 16.4 and 16.5).
- 14.2.2 If a committee representing the Bondholders' interests under the Finance Documents has been appointed by the Bondholders in accordance with Clause 18 (*Decisions by Bondholders*), the members of such committee may agree with the Issuer not to disclose information received from the Issuer, provided that it, in the reasonable opinion of such members, is beneficial to the interests of the Bondholders. The Agent shall be a party to such agreement and receive the same information from the Issuer as the members of the committee.

## 14.3 Information among the Bondholders

Subject to applicable regulations, the Agent shall promptly upon request by a Bondholder forward by post any information from such Bondholder to the Bondholders which relates to the Bonds. The Agent may require that the requesting Bondholder reimburses any costs or expenses incurred, or to be incurred, by it in doing so (including a reasonable fee for its work).

## 15. GENERAL UNDERTAKINGS

### 15.1 Distributions

- 15.1.1 The Issuer shall not, and shall procure that none of its Subsidiaries will, (i) pay any dividend on its shares (other than to the Issuer, a Guarantor or a wholly-owned Subsidiary of the Issuer and, if made by a Group Company which is not directly or indirectly wholly-owned, is made *pro rata* to the Group's ownership percentage in such Subsidiary), (ii) repurchase any of its own shares, (iii) redeem its share capital or other restricted equity with repayment to shareholders, (iv) repay any Shareholder Loans, or (v) make any other similar distribution or transfers of value to any direct or indirect shareholder of the Issuer, or any Affiliates of the Issuer, other than to the Issuer, a Guarantor or a directly or indirectly wholly-owned Subsidiary of the Issuer and, if made by a Group Company which is not directly or indirectly wholly-owned, is made *pro rata* to the Group's ownership percentage in such Subsidiary, ((i)–(v) each being a "**Restricted Payment**"). For the avoidance of doubt, the repayment of Shareholder Loans (including to fund the payment of the Refinancing Fee by the Parent) in accordance with Clause 3 (*Use of Proceeds*) shall not constitute a Restricted Payment.
- 15.1.2 Notwithstanding the above, a Restricted Payment may be made by the Issuer, provided that (A) the Distribution Test is met (calculated on a *pro forma* basis including the relevant Restricted Payment), (B) the aggregate amount of all Restricted Payments of the Group in any financial year (including the Restricted Payment in question) does not exceed fifty (50) per cent. of the Group's consolidated net income for the previous financial year, and (C) no Event of Default is continuing or would result from such distribution.

### 15.2 Disposals

The Issuer shall not, and shall ensure that no other Group Company will, sell, transfer or otherwise dispose of any shares in, or any assets, business or operations of, any Group

Company to any Person (not being the Issuer or any other wholly-owned Group Company), unless such disposal (taken as a whole also taking into account any transaction ancillary or related thereto) (i) is carried out at fair market value and on terms and conditions customary for such transaction, (ii) is not prohibited by, and subject to the terms, of any Security Document and (iii) does not have a Material Adverse Effect, provided that under no circumstances shall a disposal of shares in a Material Group Company or all or substantially all of the assets, business or operations of a Material Group Company be permitted. Notwithstanding the above, any Group Company may, following the exit of a sales partner of the Group and the concurrent transfer of such sales partner's sales network to any Group Company, transfer such sales network to a remaining sales partner of the Group in the ordinary course of business, provided that such transfer does not have a Material Adverse Effect. The Issuer shall, upon request by the Agent, provide the Agent with any information relating to the transaction, which the Agent deems necessary (acting reasonably).

### 15.3 **Financial Indebtedness**

The Issuer shall not, and shall ensure that no other Group Company will, incur or maintain any Financial Indebtedness other than Permitted Financial Indebtedness.

### 15.4 **Negative Pledge**

The Issuer shall not, and shall procure that no other Group Company will, create or allow to subsist, retain, provide, prolong or renew any security over any of its/their assets (present or future) to secure Financial Indebtedness, other than Permitted Security.

### 15.5 **Loans Out**

15.5.1 The Issuer shall not, and shall procure that none of its Subsidiaries will, provide any loan in any form to any party, other than:

- (a) in the case of the Issuer and LR Health & Beauty Systems Beteiligungs GmbH, directly to their respective direct wholly-owned subsidiaries only;
- (b) in the case of any Group Companies (other than the Issuer and LR Health & Beauty Systems Beteiligungs GmbH), (A) to any directly or indirectly owned Group Company (subject to the limitations on incurrence of Financial Indebtedness set out in (f) and (s) of the definition of "*Permitted Financial Indebtedness*"), provided that if made from a Group Company to a Subsidiary which is not directly or indirectly wholly-owned by the Issuer, such loan is made on a *pro rata* basis; or (B) in the form of any advances or extensions of credit to customers or suppliers of any Person in the ordinary course of business;
- (c) a loan made by a member of the Group to an employee or sales partner of any member of the Group if the amount of that loan when aggregated with the amount of all loans to employees and sales partners by members of the Group does not exceed EUR 3,000,000 (or its equivalent) at any time; and
- (d) any loan by a Material Group Company to the Ahlen PropCo in connection with the Ahlen Sale and Leaseback Arrangements up to a total aggregate amount of EUR 5,000,000, provided that such loan is repaid in full upon the sale, or set off against the repurchase price upon the repurchase, of the Ahlen Property as contemplated by the Ahlen Sale and Leaseback Arrangements and further provided that the relevant Material Group Company will use its commercially reasonable efforts to create security interest over such loan repayment claim under any future Ahlen Sale and Leaseback Arrangement.

#### 15.6 **Nature of Business**

The Issuer shall ensure that no substantial change is made to the general nature of the business carried on by it or by the Group taken as a whole as of the Issue Date if such substantial change would result in a Material Adverse Effect.

#### 15.7 **Corporate Status**

For the purposes of The Council of Regulation (EU) 2015/848 of 20 May 2015 on insolvency proceedings (recast) (the "**Regulation**"), the Issuer's centre of main interest (as that term is used in Article 3(1) of the Regulation) shall be situated in its original jurisdiction of incorporation.

