SIA "Arsenal Industrial"

Registration No. 40103815302

LEI: 2594007EQ80JJUKXHS31

INFORMATION DOCUMENT

FOR THE PUBLIC OFFERING OF SECURED BONDS IN THE AGGREGATE NOMINAL VALUE AMOUNT OF UP TO EUR 3 000 000 AND ADMISSION TO TRADING ON NASDAQ BALTIC FIRST NORTH

This information document (the "**Information Document**") sets out the terms of the public offering of bonds to be issued by SIA "Arsenal Industrial" (the "**Issuer**") with a maturity of 3 (three) years and a fixed interest rate of 12% per annum (the "**Bonds**").

This Information Document has been prepared in accordance with Article 3(2) of Regulation (EU) 2017/1129 of the European Parliament and of the Council (the "**Prospectus Regulation**") and Section 16.[1](1) of the Financial Instrument Market Law of the Republic of Latvia, pursuant to which the public offering of securities is exempt from the obligation to publish a prospectus, provided that the total consideration of the offer does not exceed EUR 8 000 000 within a 12-month period in the European Union.

This Information Document does not constitute a prospectus within the meaning of the Prospectus Regulation and has not been approved by the Bank of Latvia or any other competent authority.

This Information Document has been prepared in accordance with the Bank of Latvia Regulations No. 261 of 18 December 2023 "Regulations on Drawing up and Publishing an Information Document for Making a Public Offering", which sets out the requirements for the content and publication of information documents in the Republic of Latvia.

Any Bonds issued under this Information Document are issued in accordance with the provisions set out herein. This Information Document should be read together with any supplement hereto and any documents incorporated herein by reference.

The Bonds are offered publicly in the Republic of Latvia, the Republic of Lithuania and the Republic of Estonia. There is no intention of the Issuer to list the Bonds on a regulated market for the purposes of Directive 2014/65/EU (MiFID II).

The Issuer is a company incorporated and existing under the laws of the Republic of Latvia and the applicable laws allow for the Issuer to record the issue of the Bonds with the central securities depository of Latvia – Nasdaq CSD.

The issue of the Bonds and the rights and obligations arising therefrom are governed by the laws of the Republic of Latvia.

This Information Document does not constitute an offer to sell or a solicitation of an offer to buy the Bonds in any jurisdiction where such offer or solicitation is unlawful.

MiFID II product governance – the target market for the Bonds includes eligible counterparties, professional clients and retail clients, each as defined in MiFID II. Any distributor is responsible for undertaking its own target market assessment and determining appropriate distribution channels.

Article 5f of Regulation (EU) No. 833/2014 (as amended by Council Regulation (EU) No. 2022/328) and Article 1f of Regulation (EC) No. 765/ 2006 (as amended by Council Regulation (EU) No 2022/398) prohibit the sale of euro denominated transferable securities issued after 12 April 2022 or units of undertakings for collective investment (UCIs) providing exposure to such transferable securities, to any Russian or Belarusian national, any natural person residing in Russia or Belarus or to any legal person, entity or body established in Russia or Belarus. This prohibition does not apply to nationals of a Member State or to natural persons holding a temporary or permanent residence permit in a Member State of the European Union.

Prospective investors should carefully review this Information Document before making an investment decision.

Any prior information provided to prospective investors was for information purposes only.

This Information Document remains valid for 12 months from the date of its publication.

Arranger:

SIGNET BANK

The date of this Information Document is 12 May 2026

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1. DEFINITIONS

1.1 Interpretation

For the purpose of the Information Document, the following definitions have the following meaning:

Accounting Principles	Latvian Accounting Standards (Latvian GAAP) as set forth in the Law on Annual Statements and Consolidated Annual Statements of the Republic of Latvia.
Adjusted Equity	The aggregate book value of the Group's total equity on a consolidated basis, increased by Subordinated Debt, according to the most recent Financial Report.
AML	Anti-money laundering.
Applicable Law	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 Issuer operates.
Arranger	Signet Bank AS, with registration No. 40003043232 and with a legal address at: Antonijas iela 3, LV-1010, Riga, Latvia.
Articles of Association	Articles of Association of the Issuer effective as at the date of this Information Document.
Auditor	Any auditor from the following list that is licensed to practice in the Republic of Latvia: (1) Pricewaterhouse Coopers group entity; (2) Ernst & Young group entity; (3) KPMG group entity; (4) Deloitte group entity; (5) BDO group entity; (6) Grant Thornton group entity; (7) AS "Nexia Audit Advice", registration number: 40003858822; (8) Baker Tilly Baltics AS, registration number: 40003444833; (9) SIA POTAPOVIČA un ANDERSONE, registration number 40003612562.
Bank	Signet Bank AS, with registration No. 40003043232 and with a legal address at: Antonijas iela 3, LV-1010, Riga, Latvia.
Bank Loan	A loan expected to be granted by the Bank to the Issuer in the amount of EUR 4 400 000, as further described in Clause 10.16 (Bank Loan).
Bank's Collateral	The following senior-ranking security expected to be granted in favour of the Bank:

	(a) a first-ranking commercial pledge over 51% of the shares in Issuer held by the Majority Shareholder; (b) a first-ranking commercial pledge over all assets of the Issuer as an aggregation of property at the moment of pledging, as well as its future components; (c) a first-ranking commercial pledge over all assets of Arsenal Industrial UAB, registration No. 304784353 as an aggregation of property at the moment of pledging, as well as its future components. The Bank may also benefit from additional security not shared with the Bondholders.
Bank of Latvia	The Bank of Latvia (in Latvian: *Latvijas Banka*) with its registered office in Riga, Latvia. The Latvian financial supervision authority (www.bank.lv).
Bank of Latvia Regulations	Bank of Latvia Regulations No. 261 of 18 December 2023 “Regulations on Drawing up and Publishing an Information Document for Making a Public Offering”
Bondholder	A private person or legal entity that is an owner of one or more Bonds and has a claim against the Issuer as stipulated by the applicable laws.
Bonds	The debt securities (secured bonds) to be offered and issued by the Issuer according to this Information Document.
Business Day(s)	Business Day 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 of the Group according to the most recent Financial Report.
CFT	Counter terrorist financing.
Change of Control	The occurrence of an event or series of events whereby, a person (natural person or legal entity) or group of persons acting in concert (directly or indirectly) acquires the ability (directly or indirectly) to: (a) cast, or control the casting of, more than 50% (fifty per cent) of the maximum number of votes that may be cast at a general meeting of the shareholders of the Issuer; or (b) appoint, remove or control the appointment or removal of a majority of the management board, the supervisory board members, or any other equivalent governing body of the Issuer. 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

	Shareholders (including any changes to the composition of the management board, supervisory board, or equivalent officers), provided that the Majority Shareholder continues to hold more than 50% (fifty per cent) of the voting rights exercisable at a general meeting of the Issuer. Furthermore, an Initial Public Offering (IPO) of the Issuer shall not constitute a Change of Control for the purposes of this Information Document.
Collateral	Commercial pledges expected to be granted by the Collateral Providers to secure the Bonds, as further described in Clause 7.6 (Collateral).
Collateral Agent	A person holding the Collateral on behalf of the Bondholders and authorised to act with the Collateral in favour of all the Bondholders in accordance with the Information Document and the Collateral Agent Agreement, initially ZAB VILGERTS SIA, a law firm registered with the Latvian Bar Association and registered with the Commercial Register of Latvia with registration No. 40203309933, legal address at Audēju iela 15-8, Riga, LV-1050, Latvia.
Collateral Agent Agreement	Agreement concluded between the Issuer and the Collateral Agent which stipulates the rights and obligations of the Collateral Agent relating to the establishment, maintenance, and enforcement of the Collateral, as defined in this Information Document, in the interests of the Bondholders, as well as the Collateral Agent's compensation. A copy of the Collateral Agent Agreement is available for inspection upon request to the Issuer.
Collateral Agreement	The commercial pledge agreement concluded or to be concluded on the provision of the Collateral referred to in Clause 7.6 (Collateral) between the Collateral Agent and the relevant Collateral Provider and governed by Applicable Law of the country of the relevant Collateral Provider. Copies of the Collateral Agreements are available for inspection upon request to the Issuer.
Collateral Provider	Shall mean the following collateral providers: (1) the Issuer; (2) the Majority Shareholder; and (3) Arsenal Industrial UAB, with registration No. 304784353 and with a legal address at: Perkūnkiemio g. 13-9112114 Vilnius, the Republic of Lithuania.
Commercial Pledge Register	In respect of commercial pledges granted by the Issuer and the Majority Shareholder – the Commercial Pledge Register of the Enterprise Register of the Republic of Latvia (*Komercķīlu reģistrs*), and in respect of commercial pledge granted by

	Arsenal Industrial UAB – the Register of Contracts and Legal Restrictions of the Republic of Lithuania (*Sutarčių ir teisių suvaržymų registras*)
Custodian	A Nasdaq CSD participant directly or licensed credit institution or investment brokerage company that has a financial securities' custody account with Nasdaq CSD participant.
Early Redemption	Redemption of the Bonds prior to their Maturity Date in accordance with the terms set out in Clauses 7.13.2 (Early Redemption at the Option of the Issuer) and 7.13.3 (Early Redemption at the Option of the Bondholders) of this Information Document.
EBITDA	Consolidated net profit of the Group for the Relevant Period calculated according to the most recent Financial Reports: (a) before deducting any amount of tax on profits, gains or income paid or payable by any Group company; (b) before deducting any Net Finance Charges; (c) before considering any exceptional items, which are not in line with the ordinary course of business (for the avoidance of doubt sale of rental equipment in the ordinary course of business should not be considered as exceptional items); (d) not including any accrued interest owing to any Group company; (e) before considering any gains or losses on any foreign exchange gains or losses; and (f) after adding back any amount attributable to the amortisation, depreciation or depletion of assets.
Equity Ratio	Ratio of Adjusted Equity to consolidated assets of the Group calculated according to the most recent Financial Report.
EUR	The single currency of the Member States of the European Monetary System: "euro".
Exchange Offering	The Issuer's offer to exchange the Existing Bonds for the Bonds, as described under Clause 8.5 (Exchange Offering).
Existing Bondholders	Bondholders of the Existing Bonds.
Existing Bonds	Existing secured bonds of the Issuer with ISIN LV0000860153 and maturity on 31 May 2026, with an outstanding amount of EUR 4 500 000 (four million five hundred thousand euros).
Existing Collateral	Shall mean the following existing collateral securing the Existing Bonds provided by the relevant collateral providers on the Issue Date: (1) Commercial pledge (No. 100204327) registered with the Commercial Pledge Register (*Komercķīlu reģistrs*) on 22 December 2023, with a maximum secured

	amount of EUR 5 670 000, in favour of the Collateral Agent over all assets of the Issuer (including future assets and its components); (2) Commercial pledge (No. 100204326) registered with the Commercial Pledge Register (*Komercķīlu reģistrs*) on 22 December 2023, with a maximum secured amount of EUR 5 670 000, in favour of the Collateral Agent over 51% of the shares in the Issuer owned by the Majority Shareholder; (3) Commercial pledge registered with the Commercial Pledge Register (*Kommertspandiregister*) on 29 December 2023, with a maximum secured amount of EUR 800 000, in favour of the Collateral Agent over all assets (including future assets and its components) of Arsenal Industrial OÜ, registration No. 14041623; and (4) Enterprise mortgage registered with the Register of Contracts and Encumbrances of the Republic of Lithuania (*Sutarčių ir teisių suvaržymų registras*) on 2 January 2024, with a maximum secured amount of EUR 5 670 000, in favour of the Collateral Agent over the assets of UAB "Arsenal Industrial", registration No. 304784353.
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 Group.
Financial Indebtedness	Any interest-bearing financial indebtedness of the Group including: (a) monies borrowed and debt balances at banks or other financial institutions; (b) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument; (c) the amount of any liability in respect of any lease or hire purchase contract (in Latvian – *nomaksas pirkums*) which would, in accordance with Accounting Principles, be treated as a balance sheet liability; (d) any amount raised under any other transaction (including any forward purchase or sale agreement) having the commercial effect of a borrowing and 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, indemnity, bond, standby or documentary letter of credit 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 a type referred to the above items (a) to (f), but excluding any Subordinated Debt.
Financial Report	The annual audited consolidated financial statements of the Group and the quarterly interim unaudited consolidated reports of the Group prepared in accordance with the Accounting Principles.
First North	The Multilateral Trading Facility (MTF), First North, operated by Nasdaq Riga.
First Settlement Date	Issue Date.
Force Majeure Event	Has the meaning set forth in Clause 7.19 (Force Majeure and Limitation of Liability) of the Information Document.
Fund	Komandītsabiedrība "FlyCap Investment Fund I AIF", registration No. 40103697951, holding 49% of the share capital of the Issuer as at the Issue Date.
Fund Exit	Any disposal (in one transaction or a series of related transactions) by the Fund of all or a substantial part of its shareholding in the Issuer.
General Meeting	The general meeting of the shareholders of the Issuer.
Group	The Issuer and the Subsidiaries together.
Information Document	This document which sets out the terms and conditions of the issuance and public offering of the Bonds by the Issuer, including, without limitation, the Exchange Offering.
Interest	The monthly payment made on a Bond, which is 12% (twelve per cent) per annum, determined in accordance with Clause 7.12 (Interest).
Interest Coverage Ratio or ICR	The ratio of EBITDA to Net Finance Charges for the Relevant Period.
Interest Payment Date	Interest payments are made every month – on every 28 January, 28 February, 28 March, 28 April, 28 May, 28 June, 28 July, 28 August, 28 September, 28 October, 28 November and 28 December. The first Interest Payment Date is 28 June 2026.
Interest Period	Any period between the Issue Date and the first Interest Payment Date or two Interest Payment Dates.
Investor	Private person or legal entity that has, according to the terms stated in the Information Document, expressed interest or is planning to purchase for its own account one or more Bonds.

ISIN	International Securities Identification Number.
Issue Date	The date on which interest on the Bonds starts to accrue: 28 May 2026.
Issuer or Company	SIA "Arsenal Industrial", registration No. 40103815302, registered address at: Stabu iela 61 - 11, Riga, LV-1011, Latvia.
Majority Bondholders	Bondholders who collectively (excluding the Issuer and the Related Parties) hold in aggregate Bonds with a Nominal Value representing more than 50% (fifty per cent) of the aggregate Nominal Value of all outstanding Bonds.
Majority Shareholder	The majority shareholder of the Issuer, namely, AS "KLUCĪŠI", a joint stock company registered in Latvia with registration No. 40103206643, legal address at: Stabu iela 61 - 11, Riga, LV-1011, Latvia, holding 51% of the share capital of the Issuer as at the Issue Date.
Management Board	Management Board of the Issuer.
Maturity Date	The date when the Bonds shall be repaid in full at their Nominal Value by the Issuer, which is 28 May 2029.
Minimum Settlement Unit	The minimum amount which can be held and traded, which is equal to the Nominal Value.
Nasdaq CSD or Depository	Nasdaq CSD SE (Societas Europaea), the regional Baltic central securities depository (CSD), registration No. 40003242879, registered address: Vaļņu iela 1, Riga LV-1050, Latvia.
Nasdaq Riga	Nasdaq Riga AS, registration No. 40003167049, legal address at: Vaļņu iela 1, LV-1050, Riga, Latvia with its current website address: www.nasdaqbaltic.com.
Net Debt	The aggregate amount of the Financial Indebtedness of the Group minus the sum of the Cash and Cash Equivalents of the Group, as per most recent Financial Report.
Net Debt Leverage Ratio	Net Debt, according to the most recent Financial Report, divided by EBITDA over the Relevant Period.
Net Finance Charges	All recurring debt related charges of the Group for the Relevant Period calculated according to the most recent Financial Reports: (a) including cash interest expense on Financial Indebtedness; and (b) including cash interest expense on Subordinated Debt but excluding any payment-in-kind interest capitalised on Subordinated Debt; (c) after deducting any interest income on Cash and Cash Equivalents.

