



Company Description

June 2025

Term Sheet

Issuer	SIA Banga Ltd
Type of notes	Senior secured bonds
Seniority of notes	SNDB – Senior Debt
Collateral	<ul style="list-style-type: none"> • Commercial pledge on assets of SIA Banga Ltd. • Mortgage on the real estate of SIA Banga Ltd.
ISIN	LV0000104008
Issue size	EUR 3,000,000
Issue price	100.00%
Coupon rate	7.00%
Coupon frequency	Quarterly
Maturity	08.05.2028, bullet
Call option	@101% after year 1; @100% 6 months before maturity
Put option	In case of Change of Control @101%
Financial covenants	<ul style="list-style-type: none"> • Interest coverage ratio: min 3.0x • Equity ratio: min 30% • Net Debt / EBITDA: max 3.0x
Nominal value	EUR 1,000
Admission to trading	Nasdaq Baltic First North Bond List
Use of proceeds	<ul style="list-style-type: none"> • Refinancing of existing bond • Financing of an investment project
Arranger and Certified Adviser	Signet Bank AS
Collateral Agent	ZAB Vilgerts SIA

Certified Adviser



Signet Bank AS acts as the First North Certified Adviser for SIA Banga Ltd

Official name: **Signet Bank AS**

Registration number: 40003043232

Main field of activity: Banking services

Address: Antonijas iela 3, Riga, LV-1010, Latvia

Web page: <https://www.signetbank.com/>

Representative

Kristiāna Janvare, CFA

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Signet Bank AS is advising SIA Banga Ltd. with the preparation of admission documents. The agreement is valid from the day of submitting the application for admission to trading on First North to Nasdaq Riga until the actual first trading day of the Notes on First North.

Certified Adviser and employees of the Certified Adviser do not have any direct or indirect shareholdings in the Issuer and are not represented in Board or Council of the Issuer.

Transactions with related parties

A related party is a person or an entity that is related to the reporting Company. A person or a close member of that person's family is related to the reporting Company if that person has control, joint control or significant influence over the reporting Company or is a member of the key management personnel of the reporting Company or of a parent of the reporting Company.

An entity is related to the reporting Company if both are members of the same group. Besides, an entity is related to the reporting Company if the entity is controlled, jointly controlled or significantly influenced by a related party of the reporting Company or this related party of the reporting Company is a member of the key management personnel of that entity or of a parent of that entity.

As per the latest audited report for the year ended 31 December 2024, below is a summary of transactions between the Issuer and related parties.

Related party	Services rendered and goods sold, EUR	Services rendered and goods purchased, EUR	Amounts owed by related parties as at 31 December, EUR	Payables to related parties as at 31 December, EUR
2023				
Curlandia SIA	102,533	159,383	140,973	1,936
Banga Ukraine LLC	98,487	-	-	-
Total in 2023	201,020	159,383	140,973	1,936
2024				
Curlandia SIA	98,156	132,932	129,428	1,936
Total in 2024	98,156	132,932	129,428	1,936

Appendix

Terms of the Notes Issue signed on 15 April 2025





SIA "Banga Ltd"
Registration No. 41203031343
LEI: 9845003C02460C75C015

Terms of the Notes Issue

ISIN	LV0000104008
Type of security:	Senior Secured Notes
Nominal:	EUR 1,000.00 (one thousand euros)
Nominal value of the issue:	Up to EUR 3,000,000.00 (three million euros)
Annual Coupon Rate:	7.00 %
Maturity:	8 May 2028

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

The issue of the Notes is a private placement and there is no intention of the Issuer to list the Notes on a regulated market.

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 issuance of the Notes, including the legal relationship between the Issuer, prospective investors, and any third parties, as well as all rights and obligations attached to the Notes—such as voting rights, interest payments, and corporate actions—shall be governed by the applicable laws of the Republic of Latvia.

These Terms of the Notes Issue 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.

MiFID II Product Governance – Target Market: 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 is eligible counterparties, professional clients, and retail clients, each as defined in Directive 2014/65/EU (MiFID II); and (ii) all distribution channels to these client types are appropriate.

Any person subsequently offering, selling, or recommending the Notes is responsible for undertaking its own target market assessment under MiFID II (by adopting or refining the manufacturer's assessment) and

determining appropriate distribution channels.

The manufacturer's assessment is made solely for product governance purposes and does not constitute a recommendation or an assessment of suitability or appropriateness for MiFID II purposes.

Pursuant to Article 5f of Regulation (EU) No. 833/2014 and Article 1f of Regulation (EC) No. 765/2006, each as amended, including by Council Regulation (EU) 2023/1594, the sale, supply, transfer, or making available, directly or indirectly, of euro-denominated or other EU Member State currency-denominated transferable securities issued after 12 April 2022, or units in undertakings for collective investment (UCIs) providing exposure to such 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 is prohibited.

This prohibition does not apply to nationals of a Member State of the European Union or to natural persons holding a temporary or permanent residence permit in a Member State.

Before deciding to purchase the Notes, prospective 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 prospective investors were solely for informational purposes, and the Notes are being issued in accordance with these Terms of the Notes Issue. Prospective investors should not make investment decisions based solely upon information provided in any investor presentation or other materials.

Arranger:



15 April 2025

Table of Contents

1.	RISK FACTORS.....	13
2.	PARTY RESPONSIBLE FOR THE TERMS OF THE NOTES ISSUE	24
3.	INFORMATION ON NOTES	26
4.	SPECIAL CONDITIONS.....	38
5.	COVENANTS.....	41
6.	TAXATION	44
7.	TERMS OF THE OFFERING	46
8.	ADDITIONAL INFORMATION	50
9.	THE ISSUER.....	51
10.	BUSINESS OF THE COMPANY	52
11.	SELECTED FINANCIAL INFORMATION OF THE COMPANY	58

Terms and abbreviations

Accounting Principles	: The International Financial Reporting Standards (“IFRS”) as adopted in accordance with Regulation (EC) No. 1606/2002 (as amended from time to time), unless IFRS does not require consolidation.
Adjusted Equity	: The aggregate book value of equity, increased by Subordinated Debt, according to the most recent Financial Report.
AML	: Anti-money laundering and counter terrorism and proliferation financing.
Applicable Laws	: Any applicable law, including without limitation: (a) the regulations of the Bank of Latvia, Nasdaq Riga and 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 other country in which the Company operates.
Arranger	: Signet Bank AS, a Latvian bank registered in the Company Register of the Republic of Latvia under registration No. 40003043232.
Auditor	: Any auditor from the following list that is licensed to practice in the Republic of Latvia: <ul style="list-style-type: none">• Pricewaterhouse Coopers group entity;• Ernst & Young group entity;• KPMG group entity;• Deloitte group entity.• BDO group entity;• Grant Thornton group entity;• Baker Tilly group entity;• Nexia Audit Advice group entity;• POTAPOVIČA UN ANDERSONE group entity.
Bank of Latvia	: The Bank of Latvia (in Latvian: Latvijas Banka), registration number 90000158236, with its registered office at 2A Krišjāņa Valdemāra Street, Riga, LV-1050, Latvia. The financial supervisory authority of Latvia.
Business Day(s)	: Business Day(s) is a day when the Nasdaq CSD system is open and operational to effectuate T2S-eligible securities settlement transactions.
Cash and Cash Equivalents	: Cash and cash equivalents according to the most recent Financial Report.
Change of Control	: Means the occurrence of any event or series of events as a result of which any person (whether a natural or legal person), or any group of persons acting in concert (directly or indirectly), acquires the power, whether by ownership of shares, contractual arrangement, or otherwise, to: <ul style="list-style-type: none">(a) cast, or control the casting of, more than 50% (fifty percent) of the maximum number of votes that may be cast at a general meeting of the shareholders of the Company; or

- (b) appoint, remove, or control the appointment or removal of a majority of the members of the management board, the supervisory board (if appointed), or any other equivalent governing body of the Company.

For the avoidance of doubt, a Change of Control shall not be deemed to have occurred when such change results from a transfer of shares or other internal reorganization among the Existing Shareholders (including any changes to the composition of the management board, supervisory board, or equivalent officers), provided that the Existing Shareholders, whether jointly or individually, continue to hold more than 50% (fifty percent) of the voting rights exercisable at a general meeting of the Company.

Furthermore, an Initial Public Offering (IPO) of the Company shall not constitute a Change of Control for the purposes of these Terms of the Notes Issue.

Collateral	: Collateral is described in Clause 3.2.7 “Collateral of the Notes” and serves as security for the fulfilment of the Company’s obligations to the Noteholders in accordance with these Terms of the Notes Issue.
Collateral Agent	: A person holding the Collateral on behalf of the Noteholders and authorized to act with the Collateral in favor of all the Noteholders in accordance with these Terms of the Notes Issue and the Collateral Agent Agreement, initially a Latvian company ZAB “VILGERTS” SIA, a law firm registered with the Latvian Bar association and registered with the Company Register of the Republic of Latvia under registration No. 40203309933 and with a registered address at: Audēju iela 15-8, Riga, LV-1050, the Republic of Latvia.
Collateral Agent Agreement	: The agreement entered into between the Company and the Collateral Agent which stipulates the rights and obligations of the Collateral Agent in relation to the establishment, maintenance, and enforcement of the Collateral, as defined in these Terms of the Notes Issue, in the interests of the Noteholders, as well as the Collateral Agent’s compensation. The Collateral Agent Agreement is available upon request from the Issuer and constitutes an integral part of these Terms of the Notes Issue.
Collateral Agreements	: The Commercial Pledge Agreement and the Mortgage Agreement.
Commercial Pledge Agreement	: The commercial pledge agreement concluded or to be concluded on the provision of the Collateral referred to in Clause 3.2.7 “Collateral of the Notes” between the Collateral Agent and the Company and governed by the Applicable Laws.
Commercial Pledge Register	: The commercial pledge register of the Company Register of the Republic of Latvia (<i>Komerķīlu reģistrs</i>).
Company or Issuer	: The Issuer, i.e., SIA “Banga Ltd” a Latvian company registered in the Company Register of the Republic of Latvia under registration No. 41203031343.
Coupon	: Interest on the Notes calculated in accordance with the Clause 3 “Information on Notes”.
Coupon Payment Date	: Coupon payments are to be made four times per year – on every 8 February, 8 May, 8 August, and 8 November.
Curlandia	: Curlandia SIA, a company registered in the Company Register of the Republic of Latvia under registration No. 40103629334, that is the Company’s sole (100% (one hundred percent)) shareholder and on the date of these Terms of the Notes Issue the shares are equally owned by two Latvian citizens, Mr. Raivis Veckāgans (50% (fifty percent)) and Mr. Ingus Veckāgans (50% (fifty percent)).
Custodian	: A 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	: Net profit for the Relevant Period calculated according to the most recent Financial Reports: <ul style="list-style-type: none"> (a) before deducting any amount of tax on profits, gains or income paid or payable; (b) before deducting any Net Finance Charges; (c) before taking into account any exceptional items which are not in line with the ordinary course of business; (d) not including any accrued interest on Subordinated Debt; (e) before considering any gains or losses on any foreign exchange gains or losses; and after adding back any amount attributable to the amortization, depreciation or depletion of assets.
Equity Ratio	: Ratio of Adjusted Equity to assets calculated according to the most recent Financial Report.
EUR	: Euro (the single currency of the Member States of the European Monetary System).
Event of Default	: Any event or circumstance set out in Clause 4.1.1 "Event of Default" of the Terms of the Notes Issue
Existing Notes	: Means the existing secured notes of the Company with ISIN LV0000860088 and maturity on 9 May 2025, with an outstanding amount of EUR 2,500,000.00 (two million five hundred thousand <i>euros</i>).
Existing Noteholders	: Noteholders of the Existing Notes.
Existing Security	: The following security provided by the Company in existence on the Issue Date: <ul style="list-style-type: none"> (a) commercial pledge over the assets of the Company as an aggregation of property at the moment of pledging, including the Company's trademarks No. M 43 560, No. M 65 778 and No. M 43 559, registered on 17 May 2022 in favour of the Collateral Agent pursuant to the commercial pledge agreement dated 6 May 2022, securing claims up to a maximum amount of EUR 3,500,000 (commercial pledge deed No. 100197392); (b) mortgage over Real Estate (as defined in these Terms of the Notes Issue, but excluding real estate in Roja, Rūpniecības iela 1, with cadastral No. 88820080290), registered in favour of the Collateral Agent pursuant to the pledge agreement dated 6 May 2022, securing claims up to a maximum amount of EUR 3,500,000.
Existing Shareholders	: Mr. Raivis Veckāgans and Mr. Ingus Veckāgans.
Fair Market Value	: 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 Company.
Financial Indebtedness	: The outstanding aggregate amount of total indebtedness according to the most recent Financial Report, including: <ul style="list-style-type: none"> (a) monies borrowed and debt balances at banks or other financial institutions; (b) any amount raised pursuant to the issuance of notes or any similar

instrument, including the Notes;

- (c) the amount of any liability in respect of any financial lease;
- (d) any amount raised under any other transaction that has the commercial effect of a borrowing and is treated as a borrowing under the Accounting Principles;
- (e) any derivative transaction based on mark-to-market value;
- (f) any counter-indemnity obligation in respect of a guarantee or any other instrument issued by a bank or financial institution; and
- (g) without double-counting any guarantee or other assurance against financial loss in respect of any type referred to in items (a) to (f) above.

but excluding any Subordinated Debt.

Financial Report	: The annual audited financial report and the quarterly interim unaudited reports prepared in accordance with the Accounting Principles.
Financial Year	: For the Company, each year starting on 1 January and ending on 31 December.
First North	: The Multilateral Trading Facility (MTF), First North, operated by Nasdaq Riga.
First Settlement Date (Issue Date)	: The date on which interest on the Notes starts to accrue: 8 May 2025.
Force Majeure Event	: Has the meaning set forth in Clause 5.4 “Force Majeure and Limitation of Liability”.
Group	: The Company and its Subsidiaries.
Interest Coverage Ratio (ICR)	: The ratio of EBITDA to Net Finance Charges for the Relevant Period.
Investment Programme	: The Company’s investment initiative aimed at expanding and modernising its operations through capital expenditures financed by the proceeds of the Notes, particularly from the Private Offering. The Investment Programme includes, but is not limited to, investments intended to increase production capacity, enhance the efficiency and sustainability of production processes, improve product quality, extend production facilities, and accelerate product packaging processes. The overall objective of the Investment Programme is to support the Company’s growth, competitiveness, and long-term cost efficiency.
Investor(s)	: The Noteholders.
Issuer	: The Company.
Land Register	: The real estate register of immovable property and encumbrances and related rights of the Republic of Latvia (<i>Zemesgrāmata</i>).
Majority Noteholders	: Noteholders who collectively hold in aggregate the Notes with the Nominal Value representing at least 1/2 (one half) of the aggregate Nominal Value of all outstanding Notes plus at least one additional Note. The Issuer, its direct or indirect shareholders and / or the Related Parties holding any such Notes are not eligible for voting.
Maturity Date	: The date when the Notes shall be repaid in full at their Nominal Value by the Company, which is 8 May 2028.
Minimum Settlement Unit	: The minimum amount which can be held and traded, which is equal to the Nominal Value.

Mortgage Agreement	: The real estate pledge agreement concluded or to be concluded on the provision of the Collateral referred to in Clause 3.2.7 "Collateral of the Notes" between the Collateral Agent and the Company and governed by the Applicable Laws.
Nasdaq CSD or Depository	: Nasdaq CSD SE (with registration No. 40003242879 and with a registered address at: Valņu iela 1, Rīga, LV-1050, Latvia).
Nasdaq Rīga	: AS "Nasdaq Rīga" (with registration No. 40003167049 and with a registered address at: Valņu iela 1, Rīga, LV-1050, Latvia).
Net Debt	: The aggregate amount of the Financial Indebtedness minus the sum of Cash and Cash Equivalents, including marketable securities, as per the most recent Financial Report.
Net Finance Charges	: All recurring debt related charges for the Relevant Period calculated according to the most recent Financial Reports: <ul style="list-style-type: none"> (a) including cash interest expense on Financial Indebtedness; (b) including cash interest expense on guarantees issued by a bank or insurance company; (c) after deducting any interest income relating to Cash and Cash Equivalents; and (d) excluding any payment-in-kind interest capitalized on loans from Related Parties and/or Subordinated Debt.
Nominal Value	: Face value of a single Note, which is EUR 1,000.00 (one thousand <i>euros</i>).
Note(s)	: The debt security issued by the Company according to these Terms of the Notes Issue.
Exchange Offer	: The Company's offer to exchange the Existing Notes for the Notes, as described under Clause 7.1.2 "Exchange of Existing Notes".
Noteholder(s)	: A private person or legal entity that is an owner of one or more Notes and has a claim against the Company as stipulated by the Applicable Laws.
Permitted Business	: 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 Company is engaged on the Issue Date, and reasonable extensions, developments or expansions of such businesses, services or activities.
Permitted Security	: Any Security which is: <ul style="list-style-type: none"> (a) an Existing Security; (b) Collateral; (c) Swedbank Collateral; (d) granted by the Issuer in favour of a bank or other credit institution in relation to secured lease or factoring arrangements that do not serve as Collaterals under these Notes; (e) provided in relation to any agreement under which the Company or a Subsidiary leases office space or other premises; (f) under Refinancing agreements entered into by the Issuer with financial institutions; (g) arising by operation of law or in the ordinary course of business (including

collateral or retention of title arrangements in connection therewith but, for the avoidance of doubt, excluding guarantees or security in respect of any monies borrowed or raised);

(h) incurred as a result of the Company or a Subsidiary acquiring another entity with existing encumbrances;

(i) any other security approved by the Majority Noteholders.

Potential Investor(s) : Any natural or legal person, other than an Existing Noteholder, who, in accordance with these Terms of the Notes Issue, has expressed interest in, or intends to acquire for their own account, one or more Notes for the first time.

Private Offering : The Company's offering of the Notes, as described under Clause 7.1.3 "Private Offering".

Prospectus Regulation : 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.