#### 15.8 **Authorisations**

The Issuer shall, and shall ensure that all other Group Companies will, obtain, comply with, renew and do all that is necessary to maintain in full force and effect any licences, authorisation or any other consents required to enable it to carry on its business, where failure to do so has or is reasonably likely to have a Material Adverse Effect

#### 15.9 **Insurance**

The Issuer shall, and shall ensure that all other Group Companies will, maintain insurance on and in relation to its business and assets against those risks and to the extent as is usual for companies carrying on the same or substantially similar business.

#### 15.10 **Compliance with Laws**

The Issuer shall, and shall ensure that all other Group Companies will, comply with all laws and regulations it or they may be subject to from time to time, where failure to do so has or is reasonably likely to have a Material Adverse Effect

#### 15.11 **Environmental compliance**

The Issuer shall obtain, maintain, and ensure compliance with all requisite environmental permits, where failure to do so has or is reasonably likely to have a Material Adverse Effect.

#### 15.12 **Dealings with Related Parties**

Other than as otherwise permitted under the Finance Documents, the Issuer shall, and shall ensure that all other Group Companies will, conduct all dealings with their direct and indirect shareholders (excluding the Issuer and any other Group Company) and/or any Affiliates of such direct and indirect shareholders on arm's length terms. For the avoidance of doubt, the exercise of any buy back option under the Ahlen Sale and Leaseback Arrangements shall be permitted under these Terms and Conditions.

#### 15.13 **Intellectual Property**

The Issuer shall, and shall ensure that all other Group Companies will, (i) preserve and maintain all Intellectual Property material to conduct the business of the Group, and (ii) take all measures to ensure that such intellectual property rights remain valid and in full force and effect, where failure to do so has or is reasonably likely to have a Material Adverse Effect.

#### 15.14 **Nomination of Material Group Companies**

On:

- (a) the Issue Date and thereafter once every year simultaneously with the publication by the Issuer of the audited annual financial statements of the Group; and
- (b) the date of acquisition of any assets by a Group Company for a consideration equal to or in excess of five (5) per cent. of Group EBITDA and based on the most recent financial statements of the Issuer,

the Issuer shall:

- (i) ensure that:
  - (A) each Group Company which on an unconsolidated basis has earnings before interest, tax, depreciation and amortisation ("**EBITDA**"), (calculated at an unconsolidated level on the same basis as Group EBITDA except that the limit on "*Exceptional Items*" set out therein shall not apply to unconsolidated calculations with respect to such Group Company) representing five (5) per cent. (or, in the case of Group Companies incorporated in Turkey or Russia, ten (10) per cent.) or more of the aggregated unconsolidated EBITDA of all Group Companies (excluding Ahlen PropCo); and
  - (B) such Group Companies as are necessary to ensure that the Issuer and the Material Group Companies in aggregate represent on an unconsolidated basis at least ninety (90) per cent. of the aggregated unconsolidated EBITDA of all Group Companies (excluding Ahlen PropCo),

in each case determined by reference to (y) in the case of the Issue Date and any acquisition under (b) above, the date of the most recent financial statements of the Issuer, and (z) in all other cases, determined by reference to the relevant Compliance Certificate and the related audited consolidated annual financial statements of the Group, and in each case the most recent consolidated financial statements of the relevant companies, are listed as Material Group Companies in the relevant Compliance Certificate delivered in connection thereto, provided that under no circumstances shall Styria or any other successor vehicle not wholly owned by the Group owning the legal title to the Group's property in Ahlen be required to be nominated as a Material Group Company or accede as a Guarantor; and
- (ii) ensure that:
  - (A) first priority pledges are granted over the shares in each such Material Group Company and any Group Company owning directly or indirectly such Material Group Company, to the extent not already pledged;
  - (B) first priority pledges are granted over the bank accounts located in Germany of each such Material Group Company;
  - (C) security is granted in respect of a German law security transfer of inventory located in Germany, of each such Material Group Company; and
  - (D) each such Material Group Company and any Group Company owning directly or indirectly such Material Group Company accedes as a Guarantor to the Guarantee Agreement,

in each case as soon as reasonably practicable, and in any event no later than the date falling ninety (90) Business Days (or, in the case of a Material Group Company incorporated in Russia, one hundred and twenty (120) Business Days) after its nomination.

#### **15.15 Admission to Trading**

15.15.1 The Issuer shall ensure that:

- (a) the Bonds are listed on the Open Market of the Frankfurt Stock Exchange as soon as reasonably practicable and within sixty (60) days of the Issue Date, with an intention to complete such listing within thirty (30) days after the Issue Date; and
- (b) the Bonds, once listed on the Open Market of the Frankfurt Stock Exchange, remain listed on such exchange until the Bonds have been redeemed in full; and

15.15.2 The Issuer shall ensure that:

- (a) the Bonds are admitted to trading on the Regulated Market of Nasdaq Stockholm or another Regulated Market within twelve (12) months of the Issue Date; and
- (b) the Bonds, once admitted to trading on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market, as applicable), continue to be admitted to trading thereon but no longer than up to and including the last day on which the admission to trading reasonably can, pursuant to the then applicable regulations (including any regulations preventing trading in the Bonds in close connection to the redemption thereof) of Nasdaq Stockholm (or any other applicable Regulated Market) and the CSD, subsist.

#### **15.16 Conditions Subsequent**

The Issuer shall ensure that (i) Post-Disbursement Security and Guarantees, and (ii) any Security and/or Guarantees required to be put in place in connection with the guarantor coverage test provided for under Clause 15.14 (*Nomination of Material Group Companies*) is within the allocated period validly granted and perfected in accordance with the related security documents, in each case in a form and substance reasonably satisfactory to the Agent, and, to the extent required by the Agent, as confirmed by legal opinions covering grounds substantially similar to the legal opinions delivered in respect of Disbursement Security and Guarantees.

#### **15.17 Intellectual Property Security**

The Issuer shall procure that LR Health & Beauty Systems GmbH will hold all material intellectual property rights on behalf of the Group (other than local trademarks registered outside Germany), and shall, subject to the Agreed Security Principles, ensure that first priority Security over present and future German trademarks, EU trademarks (but excluding local law registrations (if any) other than Germany) and IR trademarks is granted.