Nominal Value	The face value of a bond, which for one Bond is EUR 1 000 (one thousand euros).
Offer Price	The price at which each Bond is to be issued or sold under the Offering.
Offering	The Retail Offering, Institutional Offering and the Exchange Offering jointly.
PF	Proliferation financing (financing related to the proliferation of weapons of mass destruction).
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 Group is engaged on the Issue Date, and reasonable extensions, developments or expansions of such businesses, services or activities.
Permitted Security	Any security which is: (a) granted over assets acquired after the Issue Date and financed by third-party financing, provided that such security is limited solely to the respective financed assets and secures only the financing used for their acquisition; (b) Existing Collateral (for a maximum period of 60 days from the Issue Date); (c) Collateral; (d) Bank's Collateral; (e) commercial pledge on motor vehicle involved in road traffic or its trailer, tractor or its trailer acquired by the Issuer or any Subsidiary in the ordinary course of business after the date of this Information Document specifically determined in the public registers; (f) any collateral participation resulting from the sale and leaseback of assets owned by the Issuer or any Subsidiary in the ordinary course of business; (g) arising by operation of law or in the ordinary course of business (including, hedging transactions, collateral or retention of title arrangements in connection with but, for the avoidance of doubt, excluding guarantees or security in respect of any monies borrowed or raised); (h) any security arising under any retention of title or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to the Issuer or the Subsidiaries in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by the Issuer or Subsidiaries; (i) which arises when the Issuer or any Subsidiary acquires another company with already existing encumbrances;

	(j) any other security approved by the Majority Bondholders.
Promissory Note	An agreement between the Issuer and the Collateral Agent where the Issuer reassures it owes any sums due under the Information Document to the Collateral Agent and which may be used, if necessary, for the purposes of registration and enforcement of the Collateral.
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.
Related Parties	Any person (natural person or legal entity) considered a related party to the Issuer or the Group in accordance with 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	Economic or financial sanctions, trade embargoes and similar measures imposed, administered, or enforced from time to time by the Republic of Latvia, the European Union, the United Nations, the Office of Foreign Assets Control of the US Department of the Treasury (OFAC) and any competent authority.
Settlement Unit Multiple	Multiple that defines the settlement quantity, or nominal must be a multiple of the Minimum Settlement Unit.
Shareholders	The Majority Shareholder and the Fund.
Subordinated Debt	Unsecured debt of the Group with maturity after the Maturity Date that is subordinated to other more senior debts or notes (including, the Bank Loan, Existing Bonds and the Bonds) with respect to claims on assets or earnings. The principal amount of such debt is payable only after all settlement of all obligations under the Existing Bonds, the Bank Loan and the Bonds. As at the date of this Information Document, the Issuer's Subordinated Debt from its shareholder (the "Fund") amounted to EUR 738 071.11 (seven hundred thirty-eight thousand seventy-one euro and 11 cents). For further information, please see Clause 10.15 (Subordinated Debt).
Subscription Order	Order to acquire the Bonds submitted by the Investor to its Custodian or the Arranger.
Subscription Period	The subscription period for the Bonds as specified in Clause 8.7 (Subscription Period).

Subsidiaries	Any entity including an unincorporated entity such as a partnership that is controlled by the Issuer as defined by the International Accounting Standards (IAS 27 – Consolidated and Separate Financial Statements). As at the Date of the Information Document the Issuer has 3 (three) subsidiaries: (1) Arsenal Industrial OÜ, with registration No. 14041623 and with a legal address at: Harju maakond, Tallinn, Lasnamäe linnaosa, Suur-Sõjamäe tn 25a/1, 11415, the Republic of Estonia; (2) Arsenal Industrial UAB, with registration No. 304784353 and with a legal address at: Perkūnkiemio g. 13-9112114 Vilnius, the Republic of Lithuania; and (3) Arsenal Industrial sp. z o.o., with registration No. 0000634144 and with a legal address at: Marszałkowska 111, 00-190 Warszawa, Poland.
Supervisory Board	The Supervisory Board of the Issuer.

2. SUMMARY

This summary should be read as an introduction to this Information Document. Any decision to invest in the Bonds should be based on a consideration of the Information Document as a whole.

By investing in the Bonds, the Investor assumes the risks described in this Information Document. If any of these risks materialise, the value of the Bonds may decrease, and the Investor may lose all or part of their investment.

This Information Document is not a prospectus within the meaning of Regulation (EU) 2017/1129 (the "Prospectus Regulation") and has not been reviewed or approved by the Bank of Latvia or any other competent authority.

This summary provides an overview of the key information relating to the Issuer and the Bonds that is material to investors.

Issuer:	SIA "Arsenal Industrial"
Legal Entity Identifier (LEI):	2594007EQ80JJUKXHS31
Nominal Value of the Issue:	Up to EUR 3 000 000 (three million euros)
Number of Bonds:	Up to 3 000 (three thousand)
Nominal Value:	EUR 1 000 (one thousand euros) per Bond.
Issue Price:	100% of the Nominal Value (i.e. EUR 1 000 per Bond)
Minimum Investment Amount:	EUR 1 000 (one thousand euros)
Subscription Period:	From 12 May 2026 to 25 May 2026
Issue Date:	28 May 2026
Maturity Date:	28 May 2029
Interest:	12% (twelve per cent) per annum
Interest Payment:	Monthly, with the first payment 1 month after the Issue Date
Call Option:	The Issuer may redeem the Bonds early from 28 May 2027 (inclusive) until 27 May 2028 (inclusive) at 102% of the Nominal Value plus accrued and unpaid Interest, from 28 May 2028 (inclusive) until 27 November 2028 (inclusive) at 101% of the Nominal Value plus accrued and unpaid Interest, and from 28 November 2028 (inclusive) until the Maturity Date at 100% of the Nominal Value plus accrued and unpaid Interest
Put Option:	Bondholders may require Early Redemption at 101% upon a Change of Control and/or a Fund Exit
Use of Proceeds:	Refinancing of the Existing Bonds

ISIN:	LV0000111623
Form of the Bonds:	The Bonds are issued in dematerialised form and book entered with Nasdaq CSD. Investors hold the Bonds through Nasdaq CSD participants
Status and Security:	The Bonds are secured obligations of the Issuer with second-ranking collateral over the Issuer's shares and assets and the assets of its subsidiary; junior to the Bank Loan, which benefits from first-ranking security. See Clauses 7.5 (Status and Ranking of the Bonds) and 7.6 (Collateral) for further details
Collateral Agent:	ZAB VILGERTS SIA acts as collateral agent for the Bondholders
Taxation:	Payments in respect of the Bonds will be made without withholding or deduction for taxes unless required by applicable law. In such case, the Issuer will not compensate Bondholders for the amount withheld
Rating:	Neither the Issuer, nor the Bonds have been assigned any credit ratings at the request or with the co-operation of the Issuer in the rating process
Listing:	Intended listing on Nasdaq Baltic First North within 3 months after the Issue Date
Risks Factors:	Investing in the Bonds involves risks. Investors should carefully consider the risks described in the Section 4 (Risks related to the Issuer and the Bonds) below before making an investment decision. If any of these risks materialise, Investors may lose all or part of their investment
Governing Law:	Laws of the Republic of Latvia
Dispute Resolution:	Any disputes relating to or arising in relation to the Bonds shall be settled solely by the courts of Latvia of competent jurisdiction
Selling Restrictions:	The Bonds may be subject to certain selling and transfer restrictions in certain jurisdictions. For further information, see Section 7 (Information on the Bonds)
Date of the Information Document:	12 May 2026
Validity Period of the Information Document:	until 11 May 2027

3. INFORMATION ON THE ISSUER

Name of the Issuer	SIA "Arsenal Industrial"
Legal entity identifier (LEI)	2594007EQ80JJUKXHS31
Legal form	Private limited liability company (in Latvian – *sabiedrība ar ierobežotu atbildību*)
Country of registration	Republic of Latvia
Date of registration	8 August 2014
Registration number	40103815302
Legal address	Stabu iela 61 - 11, Riga, LV-1011, Latvia
Email address	For all questions regarding investor relations: gints.vanags@arsenalrent.com
Contact phone number	For all questions regarding investor relations: + 371 26 303 848 (Mobile)
Law governing the Issuer's activities	Laws of the Republic of Latvia
Website of the Issuer	www.arsenalnoma.lv The Issuer's website provides access to: • this Information Document (and its supplements and/or amendments, if any); • Issuer's Articles of Association; • Issuer's Financial Reports; • other documents of the Issuer which are important to investors and/or related to the issue of the Bonds and/or Existing Bonds.

4. RISKS RELATED TO THE ISSUER AND THE BONDS

Investors are advised to carefully consider the risk factors and other information provided in this Information Document. Investment in the Bonds involves certain risks, including, but not limited to, those described herein. If one or more of these risks materialise, this may adversely affect the Issuer's and the Group's business operations, financial condition and results of operations, as well as the Issuer's ability to fulfil its obligations under the Bonds. In a worst-case scenario, this could lead to the Issuer's insolvency or restructuring and investors may lose part or all of their investment. This Information Document may include forward-looking statements. Such statements are based on the current expectations and assumptions of the Issuer and involve known and unknown risks and uncertainties. Actual results may differ materially from those expressed or implied by such forward-looking statements.

The risks and uncertainties described in this Section are not the only risks currently faced by the Issuer and the Group. The Issuer and the Group may also be exposed to risks of which they are currently not aware or which they currently consider immaterial, but which could nevertheless have a material adverse effect on the Issuer and the Group and their ability to perform obligations under the Bonds.

The risks are presented in categories based on their nature. However, such categorisation is intended solely for ease of reference and does not imply that a risk factor may not belong to more than one category. Certain risks may be interdependent and may occur simultaneously. The order in which the risks are presented does not reflect the likelihood of their occurrence or the magnitude of their potential impact.

4.1 Risks related to the economic and geopolitical environment

Geopolitical risk

Since February 2022, Russia's invasion of Ukraine and the resulting sanctions on Russia and Belarus have caused volatility in global markets, supply chain disruptions and increased inflationary pressures. These developments may negatively affect the availability and cost of materials and services. The Group may not be able to fully pass on increased costs to its customers, which could adversely affect its margins and financial performance.

The Group operates in the Baltic region in close proximity to Russia and Belarus. Any escalation of military conflict or deterioration of regional security could adversely affect the Group's operations and the overall business environment.

In addition, since February 2026, geopolitical tensions involving the United States, Israel and Iran have disrupted global energy markets, including shipping through the Strait of Hormuz, leading to increased energy prices. Sustained higher energy costs may increase the costs of construction materials, transportation and labour, reduce demand for construction activity and contribute to higher inflation and interest rates in the eurozone, adversely affecting the Group's business.

As at the date of this Information Document, these developments have not had a direct material adverse effect on the Group. However, further geopolitical developments, including new sanctions or deterioration of the economic environment, may adversely affect the Group's operations and financial performance.

Macroeconomic risk

The Group's results of operations and financial performance depend on general economic conditions in the markets where it operates. The Group is active in all three Baltic countries, resulting in geographic concentration and exposure to markets with similar economic characteristics. Demand for the Group's services is closely linked to economic growth, and a downturn may lead to reduced demand or delayed purchasing decisions by customers.

The Baltic economies are closely connected to the EU and eurozone economies. An economic slowdown in the EU may adversely affect the Baltic region and, consequently, the Group's business.

In recent years, the global economy has faced significant challenges, including the war in Ukraine, which has had a particularly strong impact on the Baltic region. Economic uncertainty remains elevated, and lower growth rates and/or higher inflation may result in reduced demand for the Group's services and increased costs, adversely affecting its financial performance.

Public health emergency risk

External events such as public health emergencies (including pandemics), war or natural disasters may disrupt the Group's operations, restrict access to its services or affect the availability of its workforce, which could have a material adverse effect on its business and financial performance.

The Covid-19 pandemic demonstrated that such events may cause significant operational disruptions, including reduced demand, workforce challenges and lower economic activity.

Although Covid-19 related restrictions have been lifted, the risk of future public health emergencies remains. Any new outbreak may result in renewed restrictions, regulatory changes or workforce disruptions. In addition, the spread of contagious diseases among employees may reduce operational capacity and adversely affect the Group's performance. The severity and duration of such events remain uncertain.

4.2 Risks related to legal and regulatory environment

Regulatory risk

The Group is subject to the laws and regulations of Latvia, Estonia, Lithuania and the European Union, including those governing its industry, consumer protection, data protection and the prevention of money laundering, terrorism and proliferation financing.

Changes in the applicable laws or regulatory practices, or uncertainty regarding such changes, may increase the Group's operating costs, require adjustments to its business model or delay the implementation of its strategy. The Group's activities are subject to regulatory oversight, and future changes may require additional compliance measures.

The Group may not be able to adapt to such changes in a timely manner or without incurring significant costs, which could have a material adverse effect on its business, financial condition and results of operations.

Changes in customs regulations

The Group imports goods both within the European Union (including from Belgium, Sweden, Denmark and Germany) and, where necessary, from third countries such as India and China. Such imports are subject to applicable customs and foreign trade regulations.

Changes in Applicable Law or in the interpretation of such regulations by competent authorities may result in delays, penalties or detention of goods, which could have a material adverse effect on the Group's operations, financial condition and results of operations.

Taxation risk

The Group operates in Latvia and Lithuania, each with its own tax regime. In addition, the Group has a legacy entity in Estonia. Changes in applicable tax laws or practices, including payroll taxes, may have a material adverse effect on the Group's business, financial condition and results of operations.

Certain tax positions adopted by the Group involve management judgement and may be subject to interpretation by tax authorities. Such positions may be challenged, potentially resulting in additional tax liabilities, penalties or other adverse consequences.

Privacy and data protection breach risk

The Group is subject to laws and regulations relating to privacy, data protection, marketing, electronic communications, consumer protection and online services. Compliance requirements may increase as the Group introduces new products or expands into additional jurisdictions.

Failure to comply with the applicable laws, or alleged non-compliance, may result in regulatory investigations, fines, penalties, reputational damage or requirements to modify or cease certain business practices, which could have a material adverse effect on the Group's business, financial condition and results of operations.

Although the Group has implemented technical and organisational measures to ensure compliance, it cannot guarantee that breaches will not occur, including due to human error or actions of employees or third parties.

4.3 Risks related to the Group's business and industry

Construction equipment rental market risk

The Group operates in the construction equipment rental market, demand for which is closely linked to developments in the construction sector across the Baltic region. The Baltic construction equipment rental market is estimated at approximately EUR 400 million annually. In 2025, the Group generated total revenue of approximately EUR 11.3 million, of which approximately EUR 7 million related to rental and related services. The construction sector is cyclical and includes multiple subsectors (e.g. infrastructure, residential and non-residential construction), which may develop unevenly and be affected differently by economic conditions.

In recent years, the construction market has been negatively affected by factors such as the Covid-19 pandemic, the geopolitical impact of Russia's war in Ukraine, elevated construction and financing costs, and broader macroeconomic uncertainty. Rising interest rates and borrowing costs may reduce the number of new development projects and, consequently, demand for construction equipment.

The Group's business may be affected by fluctuations in demand from both public and private sector clients. Although the Group has a diversified customer base and is not materially reliant on any single customer, a slowdown or lack of growth in the construction and equipment rental markets could have a material adverse effect on its business, financial condition and results of operations.

Risk that the Group may not be able to respond quickly to changes in market conditions

The Group's business is capital-intensive and relies on owning, leasing and maintaining its rental fleet, which requires significant investments and access to financing.

Due to the nature of its asset base, the Group may have limited flexibility to quickly adjust its fleet in response to sudden changes in market conditions or customer demand. Unfavourable developments in demand or financing conditions may have a material adverse effect on the Group's business, financial condition and results of operations.

Competition risk

The Group operates in a highly competitive construction equipment rental market in the Baltic region. Competition is driven by factors such as pricing, service offering, equipment quality, customer service, location and access to financing.

The Group may face increasing competition from existing and new market participants, including other rental providers and equipment suppliers. There can be no assurance that the Group will be able to maintain or increase its market share.

Competitive actions, including pricing pressure or new service offerings, may result in reduced demand, lower profitability or increased costs, which could have a material adverse effect on the Group's business, financial condition and results of operations.

Seasonality risk

The Group's business is influenced by seasonal patterns in the construction sector, with demand for rental equipment varying depending on weather conditions.

