



L I N E N

## SIA "L. J. LINEN"

Registration No. 40003669025

LEI: 9845005E46PK0915DE76

### TERMS OF THE NOTES ISSUE PROGRAM FOR THE UNSECURED (GUARANTEED) NOTES IN THE AMOUNT OF UP TO EUR 10,000,000.00

*These Terms of the Notes Issue Program ("Terms") are not a prospectus for the purposes of the Prospectus Regulation and no competent authority of any Member State has examined or approved the contents thereof. These Terms have been prepared on the basis that all offers of the debt securities are issued by the Issuer according to these Terms and will be made pursuant to an exemption from the obligation to publish a prospectus under the Prospectus Regulation.*

*An Issue of Notes under the Program is not a public offering in any jurisdiction in which these Terms are available; it is a private placement and there is no intention of the Issuer to list the Notes on a regulated market for the purposes of the Markets in Financial Instruments Directive 2014/65/EU, as amended ("MiFID II"). The Issuer is a company incorporated and existing under the Applicable Laws of the Republic of Latvia and the Applicable Laws allow for the Issuer to record the issue with the central securities depository of Latvia – Nasdaq CSD.*

*The decision of the Issuer to organize the issue of the Notes has been passed in compliance with the Applicable Laws of the Republic of Latvia. The issue of the Notes, including the relationship between the Issuer and Potential Investors or any third parties, and their respective rights and duties attached to the Notes is governed by the Applicable Laws of the Republic of Latvia.*

*These Terms do not constitute an offer to sell or a solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.*

*These Terms do not constitute a public offer for the purposes of the Prospectus Regulation and no competent authority of any Member State has examined or approved the contents thereof.*

*MiFID II product governance - solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that (i) the target market for the Notes is eligible counterparties, professional clients and retail clients, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties, professional clients and respective retail clients are appropriate. Any person subsequently offering, selling, or recommending the Notes should take into consideration the manufacturer's target market assessment. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.*

*Article 5f of Regulation (EU) No. 833/2014 (as amended by Council Regulation (EU) No. 2022/328) and Article 1f of Regulation (EC) No. 765/ 2006 (as amended by Council Regulation (EU) No 2022/398) prohibit the sale of euro denominated transferable securities issued after 12 April 2022 or units of undertakings for collective investment (UCIs) providing exposure to such transferable securities, to any*

*Russian or Belarusian national, any natural person residing in Russia or Belarus or to any legal person, entity or body established in Russia or Belarus. This prohibition does not apply to nationals of a Member State or to natural persons holding a temporary or permanent residence permit in a Member State of the EU.*

*Before deciding to purchase the Notes, Potential Investors must make their own assessment as to the suitability of investing in the Notes. In particular, each Potential Investor should:*

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes and the merits and risks of investing in the Notes;*
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes 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 Notes, including where the currency for principal or interest payments is different from the Potential Investor's currency;*
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and*
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.*

*In addition, before deciding to purchase the Notes, Potential Investors should carefully review and consider the risk factors described herein. Should one or more of the risks materialize, this may have a material adverse effect on the cash flows, results of operations, and financial condition of the Issuer. If any of these risks materialize, the market value of the Notes and the likelihood the Issuer will be in a position to fulfil its payment obligations under the Notes may decrease, in which case the Noteholders could lose all or part of their investments.*

*Any previous discussions or presentations provided to Potential Investors were solely for information purposes and the Notes are issued in accordance with these Terms. A Potential Investor should not make an investment decision relying solely upon the information provided in the Potential Investor presentation or otherwise.*

Arranger:



05.06.2025

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## DEFINITIONS

<b>Accounting Principles:</b>	<p>Initially, Latvian Accounting Standards (Latvian GAAP) in accordance with the Applicable Laws.</p> <p>Starting from 1 January 2026 (for the Financial Year of 2025), the International Financial Reporting Standards (IFRS).</p>
<b>Agent:</b>	<p>A person authorized to represent the Issuer and to perform certain tasks.</p>
<b>AML:</b>	<p>Anti-money laundering and counter terrorism and proliferation financing.</p>
<b>Annual Coupon Rate:</b>	<p>The annual Coupon rate for the Notes of the respective Issue which is set out in the Final Terms of the respective Issue.</p>
<b>Applicable Laws:</b>	<p>Any applicable law, including without limitation: (a) the regulations of the Nasdaq CSD; (b) corporate, securities, tax or other laws, statutes, rules, requirements or regulations, whether state, local, foreign, or EU; and (c) the laws and regulations of the Republic of Latvia and any legal acts in each country in which the Issuer or any Group entity operates.</p>
<b>Arranger or Signet Bank:</b>	<p>Signet Bank AS, a Latvian credit institution registered in the Enterprise Register of the Republic of Latvia under registration No 40003043232.</p>
<b>Auditor:</b>	<p>Any auditor from the following list that is licensed to practice in the Republic of Latvia:</p> <ul style="list-style-type: none"><li>(a) Pricewaterhouse Coopers group entity;</li><li>(b) Ernst &amp; Young group entity;</li><li>(c) KPMG group entity;</li><li>(d) Deloitte group entity;</li><li>(e) BDO group entity;</li><li>(f) Grant Thornton group entity;</li><li>(g) AS "Nexia Audit Advice", registration number: 40003858822;</li><li>(h) Baker Tilly Baltics AS, registration number: 40003444833.</li></ul>
<b>Bank Loan:</b>	<p>shall mean (a) the credit facility in the credit facility limit of EUR 3,000,000 made available to the Issuer by Signet Bank pursuant to the credit (overdraft) agreement No. 10.5-D-01-21/5, entered into between Signet Bank and the Issuer on 16 June 2021, and (b) the credit facility in the credit limit of EUR 2,000,000 made available to the Issuer by Signet Bank pursuant to the credit line agreement No. 4.1-11.7/2025/5KR, entered into between Signet Bank and the Issuer on 21 February 2025, both jointly.</p>

<b>Bank Loan Collaterals:</b>	shall mean the security interest granted in favour of Signet Bank to secure the obligations under the Bank Loan. These include commercial and financial pledges over the assets, shares, inventory, receivables, and certain bank accounts of the Issuer and its affiliated entities, as well as corporate guarantees issued by the Issuer, its Subsidiaries, and certain related parties.
<b>Bank of Latvia:</b>	Bank of Latvia (in Latvian: <i>Latvijas Banka</i> ).
<b>Business Day(s):</b>	Any day when Nasdaq CSD system is open and operational to effectuate T2S-eligible securities settlement transactions.
<b>Cash and Cash Equivalents:</b>	Cash and cash equivalents of the Group according to the most recent Financial Report.
<b>Change of Control:</b>	<p>The occurrence of an event or series of events whereby, a person (natural person or legal entity) or a group of persons acting in concert (directly or indirectly) acquires the influence (whether by way of ownership of shares, contractual arrangement or otherwise) to:</p> <ul style="list-style-type: none"><li>(a) cast or control the casting of more than 50% (fifty percent) of the maximum number of votes that might be cast at a shareholders meeting of the Group entity; or</li><li>(b) appoint or remove or control the appointment or removal of a majority of the management board or supervisory board members or other equivalent officers of the Issuer.</li></ul> <p>For the avoidance of doubt, a Change of Control does not take place if:</p> <ul style="list-style-type: none"><li>(a) change of control takes place between the Ultimate Beneficial Owner and/or his related parties (including where any changes to the management board or supervisory board members or other equivalent officers of the Issuer takes place); or</li><li>(b) existing shareholder loses control over the Issuer and no other person gains power to cast or control the casting of more than 50% (fifty percent) of the maximum number of votes that might be cast at a shareholders meeting of the Issuer (including where any changes to the management board or supervisory board members or other equivalent officers of the Issuer takes place); or</li><li>(c) another person(s) become(s) the Issuer's shareholder(s) within the personnel share option program and provided that it does not lead to the occurrence of the event listed in sub-clauses (a) or (b) of the first section of this definition; or</li><li>(d) an IPO Event, including any resulting changes in shareholding or governance structure, occurs.</li></ul>
<b>Control:</b>	A direct or indirect possession of the power to direct or cause the direction of the management or policies of a person, whether through

ownership of voting securities or partnership or other ownership interests, by contract or credit arrangement, or otherwise.

**Coupon Payment Date:** The last Business Day of each calendar month when the Coupon payments shall be made for each Coupon Period.

**Coupon Period:** The period of time between: (i) the First Settlement Date and the first Coupon Payment Date, which is stated in the Final Terms, or (ii) between the last dates of two calendar months..

The last Coupon Period is the period between the first date of the last month and the Maturity Date.

**Coupon:** Interest on the Notes calculated in accordance with Section 10 (*Coupon*).

**Custodian:** Nasdaq CSD participant directly or a licensed credit institution or an investment brokerage company that has a financial securities custody account with a Nasdaq CSD participant.

**EBITDA:** Consolidated net profit of the Group for the Relevant Period, calculated according to the most recent Financial Report:

- (a) increased by any amount of tax on profits, gains or income paid or payable;
- (b) increased by any interest expense, fees for financing agreements and lease expenses;
- (c) reduced by any gains or increased by any losses from any exceptional items which are not in line with the ordinary course of business and any non-cash items (such as e.g., asset revaluation or write-down, any group restructuring related transaction, for example arising from mergers and acquisitions related activity, such as revaluation or impairment of investments or any assets);
- (d) reduced by any gains or increased by any losses arising from foreign exchange rate fluctuations, including without limitation to unrealized foreign exchange gains or losses resulting from the revaluation of assets and liabilities, intra-group balances, derivative instruments, and currency translation adjustments on consolidation;
- (e) increased by any amount attributable to the amortization, accelerated depreciation, depreciation or depletion of assets as well as impairment loss recognized or reversed due to transition to IFRS accounting standards;
- (f) increased by dividends received from associated undertakings that are not consolidated in the Group's financial statements as defined in the Applicable Laws.
- (g) reduced by any interest and similar financial income.

<b>Equity Ratio:</b>	Ratio of Total Equity to assets of the Group calculated according to the most recent Financial Report.
<b>EU:</b>	European Union.
<b>EUR:</b>	Euro (the single currency of the Member States of the European Monetary System).
<b>Event of Default:</b>	Any event or circumstance set out in Section 14 ( <i>Events of Default</i> ).
<b>Fair Market Value:</b>	With respect to any asset, the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving any distress of either party, determined in good faith by the management board of the Issuer.
<b>Final Terms:</b>	Specific terms and conditions of each Issue which shall be completed substantially in the form set out in these Terms. Each Final Terms after their completion constitute an integral part of these Terms.
<b>Financial Indebtedness:</b>	<p>The outstanding aggregate amount of total indebtedness of the Group according to the most recent Financial Report, including:</p> <ul style="list-style-type: none"><li>(a) monies borrowed and debt balances at banks or other financial institutions;</li><li>(b) any amount raised pursuant to the issue of notes or any similar instrument, including the Notes;</li><li>(c) the amount of any liability in respect of any financial lease;</li><li>(d) any amount raised under any other transaction having the commercial effect of a borrowing and treated as a borrowing under Accounting Principles;</li><li>(e) any counter-indemnity obligation in respect of a guarantee or any other instrument issued by a bank or financial institution;</li><li>(f) any derivative transaction based on mark-to-market value; and without double-counting any assurance against financial-loss in respect of a type referred to the above items (a) to (e),</li></ul> <p>but excluding any Subordinated Debt.</p>
<b>Financial Report:</b>	The annual consolidated audited financial report of the Group and the quarterly interim consolidated unaudited reports (as applicable) of the Group prepared in accordance with Accounting Principles.
<b>Financial Year:</b>	For the Issuer and the Group, each year starting on 1 January and ending on 31 December.
<b>First North:</b>	The Multilateral Trading Facility (MTF) First North, operated by Nasdaq Riga.

<b>First Settlement Date (Issue Date):</b>	The date set out in the Final Terms on which interest on the Notes of Issue starts to accrue.
<b>Force Majeure Event:</b>	Has the meaning set forth in Section 17 ( <i>Force Majeure</i> ).
<b>Guarantee:</b>	Guarantee (in Latvian: <i>galvojums</i> ) made by the Guarantor issued for the Noteholders as creditors in a form substantially as set out in Annex 1 of these Terms.
<b>Guarantor:</b>	<p>Any of the following:</p> <ul style="list-style-type: none"><li>(a) SIA "Jaze Capital Holdings", registration number in the Republic of Latvia: 40203480428;</li><li>(b) SIA Afrifeed, registration number in the Republic of Latvia: 40203453472;</li><li>(c) LIONPRO B.V., registration number in the Kingdom of the Netherlands: 86402250;</li><li>(d) the Material Subsidiary.</li></ul> <p>On the date of these Terms, there is no Material Subsidiary acting as the Guarantor.</p> <p>The list of the Guarantors at each Issue Date is indicated in the Final Terms of each Issue. If, after the Issue Date, any other Subsidiary becomes a Material Subsidiary, then it issues a Guarantee in accordance with Clause <b>Error! Reference source not found.</b></p>
<b>Group:</b>	The group of the legal entities comprising SIA "Jaze Capital Holdings", registration number in the Republic of Latvia: 40203480428, together with its direct and indirect Subsidiaries, including the Issuer.
<b>IFRS:</b>	International Financial Reporting Standards within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time).
<b>IPO Event</b>	Initial public offering of the shares of the Issuer, whereby by way of a primary offering (newly issued shares), secondary offering (sale of existing shares by shareholders), or combination thereof, resulting in listing and admission to trading of Issuer's shares on a recognized stock exchange.
<b>Interest Coverage Ratio (ICR):</b>	The ratio of EBITDA to the Net Finance Charges for the Relevant Period.
<b>ISIN:</b>	International Security Identification Number.
<b>Issue:</b>	The aggregate of Notes issued under these Terms and Final Terms with the same ISIN code.



<b>Issuer:</b>	SIA "L. J. LINEN", a company registered in the Enterprise Register of the Republic of Latvia with registration No 40003669025.
<b>Issuer's webpage:</b>	Issuer's webpage at domain <a href="https://ljlinen.com/">https://ljlinen.com/</a> .
<b>Material Subsidiary:</b>	means any Subsidiary of the Group that has become a Subsidiary of the Group after the date of these Terms and whose stand-alone EBITDA represents 15% or more of the Group's consolidated EBITDA. The determination of whether a Subsidiary qualifies as a Material Subsidiary shall be assessed once per calendar year, following the preparation of the Group's consolidated audited annual Financial Report and the Subsidiary's stand-alone annual report.
<b>Maturity Date:</b>	The date when the Notes of the respective Issue shall be repaid in full at their Nominal Value by the Issuer. The Maturity Date of each Issue is listed in the Final Terms of the respective Issue.
<b>Nasdaq CSD:</b>	Nasdaq CSD SE, registration No 40003242879, registered address at Valņu iela 1, LV-1050, Riga, Latvia.
<b>Net Debt:</b>	The aggregate amount of the Financial Indebtedness of the Group minus the sum of Cash and Cash Equivalents of the Group per most recent Financial Report.
<b>Net Debt Leverage Ratio:</b>	The ratio of Net Debt to EBITDA for the Relevant Period.
<b>Net Finance Charges:</b>	<p>All recurring debt-related charges of the Group for the Relevant Period calculated according to the most recent Financial Report:</p> <ul style="list-style-type: none"><li>(a) including cash interest expense on the Financial Indebtedness;</li><li>(b) including cash interest expense on guarantees issued by a bank or insurance company;</li><li>(c) after deducting any interest income relating to Cash and Cash Equivalents; and</li><li>(d) excluding any payment-in-kind interest capitalized on loans from the Related Party and/or Subordinated Debt.</li></ul>
<b>Nominal Value:</b>	Face value of a single Note which is EUR 1,000 (one thousand Euro).
<b>Note(s):</b>	A debt security of the respective Issue issued by the Issuer according to these Terms and the Final Terms of the respective Issue which represents the Issuer's unsecured guaranteed debt obligation in the amount of the Nominal Value of the Note and the interest payable on the Note.

<b>Noteholder(s) or Investor(s):</b>	A private person or legal entity that is an owner of one or more Notes and has a claim against the Issuer as provided in these Terms and the Final Terms of the respective Issue.
<b>Permitted Business:</b>	Any businesses, services or activities that are the same as, or reasonably related, ancillary or complementary to, any of the businesses, services or activities in which the Issuer is engaged on the Issue Date, and reasonable extensions, developments or expansions of such businesses, services or activities.
<b>Permitted Distribution:</b>	In each case the dividends may be distributed up to 20% of annual audited net profit, provided that all financial covenants under Section 12 ( <i>Financial Covenants</i> ) are satisfied immediately after payment of respective dividends.
<b>Permitted Restructuring:</b>	<p>Any internal restructuring of the Group that does not adversely affect the ability of the Issuer or the Guarantor to perform their obligations under these Terms or the Guarantees, and which complies with applicable laws, including, but not limited to:</p> <ul style="list-style-type: none"><li>(a) the merger of SIA Afrifeed, a company registered in the Republic of Latvia under registration number 40203453472, into the Issuer; and</li><li>(b) the transfer of shares held by LIONPRO B.V., registration number in the Kingdom of the Netherlands: 86402250, in all Subsidiaries of the Group (as existing on the date of these Terms) to SIA "Jaze Capital Holdings", a company registered in the Republic of Latvia under registration number 40203480428.</li></ul> <p>For the avoidance of doubt, any such restructuring shall not constitute a breach of any undertaking, covenant or Event of Default under these Terms, provided that the resulting structure continues to ensure that the Issuer remains the principal obligor under the Notes.</p>
<b>Permitted Security:</b>	<p>The Issuer is permitted to create or maintain the following Securities in respect of the Issuer's assets or corporate guarantees (sureties) provided that all financial covenants under Section 12 (<i>Financial Covenants</i>) are satisfied immediately following the creation of any such Security or guarantee:</p> <ul style="list-style-type: none"><li>(a) the existing Bank Loan Collaterals;</li><li>(b) any Security or corporate guarantee in favour of a bank or other credit or financial institution (including investment funds or alternative investment funds);</li><li>(c) any corporate guarantee in favour of any third party, provided that the debt obligations secured by such guarantee rank <i>pari passu</i> or junior to these Notes;</li></ul>

(d) any other Security or corporate guarantee approved by the Majority Noteholders.