#### **15.18 Undertakings relating to the Agency Agreement**

15.18.1 The Issuer shall, in accordance with the Agency Agreement:

- (a) pay fees to the Agent;
- (b) indemnify the Agent for costs, losses and liabilities;



- (c) furnish to the Agent all information requested by or otherwise required to be delivered to the Agent; and
- (d) not act in a way which would give the Agent a legal or contractual right to terminate the Agency Agreement.

15.18.2 The Issuer and the Agent shall not agree to amend any provisions of the Agency Agreement without the prior consent of the Bondholders if the amendment would be detrimental to the interests of the Bondholders.

#### 15.19 CSD-related Undertakings

The Issuer shall keep the Bonds affiliated with a CSD and comply with all applicable CSD Regulations.

### 16. ACCELERATION OF THE BONDS

16.1 The Agent is entitled to, and shall following a demand in writing from a Bondholder (or Bondholders) representing at least fifty (50) per cent. of the Adjusted Nominal Amount (such demand shall, if made by several Bondholders, be made by them jointly) or following an instruction given pursuant to Clause 16.6, on behalf of the Bondholders (i) by notice to the Issuer, declare all, but not some only, of the outstanding Bonds due and payable together with any other amounts payable under the Finance Documents, immediately or at such later date as the Agent determines, and (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents, if:

#### (a) Non-Payment

The Issuer or a Guarantor does not pay on the due date any amount payable by it under the Finance Documents, unless the non-payment:

- (i) is caused by technical or administrative error; and
- (ii) is remedied within five (5) Business Days from the due date.

#### (b) Maintenance Test

The Issuer fails to comply with the Maintenance Test, except to the extent remedied in accordance with the Equity Cure.

#### (c) Other Obligations

The Issuer or a Guarantor does not comply with any terms of or acts in violation of the Finance Documents to which it is a party (other than those terms referred to in paragraph (a) or (b) above), unless the non-compliance:

- (i) is capable of remedy; and
- (ii) is remedied within fifteen (15) Business Days of the earlier of the Agent giving notice and the relevant party becoming aware of the non-compliance.

#### (d) Payment Cross Default and Cross Acceleration

Any Financial Indebtedness of a Group Company is not paid when due as extended by any originally applicable grace period, or is declared to be due and payable prior to its specified maturity as a result of an event of default (however described), provided that no Event of Default

will occur under this sub-paragraph (d) if the aggregate amount of Financial Indebtedness that has fallen due is less than EUR 1,500,000 (or its equivalent in any other currency) or such Financial Indebtedness is owed to another Group Company.

(e) **Insolvency**

- (i) Any Material Group Company is unable or admits inability to pay its debts as they fall due or is declared to be unable to pay its debts under applicable law, suspends making payments on its debts generally or, by reason of actual or anticipated financial difficulties, commences negotiations with its creditors generally (except for holders of Bonds) with a view to rescheduling its Financial Indebtedness; or
- (ii) a moratorium is declared in respect of the Financial Indebtedness of any Material Group Company.

(f) **Insolvency Proceedings**

Any corporate action, legal proceedings or other procedures are taken (other than (i) proceedings or petitions which are being disputed in good faith and are discharged, stayed or dismissed within sixty (60) days of commencement or, if earlier, the date on which it is advertised, and (ii) in relation to Subsidiaries, solvent liquidations) in relation to:

- (i) the suspension of payments, winding up, dissolution, administration or reorganisation (by way of voluntary agreement, scheme of arrangement or otherwise) of any Material Group Company;
- (ii) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any Material Group Company or any of their assets; or
- (iii) any analogous procedure or step is taken in any jurisdiction in respect of any Material Group Company.

(g) **Mergers and Demergers**

A decision is made that any Group Company shall be demerged or merged if such merger or demerger is likely to have a Material Adverse Effect, provided that a merger subject to existing security between Subsidiaries only or between the Issuer and a Subsidiary, where the Issuer is the surviving entity, shall not be an Event of Default and a merger involving the Issuer, where the Issuer is not the surviving entity, shall always be considered an Event of Default and provided that the Issuer may not be demerged.

(h) **Creditors' Process**

Any enforcement of security, expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of any Material Group Company having an aggregate value of an amount equal to or exceeding EUR 750,000 (or the equivalent) and is not discharged within sixty (60) days.

(i) **Unlawfulness, Invalidity, Repudiation**

It becomes impossible or unlawful for the Issuer or any Material Group Company to fulfil or perform any of the provisions of the Finance Document or the Security created or expressed to be created thereby is varied or ceases to be effective and such impossibility, unlawfulness,

invalidity, ineffectiveness or variation has a material detrimental effect on the interests of the Bondholders.

(j) **Continuation of Business**

The Issuer or any other Material Group Company ceases to carry on its business except if due to (i) a disposal not prohibited by Clause 15.2 (*Disposals*), or (ii) a merger or demerger not prohibited by (g) "*Mergers and demergers*" above.

- 16.2 The Agent may not accelerate the Bonds in accordance with Clause 16.1 by reference to a specific Event of Default if it is no longer continuing or if it has been decided, on a Bondholders Meeting or by way of a Written Procedure, to waive such Event of Default (temporarily or permanently).
- 16.3 The Issuer shall immediately notify the Agent (with full particulars) upon becoming aware of the occurrence of any event or circumstance which constitutes an Event of Default, or any event or circumstance which would (with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing) constitute an Event of Default, and shall provide the Agent with such further information as it may reasonably request in writing following receipt of such notice.
- 16.4 The Agent shall notify the Bondholders of an Event of Default within five (5) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing. Notwithstanding the aforesaid, the Agent may postpone a notification of an Event of Default (other than in relation to payments) up until the time stipulated in Clause 16.5 for as long as, in the reasonable opinion of the Agent such postponement is in the interests of the Bondholders as a group. The Agent shall always be entitled to take the time necessary to determine whether an event constitutes an Event of Default.
- 16.5 The Agent shall, within twenty (20) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing, decide if the Bonds shall be so accelerated. If the Agent decides not to accelerate the Bonds, the Agent shall promptly seek instructions from the Bondholders in accordance with Clause 18 (*Decisions by Bondholders*).
- 16.6 If the Bondholders instruct the Agent to accelerate the Bonds, the Agent shall promptly declare the Bonds due and payable and take such actions as may, in the opinion of the Agent, be necessary or desirable to enforce the rights of the Bondholders under the Finance Documents, unless the relevant Event of Default is no longer continuing.
- 16.7 If the right to accelerate the Bonds is based upon a decision of a court of law, an arbitral tribunal or a government authority, it is not necessary that the decision has become enforceable under any applicable regulation or that the period of appeal has expired in order for cause of acceleration to be deemed to exist.
- 16.8 In the event of an acceleration of the Bonds in accordance with this Clause 16, the Issuer shall redeem all Bonds at an amount per Bond as specified in Clause 11.3 (*Voluntary total redemption (call option)*), together with accrued but unpaid Interest.