Construction activity is typically higher during warmer months and lower during winter, when adverse weather conditions may limit activity. Prolonged or unexpected seasonal disruptions may have a material adverse effect on the Group's business, financial condition and results of operations.

Equipment sourcing risk

The Group sources rental equipment from international suppliers, and its operations depend on the availability of reliable vendors and timely delivery. As at the date of this Information Document, the Group's international suppliers include, among others, Sunward, JCB, Merlo, Manitou, Swepac, Hilti, GEDA, Jumbo, Dinolift, Komatsu and Caterpillar (CAT).

The Group is exposed to risks related to international sourcing, including geopolitical developments, supply chain disruptions, increased transportation costs, delays, currency fluctuations and changes in trade or tax regulations.

Any such developments may have a material adverse effect on the Group's business, financial condition and results of operations.

Fleet management risk

The Group must maintain an appropriate size and composition of its equipment fleet to meet customer demand while avoiding overcapacity. Demand for rental equipment is influenced by seasonal and market conditions, and the Group actively adjusts its fleet through purchases and disposals.

Ineffective fleet management, including incorrect demand forecasting or disruptions in equipment supply, may result in oversupply or undersupply of equipment and negatively affect the Group's operating results. In addition, inefficient management of equipment inventory may adversely affect the Group's financial performance.

Any such developments may have a material adverse effect on the Group's business, financial condition and results of operations.

Business strategy risk

The successful implementation of the Group's business strategy depends on various factors, including competitive, technological and macroeconomic conditions, many of which are beyond the Group's control.

There can be no assurance that the Group's strategy will be implemented successfully or that it will result in the expected operational or financial performance. The Group may also need to adjust its strategy in response to changing market conditions.

Failure to implement the strategy or achieve expected returns may have a material adverse effect on the Group's business, financial condition and results of operations.

Product and service quality risk

The Group's products and services are expected to meet applicable standards and customer expectations. Failure to maintain the required level of quality may result in customer dissatisfaction, reputational damage or potential claims.

Any such developments may have a material adverse effect on the Group's business, financial condition and results of operations.

Rental agreement management risk

The Group's operations involve a large number of contracts relating to the rental, sale and servicing of equipment. Effective contract management is therefore essential to its business.

Deficiencies in contract management, including errors in contractual terms, inadequate risk assessment or ineffective enforcement of contractual rights, may have a material adverse effect on the Group's business, financial condition and results of operations.

Working capital and capital expenditure risk

Effective working capital management and capital expenditure planning are essential for the Group's operations, particularly as the business expands.

Unexpected fluctuations in demand may result in inefficient allocation of capital or increased levels of tied-up capital, which may adversely affect the Group's profitability and liquidity.

Inadequate working capital management or capital expenditure planning may have a material adverse effect on the Group's financial condition and results of operations.

Insurance coverage risk

The Group maintains insurance coverage for various operational risks, including damage to personnel, property and liability risks. In particular, the Group maintains insurance coverage in respect of its rental equipment, including inventory insurance, insurance of rental locations and insurance covering rental equipment against theft, fire, floods, on-site accidents and fraud. As at the date of this Information Document, such insurance coverage is provided by ERGO. However, such coverage may not be sufficient in all circumstances.

Losses may exceed insurance limits or fall outside the scope of coverage, which may have a material adverse effect on the Group's business, financial condition and results of operations.

Financial leverage risk

The Group's business model requires ongoing investment in its rental equipment fleet, which depends on access to external financing and may result in relatively high levels of leverage.

Higher leverage may require the Group to allocate a significant portion of its cash flows to debt servicing, increase its vulnerability to economic downturns and limit its financial flexibility.

Any such developments may have a material adverse effect on the Group's business, financial condition and results of operations.

Interest rate risk

The Group is exposed to interest rate risk, as its operations require ongoing financing for its rental equipment fleet. Increases in interest rates (including EURIBOR) may increase borrowing costs and negatively affect the Group's profitability and cash flows.

The Group is also exposed to interest rate risk through its bank financing, including the Bank Loan, which may be subject to variable interest rates.

Interest rates are influenced by factors beyond the Group's control, including macroeconomic conditions, inflation and central bank policies. Significant increases in interest rates may increase financing costs or reduce the availability of financing on favourable terms, adversely affecting the Group's financial condition and results of operations.

Inflation risk

Higher inflation may lead to increased interest rates, which could negatively affect the market value of the Bonds.

In addition, rising price levels may increase the Group's operating costs, adversely affecting its financial condition and results of operations.

Refinancing risk

The Group may need to refinance certain or all of its existing and future financial indebtedness, including the Bonds and the Bank Loan. The ability to refinance depends on market conditions, availability of financing and the Group's financial condition at the relevant time.

The proceeds from the Bonds will be used to refinance the Existing Bonds. There can be no assurance that the Group will be able to refinance its remaining or future financial obligations, including the Bonds at maturity, on favourable terms or at all.

The Group's financing structure includes financing from the Bank as a senior creditor, which is expected to be secured by first-ranking security over the Group's assets. The existence of such senior financing may limit the Group's financial flexibility and affect the availability or terms of future refinancing.

Failure to refinance indebtedness in a timely manner or on acceptable terms may have a material adverse effect on the Group's financial condition and its ability to fulfil its obligations under the Bonds.

Risk of incurring additional financial indebtedness

The Group is restricted from incurring additional financial indebtedness secured by the same Collateral as the Bonds but may incur other indebtedness, including supplier credit, leasing arrangements or indebtedness secured by Permitted Security, in each case to the extent permitted under the terms of the Bank Loan, which benefits from a broader security package than the Bonds.

The incurrence of additional indebtedness or security may reduce the Group's ability to service its financial obligations, including the Bonds, and may adversely affect the position and recovery of the Bondholders in the event of insolvency.

Corporate governance and policy compliance risk

The Group relies on effective corporate governance and internal policies to ensure compliance with the applicable laws and to prevent misconduct. However, such policies and controls may not be effectively implemented or complied with at all times.

Breaches of internal policies or applicable laws, including in areas such as anti-corruption, anti-money laundering, competition, data protection or sanctions, may result in penalties, financial losses or reputational damage, adversely affecting the Group's business, financial condition and results of operations.

Personnel risk

The Group's business depends on its ability to retain and attract qualified personnel, particularly in sales and operational functions. Competition in the labour market and other factors may limit the availability of suitable personnel.

The loss of key personnel or difficulties in recruiting or retaining employees, including delays in training new personnel, may adversely affect the Group's service quality, reputation and results of operations.

Operational risk

The Group is exposed to operational risks arising from inadequate or failed internal processes, personnel, systems or external events.

The Group's internal controls and risk management systems may not be sufficient to prevent or detect all risks or breaches, which may have a material adverse effect on its business, financial condition and results of operations.

Counterparty credit risk

The Group is exposed to the risk that its clients or other counterparties may fail to meet their payment or contractual obligations.

Although the Group applies credit control measures, including prepayment terms, credit limits and ongoing monitoring of receivables, such measures may not fully eliminate the risk of non-payment.

The Group typically applies short payment terms and monitors receivables closely; however, credit risk cannot be fully eliminated.

Failure of one or more counterparties to fulfil their obligations may have a material adverse effect on the Group's financial condition and results of operations.

Litigation risk

The Group may be involved in litigation arising in the ordinary course of its business. Such proceedings may be costly, time-consuming and may expose the Group to adverse publicity.

Even if the Group is successful, litigation may have a negative impact on its reputation and business.

Technology and IT systems risk

The Group relies on IT systems and other technologies to support its operations. Failures or disruptions in such systems may adversely affect the Group's operations, resulting in reduced revenue or increased costs.

As the Group expands, it will need to continuously develop and upgrade its technological capabilities. Failure to adapt to technological developments or customer expectations may result in reduced competitiveness, loss of market share or revenue.

Any such developments may have a material adverse effect on the Group's business, financial condition and results of operations.

Natural disasters and business disruption risk

The Group's operations may be disrupted by events such as natural disasters, power outages, system failures, acts of war or other external events.

Such disruptions may affect the Group's ability to conduct its business and may not be fully covered by insurance, which could have a material adverse effect on its financial condition and results of operations.

4.4 Risks related to the Bonds

Cancellation of the offering risk

The Issuer may cancel the Offering of the Bonds prior to the Issue Date. In such case, the Subscription Orders may be disregarded and any payments made by investors will be returned without interest.

The Issuer will not be liable for any costs or losses incurred by the Investors in connection with such cancellation.

Bonds repayment risk

The Bonds are secured by the Collateral. However, the Collateral is subject to a first-ranking pledge in favour of the Bank under the Bank Loan. Accordingly, the claims of the Bondholders in respect of the Collateral are subordinated to the claims of the Bank to the extent of such first-ranking pledge.

In addition, the Issuer may have other secured or unsecured obligations in the future, including leasing arrangements, which may rank pari passu with or ahead of the Bondholders depending on their terms and the applicable security, in each case to the extent permitted under the terms of the Bank Loan.

In the event of insolvency of the Issuer, the recovery of the Bondholders will depend on the value of the Issuer's assets, the existence and ranking of other creditors and the proceeds obtained from the enforcement of the Collateral. There can be no assurance that such proceeds will be sufficient to fully satisfy the claims of the Bondholders after payment of enforcement costs and higher-ranking creditors.

Save for mandatory provisions of Applicable Law, there are no contractual arrangements subordinating the claims of the Bondholders to other unsecured liabilities of the Issuer.

If insolvency or restructuring proceedings are initiated in respect of the Issuer, the Bondholders may lose part or all of the amounts due under the Bonds.

Credit and default risk

Bondholders are exposed to the risk that the Group may fail to make Interest and principal payments under the Bonds in a timely manner or at all. In the event of insolvency or financial distress, Bondholders may not receive full or partial repayment.

Such events may adversely affect the value of the Bonds and the recovery available to Bondholders.

Liquidity risk

There is no assurance that an active secondary market for the Bonds will develop or be maintained. Bondholders may not be able to sell their Bonds or may have to sell them at a discount to their nominal value.

Delisting risk

The Issuer intends to apply for admission of the Bonds to trading on the Nasdaq Riga First North within 3 (three) months from the Issue Date. However, there is a risk that the Bonds may not be admitted to trading or may be delisted prior to the Maturity Date due to regulatory changes or decisions by Nasdaq Riga or the Bank of Latvia.

Price risk

The market price of the Bonds may fluctuate due to factors such as changes in interest rates, central bank policies and overall economic conditions. The Issuer does not undertake to maintain any particular price level of the Bonds.

Bondholders who sell the Bonds prior to the Maturity Date may incur losses. If held until maturity, the Bonds will be redeemed at their Nominal Value.

Early redemption risk

In accordance with this Information Document, the Bonds may be redeemed prior to maturity at the initiative of the Issuer (Call option) and, in certain cases, at the initiative of the Bondholders upon the occurrence of specified events (including, inter alia, a Change of Control or Fund Exit) (Put option).

If the Issuer exercises its Early Redemption right, the rate of return on the Bonds may be lower than initially expected, as Bondholders may not be able to reinvest the redemption proceeds in comparable securities with an equivalent yield.

In addition, the existence of Early Redemption rights may adversely affect the market value of the Bonds and the ability of Bondholders to sell the Bonds on the secondary market.

Tax risk

Tax rates and tax payment procedures applicable at the time of purchase of the Bonds to tax residents, non-residents of the Republic of Latvia and residents of other countries may change. The Issuer will not compensate any increase in taxes payable by Bondholders, and therefore Bondholders may receive lower net payments in respect of the Bonds.

Resolutions of the Bondholders risk

Decisions adopted by the Majority Bondholders are binding on all Bondholders. Accordingly, a Bondholder is subject to the risk of being outvoted by a majority of the other Bondholders. As a result, certain rights of a Bondholder against the Issuer may be amended, reduced or even cancelled without its consent.

Risk that some Bondholders might have more preferential terms than others

While the Issuer will seek to apply a proportional allocation principle to the extent possible in the final allocation of the Bonds, in the event that the total number of Bonds subscribed for exceeds the number of Bonds available, the Issuer has the right to allocate Bonds at its discretion, and the proportionality principle may not be fully observed.

Exchange Offering risk

As part of the Offering, the Existing Bondholders are offered the opportunity to exchange the Existing Bonds for the Bonds. There can be no assurance that all exchange requests will be fully satisfied, and allocation of the Bonds is subject to the Issuer's discretion and the final allocation principles.

As a result, certain Investors may not receive the expected allocation of the Bonds or may be required to maintain or redeem their existing investments under less favourable conditions.

4.5 Risks related to the Collateral

Subordination risk

The Bonds are secured by second-ranking security, while the Bank Loan is expected to be secured by first-ranking security over the same or substantially the same assets of the Group. In the event of enforcement of the Collateral, the claims of the Bank as a senior secured creditor will be satisfied prior to the claims of the Bondholders.

As a result, the recovery available to the Bondholders may be significantly reduced and may be insufficient to fully satisfy their claims under the Bonds.

Scope of Collateral and leasing arrangements risk

Certain assets used in the Group's operations are currently subject to leasing arrangements and may not form part of the Collateral. It is expected that a substantial portion of such leasing arrangements will be refinanced with the Bank Loan and, as a result, the relevant assets will become part of the Collateral in accordance with the terms of the Collateral.

Accordingly, while the Bonds will be secured by second-ranking security, the scope of the Collateral is expected to expand compared to the Existing Bonds as a result of such refinancing.

However, there can be no assurance that all assets used in the Group's operations will form part of the Collateral at any given time, which may affect the value of the Collateral and the recoverability of the Bondholders' claims.

Risks associated with the Collateral Agent Agreement

The Bondholders are represented by the Collateral Agent in all matters relating to the Collateral. There is a risk that the Collateral Agent, or any person appointed by or replacing it, may not properly fulfil its obligations, including with respect to the enforcement of the Collateral or taking other necessary actions.

Subject to the terms of the Collateral Agent Agreement, the Collateral Agent may engage third parties or appoint representatives in the course of performing its duties, including for the purpose of enforcing the Collateral or otherwise protecting the Bondholders' rights.

Collateral risk

If the Issuer fails to make Interest and/or Nominal Value payments in a timely manner, the Collateral Agent, acting in the interests of the Bondholders, may initiate the enforcement of the Collateral. There is a risk that there may be no legal or practical possibility to take over or sell the Collateral, in whole or in part, or that no buyer may be willing to acquire it.

As the Collateral Agent does not supervise the quality of the Collateral during the term of the Issuer's obligations and has no liability to the Bondholders in this regard, there is a risk that, even if the Collateral is enforced, the proceeds from its sale may be insufficient to satisfy the Bondholders' claims.

Risk associated with the value of the Collateral

The structure and value of the Collateral may change over time due to changes in the Group's inventory and overall asset structure. The assets forming part of the Collateral are also subject to risks such as damage, defects and theft, which may affect their resale value in the event of enforcement.

Any such developments may negatively affect the value of the Collateral and the Group's ability to meet its obligations under the Bonds.

As the Collateral Agent does not supervise the quality of the Collateral during the term of the Issuer's obligations and has no liability to the Bondholders in this regard, there is a risk that, even if the Collateral is enforced, the proceeds from its realisation may be insufficient to fully satisfy the Bondholders' claims.

The ability of the Issuer to dispose of or replace assets forming part of the Collateral is expected to be subject to restrictions under the Bank Loan.

Enforceability of Collateral

The Collateral is intended to provide security for the Bondholders; however, their enforceability may be subject to limitations under Applicable Law.

In particular, the obligations of a Collateral Provider may be limited or, in certain circumstances, declared invalid or unenforceable, including in the event of insolvency or where such arrangements are challenged under the applicable laws.

Collateral enforcement risk

Although the Collateral is enforceable under Applicable Law, its enforcement is subject to the procedures and limitations set out in the Collateral Agent Agreement and this Information Document.

There can be no assurance as to the ability of the Bondholders to instruct the Collateral Agent to initiate enforcement. In addition, enforcement of the Collateral may be delayed due to the procedures set out in the Collateral Agent Agreement and this Information Document.