<b>Potential Investor(s):</b>	A private person or legal entity that has, according to these Terms, expressed interest or is planning to purchase for its own account one or more Notes.
<b>Program:</b>	Notes Issue program in the framework of which Notes are issued in accordance with these Terms. The Issuer is entitled to issue Notes under the Program for a period of 60 calendar months commencing on the Issue Date of the First Issue.
<b>Prospectus Regulation:</b>	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.
<b>Related Party:</b>	Any person listed in Article 184. <sup>1</sup> of the Commercial Law of the Republic of Latvia.
<b>Relevant Period:</b>	Each rolling period of 12 (twelve) consecutive calendar months ending on the last day of each calendar quarter.
<b>Sanctions:</b>	Economic or financial sanctions, trade embargoes and similar measures imposed, administered, or enforced from time to time by the Republic of Latvia, the EU, the United Nations, the Office of Foreign Assets Control of the US Department of the Treasury (OFAC) and any competent authority.
<b>Security:</b>	Any lien, pledge, encumbrance, charge (fixed or floating), mortgage, third party claim, debenture, option, right of pre-emption, right to acquire, assignment by way of security, trust arrangement for the purpose of providing security or security interests of any kind, including retention arrangements, or other encumbrance and any agreement to create any of the foregoing.
<b>Settlement Unit Multiple:</b>	Multiple that defines the settlement quantity or nominal must be a multiple of the Minimum Settlement Unit.
<b>Subordinated Debt:</b>	<p>Unsecured principal amount of the Issuer's debt that is subordinated to the Notes with maturity after the Maturity Date. Subordinated Debt is subordinated to Notes with respect to claims on assets or earnings and is fully or partly repayable only if: (a) the Group's existing and future financial covenants and undertakings provided in these Terms are met after the repayment; and (b) settlement of all obligations under these Terms are made.</p> <p>For the sake of clarity, the Issuer is allowed to make interest payments on Subordinated Debt if such interest payments do not cause a breach of Section 12 (<i>Financial Covenants</i>).</p>

<b>Subsidiary:</b>	An entity whose financial statements are, in accordance with Applicable Law and Accounting Principles, required to be consolidated with those of SIA "Jaze Capital Holdings", registration number in the Republic of Latvia: 40203480428.
<b>Terms:</b>	These Terms of the Notes Issue Program, which regulate the Notes and the rights and obligations of the Issuer, the Arranger, the Agent and the Noteholders.
<b>Total Equity:</b>	The aggregate book value of the Group's total equity (including minority interest, if applicable) on a consolidated basis, increased by Subordinated Debt, according to the most recent Financial Report.
<b>Ultimate Beneficial Owner:</b>	Jānis Kuļikovskis, personal ID code in the Republic of Latvia: 260183-10644.

## **RISK FACTORS**

BELOW IS THE DESCRIPTION OF RISK FACTORS THAT ARE MATERIAL FOR THE ASSESSMENT OF THE MARKET RISK ASSOCIATED WITH THE NOTES AND RISK FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES. SHOULD ONE OR MORE OF THE RISKS DESCRIBED BELOW MATERIALIZE, THIS MAY HAVE A MATERIAL ADVERSE EFFECT ON THE CASH FLOWS, RESULTS OF OPERATIONS, AND FINANCIAL CONDITION OF THE ISSUER AND THE GROUP. MOREOVER, IF ANY OF THESE RISKS MATERIALIZE, THE MARKET VALUE OF THE NOTES AND THE LIKELIHOOD THAT THE ISSUER WILL BE IN A POSITION TO FULFIL ITS PAYMENT OBLIGATIONS UNDER THE NOTES MAY DECREASE, IN WHICH CASE THE INVESTORS COULD LOSE ALL OR PART OF THEIR INVESTMENTS.

BEFORE DECIDING TO PURCHASE THE NOTES, POTENTIAL INVESTORS SHOULD CAREFULLY REVIEW AND CONSIDER THE FOLLOWING RISK FACTORS, IN ADDITION TO ALL OTHER INFORMATION PRESENTED IN THE TERMS, AND CONSULT WITH THEIR OWN PROFESSIONAL ADVISORS, IF NECESSARY. MOREOVER, POTENTIAL INVESTORS SHOULD BEAR IN MIND THAT SEVERAL OF THE DESCRIBED RISK FACTORS CAN OCCUR SIMULTANEOUSLY AND TOGETHER WITH OTHER CIRCUMSTANCES COULD HAVE A POTENTIALLY STRONGER IMPACT ON THE ISSUER OR THE GROUP. THIS IS NOT AN EXCLUSIVE LIST OF RISK FACTORS, AND ADDITIONAL RISKS, OF WHICH THE ISSUER IS NOT PRESENTLY AWARE, COULD ALSO HAVE A MATERIAL ADVERSE EFFECT ON THE ISSUER AND THE GROUP.

### **1. RISK FACTORS**

#### **1.1. Important note**

The risks indicated in this Section, if some or all of them materialize, may reduce the Group's ability to fulfil its obligations or cause its insolvency or restructuring in the worst-case scenario. This Section may not feature all the potential risks, which may affect the Group.

#### **1.2. Risks related to the economic and regulatory environment**

##### **1.2.1. Exposure to macroeconomic volatility and geopolitical developments accross key export markets may adversely affect the Group's operations and financial performance**

The Group sells animal origin products in more than 50 countries in four continents. The revenue is diversified between the continents, of which 29% constitutes sales to EU customers, 31% is derived from Asia, and 40% from Africa. While this wide scope of operations helps to spread economic risk across different geographies, the Group remains exposed to business interruptions that may result from economic conditions deteriorating significantly and remining depressed for extended periods of time. A negative development in general economic conditions or business sentiment could have a negative effect on Group's results of operations, revenue and cash flows.

Downturns in general economic conditions and uncertainties regarding future economic prospects which directly affects both the suppliers and the customers of the Group pose a risk to the Group's business, as both constituencies may scale back their operations in response to tighter credit markets, unemployment, negative financial news or declines in income or asset values, which could have a material adverse effect on the Group's ability to source products and the demand for the Group's produce. In addition, a substantial part of the Group's revenue is derived from business conducted outside EU, exposing the Group to changes in regulation concerning the imposition of trade barriers, such as tariffs and import quotas. These and other such macroeconomic factors are outside the Group's control and may have a negative impact on the Group's revenue and profitability.

**1.2.2. Changes in laws, regulations and enforcement activities may adversely affect the Group's products and the markets in which it operates**

The Group sells animal origin products across the Europe, Africa and Asia and transports the products across a variety of national jurisdictions and geographical areas. This entails a risk of business interruptions that may result from political circumstances, trade disputes or inadequacies in the legal systems and law enforcement mechanisms in certain countries in which the Group operate. The political circumstances or inadequacies of the legal systems and law enforcement mechanisms in certain countries in which the Group operates may have a material negative impact on the Group's reputation, revenue, cash flows and financial condition. In order to mitigate these risks, the Group is in process of obtaining a guarantee from Multilateral Investment Guarantee Agency of the World Bank Group. If successfully obtained, this guarantee will provide safeguards against major political risks in the African region such as security of ownership, withdrawal of capital and other.

**1.2.3. Heightened geopolitical tensions and sanctions regimes, particularly relating to the Russia-Ukraine conflict, may adversely impact the Group's operations and financial performance**

Given that the Group is conducting business on a global scale, the heightened geopolitical uncertainty prompted by the ongoing full-scale military conflict in Ukraine poses a risk to the Group's operations. In response to the military aggression of Russia, wide-ranging sanctions have been imposed on Russia, which has contributed to heightened volatility in energy and commodity markets.

As of the date of these Terms, the restrictive measures imposed against Russia and Belarus have had no direct material impact on the Group's performance. However, introduction of new sanctions packages and other aspects related to geopolitical events may affect its business results. Furthermore, new sanctions might lead to increased operating expenses across various sectors and result in further raw material and energy cost increases globally, decreased global economic growth, as well as further deterioration between NATO and the Russian Federation may lead to further risk of the war escalating, which could have negative impact on the Group's business results and financial performance.

**1.2.4. Public health crisis such as pandemics may disrupt the Group's operations and global support chains**

The global economy has been characterized by heightened uncertainty since the onset of the COVID-19 pandemic in March 2020. The widespread outbreak of COVID-19 led to unprecedented health measures and restrictions imposed by authorities globally, causing disruptions in the Group's operations. The Group acknowledges that these disruptions may reoccur, potentially impacting Group's future operations. Government responses to the pandemic, including the immediate adoption of laws and regulations, provided a legal basis for implementing measures aimed at limiting contagion and mitigating the consequences of the pandemic.

While the acute phase of the global Covid-19 pandemic has largely subsided, the experience highlighted the vulnerability of global supply chains and business operations to large-scale public health crises. Although many governments have lifted pandemic-related restrictions, the possibility of future pandemics, regional outbreaks, or new variants of existing viruses cannot be ruled out.

**1.2.5. The Group is exposed to risks related to changing policy decisions by supranational organizations governing business operations of the Group**

The Group is subject to international veterinary and food safety laws and regulations, as well as EU laws and regulations that regulate the industry, consumer rights protection, personal data processing, prevention of money laundering and terrorism and proliferation financing or govern the industry in

which the Group operates. Any uncertainty as to the regulatory trends or changes in policies in relation to the industry may delay or prevent the achievement of the strategic plans or increase the cost of implementing such plans. The sale of the Group's products and the provision of services are subject to a high level of regulation and oversight applicable to the Group's industry.

The Group complies with all legislative requirements and other regulations as of the date of these Terms. Legislation and regulations may change however, and the management cannot guarantee, in such cases, it would be able to comply immediately, without material measures to be in line with the requirements of any revised legislation or other regulations. Adapting the operations to any of the changes described above may incur costs for the Group that are difficult to anticipate, which in turn may have a material adverse effect on its business, financial condition and results of operations.

**1.2.6. Changes in customs regulations may adversely affect the Group's ability to efficiently conduct its operations**

The majority of the Group's products are produced in European Economic Zone and delivered to countries outside the borders of EU. With respect to the export of goods to jurisdictions that are not members of the European Union, the Group must comply with the respective national and European foreign trade and customs regulations and, inter alia, pay statutory custom duties when the products enter the territory of other jurisdictions outside of the EU.

As a result of local protectionism, the change in Applicable Laws and interpretation of regulations by various state agencies in the respective countries may cause reduction in demand, delay in payments, and penalties, and in the worst-case scenario financial default of the buyers due to excessive costs associated with changes. The event of changes in customs regulations may have an adverse effect on the Group's business and financial condition.

**1.3. Risks related to the Group's business and industry**

**1.3.1. Volatility in agricultural commodity prices and raw material availability may adversely affect the Group's margins and cash flow**

The Group acts as an intermediary in international trade between animal origin product and grain producers and consumers (producers of poultry, livestock, animal feeds, pet food and aquafeed, organic fertilizers, and local wholesalers). Price fluctuations are a risk to the Group, however, the Group is obtaining binding purchase agreements from its customers even before the consignments are shipped out of the port of origin. Nevertheless, there is a certain amount of goods that is procured and delivered to country of destination before the volume is sold. As such, in cases when the value of the consignment decreases after having conducted the shipment, the Group is exposed to a decrease in revenue, thus exposing it to the agricultural commodity price risk.

Furthermore, the availability of the raw materials is directly related to global demand for meat and meat products. If the global demand for meat declines, the Group may face the risk of insufficient supply of raw material and increased cost of products that may make the product offered by the Group relatively less attractive to the customer from its original suppliers and might need to seek other sources.

Considering the Group's operating cost base concentration (majority of costs is due to raw materials and transportation costs) and since the Group usually operates with short-term supply contracts (up to three months) and does not utilize any form of price hedging, market volatility has a direct impact on its operating margins and cash flows.

While such an approach is more flexible for a product trading company, allowing for higher operating margins and management indicated that the market volatility in prices can be transferred in full to the end-clients, the prices are volatile and can be hard to predict more than a few months ahead.

**1.3.2. Revenue concentration in specific region may pose a risk, despite a diversified end-client base and structural mitigants**

The revenue base of the Group is somewhat concentrated, as 71% of the sales account for the Group's Subsidiaries serving clients in Asia and Africa. However, the end client base of the Group entities is significantly more diversified, including more than 245 end - clients. To mitigate the risk of related party concentration, SIA Afrifeed, registration number in the Republic of Latvia: 40203453472, which is the parent entity for the Africa region Subsidiaries, is included as the Guarantors of the Bonds.

**1.3.3. Exposure to foreign exchange risk, particularly in emerging markets, may adversely affect the Group's profitability despite hedging measures**

The Group purchases the goods from its suppliers predominately in Euro (more than 90% of purchases), while most of its sales are denominated in US dollars (more than 90% of sales). The Group has an ongoing currency hedging contract to mitigate any USD/EUR rate fluctuations. While the Group tries to minimise the local currency risk in the end local markets where it sells its products to end-customers (countries in Africa and Asia as of the date of these Terms), by converting the sums to hard currencies as soon as possible, it does face risks exposed to local currency fluctuations.

To mitigate any risks related to fluctuations in local currency, the Group's Subsidiaries in the local countries are actively working with the local banks to implement currency hedging instruments. In addition, the Group is employing an internal procedure of fixing the exchange rate at a 2%-3% margin at the time of calculation of sales prices and conclusion of contracts to further mitigate the currency risk. However, given the lack of hedging instruments for the local currencies the Group earns as a result of its operations in African and Asian markets, the Group remains exposed to fluctuations in exchange rates, which can leave a material adverse impact on the Group's profitability.

**1.3.4. The Group's strong supplier relationships are critical to its operations, and any disruption may adversely affect its market position and financial performance**

One of the pillars of the success of the Group lies in its strong relationship with suppliers. Moreover, the field of animal feed ingredient product trading is considered as reserved business environment and is built on business partners' mutual trust obtained within the continuous business cooperation and strong reputation. Therefore, for the new entrants to this business segment, it is almost or impossible to cooperate and purchase raw materials from the suppliers. The Group currently cooperates with suppliers such as Saria and Darling Ingredients, who are two of the largest producers of animal proteins and fats in the world. In addition, the Group is currently exporting more than 10% of goods in its niche, hence holding a very strong position in the market that has created strong ties with suppliers and off takers.

While the existing relationships with suppliers create a barrier to entry which enhances the Group's ability to maintain its dominant market position, any disruption to the supply chain caused by the issues with the Group's suppliers can have an adverse effect on its revenues, financial condition and competitive position. In addition, any disruption in the mutual trust between the Group and its main suppliers can have an adverse effect on Group's operational efficiency and financial condition.



**1.3.5. The Group is exposed to risks related to the management of inventory, including dependency on third-party providers of storage facilities**

The Group faces risks related to the management of its inventory, primarily due to the volatility in prices of agricultural byproducts and animal feed ingredients. These prices are subject to fluctuations influenced by factors such as supply and demand, government policies, and global market trends, which are beyond the Group's control. Such volatility can lead to significant changes in the value of the Group's inventory, potentially resulting in write-downs or losses if market prices decline. Additionally, increases in commodity prices may require the Group to commit more working capital to maintain its inventory levels, which could impact its liquidity.

In addition, as a trader of animal feed ingredients, the Group faces risks related to inventory quality and logistics. Spoilage, contamination, or regulatory non-compliance could render inventory unsaleable, which can have an adverse impact on the revenue and deteriorate the financial condition of the Group. Furthermore, given the Group's global operations across Europe, Asia, Africa, and South America, logistical disruptions, such as shipping delays or port congestions, could further impair inventory turnover and subsequently exert pressure on operational efficiency of the Group.

Furthermore, the Group relies on third parties to provide storage services in the end-markets. As such, there exists a risk of theft and other mischievous actions that are beyond the control of the Group, which can result in the deterioration in financial standing and operational efficiency of the Group.

**1.3.6. The Group is exposed to risks related to the dependency on the third-party providers of transportation services**

The Group relies on third parties to transport its products over large geographical distances. This dependency exposes the Group to disruptions in their operational and financial capacity, which can adversely affect the Group's ability to both provide seamless and timely services to its customers and maintain its competitive cost base. In addition, the dependency on shipping exposes the Group to fluctuations in freight costs. Disruptions in transportation services can potentially be adversely affected by external factors such as unfavourable weather conditions, labour unrest, geopolitical tensions, or other unforeseen events and hinder the Group's ability to supply products to its customers. Further, any transportation delays arising from factors outside the Group's control, including, but not limited to, the factors mentioned above, could adversely impact the Group's ability to meet consumer demand and may result in fewer sales. Any of these risks could have a material adverse effect on the Group's business, results of operations and financial conditions.

**1.3.7. Increased financial leverage following the Bond issue may limit the Group's financial flexibility and increase its vulnerability to adverse conditions**

The financial leverage of the Group will increase as a result of the Bonds issue, which could result in negative consequences for the business and operations. Such consequences would include, but are not limited to, requiring the Group to dedicate a substantial portion of its cash flow to payments on the debt, increasing vulnerability to a downturn in business or general economic conditions, placing the Group at a competitive disadvantage relative to competitors with lower leverage, limiting flexibility in reacting to competition or changes in the business or industry. Any of these or other consequences or events could have a material adverse effect on the Group's ability to satisfy its obligations on Financial Indebtedness.