**17. DISTRIBUTION OF PROCEEDS**

- 17.1 All payments by the Issuer relating to the Bonds and the Finance Documents following an acceleration of the Bonds in accordance with Clause 16 (*Acceleration of the Bonds*) and any proceeds received from an enforcement of the Transaction Security and/or the Guarantees shall be distributed in the following order of priority, in accordance with the instructions of the Agent:

- (a) *first*, in or towards payment *pro rata* of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent in accordance with the Finance Documents (other than any indemnity given for liability against the Bondholders), (ii) other costs, expenses and indemnities relating to the acceleration of the Bonds, the enforcement of the Transaction Security and/or the Guarantees or the protection of the Bondholders' rights as may have been incurred by the Agent or the Security Agent, (iii) any costs incurred by the Agent for external experts that have not been reimbursed by the Issuer in accordance with Clause 20.2.5, together with default interest in accordance with Clause 10.4 on any such amount calculated from the date it was due to be paid or reimbursed by the Issuer;
- (b) *secondly*, in or towards payment *pro rata* of accrued but unpaid Interest under the Bonds (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);
- (c) *thirdly*, in or towards payment *pro rata* of any unpaid principal under the Bonds; and
- (d) *fourthly*, in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under the Finance Documents, including default interest in accordance with Clause 10.4 on delayed payments of Interest and repayments of principal under the Bonds.

Any excess funds after the application of proceeds in accordance with paragraphs (a) to (d) above shall be paid to the Issuer or the Guarantors (as applicable). The application of proceeds in accordance with Clause 17.1 shall, however, not restrict a Bondholders' Meeting or a Written Procedure from resolving that accrued Interest (whether overdue or not) or default interest in accordance with Clause 10.4 shall be reduced without a corresponding reduction of principal.

- 17.2 If a Bondholder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 17.1(a), such Bondholder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 17.1(a).
- 17.3 Funds that the Agent receives (directly or indirectly) in connection with the acceleration of the Bonds or the enforcement of the Transaction Security and/or the Guarantees constitute escrow funds (Sw. *redovisningsmedel*) and must be held on a separate bank account on behalf of the Bondholders and the other interested parties. The Agent shall arrange for payments of such funds in accordance with this Clause 17 as soon as reasonably practicable.
- 17.4 If either the Issuer or the Agent makes any payment under this Clause 17 the Issuer or the Agent, as applicable, shall notify the Bondholders of any such payment at least ten (10) Business Days before the payment is made. The notice from the Issuer shall specify the Redemption Date and also the Record Date on which a Person shall be registered as a Bondholder to receive the amounts due on such Redemption Date. Notwithstanding the foregoing, for any Interest due but unpaid, the Record Date specified in Clause 9.1 shall apply.

## **18. DECISIONS BY BONDHOLDERS**

### **18.1 Request for a Decision**

- 18.1.1 A request by the Agent for a decision by the Bondholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Bondholders' Meeting or by way of a Written Procedure.

- 18.1.2 Any request from the Issuer or a Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount (such request shall, if made by several Bondholders, be made by them jointly) for a decision by the Bondholders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Bondholders' Meeting or by way a Written Procedure, as determined by the Agent. The Person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Bondholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Bondholders' Meeting.
- 18.1.3 The Agent may refrain from convening a Bondholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any Person in addition to the Bondholders and such Person has informed the Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable regulations.
- 18.1.4 The Agent shall not be responsible for the content of a notice for a Bondholders' Meeting or a communication regarding a Written Procedure unless and to the extent it contains information provided by the Agent.
- 18.1.5 Should the Agent not convene a Bondholders' Meeting or instigate a Written Procedure in accordance with these Terms and Conditions, without Clause 18.1.3 being applicable, the Issuer or the Bondholder(s) requesting a decision by the Bondholders may convene such Bondholders' Meeting or instigate such Written Procedure, as the case may be, instead.
- 18.1.6 Should the Issuer want to replace the Agent, it may (i) convene a Bondholders' Meeting in accordance with Clause 18.2 (*Convening of Bondholders' Meeting*) or (ii) instigate a Written Procedure by sending communication in accordance with Clause 18.3 (*Instigation of Written Procedure*). After a request from the Bondholders pursuant to Clause 20.4.3, the Issuer shall no later than ten (10) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Bondholders' Meeting in accordance with Clause 18.2 (*Convening of Bondholders' Meeting*). The Issuer shall inform the Agent before a notice for a Bondholders' Meeting or communication relating to a Written Procedure where the Agent is proposed to be replaced is sent and supply to the Agent a copy of the dispatched notice or communication.
- 18.1.7 Should the Issuer or any Bondholder(s) convene a Bondholders' Meeting or instigate a Written Procedure pursuant to Clause 18.1.5 or 18.1.6, then the Agent shall no later than five (5) Business Days' prior to dispatch of such notice or communication be provided with a draft thereof. The Agent may further append information from it together with the notice or communication, provided that the Agent supplies such information to the Issuer or the Bondholder(s), as the case may be, no later than one (1) Business Day prior to the dispatch of such notice or communication.
- 18.2 Convening of Bondholders' Meeting**
- 18.2.1 The Agent shall convene a Bondholders' Meeting by way of notice to the Bondholders as soon as practicable and in any event no later than five (5) Business Days after receipt of a complete notice from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons).
- 18.2.2 The notice pursuant to Clause 18.2.1 shall include (i) time for the meeting, (ii) place for the meeting, (iii) a specification of the Record Date on which a Person must be registered as a Bondholder in order to be entitled to exercise voting rights, (iv) a form of power of attorney, and (v) the agenda for the meeting. The reasons for, and contents of, each proposal as well

as any applicable conditions and conditions precedent shall be specified in the notice. If a proposal concerns an amendment to any Finance Document, the substance of the proposed amendment must always be set out in the notice. Should prior notification by the Bondholders be required in order to attend the Bondholders' Meeting, such requirement shall be included in the notice.