Real Estate : A property (including buildings and constructions on real estate) exclusively owned and used by the Company and registered in the Land Register at the following address and under the following cadastral numbers:

(a) Rūpniecības iela 2, Roja, Rojas novads, Latvia, with cadastral No. 88820080291, registered with the Roja parish Land Register folio No. 100000428376;

(b) Rūpniecības iela 4, Roja, Rojas novads, Latvia, with cadastral No. 88820080298, registered with the Roja parish Land Register folio No. 100000428397;

(c) Akas iela 74A, Roja, Rojas novads, Latvia, with cadastral No. 88820080312, registered with the Roja parish Land Register folio No. 100000428450;

(d) Akas iela 74B, Roja, Rūpniecības iela 1, Roja, Rūpniecības iela 3, Roja, "a/s BANGA 3.noliktava", Roja, Rojas novads, Latvia, with cadastral No. 88825080014, registered with the Roja parish Land Register folio No. 679;

(e) Akas iela 74B, Roja, Rojas novads, Latvia, with cadastral No. 88820080796, registered with the Roja parish Land Register folio No. 755;

(f) Rūpniecības iela 6, Roja, Rojas novads, Latvia, with cadastral No. 88820080311, registered with the Roja parish Land Register folio No. 100000428424;

(g) "Artēziskā aka", Roja, Rojas novads, Latvia, with cadastral No. 88820081071, registered with the Roja parish Land Register folio No. 100000551802; and

(h) Rūpniecības iela 1, Roja, Rojas novads, Latvia, with cadastral No. 88820080290, registered with the Roja parish Land Register folio No. 100000428340.

Refinancing : The process by which Notes issued under these Terms of the Notes Issue are replaced or repaid through the procurement of a loan or other financing arrangement from a financial institution.

Related Parties : Any person (natural person or legal entity) as defined as a "reporting entity" by the International Accounting Standards (IAS 24 - Related Party Disclosures).

Relevant Period	: Each period of 12 (twelve) consecutive calendar months, fixed at the end of each calendar quarter.
Sanctions	: AML, Sanctions, embargoes, restrictions and similar legislative measures adopted by OFAC, EU, UN and any governmental authority that has direct or indirect influence over affairs of the Group, Arranger or Collateral Agent.
Settlement Unit Multiple	: Multiple that defines the settlement quantity or nominal must be a multiple of the Minimum Settlement Unit.
Subordinated Debt	: Debt of the Company to Related Parties that is subordinated to the Notes to the extent of up to EUR 3,000,000 (three million <i>euros</i>) (i.e., the principal amount of such debt is repayable only after settlement of all of the obligations under the Notes).
Subsidiary	<p>: Any entity including an unincorporated entity such as a partnership that is controlled by the Company as defined by the International Accounting Standards (IAS 27 – Consolidated and Separate Financial Statements).</p> <p>As of the date of these Terms of the Notes Issue, the Company has no subsidiaries.</p> <p>In 2023, the Company alienated (sold) its 100% (one hundred percent) shareholding in Banga Ukraine LLC, a limited liability company registered in the Company Register of the Republic of Ukraine under registration No. 43981828.</p>
Swedbank	: "Swedbank" AS, a Latvian commercial bank registered in the Company Register of the Republic of Latvia under registration No. 40003074764.
Swedbank Līzings	: "Swedbank Līzings" SIA, a subsidiary company of Swedbank registered in the Company Register of the Republic of Latvia under registration No. 40003240524.
Swedbank Collateral	: Asset pledges granted or to be granted by the Company in favour of Swedbank and/or Swedbank Līzings to secure the Company's liabilities arising under the Swedbank Leasing Agreements and the Swedbank Factoring Agreement, or any other agreements to be executed between the Company and Swedbank or Swedbank Līzings.
Swedbank Factoring Agreement	<p>: The Company's agreement with Swedbank No. 212013A, dated 12.02.2018, as amended by amendment No. 2025/1, dated 10.03.2025, regarding factoring of the Company's invoices with an agreed maximum credit limit (as at 10.03.2025) of EUR 1,000,000.00 (one million <i>euros</i>), that is subject to the following 3 (three) main conditions:</p> <p>(a) 80% (eighty percent) of revenues shall be directed via the Company's account at Swedbank;</p> <p>(b) any change of control in Curlandia, or changes in proportion of the shares owned by the Existing Shareholders, or any share transfer in Curlandia in excess of 10% (ten percent) of the shares is subject to prior approval of Swedbank; and</p> <p>(c) full compliance with ALTUM's export guarantee terms, if any.</p>
Swedbank Leasing Agreements	<p>: The following Company's agreements entered into between the Company and Swedbank Līzings for the financing of the Company's manufacturing assets, equipment, and vehicles:</p> <p>(a) Agreement No. 295181, dated 03.07.2024, as amended by amendment No. 2025/1, dated 26.02.2025</p> <p>(b) Agreement No. 290138, dated 03.07.2024;</p>

- (c) Agreement No. 276129, dated 07.03.2023;
- (d) Agreement No. 276131, dated 07.03.2023;
- (e) Agreement No. 276135, dated 07.03.2023;
- (f) Agreement No. 276136, dated 07.03.2023;
- (g) Agreement No. 276137, dated 07.03.2023;
- (h) Agreement No. 276140, dated 07.03.2023;
- (i) Agreement No. 282877, dated 03.10.2023;
- (j) Agreement No. 283560, dated 30.10.2023;
- (k) Agreement No. 274165, dated 16.12.2022;
- (l) Agreement No. 274170, dated 16.12.2022.

Terms of the Notes Issue : This document, which sets out the terms and conditions under which the Company may execute the issuance and initial offering of the Notes, including the exchange of Existing Notes into the Notes as part of the Exchange Offer.

* * *

BELOW IS THE DESCRIPTION OF THE 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, AS WELL AS THE MARKET PRICE AND VALUE OF THE NOTES. SHOULD ONE OR MORE OF THE RISKS DESCRIBED BELOW MATERIALISE, THIS MAY HAVE A MATERIAL ADVERSE EFFECT ON THE CASH FLOWS, RESULTS OF OPERATIONS, AND FINANCIAL CONDITION OF THE ISSUER. MOREOVER, IF ANY OF THESE RISKS MATERIALISE, 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 PROSPECTIVE INVESTORS COULD LOSE ALL OR PART OF THEIR INVESTMENTS.

THE RISK FACTORS DESCRIBED HEREIN ARE THE RISKS WHICH THE ISSUER HAS DEEMED MATERIAL; HOWEVER, THEY ARE NOT THE ONLY FACTORS AFFECTING THE ISSUER'S ACTIVITIES. THEREFORE, THE ISSUER DOES NOT CLAIM THAT THE STATEMENTS BELOW REGARDING THE RISKS OF ACQUIRING AND/OR HOLDING ANY NOTES ARE EXHAUSTIVE. ALSO, OTHER FACTORS AND UNCERTAINTIES THAN THOSE MENTIONED HEREIN, WHICH ARE CURRENTLY UNKNOWN OR DEEMED IMMATERIAL, COULD NEGATIVELY AFFECT THE ISSUER'S CASH FLOWS, RESULTS OF OPERATIONS AND, THEREBY, THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES, AS WELL AS THE MARKET PRICE AND VALUE OF THE NOTES. MOREOVER, PROSPECTIVE 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.

BEFORE DECIDING TO PURCHASE THE NOTES, PROSPECTIVE INVESTORS SHOULD CAREFULLY REVIEW AND CONSIDER THE FOLLOWING RISK FACTORS, IN ADDITION TO ALL OTHER INFORMATION PRESENTED IN THESE TERMS OF THE NOTES ISSUE, AND CONSULT WITH THEIR OWN PROFESSIONAL ADVISORS IF NECESSARY. MOREOVER, PROSPECTIVE 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. 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.

* * *

1. RISK FACTORS

1.1. Important note

The risks indicated in this section, if any or all of them materialize, may reduce the Company's ability to fulfil its obligations or result in its insolvency or necessitate restructuring in the worst-case scenario. This section does not purport to present an exhaustive list of all potential risks that may affect the Company.

1.2. RISKS RELATED TO THE ECONOMIC AND REGULATORY ENVIRONMENT

1.2.1. Macroeconomic risk

The Company's operations are well diversified with exports to more than 47 (forty-seven) countries and 5 continents, with exports accounting for a considerable proportion of the Company's total sales. The Company's total sales in FY 2024 amounted to EUR 16 million, with 16% of sales generated in the Baltic States, 31% in Eastern Europe, 25% in Western and Central Europe and 28% in the rest of the world.

Changes in general economic conditions directly impact consumer confidence and consumer spending as well as the general business climate and levels of business investment, all of which affect the demand for the Company's products and services. Moreover, consumer confidence, consumer spending and/or general economic conditions may deteriorate significantly and remain depressed for extended periods of time. A negative development in general economic conditions or consumer confidence and consumer spending could have a negative effect on Company's results of operations, revenue and cash flows.

Downturns in general economic conditions and uncertainties regarding future economic prospects which affect consumers' disposable income pose a risk to the Company's business, as consumers and businesses may postpone spending 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 demand for the Company's products. Consumer spending is affected by many factors, including general business conditions, inflation, interest rates, consumer debt levels, unemployment rates and availability of consumer credit. In addition, 84% of the Company's total revenue in 2024 was derived from export markets outside of Baltic states, of which 28% fall outside the European borders, exposing the Company 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 Issuer's control and may have a negative impact on the Company's revenue and profitability.

1.2.2. Geopolitical risk related to Russian invasion of Ukraine

The Company sells and transports products across a wide variety of national jurisdictions and geographical areas. This activity entails the risk of business interruptions that may arise from political circumstances, trade disputes, or deficiencies in the legal systems and law enforcement mechanisms in certain countries in which the Company operates. The political circumstances or inadequacies of the legal systems and law enforcement mechanisms in certain countries in which the Company operates may have a material negative impact on the Company's reputation, revenue, cash flows and financial condition.

Specifically, given the protracted hostilities in Ukraine and difficulties related to the operational management of operations, in 2023 the management of the company decided to stop direct business in Ukraine by selling the capital shares of the subsidiary "Banga Ukraina" LLC. In the framework of the aforementioned transaction, according to accounting data, losses in the amount of EUR 30,721 were recorded. Further deliveries to Ukrainian customers are made directly to retail networks or the Company's distributor.

However, operating in the said market still poses risks to profitability of the Company. The Company has implemented measures to mitigate possible risks. For instance, the Company cooperates with the largest supermarket chains in Ukraine and has changed the order of payments – in contrast to the situation before the war, the Company now receives payments for its products in advance. The overall majority of payments with customers for products are based on 100% (one hundred percent)

prepayment. Furthermore, sales contracts and payments are made only in the EUR currency eliminating any potential negative impact from currency exchange rate fluctuations (this refers to any market where the Company operates). Although the demand for the Company's products in Ukraine remains high, uncertainty regarding furthering the Company's operations in the market remains elevated due to the ongoing war and the currently stable demand might be unsustainable in the future.

1.2.3. Pandemic and public health risks

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 Company's operations. The Company acknowledges that these disruptions may reoccur, potentially impacting its 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.

Under increasing uncertainty, demand for products with long shelf lives, such as canned food products, tends to increase and the Company had also observed this effect throughout the pandemic. The Company acknowledges that disruptions arising from the Covid-19 pandemic, or the potential emergence of a new pandemic, may occur again, potentially affecting future operations and negatively impacting revenue.

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

The Company is subject to Latvian laws and regulations, as well as laws and regulations that regulate the industry in which the Company operates. The fish and fish processing industry is affected by high level of regulations, such as sanitary and environmental regulations, both on an EU and national level. Any uncertainty as to the regulatory trends or changes in policies in relation to the Company's industry may delay or prevent the achievement of the strategic plans or increase the cost of implementing such plans.

The Company complies with all legislative requirements and other regulations as of the date of these Terms of the Notes Issue. Legislation and regulations may change however, for example, through the introduction of more stringent environmental regulations or new quotas or limitations on fishing operations that could influence the availability and cost of raw materials, 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 Company's operations to any of the changes described above may incur costs for the Company that are difficult to anticipate, which in turn may have a material adverse effect on the Company's business operations, financial conditions and results of operations.

Failure to comply with these evolving requirements could result in fines, penalties, or other sanctions, potentially impacting the Company's reputation, financial condition, and operating results. Expanding regulations, such as those regarding sustainable and environmental considerations, may lead to increased operational costs, which the Issuer may not fully offset through product pricing adjustments, ultimately affecting financial performance.

1.2.5. The local tax regime may change

Changes to the local tax regime or challenges to the current tax structures of the Company's business could have a material adverse effect on the Company's business, financial condition, or results of operations. Additionally, certain tax positions taken by the Company require the judgement of management and, thus, could turn to be inefficient or challenged by tax authorities due to possible

erroneous interpretation of tax legislation.

1.3. RISKS RELATED TO THE COMPANY'S BUSINESS AND THE INDUSTRY

1.3.1. Dependency on certain raw materials for production

Raw materials (fish and seafood) constitute the largest share of the Company's cost base (77% (seventy-seven percent) of COGS in 2024). The Company is dependent upon access to raw materials to deliver products to its customers. The Company's raw materials are sourced from third parties, and no guarantees can be made that the Company will secure sufficient volumes going forward.

Dependency on third-party supply of raw materials also exposes the Company to further competition from its peers, and especially from industry players owning coastal vessels or aquaculture production facilities that to a greater extent than the Company secure supply of raw materials.

The Company's results of operations can be impacted both by the available raw materials in the region the Company is operating, but also by the supply in other regions. Variations in regional fishing quotas could impact the supply of raw materials available for the Company. Further, the supply from other regions both in relation to the same species/products and similar substitutes could have an impact on prices. In a very broad sense also the supply and prices for alternative sources of proteins could therefore impact the demand and prices for fish.

Reduced availability and / or increased prices for raw materials could as a result have a negative effect on the Company's results of operations, profitability and future development.

1.3.2. Raw materials cost inflation risk

In 2024, the Company's key cost items were raw materials (fish, seafood), cans and lids, and spices and different types of cooking oils. The war in Ukraine and resulting sanctions on Russian and Belarussian suppliers have triggered production chain disruptions in many industries globally that could potentially negatively affect the availability of certain materials, such as *e.g.*, cans, and have intensified general inflationary pressures. While the Company transfers the rising costs to its customers by increasing the prices of its production, such price increases may not be sufficient to fully cover the negative impact from rising costs or may come with a delay, which could potentially leave a negative impact on the Company's margins and financial performance.

1.3.3. Risk of increase in labour and employment costs

An integral part of the Company's production cycle is the input of manual labour. While the employee productivity has seen notable improvements, payroll expenses remain a significant driver of costs, constituting 14% of revenue in 2024. The Company's labour and employment costs may rise in the future, or rise faster than expected, as a result of minimum wage increases, inflationary pressure, increased workforce activism, government decrees and changes in social and pension contribution rules. The Company may not be able to offset increases in labour and employment costs through productivity gains. If labour and employment costs increase in the future, the Company's operating costs will increase, which could, if the Company cannot recover these costs from its clients or consumers through increased selling prices or offset them through productivity gains or other measures, have a material adverse effect on the Company's business, financial condition and results of operations.

1.3.4. The risk of rising costs of logistics and transportation

In 2024, the Company processed over 2,200 tons of raw materials annually, with volumes expected to grow proportionally in the coming years in line with turnover growth. Due to the high volume a significant part of the production is exported worldwide to over 47 (forty-seven) different countries. The Company is therefore a user of cold storages and shipping containers and in total the costs related to logistics and transportation is an important cost factor. As an effect, changes in the markets for logistics and transportation could have a material effect on the results of the Company.

1.3.5. The Company is dependent on estimating consumer demand for multiple products

The Company maintains a certain level of inventory in order to ensure the optimal flow of the inventory and the ability to satisfy customer demands. The Company's total inventory level was EUR 4.0 million (four point zero million *euros*) as of 31 December 2024, constituting around 39% (thirty-nine percent) of the Company's total assets.

Insufficient levels of inventory can leave a significantly negative impact on the Company's revenue. However, in the event of high levels of unsold products, the Company could be required to sell some of its products at lower prices, which could negatively affect the Company's operating profits and have a materially adverse impact on its business operations and financial conditions.

Alternatively, the Company may underestimate the demand of one product compared to another and acquire stock inadequately as a result. To be responsive to shifting customer demands, the Company must manage its product selection and inventory levels closely. If the Company misjudges, fails to identify or fails to react swiftly to changes in consumer preferences, its sales could decrease, and the Company could see a significant increase in its inventories. Conversely, if the Company underestimates consumer interest in its products, it may experience inventory shortages and lower revenue and profitability than the Company could otherwise have achieved. Therefore, it is important for the Company to optimize inventory levels accordingly.

1.3.6. Financial leverage risk

The financial leverage of the Company will increase as a result of the Notes issue and could increase further, for example, due to potential additional external financing in the future, which could result in negative consequences for the Company. While the Company aims to maintain moderate-to-low leverage level fueled by continuous improvements in profitability, there is no assurance that these targets will be realized. Higher leverage could require the Company to dedicate a substantial portion of its cash flows for financing debt, increasing vulnerability to a downturn in the Company's business operations or general economic conditions, placing the Company at a competitive disadvantage relative to its 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 Company's ability to satisfy its obligations under the Notes.

1.3.7. The loss of one or more key personnel members of the Company could have an adverse effect on its business

The Company's business and prospects depend to a significant extent on the continued services of its key personnel in its various business areas. Financial difficulties or lack of industry sustainability could negatively impact the Company's ability to retain key employees. The loss of any of the members of its senior management or other key personnel or the inability to attract a sufficient number of qualified employees could adversely affect its business and results of operations.

1.3.8. Failure to attract and retain qualified personnel may affect the profitability of the Company's operations

As of the date of these Terms of the Notes Issue, the Company employs more than 160 (one hundred and sixty) full-time employees and is a significant regional employer. The Company's employees are a significant part of the overall operations of the Company. Therefore, it is of high importance for the Company to have a professional team of employees with low employee turnover rate. As the Company is located in the village of Roja, 122 km (one hundred and twenty-two kilometers) from Riga, the capital of Latvia, the pool of potential employees is constrained by the limited population in the area. The Company attracts employees from surrounding towns and villages, and attraction of a significant number of new employees in case of rapid development might pose a challenge. To retain and motivate its personnel, the Company has a performance bonus scheme in place, health insurance, and provides organized transportation from / to work.

Additionally, in the future the Company may be unable to attract enough skilled employees that would

fit the needs and the corporate culture of the Company. Training of new employees also takes time and resources. Any difficulties in attracting new and/or to retain existing employees could have a material adverse effect on the Company's service quality and reputation, business operations, financial conditions and results of operations.

1.3.9. The Company is exposed to operational risks

Operational risk is the possibility of incurring losses due to inadequate 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 Company and management to reduce operational risks. The Company'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 effect on the Company's business operations, financial conditions and results of operations.