Risks associated with the Collateral Agent's actions and financial standing

By subscribing for, or accepting the transfer of, any Bond, each Bondholder accepts the appointment of the Collateral Agent as its agent and representative to act on behalf of the Bondholders in relation to the Collateral. Only the Collateral Agent is entitled to exercise the rights under, and to enforce, the Collateral. Any failure by the Collateral Agent to properly perform its duties and obligations, or to perform them at all, may adversely affect the enforcement of the Bondholders' rights, including the ability to enforce the Collateral and/or to receive amounts payable thereunder in a timely and effective manner.

Under the Collateral Agent Agreement, the Majority Bondholders may decide to replace the Collateral Agent at any time. The Collateral Agent may also resign from its role upon giving 1 (one) months' notice. Furthermore, the Collateral Agent's liability to the Bondholders is limited in accordance with the Collateral Agent Agreement.

As at the date of this Information Document, the Collateral Agent's professional liability is insured with If P&C Insurance AS Latvijas filiāle with an insured amount of EUR 2 000 000 (two million euros), provided that the Collateral Agent may replace such insurer at any time during the term of the Bonds and the Collateral Agent Agreement with another reputable insurer offering equivalent professional liability coverage.

5. PURPOSE OF THE OFFERING AND USE OF PROCEEDS

The Issuer expects to raise total gross proceeds of up to EUR 3 000 000 (three million euro) from the issue of the Bonds and net proceeds of approximately EUR 2 880 000 (two million eight hundred and eighty thousand euro) after deduction of fees and expenses related to the issue of the Bonds.

Expenses directly related to the issue of the Bonds are estimated approximately EUR 120 000 (one hundred and twenty thousand euro), including fees and commissions payable to the advisors involved in the offering of the Bonds, Nasdaq CSD and Nasdaq Riga.

The Bonds are intended to be offered to professional clients, eligible counterparties and retail investors in the Republic of Latvia, the Republic of Estonia, and the Republic of Lithuania. Moreover, the Bonds are intended to be offered to the Existing Bondholders via Exchange Offering.

The net proceeds from the issue of the Bonds will be used by the Issuer for the refinancing of the Existing Bonds and financing the Issuer's investment projects eligible under the European Union Cohesion Policy Programme 2021-2027, aimed at supporting further expansion of the Issuer, with the objective of increasing capacity and improving the quality and sustainability of the Company's services.

The refinancing will be carried out in combination with the Bank Loan in the amount of EUR 4 400 000 (four million four hundred thousand euros), of which up to EUR 2 900 000 (two million nine hundred thousand euros) will be used to refinance Issuer's existing lease liabilities and approximately EUR 1 500 000 (one million five hundred thousand euros), together with the proceeds from the Bonds, will be used to refinance the Existing Bonds. The refinancing of the Existing Bonds is expected to be implemented through a dedicated escrow and/or settlement arrangement involving the Bank, the Issuer and the relevant parties.

The Issuer has applied for partial funding of legal, advisory, and other related costs associated with the preparation and execution of the issuance of the Bonds under the European Union Cohesion Policy Programme 2021–2027. Specifically, the application is 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".

6. RESPONSIBILITY STATEMENT

6.1 Responsibility for the Information Document

The Issuer shall, in accordance with this Information Document, issue the Bonds and perform the obligations arising therefrom to the Bondholders. The Issuer shall be liable to the Bondholders for the due and complete fulfilment of its obligations under the Bonds.

6.2 Statement of Responsibility

The Issuer, represented by the member of its Management Board, accepts responsibility for the information contained in this Information Document and declares that the Issuer and its Management Board have taken all reasonable care to ensure that the information contained in this Information Document is, to the best of the Issuer's knowledge, true, accurate and complete, not misleading in any respect and that no information which may affect its meaning is concealed.

On behalf of SIA "Arsenal Industrial":

(electronic signature)

Gints Vanags

Member of the Management Board

DOCUMENT IS SIGNED WITH A SECURE ELECTRONIC SIGNATURE CONTAINING A TIME STAMP

7. INFORMATION ON THE BONDS

7.1 General Information

The Bonds are dematerialised bearer debt securities and any person that holds the Bonds in its securities account (or investment account, as applicable) has the right to receive Interest and Nominal Value payments in accordance with the terms of the Bonds.

The Bonds will be issued with a Nominal Value of EUR 1 000 (one thousand euros) per Bond, with the total Nominal Value of the issue being up to EUR 3 000 000 (three million euros) and the total number of Bonds being up to 3 000 (three thousand).

The ISIN (International Securities Identification Number) of the Bonds, as allocated by Nasdaq CSD, is LV0000111623.

The Bonds will be offered at a price equal to 100% of the Nominal Value. Further details are provided in Section 8 (Terms of the Public Offering).

The minimum subscription amount for the Bonds during the initial offering is EUR 1 000 (one thousand euros), with a minimum subscription denomination of EUR 1 000 (one thousand euros).

7.2 Applicable Law and Dispute Resolution

The Bonds are offered as a public offering in compliance with the Financial Instrument Market Law of the Republic of Latvia, Bank of Latvia Regulations No. 261 of 18 December 2023 “Regulations on Drawing up and Publishing an Information Document for Making a Public Offering” and other applicable laws and regulations of the Republic of Latvia, including those issued by the Bank of Latvia, Nasdaq CSD and Nasdaq Riga.

Any disputes arising out of or in connection with the Bonds shall be settled exclusively by the courts of the Republic of Latvia of competent jurisdiction. The Bondholders are represented by the Collateral Agent in accordance with the terms of the Bonds and the related security documents.

This Information Document is prepared in English and any translation into another language is for convenience only. In the event of any inconsistency, the English version shall prevail.

7.3 Form and Accounting of the Bonds

The Bonds are issued in dematerialised form and are registered in the Latvian securities settlement system (SSS) operated by Nasdaq CSD in accordance with the applicable laws. The Bondholders hold the Bonds through Nasdaq CSD participants participating in the Latvian SSS.

7.4 Currency of the Bonds

The currency of the Bonds is EUR (euro).

7.5 Status and Ranking of the Bonds

The Bonds constitute direct, secured obligations of the Issuer. The Bonds are secured by second-ranking collateral over: (a) shares in the Issuer owned by the Majority Shareholder; (b) the Issuer’s assets (including assets to be acquired or refinanced, inter alia, from existing lease arrangements); and (c) the assets of its subsidiary Arsenal Industrial UAB.

The claims of the Bondholders will rank junior to the claims of the Bank, which benefits from first-ranking security over such collateral.

In the event of the insolvency of the Issuer, the Bondholders will be entitled to recover their claims from the collateral in accordance with the applicable laws and the relevant security documents, subject to the prior satisfaction of the claims of the first-ranking secured creditor, the Bank.

Save for mandatory provisions of law and the rights of secured creditors, there are no agreements or other transaction documents that would subordinate the claims of the Bondholders to other unsecured liabilities of the Issuer, and the claims of the Bondholders rank *pari passu* among themselves.

The Collateral securing the Bonds, including its scope, ranking and enforcement mechanics, is described in detail in Clause 7.6 (Collateral).

7.6 Collateral

The Bonds shall be secured by:

(a) a second-ranking commercial pledge over 51% (fifty-one per cent) of the shares of the share capital of the Issuer, composed at the time of pledging of 29 000 (twenty-nine thousand) shares with a nominal value of EUR 1 (one) euro per share and the total value of EUR 29 000 (twenty-nine thousand), established in favour of the Collateral Agent, and shall rank *pari passu* with the claims of the other Bondholders. The Majority Shareholder will provide commercial pledge on 51% (fifty-one per cent) of the shares issued by the Issuer, securing claims up to the maximum amount of EUR 3 800 000 (three million eight hundred thousand euros);

(b) a second-ranking commercial pledge over all assets of the Issuer (including assets to be acquired or refinanced, inter alia, from existing lease arrangements), subject to Permitted Security, as an aggregation of property at the moment of pledging, as well as its future components, established in favour of the Collateral Agent, and shall rank *pari passu* with the claims of the other Bondholders. The Issuer will provide commercial pledge on its assets (including assets to be acquired or refinanced, inter alia, from existing lease arrangements), securing claims up to the maximum amount of EUR 3 800 000 (three million eight hundred thousand euros);

(c) a second-ranking commercial pledge over all assets of the Collateral Provider UAB "Arsenal Industrial", registration No. 304784353 (including assets to be acquired or refinanced, inter alia, from existing lease arrangements), subject to Permitted Security, as an aggregation of property at the moment of pledging, as well as its future components, established in favour of the Collateral Agent, and shall rank *pari passu* with the claims of the other Bondholders. UAB "Arsenal Industrial" will provide commercial pledge on its assets securing claims up to the maximum amount of EUR 3 800 000 (three million eight hundred thousand euros).

The Collateral Agent holds the Collateral and performs certain duties in the interests of the Bondholders in accordance with the Information Document, the Collateral Agreement and the Collateral Agent Agreement. Detailed provisions regarding the role, rights and obligations of the Collateral Agent are set out in Clause 7.7 (Collateral Agent).

The Collateral shall be established in accordance with the terms and conditions of the relevant Collateral Agreement to be concluded between the Collateral Agent as pledgee and the relevant Collateral Provider as pledgor. The Collateral shall be established (registered) in the Commercial Pledge Register as soon as practicable after the Issue Date, but not later than within 90 (ninety) days after the Issue Date. The Collateral shall be established on a pro rata basis, providing Bondholders with equal rights in respect of the Collateral.

Ranking of the Bonds as the liabilities of the Issuer shall be *pari passu* (equivalent with no priority) with the other liabilities of the Issuer, subject to Permitted Security, secured in accordance with the Collateral Agreements.

Collateral Agent will hold the Collateral for the benefit of the Bondholders, and the Collateral Agent is authorised to act with the Collateral in favour of all the Bondholders in accordance with the Information Document and the Collateral Agent Agreement. Bondholders have no rights to act with the Collateral directly, yet at the same time there are no restrictions set for Bondholders' right to use any right that Applicable Law or Information Document provide and create and/or authorise an organisation/person that represents and acts on behalf of all Bondholders or part thereof. In case of the insolvency of the Issuer, every Bondholder has the right to represent their own interests in creditors' meetings. The Bondholders will have equal rights for satisfaction of their claims with other creditors ranking in the same claims' group.

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

7.7 Collateral Agent

7.7.1 Appointment and Role of the Collateral Agent

By submitting the Subscription Order or acquiring the Bonds on the secondary market, each Bondholder:

(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 this Information Document, 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 this Information Document, the Collateral Agreements, the Collateral Agent Agreement and Applicable Law;

(b) acknowledges the Issuer has concluded the Collateral Agent Agreement with the Collateral Agent and that the change of ownership of Bonds (e.g., in case Bonds 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 Applicable Law, including but not limited to the Financial Instruments Market Law of Latvia;

(d) confirms the fact that the Collateral secures, inter alia, the Issuer's obligations towards the Collateral Agent does not constitute any conflict of interests with the Bondholder (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 this Information Document and Applicable Law). Each Bondholder acknowledges the fact that the Collateral secures, inter alia, the Issuer's obligations towards the Collateral Agent shall not prevent the Collateral Agent from fulfilling its obligations and acting in accordance with this Information Document, the Collateral Agent Agreement and Applicable Law;

(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 Bondholders collectively and generally (and not of any particular Bondholder), unless specifically instructed otherwise by the Majority Bondholders in accordance with this Information Document;

(f) agrees that the Collateral Agent shall have the right to advise the Issuer and to provide any services to the Issuer 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 this Information Document, and the Bondholder does not consider this to cause any potential or actual conflict of interests;

(g) agrees that each Bondholder (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 Agent's obligations regarding AML and Sanctions regulation requirements (e.g., information and documents on the beneficial owner).

7.7.2 The Scope of Obligations of the Collateral Agent

The functions and obligations of the Collateral Agent are limited to those expressly specified in Applicable Law (including, but not limited to, the Financial Instruments Market Law of Latvia), the Collateral Agent Agreement and this Information Document and, notwithstanding any other provisions of this Information Document, 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 Issuer establishes the Collateral in the interests of the Bondholders and under the name of the Collateral Agent (as the holder of the Collateral (as pledgee)) in accordance with this Information Document, the Collateral Agreements, the Collateral Agent Agreement and Applicable Law to secure the Bonds.

7.7.3 Limitations of Obligations

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 this Information Document in connection with any assets of the Issuer, except for enforcing the Collateral in accordance with this Information Document, the Collateral Agent Agreement and the Collateral Agreements upon the Collateral becoming enforceable and receiving the relevant instructions from the Majority Bondholders;

(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 their 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 this Information Document);

(c) to inform the Bondholders or the Issuer about any circumstances relating to the Collateral except to the extent such obligation to provide information is explicitly set forth in this Information Document, the Collateral Agent Agreement and/or Applicable Law;

(d) to provide any advice to the Bondholders or the Issuer in legal, accounting, tax or other matters for free; and

(e) to become acquainted with changes of the ownership of the Bonds (for example, in case of alienation of the Bonds by the Bondholder) 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 Bondholder in order to enforce the Collateral, exercise any rights or powers, or perform other duties arising under this Information Document, the Collateral Agreements, the Collateral Agent Agreement and Applicable Law.

7.7.4 Bondholders' Rights and Enforcement

The Bondholders shall not have any independent power to enforce the Collateral or to exercise any rights or powers arising under the Collateral Agreement. Bondholders may exercise their rights in relation to the Collateral only through the Collateral Agent pursuant to this Information Document and Applicable Law.

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 Bondholders collectively, and generally (and not any particular Bondholder) 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 this Information Document) and without any obligation to consider any interests of the Issuer and without any right of the Issuer to give any instructions to the Collateral Agent. In particular, in accordance with this Information Document the Collateral Agent shall be entitled to decide at its sole discretion as to what would be in the best interests of the Bondholders upon failure to obtain instructions from the Majority Bondholders. However, the Collateral Agent shall not start the enforcement of the Collateral without instructions provided by the Majority Bondholders as described in this Information Document.

7.7.5 Liability of the Collateral Agent

The Collateral Agent is not a party to the legal relationship between the Issuer and the Bondholders and is under no circumstances liable for the performance of the obligations of the Issuer or impossibility to enforce the Collateral in accordance with this Information Document, the Collateral Agreements, the Collateral Agent Agreement, Applicable Law or any restrictions or delays thereof.

The Collateral Agent shall not be liable for any circumstances relating to or affecting the validity of the Collateral that are outside its control.

7.7.6 Use of Third Parties

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 this Information Document, 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 this Information Document.

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 Bondholders; (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 the costs, fees and expenses that the Collateral Agent would incur if it performed its obligations under this Information Document, the Collateral Agreements, the Collateral Agent Agreement and Applicable Law itself; and (iv) it remains the duty and obligation of the Collateral Agent to perform its obligations under this Information Document and the Collateral Agent Agreement and not of the appointed third party.

The Collateral Agent shall not be responsible for any losses or damage caused by the acts or omissions of such third parties.

7.7.7 Information and Cooperation

At the request of the Collateral Agent, the Issuer and/or the Bondholder shall provide the Collateral Agent with any information required for the purposes of identification of the Bondholder and/or for the performance of other obligations arising from this Information Document, the Collateral Agreements, the Collateral Agent Agreement, Applicable Law and other applicable laws and regulations.

At the request of the Collateral Agent, the Issuer shall provide the Collateral Agent with an updated list of Bondholders specifying the outstanding Nominal Value of the Bonds each of them is holding and their latest known email addresses or other Bondholders' 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 Bondholders, private individuals, legal entities, and their authorized representatives for the purpose of fulfilling the duties of the Collateral Agent in accordance with this Information Document, the Collateral Agreements, the Collateral Agent Agreement and Applicable Law.

7.7.8 Fees and Indemnification

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 this Information Document 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 Issuer 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 Law, the Information Document 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.

7.7.9 Notices

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 this Information Document and Collateral

Agent Agreement. All notices of the Bondholder to the Collateral Agent shall be sent in writing (letter and email) to the Collateral Agent and copied to the Issuer and the Arranger. If the Collateral Agent has doubts that a notice from a Bondholder has not been sent to the Issuer, then the Collateral Agent shall immediately forward such notice to the Issuer.