18.2.3 The Bondholders' Meeting shall be held no earlier than ten (10) Business Days and no later than thirty (30) Business Days after the effective date of the notice.

18.2.4 Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Bondholders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Bondholders to vote without attending the meeting in person.

### 18.3 **Instigation of Written Procedure**

18.3.1 The Agent shall instigate a Written Procedure by way of sending a communication to the Bondholders as soon as practicable and in any event no later than five (5) Business Days after receipt of a complete communication from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons).

18.3.2 A communication pursuant to Clause 18.3.1 shall include (i) a specification of the Record Date on which a Person must be registered as a Bondholder in order to be entitled to exercise voting rights, (ii) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (iii) the stipulated time period within which the Bondholder must reply to the request (such time period to last at least ten (10) Business Days and not longer than thirty (30) Business Days from the effective date of the communication pursuant to Clause 18.3.1). The reasons for, and contents of, each proposal as well as any applicable conditions and conditions precedent shall be specified in the notice. If a proposal concerns an amendment to any Finance Document, the substance of the proposed amendment must always be set out in the notice. If the voting is to be made electronically, instructions for such voting shall be included in the communication.

18.3.3 If so elected by the Person requesting the Written Procedure and provided that it is also disclosed in the communication pursuant to Clause 18.3.1, when consents from Bondholders representing the requisite majority of the total Adjusted Nominal Amount pursuant to Clauses 18.4.2 and 18.4.3 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 18.4.2 or 18.4.3, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

### 18.4 **Majority, Quorum and Other Provisions**

18.4.1 Only a Bondholder, or a Person who has been provided with a power of attorney or other authorisation pursuant to Clause 8 (*Right to Act on behalf of a Bondholder*) from a Bondholder:

- (a) on the Record Date specified in the notice pursuant to Clause 18.2.2, in respect of a Bondholders' Meeting, or
- (b) on the Business Day specified in the communication pursuant to Clause 18.3.2, in respect of a Written Procedure,

may exercise voting rights as a Bondholder at such Bondholders' Meeting or in such Written Procedure, provided that the relevant Bonds are included in the Adjusted Nominal Amount. Each whole Bond entitles to one vote and any fraction of a Bond voted for by a Person shall be disregarded. Such Business

Day specified pursuant to paragraph (a) or (b) above must fall no earlier than one (1) Business Day after the effective date of the notice or communication, as the case may be.

18.4.2 The following matters shall require the consent of Bondholders representing at least sixty- six and two thirds ( $66 \frac{2}{3}$ ) per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18.3.2:

- (a) if the total nominal amount of the Bonds exceeds, or if such issue would cause the total nominal amount of the Bonds to at any time exceed, EUR 125,000,000 (for the avoidance of doubt, for which consent shall be required at each occasion such Bonds are issued);
- (b) a change to the terms of any of Clause 2.1, and Clauses 2.6 to 2.8;
- (c) a reduction of the premium payable upon the redemption or repurchase of any Bond pursuant to Clause 11 (*Redemption and Repurchase of the Bonds*);
- (d) a change to the Interest Rate or the Nominal Amount, subject to the splitting right of the Agent and/or the Paying Agent;
- (e) a change to the terms for the distribution of proceeds set out in Clause 17 (*Distribution of Proceeds*);
- (f) a change to the terms dealing with the requirements for Bondholders' consent set out in this Clause 18.4 (*Majority, quorum and other provisions*);
- (g) a change of issuer, an extension of the tenor of the Bonds or any delay of the due date for payment of any principal or interest on the Bonds;
- (h) a release of the Transaction Security and/or the Guarantees, except in accordance with the terms of the Finance Documents;
- (i) a mandatory exchange of the Bonds for other securities; and
- (j) early redemption of the Bonds, other than upon an acceleration of the Bonds pursuant to Clause 16 (*Acceleration of the Bonds*) or as otherwise permitted or required by these Terms and Conditions.

18.4.3 Any matter not covered by Clause 18.4.2 shall require the consent of Bondholders representing more than fifty (50) per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18.3.2. This includes, but is not limited to, any amendment to, or waiver of, the terms of any Finance

Document that does not require a higher majority (other than an amendment permitted pursuant to Clause 19.1(a), (b) or (c)), an acceleration of the Bonds, or the enforcement of any Transaction Security and/or Guarantees.

18.4.4 Quorum at a Bondholders' Meeting or in respect of a Written Procedure only exists if a Bondholder (or Bondholders) representing at least twenty (20) per cent. of the Adjusted Nominal Amount, or in the case of a matter referred to in Clause 18.4.2, at least fifty (50) per cent. of the Adjusted Nominal Amount:

- (a) if at a Bondholders' Meeting, attend the meeting in person or by other means prescribed by the Agent pursuant to Clause 18.2.4 (or appear through duly authorised representatives); or
  - (b) if in respect of a Written Procedure, reply to the request.
- 18.4.5 If a quorum exists for some but not all of the matters to be dealt with at a Bondholders' Meeting or by a Written Procedure, decisions may be taken in the matters for which a quorum exists.
- 18.4.6 If a quorum does not exist at a Bondholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Bondholders' Meeting (in accordance with Clause 18.2.1) or initiate a second Written Procedure (in accordance with Clause 18.3.1), as the case may be, provided that the Person(s) who initiated the procedure for Bondholders' consent has confirmed that the relevant proposal is not withdrawn. For the purposes of a second Bondholders' Meeting or second Written Procedure pursuant to this Clause 18.4.6, the date of request of the second Bondholders' Meeting pursuant to Clause 18.2.1 or second Written Procedure pursuant to Clause 18.3.1, as the case may be, shall be deemed to be the relevant date when the quorum did not exist. The quorum requirement in Clause 18.4.4 shall not apply to such second Bondholders' Meeting or Written Procedure.
- 18.4.7 Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under the Finance Documents shall be subject to the Issuer's or the Agent's consent, as applicable.
- 18.4.8 A Bondholder holding more than one Bond need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.
- 18.4.9 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any owner of Bonds (irrespective of whether such Person is a Bondholder) for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Bondholders that consent at the relevant Bondholders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.
- 18.4.10 A matter decided at a duly convened and held Bondholders' Meeting or by way of Written Procedure is binding on all Bondholders, irrespective of them being present or represented at the Bondholders' Meeting or responding in the Written Procedure. The Bondholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause the Issuer or the other Bondholders.
- 18.4.11 All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Bondholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer, however provided that unless an Event of Default has occurred and is continuing or any event or circumstance has occurred which would (with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing) constitute an Event of Default, the Issuer and the Agent may require that any Bondholder (or Bondholders) having made a request for a decision by the Bondholders in accordance with Clause 18.1.2 reimburses any costs and expenses incurred by the Issuer or the Agent for the purpose of such Bondholders' Meeting or Written Procedure.
- 18.4.12 If a decision is to be taken by the Bondholders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Bonds owned by Group Companies or (to the knowledge of the Issuer) Affiliates, irrespective of whether



such Person is a Bondholder. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible for determining whether a Bond is owned by a Group Company or an Affiliate.

- 18.4.13 Information about decisions taken at a Bondholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to each Person registered as a Bondholder on the date referred to in Clause 18.4.1(a) or 18.4.1(b), as the case may be, and also be published on the websites of the Issuer and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Bondholders' Meeting or Written Procedure shall at the request of a Bondholder be sent to it by the Issuer or the Agent, as applicable.

## **19. AMENDMENTS AND WAIVERS**

- 19.1 The Issuer, any other relevant Group Company, and the Agent (acting on behalf of the Bondholders) may agree in writing to amend and waive any provision in a Finance Document or any other document relating to the Bonds, provided that the Agent is satisfied that such amendment or waiver:
- (a) is not detrimental to the interest of the Bondholders as a group;
  - (b) is made solely for the purpose of rectifying obvious errors and mistakes;
  - (c) is required by any applicable regulation, a court ruling or a decision by a relevant authority; or
  - (d) has been duly approved by the Bondholders in accordance with Clause 18 (*Decisions by Bondholders*) and it has received any conditions precedent specified for the effectiveness of the approval by the Bondholders.
- 19.2 The consent of the Bondholders is not necessary to approve the particular form of any amendment or waiver to the Finance Documents. It is sufficient if such consent approves the substance of the amendment or waiver.
- 19.3 The Issuer shall ensure that any amendments to the Finance Documents are duly registered with the CSD and each other relevant organisation or authority. The Issuer shall promptly publish by way of press release any amendment or waiver made pursuant to Clause 19.1(a) or (c), in each case setting out the amendment in reasonable detail and the date from which the amendment or waiver will be effective.
- 19.4 An amendment to the Finance Documents shall take effect on the date determined by the Bondholders Meeting, in the Written Procedure or by the Agent, as the case may be.

## **20. THE AGENT**

### **20.1 Appointment of the Agent and the Security Agent**

#### **20.1.1 By subscribing for Bonds, each initial Bondholder:**

- (a) appoints the Agent to act as its agent and security agent in all matters relating to the Bonds and the Finance Documents (including, with respect to German law governed security interest, pursuant to the terms of clause 7.2 (*Appointment as agent and administrator in relation to German Transaction Security*) of the Guarantee Agreement), and authorises the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Bonds held by such Bondholder, including the winding-up, dissolution, liquidation, company reorganisation (Sw. *företagsrekonstruktion*) or bankruptcy (Sw. *konkurs*) (or its equivalent in

any other jurisdiction) of the Issuer and any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Transaction Security and/or the Guarantees.

- (b) confirms the appointment under the Guarantee Agreement of the Security Agent to act as its agent in all matters relating to the Transaction Security, the Security Documents, the Guarantees and the Guarantee Agreement, including any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Transaction Security or a Guarantee and acknowledges and agrees that the rights, obligations, role of and limitations of liability for the Security Agent is further regulated in the Guarantee Agreement.

20.1.2 By acquiring Bonds, each subsequent Bondholder confirms and repeats such appointment and authorisation for the Agent and the Security Agent to act on its behalf, as set forth in Clause 20.1.1.

20.1.3 Each Bondholder shall immediately upon request provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Agent is under no obligation to represent a Bondholder which does not comply with such request.

20.1.4 The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.

20.1.5 The Agent is entitled to fees for all its work in such capacity and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agency

Agreement and the Agent's obligations as Agent and Security Agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.

20.1.6 The Agent may act as agent, security agent or trustee for several issues of securities or other loans issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

## 20.2 Duties of the Agent

20.2.1 The Agent shall represent the Bondholders in accordance with the Finance Documents, including, *inter alia*, holding the Transaction Security pursuant to the Security Documents on behalf of the Bondholders and, where relevant, enforcing the Transaction Security and/or the Guarantees on behalf of the Bondholders.

20.2.2 When acting pursuant to the Finance Documents, the Agent is always acting with binding effect on behalf of the Bondholders. The Agent is never acting as an advisor to the Bondholders or the Issuer. Any advice or opinion from the Agent does not bind the Bondholders or the Issuer.

20.2.3 When acting pursuant to the Finance Documents, the Agent shall carry out its duties with reasonable care and skill in a proficient and professional manner.

20.2.4 The Agent shall treat all Bondholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Bondholders as a group and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other Person, other than as explicitly stated in the Finance Documents.