1.3.10. Increasing competition and new market entrants could adversely affect the Company's operations

The Company operates in a highly competitive industry. As the Company exports a significant share of its products internationally, it faces a large number of local and international competitors, both direct competitors producing similar products, as well as indirect competitors who produce products that can be considered as substitutes. Thus, the success of the Company is dependent on its ability to implement a successful marketing strategy and deliver maximum customer satisfaction through the right product range and quality of the products.

While global demand for canned seafood has been growing over the past several years, creating strong demand backdrop for the Company's products, there can be no guarantee that this demand for the Company's products will continue in the future.

Further, tastes and preferences from pelagic products such as sprats and salmon can change towards other seafood products (or other alternatives); however, this risk can be to some extent mitigated by the Company's flexibility to offer a wide product range and swiftly change its product offering. The Company is dependent on introducing, marketing and selling products that suit customer demand at satisfactory price levels for both the customer and the Company. Should the Company fail to correctly assess the changes in consumer preferences and behavior, the demand for the Company's products might decrease, leaving a negative effect on its revenue.

By securing longstanding customer relationships, the Company can somewhat mitigate its competition risk. Nevertheless, many of the Company's competitors produce similar products as the Company and offer these to the same customer base and use the same suppliers as the Company, all of which can drive prices for products sold down while prices for raw materials, labor cost and energy remain high. Increased prices for raw materials in combination with lower prices for products sold, result in lower operating profit for the Company and could, in the event of a material gap, have adverse effects on the Company's results of operations and future prospects.

1.3.11. Risk of lagging in adoption of technological advancements

The Company operates within a capital-intensive industry, where the use of technology is becoming increasingly important for the Company in order to limit its operating expenses and stay competitive. Therefore, the Company has been continuously making investments in upgrading its production processes and facilities, navigating towards increased automatization, to remain competitive.

However, there can be no guarantee that all new production facilities will perform as expected and deliver the anticipated contribution, or that the Company will be able to keep pace with technological changes within the industry, nor that it will have sufficient financial resources to invest in new and relevant technologies going forward. If the Company is unable to implement new technologies, its operations, as well as competitiveness, could be adversely affected.

1.3.12. The risk of product liability claims

As a supplier of products made directly for human consumption, it is critical that the Company's products are perceived as safe and healthy in all relevant markets. The food industry in general has experienced increased customer awareness with respect to food safety and product quality, information and traceability. A failure by the Company to meet new and existing customer requirements may lower the demand for its products. Moreover, this also exposes the Company to the risk of product liability claims from its customers, as well as end-consumers. Should any contamination or other food safety issues related to the Company's products occur, such would not only have financial consequences due to product recalls and liability claims, but also reputational consequences as it could result in consumers being deterred from consuming the Company's products.

1.3.13. New products, existing product repositioning and changes of consumer preferences

The Company's future business and financial performance depends, in part, on its ability to successfully introduce new products and improved products, reposition existing products, and anticipate and offer products that appeal to the changing tastes, dietary habits and trends and product packaging preferences of consumers in the market categories in which the Company competes. There is no certainty that opportunities for product innovation will exist or that new products will be successfully introduced, or existing products successfully repositioned. Significant development and marketing costs are usually incurred in connection with the introduction of new products or repositioning of existing products. Successfully launching and selling new products puts pressure on its sales and marketing resources, and sufficient funds might not be invested behind a new product introduction to make it successful. If customers and consumers do not accept a new product, then the introduction of a new product can reduce the Company's operating income as introduction costs, including slotting fees, may exceed revenues. If the Company is not able to anticipate, identify or develop and market products that respond to changes in consumer preferences or if new product introductions or repositioned products fail to gain consumer acceptance, the Company's business may not grow as anticipated, and results of operations could be adversely affected. To mitigate such risks, the Company pursues innovation programs, conducts adequate market studies and go-to market plans before launching new products.

1.3.14. Counterparty credit risk

The Company sells its products through major distributors and buyers in various geographical regions.

Management has a credit risk policy which includes, among others, the requirement of certain securities to ensure prompt observance and performance of the obligations of its distributors and other buyers from time to time. In spite of such a policy, there is no guarantee that the Company's customers, distributors, buyers or other contracted counterparties will be able to fulfil their respective contractual financial obligations to the Company and as a result, the Company may experience a decrease in cash flow and an inability to offset costs associated with manufacturing and distributing its products.

1.3.15. Risk of natural disasters and other business disruption

The Company'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 the Company's ability to conduct its business, and insurance coverage may be insufficient to compensate losses that may occur. Although the Company has implemented business continuity plans, acts of terrorism, war, civil unrest, violence or human error could cause disruptions to the Company's business or the economy as a whole. Any of these occurrences may have a material adverse effect on the Company's business operations, financial conditions, results of operations and cash flows.

1.4. RISKS RELATED TO NOTES

1.4.1. The Company may be unable to repay or repurchase the Notes at the Maturity Date

The Notes will rank *pari passu* with other senior secured Financial Indebtedness of the Company. After the Notes issue and repayment of the Existing Notes, the Company's secured Financial Indebtedness

will be the Notes, Swedbank Leasing Agreements and Swedbank Factoring Agreement.

In the case of the Company's insolvency, Investors have the same right to receive their investment as other creditors of the relevant group in accordance with the Applicable Law. There are no contracts or transaction documents which would subordinate the claims of Investors to other secured obligations of the Company.

The Company may not have the ability to repay or refinance these obligations. If the maturity date occurs at a time when other arrangements prohibit the Company from repaying the Notes, it could try to obtain waivers of such prohibitions from the lenders and holders under those arrangements, or the Company could attempt to refinance the borrowings that contain the restrictions. If the Company fails to obtain the waivers or refinance these borrowings, it would be unable to repay the Notes.

- 1.4.2. 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 Company nor any other person guarantees the minimum liquidity of the Notes. Thus, the Investors should consider the fact that they may not be able to sell or may face difficulties in selling their Notes on the secondary market at a fair market value or at all.

- 1.4.3. There is a risk that Nasdaq Riga will not accept the Notes to be admitted to trading on First North or order that the Notes are delisted from First North before the Maturity Date

After registration of the Notes, the Company plans to request admission to trading of the Notes on the Multilateral Trading Facility (MTF) First North operated by Nasdaq Riga within 6 (six) months from the Issue Date. There is a risk that Nasdaq Riga will not accept the Notes to be admitted to trading on First North or order that the Notes are delisted from the 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.

- 1.4.4. The price of the Notes may be volatile, and the market price of the Notes may drop below the initial price an Investor paid for the Notes

The development of market prices of the Notes depends on various factors, such as changes of interest rates, central bank policies, EURIBOR fluctuations, overall economic development, or demand for the Notes.

The Notes shall bear a fixed interest rate. Thus, Investors who seek to sell the Notes before their final maturity are exposed to interest rate risk: if the market interest rate increases, the price of fixed rate Notes typically declines.

Neither the Company, nor any other person undertakes to maintain a certain price level of the Notes. The Investors are thus exposed to the risk of unfavorable price development of their Notes if they sell the Notes prior to final maturity. If an Investor decides to hold the Notes until maturity, the Notes will be redeemed at their Nominal Value.

- 1.4.5. Foreign exchange risk

The Notes will be denominated and payable in EUR. If the Investors measure their investment returns by reference to a currency other than EUR, an investment in the Notes will entail foreign exchange-related risks as the value of EUR relative to their reference currency may significantly fluctuate due to economic, political and other factors over which the Company has no control. Depreciation of the EUR against the reference currency could lower the effective yield of the relevant Notes below their stated coupon rate and could result in a loss to Investors when the return on such Notes is translated into the reference currency.

- 1.4.6. The Company may choose to repurchase or redeem the Notes when prevailing interest rates are low,

including in open market purchases

According to these Terms of the Notes Issue, the Notes may be redeemed prematurely at the initiative of the Company. If the early redemption right is exercised by the Company, the rate of return from the investment into the Notes may be lower than initially expected, as the Investor might not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on such Notes being redeemed. The Company's redemption right may also adversely impact the Investor's ability to sell such Notes.

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

Tax rates and tax payment procedure applicable at the moment of purchase of Notes to the tax residents, non-residents of Latvia, and residents of other countries may change. The Company will not compensate the increase in taxes to Investors, therefore Investors may receive smaller net payments related to the Notes.

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

The decisions by the Majority Noteholders are binding on all Investors. Thus, an Investor is subject to the risk of being outvoted by a majority resolution of the other Investors. As such, certain rights of an Investor against the Company may be amended or reduced, or even cancelled, without its consent.

1.4.9. Some Investors may have more preferential terms than others

While the Company will endeavor to maintain the proportional reduction principle to the extent possible in the final allocation of the Notes, in case the total number of Notes subscribed for is higher than the number of Notes available, the Company has a right to refuse all or part of the subscribed Notes to any Potential Investor due to perceived risks that might not be directly measurable and subjective, thus, the proportionality principle might not be observed.

Additionally, the Company has the right to sell the Notes at a price lower than their Nominal Value to selected Investors and / or enter into agreements that may add additional rights to selected Investors if the Company perceives them as especially important for the Notes issue due to the size of their investment or added experience. This may result in a situation where some Investors might gain preferential terms for investment into the Notes than the rest of the Investors.

1.5. RISKS RELATED TO COLLATERAL

1.5.1. Role of the Collateral Agent in Representing Investors' Interests

The Investors are represented by the Collateral Agent in all matters relating to the Collateral. In theory there is a risk that the Collateral Agent, or anyone appointed by the Collateral Agent, or replacing it (successor collateral agent), does not properly fulfil its obligations in terms of perfecting, maintaining, enforcing or taking other necessary actions in relation to the Collateral. Subject to the terms of the Collateral Agent Agreement, the Collateral Agent is entitled to enter into agreements with a reputable third-party or take any other actions necessary for the purpose of maintaining, releasing or enforcing the Collateral or for the purpose of settling the Investors' rights to the Collateral.

1.5.2. Collateral Value May Be Affected by Market and Operational Conditions

The value of the Collateral is not fixed and is subject to changes in several factors, primarily the demand and supply conditions for the Company's products, which at times can be unpredictable and are beyond the Company's control. Thus, the value of the Collateral might decrease if unfavorable market conditions lead to a decline in the prices of the Company's products. Additionally, if a sudden necessity to sell the Collateral (or any part thereof) were to arise, the Company might be forced to sell the Collateral at a discount to market value, deriving less value than expected.

Moreover, the composition of the Collateral could change over time due to changes in the Company's inventory and overall asset structure. Additionally, the Collateral is exposed to risks such as damage,

defects, theft and legal disputes. Any of these risks related to the Collateral could diminish the value of the Collateral and adversely impact the Company's ability to fulfill its obligations under the Notes.

Considering that the Collateral Agent does not supervise the quality of the Collateral and has not conducted a legal due diligence of the Collateral or its components during the term of the Company's obligations, and the Collateral Agent has no liability to the Investors in this regard, there is a risk that the Collateral may be taken over. However, the realization of the Collateral may not generate sufficient proceeds to fully satisfy the Investors' claims.

1.5.3. Collateral Enforcement Is Subject to Agreed Procedures and Terms

Even when the Collateral is enforceable, its enforcement is subject to the procedures and limitations agreed and set forth in the Collateral Agent Agreement and these Terms of the Notes Issue. There can be no assurances and there is no guarantee as to the ability of the Investors to instruct the Collateral Agent to initiate any enforcement procedures. Furthermore, any enforcement of security may be delayed due to the provisions of the Collateral Agent Agreement and these Terms of the Notes Issue.

1.5.4. Reliance on the Performance of the Collateral Agent

By subscribing for or accepting the assignment of any Note, each Investor agrees to and accepts the appointment of the Collateral Agent as its agent and representative, authorized to represent and act on behalf of such secured creditors (i.e., Investors) in matters related to the Collateral.

Only the Collateral Agent is entitled to exercise the rights under the Collateral and enforce them. Any failure by an agent to fulfill its duties and obligations properly or at all, may adversely affect the enforcement of the Investor's rights due to, for example, inability to enforce the security and/or receive any or all amounts payable from the security in a timely and effective manner.

Under the Collateral Agent Agreement, the Majority Noteholders have the right to replace the Collateral Agent at any time by passing a respective decision. The Collateral Agent may resign from its role as the Collateral Agent and from the performance of all its functions and duties at any time by giving at least three (3) months' prior written notice to the Issuer (the Company) and each Noteholder. Furthermore, the Collateral Agent's professional liability is insured with insurance company If P&C Insurance AS *Latvijas filiāle* with the insured amount up to EUR 2,000,000.00 (two million euros).

1.5.5. Investor Rights Are Exercised Through the Collateral Agent

Only the Collateral Agent is entitled to exercise the rights under the Collateral and enforce the same. Any failure by an agent to perform its duties and obligations properly, or at all, may adversely affect the enforcement of the rights of the Investors due to, for example, inability to enforce the security and/or receive any or all amounts payable from the security in a timely and effective manner due to decision of the state courts of the Republic of Latvia.

1.5.6. Risks associated with registering the Collateral

As of the date of these Terms of the Notes Issue, the Company has Existing Notes, which are planned to be repaid with proceeds of the issue of the Notes.

The Company's real estate and assets currently serve as collateral securing the Existing Notes. The Collateral Agent, acting on behalf of the Existing Noteholders, is expected to grant consent for the establishment of a second-ranking pledge over the Company's real estate and assets. The Existing Notes are intended to be repaid from the proceeds of the issuance of the Notes. Only after such repayment will the first-ranking pledges be released, at which point the pledges securing the Notes will assume first-ranking status.

The real estate that will serve as a mortgage in favour of the Collateral Agent and the Noteholders to secure the Notes is registered in the Land Register. The information regarding the buildings and constructions located in the real estate is not fully updated, i.e., there might be buildings and constructions situated thereon that are not registered in the Land Register, or there might be buildings

and constructions that do not exist anymore but are still registered with the Land Register. The following main buildings are registered with the Land Register and do exist and are used by the Company on the date of these Terms of Notes Issue:

Name of the building	Total square meters	Cadastral number	Address
Fish processing plant	1,740.40	88825080014 (cadastral designation No. 88820080796002)	Akas iela 74B, Roja
Warehouse	607.50	88825080014 (cadastral designation No. 88820080796003)	Akas iela 74B, Roja
Paint warehouse	100.9	88825080014 (cadastral designation No. 88820080796006) ¹	Rūpniecības iela 3, Roja
Building	304.80	88825080014 (cadastral designation No. 88820080796007) ²	Rūpniecības iela 1, Roja
Fish processing plant	551.80	88825080014 (cadastral designation No. 88820080796009)	Akas iela 74B, Roja
Concrete nodes	35.20	88825080014 (cadastral designation No. 88820080796010)	Akas iela 74B, Roja
Tent hangar	361.70	88820080796 ³ (cadastral designation No. 88820080796015)	Akas iela 74B, Roja
Production building	606.00	88820080796 (cadastral designation No. 88820080796016)	Akas iela 74B, Roja
Boiler house	38.60	88820080796 (cadastral designation No. 88820080796017)	Akas iela 74B, Roja
Warehouse	482.60	88820080796 (cadastral designation No. 88820080796018)	Akas iela 74B, Roja

The Company acknowledges the lack of updated data in the Land Register and undertakes to address and remedy any inconsistencies in the Land Register and other public registers concerning the ownership and lawfulness of the buildings and constructions in the Republic of Latvia. This process may take up to twelve (12) months and incur administrative costs.

1.5.7. Risks associated with the enforcement of the Collateral

There is a possibility that the entire Collateral may be set aside, in which case the entire security may no longer be available. If a court voids the Collateral or any part of it, or deems it unenforceable for any other reason, the Noteholder may cease to have any claim in respect of the relevant Collateral and would become an ordinary unsecured creditor of the Company.

¹ The building is located on another land plot with cadastral number 88820080294 (the land plot is not owned by the Company).

² The building is located on another land plot with cadastral number 88820080290 (the land plot is owned by the Company).

³ According to the State Land Service Cadastre there are other buildings situated in the real estate, with the following cadastral designation numbers: 88820080796001 (type not specified), 88820080796011 (transformer substation TP - 0530 owned by Sadales tīkls AS, part of real estate with cadastral number 88825080115), 88820080796012 (water tower), 88820080796013 (type not specified) – according to the cadastral data, the Company is the legal user of the building, 88820080796014 (pass building), 88820080796019 (wastewater treatment building, not found on the map of State Land Service Cadastre), 88820080796020 (industrial wastewater treatment building, not found on the map of State Land Service Cadastre).

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2. PARTY RESPONSIBLE FOR THE TERMS OF THE NOTES ISSUE

2.1. THE ISSUER

SIA "Banga Ltd"

Registration No. 41203031343, LEI code: 9845003C02460C75C015

Registered office on the date of the Notes issue: Akas iela 74B, Roja, Rojas pag., Talsu nov., LV-3264, Latvia.

2.2. REPRESENTATIONS AND WARRANTIES OF THE ISSUER

2.2.1. The Issuer shall, in accordance with these Terms of the Notes Issue, issue Notes and perform the obligations arising from the Notes to the Noteholders. The Issuer shall be liable to the Noteholders for due and complete fulfilment of its obligations deriving from the Notes.