**1.3.8. Inadequate internal processes or controls may expose the Group to operational risks and compliance failures**

Operational risk is a possibility of experiencing losses due to insufficient or unsuccessful internal processes, personnel management, systems, or external circumstances. Thorough personnel selection is carried out, accurate descriptions of job duties are compiled, division of duties is coordinated, which allows the Group and management to reduce operational risks. The Group's internal controls, procedures, compliance systems and risk management systems may prove to be inadequate to prevent and discover previous or future breaches of laws and regulations and generally to manage risks which could have a material adverse.

**1.3.9. Lack of a comprehensive intellectual property protection strategy may expose the Group to infringement risks and loss of competitive advantage**

As of the date of the Terms of the Bonds Issue the Group has not developed any long-term and sustainable intellectual property rights protection strategy, by applying relevant intellectual property rights protection mechanisms, such as registration of trademarks in the appropriate categories, provision of evidences and etc. In addition, for the cases of branded product, the Group has not protected its ownership or uniqueness of the used product recipes, but its brand names are protected. The Group cannot guarantee that third parties will not infringe upon its intellectual property rights, for instance by using its trade names and that its intellectual property rights may not be challenged by third parties in the future, including by competitors.

**1.3.10. Dependence on key personnel and lack of post-employment restrictions may expose the Group to talent retention and competitive risks**

As of the Issue Date, the Group employs 43 full-time employees. The Group's employees are a significant part of the business success. Therefore, it is of high importance for the Group to have a professional and highly skilled team of employees with low employee turnover rate. To retain and motivate its personnel, the Group has a performance bonus scheme in place.

The Group's management is employed based on the employment contracts, which are protected by the Labour Law and does not provide the scope derived from Commercial Law against management of the company. The agreements do contain protection of commercial secrets and non-competition during employment, but does not include any non-compete and non-solicitation provisions, after termination of labor contracts. Thus the Group is not protected against competitive activities (including solicitation of its clients) by any of the Group's employee after termination of employment contracts.

**1.3.11. Disruptions or failures in IT systems and cyber threats may significantly impair the Group's operations and reputation**

The Group's ability to manage critical business operations depends on the ability of its IT systems, including the IT infrastructure, and processes to work effectively and securely without interruptions. There is a risk, these systems will be disrupted by, for example, software failures, computer viruses, hacking, ransomware, sabotage and physical damage, and the high pace of change in the overall IT environment introduces increases risk of data breaches. For the performance of all the internal communication and the possibility to conduct all forms of work, and for the maintenance of all external communication and customer relations, the everyday functionality of the IT system is of vital importance. Therefore, any malfunction within these areas constitutes a risk that would severely impair the performance of the Group and the services offered to customers. There is also the

underlying risk such a failure, or major disruption or difficulties in maintaining, upgrading and integrating these systems, may lead to a degraded reputation for the Group among their customers. Any intrusion into their IT systems, for example, from increasingly sophisticated attacks by cybercrime groups, could disrupt their business, resulting in the disclosure of confidential information and/or create significant financial and/or legal exposure and the risk of damage to their reputation and/or brand. The degree to which IT failure and the materialization of any IT risk may affect the Group is uncertain and presents a significant risk to their operations.

**1.3.12. Natural disasters and other unforeseen business disruptions may adversely affect the Group's operations and financial condition despite existing contingency measures**

**12**The Group's operations are vulnerable to damage or interruption from various natural disasters and business disruptions, such as fire, flood, power losses, telecommunication failures, terrorist attacks, acts of war, human error, and other events.

A significant natural disaster could have a material adverse impact on their ability to conduct its business, and insurance coverage may be insufficient to compensate losses that may occur. Although the Group has implemented business continuity plans, any of these occurrences may have a material adverse effect on the Group's business, financial condition, results of operations and cash flows.

**1.3.13. Changes in tax laws or exposure to additional tax liabilities could have a material impact on the Group's financial condition and results of operations**

The Group currently operates in European Union and exports goods to Asia and Africa all with different tax regimes. Changes to local tax regimes or challenges to the current tax structures of the Group's business could have a material adverse effect on the business operations, financial conditions, or results of operations and cash flows of the Group. Additionally, certain tax positions taken by the Group require the judgement of management and, thus, could turn out to be inefficient or challenged by tax authorities due to the possible erroneous interpretation of tax legislation.

**1.4. Risks related to the Notes**

**1.4.1. The Issuer may face refinancing or repayment risks at Maturity Date, which could impact its ability to fulfil obligations under the Notes**

On the Maturity Date, the full principal amount of the Notes, along with any accrued and unpaid interest, will be due and payable. The Issuer may not be in a position to repay or refinance these obligations. If the Maturity Date coincides with circumstances that prevent the Issuer from repaying the Notes, the Issuer might seek waivers from lenders and holders under those agreements or attempt to refinance the borrowings that include such restrictions. If the Issuer is unable to secure these waivers or refinance the borrowings, it will not be able to repay the Notes and/or pay the Coupon. If the Issuer fails to perform its monetary obligations, the Noteholders are entitled to enforce the Guarantee in accordance to these Terms and the Guarantee.

**1.4.2. As unsecured instruments, the Notes are subordinated to secured obligations and expose Noteholders to higher recovery risk in the event of insolvency**

The Notes are unsecured debt instruments that are not secured by any assets of the Issuer or Guarantors and that are guaranteed by the Guarantors and are therefore exposed to the risk that insufficient assets will be available to satisfy claims. The Noteholders would be unsecured creditors in the event of the Issuer's or any Guarantor's insolvency. In the event of a default by the Issuer under these Terms, if the Issuer fails to fulfil any of its obligations under these Terms or the Final Terms of the relevant Issue, the claims of the Noteholders will be enforceable against the Issuer and the

Guarantors in accordance with the provisions of these Terms, the Final Terms of the relevant Issue and the Guarantees. If the Issuer fails to perform its monetary obligations, the Noteholders are entitled to enforce the Guarantees in accordance with these Terms and the Guarantees. In the event of insolvency of the Issuer or any Guarantor, the Issuer's or the Guarantor's assets will be used for settling the claims of the Noteholders and other unsecured creditors only after the claims of the secured creditors and other preferential creditors are satisfied.

As of the date of these Terms, the Issuer has a Bank Loan from Signet Bank that includes a guarantee from Latvia's state-owned development finance institution ALTUM and is secured with Bank Loan Collaterals. The maturity of the Bank Loan is 1 September 2025 with the option to be extended for one more year, and the maximum limit of the Bank Loan is EUR 5'000'000. As of the date of these Terms, the Group has used EUR 5'000'000 million of the Bank Loan facility.

**1.4.3. The Issuer and Guarantors may incur additional debt or grant Security, which could weaken the Noteholders' position and recovery prospects in insolvency**

The Issuer and the Guarantors are not prohibited from issuing further notes or incurring other debt or restricted from granting security on any existing or future indebtedness, subject, in the case of the Issuer only, to fulfilment of financial covenants provided in Section 12 (*Financial Covenants*) and other restrictions and procedures generally imposed on the borrowers by the lenders. The Guarantors are not required to comply with the financial covenants and may incur indebtedness or grant security without restriction. If the Issuer incurs significant additional debt or grants additional security, the Issuer's ability to service its Financial Indebtedness, including the Notes, might deteriorate, the amount recoverable by the Noteholders in case of insolvency proceedings of the Issuer might decrease, and the position and priority of Noteholders in such case might worsen. Similarly, if any Guarantor incurs significant additional debt or grants additional security, it may adversely affect the Guarantor's ability to fulfil its obligations under the Guarantee, and in the event of insolvency of such Guarantor, the recoveries available to Noteholders under the Guarantee may be reduced, and the ranking and enforcement of Noteholders' claims against that Guarantor may be adversely affected.

However, to mitigate this risk, these Terms limit the creation of additional Security by the Issuer to specific categories defined as Permitted Security. Furthermore, the creation of any such Permitted Security is conditional upon the Issuer's ongoing compliance with all financial covenants under Section 12 (*Financial Covenants*), thereby providing a degree of protection for Noteholders against excessive leverage or deterioration in credit quality.

**1.4.4. There is no established trading market for the Notes**

If an actual trading market does not develop for the Notes, the Investor may not be able to resell them quickly, for the price that the Investor paid or at all. Neither the Issuer nor any individual guarantees the minimum liquidity of the Notes. Therefore, Noteholders should be aware that they may not be able to sell their Notes or may encounter difficulties in selling them on the secondary market at fair market value or at all.

**1.4.5. The price of the Notes may be volatile and the market price of the Notes may drop below the initial price the Noteholders paid for the Notes**

The market prices of the Notes are influenced by various factors, including changes in interest rates, central bank policies, EURIBOR fluctuations, overall economic conditions, and demand for the Notes. Neither the Issuer nor any individual commits to maintaining a specific price level for the Notes. As a result, the Noteholders face the risk of unfavourable price changes if they sell the Notes before

maturity. However, if the Noteholder holds the Notes until maturity, they will be redeemed at their Nominal Value.

**1.4.6. The Issuer may choose to repurchase or redeem the Notes when prevailing interest rates are relatively low, including in open market purchases**

According to these Terms, the Issuer has the right to redeem the Notes prematurely. If this right is exercised, the return on investment for the Notes may be lower than initially anticipated, as the Noteholders may struggle to reinvest the redemption proceeds in a similar security with an effective interest rate comparable to that of the redeemed Notes. Additionally, the Issuer's redemption right may negatively affect the Noteholder's ability to sell the Notes.

**1.4.7. Changes in tax rates may impact net payments related to the Notes**

Tax rates and payment procedures applicable at the time of purchasing the Notes for tax residents, non-residents of Latvia, and residents of other countries, may change. The Issuer will not cover any increase in taxes for Investors, which means Investors may receive smaller net payments related to the Notes.

**1.4.8. Decisions of the Majority Noteholders may affect individual rights of the Noteholders**

The decisions made by the Majority Noteholders are binding on all Noteholders. Consequently, the Noteholder risks being outvoted by a majority resolution from other Majority Noteholders. This means that certain rights of the Noteholders against the Issuer may be modified, reduced, or even revoked without their consent.

**1.4.9. Some Noteholders might have more preferential terms than others**

While the Issuer will endeavour to uphold the proportional reduction principle in the final allocation of the Notes, if the total number of subscribed Notes exceeds the available amount, the Issuer reserves the right to refuse all or part of the subscribed Notes to any Noteholder based on perceived risks that may be subjective and not directly measurable. Consequently, the proportionality principle may not be upheld. Additionally, the Issuer has the right to sell the Notes at a price below their Nominal Value to selected Noteholders and/or enter into agreements that grant additional rights to specific Noteholders deemed particularly important for the Notes issue based on their investment size or expertise. This could result in some Noteholders receiving preferential investment terms compared to others. This means that certain rights of the Noteholders against the Issuer may be modified, reduced, or even revoked without their consent.

**1.4.10. Investors may be exposed to foreign exchange risk if they measure returns in a currency other than EUR**

The Notes will be denominated and payable in EUR. If Investors measure their investment returns in a currency other than EUR, an investment in the Notes will entail foreign exchange-related risks. These risks arise due to factors such as significant changes in the value of the EUR relative to the currency by reference to which Investors measure their returns, influenced by economic, political, and other factors beyond the control of the Issuer. Depreciation of the EUR against the currency in which Investors measure their returns could cause a decrease in the effective yield of the relevant Notes below their stated coupon rates and could result in a loss for Investors when the return on such Notes is translated into the currency used for performance measurement.

**1.4.11. Admission to trading on First North may be rejected or discontinued, which could affect the liquidity and marketability of the Notes**

After registration of the Bonds the Issuer plans to request admission to trading of the Notes on the Multilateral Trading Facility (MTF) First North operated by Nasdaq Riga. There is a risk Nasdaq Riga will not accept the Notes to be admitted to trading on First North or order the Notes are delisted from First North before maturity after admission to trading has taken place due to changes in legal acts, including Nasdaq Riga regulations, or recommendations by the Bank of Latvia.

**1.4.12. The effectiveness of the Guarantees depends on the Guarantors' financial condition and may be subject to legal procedural limitations**

For the purposes of guaranteeing the Notes, the Guarantors provide a Guarantees in favour of the Noteholders as the Issuer itself (in Latvian: *kā pats parādnieks*); it is not the first demand guarantee. The Guarantors will be able to use the same defences as the Issuer. The Guarantees provide the Noteholders to claim payments against the Guarantors, if the Issuer fails to perform its monetary obligations under the Terms and the Final Terms of the relevant Issue. Therefore, the financial condition of the Guarantors will be the key risk factor in fulfilling the performance of these Guarantees. The Guarantees are only as strong as the Guarantors' financial condition, and there is no certainty that the Guarantors will be able to meet their obligations under the Guarantees. Enforcement of the Guarantees may be subject to legal and procedural requirements of the jurisdiction of the Guarantors, which may cause delays or affect the enforceability of claims.

The Guarantors are bound by the Guarantees, not Terms or the Final Terms of the relevant Issue, and unless specifically stated in the Guarantees the Noteholders have no right to give any instructions to the Guarantors and the Guarantors are under no obligation to request or follow such instructions.

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## **REPRESENTATIONS AND WARRANTIES, RESPONSIBILITY STATEMENT REPRESENTATIONS AND WARRANTIES**

The Issuer shall, in accordance with these Terms, issue the Notes and perform the obligations arising from the Notes to the Noteholders. The Issuer shall be liable to the Noteholders for the due and complete fulfilment of its obligations under the Notes. The Issuer represents and warrants to the Noteholders that:

- (a) the Issuer is duly incorporated and validly existing as a legal entity in its jurisdiction of incorporation, and operating under the Applicable Laws of the jurisdiction of its incorporation;
- (b) all the Issuer's obligations assumed under the Notes are valid and legally binding to it and the performance of these obligations is not contrary to Applicable Law, its constitutional documents, or any agreement concluded by the Issuer;
- (c) the Issuer has all the rights and sufficient authorizations to issue the Notes and fulfil other obligations under the Notes;
- (d) the Guarantors have all the rights and sufficient authorisations to issue the Guarantees and fulfil other obligations under the Guarantees;
- (e) the Issuer has performed all the formalities required for issuing the Notes and fulfil other obligations under the Notes;
- (f) all information that is provided by the Issuer to the Noteholders in these Terms is true, accurate and complete and not misleading in any material respect;
- (g) the Issuer and the Guarantors are solvent, able to pay their debts as they fall due, there are no liquidation or insolvency proceedings pending or, to the knowledge of the Issuer, initiated against the Issuer or any of the Guarantors;
- (h) there are no legal or arbitration proceedings pending or, to the knowledge of the Issuer, initiated against the Issuer or any of the Guarantors, which may have, or have had a significant effect on the Issuer's financial position or profitability;
- (i) there are no criminal proceedings pending or, to the knowledge of the Issuer, initiated against the Issuer or any Guarantor;
- (j) the Issuer shall not, and shall procure that none of its management board members, officers, employees, or agents, use the proceeds from the Notes: (i) to fund, finance, or facilitate any activities or business of or with any person that is, or is owned or controlled by persons that are, or in any country, region or territory, that, at the time of such funding, financing or facilitating is, or whose government is, the target of Sanctions; or (ii) in any other manner that would result in a violation of Sanctions by any person (including, any person participating in the subscription of Notes, whether as a lender, underwriter, advisor, investor, or otherwise).

The Issuer's representations and warranties above are valid on the Issue Date of each Issue and will remain valid until the fulfilment of all obligations arising from the Notes.

## **RESPONSIBILITY STATEMENT**

The Issuer, represented by the members of its management board, accepts responsibility for the information contained in these Terms and declares that the Issuer and its management board have taken all reasonable care to ensure that the information contained in these Terms is, to the best of the Issuer's knowledge, true, accurate and complete, not misleading in any material respect and no information which may affect its meaning is concealed therein.

On behalf of SIA "L. J. LINEN"

Jānis Kuļikovskis

Chairman of the Management Board

Zane Kuļikovska

Member of the Management Board

Līvija Kuļikovska

Member of the Management Board

Ivanda Leja

Member of the Management Board

*This document is signed electronically with secure electronic signatures containing a time stamp.*



## TERMS OF THE PROGRAM FOR THE ISSUANCE OF UNSECURED (GUARANTEED) NOTES

### 1. USE OF THE PROCEEDS

- 1.1. The Issuer expects to receive net proceeds of up to EUR 10,000,000.00 (ten million Euro) from the issue of the Notes under the Program. The net proceeds of the issue of the Notes, less total expenses, will be used by the Issuer to finance the Issuer's growth plans and for general corporate purposes.

### 2. GENERAL INFORMATION

- 2.1. The Notes are issued in accordance with these Terms and the Final Terms of the respective Issue in one or several Issues. Specific terms and conditions specified in the applicable Final Terms of the respective Issue may be different in respect of each individual Issue. To identify each Issue, the Final Terms shall stipulate a serial number of the respective Issue.
- 2.2. The Issuer is entitled to issue the Notes under the Program within a period of 60 calendar months commencing from the Issue Date of the first Issue (the "**Program Period**"). During the Program Period, the Issuer may issue and the Noteholders may subscribe to Notes in accordance with the provisions set out herein and in the Final Terms of the respective Issue. For the avoidance of doubt, the Maturity Date of any Notes issued under the Program may extend beyond the Program Period.
- 2.3. The Notes are bearer securities and any individual or entity that holds the Notes in his/her securities account has the right to receive Coupon and the Nominal Value payments.
- 2.4. It is planned to issue the Notes with a Nominal Value of EUR 1,000.00 (one thousand Euro) for one Note and the total Nominal Value of the Notes issued under the Program of up to EUR 10,000,000.00 (ten million Euro). The total Nominal Value of each Issue is set out in the Final Terms of the respective Issue.
- 2.5. Notes making up the same Issue are fungible. Unless the Notes to be issued further in the following Tranche are subject to identical terms, except that the Issue Dates and the Issue Prices thereof, or unless in accordance to ISIN standards Nasdaq CSD assigns the same ISIN, each Issue will be assigned a separate ISIN, which will be different from the ISIN of other Issue. Before each Issue, Nasdaq CSD, upon request of the Issuer, will assign to the respective Issue an ISIN. The ISIN of the respective Issue will be specified in the Final Terms of the respective Issue.
- 2.6. The minimum subscription amount for the Notes during the initial offering is EUR 100,000.00 (one hundred thousand Euro) with the minimum step of EUR 1,000.00 (one thousand Euro).