7.7.10 Termination of the Collateral Agent Agreement

The Collateral Agent has the right to terminate the Collateral Agent Agreement if: (a) the Collateral has not been established within the timeframe specified in this Information Document; and/or (b) the Collateral Agent withdraws from the performance of its duties on any grounds permitted under this Information Document, the Collateral Agent Agreement or Applicable Law. Fees and payments already paid to the Collateral Agent shall not be refunded in the event of termination of the Collateral Agent Agreement.

The Issuer has the right to terminate the Collateral Agent Agreement in case the Issuer decides not to proceed with the issuance of the Bonds and/or if the Collateral Agent acts with gross negligence or wilful 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.

7.7.11 Establishment, Release and Enforcement of the Collateral

For constituting security for the due and timely payment, discharge and performance of the Bonds, the Collateral shall be established in the interests of Bondholders and under the name of the Collateral Agent (as the holder of the Collateral (pledgee)) under the Collateral Agreements which, in legal terms, serve as security for the Bonds. The Issuer shall ensure that it concludes the Collateral Agreements or amend the existing Collateral Agreements to secure the Bonds with the Collateral Agent and ensure the respective Collateral is registered in the Commercial Pledge 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. 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 this Information Document 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 Bondholders under this Information Document. 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 Commercial Pledge Register to register the Collateral.

The Issuer shall provide written confirmation to the Collateral Agent of the registration of the Collateral in the Commercial Pledge Register within 3 (three) Business Days after the respective registration has taken place.

By subscribing to the Bonds, each Bondholder acknowledges and confirms that the Issuer may, in the ordinary course of its business, sell its assets (other than the Collateral securing the Bonds).

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 in accordance with the procedure provided for in the Collateral Agreements in case:

(a) the Bonds are not performed in accordance with this Information Document, and the Collateral Agent has been duly informed thereof; and

(b) the Majority Bondholders have instructed the Collateral Agent in writing to enforce the Collateral (for the avoidance of doubt, the Majority Bondholders have such a right only if the Bonds are not performed in accordance with this Information Document, and the Majority

Bondholders have to specify in their instructions which obligation(s) has been breached pursuant to this Information Document).

For the avoidance of doubt, the enforcement of the Collateral shall be subject to the prior ranking rights of the first-ranking secured creditor, the Bank.

If the Majority Bondholders have instructed the Collateral Agent to enforce the Collateral, the Collateral Agent shall promptly inform all Bondholders thereof in writing (by letter or email).

The Majority Bondholders have the right to instruct the Collateral Agent to take specific actions to enforce the Collateral in accordance with the procedure provided for in the Collateral Agreements, provided that the conditions for enforcement under this Information Document have been fulfilled. The Collateral Agent has the right (but not the obligation) to refuse to follow such instructions until the Majority Bondholders have confirmed such instructions.

The Collateral Agent may assume that no breach of the Bonds has occurred unless the Collateral Agent has received a written notice (by letter or email) to the contrary from the Issuer or the Majority Bondholders. For the avoidance of doubt, the Majority Bondholders shall have such a right only if the Bonds are not performed in accordance with this Information Document.

The Collateral Agent shall be entitled (but is not under any circumstances obliged) to request instructions, or clarification of any direction, from the Bondholders as to whether, and in what manner, the Collateral Agent should exercise or refrain from exercising any rights, powers and discretions in relation to the enforcement of the Collateral. Upon such request, the Bondholders' Meeting shall be convened in accordance with this Information Document and Applicable Law and shall provide its instructions or clarifications to the Collateral Agent within the time period specified in the Collateral Agent's request, which shall be at least 10 (ten) Business Days. If the Bondholders' Meeting is not convened within 10 (ten) Business Days, the Collateral Agent may convene the Bondholders' Meeting. The Collateral Agent may refrain from acting unless and until the Majority Bondholders have provided the Collateral Agent with the requested instructions or clarifications.

If the Majority Bondholders have duly instructed the Collateral Agent in accordance with this Information Document or following a request of the Collateral Agent, the Collateral Agent shall be obliged to comply with such instructions. Any such instructions from the Majority Bondholders shall be binding on all Bondholders. The Collateral Agent shall not be liable for any consequences or damages resulting from compliance with such instructions.

Notwithstanding anything to the contrary in this Information Document, the Collateral Agent may refrain from taking any action which, in its opinion, would or might be contrary to this Information Document, the Collateral Agreements, the Collateral Agent Agreement or Applicable Law or otherwise render it liable to any person, and may take any action which it considers necessary to comply with such legislation.

The Collateral Agent may refrain from acting in accordance with the instructions of the Majority Bondholders until it has received such indemnification or security as it may require for all costs, claims, losses, expenses (including, without limitation, legal fees) and liabilities which it may incur in complying with such instructions.

The Collateral Agent may (but is not obliged to) act (or refrain from acting) as it, in its reasonable discretion, believes to be in the best interests of the Bondholders. The Collateral Agent shall not be liable to the Bondholders for acting (or refraining from acting) as described in this Information Document or in accordance with the instructions of the Bondholders and/or Applicable Law.

The Collateral Agent shall not be liable to the Bondholders or the Issuer for the outcome of the enforcement of the Collateral, provided that the Collateral Agent has acted in accordance with this Information Document, the Collateral Agreements, the Collateral Agent Agreement and Applicable Law.

The Collateral Agent shall have the right to unilaterally terminate the performance of its duties described in this Information Document in accordance with the Collateral Agreements and the Collateral Agent Agreement (including, without limitation, to terminate the enforcement of the Collateral) in case:

(a) in the reasonable opinion of the Collateral Agent: (i) further enforcement of the Collateral on reasonable terms is not possible or feasible due to the commencement of insolvency or reorganisation proceedings of the Issuer or for any other reason; or (ii) the estimated proceeds of the enforcement of the Collateral will not be sufficient to cover the relevant claims; and/or

(b) in the opinion of the Collateral Agent, the Collateral (or a substantial part thereof) cease to exist for any reason.

In order to exercise its right of termination under this Information Document, the Collateral Agent shall provide at least 1 (one) month's prior written notice (by letter or email) to the Issuer and all Bondholders, stating the grounds for such termination. The duties and obligations of the retiring Collateral Agent shall be deemed to have terminated from the moment such written notice is submitted to the Issuer and all Bondholders. For the avoidance of doubt, in accordance with Applicable Law and the relevant Collateral Agreements, the Collateral Agent may perform certain actions to release (discharge) the Collateral as a result of such termination.

The Collateral Agent shall have the right to resign for reasons other than those set out in this Information Document by submitting a respective 1 (one) month's prior written notice (by letter or email) to the Issuer and all Bondholders. The duties and obligations of the Collateral Agent shall be deemed to have terminated upon the appointment of a successor Collateral Agent, the acceptance of such appointment by the successor Collateral Agent and the execution of all necessary documentation to effectively substitute the retiring Collateral Agent.

No later than 3 (three) months after receipt of the relevant notice by the Issuer, a successor Collateral Agent must be designated by the Issuer and the Majority Bondholders, who shall take over the obligations of the retiring Collateral Agent. If a successor Collateral Agent has not been appointed within this period, the duties and obligations of the retiring Collateral Agent shall be deemed to have terminated. For the avoidance of doubt, the retiring Collateral Agent shall remain registered as pledgee in the Commercial Pledge Register until the successor Collateral Agent has been appointed and registered as pledgee of the Collateral.

The Collateral Agent shall assess that no conflict of interest exists in relation to the Issuer, the Issuer's management board, the ultimate beneficial owner(s) of the Issuer and/or the Majority Bondholders. The existence of any conflict of interest shall not prevent the Collateral Agent from fulfilling its obligations to the extent and scope set out in this Information Document and as provided in the Collateral Agreements and the Collateral Agent Agreement.

7.7.12 Application of the Proceeds from Enforcement of the Collateral

The proceeds from the enforcement of the Collateral shall be applied, subject to the prior satisfaction of the claims of the first-ranking secured creditor, the Bank, in the following order of priority:

(a) as the first priority, to the satisfaction and payment of all fees, costs, expenses and damages (including, without limitation, state duties, notary fees, valuation costs and fees, and costs and expenses of third parties engaged by the Collateral Agent) related to the performance of its duties by, or otherwise payable to, the Collateral Agent under this Information Document, the Collateral Agent Agreement and the Collateral Agreements, including, but not limited to, the establishment, amendment, termination and enforcement of the Collateral;

(b) as the second priority (after full satisfaction of the amounts referred to above), in payment of the claims of the Bondholders arising under this Information Document, including, but not limited to, claims arising from the Bonds.

The Collateral Agent shall be entitled to withhold the proceeds necessary for satisfying the fees, costs, expenses, damages and claims of the Collateral Agent as described above and shall transfer the remaining proceeds to the Bondholders for satisfaction of their claims. Any proceeds remaining after satisfaction of all claims as set out above shall be returned to the Issuer.

If the proceeds remaining after the prior satisfaction of the claims of the first-ranking secured creditor, the Bank, and after covering the fees, costs, expenses, damages and claims of the Collateral Agent do not cover the claims of the Bondholders in full, such claims of the Bondholders shall be satisfied *pro rata*.

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

In case the Collateral Agent is required, under Applicable Law or any other laws and regulations of the relevant 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 such taxes and only the net amount shall be paid.

For the avoidance of doubt, any proceeds from the enforcement of the Collateral (other than amounts payable to the Collateral Agent as fees, costs, expenses or damages in accordance with this Information Document, the Collateral Agent Agreement and the Collateral Agreements) shall not constitute the property of the Collateral Agent.

7.8 Rights and Restrictions Connected with the Bonds

Each Bondholder has the right to receive Interest and Nominal Value payments in accordance with the terms of the Bonds and to exercise other rights provided in this Information Document and the applicable laws.

The Issuer has the right to purchase the Bonds on the secondary market directly from the Bondholders. The Bonds purchased by the Issuer shall be held in the Issuer's securities account and the Issuer has the right to sell such Bonds to potential investors or other Bondholders. The Issuer may not cancel the Bonds held in its securities account and thereby reduce the total nominal amount of the Bonds until 15 May 2029, being 2 (two) weeks prior to the Maturity Date.

The Bonds held by the Issuer and its Related Parties shall not carry voting rights for the purposes of any decisions of the Bondholders under this Information Document.

7.9 Restrictions on Free Circulation of the Bonds

The Bonds are freely transferable debt securities and may be pledged. However, the Bonds may not be offered, sold, resold, transferred or delivered in any jurisdiction or under any circumstances in which such actions would be unlawful or require measures other than those required under the applicable laws.

Any Bondholder wishing to transfer or offer the Bonds must ensure that any such offering would not constitute a public offering within the meaning of the applicable laws. It is the obligation and responsibility of each Bondholder to ensure that any transfer or offering of the Bonds complies with all the applicable laws.

7.10 Issue Date of the Bonds

The Issue Date of the Bonds is 28 May 2026, on which Interest starts to accrue.

7.11 Listing

The Issuer plans to request the admission to trading of the Bonds on First North within 3 (three) months after the Issue Date and submit the Information Document with Nasdaq Riga. The Issuer does not undertake to prepare or register a prospectus with the Bank of Latvia or to list the Bonds on any regulated market. The Issuer has not signed any agreement with any person for Bonds liquidity maintenance on the secondary market.

Admission to trading on First North is subject to the approval of Nasdaq Riga and there can be no assurance that such approval will be obtained.

7.12 Interest

7.12.1 Interest Rate

The Interest rate for the Bonds is 12% (twelve per cent) per annum and is fixed until the Maturity Date.

7.12.2 Interest Payment Procedure

Interest payments are made on each Interest Payment Date. Interest payments are made monthly, with the first Interest payment made 1 (one) month after the Issue Date and the last Interest payment made on the Maturity Date. If any Interest Payment Date falls on a day which is not a Business Day, the payment shall be made on the next Business Day.

The Interest record date is the 5th (fifth) Business Day prior to the Interest Payment Date. At the end of the Interest record date, the list of Bondholders entitled to receive Interest payments is determined. Interest shall be paid to the Bondholders in accordance with the relevant Bondholders' list for the preceding Interest period.

The Issuer shall pay Interest through Nasdaq CSD in accordance with the applicable Nasdaq CSD regulations governing the payment of income from debt securities.

If an Interest Payment Date is not a Business Day, the Issuer shall make the payment on the next Business Day. Such postponement shall not affect the amount payable.

If the Issuer fails to make Interest payments in accordance with the deadlines specified in this Information Document, Bondholders shall have the right to submit claims regarding such payments not earlier than 10 (ten) Business Days following the relevant Interest Payment Date.

7.12.3 Interest Calculation

Interest payments shall be calculated according to the following formula:

$$CPN = F \times C \times n / 360,$$ where:

CPN – the amount of the Interest payment in EUR per Bond;

F – Nominal Value of one Bond;

C – annual Interest rate (%);

n – number of days in the relevant Interest period, calculated on a 30-day basis.

7.12.4 Accrued Interest Calculation

Interest accrues from the Issue Date. Accrued Interest is calculated on the basis of a 360-day year using the European 30/360-day count convention.

Accrued Interest between Interest Payment Dates shall be calculated as follows:

$$AI = F \times C / 360 \times D,$$ where:

AI – accrued Interest per Bond;

F – Nominal Value of one Bond at the beginning of the relevant Interest period;

C – annual Interest rate (%);

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

7.13 Repayment of the Bonds

7.13.1 Repayment at Maturity

The Nominal Value of one Bond is EUR 1 000 (one thousand euros), and the Issuer shall repay the Nominal Value of the Bonds on the Maturity Date, which is 28 May 2029.

The Issuer shall pay the Nominal Value through Nasdaq CSD in accordance with the applicable Nasdaq CSD regulations, including the Nasdaq CSD Rulebook and Corporate Action Service Description. The list of Bondholders eligible to receive the Nominal Value shall be determined at the end of the Business Day preceding the Maturity Date.

If the Maturity Date is not a Business Day, the Issuer shall make the payment on the next Business Day. Such postponement shall not affect the amount payable.

If the Issuer fails to make the Nominal Value payment in accordance with the deadlines specified in this Information Document, the Bondholders shall have the right to submit claims regarding the repayment not earlier than 10 (ten) Business Days following the Maturity Date.

7.13.2 Early Redemption at the Option of the Issuer

The Issuer may redeem the Bonds, in whole but not in part:

(a) from 28 May 2027 (inclusive) until 27 May 2028 (inclusive) at a price of 102% (one hundred and two per cent) of the Nominal Value plus accrued and unpaid Interest;

(b) from 28 May 2028 (inclusive) until 27 November 2028 (inclusive) at a price of 101% (one hundred and one per cent) of the Nominal Value plus accrued and unpaid Interest;

(c) from 28 November 2028 (inclusive) until the Maturity Date at a price of 100% (one hundred per cent) of the Nominal Value plus accrued and unpaid Interest.

If the Issuer decides to redeem the Bonds early, it shall notify Nasdaq CSD and the Bondholders at least 20 (twenty) Business Days prior to the redemption date by publishing a notice on the Issuer's website and, if the Bonds are admitted to trading, via the Nasdaq Riga information system.

The Issuer shall make the redemption payments through Nasdaq CSD in accordance with the applicable Nasdaq CSD regulations. The list of Bondholders eligible to receive the redemption payment shall be determined at the end of the Business Day preceding the redemption date.

7.13.3 Early Redemption at the Option of the Bondholders

In the event of a Change of Control and/or a Fund Exit, each Bondholder shall have the right to require the Issuer to redeem all or part of its Bonds at a price equal to 101% (one hundred and one per cent) of the Nominal Value plus accrued and unpaid Interest.

The Issuer shall notify the Bondholders of such event and the applicable redemption procedure by publishing a notice on its website and, if the Bonds are admitted to trading, through the Nasdaq Riga information system and by notifying Nasdaq CSD, as applicable.

The notice shall specify the redemption date, which shall be no earlier than 10 (ten) Business Days and not later than 20 (twenty) Business Days from the date of publication of such notice, as well as the record date and the procedures to be followed by the Bondholders to exercise their right.