2.2.2. The Issuer represents and warrants to the Noteholders:

- (a) The Issuer is a private limited liability company duly incorporated and validly existing under the laws of the Republic of Latvia and is operating in compliance with the Applicable Laws of the Republic of Latvia;
- (b) All obligations assumed by the Issuer under this issue of the Notes are valid, legally binding, and enforceable against the Issuer, and the performance of such obligations does not violate the Issuer's Articles of Association, any applicable laws, or any agreement to which the Issuer is a party;
- (c) The Issuer has all necessary rights, powers, and authorisations to issue the Notes, to provide the Collateral, to register the Collateral in the Land Register and the Commercial Pledge Register, and to perform all other obligations arising from the issuance of the Notes;
- (d) The Issuer has performed all formalities and obtained all necessary approvals required for the issuance of the Notes and the fulfilment of its obligations arising therefrom;
- (e) All information provided by the Issuer to the Noteholders under these Terms of the Notes Issue is, to the best of the Issuer's knowledge, true, accurate, and complete in all material respects and is not misleading by omission or otherwise;
- (f) The Issuer is the sole legal owner or legal user of all buildings and constructions located on the Real Estate, and no person has made any claims, nor does the Issuer have any knowledge of any grounds for potential future claims, regarding: (i) ownership or legal use of any part of the Real Estate; (ii) ownership of any building or construction situated thereon (regardless of whether such buildings or constructions are registered in the Land Register, State Land Service Cadastre or any other public register); or (iii) any other rights (including rights of use, lease rights, prohibitions (in Latvian - *aizlieguma atzīmes*), rights of first refusal, or similar rights or restrictions) in respect of the Real Estate or any buildings or constructions situated thereon, except for statutory rights of the state, municipality and utility service providers;
- (g) Any investments, if made, into buildings, constructions, or the Real Estate shall be made in respect of buildings and constructions that are properly and duly registered in the Land Register, and such buildings and constructions shall form part of the Real Estate serving as Collateral under the Mortgage Agreement;
- (h) The Issuer is solvent and able to pay its debts as they fall due, and no insolvency, restructuring, or liquidation proceedings have been initiated or are pending against the Issuer;
- (i) There are no legal, administrative, or arbitration proceedings pending or, to the Issuer's knowledge, threatened against the Issuer, which may have or have had a material adverse effect on the Issuer's financial position or profitability;
- (j) There are no criminal or administrative offence (misdemeanor) proceedings pending or, to the Issuer's knowledge, threatened or initiated against the Issuer;

- (k) The Company shall not, directly or, to its knowledge, indirectly, use the proceeds from the Notes, and shall procure that none of its directors, officers, employees, or agents shall, directly or, to the Company's knowledge, indirectly, use the proceeds from the Notes: (i) to fund, finance, or otherwise facilitate any activities or business of or with any person that is, or is owned or controlled by persons that are, the subject of Sanctions, or in any country, region, or territory that is, at the time of such use, or whose government is, the subject 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 the Notes, whether as lender, underwriter, advisor, investor, or otherwise.

- 2.2.3. The representations and warranties of the Issuer set out in Clause 2.2. shall be true and correct on the Issue Date and shall remain in full force and effect until all obligations arising from the Notes have been fully and finally discharged.

2.3. ASSURANCE OF THE INFORMATION PROVIDED IN THE TERMS OF THE NOTES ISSUE

The Issuer and the members of its management board accept responsibility for the information contained in these Terms of the Notes Issue.

I, the undersigned member of the management board of SIA "Banga Ltd", hereby certify that the Issuer and its management board have taken all reasonable care to ensure that, to the best of the Issuer's knowledge, the information contained in these Terms of the Notes Issue is true, accurate, and complete in all material respects and is not misleading.

On behalf of SIA "Banga Ltd"

/e-signed/

Ingus Veckāgans

Member of the Board

* * *

3. INFORMATION ON NOTES

3.1. THE USE OF THE PROCEEDS

The total issue size is up to EUR 3,000,000.00 (three million *euros*).

The funds raised through the Notes issue are intended to be used for refinancing the Existing Notes and financing the Company's investment projects eligible for European Union cohesion policy programme for 2021-2027, aimed at supporting further expansion at both the European and global levels, with the objective of increasing production capacity and improving the quality and sustainability of the Company's products.

The Issuer intends to apply for partial funding of legal, advisory, and other related costs associated with the preparation and execution of the Notes Issue under the European Union Cohesion Policy Programme 2021–2027. Specifically, the application will be submitted within the framework of Specific Objective 1.2.1 "Strengthening research and innovation capacity and the introduction of advanced technologies for enterprises", Measure 1.2.1.3 "Support for company participation in capital markets", under the project titled: "Capital raising and issue arranger services for the bond issuance of SIA 'Banga Ltd' on a trading venue" (the "**Project**").

3.2. INFORMATION ON THE OFFERED NOTES

3.2.1. General information

The Notes are the bearer and any individual or entity that holds the Notes in his securities account has the right to receive Coupon and the Nominal Value payments. It is planned to issue the Notes with a Nominal Value of EUR 1,000.00 (one thousand *euros*) for one Note and total Nominal Value of up to EUR 3,000,000.00 (three million *euros*).

The ISIN (International Security Identification Number) of the Notes allocated by Nasdaq CSD is LV0000104008.

3.2.2. Applicable Law that regulates the Notes issue

The Notes issue is a private placement arranged in compliance with the Financial Instrument Market Law (*Finanšu instrumentu tirgus likums*) and other Applicable Laws of the Republic of Latvia that are in force, including the Bank of Latvia, the Nasdaq CSD and the Nasdaq Riga regulations. The minimum subscription size for the Notes is EUR 10,000.00 (ten thousand *euros*) with minimum step of EUR 1,000.00 (one thousand *euros*).

All disputes between any Noteholder(s) and the Issuer shall be settled in the state courts of the Republic of Latvia in accordance with the Applicable Laws. These Terms of the Notes Issue are drafted and signed in English, and any translations thereof into other languages are unofficial and made solely for the Potential Investors' convenience. In case of any disputes' settlement, interpretation of the norms of these Terms of the Notes Issue in English holds the priority against an interpretation in any other language.

3.2.3. Form and accounting of the Notes

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

3.2.4. Currency of the Notes

Currency of the Notes is EUR (*euro*).

3.2.5. Status of the Notes

The Notes rank *pari passu* with other senior secured obligations of the Company, if any. In case of the insolvency of the Company, the Noteholders will be entitled to recover their investment on the same

terms as other senior secured creditors in the respective claims' group according to the relevant Applicable Laws. Save for mandatory provisions of the Applicable Laws, there are no contracts or other transaction documents that would subordinate the claims of the Noteholders to other secured or unsecured liabilities of the Company.

3.2.6. Guarantors of the Notes

There are no guarantors or guarantees provided regarding the Company's debt liabilities arising from the Notes.

3.2.7. Collateral of the Notes

The Notes are secured with:

- (a) a commercial pledge over all assets of the Company as an aggregation of property at the moment of pledging, as well as its future components, as in more detail set out in the Commercial Pledge Agreement; and
- (b) a mortgage over the Real Estate owned and used by the Company as in more detail set out in the Mortgage Agreement.

The Collateral shall be established in accordance with the terms and conditions of the relevant Collateral Agreements to be executed between the Collateral Agent, as pledgee, and the Company, as pledgor.

The Collateral shall be established and registered in the Commercial Pledge Register and the Land Register within 90 (ninety) days after the Issue Date.

The Collateral will initially be registered as second-ranking pledges. Upon completion of the exchange of the Existing Notes (Exchange Offer) and the deletion of the corresponding first-ranking security, the Collateral securing this Issue of the Notes shall automatically become first-ranking without the need for further consent or action from the Noteholders.

The Collateral shall be established proportionally (*pro rata*) in the event of commercial pledge or Mortgage enforcement, thereby granting the Noteholders rights to their respective shares of the entire commercial pledge.

The ranking of the Notes as the liabilities of the Company is *pari passu* (equivalent with no priority) with the other liabilities of the Company secured in accordance with the Collateral Agreements.

The Collateral Agent holds the Collateral for the benefit of the Noteholders and is authorised to act with the Collateral in favor of all the Noteholders in accordance with these Terms of the Notes Issue and the Collateral Agent Agreement. The Collateral Agent Agreement is available upon request from the Issuer and constitutes an integral part of these Terms of the Notes Issue. The Noteholders have no rights to act with the Collateral directly, yet at the same time there are no restrictions set for Noteholders' right to use any right that the law or these Terms of the Notes Issue provide and create and/or authorise an organisation/person that represents and acts on behalf of all Noteholders or part thereof. In case of the insolvency of the Company, every 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 ranking in the same claims' group.

The Company shall be responsible for all the costs related to the registration of the Collateral and changes to the Collateral as specified herein.

Noteholders are entitled to get acquainted with the Collateral Agreements upon prior written request to the Company.

3.3. NOTEHOLDERS AND THE COLLATERAL AGENT

3.3.1. By submitting a subscription order or acquiring the Notes on the secondary market, each Noteholder:

- (a) appoints the Collateral Agent to act as its agent and to perform the obligations and exercise the rights in connection with the Collateral as set forth in these Terms of the Notes Issue, the Collateral Agreements and the Collateral Agent Agreement and authorises the Collateral Agent to exercise the rights, powers, authorities and discretions specifically given to the Collateral Agent under or in connection with these Terms of the Notes Issue, the Collateral Agreements, the

Collateral Agent Agreement and the Applicable Laws;

- (b) acknowledges the Company has concluded the Collateral Agent Agreement with the Collateral Agent and that the change of ownership of Notes (e.g., in case Notes are acquired on the secondary market) does not affect the rights and obligations of the Collateral Agent;
- (c) acknowledges and confirms that the Collateral Agent acts: (i) under the Collateral Agent Agreement concluded with the Issuer; and (ii) in accordance with the Applicable Laws, including but not limited to the Financial Instruments Market Law of Latvia;
- (d) confirms the fact that the Collateral secures, *inter alia*, the Company's obligations towards the Collateral Agent does not constitute any conflict of interests with the Noteholder (for the avoidance of doubt, the Collateral Agent has the right to withhold the proceeds necessary for satisfying the fees, costs, expenses, damages and claims of the Collateral Agent in accordance with these Terms of the Notes Issue and the Applicable Laws). Each Noteholder acknowledges the fact that the Collateral secures, *inter alia*, the Company's obligations towards the Collateral Agent shall not prevent the Collateral Agent from fulfilling its obligations and acting in accordance with these Terms of the Notes Issue, the Collateral Agent Agreement and the Applicable Laws;
- (e) agrees that upon the performance of its obligations and exercising of its rights in connection with the Collateral, the Collateral Agent shall be entitled to act at its own discretion, considering the interests of the Noteholders collectively and generally (and not of any particular Noteholder), unless specifically instructed otherwise by the Majority Noteholders in accordance with these Terms of the Notes Issue and without prejudice to Clause 3.3.23 of these Terms of the Notes Issue;
- (f) agrees that the Collateral Agent shall have the right to advise the Company and to provide any services to the Company in any matters and in any fields of activity which do not directly relate to the performance of obligations of the Collateral Agent set forth in these Terms of the Notes Issue, and the Noteholder does not consider this to cause any potential or actual conflict of interests;
- (g) agrees that each Noteholder (whether a private individual or legal entity, including their authorized representatives) and the Issuer shall, upon the request of the Collateral Agent, be obliged to disclose to the Collateral Agent all information and documents on these private individuals or the legal entities, as well as their authorized representatives and the Collateral Agent is entitled to receive this information and documents for the purposes of performance of duties of the Collateral Agent. This information and documents also include those documents and information that are necessary to the Collateral Agent in order to fulfil the Collateral Agents obligations regarding AML and Sanctions regulation requirements (e.g., information and documents on the beneficial owner).

3.3.2. The Scope of Obligations of the Collateral Agent

The functions and obligations of the Collateral Agent are limited to those expressly specified in the Applicable Laws (including, but not limited to, the Financial Instruments Market Law of Latvia), the Collateral Agent Agreement and these Terms of the Notes Issue and, notwithstanding any other provisions of these Terms of the Notes Issue, such functions are limited to the exercise of those rights which belong to the Collateral Agent in its capacity as the holder of the Collateral (pledgee). The Collateral Agent is required to perform its obligations in relation to the Collateral only if the Company establishes the Collateral in the interests of the Noteholders and under the name of the Collateral Agent (as the holder of the Collateral (pledgee)) in accordance with these Terms of the Notes Issue, Collateral Agreements, the Collateral Agent Agreement and the Applicable Laws to secure the Notes.

3.3.3. The Collateral Agent does not have any obligation:

- (a) to take any action (including, without limitation, to commence legal proceedings, compulsory enforcement proceedings, bankruptcy proceedings or any other proceedings) with the purpose to satisfy any claims arising under these Terms of the Notes Issue in connection with any assets of the Company, except for enforcing the Collateral in accordance with these Terms of the Notes

Issue, the Collateral Agent Agreement and the Collateral Agreements upon the Collateral becoming enforceable and receiving the relevant instructions from the Majority Noteholders;

- (b) to ensure the existence, enforceability or validity of the Collateral or to preserve the Collateral or its value or to assess any rights arising from or relating to the Collateral (except for the validity of the Collateral after its establishment to the extent within the control or sphere of influence of the Collateral Agent and to the extent within the scope of its obligations under these Terms of the Notes Issue);
- (c) to inform the Noteholders or the Company about any circumstances relating to the Collateral except to the extent such obligation to provide information is explicitly set forth in these Terms of the Notes Issue, Collateral Agent Agreement and/or Applicable Laws;
- (d) to provide any advice to the Noteholders or the Company in legal, accounting, tax or other matters for free; and
- (e) to become acquainted (aware of) on the changes of the ownership of the Notes (for example, in case of alienation of the Notes by the Noteholder) and it does not affect the rights and obligations of the Collateral Agent. Collateral Agent is not obliged to be informed on changes in identity of the Noteholder in order to enforce the Collateral, exercise any rights or powers, or perform other duties arising under these Terms of the Notes Issue, the Collateral Agreements, Collateral Agent Agreement and Applicable Laws.

3.3.4. The Noteholders shall not have any independent power to enforce the Collateral or to exercise any rights or powers arising under the Collateral Agreement. Noteholders may exercise their rights in relation to the Collateral only through the Collateral Agent pursuant to these Terms of the Notes Issue and the Applicable Laws.

3.3.5. Upon the performance of its obligations and exercising its rights, the Collateral Agent shall act at its own discretion in the interests and on the account of the Noteholders collectively, and generally (and not any particular Noteholder) without having any independent interests of its own (for the avoidance of doubt, the Collateral Agent has the right to withhold the proceeds necessary for satisfying the fees, costs, expenses, damages and claims of the Collateral Agent in accordance with these Terms of the Notes Issue) and without any obligation to consider any interests of the Company and without any right of the Company to give any instructions to the Collateral Agent. In particular, in accordance with these Terms of the Notes Issue the Collateral Agent shall be entitled to decide at its sole discretion as to what would be in the best interests of the Noteholders upon failure to obtain instructions from the Majority Noteholders. However, the Collateral Agent shall not start the enforcement of the Collateral without instructions provided by the Majority Noteholders as described in these Terms of the Notes Issue.

3.3.6. The Collateral Agent is not a party to the legal relationship between the Company and the Noteholders and is under no circumstances liable for the performance of the obligations of the Company or impossibility to enforce the Collateral in accordance with these Terms of the Notes Issue, the Collateral Agreements, the Collateral Agent Agreement, Applicable Laws or any restrictions or delays thereof.

3.3.7. In the performance of its obligations and the exercise of its rights hereunder, the Collateral Agent shall have the right to utilize the services of third parties and to appoint third-party representatives (including, during the performance of its tasks and acts as stipulated in these Terms of the Notes Issue, the Collateral Agent Agreement and the Collateral Agreements). In case of use of the services of third parties and/or appointment of third-party representatives, the Collateral Agent shall evaluate and appoint only reputable third parties having professional expertise for the fulfilment of the tasks and acts as stipulated in these Terms of the Notes Issue. In case of use of the services of third parties and/or appointment of third-party representatives, the Collateral Agent shall also ensure: (i) no conflict of interest exists in respect to the Issuer and the Majority Noteholders; (ii) the fees, costs and expenses of such third-party services are at a reasonable market price; (iii) the fees, costs and expenses for using the services of third parties and/or appointment of third-party representatives would not exceed costs, fees and expenses of the Collateral Agent if the latter would perform its obligations under these Terms of the Notes Issue, the Collateral Agreements, the Collateral Agent Agreement and Applicable Laws on its own; and (iv) it remains a duty and obligation of the Collateral Agent to perform its obligations under these Terms of the Notes Issue and the Collateral Agent Agreement and not of the appointed third-party. In

case the use of services of third parties or appointment of third-party representatives is required for the fulfilment of obligations arising from these Terms of the Notes Issue, including the Collateral Agreement, Clause 3.3.10 of these Terms of the Notes Issue is applicable. The Collateral Agent shall not be responsible for the losses and damage caused by the acts and omissions by third parties.

- 3.3.8. At the request of the Collateral Agent, the Issuer and/or the Noteholder shall provide the Collateral Agent with any information required for the purposes of identification of the Noteholder and/or for the performance of other obligations arising from these Terms of the Notes Issue, the Collateral Agreements, the Collateral Agent Agreement, Applicable Laws and other applicable laws and regulations.
- 3.3.9. At the request of the Collateral Agent, the Issuer shall provide the Collateral Agent with an updated list of Noteholders specifying the outstanding Nominal Value of the Notes each of them is holding and their latest known email addresses or other Noteholders' contact information that is available for the Issuer. Furthermore, the Issuer agrees to and authorizes the Collateral Agent to directly request from Nasdaq Riga any information and documents concerning the Noteholders, private individuals, legal entities, and their authorized representatives for the purpose of fulfilling the duties of the Collateral Agent in accordance with these Terms of the Notes Issue, the Collateral Agreements, the Collateral Agent Agreement and Applicable Laws.
- 3.3.10. The Collateral Agent is not liable for any circumstances relating to or affecting the validity of the Collateral that are outside the control of the Collateral Agent.
- 3.3.11. The Collateral Agent shall have the right to receive fees from the Issuer and to be compensated by the Issuer for those costs relating to the performance of its obligations under these Terms of the Issue and the Collateral Agreements in accordance with the Collateral Agent Agreement and shall have the right to withhold the performance of its duties and obligations in case of delay of payment of the relevant fees and costs. As regards the costs, the Company shall compensate to the Collateral Agent also all payments made by the Collateral Agent to third parties for the purposes of establishment, amendment, termination and enforcement of the Collateral in accordance with Applicable Laws, these Terms of the Notes Issue and the Collateral Agreements (including, without limitation, state fees and taxes, other fees and payments established by laws and regulations, costs and expenses incurred by the Collateral Agent), as well as all damages incurred by the Collateral Agent in relation to the same.
- 3.3.12. Notices and documents to the Collateral Agent shall be valid only if made and forwarded in writing either by post or e-mail by using the contact details set forth in these Terms of the Notes Issue and Collateral Agent Agreement. All notices of the Noteholder to the Collateral Agent shall be sent in writing (letter and email) to the Collateral Agent and copied to the Company and the Arranger. If the Collateral Agent has doubts that a notice from a Noteholder has not been sent to the Company, then the Collateral Agent shall immediately forward such notice to the Company.
- 3.3.13. The Collateral Agent has the right to terminate the Collateral Agent Agreement in case: (a) the Collateral described in Clause 3.2.7 of these Terms of the Notes Issue has not been established within the relevant term stipulated in Clause 3.3.15 of these Terms of the Notes Issue; and/or (b) the Collateral Agent withdraws from performance of the tasks set out in these Terms of the Notes Issue on the grounds set out in Clause 3.3.26 or 3.3.28 of these Terms of the Notes Issue. Fees and payments already paid to the Collateral Agent shall not be refunded in the event of termination of the Collateral Agent Agreement.
- 3.3.14. The Issuer has the right to terminate the Collateral Agent Agreement in case the Issuer decides not to proceed with the Notes issue and/or if the Collateral Agent acts with gross negligence or willful misconduct in the exercise of its rights. A new collateral agent must be designated by the Issuer who must take over the obligations of the Collateral Agent.
- 3.3.15. Establishment, Release and Enforcement of the Collateral
- For constituting security for the due and timely payment, discharge and performance of the Notes, the Collateral shall be established in the interests of Noteholders and under the name of the Collateral Agent (as the holder of the Collateral (pledgee)) under the Collateral Agreements which, in legal terms, serves as security for the Notes. The Issuer shall ensure that the Issuer will conclude the Collateral Agreements or amend the existing Collateral Agreements to secure the Notes with the Collateral Agent and ensure the respective Collateral are registered in the Pledge Register and the Land Register within 90 (ninety)

calendar days from the Issue Date. If a promissory note (or similar document of a technical nature) is required to register the respective Collateral, the Company and the Collateral Agent shall conclude such a promissory note in the form suitable to the Commercial Pledge Register or the Land Register. For the avoidance of doubt, a promissory note is an agreement between the Company and the Collateral Agent where the Company reassures it owes any sums due under these Terms of the Notes Issue to the Collateral Agent and which may be used, if necessary, for the purposes of registration and enforcement of the Collateral and a promissory note does not constitute an independent or separate claim and the Collateral Agent may demand payment of any sum under a promissory note only in the amount and to the extent such an equivalent sum has become due and payable to Noteholders under these Terms of the Notes Issue. For the avoidance of doubt, a promissory note is required only if the Collateral have not been registered in the Register within 90 (ninety) calendar days from the Issue Date due to refusal of the Pledge Register or the Land Register to register the Collateral.