### 3. APPLICABLE LAW AND DISPUTE RESOLUTION

- 3.1. The Notes issue is not a public offering within the meaning of the Financial Instrument Market Law (in Latvian: *Finanšu instrumentu tirgus likums*) (it is a private placement) and other Applicable Laws of the Republic of Latvia that are in force, including regulations of the Bank of Latvia, Nasdaq CSD and Nasdaq Riga.
- 3.2. All disputes between any one or more Noteholders and the Issuer shall be settled in the state courts of the Republic of Latvia in accordance with the Applicable Laws. These Terms and

the Final Terms are prepared and signed in English and any translations of these Terms and the Final Terms into another language (if any) are unofficial and made exceptionally for the Potential Investors' or Noteholders' convenience. In case of any divergences between the text of these Terms and Final Terms in English and any of its translations into another language (if any), the English text shall prevail.

**4. FORM AND ACCOUNTING OF THE NOTES**

The Notes are issued in dematerialised form and will be recorded in the Latvian SSS (securities settlement system governed by the Applicable Laws), which will provide the custody function for the Notes. The Noteholders may hold the Notes through Nasdaq CSD participants participating in the Latvian SSS.

**5. CURRENCY OF THE NOTES**

Currency of the Notes is EUR (Euro).

**6. STATUS OF THE NOTES**

The Notes rank *pari passu* with other senior unsecured obligations of the Issuer. In case of the insolvency of the Issuer, the Noteholders will be entitled to recover their investment on the same terms as other senior unsecured creditors in the respective claims' Issuer according to the relevant Applicable Laws. Save for mandatory provisions of Applicable Law, there are no contracts or other transaction documents that would subordinate the claims of the Noteholders to other unsecured liabilities of the Issuer. If the Issuer fails to perform its payment obligations under these Terms or the Final Terms of the respective Issue, the Noteholders are entitled to enforce the Guarantee according to these Terms and the Guarantee.

**7. RIGHTS AND RESTRICTIONS CONNECTED WITH THE NOTES**

- 7.1. Each Noteholder has the right to receive Coupon and Nominal Value payments in accordance with Section 10 (*Coupon*) and Section 11 (*Repayment of Notes*), as well as exercise other rights provided in these Terms, Final Terms of the respective Issue and Applicable Laws.
- 7.2. The Issuer has the right to purchase the Notes on the secondary market directly from the Noteholders. The Notes that are purchased by the Issuer are held in the Issuer's financial securities custody account and the Issuer has the right to sell the purchased Notes to Potential Investors and other Noteholders. The Issuer may not cancel the purchased Notes held in the Issuer's financial securities custody account, therefore decreasing the size of the Notes issue, until no less than 2 (two) weeks remain until the Maturity Date of the respective Issue. Following that point, the Issuer may proceed with the cancellation of such Notes.
- 7.3. The Notes held by the Issuer and the Related Party are not eligible to participate in the voting in accordance with these Terms.

**8. RESTRICTIONS ON FREE CIRCULATION OF THE NOTES**

- 8.1. The Notes are freely transferable debt securities and may be pledged. However, the Notes cannot be offered, sold, resold, transferred, or delivered in such countries or jurisdictions or otherwise in such circumstances in which it would be unlawful or require measures other than those required under the Applicable Laws of the Republic of Latvia.
- 8.2. Any Noteholder wishing to transfer or offer the Notes must ensure that any offering related to such transfer or offer would not be qualified as a public offering in the meaning of the Applicable Laws of the Republic of Latvia. According to these Terms, it is the obligation and

liability of the Noteholder to ensure that any offering of the Notes does not fall under the definition of public offering under the Applicable Laws of the Republic of Latvia.

- 8.3. Each Noteholder shall inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Notes. When offering, selling, reselling, transferring or delivering any of the Notes, a Noteholder shall be responsible for complying with all relevant laws, including Applicable Laws, at its own cost and expense. The Issuer shall not be responsible to ensure compliance with such laws by the Noteholder. The Issuer is not obliged to take any action in any jurisdiction that would or is intended to permit a public offering of the Notes or the possession, circulation or distribution of any document or other material relating to the Issuer or the Notes in any jurisdiction, where action for that purpose is required.

## **9. FIRST SETTLEMENT DATE OF THE ISSUE**

The First Settlement Date (Issue Date) of the respective Issue, on which the Coupon starts to accrue, is set out in the Final Terms of the respective Issue.

## **10. COUPON**

### **10.1. Annual Coupon Rate**

- 10.1.1. The Annual Coupon Rate for the Notes of the respective Issue is set out in the Final Terms of the respective Issue.

### **10.2. Coupon payment procedure**

- 10.2.1. Coupon payments are made on each Coupon Payment Date. Coupon payments are made on the last Business Day of each calendar month, except the first Coupon payment. The first Coupon Period commences on the Issue Date and ends on the first Coupon Payment Date, which shall be stated in the Final Terms. The last Coupon payment will be made on the Maturity Date.
- 10.2.2. The Coupon record date is the 5th (fifth) Business Day prior to the Coupon Payment Date. At the end of the Coupon record date the list of the Noteholders, who are eligible for the Coupon payments, will be fixed. The Coupon payment shall be made to the Noteholders in accordance with the relevant Noteholders' list on each Coupon Payment Date for the preceding Coupon Period.
- 10.2.3. The Issuer shall pay the Coupon through the intermediary of Nasdaq CSD and in accordance with the applicable Nasdaq CSD regulations, which regulate the procedure for paying income from debt securities. The Nasdaq CSD regulations applicable on the date of these Terms are the Nasdaq CSD Rulebook and Corporate Action Service Description.
- 10.2.4. If the Issuer has failed to make Coupon payments in accordance with the deadlines specified in these Terms, the Noteholders shall have the right to submit claims regarding the payment of the Coupon not earlier than after 20 (twenty) Business Days following the payment date of the relevant Coupon or to enforce the Guarantee in accordance with Section 19 (*Guarantee*) of these Terms and the Guarantee.

### **10.3. Coupon calculation**

- 10.3.1. Monthly Coupon payments, except for the first Coupon payment, shall be calculated according to the following formula:

$CPN = F * C / 12$  or  $CPN\% = C / 12$ , where

CPN – the amount of the Coupon payment in EUR per Note;

F – Nominal Value of one Note;

C – annual Coupon rate (%).

The first coupon payment on the first Coupon Payment Date is determined according to the following formula:

$CPN1 = F * C * n / 360$ , where

CPN1 – the amount of Coupon payment in EUR per Note on the first Coupon Payment Date;

F – Nominal value of one Note;

C – annual Coupon rate (%);

n – number of days since the Issue Date calculated on a 30-day basis.

#### **10.4. Accrued Coupon Calculation**

- 10.4.1. The first Coupon for the respective Issue starts to accrue on the First Settlement Date of the respective Issue. The accrued Coupon is calculated presuming there are 360 (three hundred and sixty) days in one year (day count convention – “European 30/360”).

Accrued interest between Coupon Payment Dates shall be calculated as follows:

$AI = F * C / 360 * D$ , where:

AI – accrued interest of one Note;

F – Nominal Value of one Note at the beginning of the relevant month, i.e., the initial Nominal Value at the time of the issue of a Note of the respective Issue, as may be reduced by the redemption or repurchase amounts paid during the previous periods in accordance with these Terms;

C – annual Coupon rate (%);

D – the amount of days from the beginning of the Coupon accrual period according to the European 30/360-day count method.

### **11. REPAYMENT OF NOTES**

#### **11.1. Repayment at maturity**

- 11.1.1. The Nominal Value of one Note is EUR 1,000 (one thousand Euro) and the Issuer will repay the Nominal Value of the Notes of the respective Issue at the Maturity Date of the respective Issue.
- 11.1.2. The Issuer will pay the Nominal Value in accordance with the Nasdaq CSD intermediary and applicable Nasdaq CSD regulations. Nasdaq CSD regulations applicable on the date of these Terms are Nasdaq CSD Rulebook and Corporate Action Service Description. The Nominal Value of the Notes of the respective Issue will be paid on the Maturity Date of the respective Issue. The list of the Noteholders eligible to receive the Nominal Value of the respective issue and Coupon will be fixed at the end of the previous Business Day before the Maturity Date of the respective issue.
- 11.1.3. If the Maturity Date of the Notes of the respective Issue is not a Business Day, the Issuer will pay the Nominal Value of the Notes on the next Business Day after the Maturity Date of the

respective Issue. The postponement of the payment date shall not have an impact on the amount payable.

- 11.1.4. If the Issuer fails to make the Nominal Value payment in accordance with the deadlines specified in these Terms, the Noteholders shall have the right to submit claims regarding the repayment of the Nominal Value not earlier than after 20 (twenty) Business Days following the Maturity Date or to enforce the Guarantee in accordance with Section 19 (*Guarantee*) of these Terms and the Guarantee.

## **11.2. Early redemption at the option of the Issuer (call option)**

- 11.2.1. The Issuer may redeem the Notes issued under any Issue, in whole or in part, during the first 12 (twelve) calendar months following the Issue Date of the first Issue by paying 102% (one hundred and two percent) of the Nominal value of the redeemed Notes, accrued and unpaid Coupon, and Coupon for the remaining period from the redemption date until the start of the 13<sup>th</sup> calendar month.
- 11.2.2. Starting from the 13<sup>th</sup> calendar month and until the end of the 24<sup>th</sup> calendar months after the Issue Date of the first Issue the Issuer may redeem the Notes, in whole or in part, by paying 102% (one hundred and two percent) of the Nominal Value amount of the redeemed Notes plus accrued and unpaid Coupon.
- 11.2.3. Starting from the 25<sup>th</sup> calendar month after the Issue Date of the first Issue and until 6 (six) calendar months before the Maturity Date the Issuer may redeem the Notes, in whole or in part, by paying 101% (one hundred and one percent) of the Nominal Value amount of the redeemed Notes plus accrued and unpaid Coupon.
- 11.2.4. During 6 (six) calendar months before the Maturity Date the Issuer may redeem the Notes, in whole or in part, by paying 100% (one hundred percent) of the Nominal Value amount of the redeemed Notes plus accrued and unpaid Coupon.
- 11.2.5. The Issuer may redeem the Notes in part in amount calculated in accordance with Clause 11.2.1., 11.2.2, 11.2.3 or 11.2.4 (as applicable) provided that any partial redemption amount shall be for an amount at least 10% (ten percent) of the principal amount of the outstanding Notes.
- 11.2.6. If the Issuer takes a decision on early (full or partial) redemption of the Notes, the Issuer shall notify Nasdaq CSD and the Noteholders at least 20 (twenty) Business Days prior to the redemption date of the Notes, by publishing the notice on the Issuer's webpage and after the Notes are admitted to trading on First North: on Nasdaq Riga information system.
- 11.2.7. If the Issuer redeems the Notes, the Issuer will pay the redemption payment in accordance with the Nasdaq CSD intermediary and applicable Nasdaq CSD regulations. The Nasdaq CSD regulations applicable on the date of these Terms are the Nasdaq CSD Rulebook and Corporate Action Service Description. The list of the Noteholders eligible to receive the redemption payment will be fixed at the end of the previous Business Day before the redemption payment date.

## **11.3. Early redemption at the option of the Noteholders (put option)**

- 11.3.1. In case a Change of Control has occurred or is anticipated to occur the Issuer has the obligation (in case of anticipated Change of Control – a right) to inform the Noteholders by publishing a relevant notice with sufficient details on the Issuer's webpage and after the Notes are admitted to trading on First North: on Nasdaq Riga information system no later

than 20 (twenty) Business Days after the Change of Control has occurred and at any time before the anticipated occurrence of a Change of Control:

- (a) stating that the Change of Control has occurred or is anticipated to occur, and that each Noteholder within a period of 10 (ten) Business Days has the right to require the Issuer to redeem all of such Noteholder's Notes at a price equal to 101% (one hundred percent) of the Nominal Value plus accrued and unpaid Coupon;
- (b) stating the redemption date, which shall be not earlier than 10 (ten) Business Days and not later than 20 (twenty) Business Days from the date such notice is delivered to the Noteholders; however, if the notice is delivered prior to the occurrence of a Change of Control, the Issuer may state that the redemption of the Notes is conditional upon the occurrence of a Change of Control, in which case the Notes will be redeemed not later than 20 (twenty) Business Days following the occurrence of a Change of Control;
- (c) stating the record date;
- (d) stating that any Note redeemed will cease to accrue interest after redemption and any Notes not redeemed will continue to accrue interest;
- (e) describing the circumstances and relevant facts regarding the transaction or transactions that constitute a Change of Control; and
- (f) describing the procedures determined by the Issuer that the Noteholder must follow to have its Notes redeemed.

11.3.2. To exercise the Change of Control put option, the Noteholder must within a period of 10 (ten) Business Days after the date of publication of the Issuer's notice submit to the Issuer a duly signed and completed notice of exercise put option in the form provided by the Issuer. The completed form shall be submitted to the Issuer by the Noteholder directly (physically signed form delivered by post or courier or electronically signed delivered by e-mail) or indirectly via the Noteholder's Custodian. If no response from the Noteholder has been received within the designated time period, it shall be considered that the Noteholder will not execute its put option. No option so exercised may be withdrawn without a prior consent of the Issuer.

## **12. FINANCIAL COVENANTS**

The Issuer undertakes to ensure that the Group complies with the following financial covenants, commencing with the third quarter of the Financial Year 2025 and continuing for as long as any Notes are outstanding:

- (a) to maintain Interest Coverage Ratio of at least 3 (three) times, calculated for the Relevant Period at the end of each quarter;
- (b) to maintain Equity Ratio of at least 25% (twenty five percent) calculated for the Relevant Period at the end of each quarter;
- (c) to maintain Net Debt Leverage Ratio calculated for the Relevant Period at the end of each quarter (i) less than 4x (four times) until the second quarter of the Financial Year 2026 (including) and (ii) less than 3x (three times) starting from the third quarter of the Financial Year 2026.

The ratios provided in this Clause are calculated in accordance with the Accounting Principles.

### 13. UNDERTAKINGS

The Issuer undertakes to comply with the following undertakings from the Issue Date of the first Issue and for as long as any Notes are outstanding:

- (a) to ensure that the funds that are raised as a result of the Notes' Issue are used only in accordance with Section 1 (*The use of the proceeds*);
- (b) not to initiate or allow initiation of the Issuer's reorganization, liquidation or similar proceedings and not to reduce the share capital of the Issuer, except for the Permitted Restructuring;
- (c) not to make any substantial changes to the general nature of the business of the Issuer from that carried on the Issue Date (including, but not limited to, the commencement of any new business not being ancillary or incidental to the original business), and not to commence any new type of economic activity outside the scope of the Permitted Business, except where such activity is ancillary or incidental to the existing business or where revenue from such activity does not exceed 5% (five percent) of consolidated revenue of the Group;
- (d) not to pay dividends or make other distribution of profits to its shareholders except Permitted Distribution;
- (e) not to alienate, assign, modify, lease, invest or otherwise transfer the title and the right to use any trademark owned by the Issuer or the Subsidiary and the related rights to a third party;
- (f) not to alienate shares or any other participation in the Subsidiary to any third party outside of the Group, except at Fair Market Value and provided that all financial covenants under Section 12 (*Financial Covenants*) are satisfied immediately after respective alienation of shares or any other participation in the Subsidiary, except Arowana Exim PTE LTD;
- (g) all existing and future loans from the Issuer's shareholders to the Issuer must be subordinated to the Notes;
- (h) any transactions with Related Parties should be at a Fair Market Value or increasing the potential value for the Group;
- (i) to include Notes on First North operated by Nasdaq Riga within 12 (twelve) months after the Issue Date of the first Issue;
- (j) to publish on the Issuer's webpage and after the Notes are admitted to trading on First North: on Nasdaq Riga information system, consolidated unaudited quarterly reports for the Group with management comments in English, prepared according to the Accounting Principles, by the end of the second month following the end of each respective quarter. The reports should also include information whether the Group is compliant with the financial covenants set out in Clause Section 12 (*Financial Covenants*);
- (k) to publish on the Issuer's webpage and after the Notes are admitted to trading on First North: on Nasdaq Riga information system, standalone annual reports for the Issuer in English, prepared according to the Accounting Principles, within 4 (four) months after the end of each consecutive Financial Year. The annual reports should be audited by the Auditor;

- (l) to publish on the Issuer's webpage and after the Notes are admitted to trading on First North: on Nasdaq Riga information system, consolidated annual reports for the Group in English, prepared according to the Accounting Principles, within 6 (six) months after the end of each consecutive Financial Year. The annual reports should be audited by the Auditor;
- (m) the Issuer shall not create or permit to subsist any Security other than Permitted Security, upon the whole or any part of its present or future business, undertaking, assets or revenues to secure any Financial Indebtedness without at the same time or prior thereto securing the Notes equally and rateably therewith.