Any Bond redeemed pursuant to this Clause shall cease to accrue Interest from the redemption date. Any Bonds not redeemed shall continue to accrue Interest.

If 75 (seventy-five) per cent or more in nominal amount of the Bonds then outstanding have been redeemed pursuant to this Clause, the Issuer may, upon not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Bondholders, redeem all (but not some only) of the remaining Bonds at a price equal to 100% (one hundred per cent) of the Nominal Value plus accrued and unpaid Interest.

7.14 Financial Covenants

From the Issue Date of the Bonds to the date of repayment thereof, the Issuer shall comply with the following financial covenants, calculated on a consolidated Group basis:

(a) To maintain Equity Ratio of at least 15% (fifteen per cent) from the fourth quarter of 2026 until the Maturity Date, calculated for the Relevant Period at the end of each quarter;

(b) To maintain a Net Debt Leverage Ratio of not more than: (i) 5x (five times) as at each calculation date falling on or prior to 31 December 2028; and (ii) 4x (four times) as at each calculation date falling on or from 1 January 2029 until the Maturity Date, in each case calculated for the Relevant Period;

(c) To maintain Interest Coverage Ratio of at least 1.5x (one point five times) until Maturity Date, calculated for the Relevant Period at the end of each quarter;

(d) Financial covenants stated in paragraphs (a) to (c) shall be tested at the end of each quarter and proof of compliance with these covenants shall be included in every Financial Report of the Group;
(e) The Issuer may in its sole discretion choose to calculate the financial covenants under paragraphs (a) to (c) in accordance with the Accounting Principles.

7.15 Undertakings

The Issuer and the Group undertake to comply with the following undertakings from the Issue Date and for as long as any Bonds are outstanding:

(a) not to pay dividends or make other distribution of profits to its shareholders or to entities directly or indirectly owned by them in the form of a loan, investment or any other distribution;
(b) to ensure that all existing and future liabilities (including loans and notes) towards Related Parties are junior and subordinated to the Bonds;
(c) the Issuer and its Subsidiaries shall not create or permit to subsist any mortgage, pledge or other security interest over the whole or any part of its present or future assets or revenues to secure any Financial Indebtedness, other than Permitted Security;
(d) not to make substantial changes to the general nature of the business of the Issuer and the Group from that carried on at the Issue Date (including, but not limited to, the commencement of any new business not being ancillary or incidental to the existing business);
(e) not to acquire participation in other companies by investing funds or providing loans to third parties, except where the Issuer or the Group acquires at least 51% (fifty-one per cent) participation and retains control;
(f) not to sell, gift, exchange, lease, license or otherwise transfer the right to use the trademarks of the Issuer or the Group;
(g) not to initiate or permit the initiation of liquidation or similar proceedings of the Issuer and not to reduce its share capital;
(h) any transactions with Related Parties shall be carried out at Fair Market Value;
(i) to prepare and publish consolidated unaudited quarterly reports of the Group with management commentary within 2 (two) months following the end of each respective quarter, including confirmation of compliance with the Financial Covenants;
(j) to prepare and publish audited consolidated annual reports of the Group within 4 (four) months after the end of each financial year, which shall be audited by the Auditor;
(k) to publish financial reports, notices and any other information to Bondholders as required under this Information Document and the applicable laws on the Issuer's website and, if applicable, through the Nasdaq Riga information system;
(l) to perform revaluation of the Issuer's fixed assets by an independent appraiser at least once per year and include the results of such revaluation in the annual consolidated report;
(m) to ensure the admission to trading of the Bonds on Nasdaq Baltic First North within 3 (three) months after the Issue Date and to maintain such listing thereafter;
(n) to ensure that the net proceeds from the issue of the Bonds are used in accordance with Section 5 (Purpose of the Offering and Use of Proceeds).

7.16 Events of Default

Bondholders representing at least 10% (ten per cent) of the principal amount of the outstanding Bonds may by written notice to the Issuer declare the occurrence of an Event of Default at any time after such event has occurred (and as long as it continues).

If the Issuer confirms that an Event of Default has occurred, the Issuer shall pay all Bondholders the Nominal Value of the Bonds together with accrued and unpaid Interest and default interest in accordance with Clause 7.17 (Default Interest) within 10 (ten) Business Days after receipt of such notice.

If the Issuer fails to make such payment, the Bondholders may act in accordance with the enforcement provisions set out in this Information Document and the related security documents, including through the Collateral Agent.

The Issuer shall publish information regarding Bondholders representing at least 10% (ten per cent) of the principal amount of the outstanding Bonds declaring the occurrence of an Event of Default and confirmation or denial of such Event of Default on the Issuer's website and, if the Bonds are admitted to trading, via the Nasdaq Riga information system.

Each of the events or circumstances set out below shall constitute an Event of Default:

7.16.1 Non-payment

The Issuer fails to pay any amount payable under the Bonds when due, unless such failure is caused by an administrative or technical error in payment systems or Nasdaq CSD and payment is made within 10 (ten) Business Days following the original due date. Bondholders shall have the right to submit claims regarding such failure not earlier than 10 (ten) Business Days after the due date of the relevant payment.

7.16.2 Breach of Covenants

The Issuer or the Group breaches any Financial Covenant set out in Clause 7.14 (Financial Covenants) and fails to remedy such breach in accordance with Clause 7.16.3 (Covenant Cure), or the Issuer fails to perform or comply with any other obligation set out in Clause 7.15 (Undertakings) and such breach is not remedied within 30 (thirty) calendar days, unless such breach is incapable of remedy.

7.16.3 Covenant Cure

The Issuer and the shareholders of the Group may cure or prevent a breach of the Financial Covenants 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; and (ii) the date such Financial Report was in fact published pursuant to this Information Document for any Relevant Period in which such failure to comply was (or would have been) first evidenced (**"Breach Period"**), the Issuer has received proceeds of new shareholder injections in a form of equity or Subordinated Debt (the "**Equity Cure**") in an amount sufficient to ensure compliance with the Financial Covenants if tested again as at the last date of the Breach Period.

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

If after Equity Cure the relevant Financial Covenants are met, the requirement thereof shall be deemed to have been satisfied as at the relevant original date of determination, and the breach shall be deemed remedied.

7.16.4 Cross Default

If, in respect of the Issuer or any Collateral Provider:

i. any Financial Indebtedness is not paid when due nor within any applicable grace period;
ii. any Financial Indebtedness is declared due and payable prior to its maturity as a result of an event of default;
iii. any commitment for Financial Indebtedness is cancelled or suspended by a creditor as a result of an event of default;
iv. any creditor becomes entitled to declare Financial Indebtedness due and payable prior to its maturity; or
v. any security over any asset is enforced by a secured creditor, provided that the aggregate amount of such Financial Indebtedness exceeds EUR 300 000 (three hundred thousand euros) (or equivalent), and excluding Financial Indebtedness owed to Related Parties or within the Group or Subordinated Debt, and excluding disputes being contested in good faith and resolved within 90 (ninety) calendar days.

7.16.5 Insolvency

If the Issuer or any Collateral Provider:

i. is declared insolvent or bankrupt by a court of competent jurisdiction or admits inability to pay its debts (other than to Related Parties or within the Group);
ii. files for or initiates insolvency, restructuring or similar proceedings; or
iii. becomes subject to liquidation, administration, reorganisation or similar proceedings, including the appointment of a liquidator, receiver or similar officer, other than proceedings disputed in good faith and dismissed, stayed or withdrawn within 90 (ninety) calendar days, or solvent liquidations.

7.17 Default Interest

If the Issuer fails to pay any amount payable under the Bonds when due, the Issuer shall pay to the Bondholders default interest accruing on the overdue amount from (and including) the due date up to (and including) the date of actual payment at a rate of 0.05% (zero point zero five per cent) per day.

Bondholders shall have the right to submit claims regarding failure to make Interest payments not earlier than 10 (ten) Business Days after the due date of the relevant payment.

Bondholders shall have the right to submit claims regarding failure to repay the Nominal Value not earlier than 10 (ten) Business Days after the due date of such payment.

7.18 Disclosure of Information

Up until the Maturity Date, the Issuer and the Group shall publish all information required by the covenants, the rules of Nasdaq Riga (if the Bonds are admitted to trading on First North) and the applicable laws.

Unless otherwise provided in this Information Document, for as long as the Bonds are not admitted to trading on First North, all notices and reports to the Bondholders shall be published on the Issuer's website.

As of the date when the Bonds are admitted to trading on First North, all notices and reports to the Bondholders shall be published on the Nasdaq Riga website, as well as on the Issuer's website.

Any notice or report published in the manner described above shall be deemed to have been received on the same Business Day on which it is published.

7.19 Force Majeure and Limitation of Liability

The Issuer shall be entitled to postpone the fulfilment of its obligations under the Bonds in case performance is not possible due to the 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 thereof, including but not limited to enemy attacks, blockades, military embargoes, actions by a foreign enemy, general military mobilisation, military actions, declared or 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 governments in the jurisdictions of the Issuer or its Subsidiaries, expropriation, enforced withdrawal, takeover of enterprises, requisition;
(b) disturbances in postal, telephone or electronic communications due to circumstances beyond the reasonable control of the Issuer and materially affecting the operations of the Issuer and the Group;
(c) any interruption of or delay in the operations of the Issuer as a result of fire, frost or other similar disaster;
(d) any industrial action, such as strike, lockout, boycott or blockade materially affecting the activities of the Issuer or the Group; or

(e) any other similar force majeure event.

In case of occurrence of a Force Majeure Event, the Issuer's fulfilment of its obligations may be postponed for the duration of such circumstances and shall be resumed immediately after such circumstances cease to exist, provided that the Issuer shall use its best efforts to mitigate the effects of the Force Majeure Event and to resume the fulfilment of its obligations as soon as reasonably possible.

7.20 Representation of the Bondholders

The Collateral Agent holds the Collateral on behalf of the Bondholders and is authorised to act with the Collateral in favour of all Bondholders in accordance with this Information Document, the Collateral Agent Agreement and the related Collateral Agreements.

The Bondholders shall not have the right to act individually with respect to the Collateral. However, nothing in this Information Document restricts the Bondholders from establishing and/or authorising an organisation or a person to represent the legal interests of all or part of the Bondholders.

In the event of the insolvency of the Issuer, each Bondholder shall have the right to represent its own interests in creditors' meetings. The Bondholders shall have equal rights for satisfaction of their claims with other creditors in the same claims' group in accordance with the applicable laws. For further information on the role of the Collateral Agent and the enforcement of the Collateral, please see Clause 7.7 (Collateral Agent).

7.21 Bondholders' Meetings and Decisions

7.21.1 General information

The Bondholders may make decisions relating to the Bonds at a Bondholders' Meeting or by way of a Procedure in Writing, at the choice of the Issuer.

The Issuer may amend technical procedures relating to the Bonds (including correction of manifest errors), without the consent of the Bondholders, provided that such amendments are not prejudicial to the interests of the Bondholders.

The Issuer shall have the right to convene a Bondholders' Meeting or initiate a Procedure in Writing at any time and shall do so upon a written request from Bondholders representing not less than 10% (ten per cent) of the principal amount of the outstanding Bonds.

All expenses related to convening and holding a Bondholders' Meeting or a Procedure in Writing shall be borne by the Issuer.

Only those persons registered as Bondholders with Nasdaq CSD as at the end of the 5th (fifth) Business Day prior to the date of the relevant Bondholders' Meeting or the commencement of the Procedure in Writing, as applicable, shall be entitled to vote.

The voting rights of the Bondholders shall be determined on the basis of the nominal amount of the Bonds held.

Bonds held by the Issuer and its Related Parties shall not carry voting rights.

Decisions adopted by the Bondholders shall be binding on all Bondholders.

7.21.2 Majority and Voting

Unless otherwise specified, a decision shall be adopted if approved by the Majority Bondholders.

7.21.3 Procedure in Writing

The Issuer or an authorised person (the "Agent") may initiate a Procedure in Writing.

A notice to the Bondholders shall be published on the Issuer's website and, if the Bonds are admitted to trading on First North, via the Nasdaq Riga information system, and submitted to Nasdaq CSD for further distribution to its participants, including at least:

(a) description of the requested decision;
(b) justification of the decision;

(c) record date;
(d) voting period;
(e) voting instructions;
(f) statement that non-response shall be deemed as a negative vote;
(g) contact details of the Issuer or Agent.

The voting period shall not be shorter than 14 (fourteen) calendar days.

The Issuer shall count votes and publish results within 1 (one) Business Day after the voting deadline on its website and, if applicable, via the Nasdaq Riga information system, and notify Nasdaq CSD if such decisions affect the technical parameters of the Bonds.

If the Majority Bondholders approve the decision, it shall be deemed adopted.

7.21.4 Bondholders' Meeting

If a decision is to be adopted at a Bondholders' Meeting, the Issuer shall publish a notice not later than 10 (ten) Business Days prior to the meeting.

The notice shall specify the time, place and agenda.

The Bondholders' Meeting shall be held in Riga, Latvia, unless otherwise specified.

The meeting may be held in person or by electronic means.

A Bondholders' Meeting shall have a quorum if Bondholders representing at least 50% (fifty per cent) of the aggregate Nominal Value of the outstanding Bonds (excluding Bonds held by the Issuer and the Related Parties) are present or represented.

If the quorum is not reached, the Issuer may convene a second Bondholders' Meeting. At such second Bondholders' Meeting, the quorum requirement shall not apply, and the Bondholders present or represented shall be entitled to adopt decisions in accordance with Clause 7.21.2 (Majority and Voting).

7.21.5 Effect of Decisions

Decisions adopted by the Bondholders shall be binding on all Bondholders, irrespective of whether they participated in the decision.

The Issuer shall publish the results of decisions on its website and, if applicable, via the Nasdaq Riga information system and notify Nasdaq CSD if such decisions affect the technical parameters of the Bonds.

7.21.6 Amendments

The Issuer may request Bondholders' consent (waiver) to amend the terms of the Bonds.

The Issuer may amend terms relating to technical procedures without Bondholders' consent, provided that such amendments are not prejudicial.

Any amendment shall not affect essential terms of the Bonds (including Interest, Nominal Value, Maturity), unless permitted by the applicable laws.

8. TERMS OF THE PUBLIC OFFERING

8.1 General structure of the Offering

The Offering of the Bonds consists of (i) a public offering to retail investors (the **"Retail Investors"**) (the **"Retail Offering"**) and institutional investors (Retail investors, Institutional investors and Existing Bondholders together referred to as the "**Investors**") in Latvia, Estonia and Lithuania; (ii) a private placement ("**Private Placement**") of the Bonds to institutional investors in certain member states of the European Economic Area and to other selected investors in each case pursuant to an exemption under Article 1 of the Prospectus Regulation; and (iii) a public exchange offering (**"Exchange Offering"**) addressed to the holders of the Existing Bonds (**"Existing Bondholders"**) of the Issuer (bonds with ISIN LV0000860153 and maturity on 31 May 2026) in relation to their exchange with the Bonds. The Retail Offering, the Private Placement and the Exchange Offering together are referred to as the **"Offering"**.

The Offering is conducted in accordance with the applicable laws of Latvia, Estonia and Lithuania. The Bonds may not be offered, sold or otherwise distributed in any jurisdiction where such offer or sale would be unlawful or require additional measures other than those required under Applicable Law.

For the purposes of the Retail Offering, only such prospective Retail Investors will be eligible to participate who at or by the time of placing their subscription orders have opened securities accounts with entities licensed to provide such services in Latvia, Estonia or Lithuania and which are participants of Nasdaq CSD or have relevant arrangements with a participant of Nasdaq CSD (the "**Custodian**").

8.2 Subscription to the Bonds

The Investors wishing to subscribe for and purchase the Bonds shall submit their orders to acquire the Bonds (the "**Subscription Orders**") at any time during the Subscription Period. Separate procedures apply to participation in the Exchange Offering as described further in this Section 8.

At the time of placing a Subscription Order, each Investor shall make a binding instruction for depositing the Bonds in a securities account maintained in its name and opened with a Custodian of their choice.

Upon submission of the Subscription Order the Investor shall authorise Nasdaq CSD, Nasdaq Riga and the Issuer to process, forward and exchange information on the identity of the Investor and the contents of the respective Investor's Subscription Order before, during and after the Subscription Period.