- 3.3.16. The Company shall provide written confirmation on the registration of the Collateral in the Commercial Pledge Register and the Land Register to the Collateral Agent within 3 (three) Business Days after the respective registration has taken place.
- 3.3.17. By subscribing to the Notes, each Noteholder acknowledges and confirms that the Company may, within its ordinary course of business sell its assets (except the Collateral securing the Notes).
- 3.3.18. The Collateral Agent shall take all actions that the Collateral Agent as the holder of the Collateral may reasonably take with the purpose to enforce the Collateral according to the procedure provided for in the Collateral Agreement in case:
- (a) the Notes are not performed in accordance with these Terms of the Notes Issue which the Collateral Agent has been duly informed of in accordance with Clause 3.3.20 of these Terms of the Notes Issue; and
 - (b) The Majority Noteholders have instructed the Collateral Agent in writing to enforce the Collateral (for the avoidance of doubt, the Majority Noteholders have such a right only if the Notes are not performed in accordance with these Terms of the Notes Issue, and the Majority Noteholders have to specify in their instructions to enforce the Collateral which obligation(s) has been breached pursuant to these Terms of the Notes Issue).
- 3.3.19. If the Majority Noteholders in accordance with Clause 3.3.18(b) of these Terms of the Notes Issue have instructed the Collateral Agent to enforce the Collateral, the Collateral Agent shall immediately inform (letter or email) all Noteholders.
- 3.3.20. The Majority Noteholders have the right to instruct the Collateral Agent to take specific actions to enforce the Collateral according to the procedure provided for in the Collateral Agreement in case the conditions set out in Clause 3.3.18 of the Notes Issue have been fulfilled. The Collateral Agent has a right (but not an obligation) to refuse to follow such instructions until the Majority Noteholders have confirmed such instructions.
- 3.3.21. The Collateral Agent may assume that no violation of the Notes has occurred unless the Collateral Agent has received a written notice (letter or e-mail) to the contrary from the Company or the Majority Noteholders. For the avoidance of doubt, the Majority Noteholders shall have such a right only if the Notes are not performed in accordance with the respective terms and conditions set out in these Terms of the Notes Issue.
- 3.3.22. The Collateral Agent shall be entitled (but is not under any circumstances obliged) to request instructions, or clarification of any direction, from the Noteholders as to whether, and in what manner, the Collateral Agent should exercise or refrain from exercising any rights, powers and discretions regarding to the enforcement of the Collateral. Upon such request, the Noteholders' Meeting shall be convened in accordance with these Terms of the Notes Issue and Applicable Law and accordingly shall give their instructions or clarifications to the Collateral Agent within the time period specified in the Collateral Agent's request for instructions or clarifications, such a time period is to be at least 10 (ten) Business Days. If the Noteholders' Meeting is not convened in 10 (ten) Business Days, the Collateral Agent may convene the Noteholders' Meeting. The Collateral Agent may refrain from acting unless and until Majority Noteholders have provided the Collateral Agent with requested instructions or clarifications.

- 3.3.23. If, under Clause 3.3.18(b) and 3.3.20 of these Terms of the Notes Issue or following the request of the Collateral Agent submitted under Clause 3.3.21 of these Terms of the Notes Issue, the Majority Noteholders have duly instructed the Collateral Agent, the Collateral Agent is obligated to comply with these instructions. Any such instructions from the Majority Noteholders will be binding on all Noteholders of the Issue. The Collateral Agent shall not be liable for any consequences or damages that result from complying with the instructions.
- 3.3.24. Notwithstanding Clause 3.3.22 of these Terms of the Notes Issue, the Collateral Agent may refrain from doing anything which in its opinion will or may be contrary to the Terms of the Notes Issue, the Collateral Agent Agreements, the Collateral Agent Agreement or Applicable Laws and regulations or otherwise render it liable to any person and may do anything which is in its opinion necessary to comply with such legislation. The Collateral Agent may refrain from acting in accordance with the instructions of the Majority Noteholders until it has received such indemnification or security as it may require for all costs, claims, losses, expenses (including, but not limited to, legal fees) and liabilities which it will or may expend or incur in complying with such instructions.
- 3.3.25. Without prejudice to Clauses 3.3.21, 3.3.22, 3.3.23 of these Terms of the Notes Issue, the Collateral Agent may (but is not obligated to) act (or refrain from acting) as it in its own discretion reasonably believes is in the best interests of the Noteholders. The Collateral Agent shall not be liable to the Noteholders for acting (or refraining from acting) as described in these Terms of the Notes Issue or in accordance with the instructions of the Noteholders and/or Applicable Laws.
- 3.3.26. The Collateral Agent shall not be liable to Noteholders or the Company for the outcome of the enforcement of the Collateral, provided the Collateral Agent has acted in accordance with these Terms of the Notes Issue, the Collateral Agreements, the Collateral Agent Agreement and Applicable Laws.
- 3.3.27. The Collateral Agent shall have the right to unilaterally terminate the performance of its duties described in these Terms of the Notes Issue in accordance with the Collateral Agreements and the Collateral Agent Agreement (including, without limitation, terminate the enforcement of the Collateral) in case:
- (a) in the reasonable opinion of the Collateral Agent: (a) (further) enforcement of the Collateral on reasonable terms is not possible or feasible due to the commencement of insolvency or reorganisation proceedings of the Company or enforcement of the Collateral on reasonable terms may not possible for any other reason; or (b) the estimated proceeds of the enforcement of the Collateral will not be sufficient to cover the claims under Clause 3.3.32; and/or
 - (b) in the opinion of the Collateral Agent, the Collateral (or the substantial part thereof) ceases to exist for any reason.
- 3.3.28. In order to exercise its right of termination under Clause 3.3.27 of these Terms of the Notes Issue, the Collateral Agent shall submit a respective written notice (letter or email) stating the basis of exercising the right of termination to the Company and all of the Noteholders. The duties and obligations of the retiring Collateral Agent shall be deemed to have terminated from the moment when the respective written notice is submitted to the Company and all of the Noteholders. For the avoidance of doubt, under the Applicable Laws the relevant Collateral Agreements and/or the establishment and discharge of the Collateral, the Collateral Agent may perform certain actions to release (discharge) the Collateral as a result of the termination under Clause 3.3.27.
- 3.3.29. The Collateral Agent shall have the right to resign due to reasons other than those stated in Clause 3.3.26 of these Terms of the Notes Issue by submitting a respective written notice (letter or email) to the Company and all of the Noteholders. The duties and obligations of the Collateral Agent shall be deemed to have terminated upon the appointment of a successor Collateral Agent and acceptance by such appointment of the successor Collateral Agent and the execution of all necessary documentation to effectively substitute the retiring Collateral Agent.
- 3.3.30. No later than 3 (three) months after the receipt of the relevant notice under Clause 3.3.27 or Clause 3.3.28 of these Terms of the Notes Issue by the Company a successor Collateral Agent must be designated by the Company and the Majority Noteholders, who must take over the obligations of the retiring Collateral Agent. If a successor Collateral Agent has not been appointed within the term set out in this Clause, the duties and obligations of the retiring Collateral Agent shall be deemed to have terminated. For the sake of clarity, the retiring Collateral Agent shall be stated as pledgee in the

Commercial Pledge Register and the Land Register until the successor Collateral Agent has been appointed and registered as pledgee of the Collateral in the Commercial Pledge Register and the Land Register.

3.3.31. The Collateral Agent shall evaluate that no conflict of interest exists with regard to the Company, Issuer's management board, ultimate beneficial owner(s) of the Issuer and/or the Majority Noteholders and, the existence of conflict of interest shall not prevent the Collateral Agent from fulfilling its obligations to the extent and scope as described in these Terms of the Notes Issue and as provided in the Collateral Agreements and in the Collateral Agent Agreement.

3.3.32. Application of the Proceeds from Enforcement of the Collateral

The proceeds from the enforcement of the Collateral shall be applied in the following order of priority:

- (a) as the first priority: to the satisfaction and payment of all fees, costs and expenses and damages (including, without limitation, state duties, notary fees, valuation costs and fees, costs and expenses of third parties engaged in by the Collateral Agent pursuant to conditions set out, *inter alia*, in Clauses 3.3.7 and 3.3.11) related to performance of its duties by, or otherwise payable to, the Collateral Agent under these Terms of the Notes Issue, the Collateral Agent Agreement and the Collateral Agreements securing the Company's obligations relating to the Issue, including, but not limited to, the establishment, amendment, termination and enforcement of the Collateral incurred by the Collateral Agent or any of the third parties engaged by the Collateral Agent;
- (b) as the second priority (after full satisfaction, payment and deduction of all claims and amounts set forth in Clause 3.3.32(a) of these Terms of the Notes Issue): in payment of the claims of the Noteholders arising under these Terms of the Notes Issue, including, but not limited to, the claims arising from the Notes.

The Collateral Agent shall withhold the proceeds necessary for satisfying the fees, costs, expenses, damages and claims of the Collateral Agent specified in Clause 3.3.32(a) of these Terms of the Notes Issue and transfer the remaining proceeds to the Noteholders for satisfying the claims under Clause 3.3.32(b) of these Terms of the Notes Issue. The Collateral Agent shall return the proceeds from the enforcement of the Collateral remaining after satisfying all claims set forth in Clause 3.3.32 of these Terms of the Notes Issue to the Company.

3.3.33. In case the proceeds remaining after covering the fees, costs, expenses, damages and claims under Clause 3.3.32(a) of these Terms of the Notes Issue do not cover the claims of the Noteholders under Clause 3.3.32(b) of these Terms of the Notes Issue in full, these claims of the Noteholders shall be satisfied *pro rata*.

3.3.34. The Collateral Agent is not obliged to pay to the Noteholders or any other persons any interest on the proceeds from the enforcement of the Collateral (whether deposited or not).

3.3.35. In case the Collateral Agent is required, under Applicable Laws or any other laws and regulations of the respective jurisdiction, to withhold or pay any taxes in connection with payments to be made by the Collateral Agent hereunder, the amount to be paid by the Collateral Agent shall be reduced by the amount of respective taxes and only the net amount shall be paid by the Collateral Agent. Moreover, proceeds from the enforcement of the Collateral that agree to the Collateral Agent in connection with the enforcement of the Collateral or other rights and obligations specified in these Terms of the Notes Issue, Collateral Agreements or Collateral Agent Agreement, except amounts set forth in Clause 3.3.32(a) of these Terms of the Notes Issue, do not belong to the property (assets) of the Collateral Agent.

3.4. RIGHTS AND RESTRICTIONS CONNECTED WITH THE NOTES ISSUE

Any Noteholder has the right to receive Coupon and Nominal Value payments in accordance with the Clause 3.4.1 "Coupon payments" and 3.4.2 "Procedure of the Notes repayment", as well as exercise other rights fixed in these Terms of the Notes Issue and Applicable Laws.

The Company has the right to purchase the Notes on the secondary market directly from the Noteholders. The Notes that are purchased by the Company are held in the Company's financial instruments' custody account and the Company has the right to sell the purchased Notes to Potential

Investors and other Noteholders. The Company cannot cancel the purchased Notes held in the Company's financial instruments' custody account, therefore decreasing the size of the Notes issue with the exception of 2 (two) week period prior to the Maturity Date of the Notes, starting from 25 April 2028 (inclusive).

The Notes owned by the Company and/or its Related Parties are not eligible to participate in the voting in accordance with these Terms of the Notes Issue.

3.4.1. Coupon payments

Coupon rate

The Coupon rate for the Notes is 7.00% (seven percent) per annum and is fixed until the Maturity Date.

Coupon payment procedure

Coupon payments shall be made on each Coupon Payment Date. Such payments shall be made four (4) times per year – on 8 February, 8 May, 8 August, and 8 November. The first Coupon payment will be made on 8 August 2025 and the last Coupon payment will be made on Maturity Date, which is 8 May 2028.

The Coupon record date shall be the fifth (5th) Business Day prior to the Coupon Payment Date. At the end of the Coupon record date, the list of Noteholders who shall be eligible for the Coupon payments shall 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.

The Company pays 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 day of preparation of these Terms of the Notes Issue are Nasdaq CSD Rulebook and Corporate Action Service description.

If the Coupon Payment Date of the Notes is not a Business Day, the Company will pay the Coupon payment on the first Business Day after the Coupon Payment Date of Notes.

If the Company fails to make Coupon payments in accordance with the deadlines specified in these Terms of the Notes Issue, the Noteholders shall have the right to submit claims regarding the payment of the Coupon, provided that such claims shall not be submitted earlier than ten (10) Business Days following the payment date of the relevant Coupon.

Coupon calculation

Quarterly Coupon payments, including the last Coupon payment that shall be paid on Maturity Date, are determined according to the following formula:

$$CPN = F * C / 4 \text{ or } CPN\% = C/4, \text{ where}$$

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

F – Nominal Value of one Note;

C – annual Coupon rate (%).

The authority performing the calculation is not required to calculate the Coupon payment, since the annual rate of the Coupon for the relevant period is fixed in advance.

3.4.2. Accrued interest calculation

The first Coupon starts to accrue on 8 May 2025, which is the First Settlement Date of the Notes 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:

$$AI = F * C / 360 * D, \text{ where}$$

AI – accrued interest of one Note;

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

C – annual Coupon rate (%);

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

3.4.3. Procedure of the Notes repayment

The Nominal Value of one Note is EUR 1,000.00 (one thousand *euros*) and the Company will repay the Nominal Value of Notes at Maturity Date, which is 8 May 2028.

The Company will pay the Nominal Value and accrued interest in accordance with Nasdaq CSD intermediary and applicable Nasdaq CSD regulations. The Nasdaq CSD regulations applicable on the day of preparation of these Terms of the Notes Issue are Nasdaq CSD Rulebook and Corporate Action Service Description. The Nominal Value and accrued interest will be paid on the Maturity Date. The list of the Noteholders eligible to receive the Nominal Value and accrued interest will be fixed at the end of the previous Business Day before Maturity Date.

If the Maturity Date of the Notes is not a Business Day, the Issuer will pay the Nominal Value of the Notes on the next Business Day after the Maturity Date. In case of the postponement of the payment date, the Issuer shall compensate the accrued interest for dates between Maturity Date and actual payment date of the Nominal Value.

If the Company fails to make the Nominal Value payment in accordance with the deadlines specified in these Terms of the Notes Issue, the Noteholders shall have the right to submit claims regarding the repayment of the Nominal Value not earlier than after 10 (ten) Business Days following the Maturity Date.

3.4.4. Early redemption at the option of the Issuer (call option)

The Company shall be entitled to redeem all or part of the Notes prior to the Maturity Date as follows:

- (a) from 8 May 2026 (inclusive), until 8 November 2027 (inclusive) at a redemption price equal to 101% (one hundred and one percent) of the Nominal Value of the redeemed Notes, plus accrued and unpaid interest;
- (b) from 9 November 2027 (inclusive) to the Maturity Date, at a redemption price equal to 100% (one hundred percent) of the Nominal Value of the redeemed Notes, plus accrued and unpaid interest.

The Company may exercise the call option for a partial redemption, provided that:

- the initial partial redemption amount shall be no less than 10% of the total Nominal Value of the Notes issue (excluding any accrued and unpaid interest, which shall be paid in addition);
- from the second and any subsequent partial redemption onwards, the redeemed amount shall be increased in increments of at least 10% of the total Nominal Value of the Notes issue.

In the event the Company decides to exercise the early redemption option, it shall notify the Noteholders at least 20 (twenty) Business Days prior to the intended redemption date. The notice shall include sufficient details and be disclosed either (i) with the assistance of the Arranger (if the Notes are not listed), or (ii) on the Nasdaq Riga website (<https://nasdaqbaltic.com>), and shall also be made available on the Company's website (www.bangaltd.lv).

If the Company redeems the Notes, the Company will pay the redemption payment in accordance with the Nasdaq CSD intermediary and applicable Nasdaq CSD regulations. The Nasdaq CSD regulations applicable on the day of preparation of these Terms of the Notes Issue 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.