For avoidance of doubt, any point above does not limit or restrict any of the following:

- (i) reorganization of legal type of the Issuer from SIA (limited liability company) to AS (joint stock company); or (ii) performing any action in relation to preparation for or commencement of the IPO Event.

#### 14. EVENTS OF DEFAULT

14.1. Each of the following events or circumstances shall constitute an Event of Default:

- (a) **Non-payment:** the Issuer fails to pay any amount of principal in respect of the Notes on the due date for payment thereof or fails to pay any amount of Coupon in respect of the Notes on the due date for payment thereof, unless the payment is made within 20 (twenty) Business Days following the original due date. The Noteholders shall have the right to submit claims regarding failure to make payment not earlier than 20 (twenty) Business Days after the due date of the relevant payment;
- (b) **Breach of Financial Covenants:** The Issuer does not comply with any financial covenant set out in Section 12 (*Financial Covenants*), unless prior to or within 90 (ninety) calendar days of the earlier of: (i) the date on which the relevant Financial Report is to be published pursuant to these Terms; and (ii) the date that such a Financial Report was in fact published pursuant to these Terms for any Relevant Period in which such failure to comply was (or would have been) first evidenced ("**Breach Period**"), the Issuer has taken corrective actions to restore compliance with the financial covenants, including but not limited to: (i) receiving cash proceeds of new injections from the shareholders of the Issuer in a form of equity, Subordinated Debt, and such proceeds have been applied to reduce senior debt in an amount at least sufficient to ensure compliance with the financial covenants set out in Section 12 (*Financial Covenants*) (the "**Equity Cure**");

Any Equity Cure provided to the Issuer in respect of such Breach Period shall be deemed to have been provided during the Breach Period and shall be included (without double counting) in all relevant calculations of the financial covenants set out in Section 12 (*Financial Covenants*) until the date it was deemed provided falls outside any subsequent Relevant Period.

If after the Equity Cure the relevant financial covenant set out in Section 12 (*Financial Covenants*) is met, then the requirement thereof shall be deemed to have been satisfied as at the relevant original date of determination of an Event of Default occasioned thereby shall be deemed to have been remedied for the purposes of these Terms.



- (c) **Breach of Undertakings:** The Issuer does not comply with any undertakings set out in Section 13 (*Undertakings*), unless the non-compliance (i) is capable of being remedied and (ii) is remedied within 20 (twenty) Business Days after the Issuer becoming aware of the non-compliance.
- (d) **Cross Default:**
- (i) any Financial Indebtedness of the Issuer is neither paid when due nor within any applicable grace period;
  - (ii) any Financial Indebtedness of the Issuer is declared to be or otherwise becomes due and payable prior to its specified maturity, as a result of an event of default (however described);
  - (iii) any commitment for any Financial Indebtedness of the Issuer is cancelled or suspended by a creditor, as a result of an event of default (however described); or
  - (iv) any security securing Financial Indebtedness of the Issuer over any asset is enforced by a secured creditor;

provided, however, the aggregate amount of such Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (i) to (iv) above exceeds in total EUR 500'000 (Five hundred thousand euro) (or the equivalent thereof in any other currency), if there is no dispute on the obligation to pay and that the above does not apply to any Financial Indebtedness owed to the Related Party or Subordinated Debt.

- (e) **Insolvency:**
- (i) the Issuer is declared insolvent or bankrupt by a court of competent jurisdiction or admits inability to pay its debts in case of lawful claims, save for the claims by the Related Parties or within the Issuer;
  - (ii) the Issuer enters into any arrangement with majority of its creditors by value in relation to the restructuring of its debts or any meeting is convened to consider a proposal for such arrangement; or
  - (iii) an application to initiate insolvency or restructuring (including procedures such as legal protection process and out of court legal protection process) or administration of the Issuer or any other proceedings for the settlement of the debt of the Issuer is submitted to the court by the Issuer or by any Related Parties other than the proceedings or petitions which are being disputed in good faith and are discharged, stayed or dismissed within 90 (ninety) calendar days of commencement or, if earlier, the date on which it is advertised.

**14.2. Establishment of an Event of Default:**

- 14.2.1. Noteholders representing at least 10% (ten percent) of the principal amount of the outstanding Notes may by written notice to the Issuer declare the occurrence of Event of Default.
- 14.2.2. If the Issuer confirms that Event of Default in accordance with Clause 14.1 above has occurred or does not provide any information within 30 (thirty) Business Days of the receipt of the Noteholders' notice provided as per Clause 14.2.1, then the Issuer shall pay all Noteholders the Nominal Value of the Notes along with the accrued Coupon and default interest in accordance with Section 15 (*Default Interest*) within 20 (twenty) Business Days from the

occurrence of any of the aforementioned events, i.e., confirmation or non-response. If the Issuer is unable to pay, the Noteholders are entitled to submit the demand to enforce the Guarantee as per Section 19 (*Guarantee*).

- 14.2.3. The Issuer shall publish information regarding Noteholders representing at least 10% (ten percent) of the principal amount of the outstanding Notes declaring the occurrence of Event of Default and confirmation or denial of occurrence of Event of Default on the Issuer's webpage and after the Notes are admitted to trading on First North: on Nasdaq Riga information system, as well as on the Issuer's webpage.
- 14.2.4. For the avoidance of doubt, an Event of Default shall not be deemed established pursuant to this Clause 14.2 (*Establishment of an Event of Default*), if the Issuer notifies the Investors, within 30 (thirty) Business Days as set forth in Clause 14.2.2, that a circumstance, matter or event causing the relevant Event of Default to occur has ceased to exist or been remedied, or substantiates that the Event of Default did not occur.
- 14.2.5. For the avoidance of doubt, the Issuer or the Guarantor is entitled not to make any payments to an Investor or perform any of its obligations towards an Investor, if (a) such payment or performance would not comply with Applicable Laws (e.g., would breach any applicable Sanctions) or (b) the Issuer or the Guarantor, as applicable, acting reasonably and in good faith has requested an Investor to provide information or reasonable evidence regarding the inexistence of circumstances, events and matters that would cause a payment or performance to that Investor to be incompliant with Applicable Laws and the Investor has not delivered such information or evidence.

## 15. **DEFAULT INTEREST**

If the Issuer fails to pay to the Noteholders any amount payable by it under these Terms, then the Issuer shall pay to the Noteholders default interest (in Latvian: *nokavējuma procenti*) accruing on the overdue amount from the due date up to the date of actual payment at a rate which is 0.05% (zero point zero five per cent) per day.

## 16. **DISCLOSURE OF INFORMATION**

- 16.1. Up until the Maturity Date of the relevant Issue and as long as the Notes of that Issue are not admitted to trading on First North, the Issuer shall provide all information required by covenants directly to the Noteholders on the Issuer's webpage.
- 16.2. Unless it is provided otherwise in these Terms, as of the date when the Notes are admitted to trading on First North, all notices and reports to Noteholders shall be published on Nasdaq Riga information system, as well as on the Issuer's webpage.
- 16.3. Any notice or report published in a manner prescribed in Section 16 (*Disclosure of information*) shall be deemed to have been received on the same Business Day when it is published.

## 17. **FORCE MAJEURE**

- 17.1. The Issuer shall be entitled to postpone the fulfilment of its obligations under these Terms by publishing notice on the Issuer's webpage and after the Notes are admitted to trading on First North: on Nasdaq Riga information system, as well as on the Issuer's webpage, in case the performance is not possible due to continuous existence of any of the following circumstances (a "**Force Majeure Event**"):

- (a) action of any authorities, war or threat of war, armed hostility or a serious threat of it, including but not limited to enemy attacks, blockades, military embargoes, actions by a foreign enemy, general military mobilisation, military actions, declared and undeclared war, actions by a public enemy, commotions, acts of terrorism, diversions, piracy, disorders, invasion, revolution, coup, insurrection, mass unrest, expropriation, enforced withdrawal, takeover of enterprises, requisition;
  - (b) disturbances in postal, telephone, or electronic communications which are due to circumstances beyond the reasonable control of the Issuer and that materially affect the operations of the Issuer;
  - (c) any interruption of or delay in any functions of measures of the Issuer as a result of fire, frost or other similar disaster;
  - (d) any industrial action, such as strike, lockout, boycott or blockade affecting materially the activities of the Issuer; or
  - (e) any other similar force majeure hindrance.
- 17.2. In case of occurrence of a Force Majeure Event, the Issuer's fulfilment of the obligations may be postponed for the period of the existence of such respective circumstances and shall be resumed immediately after such circumstances cease to exist, provided that the Issuer shall put all best efforts to limit the effect of the Force Majeure Event and to resume the fulfilment of its obligations as soon as possible.
- 17.3. For the avoidance of doubt, an Event of Default shall not occur if a relevant event, matter or circumstance that would otherwise cause an Event of Default to occur is a Force Majeure Event.
- 18. REPRESENTATION OF THE NOTEHOLDERS**
- 18.1. Within the framework of the issue, it is not planned, yet not prohibited to create an organization of authorized persons, which would represent Noteholders. In case of the insolvency of the Issuer each Noteholder has the right to represent their own interests in creditors' meetings. The Noteholders will have equal rights for satisfaction of their claims with other creditors in the same claims' group.
- 19. GUARANTEE**
- 19.1. The Guarantor will guarantee the fulfilment of the Issuer's monetary obligations under the Notes issued under the Program.
- 19.2. The Guarantor's payment obligation arises only if any of the following conditions are met: (i) the Issuer has failed to make the respective payment within the deadline as stated under these Terms or the Final Terms of the respective Issue; and (ii) at least 20 (twenty) Business Days have passed following the occurrence of respective missed payment deadline; and (iii) the Noteholder has submitted to the Guarantor and the Issuer a respective demand for payment under the Guarantee, and the Issuer's relevant payment obligation under the respective Issue remains due and unpaid. Upon fulfilment of the above conditions, the Guarantor has to pay respective outstanding payment within 5 (five) Business Days after the receipt of the notification in accordance with the Guarantee.
- 19.3. The Guarantee is a surety (in Latvian: "*galvojums*") in accordance with the Civil Law of the Republic of Latvia. The Guarantor undertakes the Issuer's obligations under these Terms as the Issuer itself (in Latvian: *kā pats parādnieks*) and waives the right to request from the

Noteholders to direct any request regarding outstanding payments from the Issuer in the first place.

- 19.4. On or before the Issue Date the Guarantee is issued by the Guarantor to the Noteholders as creditors substantially in the same form as Annex 1 of these Terms. If in the subsequent Issues the Guarantor remains, on or before the Issue Date of the subsequent new Issue the Guarantor re-issues the Guarantee covering new Issue and previous Issue.
- 19.5. If, during the term of the Notes, the Subsidiary becomes a Material Subsidiary and is therefore required to become the Guarantor, the Issuer shall ensure that such Subsidiary issues a Guarantee substantially in the form set out in Annex 1 of these Terms within 30 (thirty) days from the date on which the status of the Subsidiary as a Material Subsidiary is confirmed in accordance with the Group's consolidated annual Financial Report and the Subsidiary's stand-alone annual report.
- 19.6. The Issuer publishes the news that the Guarantor undertakes the Issuer's obligations on the Issuer's webpage and after the Notes are admitted to trading on First North: on Nasdaq Riga information system and on the Issuer's webpage.
- 19.7. The Guarantee terminates when the Notes are fully redeemed or repaid, and all related monetary claims of the Noteholders against the Issuer are satisfied.
- 19.8. The Issuer publishes information related to the Guarantee – issued Guarantee, the Guarantee enforcement, payment under the Guarantee by the Guarantor, new Guarantor as per Clause **Error! Reference source not found.** on the Issuer's webpage and after the Notes are admitted to trading on First North: on Nasdaq Riga information system and on the Issuer's webpage.

## **20. DECISIONS OF THE NOTEHOLDERS**

### **20.1. General provisions**

- 20.1.1. The decisions of the Noteholders (including decisions on amendments to these Terms or the Final Terms of relevant Issues or the Guarantee or granting of consent or waiver) shall be passed at a meeting of the Noteholders (the **"Noteholders' Meeting"**) or in writing without convening the Noteholders' Meeting (the **"Written Procedure"**) at the choice of the Issuer. However, the Issuer shall have a right to amend the technical procedures relating to the Notes in respect of payments or other similar matters without the consent of the Noteholders, if such amendments are not prejudicial to the interests of the Noteholders.
- 20.1.2. The Issuer shall have a right to convene the Noteholders' Meeting or instigate the Written Procedure at any time and shall do so following a written request from the Noteholders who, on the day of the request, represent not less than 10% (ten percent) of the principal amount of the Notes outstanding or the principal amount of the Notes of the relevant Issue outstanding (as applicable) (excluding the Issuer and the Related Parties).
- 20.1.3. In case convening of the Noteholders' Meeting or instigation of the Written Procedure is requested by the Noteholders, the Issuer shall be obliged to convene the Noteholders' Meeting or instigate the Written Procedure within 1 (one) month after receipt of the respective Noteholders' written request.
- 20.1.4. Only those who were appearing in Nasdaq CSD as the Noteholders by the end of the 5<sup>th</sup> (fifth) Business Day prior to convening the Noteholders' Meeting (in case of the Noteholders' Meeting is convened) and only those who were appearing in Nasdaq CSD as the Noteholders

by the end of the 5<sup>th</sup> (fifth) Business Day after publishing an announcement on instigation of the Written Procedure (in case the Written Procedure is instigated) or proxies authorised by such Noteholders, may exercise their voting rights at the Noteholders' Meeting or in the Written Procedure. The voting rights of the Noteholders will be determined on the basis of the principal amount of the Notes held.

20.1.5. Quorum at the Noteholders' Meeting or in respect of the Written Procedure only exists if one or more Noteholders holding at least 50% (fifty per cent) in aggregate of the principal amount of the Notes outstanding or of the principal amount of the Notes of relevant Issue outstanding (as applicable):

- (a) if at a Noteholder's Meeting, attend the meeting; or
- (b) if in respect of a Written Procedure, reply to the request.

If the Issuer or the Related Parties are the Noteholders, their principal amount of the Notes will be excluded when a quorum is calculated.

20.1.6. If quorum does not exist at the Noteholders' Meeting or in respect of a Written Procedure, the Issuer shall convene a second Noteholders' Meeting (in accordance with Clause 20.2.1 or instigate a second Written Procedure (in accordance with Clause 20.3.1), as the case may be. The quorum requirement in Clause 20.1.5 above shall not apply to such second Noteholders' Meeting or Written Procedure, except for exclusion of the Issuer and the Related Parties from calculation of a quorum.

20.1.7. Consent of the Noteholders holding at least 75% (seventy-five per cent) of the aggregate principal amount of the outstanding Notes attending the Noteholders' Meeting or participating in the Written Procedure is required for agreement with the Issuer to amend Clause 3.2, Section 6 (*Status of the Notes*), Section 12 (*Financial Covenants*), Section 13 (*Undertakings*), Section 14 (*Events of Default*), Section 20 (*Decisions of the Noteholders*).

20.1.8. Consent of at least 75% (seventy-five per cent) of the aggregate principal amount of the outstanding Notes of the respective Issue attending the Noteholders' Meeting or participating in the Written Procedure (i.e. replying to the request) is required for the following decisions:

- (a) agreement with the Issuer to change the date, or the method of determining the date, for the payment of principal, interest or any other amount in respect of the relevant Issues, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the relevant Issue or to change the method of calculating the amount of interest or any other amount payable on any date in respect of the relevant Issue;
- (b) agreement with the Issuer to change the currency of the relevant Issue.

20.1.9. Consent of simple majority of all Noteholders or the Noteholders of the respective Issue (as applicable) attending the Noteholders' Meeting or participating in the Written Procedure (i.e. replying to the request) is required to the decisions not covered in Clauses 20.1.7 or 20.1.8 above (as applicable).

20.1.10. Information about decisions taken at a Noteholders' Meeting or by way of a Written Procedure shall promptly be provided to the Noteholders in accordance with Section 16 (*Disclosure of information*), provided that a failure to do so shall not invalidate any decision made or voting result achieved.

- 20.1.11. Decisions passed at the Noteholders' Meeting or by way of the Written Procedure shall be binding on all Noteholders irrespective of whether they participated at the Noteholders' Meeting or in the Written Procedure.
- 20.1.12. All expenses in relation to the convening and holding the Noteholders' Meeting or a Written Procedure shall be covered by the Issuer.
- 20.1.13. The Issuer shall have a right to appoint and authorize an agent to convene and hold the Noteholders' Meeting or a Written Procedure.
- 20.1.14. The Issuer shall inform Nasdaq CSD of any decisions made by the Noteholders, changes to the specifications of the Notes and/or the Coupon calculation method, as well as any modifications to the procedure for Coupon payments and/or the repayment of the Nominal Value, according to the regulation determined in the Nasdaq CSD rules.
- 20.1.15. If the Issuer offers Noteholders a fee for relevant decision of the Noteholders, the Issuer shall transfer the fee through the intermediary of Nasdaq CSD and in accordance with applicable Nasdaq CSD regulations, which regulate the procedure for paying income from debt securities.