An Investor shall be allowed to submit a Subscription Order either personally or via a representative whom the Investor has authorised (in the form required by Applicable Law) to submit the Subscription Order. An Investor shall ensure that all information contained in the Subscription Order is correct, complete and legible.

The Issuer reserves the right to reject any Subscription Order that is incomplete, incorrect, unclear or ineligible or that has not been completed and submitted and/or has not been supported by the necessary additional documents, requested by the Issuer, during the Subscription Period and in accordance with all requirements set out in this Information Document.

All expenses associated with the acquisition and custody of the Bonds shall be the responsibility of the Investor, in accordance with the price list of the credit institution or investment service provider through which the Investor purchases and holds the Bonds. The Issuer is not obligated to compensate for any such expenses incurred by the Investor.

Any consequences of the form of a Subscription Order for the Bonds being incorrectly filled out will be borne by the Investor.

All Subscription Orders shall be binding and irrevocable commitments to acquire the allotted Bonds, with the exceptions stated below. The Subscription Orders shall not be considered valid and shall not be processed in case the purchase amount indicated in the Subscription Orders is less than the Minimum Investment Amount or the Subscription Orders were received after the Subscription Period. The Issuer has no obligation to inform the Investors about the fact that their Subscription Orders are invalid.

By submitting the Subscription Order the Potential Investor confirms that it:

(a) has read and understands this Information Document; and
(b) agrees and commits to adhere to this Information Document.

Article 5f of Regulation (EU) No. 833/2014 (as amended by Council Regulation (EU) No. 2022/328) and Article 1f of Regulation (EC) No. 765/2006 (as amended by Council Regulation (EU) No 2022/398) prohibit the sale of euro denominated transferable securities issued after 12 April 2022 or units of undertakings for collective investment (UCIs) providing exposure to such transferable securities, to any Russian or Belarusian national, any natural person residing in Russia or Belarus or to any legal person, entity or body established in Russia or Belarus. This prohibition does not apply to nationals of a Member State or to natural persons holding a temporary or permanent residence permit in a Member State of the European Union.

8.3 Retail Offering

In order to subscribe to the Bonds, a Retail Investor in Latvia, Estonia and Lithuania must have a securities account with a Custodian. A Retail Investor wishing to subscribe for the Bonds should contact its Custodian and submit the Subscription Order using the Subscription Order forms and methods (e.g., physically, over the internet or by other means) made available by the respective financial institution. Subscription Orders by the Custodians shall be filed through the Nasdaq Riga Auction System.

Retail Investors shall be entitled to place multiple Subscription Orders.

The total amount of the Bonds to be acquired and indicated in each Subscription Order shall be for at least the Minimum Investment Amount.

The Minimum Investment Amount is EUR 1 000 (one thousand euros). The subscription size should be equal to a multiple of the Settlement Unit Multiple.

8.4 Private Placement

In respect of the Private Placement of the Bonds, Institutional Investors wishing to purchase the Bonds may submit their Subscription Orders to the Arranger, or their Custodian, which in turn shall submit the orders to the Arranger.

Institutional Investors shall be entitled to place multiple Subscription Orders.

Institutional Investors shall 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.

8.5 Exchange Offering

As a part of the Exchange Offering, the Issuer is offering to all Existing Bondholders the opportunity to exchange their Existing Bonds with the Bonds.

The Existing Bondholders may participate in the new subscription on the same terms as other Investors, subject to the specific conditions applicable to the Exchange Offering set out in this Clause 8.5 (Exchange Offering).

The exchange ratio shall be one Existing Bond to one Bond. Any number of the Existing Bonds may be used for the exchange, subject to the exchange ratio and the final allotment decision of the Issuer.

The Existing Bondholders wishing to participate in the Exchange Offering can submit their instructions with their Custodian in writing using the offer form provided by the Custodian stating the number of the Existing Bonds to be exchange (the **"Exchange Instruction"**).

The Custodian shall in turn inform the Depository on the total number of the Existing Bonds to be exchanged with the Bonds and the Existing Bondholders who requested the exchange by the end of the Subscription Period.

The deadlines set by the Custodian or the Nasdaq CSD might also be earlier than the end of the Subscription Period.

For the purpose of determining the allocation of the Bonds in the Exchange Offering, Nasdaq CSD, the Arranger and the relevant Custodians shall be entitled to provide the Issuer with information regarding the Exchange Instructions, including information on the Existing Bondholders who submitted Exchange Instructions (including, but not limited to name, surname, personal identity number), the number of Existing Bonds offered for exchange and the number of Bonds requested by each Existing Bondholder.

Each Existing Bondholder participating in the Exchange Offering will receive a fee (compensation) in the amount of 1.0% (one per cent) (**"Exchange Fee"**) of the principal amount of the Bonds allocated to the Existing Investor as a result of Exchange Offering.

For avoidance of doubt, each Existing Bondholder shall be entitled to receive the interest payment on the Existing Bonds payable on the maturity date of the Existing Bonds, irrespective of whether the Existing Bondholder participates in the Exchange Offering, as the record date for such coupon payment is prior to the First Settlement Date of the Bonds.

The Exchange Fee payable to the Existing Bondholders participating in the Exchange Offering shall be payable within 10 (ten) Business Days after the Issue Date and the record date for the Exchange Fee is the Issue Date. For tax purposes the Exchange Fee is treated as interest payment.

The Arranger assumes no warranty or liability regarding the receipt of the Exchange Instructions placed before the end of the Subscription Period.

By submitting an Exchange Instruction for the exchange of the Existing Bonds, each Existing Bondholder shall authorise and instruct the Custodian operating the Existing Bondholder's securities account to immediately block the respective number of Existing Bonds to be exchanged with the Bonds on the Existing Bondholder's securities account until the settlement of the transaction is completed or until the Existing Bonds are released.

The number of Existing Bonds to be blocked shall be equal to the number of Existing Bonds indicated in the Exchange Instruction. An Existing Bondholder may submit an Exchange Instruction only if there is a sufficient number of Existing Bonds on its securities account. If the number of Existing Bonds blocked is insufficient, the Exchange Instruction shall be deemed valid only to the extent of the number of Existing Bonds available on the Existing Bondholder's securities account.

Settlement of the Exchange Offering shall be carried out in accordance with the applicable rules of Nasdaq CSD using the free of payment (FOP) method.

8.6 Indicative timetable of the Offering

12 May 2026 at 10:00 Riga time	Start of the Subscription Period (including the Exchange Offering)
25 May 2026 at 14:30 Riga time	End of the Subscription Period (including the Exchange Offering)
On or about 26 May 2026	Publication of the results of the Offering
28 May 2026	Settlement of the Offering (Issue Date)

8.7 Subscription Period

The Subscription Period is the period during which the persons who have the right to participate in the Offering may submit subscription orders for the Bonds.

The Subscription Period commences at 10:00 Riga time on 12 May 2026 and terminates at 14:30 Riga time on 25 May 2026 (the "**Subscription Period**"). The Subscription Period shall also apply to participation in the Exchange Offering.

8.8 Issue Price of the Bonds

The issue price of the Bonds is equal to 100% of their Nominal Value, which is EUR 1 000 (one thousand euros).

8.9 Withdrawal of the Subscription Orders

An Investor may withdraw a Subscription Order for the Bonds by submitting a written statement to the Custodian where the subscription was made at any time until the end of the Subscription Period.

An Investor shall be liable for payment of all fees and costs charged by the Custodian used by the Investor for the subscription of the Bonds in connection with the withdrawal or amendment of the Subscription Order.

Following withdrawal of a Subscription Order, the repayments shall be made (or blocked funds shall be released) to the Investor in accordance with the applicable rules of the credit institution or investment brokerage firm where the subscription was made

The above provisions shall not apply to participation in the Exchange Offering, which shall be governed by the specific procedures set out in Clause 8.5 (Exchange Offering).

8.10 No Assignment or Transfer

The rights arising out of this Information Document in relation to the subscription for the Bonds (including, without limitation, rights arising from any Subscription Orders or any acceptance thereof) are not assignable, tradable or transferable in any way and any assigned or transferred rights will not be recognised by the Issuer and will not be binding on the Issuer.

There is no pre-emption rights associated with the Bonds. Therefore, no procedure for the exercise of any right of pre-emption has been adopted or produced for the purposes of the Offering. In addition, subscription rights are non-negotiable and non-tradeable, thus no procedures have been adopted or specific treatment provided thereof.

8.11 Payment for the Bonds

By submitting a Subscription Order, each Retail Investor shall authorise and instruct the Custodian operating the Retail Investor's cash account connected to the Retail Investor's securities account to immediately block the whole subscription amount on the Retail Investor's cash account until the payment for the allotted Bonds is completed or until the funds are released in accordance with this Information Document. The subscription amount to be blocked will be equal to the Nominal Value multiplied by the number of Bonds the respective Investor wishes to subscribe for. A Retail Investor may submit a Subscription Order only when there are sufficient funds on the cash account connected to the securities account or the investment account, as the case may be. If the blocked funds are insufficient, the Subscription Order will be deemed null and void to the extent funds are insufficient.

The Retail Investors who have not been allotted any Bonds or whose subscriptions have been reduced will receive reimbursements of the payment made upon placing the Subscription Order (or the blocked funds will be released) in accordance with instructions provided by each such Retail Investor, as required under the procedures applicable in the Custodian with which the Subscription Order was placed. The reimbursement will take place (or the blocked funds will be released) within 10 (ten) Business Days as from the end of the Subscription Period or from the date of the publication of the supplement to this Information Document on the cancellation of the Offering. The payments shall be returned (or the blocked funds will be released) without any reimbursement for costs incurred by the Retail Investors in the course of subscribing for the Bonds and shall be net of all transfer expenses and without interest.

Payments for the Bonds are interest free.

In respect of the Private Placement of the Bonds, the Institutional Investors consent to the obligation to ensure the subscription amount on the Issue Date in accordance with the DVP (Delivery vs Payment) principle pursuant to the applicable rules of the Depository.

The above provisions shall not apply to participation in the Exchange Offering, which shall be governed by the specific procedures set out in Clause 8.5 (Exchange Offering).

8.12 Allotment

On the next Business Day following the end of the Subscription Period the Issuer will decide whether to proceed with the Offering of the Bonds or cancel the Offering.

In case the Offering of the Bonds is cancelled, the Issuer will publish an announcement on the Issuer's website and via the Nasdaq Riga information system.

In case the Issuer decides to proceed with the Offering of the Bonds, the following actions shall be taken on the next 3 (three) Business Days following the Subscription Period or about that date.

8.12.1 Allotment of the Bonds to the Investors

a) Based on the submitted Subscription Orders and Exchange Instructions, the Issuer will establish the total number of Bonds subscribed for by Investors.
b) The Issuer will establish the exact amount of the Notes to be allotted with respect to each Subscription Order and Exchange Instruction.
c) As a general principle, if the total number of the Bonds subscribed for (including the Exchange Instructions) is equal to or less than the number of the Bonds and the Issuer decides to proceed with the Offering, the Bonds will be allotted based on the Subscription Orders and Exchange Instructions placed.
d) In case the total number of the Bonds subscribed for (including the Exchange Instructions) is higher than the number of the Bonds available and the Issuer decides to proceed with the Offering; the Bonds may be allocated to the Investors at the sole discretion of the Issuer.
e) The division of the Bonds between Existing Investors and new investors has not been predetermined. The Issuer will determine the exact allocation at its sole discretion. The Issuer shall be entitled to prefer Existing Bondholders participating in the Exchange Offering to other Investors.
f) The division of the Bonds between Retail Investors and Institutional Investors has not been predetermined. The Issuer will determine the exact allocation at its sole discretion.
g) The allocation shall be aimed to create a solid and reliable Investor base for the Issuer.
h) Possible multiple Subscription Orders submitted by an Investor shall be merged for the purpose of allocation. The Issuer reserves the right, at its discretion, not to allocate any Bonds to a particular Investor.

8.12.2 Confirmations

After completion of the allotment, an Investor shall receive a notification about partial or full satisfaction or rejection of the Subscription Order submitted by the Investor and the number of the Bonds allotted to the Investor, if any. A confirmation shall be provided by the Custodian where an Investor has submitted its Subscription Order or the Arranger.

8.12.3 Information about the Results of the Offering

Information about the results of the Offering (amount of the Bonds issued and an aggregate principal amount) shall be published on the Issuer's website and via the Nasdaq Riga information system.

8.13 Cancellation, Suspension or Postponement of the Offering

The Issuer may cancel the Offering of the Bonds at any time prior to the Settlement Date without disclosing any reason for doing so. The Issuer may also change the dates of opening and closing of the Subscription Period or decide that the Offering will be postponed and that new dates of the Offering will be provided by the Issuer later.

In such an event, subscriptions for the Bonds that have been made will be disregarded, and any subscription payments made will be returned (or the blocked funds will be released) without interest or any other compensation. In the case of participation in the Exchange Offering, any Existing Bonds blocked for the purposes of the Exchange Offering shall be released in accordance with the procedures set out in Clause 8.5 (Exchange Offering).

Any decision on cancellation, suspension, postponement or changes of the dates of the Offering will be published in a manner compliant with Applicable Law, as well as market practices in Latvia.

The Issuer may also decide on the reduction of the Bonds issue size. Any Bonds that are not issued shall be deleted.

8.14 Settlement and Delivery

The settlement of the Offering will be carried out by Nasdaq CSD. The Bonds allocated to the Retail Investors and Institutional Investors will be transferred to their securities accounts (investment accounts as the case may be) through the DVP (*delivery versus payment*) principle pursuant to the applicable rules of Nasdaq CSD simultaneously with the transfer of the payment for such Bonds. The title to the Bonds will pass to the relevant Investors when the Bonds are transferred to their accounts. The settlement will take place on the Issue Date. All paid up Bonds shall be treated as issued.

For all the Bonds allocated to Existing Investors, as a result of the settlement processing in Nasdaq CSD, the relevant Nasdaq CSD participant's account shall be credited with the total number of Bonds allocated to its clients, and such Nasdaq CSD participant shall in turn transfer the respective number of Bonds to each Existing Investor. On the Issue Date, Nasdaq CSD will delete the number of Existing Bonds that were exchange for the Bonds from each of its members accounts.

Dealing with the Bonds may begin when the Bonds allocated to Investors are transferred to their securities accounts (investment accounts as the case may be).

8.15 Listing and Admission to Trading

The Issuer shall submit an application to list and admit to trading the Bonds on First North within 3 (three) months from the Issue Date.

The decision as to the listing and admission of the Bonds to trading on Nasdaq Riga shall be adopted by the Board of Nasdaq Riga. The Issuer shall take all the measures, established in Nasdaq applicable rules, needed for the Bonds to be admitted to trading on First North as soon as practicably possible.

The Issuer shall also use its best efforts to ensure that the Bonds remain listed on First North. Following the listing or admission to trading, the Issuer shall take all reasonable actions required on its part as a result of such listing or trading of the Bonds.

The Issuer will cover all costs related to the listing of the Bonds on First North.

The Issuer does not undertake to register this Information Document with the Bank of Latvia or to list the Bonds on any regulated market.

The Issuer has not entered into any agreement with any person for liquidity maintenance of the Bonds on the secondary market.

9. TAXATION

Tax legislation of the investor's member state and of the Issuer's country of incorporation may have an impact on the income received from the Bonds. The following is a general summary of certain tax consideration in the Republic of Latvia in relation to the Bonds. It is not exhaustive and does not purport to be a complete analysis of all tax consequences relating to the Bonds, as well as does not consider or discuss the tax implications of any country other than the Republic of Latvia. The information provided in this section shall not be treated as legal or tax advice. Tax rates and conditions for paying taxes may change during the life of the Bonds. Investors are advised to consult their own tax advisors as to the tax consequences of the subscription, ownership and disposal of the Bonds applicable to their circumstances.