3.4.5. Early redemption at the option of the Noteholders (put option)

In case a Change of Control has occurred, the Company has the obligation to inform, including disclosure with sufficient details on its webpage (www.bangaltd.lv), Noteholders either (i) with the assistance of the Arranger (if Notes are not listed), or (ii) on Nasdaq Riga website (<https://nasdaqbaltic.com>) (if Notes are listed) no later than the date that is 20 (twenty) Business Days after the Change of Control has occurred, stating:

- (a) the Change of Control has occurred or may occur and that such a Noteholder has the right to require the Company to purchase all of such Noteholder's Notes at a price equal to 101% (one hundred and one percent) of the Nominal value plus accrued and unpaid interest;
- (b) stating the repurchase date, which shall be no earlier than 10 (ten) Business Days and not later than 20 (twenty) Business Days from the date such notice is delivered (*via* e-mail or post (if Notes are not listed)) or the Nasdaq Riga information system (if Notes are listed)) to Noteholders and the record date;
- (c) stating any Note accepted for payment pursuant to a Change of Control will cease to accrue interest after a Change of Control payment date unless the Change of Control payments are not paid, and any Notes or part thereof not tendered will continue to accrue interest;
- (d) describing the circumstances and relevant facts regarding the transaction or transactions that constitute a Change of Control;
- (e) describing the procedures determined by the Company that the Noteholder must follow to have its Notes repurchased; and
- (f) if such notice is sent prior to the occurrence of a Change of Control, stating the offer is conditional on the occurrence of a Change of Control.

To exercise the Change of Control put option, the Noteholder shall submit to the Company a duly executed and completed notice of exercise in the form prescribed by the Company within the Change of Control put period specified in the aforementioned notice. The form shall be submitted to the Company by the Noteholder directly (physically signed form delivered by post or courier or electronically signed delivered by email) or indirectly *via* the Noteholder's Custodian. If no response from the Noteholder has been received within the designated time period, it is concluded that the Noteholder will not execute its put option. No put option so exercised may be withdrawn without the prior consent of the Company.

If 75% (seventy-five per cent) or more in Nominal Value of the Notes then outstanding have been redeemed pursuant to this clause, the Issuer may, on not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Noteholders given within 30 (thirty) days after the redemption of the Notes pursuant to this clause, redeem on a date to be specified in such notice at its option, all (but not only some) of the remaining Notes at 101% (one hundred and one percent) of the Nominal Value plus accrued and unpaid Coupon.

3.4.6. Early redemption (event of default)

The Noteholders have the rights to demand early redemption of the Notes in case of occurrence of the events of default in accordance with Clause 4.1.1 "Event of Default".

3.4.7. Representation of the Noteholders

The Collateral Agent holds the Collateral on behalf of the new and the Existing Noteholders and is authorized to act with the Collateral in favor of all the Noteholders in accordance with these Terms of the Notes Issue and the Collateral Agent Agreement.

The Noteholders have no rights to act with the Collateral directly, yet at the same time there are no restrictions set for Noteholders' right to create and/or authorize an organization/person that represents the legal interests of all Noteholders or part thereof.

In case of the insolvency of the Company, every 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.

3.4.8. Decisions of the Company on the Notes issue

On 14 April 2025, the Company's shareholders passed the decision to issue secured debt securities in the amount of up to EUR 3,000,000.00 (three million *euros*) and to authorize the management board to sign all the documents related to the execution of the shareholders' decision to issue the Notes, including, registering the Collateral and registering the Notes with Nasdaq CSD and listing the Notes on First North.

On 14 April 2025, the Company's management board passed the decision to issue secured debt securities (Notes) in the amount of up to EUR 3,000,000.00 (three million *euros*) and to sign all the documents (including, but not limited to, the Terms of the Notes Issue, Collateral Agreements and the Collateral Agent Agreement) related to the issuance of the Notes.

3.4.9. First Settlement Date of the Notes Issue

The First Settlement Date (Issue Date) of the Notes issue is 8 May 2025, on which the Coupon starts to accrue.

3.4.10. Restrictions on free circulation of the Notes

The Notes are freely transferable securities and can 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.

Any Noteholder wishing to transfer or offer the Notes must ensure any offering related to such a transfer or offer would not be qualified as public offering in the essence of the Applicable Laws. Pursuant to these Terms of the Notes Issue, each Noteholder shall be obligated and liable to ensure that any offering of the Notes does not constitute a public offering under the Applicable Laws.

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4 SPECIAL CONDITIONS

4.1 DISCLOSURE OF INFORMATION

Up until the Maturity Date, the Company shall publish all the information required by covenants, rules of Nasdaq Riga and regulatory enactments.

- (a) For as long as the Notes are not admitted to trading on the First North, all notices and reports to the Noteholders shall be published on the Company's website (www.bangaltd.lv).
- (b) As of the date when the Notes are admitted to trading on the First North, all notices and reports to Noteholders shall be published on the Nasdaq Riga website (<https://nasdaqbaltic.com>), as well as on the website of the Company (www.bangaltd.lv). Any notice or report published in such a manner shall be deemed to have been received on the same Business Day when it is published.

4.1.1. Event of Default

If the Company receives a written notification from the Noteholders representing at least 10% (ten percent) of the outstanding Notes issue, stating that the Notes owned by the relevant Noteholder(s) have become due and payable, at any time after the event of default has occurred (and as long as the event of default exists), the Company shall pay the Nominal value of Notes along with the accrued Coupon and default interest in accordance with Clause 4.3 "Default interest" within 10 (ten) Business Days after the receipt of the notification.

If an event of default has occurred and the Company is unable to redeem or purchase the Notes in accordance with this Clause, the Company is obliged to send the Noteholders and the Collateral Agent a written notification within 20 (twenty) Business Days after the event of default has occurred.

Each of the events or circumstances set out in below shall constitute an event of default:

4.1.2. Non-payment

The Company has failed to pay any amount payable by it under these Terms of the Notes Issue when such amount is due for payment, unless such failure to pay is caused by an administrative or technical error in the payment systems or the Nasdaq CSD, and payment is made within 10 (ten) Business Days following the original due date. The Noteholder shall have the right to submit claims regarding failure to pay amount due not earlier than 10 (ten) Business Days after the date of the relevant payment.

4.1.3. Breach of covenants

The Company has violated the conditions of Clause 5 "Covenants" and has failed to remedy such violation as according to the Clause 4.1.4 "Covenant cure".

4.1.4. Covenant cure

- (a) The Company and shareholders of the Company may cure or prevent a breach of the financial covenants in Clauses 5.1.1. – 5.1.3. (and any Event of Default arising as a result thereof) if, 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 of the Notes Issue; and (ii) the date that such a Financial Report was in fact published pursuant to these Terms of the Notes Issue for any Relevant Period in which such failure to comply was (or would have been) first evidenced, the Company received the cash proceeds of new shareholder injections from the shareholders of the Company (the "Equity cure"), in an amount at least sufficient to ensure the financial covenants set forth under Clause 5.1. would be complied with if tested again as at the last date of the same Relevant Period on the basis any Equity Cure to be provided shall be included for the Relevant Period as if provided immediately prior to the last day of such Relevant Period.
- (b) Any new equity and/or Subordinated Debt provided in respect of any Relevant Period shall be deemed to have been provided immediately prior to the last date of such period and shall be included (without double counting) in all relevant covenant calculations until the date it was deemed provided falls outside any subsequent Relevant Period.

- (c) If, after the equity adjustment, the requirement of the relevant financial covenant is met, then such requirement shall be deemed to have been satisfied as of the relevant original date of determination, and any default or Event of Default occasioned thereby shall be deemed to have been remedied for the purposes of these Terms of the Notes Issue.

4.1.5. Cross-Default

In relation to the Group:

- (a) any Financial Indebtedness is neither paid when due nor within any applicable grace period;
- (b) any Financial Indebtedness 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);
- (c) any commitment for any Financial Indebtedness is cancelled or suspended by a creditor, as a result of an event of default (however described);
- (d) any creditor becomes entitled to declare any Financial Indebtedness due and payable prior to its specified maturity, as a result of an event of default (however described); or
- (e) any security securing Financial Indebtedness over any asset is enforced by secured creditor.

Provided, however, the aggregate amount of such Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (a) to (e) above exceeds a total of EUR 100,000.00 (one hundred thousand *euros*) (or the equivalent thereof in any other currency); provided it does not apply to any Financial Indebtedness owed to Related Parties, or Subordinated Debt and other than (a) proceedings or petitions which are being disputed in good faith and are discharged, stayed or dismissed within ninety (90) calendar days of commencement or, if earlier.

4.1.6. Insolvency

If the Company:

- (a) is declared insolvent or bankrupt by a court of competent jurisdictions or admits inability to pay its debts in case of lawful claims save for claims by Related Parties;
- (b) an application to initiate insolvency or legal protection proceedings or similar proceedings of the Company or any other proceedings for the settlement of the debt of the Company is submitted to the court by the Company or by any Related Parties.

Other than: (a) proceedings or petitions which are being disputed in good faith and are discharged, stayed or dismissed within ninety (90) calendar days of commencement or, if earlier, the date on which it is advertised; and (b), in relation to the Company, solvent liquidations) in relation to: (a) the suspension of payments, winding-up, dissolution, administration or reorganisation (by way of voluntary agreement, scheme of arrangement or otherwise) of the Company; (b) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of the Company or any of its assets; or (c) any analogous procedure or step is taken in any jurisdiction in respect of the Company.

4.1.7. Default interest

In the case of non-compliance or inadequate compliance with a payment obligation arising from the Notes, the respective Noteholder shall be entitled to require, and the Company shall be obliged to pay, default interest upon the request of any Noteholder to all the Noteholders. Such interest shall accrue from the due date for payment (exclusive) to the actual payment date (inclusive) at the rate of 0.05% (zero-point zero five percent) per day of the relevant outstanding amount.

If the Company fails to make Coupon payments in accordance with the deadlines specified in these Terms of the Notes Issue, the Noteholders have the right to submit claims regarding the payment of the Coupon not earlier than after 10 (ten) Business Days following the due date for payment of the relevant Coupon.

If the Company fails to make the Nominal Value payment in accordance with the deadline specified in these Terms of the Notes Issue, the Noteholders have the right to submit claims regarding the repayment of the Nominal Value not earlier than after 10 (ten) Business Day following the due date for

payment of the Nominal Value.

* * *

5. COVENANTS

5.1. FINANCIAL COVENANTS

From the Issue Date of the Notes to the date of repayment thereof, the Group shall comply with the following financial covenants:

- 5.1.1. To maintain Interest Coverage Ratio of at least 3x (three times), calculated for the Relevant Period at the end of each quarter.
- 5.1.2. To maintain Equity Ratio at least 30% (thirty percent), calculated for the Relevant Period at the end of each quarter.
- 5.1.3. To maintain Net Debt to EBITDA Ratio of less than 3x (three times), calculated for the Relevant Period at the end of each quarter:
- 5.1.4. Financial covenants stated in Clauses 5.1.1. to 5.1.3. shall be tested at the end of each quarter and proof of compliance with these covenants shall be included in every Financial Report (in both annual audited financial report and quarterly interim unaudited report) of the Company.
- 5.1.5. The Company may in its sole discretion choose to calculate the financial covenants under Clauses 5.1.1. to 5.1.3. in accordance with the Accounting Principles.
- 5.1.6. The Group shall not pay dividends or make other distribution of profits to its shareholders and/or Related Parties in form of a loan, investment or any other distribution, except permitted distribution: up to 50% (fifty percent) of the audited net profit. Such permitted distribution may only be made if all financial covenants provided in Clause 5.1 “Financial Covenants” are satisfied immediately following such distribution.

5.2. GENERAL COVENANTS

From the Issue Date of the Notes to the date of repayment thereof, the Company shall undertake the following:

- 5.2.1. The Company shall not engage in, or permit, any event that would result in a Change of Control, unless: (a) the redemption procedure set out in Clause 3.4.5. of these Terms of the Notes Issue has been duly effected; or (b) such Change of Control constitutes an Initial Public Offering (IPO), which shall not be deemed a Change of Control for the purposes of these Terms.
- 5.2.2. To include Notes on the First North operated by Nasdaq Riga within 12 (twelve) months after the Issue Date.
- 5.2.3. All existing and future liabilities towards Related Parties must be subordinated to the Notes issued.
- 5.2.4. Not to commence any new type of economic activity outside the scope of Permitted Business except if revenue from such activity does not exceed 5% (five percent) of the total revenue.
- 5.2.5. Not to obtain participation in other companies by investing funds or assets, except if over 51% (fifty-one percent) participation in this company shall be acquired and the Company retains control of the company.
- 5.2.6. Not to sell, present, change, rent, license, invest, or otherwise transfer into utilization the right to use the trademarks of the Company and/or its Subsidiaries.
- 5.2.7. Not to initiate or allow initiation of the Issuer’s reorganization, liquidation or similar proceedings and not to reduce the share capital of the Company.
- 5.2.8. Any transactions with Related Parties should be at a Fair Market Value.
- 5.2.9. To publish condensed unaudited quarterly reports with management commentary as per the Accounting Principles by the end of the second month following the end of each respective quarter. The reports should also include information if the Issuer is compliant with the financial covenants set out in Clause 5.1 “Financial Covenants” of the Terms of the Notes Issue;

- 5.2.10. To prepare and publish audited annual report as per Accounting Principles within 4 (four) months for each consecutive Financial Year. The annual reports should be audited by an Auditor;
- 5.2.11. The Company shall ensure that the Collateral is insured at all times in accordance with the Collateral Agreements. Upon request by the Collateral Agent the Company shall provide documents evidencing the insurance cover within 10 (ten) Business Days of the respective request. The insurance shall be assigned to the Collateral Agent, and the terms of the insurance cover shall be to the Collateral Agent's satisfaction and on the market terms.
- 5.2.12. The Company shall ensure that it does not create, allow to subsist, retain, provide, prolong, or renew any security of any kind (including any mortgage, lien, pledge, charge, security interest, or other encumbrance) ("Security") over any of its present or future assets to secure any Financial Indebtedness, other than any Permitted Security.

5.3. PROCEDURE FOR APPLYING FOR NOTEHOLDERS' CONSENT

The Company has the right to request a consent (waiver) of Noteholders to amend the conditions included in these Terms of the Notes Issue (apply for the waiver). However, the Company 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. The Collateral Agent may ask for instructions from the Noteholders in respect to the Collateral in the same manner as the Company may apply for the consent (waiver) of the Noteholders hereunder.

The amendment of these Terms of the Notes Issue may include the amendment of any conditions, which is not restricted by such characteristics of the Notes as currency, Coupon rate, Coupon calculation method, Coupon and Nominal Value payments, inclusion of Notes to regulated or alternative markets, the Maturity Date and other conditions, unless they contradict the Applicable Laws.

The Company can apply for the waiver itself or through the intermediary of an authorised person (the "Agent"). To request a waiver, the Company or Agent shall notify the Noteholders by posting the information on the Company's webpage if Notes are not listed, or, if Notes are included in the First North, *via* the Nasdaq Riga information system, specifying at the least the following information:

- (a) a description of the requested amendment;
- (b) a justification of the necessity of such amendment;
- (c) the date when the list of the Noteholders eligible to grant the waiver (vote) will be fixed;
- (d) the term within which a Noteholder can support or reject the offered waiver;
- (e) instructions concerning notification about the support or rejection of the waiver and the procedure for filling in the voting questionnaire;
- (f) notification that a Noteholder willing to grant the waiver offered by the Company shall notify the Company and the Agent within the term specified in the application, which is certified by a postal seal, signature on receipt or notification (letter or email) by Noteholder's Custodian. If the Noteholder does not notify the Issuer or Issuer's Agent about the approval to grant the waiver within the term specified in the application, a Noteholder shall be deemed as not having granted the waiver;
- (g) contact details of the Company and the Agent to be used for notifications (telephone number for inquiries, email or address for sending filled in and signed questionnaires, list of representative offices and/ or branches of the Issuer and/or Issuer's Agent where the Noteholders can submit the questionnaires in person);
- (h) other information, including a fee to the Noteholders for approving the waiver (if any).

The list of Noteholders shall be inquired from the Nasdaq CSD as of the date falling to the 5th (fifth) Business Day after the waiver was sent to the Noteholders directly and/or after the relevant announcement of the waiver has been published *via* the Nasdaq Riga information system, if the Notes are included in the First North.

The term allowed to the Noteholders for deciding upon refusal to grant the waiver to the Company may not be shorter than 14 (fourteen) calendar days after the waiver was sent to the Noteholders directly and/or after the relevant announcement of the waiver has been published *via* the Nasdaq Riga information system, if Notes are included in the First North.

The Noteholders shall submit signed questionnaires with their decision to the Company or the Agent by a deadline set in the application of the waiver. The waiver shall be deemed to be granted if the Noteholders owning more than 50% (fifty percent) of the outstanding Notes issue (excluding Notes owned by the Company, its direct and/or indirect shareholders and Related Parties from the total outstanding amount of Notes) have voted in favor of granting the waiver. The Notes owned by the Company and Related Parties are not eligible to participate in the voting.

The Company or the Agent shall count the received votes and notify the Noteholders of the results of the voting within 1 (one) Business Day after the deadline for submitting the questionnaires by sending relevant notification to the Noteholders directly and/or by publishing relevant announcement *via* the Nasdaq Riga information system, if the Notes are included in the First North.

If the accepted changes refer to specifications of the Notes and/or Coupon calculation method, as well as the procedure of Coupon payments and/ or repayment of the Nominal Value, the Company shall inform the Nasdaq CSD on the mentioned changes according to the regulation determined in the Nasdaq CSD rules.

If the Company offers Noteholders a fee for approving the waiver and the waiver is granted, the Company transfers the fee amount to the account stated by a Noteholder in the questionnaire not later than 30 (thirty) calendar days after the waiver comes into force.

5.4. FORCE MAJEURE AND LIMITATION OF LIABILITY

The Company shall be entitled to postpone the fulfilment of its obligations under these Terms of the Notes Issue 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, introduction of curfews, quarantine established by the Cabinet of Ministers of the Republic of Latvia, 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 Company and that materially affect the operations of the Company;
- (c) any interruption of or delay in any functions of measures of the Company 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.

In case of occurrence of a Force Majeure Event, the Company'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.

* * *

6. TAXATION

6.1. NOTICE

Tax legislation in both the investor's country of residence and the Issuer's country of incorporation may affect the income received from the Notes. The following is a general summary of certain tax considerations in the Republic of Latvia concerning the Notes. It is not exhaustive and does not purport to be a complete analysis of all tax consequences relating to the Notes, nor does it consider the tax implications of any jurisdiction other than the Republic of Latvia. The information provided in this section should not be treated as legal or tax advice. Tax rates and conditions for paying taxes may change during the life of the Notes. Prospective investors are advised to consult their own tax advisors regarding the tax consequences of the subscription, ownership, and disposal of the Notes applicable to their circumstances.

This summary is based on the laws of the Republic of Latvia as in force on the date of these Terms of the Notes Issue and is subject to any changes in law that may take effect after such date, which could apply retroactively.