## 20.2. **Noteholders' Meeting**

- 20.2.1. If a decision of the Noteholders is intended to be passed at the Noteholders' Meeting, then a respective notice of the Noteholders' Meeting shall be provided to the Noteholders in accordance with Section 16 (*Disclosure of information*) no later than 10 (ten) Business Days prior to the meeting. Furthermore, the notice shall specify the time, place and agenda of the meeting, as well as any action required on the part of the Noteholders that will attend the meeting. No matters other than those referred to in the notice may be resolved at the Noteholders' Meeting.
- 20.2.2. The Noteholders' Meeting shall be held in Riga, Latvia, and its chairman shall be the Issuer's representative appointed by the Issuer.
- 20.2.3. The Noteholders' Meeting shall be organised by the chairman of the Noteholders' Meeting.
- 20.2.4. The Noteholders' Meeting shall be held in English with translation into Latvian, unless the Noteholders present in the respective Noteholders' Meeting unanimously decide that the respective Noteholders' Meeting shall be held only in Latvian or English.
- 20.2.5. Minutes of the Noteholders' Meeting shall be kept, recording the day and time of the meeting, attendees, their votes represented, matters discussed, results of voting, and resolutions which were adopted. The minutes shall be signed by the keeper of the minutes, which shall be appointed by the Noteholders' Meeting. The minutes shall be attested by the chairman of the Noteholders' Meeting, if the chairman is not the keeper of the minutes, as well as by one of the persons appointed by the Noteholders' Meeting to attest the minutes. The minutes from the relevant Noteholders' Meeting shall, at the request of a Noteholder, be sent to it by the Issuer.

## 20.3. **Written Procedure**

- 20.3.1. If a decision of the Noteholders is intended to be passed by a Written Procedure then a respective communication of the Written Procedure shall be provided to the Noteholders in accordance with Section 16 (*Disclosure of information*).
- 20.3.2. Communication in Clause 20.3.1 above shall include:

- (a) each request for a decision by the Noteholders;
- (b) a description of the reasons for each request;
- (c) a specification of the Business Day on which a person must be registered as a Noteholder in order to be entitled to exercise voting rights;
- (d) 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 a power of attorney; and
- (e) the stipulated time period within which the Noteholder must reply to the request (such time period to last at least 10 (ten) Business Days from the communication pursuant to Clause 20.3.1 above) and a manner of a reply.

20.3.3. When the requisite majority consents pursuant to Clause 20.1.7, 20.1.8 or 20.1.9 (as applicable) have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 20.1.7, 20.1.8 or 20.1.9 (as applicable), as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

## FORM OF FINAL TERMS

Final Terms dated [●] [2025]

[●] Issue of Notes No [●]

with the total Nominal Value of EUR [●]

under the

Program for the Issuance of the Unsecured (Guaranteed) Notes dated [●] [2025]

### 1. General Provisions

- 1.1. These Final Terms of the Notes Program ("Final Terms") constitute the specific terms and conditions of the Notes issued by the Issuer under the SIA "L. J. LINEN" Program for the Issuance of the Unsecured (Guaranteed) Notes dated [●] [2025] ("Terms").
- 1.2. The Final Terms constitute an integral part of the Terms and will at all times be interpreted and applied together with the Terms. Words and expressions used, which are defined in the Terms, shall have the same meanings in the Final Terms. In the event of inconsistency between the provisions of Final Terms and provisions of the Terms, the Final Terms shall prevail.
- 1.3. The Notes offered under these Final Terms shall be subject to the terms specified in Section 2 of the Final Terms.

### 2. Terms of Securities

2.1.	SIA "L. J. LINEN", registered with the Enterprise Register of the Republic of Latvia under the registration number 40003669025.	
2.2.	Unsecured (guaranteed) Notes	
2.3.	Currency:	EUR
2.4.	ISIN:	[●]
2.5.	Aggregate principal amount:	EUR [●]
2.6.	Number of Notes:	[●]
2.7.	Nominal Amount of a Note:	EUR [●] ([●]Euros)
2.8.	Issue Date:	[●] [2025]
2.9.	Annual Coupon Rate:	[●]% per annum
2.10.	Coupon Payment Date:	Coupon payments are on the last Business Day of each calendar month.



		The first Coupon Payment Date shall be [●]. The last Coupon payment will be made on the Maturity Date of this Issue.
2.11.	Maturity Date:	[●]
2.11.	Minimum Investment Amount:	EUR 100,000.00 (one hundred thousand Euro)
2.12.	Issue price of the Notes:	[●]
2.13.	Subscription Period:	<p>[The Subscription Period commences on [●] at 10:00 Riga time and ends on [●] at 17:00 Riga time.]</p> <p>Or</p> <p>[The Subscription Period commences on [●] at 10:00 Riga time and ends on Maturity Date or when the total number of the Notes subscribed for reach the number of the Notes of Issue available, whichever is earlier.]</p>
2.14.	Name of the Arranger:	Signet Bank AS, registration number: 40003043232, legal address: Antonijas iela 3, Riga, LV-1010, Latvia.
2.15.	Rating:	The Notes to be issued have not been rated.

These Final Terms have been approved by the management board of the Issuer at its meeting on [date] [month] [year].

Riga, [date] [month] [year]

## **TAXES**

### **NOTICE**

Tax legislation of the Investor's member state and of the Company's country of incorporation may have an impact on the income received from the Notes. The following is a general summary of certain tax consideration in Latvia in relation to the Notes. It is not exhaustive and does not purport to be a complete analysis of all tax consequences relating to the Notes, as well as does not take into account or discuss the tax implications of any country other than Latvia. The information provided in this Section shall not be treated as legal or tax advice; and Potential Investors are advised to consult their own tax advisors as to the tax consequences of the subscription, ownership and disposal of the Notes applicable to their particular circumstances.

This summary is based on the laws of Latvia as in force on the date of this Information Document and is subject to any change in law that may take effect after such date, provided that such changes could apply also retroactively.

Latvia has entered into a number of tax conventions on elimination of the double taxation, which may provide more favourable taxation regime. Therefore, if there is a valid tax convention with the country of a non-resident Potential Investor, it should be also examined. The procedures for application of tax conventions are provided in the Cabinet of Ministers' Regulations No. 178 "Procedures for Application of Tax Relief Determined in International Agreements for Prevention of Double Taxation and Tax Evasion" of 30 April 2001 (as amended).

### **DEFINITION OF RESIDENTS AND NON-RESIDENTS**

An individual is considered a resident of Latvia for tax purposes if his or her declared place of residence is the Republic of Latvia, or he or she stays in the Republic of Latvia for more than 183 (one hundred and eighty-three) days within any 12 (twelve) month period, or he or she is a citizen of the Republic of Latvia and is employed abroad by the government of the Republic of Latvia. If an individual does not meet any of the above-mentioned criteria, he or she is considered a non-resident for tax purposes.

Any legal entity is considered a resident of Latvia for tax purposes if it is or should be established and registered in the Republic of Latvia according to the Latvian legal acts. This also includes permanent establishments of foreign entities in Latvia. Other legal entities are considered non-residents for tax purposes.

Latvia has entered into a number of tax conventions on elimination of the double taxation, which may provide a more favourable taxation regime. Therefore, if there is a valid tax convention with the country of a non-resident Noteholder, it should be also examined. The procedures for application of tax conventions are provided in the Republic of Latvia Cabinet of Ministers' Regulations No. 178 "Procedures for Application of Tax Relief Determined in International Agreements for Prevention of Double Taxation and Tax Evasion" of 30 April 2001. For the purposes of exchanging documents, the Noteholder should contact the Issuer *via* the information provided on the Issuer's website.

### **TAXATION**

Tax consequences in the Republic of Latvia regarding the income derived from Notes that are issued by a legal entity registered in the Republic of Latvia (not being a credit institution) effective as of the date of the Information Document are as follows:

Legal status of income beneficiary	Notes that are not in public circulation (not admitted to trading on a regulated market for the purposes of MiFID II)		Conditions
	Interest tax rate	Capital gains tax	
Individual resident of Latvia	25.5% <sup>1</sup>	25.5% <sup>1</sup>	<p>25.5% tax from the interest (coupon) income is withheld and transferred to the State budget by the Issuer.</p> <p><sup>1</sup> – Income from disposal of the Notes is considered equivalent to an interest income and taxed in the same way at 25.5% rate in Latvia.</p> <p>Should the total taxable income as defined under the Law "On Personal Income Tax" of an individual resident of Latvia exceed EUR 200,000 in a year, additional tax rate of 3% will be applicable to the portion of income exceeding EUR 200,000.</p> <p>Special rules apply if the transactions with the Notes are made through an investment account within the meaning of the Law "On Personal Income Tax". In such case taxation of income is deferred until the moment when the amount withdrawn from the investment</p>
Company resident of Latvia	deferred: 20/80 of the beneficiary's net profit distributed (equals to 20% of the gross profit)	deferred: 20/80 of the beneficiary's net profit distributed (equals to	Interest (coupon) income and a capital gain from the Notes constitute a part of the beneficiary's - Latvian company's overall income.

		20% of the gross profit)	The Corporate Income Tax obligation is deferred to the moment of profit distribution (dividends, interim dividends) or deemed profit distribution (e.g., deemed dividends, non-business expenditure, bad debts provisions/write-off, loans to the related persons, transfer pricing adjustments, liquidation quota) of the beneficiary - Latvian company. The tax is assessed and paid based on the Corporate Income Tax Return filed for a taxation period (a month or year).
Individual non-resident	5%/20%/25.5% <sup>2,4</sup>	5%/20%/25.5% <sup>2,3,4</sup>	<p>5% tax from interest (coupon) income and a capital gain from the Notes can be withheld and transferred to the State budget by the Issuer of the Notes, if all of the following three criteria are met: (i) the payment is made with the intermediation of an investment service provider, including Nasdaq CSD, and the issue of the Notes is organized by an investment service provider supervised by competent authority supervising financial markets and participants thereof (such as the Bank of Latvia); (ii) the recipient of such income is a resident of the EU or the European Economic Area and is not engaged in economic activity; (iii) the Notes are not publicly traded.</p> <p>Otherwise 25.5% tax from the interest (coupon) income or an income from disposal of the Notes is withheld and transferred to the State budget by the Issuer.</p> <p>2 - In general, interest payments and other payments (except principal loan) to non-resident located, registered or incorporated in a no-tax or low-tax country or territory as defined according to the Regulations of the Cabinet of Ministers No. 333 "List of Low-Tax or No-Tax Countries</p>

			<p>and Territories", adopted on 27 June 2023, effective as of 1 July 2023, are subject to withholding tax of 20% if the payer is a Latvian legal entity.</p> <p>3 - Income from disposal of the Notes is considered equivalent to an interest income and taxed at 25.5% rate.</p> <p>4 - A non-resident individual being a beneficiary of interest (coupon) income or an income from disposal of the Notes could be obliged to assess and pay tax in its country of residence at the tax rate specified in the relevant country, which may or may not be higher than the one applicable in Latvia.</p>
Company non-resident	Not taxable in Latvia <sup>5,6</sup>	Not taxable in Latvia <sup>5,6</sup>	<p>Interest (coupon) income and a capital gain derived by a non-resident company (except a company from no-tax or low-tax countries or territories) are not taxable in Latvia.</p> <p>5 - In general, interest payments and other payments (except principal loan) to non-resident located, registered or incorporated in a no-tax or low-tax country or territory as defined according to the Regulations of the Cabinet of Ministers No. 333 "List of Low-Tax or No-Tax Countries and Territories", adopted on 27 June 2023, effective as of 1 July 2023, are subject to withholding tax of 20% if the payer is a Latvian legal entity.</p> <p>6 - A non-resident company being a beneficiary of interest (coupon) income or a capital gain could be obliged to assess and pay tax in its country of residence at the tax rate specified in the relevant country, which may or may not be higher than the one applicable in Latvia.</p>

Source: Applicable Laws of the Republic of Latvia

## TERMS OF THE PRIVATE OFFERING

Words and expressions defined in the Terms have the same meanings in this section.

### 1.1. Subscription for the Notes

The subscription period ("**Subscription Period**") for the Notes of the relevant Issue commences on the date indicated in the Final Terms. The Subscription Period commences at 10:00 Riga time on the date indicated in the Final Terms and ends on either: (i) a specific date indicated in the Final Terms at 17:00 Riga time, or (ii) on Maturity date or when total number of the Notes subscribed for reach the number of the Notes of Issue available, whichever is earlier. In case the total number of the Notes subscribed for during the Subscription Period is larger than the number of the Notes of the relevant Issue available, the Arranger at its sole discretion has a right to terminate the Subscription Period and announce the completion of the Subscription Period for the relevant Issue. The termination timing can be different for private investors and institutional investors.

### 1.2. Subscription terms

- 1.2.1. The orders to acquire the Notes ("**Subscription Orders**") can be submitted to the Arranger every Business Day during normal working hours until the end of the Subscription Period. More detailed information on the submission of the Subscription Orders is available by phone (+371 67 081 069).
- 1.2.2. The Subscription Orders can also be submitted to other Custodians, which in turn shall submit orders to the Arranger until the end of the Subscription Period. The form of such Subscription Orders is regulated by contracts between Noteholders and Custodians and by the Applicable Laws.
- 1.2.3. The minimal initial subscription size (the "**Minimum Investment Amount**") is EUR 100,000 (one hundred thousand euro). The subscription size should be equal to a multiple of the Settlement Unit Multiple.
- 1.2.4. Total Nominal Value of the Notes to be purchased and provided in each Subscription Order shall be for at least Minimum Investment Amount. Potential Investors have the right to submit several orders during the offering.
- 1.2.5. All Subscription Orders to the Notes shall be considered as binding and irrevocable commitment to acquire the allotted Notes.
- 1.2.6. By submitting the Subscription Order, the Noteholder confirms that it/he/she: (a) has read the Terms and understands them; (b) agrees and commits to adhere to the Terms; and (c) authorizes and instructs the Custodian, the Arranger, the Issuer, distributors or other parties involved in the Subscription Order submission and/or settlement process, forward and exchange its/his/her personal data and information provided in the Subscription Order.
- 1.2.7. In accordance with Article 5f of Council Regulation (EU) No 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine (as amended), it is prohibited to sell the Notes to any Russian national or natural person residing in Russia or any legal person, entity or body established in Russia. This prohibition shall not apply to nationals of a Member State of the EU, of a country member of the European Economic Area or of Switzerland, or to natural persons having a temporary or permanent residence permit in a Member State of the EU, in a country member of the European Economic Area or in Switzerland.

1.2.8. In accordance with Article 1y of Council Regulation (EC) No 765/2006 of 18 May 2006 concerning restrictive measures against President Lukashenko and certain officials of Belarus (as amended), it is prohibited to sell the Notes to any Belarusian national or natural person residing in Belarus or any legal person, entity or body established in Belarus. This prohibition shall not apply to nationals of a Member State of the EU or to natural persons having a temporary or permanent residence permit in a Member State of the EU.

1.2.9. All the expenses related to the acquisition and custody of the Notes shall be borne by a Potential Investor in compliance with the pricelist of a credit institution or investment service provider, through which the investor purchases and keeps Notes. The Issuer is not obliged to compensate any such expenses incurred by the Potential Investor.

### **1.3. Price of the Notes**

1.3.1. The purchase price of the Notes of Issue can be equal to 100% (one hundred per cent) of the Nominal Value or purchase price could be lower or higher than the Nominal Value and will be stated in the Final Terms of the respective Issue, meaning that the Notes can be sold with a discount or premium, plus accrued interest.

1.3.2. All subscription orders that have been submitted after the First Settlement Date of the respective Issue shall be executed with accrued interest, unless the subscription orders are submitted within 5 (five) Business Days before the end of each respective month – from the Coupon record date and until the Coupon Payment Date, in which case the subscription orders shall be executed without accrued interest.

### **1.4. Allocation of the Notes to Noteholders**

1.4.1. The Notes are allocated to the Noteholders in the amount not larger than the amount specified in the Subscription Order and not less than the Minimum Investment Amount.

1.4.2. In case the total number of the Notes subscribed for during the Subscription Period is less than the number of the Notes of Issue available, the Notes will be allotted based on the Subscription Orders placed.

1.4.3. If the total number of the Notes subscribed for exceeds the number of the Notes of Issue available and the Issuer decides to proceed with the offering, the Notes may be allocated at the Issuer's discretion with the aim of creating a solid and reliable Investor base. Any additional provisions applied to the allocation of a separate Issue of the Notes will be specified in the Final Terms for those Notes. The division of Notes between the retail and institutional Investors has not been predetermined. The Issuer will determine the exact allocation at its sole discretion.

1.4.4. The Issuer or Arranger at its sole discretion has a right to refuse to allocate all or part of the subscribed Notes to any Potential Investor due to AML, Sanctions regulations compliance risk or other risks.

### **1.5. Discontinuation of the placement and reduction of the Notes Issue size**

1.5.1. The Issuer may decide to discontinue placement of the Notes at any time until the end of the Subscription Period of the relevant Issue.

1.5.2. The Issuer may decide on reduction of the Notes Issue size.

1.5.3. Any Notes that are not issued shall be deleted.

**1.6. Settlement and delivery of the Notes**

- 1.6.1. The First Settlement Date of the Notes of Issue is the Issue Date. All subscription orders that are aggregated during the subscription period with settlement date on the Issue Date will be delivered without accrued interest.
- 1.6.2. The settlement date after the First Settlement Date for the Notes of Issue can be any Business Day which is not earlier than the 2nd (second) Business Day and not later than 20th (twentieth) Business Day after Subscription Order is fully submitted to the Arranger.
- 1.6.3. Settlement of the Notes will be executed through Nasdaq CSD in accordance with the DVP (delivery versus payment) principle pursuant to the applicable rules of Nasdaq CSD.
- 1.6.4. The Custodians shall execute payments for the Notes based on the results of the subscription provided by the Arranger. The Notes will be transferred to the Noteholders' financial instrument accounts on the settlement date.
- 1.6.5. Settlement for the Notes can be executed according to other procedure, which is agreed to by the Arranger and a Potential Investor, but in any case, through Nasdaq CSD in accordance with the DVP (*delivery versus payment*) principle pursuant to the applicable rules of Nasdaq CSD.

**1.7. Pre-emptive rights**

None of Potential Investors has the rights of pre-emption in respect to acquisition of the Notes in the initial placement.