- 20.2.5 The Agent is always entitled to delegate its duties to other professional parties and to engage external experts when carrying out its duties as agent, without having to first obtain any consent from the Bondholders or the Issuer. The Agent shall however remain liable for any actions of such parties if such parties are performing duties of the Agent under the Finance Documents.
- 20.2.6 The Issuer shall on demand by the Agent pay all costs for external experts engaged by it (i) after the occurrence of an Event of Default, (ii) for the purpose of investigating or considering (A) an event or circumstance which the Agent reasonably believes is or may lead to an Event of Default or (B) a matter relating to the Issuer or the Finance Documents which the Agent reasonably believes may be detrimental to the interests of the Bondholders under the Finance Documents, and (iii) in connection with any Bondholders' Meeting or Written Procedure, (iv) when the Agent is otherwise required to make a determination under these Terms and Conditions or (v) in connection with any amendment (whether contemplated by the Finance Documents or not) or waiver under the Finance Documents. Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 17 (*Distribution of Proceeds*).
- 20.2.7 The Agent shall, as applicable, enter into agreements with the CSD, and comply with such agreement and the CSD Regulations applicable to the Agent, as may be necessary in order for the Agent to carry out its duties under the Finance Documents.
- 20.2.8 Other than as specifically set out in the Finance Documents, the Agent shall not be obliged to monitor (i) whether any Event of Default has occurred or is expected to occur, (ii) the financial condition of the Issuer and the Group, (iii) the performance, default or any breach by the Issuer or any other party of its obligations under the Finance Documents, or (iv) whether any other event specified in any Finance Document has occurred. Should the Agent not receive such information, the Agent is entitled to assume that no such event or circumstance exists or can be expected to occur, provided that the Agent does not have actual knowledge of such event or circumstance.
- 20.2.9 The Agent shall (i) review each Compliance Certificate delivered to it to determine that it meets the requirements set out in Clause 14.1.2 and as otherwise agreed between the Issuer and the Agent, and (ii) verify that the Issuer according to its reporting in the Compliance Certificate meets the Incurrence Test, Maintenance Test or Distribution Test, as applicable. The Issuer shall promptly upon request provide the Agent with such information as the Agent reasonably considers necessary for the purpose of being able to comply with this Clause 20.2.9.
- 20.2.10 The Agent shall ensure that it receives evidence satisfactory to it that Finance Documents which are required to be delivered to the Agent are duly authorised and executed (as applicable). The Issuer shall promptly upon request provide the Agent with such documents and evidence as the Agent reasonably considers necessary for the purpose of being able to comply with this Clause 20.2.10. Other than as set out above, the Agent shall neither be liable to the Issuer or the Bondholders for damage due to any documents and information delivered to the Agent not being accurate, correct and complete, unless it has actual knowledge to the contrary, nor be liable for the content, validity, perfection or enforceability of such documents.
- 20.2.11 Notwithstanding any other provision of the Finance Documents to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any regulation.
- 20.2.12 If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Bondholders, or taking any action at its own

initiative, will not be covered by the Issuer, the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate Security has been provided therefore) as it may reasonably require.

- 20.2.13 The Agent shall give a notice to the Bondholders (i) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or (ii) if it refrains from acting for any reason described in Clause 20.2.12.
- 20.2.14 The Agent may instruct the CSD to split the Bonds to a lower nominal amount in order to facilitate partial redemptions, restructuring of the Bonds or other situations.

### **20.3 Liability for the Agent**

- 20.3.1 The Agent will not be liable to the Bondholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect or consequential loss.
- 20.3.2 The Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts provided to the Agent or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Bondholders to delay the action in order to first obtain instructions from the Bondholders.
- 20.3.3 The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by the Agent to the Bondholders, provided that the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- 20.3.4 The Agent shall have no liability to the Issuer or the Bondholders for damage caused by the Agent acting in accordance with instructions of the Bondholders given in accordance with the Finance Documents.
- 20.3.5 Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Bondholders under the Finance Documents.

### **20.4 Replacement of the Agent**

- 20.4.1 Subject to Clause 20.4.6, the Agent may resign by giving notice to the Issuer and the Bondholders, in which case the Bondholders shall appoint a successor Agent at a Bondholders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.
- 20.4.2 Subject to Clause 20.4.6, if the Agent is Insolvent, the Agent shall be deemed to resign as Agent and the Issuer shall within ten (10) Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- 20.4.3 A Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice shall, if given by several Bondholders, be given by them jointly), require that a Bondholders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Bondholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Bondholders that the Agent be dismissed and a new Agent appointed.

- 20.4.4 If the Bondholders have not appointed a successor Agent within ninety (90) days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent was dismissed through a decision by the Bondholders, the Issuer shall within thirty (30) days thereafter appoint a successor Agent which shall be an independent financial institution or other reputable company with the necessary resources to act as agent in respect of Market Loans.
- 20.4.5 The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- 20.4.6 The Agent's resignation or dismissal shall only take effect upon the earlier of (i) the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent, and (ii) the period pursuant to Clause 20.4.4 (ii) having lapsed.
- 20.4.7 Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Bondholders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Agent.
- 20.4.8 In the event that there is a change of the Agent in accordance with this Clause 20.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under the Finance Documents and the Agency Agreement. Unless the Issuer and the new Agent agree otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

## **21. APPOINTMENT AND REPLACEMENT OF THE PAYING AGENT**

- 21.1 The Issuer appoints the Paying Agent to manage certain specified tasks relating to the Bonds, under these Terms and Conditions, in accordance with the legislation, rules and regulations applicable to the Issuer, the Bonds and/or under the CSD Regulations.
- 21.2 The Paying Agent may retire from its appointment or be dismissed by the Issuer, provided that the Issuer has approved that a commercial bank or securities institution approved by the CSD accedes as new Paying Agent at the same time as the old Paying Agent retires or is dismissed. If the Paying Agent is insolvent, the Issuer shall immediately appoint a new Paying Agent, which shall replace the old Paying Agent as paying agent in accordance with these Terms and Conditions.
- 21.3 The Paying Agent will not be liable to the Bondholders for damage or loss caused by any action taken or omitted by it under or in connection with these Terms and Conditions, unless directly caused by its gross negligence or wilful misconduct. The Paying Agent shall never be responsible for indirect or consequential loss.

## **22. APPOINTMENT AND REPLACEMENT OF CSD**

- 22.1 The Issuer has appointed the CSD to manage certain tasks under these Terms and Conditions and in accordance with the CSD Regulations and the other regulations applicable to the Bonds.

- 22.2 The CSD may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has effectively appointed a replacement CSD that accedes as CSD at the same time as the old CSD retires or is dismissed and provided also that the replacement does not have a negative effect on any Bondholder. The replacing CSD must be authorised to professionally conduct clearing operations and be authorised as a central securities depository in accordance with applicable law.