Latvia has entered into numerous tax conventions aimed at eliminating double taxation, which may provide for a more favorable taxation regime. Therefore, if there is a valid tax convention with the country of a non-resident prospective investor, it should also be examined. The procedures for applying 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.

6.2. TAXATION OF INDIVIDUAL NOTEHOLDERS

6.2.1. Resident Individuals

An individual is considered a resident of Latvia for tax purposes if:

- Their declared place of residence is in the Republic of Latvia; or
- They stay in the Republic of Latvia for 183 days or more within any 12-month period, starting or ending in the taxation year; or
- They are a citizen of the Republic of Latvia employed abroad by the government of the Republic of Latvia.

In accordance with the Law on Personal Income Tax (in Latvian – *Likums "Par iedzīvotāju ienākuma nodokli"*), interest income and equivalent income from the Notes for resident individuals are subject to a 25.5% personal income tax (PIT).

Special rules apply if transactions with the Notes are made through an investment account within the meaning of the Law on Personal Income Tax (in Latvian – *Likums "Par iedzīvotāju ienākuma nodokli"*). In such cases, taxation of income is deferred until the amount withdrawn from the investment account exceeds the contributed amount.

Capital gains from the sale of the Notes are subject to a 25.5% tax, payable by the individual.

6.2.2. Non-resident Individuals

An individual is considered a non-resident of Latvia if they do not qualify as a resident individual under Latvian laws.

In accordance with the Law on Personal Income Tax (in Latvian – *Likums "Par iedzīvotāju ienākuma nodokli"*), Interest income from publicly traded Notes and income from the sale of such Notes by non-resident individuals are not subject to taxation in Latvia.

Each non-resident individual should seek professional advice to determine any tax obligations concerning taxation and reporting applicable under the domestic law of their country of residence.

6.3. TAXATION OF ENTITY NOTEHOLDERS

6.3.1. Resident Entities

An entity is considered a resident of Latvia for tax purposes if it is established and registered in the Republic of Latvia in accordance with Latvian legislative acts. This includes permanent establishments of foreign entities in Latvia.

Interest income and capital gains from the Notes constitute part of the beneficiary's overall income. The Corporate Income Tax (CIT) obligation is deferred until the moment of profit distribution (e.g., dividends) or deemed profit distribution (e.g., non-business expenditure) by the beneficiary company. The tax is assessed and paid based on the CIT return filed for the relevant taxation period.

Profit distributions are taxed at a rate of 20% of the gross amount of the distributions.

6.3.2. Non-Resident Entities

An entity is considered a non-resident of Latvia if it does not qualify as a resident entity under Latvian laws.

In accordance with the Corporate Income Tax Law of Latvia (in Latvian – *Uzņēmumu ienākuma nodokļa likums*), interest income and income from the sale of the Notes by non-resident entities are not taxable in Latvia.

Each non-resident entity should determine any tax obligations concerning taxation and reporting applicable under the domestic law of its country of residence.

6.4. TAXATION OF LOW-TAX NON-RESIDENTS

Payments (including interest payments) to non-residents located, registered, or incorporated in a no-tax or low-tax country or territory, as prescribed by Regulations of the Cabinet of Ministers No. 333 "*List of Low-Tax or No-Tax Countries and Territories*", adopted on 27 June 2023 and effective as of 1 July 2023, are subject to a withholding tax of 20% if the payer is a Latvian legal entity.

However, pursuant to Article 5(6) of the Corporate Income Tax Law, payments by Latvian legal entities to low-tax non-residents for securities that are publicly traded in the EU or EEA on a regulated market may be exempt from withholding tax if such payments are made at market price.

As the Notes are intended to be included on Nasdaq Riga First North — a multilateral trading facility (MTF) that is not a regulated market — this exemption may not apply. Accordingly, interest payments to Noteholders that are tax residents of low-tax or no-tax jurisdictions may be subject to withholding tax in Latvia.

Note: Investors residing in low-tax or no-tax jurisdictions are strongly advised to consult their tax advisors to assess the Latvian tax implications of participating in this Notes issue, particularly in relation to potential withholding tax exposure.

Note: Tax laws and rates are subject to change. It is advisable to consult with a tax professional or legal advisor to obtain the most current information and personalized advice.

* * *

7. TERMS OF THE OFFERING

7.1. SUBSCRIPTION TO THE NOTES

7.1.1. Reasons for the Offering

The purpose of the offering of the Notes is to raise capital in order to: (i) refinance the Existing Notes; and (ii) finance the Company's capital expenditures (capex) related to future development projects eligible for European Union cohesion policy programme for 2021-2027 with the goal of increasing production capacity and advancing the quality and sustainability of the Company's products.

7.1.2. Exchange of Existing Notes

Within the Subscription Period, the Issuer is offering to Existing Noteholders holding Existing Notes of the Issuer (ISIN: LV0000860088 with maturity on 9 May 2025) with a total nominal value of at least EUR 10,000.00 (ten thousand *euros*) the opportunity to exchange Existing Notes with the Notes, as specified in these Terms of the Notes Issue and pursuant to an exemption under Article 1(4)(b) of the Prospectus Regulation. Specifically, the Exchange Offer is being made, at the time of the initial offering, to fewer than 150 natural or legal persons per Member State, other than qualified investors as defined in the Prospectus Regulation. The number of investors holding the Notes after the Issue Date may subsequently change and is not subject to this limitation.

Only Existing Noteholders holding Existing Notes with a total nominal value of at least 10,000.00 (ten thousand *euros*) shall be eligible to participate in the Exchange Offer. The minimum subscription amount for such participation is set at 10 Notes, or 10,000.00 (ten thousand *euros*). In all cases, the subscription amount must be equal to a multiple of the Settlement Unit Multiple.

The exchange of the Existing Notes for the Notes under the Exchange Offer shall be carried out on a *one-to-one* basis, at par value, without the application of any exchange fee, premium, or other additional charge to the Existing Noteholders.

The Subscription Period for the exchange of Existing Notes with the Notes shall match the Subscription Period of the Private Offering of the Notes and not be shorter than 10 (ten) Business Days.

The Investor shall indicate in the subscription order the number (which shall not be less than 10) of the Existing Notes to be exchanged for the Notes and shall duly inform the relevant Custodian (a credit institution or an investment brokerage firm holding the Existing Notes on behalf of the Existing Noteholder) on approval to the proposed exchange of the Existing Notes, which in turn shall inform the Depository on the total number of the Existing Notes to be exchanged with the Notes and Existing Noteholders who requested the exchange.

By submitting a subscription order for the exchange of the Existing Notes with the Notes, each Existing Noteholder shall authorize and instruct the credit institution or investment brokerage firm operating the Existing Noteholder's securities account to immediately block the total number of the Existing Notes (not less than 10) to be exchanged with the Notes on the Existing Noteholder's securities account until the settlement for the transaction is completed or until the Existing Notes are released.

The number of the Existing Notes (not less than 10) on the Existing Noteholder's securities account to be blocked shall be equal to the total number of the Existing Notes to be exchanged with the Notes. Existing Noteholder may submit a subscription order only when there is a sufficient number of the Existing Notes (not less than 10) on the Existing Noteholder's securities account. If the number of the Existing Notes which are blocked is insufficient, the subscription order shall be deemed valid only in respect to the amount of a sufficient number of the Existing Notes (not less than 10) that are on the Existing Noteholder's securities account.

The provisions set out in Clause 7 *“Terms of the Private Offering”* of these Terms of the Notes Issue, including those related to subscription orders and specifically Clauses 7.1.5 *“Subscription Period”*, 7.1.6 *“Subscription Terms”*, 7.1.7 *“Notes Price”*, 7.1.8 *“Allocation of the Notes to the Noteholders”*, 7.1.9 *“Reduction of the Notes Issue Size”*, 7.2 *“Settlement and Delivery of the Notes”*, 7.3 *“Pre-emptive Rights”*, and 7.4 *“Inclusion of the Notes on the Market and Trading Regulations”*, shall apply mutatis mutandis to the exchange of the Existing Notes for the Notes, taking into consideration that settlement for the exchange will be carried out using the Free of Payment (FOP) method.

7.1.3. Private Offering

The Issuer together with the Arranger is also offering the Notes in a private placement offering (new subscription) to selected institutional and retail investors in certain Member States of the EEA and to other selected investors, in each case pursuant to an exemption under Article 1 of the Prospectus Regulation. Namely, the Private Offering is addressed to fewer than 150 natural or legal persons per Member State, other than qualified investors as defined in the Prospectus Regulation.

The institutional investors should contact the Arranger for information on detailed rules governing the placement of subscription orders, in particular the documents required if an order is placed by a statutory representative, proxy or any other person acting on behalf of an investor.

Institutional investors that manage assets on behalf of third parties will be allowed to submit a combined order in favor of their customers, attaching a list of such customers.

In respect of the private placement of the Notes investors wishing to purchase the Notes may become clients of investment services of any of the Custodians and submit their subscription order directly to them.

7.1.4. Participation of Existing Noteholders in the Private Offering

Existing Noteholders shall be entitled to participate not only in the Exchange Offer, but also in the Private Offering of the Notes, subject to the same terms and conditions as applicable to other Potential Investors. Participation in the Private Offering shall be in addition to, and independent from, participation in the Exchange Offer.

7.1.5. Subscription period

The subscription period for the Notes is divided in two stages:

- (a) Private Offering of the Notes shall commence on 17 April 2025 10:00 Riga time and shall end on 6 May 2025 at 12:00 Riga time (the *“Subscription Period”*) or when all Notes are sold, whichever is earlier.
- (b) The Exchange Offer shall commence on 17 April 2025 10:00 Riga time and shall end on 6 May 2025 at 12:00 Riga time. During this stage the Existing Notes with the ISIN LV0000860088 can be exchanged for the Notes.

7.1.6. Subscription terms

Subscription orders for the Notes may be submitted to the Arranger on any Business Day during normal working hours. More detailed information on the procedure for submitting subscription orders is available by phone (+371 67 081 069).

Subscription orders may also be submitted through other Custodians, who will in turn submit the orders to the Arranger. The form and handling of such subscription orders are governed by agreements between the Noteholders and the respective Custodians as well as by the Applicable Laws.

The issue of the Notes will be executed pursuant to an exemption under Article 1(4)(b) of the Prospectus Regulation, namely, the Notes will be offered to fewer than 150 natural or legal persons per Member State, other than qualified investors as defined in the Prospectus Regulation.

The minimum initial subscription amount (the *“Minimum Investment Amount”*) for each Potential Investor is set at 10 Notes, or 10,000.00 (ten thousand *euros*). The subscription amount must be equal to a multiple of the Settlement Unit Multiple.

With respect to the Exchange Offer, only Existing Noteholders holding Existing Notes with a total

nominal value of at least 10,000.00 (ten thousand *euros*) shall be eligible to participate in the Exchange Offer. The minimum subscription amount for participation in the Exchange Offer is also set at 10 Notes, or 10,000.00 (ten thousand *euros*). In all cases, the subscription amount must be equal to a multiple of the Settlement Unit Multiple and will be executed pursuant to the exemption under Article 1(4)(b) of the Prospectus Regulation.

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.

All subscription orders to the Notes shall be considered as binding and irrevocable commitment to acquire the allotted Notes.

By submitting the subscription order, each Potential Investor and Existing Noteholder confirms that it: (a) has read and understands these Terms of the Notes Issue; and (b) agrees and commits to adhere to these Terms of the Notes Issue.

Pursuant to 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), the sale, supply, transfer, or making available, directly or indirectly, of euro-denominated transferable securities issued after 12 April 2022, or units in undertakings for collective investment (UCIs) providing exposure to such securities, to any Russian or Belarusian national, any natural person residing in Russia or Belarus, or any legal person, entity or body established in Russia or Belarus, is prohibited.

This prohibition does not apply to nationals of a Member State of the European Union or to natural persons holding a temporary or permanent residence permit in a Member State.

The First Settlement Date of the Notes is 8 May 2025.

All the expenses related to the acquisition and custody of the Notes shall be borne by an Existing Noteholder and 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 Company is not obliged to compensate any such expenses incurred by the Potential Investor or Existing Noteholder.

7.1.7. Notes price

The Notes purchase price can be equal to 100% (one hundred percent) of the Nominal Value or purchase price could be lower or higher than the Nominal Value, meaning that the Notes can be sold with a discount or premium, plus accrued interest.

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

7.1.8. Allocation of the Notes to Noteholders

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 size as described in the Clause 7.1.6 “Subscription terms”.

First, the Issuer will establish the exact number of Notes to be allotted to the Existing Noteholders who have participated in the Exchange Offer. All Existing Noteholders who have elected to participate in the Exchange Offer, by submitting their instructions in accordance with Clauses 7.1.2 and 7.1.6 of these Terms of the Notes Issue, shall be allotted the Notes fully, observing the one-to-one exchange ratio.

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

In case the total number of Notes subscribed for is higher than the number of Notes available the proportionate reduction principle shall be applied to the extent possible at the discretion of the Company and the Arranger. The Notes allocated to the Noteholders shall not be less than the Minimum Investment Amount.

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

7.1.9. Reduction of the Notes issue size

At any time, the Company may decide to discontinue placement of the Notes. The total issue size is equal to the actual issue size of the Notes before such decision.

7.2. SETTLEMENT AND DELIVERY OF THE NOTES

The settlement date for the Notes can be any Business Day which is not earlier than the second Business Day and not later than the 20th (twentieth) Business Day after subscription order is dully submitted to the Arranger.

Settlement of the Notes will be executed through the Depository in accordance with the applicable rules of the Depository. In the case of the Exchange Offer, settlement will be carried out on a Free of Payment (FOP) basis. In the case of the Private Offering, settlement will be carried out on a Delivery versus Payment (DVP) basis.. Any Notes remaining on the Issuer's account after the end of the Subscription Period shall be deleted.

The Custodians 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.

Settlement for the Notes may be executed according to another procedure that is agreed upon by the Arranger and the Potential Investor or the Existing Noteholder.

7.3. PRE-EMPTIVE RIGHTS

None of the Potential Investors shall have any pre-emption rights in respect of the acquisition of the Notes in the Private Offering, and none of the Existing Noteholders shall have any pre-emption rights in respect of the acquisition of the Notes under the Exchange Offer.

7.4. INCLUDING OF THE NOTES ON THE MARKET AND TRADING REGULATIONS

The Company plans to request the admission to trading of the Notes on the First North within 12 (twelve) months after the Issue Date and submit these Terms of the Notes Issue, as well as the Company description with Nasdaq Riga. The Company does not undertake to register the Notes prospectus with the Bank of Latvia or list the Notes on any regulated market.

The Company has not signed any agreement with any person for Notes liquidity maintenance on the secondary market.

* * *

8. ADDITIONAL INFORMATION

8.1. ADVISORS INVOLVED IN THE ISSUE

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

The Company has signed the Collateral Agent Agreement with the Collateral Agent, which holds the Collateral on behalf of the new and the Existing Noteholders and is authorized to act with the Collateral in favor of all the Noteholders in accordance with these Terms of the Notes Issue and the Collateral Agent Agreement. The Collateral Agent may provide other services to the Company in the future and receive remuneration for it.

8.2. EXTERNAL AUDIT OF THE INFORMATION INCLUDED IN THESE TERMS OF THE NOTES ISSUE

The auditors have not verified the information included in these Terms of the Notes Issue.

8.3. STATEMENTS OR REPORTS INCLUDED IN THESE TERMS OF THE NOTES ISSUE

These Terms of the Notes Issue does not contain any expert statements or reports.

8.4. CREDIT RATINGS

There is no credit rating assigned to the Issuer or to the Notes issue.

* * *

9. THE ISSUER

9.1. GENERAL INFORMATION ON THE ISSUER

The Issuer is SIA “Banga Ltd”.

The legal form: a private limited liability company (*sabiedrība ar ierobežotu atbildību*), legal status – legal entity.

The country of location: the Republic of Latvia.

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

The Issuer is one of the leading canned seafood producers in the Baltics. The Issuer is owned by one shareholder SIA “Curlandia” and it has two ultimate beneficial owners: Mr. Raivis Veckāgans and Mr. Ingus Veckāgans.

9.2. AUDITOR

The Company’s financial auditor (*zvērinātu revidentu komercsabiedrība*) of the Company’s annual reports for the years 2022, 2023 and 2024, was SIA “Grant Thornton Baltic”, with registration number 50003619401 and a legal address at Blaumaņa iela 22, Riga, LV-1011, Latvia.

* * *

10. BUSINESS OF THE COMPANY

10.1. OVERVIEW

While its operations date back to 1947, the Company was established in 2007 in the fishing village of “Roja”, geographically located in the north-western part of Latvia, where its manufacturing operations are located. The Company nowadays combines historic tradition with modern canned seafood production. The Company’s principal activities are canned seafood production and includes a full canning cycle, starting from pre-treatment of fresh / frozen fish to insertion, packaging, and delivery.

The Company maintains a diversified revenue base, both geographically and by product, through sales to 47 (forty-seven) countries across Europe, North and South America, Asia, and Australia. The Company has established long-term relations with its customers, and is actively working to attract new customers, mostly through participation in industry expo (trade fair) events. The Company works both directly with end-users and through distributors, depending on the market, and its customers include retail supermarket chains in Europe, the Baltics, Japan and Australia, such as Aldi, Rimi, Maxima, Selver, 7-eleven, Carrefour, Kaufland and many others.

The Company’s location by the Gulf of Riga ensures high quality of fresh fish supplies, and more than 1/3 (one-third) of the Company’s raw materials used for production, such as Baltic herring, are sourced locally. The Management believes that using fish from local fisherman helps to ensure the high quality and reliable deliveries of the fish needed for the production of the Company’s products. The rest of the raw materials used by the Company is purchased from global leading suppliers, mainly from Norway, Faroe Islands, Poland and the Netherlands.

The Company aims to increase production capacity and boost sales volumes of canned seafood products.

The Company maintains its own laboratory for daily monitoring of product quality, controlling and analyzing the production process. Additionally, the Company cooperates with external laboratories as BIORs, HAMILTON Balti, etc. The Company holds the IFS (International Featured Standards), MSC (Marine Stewardship Council), and ASC (Aquaculture Stewardship Council) certifications and thus meets the requirements of international customers in terms of food and supply chain quality and safety.

10.2. STRATEGY OF THE COMPANY

The Company’s strategy is to continue its profitable growth *via* 3 (three) main cornerstones: (a) expansion; (b) distinct and wide assortment; and (c) economies of scale.