**1.8 Including of the Notes on the market and trading regulations**

- 1.8.1 The Issuer plans to request the admission to trading of the Notes on First North within 12 (twelve) months after the Issue Date of the first Issue and submit these Terms, as well as the company description of the Issuer with Nasdaq Riga. The Issuer does not undertake to register the Notes prospectus with the Bank of Latvia or list the Notes on any regulated market.
- 1.8.2 The Issuer has not signed any agreement with any person for Notes liquidity maintenance on the secondary market.



## **GENERAL INFORMATION**

### **GENERAL INFORMATION ON THE ISSUER**

The Issuer is SIA "L. J. LINEN", a limited liability company (in Latvian: *sabiedrība ar ierobežotu atbildību* or *SIA*) registered in the Enterprise Register of the Republic of Latvia under registration No 40003669025 and registration date of 8 March 2004.

The Issuer carries out its activities in accordance with the Applicable Laws.

At the date of these Terms the Issuer has the following shareholder: LIONPRO B.V. registration number in the Kingdom of Netherlands 86402250, legal address: Barbara Strozilaan 1011083 HN Amsterdam, Netherlands. LIONPRO B.V. is owned by SIA "Jaze Capital Holdings", registration number 40203480428, and the Ultimate Beneficial Owner is Jānis Kulikovskis.

### **DECISIONS OF THE ISSUER ON THE NOTES ISSUE**

On 27 May 2025 the Issuer's shareholder passed the sole shareholder's decision to authorize the issuance of the Notes and authorised the Management Board to approve the Program, these Terms, each Final Terms and any of the documents thereto, as well as any amendments and supplements thereof.

### **AUDITOR**

The Issuer's financial statements for the year 2024 have been audited by ERNST & YOUNG BALTIC SIA, registration No 40003593454, legal address: Muižas iela 1a, Rīga, LV-1010, Latvia.

### **ADVISORS INVOLVED IN THE ISSUE**

The Issuer has concluded an agreement with the Arranger to organise the Notes issue, to communicate with Nasdaq CSD, Nasdaq Riga, market Notes to investors and conduct settlement of the Notes during the subscription period. The Arranger may provide other services to the Issuer in the future and receive remuneration for it. The Arranger may invest its own funds in the Notes.

Legal advice to the Issuer in respect of the Notes issue was provided by Sorainen ZAB SIA.

### **EXTERNAL AUDIT OF THE INFORMATION INCLUDED IN THESE TERMS**

The information included in these Terms has not been verified by auditors.

### **STATEMENTS OR REPORTS INCLUDED IN THESE TERMS**

These Terms do not contain any expert statements or reports.

### **CREDIT RATINGS**

No credit rating has been assigned to the Issuer or to the Notes.

## **BUSINESS DESCRIPTION**

The Group, established in 2004, is a family-owned business that is operating as a supplier of high-quality animal feed ingredients across the globe. The Group offers a wide range of ingredients of animal and vegetable origin - proteins, fats, oils, vitamins, amino acids, concentrates - and is involved in production and distribution of organic fertilisers. Since the early beginnings the Group has been trading processed animal proteins and has become one of the top 5 animal protein trading companies in Europe. With 130'000 tons exported, the Group is exporting 10% of total EU exports in this product group according to EU Statistics Bureau. Processed animal proteins is the key product group in the portfolio that is primarily used in Europe in pet food production and in the feed of farmed animals in developing countries like Vietnam, Thailand, Indonesia, Kenya, Nigeria, Egypt, etc. Over the years, the Group has generated a thorough knowledge of creating efficient and sophisticated supply chains. The supply chains include the following activities – market research, sourcing of quality ingredients, international logistics, customs clearance in developing countries, inland logistics, warehousing and stock management, just in time deliveries, financial management and use of financial derivatives, education, and consultations. A combination of these capabilities and physical presence in the largest part of the countries of destination, sets the Group apart from its competitors and even the largest commodity traders in the world. The Group has one of the widest distribution networks in the developing and emerging markets in the world in the animal feed ingredients industry.

One of the pillars of the success of the Group lies in its vast distribution network that spans across several continents. This in return creates flexibility in terms of demand for any product that the Group is dealing with. The Group is also sourcing its products from the most of EU countries, India, China, Brazil, and the US. This serves as a guarantee that the Group will be able to supply its products irrespective of its availability in one or another country. The Group is working with approximately 120 suppliers and has more than 245 customers across the globe.

Exposure to different continents in terms of customers and suppliers makes the Group especially resilient to international trade tensions. The Group is focusing on balancing its trade routes so that it does not have too big reliance on one single market. The largest customer of the Group occupies less than 11% of revenues, with the next being only at 6% in 2024. The Group has partners in more than 50 countries across the world and has local offices in 15 countries with 3 new offices to be opened in 2025.



The Group operates in an industry that is driven by food production mostly in the developing and emerging markets in the world. The same markets are also the only ones with large and growing populations where food consumption is still on the rise. This industry has the most inelastic demand, so it is resilient to market volatility as food consumption is difficult to reduce. Secondly, the Group is working in an industry that is very conservative, in which mutual trust between partners – cultivated through continuous cooperation and a strong reputation – is fundamental. Therefore, for the new entrants it is substantially more difficult to cooperate and purchase raw materials from the suppliers. Through education and establishing access to new raw materials at stable prices and reliable deliveries, the Group is helping its customer base to grow and even further stimulate demand.

## 1. Strategy of the Group

The Group's strategy is to ensure a seamless, full service trading and delivery service to its existing client base, while actively seeking to expand its global reach. The strategy is to actively expand in all regions in the world to create a business model that is resilient to local or regional shocks and can grow in the long run. Among the key developments of the Group in recent years was sales growth in Africa that contributes a significant part of the revenue standing at 32% as of 2024. The Group has identified Africa as a strategic market, and continued expansion in this region could potentially increase its contribution to revenues to around 50% over time. In 2025 the Group has actively worked to expand sales also in South East Asia and Latin America. The biggest improvement since 2023 has been impressive growth in the number of customers that the Group is servicing. With its track record of 20+ years, the Group has established itself as a reliable partner to clients across the globe. It expects to continue providing door-to-door trading services to existing clients, while actively seeking to explore opportunities in previously untapped markets.

As a result of successful operations, the Group has cultivated strong relationships with its main suppliers, which lie at the core of the Group's strategy.

## **2. Key strengths of the Group**

### *Integrated, end-to-end service offering*

Complete service that ensures door-to-door delivery services is something that sets the Group apart from any of its direct competitors. The Group serves as a bridge between producers of raw materials and producers of animal feeds, biofuels and human food. Starting from sourcing and quality control to logistics and warehouse solutions, enabling just-in-time delivery, the Group streamlines the entire process to ensure sales to final customers, which includes invoicing in local currency in the selected countries. This level of service is unique in many countries where the Group operates, hence it does not have any direct competition in selected regions.

### *Long-term supplier relationships*

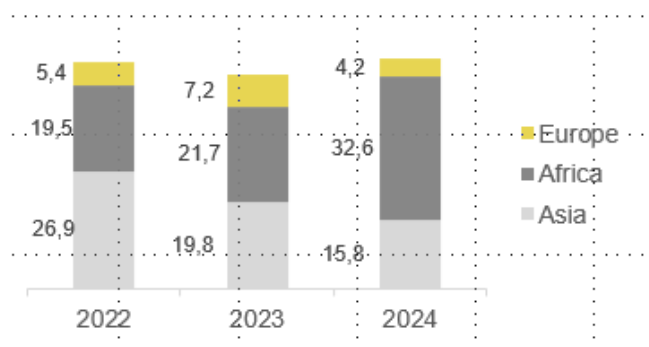
Animal feed ingredient industry hinges upon the cultivation of continuous collaboration of the parties involved, making it difficult for new market entrants to kickstart its business. This aspect sets the Group apart from its competitors, given its long-term collaboration with some of the largest animal feed ingredients producers in the world, such as Saria International and Darling Ingredients, and the track record of consistently delivering high-end produce to its customers. By creating stable offtake, the Group ensures high level reliability towards its suppliers, hence reducing any incentives for its suppliers to change partners.

## **3. The Group's products**

Currently the main portfolio of the group consists of products that are a part of circular economy – those are products originating from the meat production that otherwise would be waste. Through processing and sterilisation they are repurposed for better uses, like animal feed, human food ingredients, organic fertilisers, and biofuels. Currently, the portfolio of the Group consists of 3 main product categories – processed animal protein; animal fats; and vegetable products, with the main product, meat and bone meal, constituting 80% of sales in 2024. In 2025 the Group is growing into trade of vegetable products with the first substantial consignments of soybean meal already organised. In 2025 the Group intends to grow heavily in trade and supply of soybean meal, feed wheat, feed concentrates to balance its portfolio with other product groups.

## **4. Geographical markets**

The Group sells its products in more than 50 (fifty) countries across 4 (four) continents and, through its subsidiaries, serves a geographically diversified customer base. In 2025 the Group has started the first regular deliveries to its entities in Latin America – Chile and Peru. In 2025 the Group plans to open 3 more offices in African continent and consider opening 2 more offices in Asia. Most of the sales are denominated in USD, which exposes the Group to fluctuations in the exchange rate, however, the Group has implemented several hedging measures, such as foreign currency hedging between the main currency pairs, sales price denomination in USD, cash transactions management to reduce exposure to volatility over time, working on new contracts with international development organisations and banks to safeguard against severe currency fluctuations. The main markets where the Group's sales activities are carried out are as follows:



## 5. Group structure

In 2024 and 2025, the Group further strengthened its management team by establishing a new and professional leadership structure. The team consists of seasoned and experienced professionals coming from postal services, pharmacy, consultancy and audit, and fintech. The management team is created with a purpose to strengthen corporate governance, reduce reliability on the shareholders of the Group companies and improve growth and innovation in the Group.

### 5.1. Corporate governance of the Issuer

The Issuer has a corporate governance structure, which consists of the management board and the shareholders' meetings (or sole shareholder) as the highest governing body of the Issuer. According to the Commercial Law of the Republic of Latvia and the articles of association of the Issuer, the management board is the executive institution of the Issuer that carries out general and strategic management, as well as representation of the Issuer.

The shareholders' meeting (or the sole shareholder) is the supreme governing and decision-making body of the Issuer.

### 5.2. Management team of the Issuer

#### Jānis Kulikovskis, Founder, Chairman of the Management Board and CEO

Jānis is an experienced entrepreneur with a strong track record in building and scaling businesses in waste management, international trade, e-commerce and fintech industry. He is highly skilled in negotiation, market research, management, and business development, particularly in emerging markets.

Jānis is the founder and the Ultimate Beneficial Owner of the Issuer, a member of the supervisory board and shareholder at AS Cits Medijs, and the former CEO of Reneta LTD.

He holds EMBA from the Stockholm School of Economics in Riga, has studied at HKUST, earned an LLM from University of Latvia, and a BSc from the Stockholm School of Economics in Riga.

#### Zane Kulikovska, member of the Management Board

Zane is an accomplished sales and business leader with over a decade of expertise in corporate management, strategic decision-making, and international business development. She is skilled in operational oversight, resource optimisation, and managing business relationships across Europe, Asia, and Africa.

Her previous roles include Deputy Manager at Radisson Hotel Old Town Riga (Astor Riga), and Creative Director at Aterno Ltd..

Zane holds an MBA in Strategic Management from the Stockholm School of Economics in Riga and an LL.M. from the Riga Graduate School of Law and the University of Latvia.

Līvija Kuļikovska, member of the Management Board

Līvija brings wide-ranging expertise in business development, international trade, and supply chain management.

She is a shareholder at AS Cits Medijs and the founder of Reneta LTD.

Līvija holds an MSc in Food Technology and Processing.

Edgars Egle, Chief Operating Officer

Edgars is a seasoned executive with over 15 years of experience in driving business growth and overseeing complex operational functions. He has held multiple senior management roles, with a strong track record in business scaling, international market expansion, and financial oversight. His professional interests include employee performance management and organizational development.

Edgars holds an Engineer diploma and a Bachelor of Engineering in Computer Control and Computer Science from Riga Technical University.

Ivanda Leja, member of the Management Board, Chief Financial Officer

Ivanda is a finance professional with extensive experience in finance management, planning and control. She has worked in BIG 4 consulting and retail sector, with expertise in budgeting and finance controlling, business and strategy planning, internal audit as well as accounting.

Prior to joining the Issuer, she served as CFO & Management Board member at Veho Oy Ab, Tax & Accounting Manager at Rimi Baltic, and Senior Consultant at Ernest & Young Baltic.

Ivanda holds an MBA in the Business Administration from BA School of Business and Finance.

Gunta Grīnvalde, Head of Procurement

Gunta has a strong background in procurements, sustainability, and business transformation. She previously held a management role at Latvia Post, where she was responsible for sustainability and innovation, and has also worked in business consultancy at Ernst & Young. Her core competencies include restructuring, process optimization, and procurement leadership.

Jūlija Bekišbajeva, Head of Sales

Julija has 12 years of experience in sales leadership with highly regulated pharmaceutical industry. She has managed international sales teams across CIS, EU and North America in business models comparable to that of the Group. Julija is an experienced senior manager with a proven ability to drive sales growth and manage complex commercial operations.

### **5.3. Management Board of the Issuer**

List of Management Board members at the date of these Terms:

<b>Name, Surname</b>	<b>Position</b>	<b>Appointment date</b>
Līvija Kuļikovska	Member of the Management Board	22.04.2010.
Zane Kuļikovska	Member of the Management Board	02.08.2018.

Jānis Kuļikovskis	Chairman of the Management Board	22.04.2010.
Ivanda Leja	Member of the Management Board	19.06.2023.

#### **5.4. Issuer's shareholder structure**

At the date of these Terms, the legal structure of the Issuer is as follows:

As of the date of these Terms, the Issuer has 7 (seven) Subsidiaries and its business operates in cooperation with various other Group entities. The Issuer is currently wholly owned by LIONPRO B.V., a subsidiary of SIA "Jaze Capital Holdings", which functions as the Group's holding company. A Permitted Restructuring is planned, following which SIA "Jaze Capital Holdings" will become the direct and sole shareholder of the Issuer (see Annex 3 enclosed to these Terms). The Group's Ultimate Beneficial Owner and majority shareholder of SIA "Jaze Capital Holdings" is Jānis Kuļikovskis (see Annex 2 enclosed to these Terms).

#### **5.5. Legal proceedings and arbitration**

At the date of these Terms, the Issuer or its management board members are not involved in any lawsuits or arbitration proceedings, which may significantly affect or have significantly affected the financial situation or profitability of the Issuer.

#### **5.6. Substantial changes in the financial situation of the Issuer**

As of the publication of the last financial statement, the financial situation or performance of the Issuer has not worsened. The Issuer is unaware of any factors, claims, obligations, or events which would negatively affect the financial situation or performance of the Issuer in future.

#### **5.7. Important agreements**

The Issuer is not aware of any other important agreements or internal decisions that could have been concluded/made within the Issuer or between the Issuer and any related company and that could affect the Issuer's ability to fulfil its obligations to the Noteholders under the Notes.

#### **5.8. Significant recent and know trends**

At the time of signing these Terms, the Issuer has no information at its disposal regarding any other known trends that have negatively affected the Issuer or the activity, apart from the aforementioned impact.

## SELECTED FINANCIAL INFORMATION OF THE ISSUER AND THE ISSUER

### 1. SHARE CAPITAL AND SHARES

Shares of the Issuer have been issued in accordance with the Commercial Law of the Republic of Latvia. Any changes to the nature or scope of rights attached to the Issuer's shares, as defined in the articles of association of the Issuer, can only be made according to the procedure outlined in the Commercial Law of the Republic of Latvia. The Issuer is registered and operating as limited liability company (in Latvian: *sabiedrība ar ierobežotu atbildību*).

The share capital of the Issuer is EUR 98,000, which is composed of 98 registered shares with the nominal value of one share being EUR 1,000. All shares have been fully paid up. The form of the shares is registered shares. Each shareholder is granted voting rights only by way of a fully paid-up share. Each minimum value paid-up share entitles to one vote in the shareholders' meeting.

### 2. THE GROUP'S FINANCIAL STATEMENTS

The tables below present key selected financial information for the Group and have been derived from the Group's audited special purpose consolidated pro-forma annual report as at and for the year ended 31 December 2023 and the Group's unaudited consolidated financial statements as at and for the year ended 31 December 2024. The annual report and financial statements are presented in USD as the base currency. The financial information below is provided in EUR, converted using the end of period exchange rate.