## **23. NO DIRECT ACTIONS BY BONDHOLDERS**

- 23.1 A Bondholder may not take any steps whatsoever against any Group Company or with respect to the Transaction Security and/or the Guarantees to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation or bankruptcy in any jurisdiction of any Group Company in relation to any of the obligations and liabilities of such Group Company under the Finance Documents. Such steps may only be taken by the Agent.
- 23.2 Clause 23.1 shall not apply if the Agent has been instructed by the Bondholders in accordance with the Finance Documents to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Bondholder to provide documents in accordance with Clause 20.1.3), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or by any reason described in Clause 20.2.12, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 20.2.13 before a Bondholder may take any action referred to in Clause 23.1.
- 23.3 The provisions of Clause 23.1 shall not in any way limit an individual Bondholder's right to claim and enforce payments which are due to it under Clause 11.5 (*Mandatory repurchase due to a Change of Control Event (put option)*) or other payments which are due by the Issuer to some but not all Bondholders.

## **24. PRESCRIPTION**

- 24.1 The right to receive repayment of the principal of the Bonds shall be prescribed and become void ten (10) years from the Redemption Date. The right to receive payment of interest (excluding any capitalised interest) shall be prescribed and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Bondholders' right to receive payment has been prescribed and has become void.
- 24.2 If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (*preskriptionslag (1981:130)*), a new limitation period of ten (10) years with respect to the right to receive repayment of the principal of the Bonds, and of three (3) years with respect to receive payment of interest (excluding capitalised interest) will commence, in both cases calculated from the date of interruption of the limitation period, as such date is determined pursuant to the provisions of the Swedish Act on Limitations.

## **25. COMMUNICATIONS AND PRESS RELEASES**

### **25.1 Communications**

- 25.1.1 Written notices to the Bondholders made by the Agent will be sent to the Bondholders via the CSD with a copy to the Issuer and the applicable Regulated Market (if the Bonds are admitted to trading). Any such notice or communication will be deemed to be given or made via the CSD, when sent from the CSD.

- 25.1.2 The Issuer's written notifications to the Bondholders will be sent to the Bondholders via the Agent or through the CSD with a copy to the Agent and the applicable Regulated Market (if the Bonds are admitted to trading).
- 25.1.3 Notwithstanding Clause 25.1.1 and provided that such written notification does not require the Bondholders to take any action under these Terms and Conditions, the Issuer's written notifications to the Bondholders may be published by the Agent on a relevant information platform only.
- 25.1.4 Unless otherwise specifically provided, all notices or other communications under or in connection with the Finance Documents between the Agent and/or the Issuer will be given or made in writing, by letter or e-mail. Any such notice or communication will be deemed to be given or made as follows:
- (a) if by letter, when delivered at the address of the relevant party;
  - (b) if by e-mail, when received; and
  - (c) if by publication on a relevant information platform, when published.
- 25.1.5 The Issuer and the Agent shall each ensure that the other party is kept informed of changes in postal address, e-mail address and telephone numbers and contact persons.
- 25.1.6 When determining deadlines set out in these Terms and Conditions, the following will apply (unless otherwise stated):
- (a) if the deadline is set out in days, the first day of the relevant period will not be included and the last day of the relevant period will be included;
  - (b) if the deadline is set out in weeks, months or years, the deadline will end on the day in the last week or the last month which, according to its name or number, corresponds to the first day the deadline is in force. If such day is not a part of an actual month, the deadline will be the last day of such month; and
  - (c) if a deadline ends on a day which is not a Business Day, the deadline is postponed to the next Business Day.
- 25.1.7 Any notice or other communication pursuant to the Finance Documents shall be in English.
- 25.1.8 Failure to send a notice or other communication to a Bondholder or any defect in it shall not affect its sufficiency with respect to other Bondholders.
- 25.2 Press Releases**
- 25.2.1 Any notice that the Issuer or the Agent shall send to the Bondholders pursuant to Clauses 11.3 (*Voluntary total redemption (call option)*), 11.4 (*Voluntary partial redemption (Equity Claw Back)*) paragraph (e) of Clause 14.1.1 and Clauses 16.3, 18.2.1, 18.3.1, 18.4.13 and 19.2 shall also be published by way of press release by the Issuer.
- 25.2.2 In addition to Clause 25.2.1, if any information relating to the Bonds or the Group contained in a notice the Agent may send to the Bondholders under these Terms and Conditions has not already been made public by way of a press release, the Agent shall before it sends such information to the Bondholders give the Issuer the opportunity to issue a press release containing such information. If the Issuer does not promptly issue a press release and the Agent considers it necessary to issue a press release containing

such information before it can lawfully send a notice containing such information to the Bondholders, the Agent shall be entitled to issue such press release.

## **26. FORCE MAJEURE**

- 26.1 Neither the Agent nor the Paying Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade, natural disaster, insurrection, civil commotion, terrorism or any other similar circumstance (a "**Force Majeure Event**"). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Agent or the Paying Agent itself takes such measures, or is subject to such measures.
- 26.2 Should a Force Majeure Event arise which prevents the Agent or the Paying Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.
- 26.3 The provisions in this Clause 26 apply unless they are inconsistent with the provisions of the applicable securities regulations which provisions shall take precedence.

## **27. GOVERNING LAW AND JURISDICTION**

- 27.1 These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.
- 27.2 The Issuer submits to the non-exclusive jurisdiction of the City Court of Stockholm (*Stockholms tingsrätt*).
- 27.3 Notwithstanding the above, the Bonds shall be registered pursuant to the applicable securities regulations.



# ADDRESSES

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## Issuer

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LR Global Holding GmbH

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[www.lrworld.com](http://www.lrworld.com)

## Trustee and Security Agent

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## Joint Bookrunner

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## Joint Bookrunner

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[www.sebgroup.com](http://www.sebgroup.com)

## Paying Agent

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NT Services AS

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## Central Securities Depository

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Verdipapirsentralen ASA (VPS)

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## Auditor to the Issuer

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## Issuer's legal advisor

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## Issuer's legal advisor (Swedish law)

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