The Company’s strategy is to establish long-term partnerships to provide wide and diverse assortment both under its own brand and private label. The Company plans to increase sales in Europe, as well as in more distant markets, such as the US, Canada and Asia.

The Company’s goal is to achieve economies of scale *via* the expansion of production capacity. As sales increase, the managerial and administrative costs increase at a significantly smaller rate, thus, the fixed costs decrease per one unit sold or as a percentage of sales. Enhanced storage facilities and optimization of production processes will be introduced, which will reduce the unit production cost and thus increase the competitiveness of products.

10.3. INVESTMENT PROGRAMME

The Company intends to significantly expand its operations. The expansion is driven by both the increase in the Company’s output capacity and cost efficiency with investments in advanced production processes.

Planned investments within the Investment Programme, which will be financed by the issue of the Notes, target to increase the production capacity and improve quality and sustainability of the Company’s products. The key outcomes of the planned Investment Programme include:

- Advancement in production process efficiency and reduction of costs
- Extension of production building with improvements in production facilities
- Investments in sustainability and product quality
- Increase in product production capacity
- Increasing the speed of product packaging

10.4. KEY STRENGTHS OF THE COMPANY

Wide assortment and flexibility: The Company offers a wide assortment with more than 50 (fifty) developed products both under its own brand and private label. The assortment is carefully chosen by professional and experienced specialists, and its production quality is checked daily in the Company's laboratory. The Company is able to swiftly adjust its product mix, depending on changes in customer demand.

Diversification: During 2024, the Company sold its products to more than 47 (forty-seven) countries across 5 (five) continents. The Company has an increasingly diversified geographic presence and proven ability to enter new geographical markets.

Nature of its products: The Company's business by its very nature is non-cyclical. Furthermore, during turbulent times, such as Covid-19 and the war in Ukraine, demand for the Company's products generally increased as consumers preferred food products with longer shelf life.

Experienced employees: The Company's employees are a significant part of the overall operations of the Company. The Company employs more than 160 (one hundred and sixty) full-time employees of whom the majority has long-time experience in the industry.

10.5. THE COMPANY'S PRODUCTS

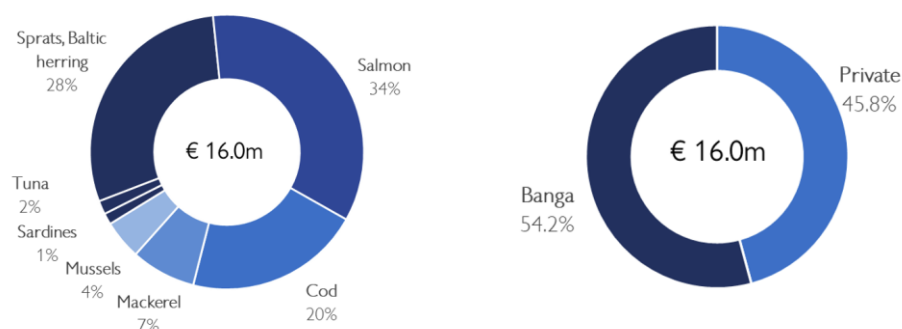
The Company produces more than 50 (fifty) products, with the main products being made from salmon (34% (thirty four percent) of sales in year 2024) and sprats and Baltic herring (28% (twenty eight percent) of sales in year 2024). The most popular products are smoked sprats in oil, smoked Atlantic salmon in oil and cod liver.

The Company's product range is well-diversified and includes 7 different types of packaging with a long-term shelf life of typically 3 to 5 years.

In addition, the Company's product portfolio includes:

- Smoked mussels;
- Atlantic sardines in oil and tomato sauce;
- Mackerel in oil and tomato sauce;
- Atlantic salmon fillet pieces in oil and different sauces;
- Saira in oil;
- Smoked Atlantic herring in oil;
- Cod liver; and;
- Cod liver and roe pate;
- Mackerel in tomato sauce for industrial food, etc.

The Company's product mix in 2024 (Revenue)



10.6. THE COMPANY'S BRANDS

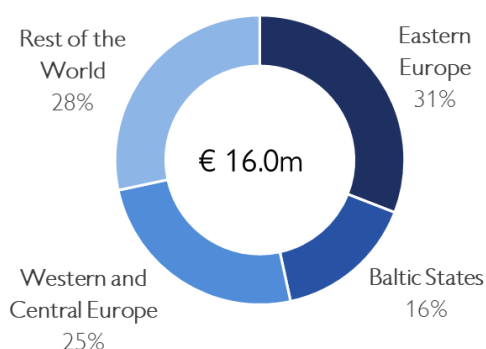
The Company operates under its own brand and private label. The majority of sales (54% (fifty four percent) for the year 2024) are carried out under the Company's brand "Banga" and the rest 46% (forty six percent) for the year 2024) are carried out under private label. It produces private label products for such customers as Rimi Latvia, Kaufland Vācija, ALDI Austrālija, SOK Somija and REWE Austria.



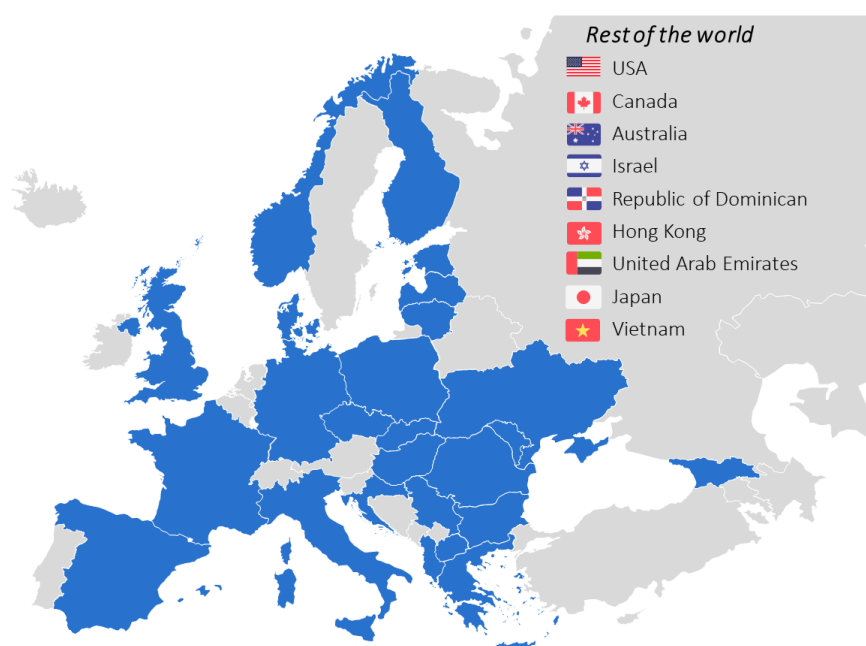
10.7. GEOGRAPHICAL MARKETS

The Company sells its product across 5 (five) continents and has a geographically diversified customer base. All sales contracts are denominated in EUR thus, the company does not face a direct risk from foreign exchange rate fluctuations. The Company's primary focus is on higher value-added premium products, which in turn would increase the profitability of the Company. The geographical markets where the Company's sales activities are carried out are as follows:

Revenue by geography, 2024



The Company's export markets, 2024



The Company is actively involved in developing new products for expanding into new export markets. The Management believes the Company's business has the possibility to grow both in existing and new geographic markets.

The demand for seafood products has been growing globally for the past 10 (ten) years by 5-7 % per cent per year, along with demand for the Company's products. Consequently, the Company believes that, if necessary, it can swiftly redirect sales from one market to others.

Overall, the Company has experienced increased demand for its products since the onset of Russia's war against Ukraine. Eastern Europe remains its largest segment, accounting for 31% (thirty one percent) of total sales in 2024. In addition, the Company's produce is gaining traction in the Rest of the World segment, which accounts for 28% of total sales in 2024 and includes countries such as USA, Canada, Australia, Japan, among others.

In 2023, due to the protracted hostilities in Ukraine and the difficulties related to operational management activities, the Company's management decided to cease direct business operations in Ukraine and divested its 100% (one hundred percent) shareholding in Banga Ukraine LLC. As of the date of these Terms of the Notes Issue, deliveries to Ukrainian customers are made directly to retail chains or to the Company's distributor.

The Company focuses on maintaining a well geographically diversified revenue portfolio, to avoid excessive dependence on a single market.

10.8. FINANCING STRUCTURE OF THE COMPANY

The Company's goal is to achieve a balanced financing structure to provide the Company with flexibility and support its growth plans. The Company currently uses the following financing sources: shareholder's equity, Existing Notes (to be refinanced with the Notes), financial leasing, and factoring. Additionally, the Company actively participates in various grant programmes administered by the Rural Support Service of Latvia (which provides the largest portion of the Company's support funding). Latvia receives rural development funding through the European Agricultural Fund for Rural Development (EAFRD) and support within the framework of the European Maritime and Fisheries Fund (EMFF). The Company also receives support from the Investment and Development Agency of Latvia (LIAA), Central Finance and Contracting Agency (CFLA) and other national institutions.

10.9. OVERVIEW OF THE COMPANY'S FUNDING STRUCTURE

Funding type	Funding amount, EUR as of 31.12.2024	Explanation
Equity	547 565	Paid-in capital
Retained earnings	3 761 091	Previous and current period profit
Reserves	41 821	Includes revaluation reserve
Total equity	4 350 477	
Existing Notes	2 500 000	The existing secured notes of the Company with maturity on 9 May 2025. The proceeds of the Notes issue will be used to refinance the Existing Notes
Financial leasing liabilities (Swedbank Leasing Agreements)	509 488	Leasing agreements for financing of the Company's manufacturing assets, equipment, and vehicles, which will remain after the Notes issue
Total Financial Indebtedness	3 009 488	
TOTAL FUNDING	7 359 965	

As a result of the sale of Banga Ukraine LLC shares in 2023, a loss in the amount of EUR 30,721 was recorded in the Company's accounting records.

Following the issue of the Notes and execution of the Exchange Offer, the additional funds acquired will be used to finance the Company's growth plans and investment projects, which are focused on expanding the Company's presence in both European and global markets. The primary goals include increasing production capacity and enhancing the quality and sustainability of the products.

The Company intends to continue using financial leasing and factoring services following the Notes issue. As of end of FY 2024, the Company has entered into financial leasing agreements with Swedbank Līzings (the "Swedbank Leasing Agreements"), with total outstanding obligations in the amount of EUR 509 488 (five hundred and nine thousand four hundred eighty-eight *euros*). In addition, the Company has a factoring agreement with Swedbank (the "Swedbank Factoring Agreement"), with a total maximum factoring limit currently set at EUR 1,000,000.00 (one million *euros*), which can be increased in the ordinary course of business.

10.10. COMPANY STRUCTURE

As of the date of these Terms of the Notes, the Company has no Subsidiaries.

10.11. MANAGEMENT OF THE COMPANY

The Company's shareholders are directly involved in the management of the Company. The management board of the Company is responsible for the day-to-day management of the Company's operations. The management board members of the Company are as follows:

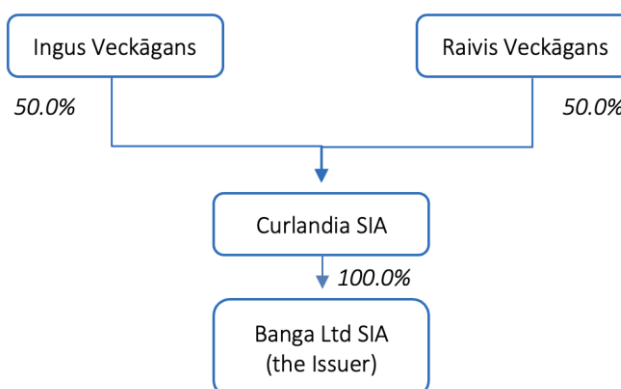
Name	Term until	Position
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Ingus Veckāgans	Undefined period or until revoked	Executive Board Chairperson of the Board
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Ingus Veckāgans has been the Company's CEO since 2011. Prior to that, Ingus has almost a decade of experience in Banking, working for leading Baltic banks such as DNB, DnB Nord Līzings and SEB Banka. Ingus holds a Master of Science (MSc) from the BA School of Business and Finance.

10.12. COMPANY'S SHAREHOLDER STRUCTURE

The ownership structure as the Issuer is as follows:



10.13. LEGAL PROCEEDINGS AND ARBITRATION

At the time of signing these Terms of the Notes Issue, the Company is not involved in any government interventions, lawsuits or arbitration processes, which may significantly affect or have significantly affected the financial situation or profitability of the Company.

10.14. SUBSTANTIAL CHANGES IN THE FINANCIAL SITUATION OF THE COMPANY

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

10.15. IMPORTANT AGREEMENTS

The Company is not aware of any other material agreements or internal decisions, whether concluded within the Company or between the Company and any related party, that could adversely affect the Issuer's ability to fulfil its obligations to the Noteholders in connection with the securities to be issued.

10.16. SIGNIFICANT RECENT AND KNOWN TRENDS

The period between 2020 and 2024 was marked by significant disruptions across many economic sectors due to the global pandemic and the geopolitical consequences of Russia's war against Ukraine.

As of the date of signing these Terms of the Notes Issue, the Company is not aware of any known trends, uncertainties, demands, commitments, or events—other than the aforementioned impact—that have had, or may reasonably be expected to have, a material adverse effect on the Company or its operations.

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11. SELECTED FINANCIAL INFORMATION OF THE COMPANY

11.1. GENERAL

- 11.1.1. The shareholder's equity of the Company as of 31 December 2024 is EUR 4.4 million (four point four million *euros*).
- 11.1.2. The profit/loss forecast has not been carried out.
- 11.1.3. The Company's Financial Reports as of and following the Issue Date will be available on its website (www.bangaltd.lv) and on the Nasdaq Riga website (<https://nasdaqbaltic.com>) after listing on the First North.
- 11.1.4. The tables below present key selected financial information for the Company and have been derived from the Company's audited standalone financial data as of and for the Financial Years ended 31 December 2024, 31 December 2023, and 31 December 2022.
- 11.1.5. The Company's annual and quarterly financial reports for the years 2023 and 2024 have been prepared in accordance with International Reporting Standards (IFRS). The Company's annual financial reports for the years 2022, 2023 and 2024 have been audited by SIA "Grant Thornton Baltic".

11.2. THE COMPANY'S STANDALONE FINANCIAL DATA

11.2.1. Statement of income (in thousands of EUR)

EUR'000	Audited 12M Period ended 31 Dec 2022	Audited 12M Period ended 31 Dec 2023	Audited 12M Period ended 31 Dec 2024
Revenue	11 808	12 976	15 959
Cost of goods sold	10 612	11 583	14 386
Gross profit	1 196	1 393	1 572
<i>Gross profit margin</i>	<i>10.1%</i>	<i>10.7%</i>	<i>9.9%</i>
Selling expenses	162	161	145
Administrative expenses	430	489	532
Other operating income	37	541	286
Other operating expense	25	69	65
Interest and similar income	127	99	180
Interest expense and similar costs	134	246	223
Earnings before taxes	609	1 068	1 073
Corporate income tax	10	0	32
Net profit	599	1 068	1 042
<i>Net profit margin</i>	<i>5.1%</i>	<i>8.2%</i>	<i>6.5%</i>

11.2.2. Statement of financial position (in thousands of EUR)

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	21	30	27
Property, plant and equipment	3 132	4 243	4 580
Financial investments	31	0	0
Non-current assets	3 184	4 273	4 608

SIA Banga Ltd Terms of the Notes Issue

Inventories	2 520	3 400	3 979
Trade and other receivables	948	1 050	1 061
Cash and cash equivalents	432	235	562
Current assets	3 900	4 685	5 602
TOTAL ASSETS	7 084	8 958	10 210
Share capital	548	548	548
Long-term investments revaluation reserve	53	52	42
Retained earnings	1 145	1 746	2 719
Profit for the reporting period	599	1 068	1 042
Total Equity	2 345	3 413	4 350
Loans against bonds	2 500	2 500	0
Other loans	229	474	345
Deferred income	434	675	987
Non-current liabilities	3 163	3 649	1 332
Loans against debentures	0	0	2 500
Other loans	94	164	165
Prepayments from customers	82	204	251
Trade payables	977	1 075	1 098
Taxes payable	65	68	79
Other creditors	96	96	107
Deferred income	78	103	132
Accrued liabilities	184	186	196
Current liabilities	1 575	1 896	4 528
TOTAL EQUITY & LIABILITIES	7 084	8 958	10 210

11.2.3. Statement of cash flow (in thousands of EUR)

EUR'000	Audited 12M Period ended 31 Dec 2022	Audited 12M Period ended 31 Dec 2023	Audited 12M Period ended 31 Dec 2024
Cash flows to/ from operating activities			
Revenue from the sale of goods and provision of services	12 634	13 780	16 561
Payments to suppliers, employees, other expenses of principal activity	-12 990	-13 041	-15 824
Other revenue (+) or expenses (-) of principal activity	26	502	72
Gross cash flow of principal activity	-331	1 240	809
Interest paid	-74	-140	-142
Tax paid	-9	-1	-28
Net cash flow of principal activity	-415	1 100	640
Investment activity cash flow			
Acquisition of fixed assets and intangible assets	-1 465	-1 687	-715
Revenue from sale of fixed assets and intangible assets	0	6	0
Loans issued	-101	-100	-95
Revenue from repayment of loans	104	103	101

SIA Banga Ltd Terms of the Notes Issue

Interest received		2	5
Investment activity cash flow	-1 462	-1 677	-705
Financing activity cash flow			
Revenue from stock and debenture issue or investments of capital participatory shares	2 500	0	0
Loans received	1	0	0
Subsidies, grants, gifts or donations received	336	380	493
Expenses for repayment of loans	-502	0	0
Disbursed dividends	-50	0	-104
Net cash flow from financing activity	2 284	380	389
Foreign exchange fluctuations	-2	0	3
Net increase /(decrease) in cash and its equivalents	404	-197	327
Cash at the beginning of the period	27	432	235
Cash at the end of the period	432	235	562

11.3. KEY FINANCIAL RATIOS

	Audited 12M Period ended 31 Dec 2022	Audited 12M Period ended 31 Dec 2023	Audited 12M Period ended 31 Dec 2024
EBITDA	938	1147	1608
EBITDA Margin	7.94%	8.85%	10.08%
Equity ratio	33.11%	38.10%	42.61%
ICR	7.63	5.69	7.47
Net debt / EBITDA	2.55	2.53	1.52

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