#### Consolidated Profit and Loss statement of the Group

EUR'000	Audited 12M Period ended 31 Dec 2022	Audited 12M Period ended 31 Dec 2023	Unaudited 12M Period ended 31 Dec 2024
Net turnover	63 090	53 862	56 624
Cost of sale	52 934	49 248	49 119
<b>Gross profit</b>	<b>10 156</b>	<b>4 613</b>	<b>7 505</b>
<i>Gross profit margin</i>	<i>16.1%</i>	<i>8.6%</i>	<i>13.3%</i>
Selling expenses	4 973	2 404	2 907
Administrative expenses	1 187	1 629	1 844
Other operating income	72	72	10
Other operating expense	3 858	1 946	408
FX exchange rate impact			1 236
Other interest and similar income	0	29	1
Interest expense and similar costs	62	525	388
<b>Earnings before taxes</b>	<b>148</b>	<b>-1 791</b>	<b>3 204</b>
Income tax expense	114	50	131
<b>Net profit</b>	<b>34</b>	<b>-1 841</b>	<b>3 073</b>
<i>Net profit margin</i>	<i>0.1%</i>	<i>-3.4%</i>	<i>5.4%</i>
Adjustments due to one-off write off of previous investments	2 834	904	
<b>Adjusted net profit</b>	<b>2 867</b>	<b>-936</b>	<b>3 073</b>



## Consolidated Balance Sheet of the Group

EUR'000	Audited 12M Period ended 31 Dec 2022	Audited 12M Period ended 31 Dec 2023	Unaudited 12M Period ended 31 Dec 2024
Intangible assets	24	40	30
Property, plant and equipment	105	254	301
Investment in related company capital	8	3	0
Other long-term deposits paid	1		13
<b>Non-current assets</b>	<b>138</b>	<b>297</b>	<b>344</b>
Inventories	5 987	2 598	6 474
Trade and other receivables	15 125	7 196	8 561
Cash and cash equivalents	1 166	755	1 317
<b>Current assets</b>	<b>22 278</b>	<b>10 549</b>	<b>16 352</b>
<b>TOTAL ASSETS</b>	<b>22 416</b>	<b>10 846</b>	<b>16 696</b>
Share capital	127	170	51
Retained earnings	7 059	6 354	3 600
Profit for the reporting period	34	-1 841	3 073
Dividends paid	0	0	-181
Consolidation FX adjustment and reserves	97	-711	-702
<b>Total Equity</b>	<b>7 317</b>	<b>3 972</b>	<b>5 841</b>
Loans from third parties	0	0	1 422
Bond-secured loans	2 000	0	0
Loans from financial institutions	0	717	0
<b>Non-current liabilities</b>	<b>2 000</b>	<b>717</b>	<b>1 422</b>
Loans from financial institutions	1 231	3 337	3 236
Loans from related parties	0	172	172
Trade payables	10 664	1 796	5 588
Taxes payable	105	65	31
Other current liabilities	8	19	17
Accrued income	0	69	160
Accrued liabilities	1 091	698	229
<b>Current liabilities</b>	<b>13 099</b>	<b>6 157</b>	<b>9 433</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>22 416</b>	<b>10 846</b>	<b>16 696</b>

## Consolidated Cash Flow statement for the Group

EUR'000	Audited 12M Period ended 31 Dec 2022	Audited 12M Period ended 31 Dec 2023	Unaudited 12M Period ended 31 Dec 2024
<b>Cash flows from operating activities</b>			
Profit /(loss) before corporate income tax	148	-1 791	3204
<i>Adjustments for:</i>			

Depreciation and impairment of PPE	43	82	80
Amortization and impairment of intangible assets	13	34	10
Gain or loss from FX fluctuations	-299	-176	101
Other interest and similar income	0	-29	0
Impairment of non-current and current financial assets	2 834	0	0
Interest and similar expense	62	525	388
<b>Profit or loss before working capital adjustments</b>	<b>2 801</b>	<b>-1 354</b>	<b>3783</b>
(Increase) or decrease in inventories	-6 762	3 526	-3876
(Increase) or decrease in receivables	-7 496	7 643	-1365
Increase or (decrease) in trade and other payables	9 309	-8 636	3378
<b>Gross generated from operations</b>	<b>-2 147</b>	<b>1 178</b>	<b>1920</b>
Interest paid	-61	-497	-388
Corporate income tax paid	-114	-50	-131
<b>Net cash flows from operating activities</b>	<b>-2 323</b>	<b>632</b>	<b>1401</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment and intangible assets	-84	-285	-26
Loans issued	0	-177	0
Loans issued to related companies not under consolidation	0	-406	0
<b>Investment activity cash flow</b>	<b>-84</b>	<b>-869</b>	<b>-26</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares or investments in share capital	99	53	0
Proceeds from borrowings	2 889	2 874	604
Repayment of borrowing	0	-1 937	0
Dividends paid	-119	-493	-181
<b>Net cash flow from financing activity</b>	<b>2 869</b>	<b>497</b>	<b>423</b>
<b>Foreign exchange fluctuations</b>	<b>299</b>	<b>-629</b>	<b>-1236</b>
<b>Net increase /(decrease) in cash and its equivalents</b>	<b>761</b>	<b>-370</b>	<b>562</b>
Cash at the beginning of the period	404	1 125	755
Cash at the end of the period	1 166	755	1317

### 3. THE ISSUER'S STANDALONE FINANCIAL STATEMENTS

The tables below present key selected financial information for the Issuer and have been derived from the Issuer's audited annual financial statements for the years ended 31 December 2024, 31 December 2023, and 31 December 2022. The financial statements are presented in EUR as the base currency.

#### Stand-alone Profit & Loss statement of the Issuer

EUR'000	Audited 12M Period ended 31 Dec 2022	Audited 12M Period ended 31 Dec 2023	Audited 12M Period ended 31 Dec 2024
Net turnover	42 863	35 133	46 942
Cost of sale	36 198	31 632	41 652
<b>Gross profit</b>	<b>6 665</b>	<b>3 501</b>	<b>5 291</b>
<i>Gross profit margin</i>	<i>15.5%</i>	<i>10.0%</i>	<i>11.3%</i>
Selling expenses	1 387	1 524	1 679
Administrative expenses	920	1 249	1 358
Other operating income	104	476	643
Other operating expense	113	2 519	172
FX exchange rate impact			
Other interest and similar income	0	163	5
Interest expense and similar costs	44	428	251
<b>Earnings before taxes</b>	<b>4 305</b>	<b>-1 580</b>	<b>2 479</b>
Income tax expense	48	17	55
<b>Net profit</b>	<b>4 257</b>	<b>-1 597</b>	<b>2 424</b>
<i>Net profit margin</i>	<i>9.9%</i>	<i>-4.5%</i>	<i>5.2%</i>
Adjustments due to one-off write off of previous investments		1 086	
<b>Adjusted net profit</b>	<b>4 257</b>	<b>-511</b>	<b>2 424</b>

## Stand-alone Balance Sheet of the Issuer

EUR'000	Audited 12M Period ended 31 Dec 2022	Audited 12M Period ended 31 Dec 2023	Audited 12M Period ended 31 Dec 2024
Intangible assets	24	40	30
Property, plant and equipment	105	253	274
Investment in related company capital	1	1	123
Other long-term assets	1	0	36
<b>Non-current assets</b>	<b>130</b>	<b>293</b>	<b>463</b>
Inventories	175	89	367
Trade and other receivables	17 980	12 493	17 309
Cash and cash equivalents	33	16	236
<b>Current assets</b>	<b>18 188</b>	<b>12 599</b>	<b>17 912</b>
<b>TOTAL ASSETS</b>	<b>18 318</b>	<b>12 892</b>	<b>18 375</b>
Share capital	3	98	98
Retained earnings	5 191	9 248	7 471
Profit for the reporting period	4 257	-1 597	2 424
<b>Total Equity</b>	<b>9 451</b>	<b>7 749</b>	<b>9 992</b>
Loans from third parties	0	0	0

Bond-secured loans	2 000	0	0
Loans from financial institutions	0	0	0
<b>Non-current liabilities</b>	<b>2 000</b>	<b>0</b>	<b>0</b>
Loans from financial institutions	1 000	3 000	3 000
Loans from related parties	0	96	76
Trade payables	5 629	1 439	4 779
Taxes payable	0	0	61
Other current liabilities	8	2	36
Accrued income	0	68	0
Accrued liabilities	230	538	431
<b>Current liabilities</b>	<b>6 867</b>	<b>5 143</b>	<b>8 383</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>18 318</b>	<b>12 892</b>	<b>18 375</b>

## Stand-alone Cash Flow statement for the Issuer

EUR'000	Audited 12M Period ended 31 Dec 2022	Audited 12M Period ended 31 Dec 2023	Audited 12M Period ended 31 Dec 2024
<b>Cash flows from operating activities</b>			
Profit /(loss) before corporate income tax	4 305	-1 580	2 479
<i>Adjustments for:</i>			
Depreciation and impairment of PPE	45	82	74
Amortization and impairment of intangible assets	9	34	10
Gain or loss from FX fluctuations	-64	-288	608
Other interest and similar income	0	-163	-5
Impairment of non-current and current financial assets	0	1 086	0
Interest and similar expense	44	428	251
<b>Profit or loss before working capital adjustments</b>	<b>4 338</b>	<b>-402</b>	<b>3 416</b>
(Increase) or decrease in inventories	-18	87	-278
(Increase) or decrease in receivables	-10 973	3 291	-4 818
Increase or (decrease) in trade and other payables	4 170	-3 801	3 281
<b>Gross generated from operations</b>	<b>-2 483</b>	<b>-825</b>	<b>1 601</b>
Interest paid	-48	-265	-246
Corporate income tax paid	-48	-17	-55
<b>Net cash flows from operating activities</b>	<b>-2 579</b>	<b>-1 107</b>	<b>1 300</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment and intangible assets	-81	-280	-92
Loans issued	0	0	-159
Loans issued to related companies not under consolidation	0	1 110	0
<b>Investment activity cash flow</b>	<b>-81</b>	<b>830</b>	<b>-251</b>

<b>Cash flows from financing activities</b>			
Proceeds from issue of shares or investments in share capital	0	95	0
Proceeds from borrowings	733	2 077	-41
Proceeds/repayments of security-backed borrowings	2 000	-2 000	0
Dividends paid	-120	-200	-180
<b>Net cash flow from financing activity</b>	<b>2 613</b>	<b>-28</b>	<b>-221</b>
<b>Foreign exchange fluctuations</b>	<b>64</b>	<b>288</b>	<b>-608</b>
<b>Net increase /(decrease) in cash and its equivalents</b>	<b>17</b>	<b>-16</b>	<b>220</b>
Cash at the beginning of the period	15	33	16
Cash at the end of the period	33	16	236

#### Key financial performance indicators of the Group

EUR'000	Period ended 31 Dec 2022	Period ended 31 Dec 2023	Period ended 31 Dec 2024
EBITDA	4 037	616	2 840
Net Debt	2 065	3 299	3 342
Interest Coverage Ratio	65.7	1.2	7.3
Equity ratio	32.6%	36.6%	35.0%
Net Debt Leverage Ratio	0.5	5.4	1.2

## Annex 1

### Template of the Guarantee

Regarding the following issues under the  
Program for the Issuance of the Unsecured (Guaranteed) Notes dated [●] [2025] ("**Terms**"):

[●] Issue of Notes No [●] with the total Nominal Value of EUR [●]

[[●] Issue of Notes No [●]]<sup>1</sup>

(all issues together - "**Issue**")

SIA "L. J. LINEN",  
registration number 40003669025,  
("**Issuer**")

To: noteholders of the Issue ("**Noteholders**")  
(published on the Issuer's webpage and after the Notes are admitted to trading on  
First North: on Nasdaq Riga information system)  
[●] [2025], Riga ("**Guarantee Date**")

### LETTER OF GUARANTEE

As the Issuer [will issue]/[has issued] the Notes under the following issue:

a) [●]% interest rate (coupon) and Maturity Date on [●], ISIN: [●] on the [●] 2025 ("**Issue Date**"),

[Before the Guarantee Date the Issuer has issued the Notes under the following issues:

a) [●]% interest rate (coupon) and Maturity Date on [●], ISIN: [●] on the [●] [2025];

b) [[●]]<sup>2</sup>,

we, [SIA "Jaze Capital Holdings"], registration number [40203480428] in [Latvia] (hereinafter - the "**Guarantor**"), provide to the Noteholders the guarantee (hereinafter – "**Guarantee**") as required under the Terms. Unless stated otherwise, the definitions in this Guarantee shall have the same meaning as in the Terms.

The Guarantor hereby irrevocably and unconditionally guarantees the fulfilment of the Issuer's monetary obligations to repay to Noteholders the full Notes issue value of EUR [●] ([●] euro)<sup>3</sup>, as well as, any present and/or future neighbouring claims (in Latvian: *blakus prasījumi*) of the Noteholders under the Applicable Law and that is related to the obligations of the Issuer arising from these Terms

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<sup>1</sup> All Issues to be listed.

<sup>2</sup> All Issues to be listed.

<sup>3</sup> Total of Nominal Value of all outstanding Notes, include Notes that will be issued immediately after the Guarantee, if applicable.

and any Final Terms, including, but not limited to the Coupon, late payment interest or contractual penalty payments, if: (i) the Issuer has failed to make the respective payment within the deadline specified in the Terms or the applicable Final Terms of the respective Issue; and (ii) at least 20 (twenty) Business Days have passed following the occurrence of such missed deadline; and (iii) the Noteholder has submitted to the Guarantor and the Issuer the respective demand for payment under the Guarantee, and (iv) the Issuer's relevant payment obligation under the respective Issue remains due and unpaid. Upon fulfilment of the above conditions, the Guarantor shall make the outstanding payment within 5 (five) Business Days after the receipt of the Noteholder's notification.

The Guarantor undertakes the Issuer's obligations under the Terms as the Issuer itself (in Latvian: *kā pats parādnieks*) and waives the right to request from Noteholders to direct any request regarding outstanding payments from the Issuer in the first place.

By signing the Guarantee, the Guarantor confirms it has received all the necessary corporate and other approvals for signing the Guarantee and thus binding the Guarantor with obligations hereunder.

The Guarantee enters into force on [the Issue Date/Guarantee Date]<sup>4</sup>.

The Guarantee terminates after the Notes are fully redeemed or repaid and all related monetary claims of the Noteholders against the Issuer are satisfied.

The Guarantee is governed by the laws of the Republic of Latvia and is a surety (in Latvian: *galvojums*) in accordance with the Civil Law of the Republic of Latvia.

Disputes related to this Guarantee, including disputes related to fulfilment of Guarantor's obligations hereunder, shall be resolved at the court of general jurisdiction of the Republic of Latvia. The first instance court shall be any of the first instances courts located in Riga (Latvia), unless another court is prescribed by Applicable Law.

**The Guarantor:**

[name, surname]

[position]

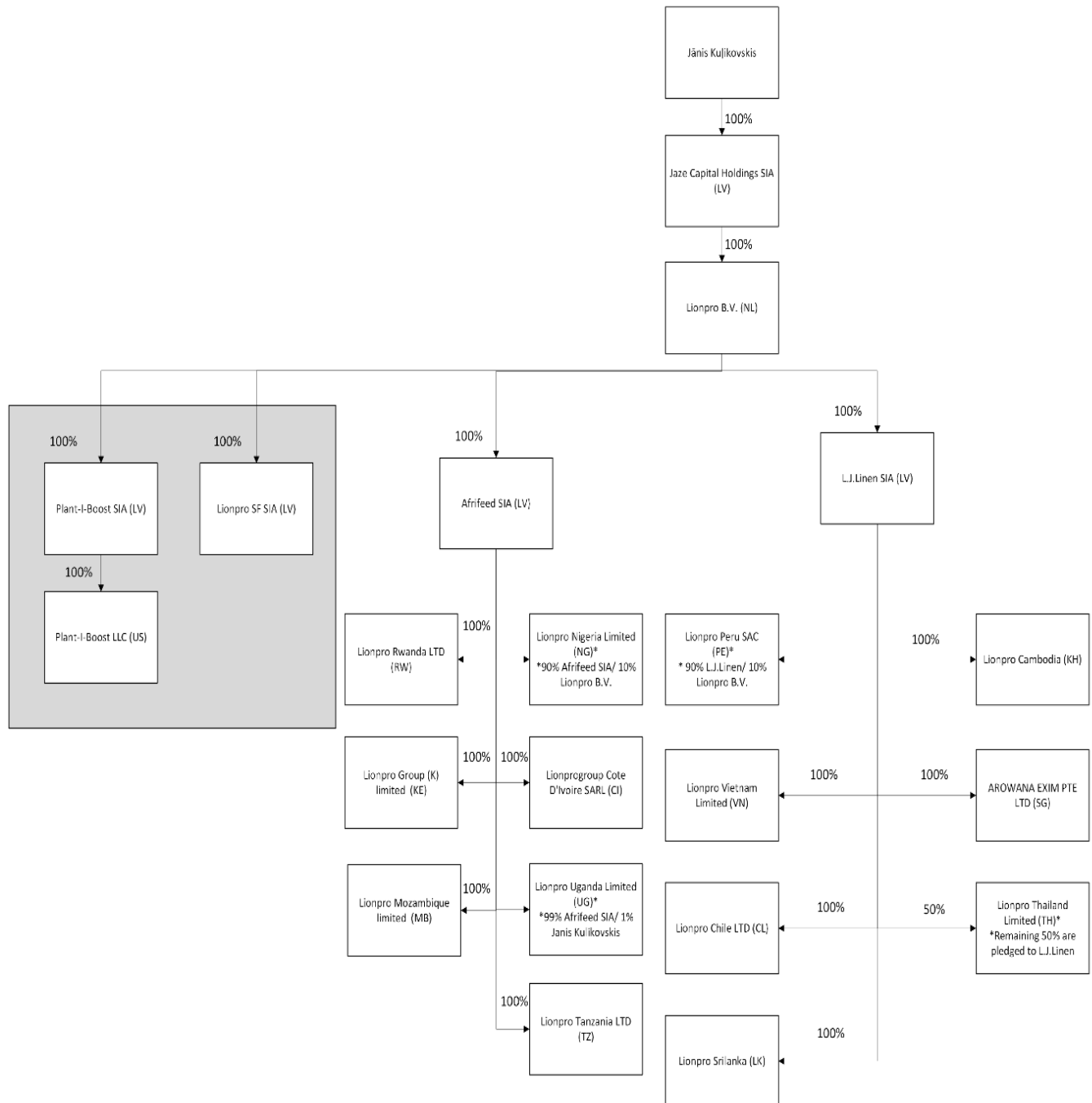
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<sup>4</sup> "Issue Date": to be used if the Guarantee is issued immediately before or on the Issue Date; "Guarantee Date": to be used if the Guarantee is issued after the Issue Date.

## Annex 2

### Existing structure of the GROUP

LIONPRO GROUP STRUCTURE 04/2025





## Annex 3

### Planned structure of the GROUP

LIONPRO GROUP STRUCTURE ANTICIPATED 2025