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

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

9.1 Taxation of the Bondholders individuals

9.1.1 Resident individuals

An individual will be considered as a resident of Latvia for taxation purposes:

- if the individual's declared place of residence is in the Republic of Latvia; or
- if the individual stays in the Republic of Latvia 183 days or more within any 12-month period, starting or ending in the taxation year; or
- if the individual is 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"*) the interest income and interest equivalent income from the Bonds for resident individuals will be subject to 25.5 per-cent withholding tax, deductible by the Issuer before the payment.

Special rules apply if the transactions with the Bonds 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 case taxation of income is deferred until the moment when the amount withdrawn from the investment account exceeds the contributed amount.

The capital gains from the sale of the Bonds will be subject to 25.5 per-cent tax, but the tax would be payable by the individual him/herself.

9.1.2 Non-resident individuals

An individual will be considered as a non-resident of Latvia if the individual does 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"*) the interest income from the Bonds being circulated publicly as well as income from the alienation of the publicly circulated Bonds will not be subject to tax in Latvia.

Each non-resident individual, however, should always seek professional advice and determine if any tax obligations with regards to taxation and reporting are applicable under the domestic law of his/her country of residence.

9.2 Taxation of the Bondholders entities

9.2.1 Resident entities

An entity will be considered as a resident of Latvia for tax purposes if it is or should have been established and registered in the Republic of Latvia in accordance with the legislative acts of the Republic of Latvia. This also include permanent establishments of foreign entities in Latvia.

Interest (coupon) income and a capital gain from the Bonds constitute a part of the beneficiary's – Latvian company's overall income. The Corporate Income Tax obligation is deferred to the moment of profit distribution (dividends, interim dividends) or deemed profit distribution (e.g., deemed dividends, non- business expenditure, bad debts provisions/write-off, loans to the related persons, transfer pricing adjustments, liquidation quota) of the beneficiary – Latvian company. The tax is assessed and paid based on the Corporate Income Tax Return filed for a taxation period (a month or year).

Profit distributions are taxed at the rate of 20% of the gross amount of the distributions (tax base is divided by 0.8 and then tax applied at the rate of 20% resulting in the effective rate of 25%).

9.2.2 Non-resident entities

An entity will be considered as a non-resident of Latvia if the entity 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*) the interest (coupon) income and income from the alienation of the Bonds for non-resident entities will not be taxable in Latvia.

Each non-resident entity should determine if any tax obligations with regards to taxation and reporting are applicable under the domestic law of its country of residence.

9.3 Taxation of low-tax non-residents

In general, 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; effective as of 1 July 2023 ("Low-Tax Non-Latvian Residents") are subject to withholding tax of 20 per-cent if the payer is a Latvian legal entity or 23 per-cent if the payer is a Latvian individual resident having obligation to withhold tax.

However, pursuant to Article 5(6) of the Corporate Income Tax Law (in Latvian – *Uzņēmumu ienākuma nodokļa likums*) payments by Latvian legal entities to Low-Tax Non-Latvian Residents for securities publicly circulated in the EU or EEA are exempt from withholding tax if made at the market price. The State Revenue Service of the Republic of Latvia in a legally non-binding explanation in the context of an issue of debt bonds by another issuer has confirmed that, pursuant to Article 5(6) of the Corporate Income Tax Law (in Latvian – *Uzņēmumu ienākuma nodokļa likums*), there is no withholding tax also on the interest payments made by an issuer to the holders of the bonds publicly circulated in the EU or EEA who are Low-Tax Non- Latvian Residents, provided that the payments are made at the market price.

10. BUSINESS AND FUTURE OUTLOOK OF THE ISSUER

10.1 Business of the Group

Overview

The Issuer is one of the largest construction equipment rental and sales companies in the Baltic region. Founded in 2014, the Group ("Arsenal") has approximately 70 employees as at the date of this Information Document. The Group offers a diverse range of construction equipment for rental and sale across 27 product groups, including lifts, road construction equipment, tools, compaction and concrete machinery, primarily within the 10-ton category. Group's transportation fleet is capable of delivering equipment of all sizes, from compact machines to sizable excavators. Group's key equipment brands include Sunward, JCB, Merlo, Komatsu, Gehl, Hilti, Manitou, Jumbo, Bosch, Dinolift, Husqvarna, GEDA, Swepac, Baumax, Caterpillar (CAT), Karcher and other. Group's unique model includes the sale of new machinery, parts, second-hand machines, installation services, groundworks equipment with skilled operators, and maintenance services. The Group places significant emphasis on leveraging e-channels to discover, communicate with, support, and retain its customers through the use of best IT solutions in the industry. Additionally, offering the option for customers to remotely sign rental contracts. The Group has a diversified customer base comprising approximately 3 000 clients. The five largest customers account for approximately 8% (eight per cent) of the Group's total revenue. The average contract value is approximately EUR 450, with around 20 000 rental transactions executed annually, approximately 50% of which are completed online.

10.2 Position of the Issuer within the Group

The Group operates in the construction equipment and tools rental and sales sector and has more than 10 years of experience.

The Issuer acts as the parent company of the Group.

The Issuer has 3 (three) wholly owned subsidiaries – Arsenal Industrial OÜ, Arsenal Industrial UAB and Arsenal Industrial sp. z o.o., the latter of which currently does not conduct any commercial activity (see Clause 10.3.1 (Legal and operational structure) for further details).

The Issuer's ability to fulfil its obligations under the Bonds depends, to a certain extent, on financing and cash flows received from its Subsidiaries.

10.3 Group structure

10.3.1 Legal and operational structure

As at the date of this information Document, the Group includes 3 (three) legal entities:

- SIA "Arsenal Industrial" (registered on 8 August 2014) – the Group's holding company;
- Arsenal Industrial OÜ (registered on 2 May 2016) – management of operations in the Republic of Estonia;
- Arsenal Industrial UAB (registered on 7 March 2018) – management of operations in the Republic of Lithuania;
- Arsenal Industrial sp. z o.o. (registered on 31 August 2016) – management of operations in the Republic of Poland; operations discontinued as of 31 December 2020, and the company currently does not conduct any commercial activity and is planned to be liquidated.

10.4 Strategy of the Group

To support continued growth and increase profitability, the Group plans to continue investing in new equipment and expanding its operations in its home markets of Latvia and Lithuania. Over the next 3 years, the Group plans to invest approximately EUR 3,500,000 in new equipment and machinery, with a particular focus on high-demand and high-margin equipment currently sourced and re-rented through cooperation partners. The Group's strategy is to gradually replace such re-rented equipment with equipment owned by the Group in order to improve profitability and operational efficiency. Continued focus on digitalisation, IT development and process improvements is expected to enhance cooperation with clients and overall customer satisfaction.

Some of the key strategic considerations for the Group are:

Geography & size – the Group aims to expand its market presence, with a particular focus on strengthening its market position in the Baltic capital cities.

Diverse revenue streams – the Group generates revenue from multiple business lines, including rental services and the sale of both new and used construction equipment, ranging from slightly used to heavily used machinery, which supports diversification of revenue streams and customer segments.

Different pricing strategies – the Group applies various pricing models, including daily, weekly, monthly and hourly pricing, as well as stair-step and weekend pricing.

Marketing and sales strategy – the Group combines targeted marketing campaigns, including social media, Google AdWords and SEO practices, with active sales efforts focused on approximately 5,000 of the largest companies operating in the construction and related industries in the Baltic region. The Group also participates in major industry exhibitions to enhance its visibility and customer relationships.

High-quality products – the Group offers both high-quality premium equipment and lower-cost products suitable for the Baltic market, while maintaining an appropriate level of quality, recognising that customers often base their rental decisions on the equipment used.

Customer service – the Group seeks to maintain a high level of customer service in order to remain competitive in the market, including by providing 24/7 customer support, delivery services, equipment repair services and operator services for construction equipment. The Group offers both rental and sales solutions depending on the customer's needs and usage patterns, while also using rental services as a channel to promote equipment sales by allowing customers to test equipment prior to purchase.

Product development and innovation – the Group continuously evaluates new business directions, products and product groups in order to respond to evolving customer demand and market trends in the construction equipment sector.

10.5 Key Strengths of the Group

The following constitute the key strengths of the Group:

Speed – key focus is on speed in all activities and services. The Group's competitive edge lies in delivering exceptional service, rapid responsiveness, flexibility, and innovative solutions.

Active direct phone sales and visits to customers – at present, the Group has a team of 13 active salespeople in the represented markets.

Diversified customer base – the customer base is well diversified, comprising of almost 3000 active customers. In 2025, the Group's largest customer accounted for approximately 2% of total revenue, while the 5 (five) largest customers together accounted for approximately 8% of total revenue.

Diversified revenue – in 2025, the Group's revenue consisted of approximately EUR 5.4 million from rental services, approximately EUR 4.6 million from sales and approximately EUR 1.2 million from other services. The Group's core markets are Latvia and Lithuania, while operations in Estonia are currently limited to sales activities.

Re-rent model – where specific equipment requested by customers is not available within the Group's own fleet, the Group sources such equipment from cooperation partners in order to meet customer demand and maintain flexibility in its service offering.

High quality used machines – the Group provides excellent offers on used machines in top condition, sourced directly from the rental fleet. This provides the Group with flexibility to manage the fleet utilization levels and overall balance sheet.

Service quality – the Group provides customers with a range of services, including 24/7 support, equipment replacement, operator services, financing options, short-term rentals, seasonal rentals, equipment testing, re-rental, and buy-back contracts.

Customer portal and digital infrastructure – the Group prioritises e-channels for customer acquisition, communication, service and retention, utilising digital solutions for contracts, ordering, payments and asset tracking. In 2026, the Group plans to launch a customer portal enabling clients to access information regarding transactions, pricing, outstanding balances, rental periods and invoices. Customer onboarding is carried out through customer application forms and internal verification procedures performed by the Group's customer service team.

Digital contracting solutions – the Group's digital platform eliminates the need for in-person contract signings. As at the date of this Information Document, more than 50% of rental contracts are signed digitally, with the Group targeting above 70% in 2026.

After-sale support – the Group offers maintenance and repair services for the equipment it has sold. Satisfied customers return to make additional purchases and frequently recommend the Company to others.

10.6 Digitalization of processes:

The Issuer's website is designed to be user-friendly, enabling customers to access their current rentals, review pending invoices, place equipment orders and interact with the Issuer, including through e-signatures and Smart-ID.

The Group has implemented and continues to develop digital solutions aimed at improving operational efficiency and enhancing customer experience, including:

- Use of modern Rental management Solutions – MCS-rm rental software, that gives full control of the Group's hire business, improves performance and helps business to grow.
- Development of customer portal for equipment rental.
- Simplified rental process for both the customer and the Group with less paperwork.
- MCS-rm rental software integrations with the Group's accounting system and customer portal.

10.7 Key suppliers of the Group

The Group cooperates with a range of key suppliers to ensure the availability and quality of its equipment and services, including:

swepac	**Swepac AB** is the main supplier of compaction and concreting equipment (including forward vibratory plates, tampers, reversible vibratory plates, trowels and other tools).
HILTI	**Hilti** is the leading tool producer (including electric drills, heavy angle drills, laser levels, power saws, fasteners and other tools).
JUMBO	**JUMBO** is the largest supplier of scaffolds (including aluminium scaffolds, steel scaffolds, step ladders and etc).
Husqvarna	**Husqvarna** is the key supplier of cutting tools (including trimmers, hedge trimmers, leaf blowers, chainsaws and other tools).
MANITOU	**Manitou** is the World's leading producer of material handling equipment, offering the best solutions for the main segments such as agriculture, construction and specific industries.
SUNWARD	**Sunward Europe Heavy Industry** serves as the primary supplier of mini excavators and loaders.
DINOlift	**DINOlift** is the main supplier of telescopic lifts.

JCB	**JCB** is one of the world’s leading manufacturers of construction equipment, offering a broad range of machinery and solutions for construction, agriculture, waste handling and industrial applications.
MERLO	**Merlo** is a globally recognised Italian manufacturer of telehandlers and material handling equipment, known for innovative solutions for construction, agriculture and industrial sectors.
GEDA® ORIGINAL	**GEDA** is a leading German manufacturer of lifting and access equipment, specialising in construction hoists, transport platforms and industrial elevator solutions for construction and maintenance projects.
KOMATSU	**Komatsu** is one of the world’s largest manufacturers of construction and mining equipment, providing machinery and technology solutions for infrastructure, earthmoving and industrial applications.
CAT	**Caterpillar (CAT)** is one of the world’s leading producers of construction and mining equipment, diesel and natural gas engines, and industrial machinery, serving customers across construction, infrastructure and energy sectors.

10.8 The Group’s geographical markets

The Group’s core geographical markets are Latvia and Lithuania. The Group is also present in Estonia, where its operations are currently limited to sales activities.

The Group operates the following rental locations:

- Latvia, 2 depos – Kārļa Ulmaņa gatve 3, Riga and Dzelzavas iela 70, Riga
- Lithuania, 1 depo – Parodų gatvė 2, Vilnius

The Group operates primarily in Latvia and Lithuania, while its operations in Estonia are currently limited to sales activities. In 2025, 63% of the Group’s revenue came from Latvia and 36% from Lithuania.

10.9 Former operations in Poland

From 2016 to 2020, the Company had a subsidiary in Gdansk, Poland. However, due to low business results, operations have been discontinued since December 31, 2020, the company currently does not conduct any commercial activity in Poland, and the subsidiary is planned to be liquidated. All equipment has been transferred to the Baltics.

10.10 Former rental operations in Estonia

The Group previously operated a rental business in Estonia. However, the rental operations have been discontinued and, as at the date of this Information Document, the Group's activities in Estonia are limited to sales operations.

10.11 The Group's revenue split by category

Arsenal maintains Pan-Baltic operations with balanced performance across all three markets and product groups. The revenue breakdown by product groups in 2025 is displayed in the table below:

Business activity	2024, EUR	2024, % of total	2025, EUR	2025, % of total
Rental and re-renting of equipment	4 902 243	45.4%	5 370 280	47.9%
Sale of goods	4 783 641	44.2%	4 600 754	41.0%
Revenue from technical and transport services	1 112 823	10.3%	1 245 468	11.1%
Total Net Revenue	10 798 807		11 216 502	

Source: Audited consolidated Financial Report

Rental revenue category consists of income generated by renting out the Group's own construction equipment, as well, as re-renting equipment from the Group's partners, in order to meet customer demand.

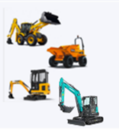
Sale of goods category includes sales of brand-new construction equipment, which has not been previously used or rented out.

Technical, transportation and other services category includes revenue generated from transporting machinery to clients, repair and maintenance services, as well as operator work services.

10.12 The Group's asset overview

The Group's total consolidated assets as of 31 December 2025 where EUR 12.7 million. Rental equipment constitutes the majority of the Group's assets. The assets are revalued on an annual basis by and independent valuator, and as of 31 December 2025, the assets were valued at EUR 8.9 million.

Overview of the Group's rental equipment:

Asset group	Earth treatment and tractor units	Lifting machines	Telescopic and warehouse loaders	Compaction	Heaters and dehumidifiers	Aluminium towers and ladders	Other equipment
Revenue share	44%	9%	9%	4%	3%	8%	23%
Avg. acquisition value (EUR)	39,791	16,808	56,235	3,223	401	133	1,135
Key brands	JCB KOMATSU	SINOBOOM MANITOU	MANITOU FARESIN	SWEPAC	MASTER	JUMBO	Husqvarna HILTI
Selected equipment							

Source: The Group's management reports and accounting records as of 31 December 2025. Revenue share is based on the Group's revenue for the financial year 2025

10.13 Financing structure of the Group

The Group aims for a balanced financing structure to provide flexibility for its growth plans. Currently, it relies on shareholder equity, Subordinated Debt, loans and lease liabilities from credit institutions, the

Existing Bonds, and supplier credit (leasing) as main sources of financing. This diverse approach ensures a strong financial foundation, supporting the Group's commitment to steady growth and strategic adaptability.

The Group's funding structure is reflected in more detail in Clause 11.3 (Important financial information regarding the Issuer, key financial indicators and alternative performance measures).

10.14 Existing Bonds

As at the date of this Information Document, the Issuer has issued secured bonds (the "**Existing Bonds**") with the following key terms:

- ISIN: LV0000860153;
- Aggregate nominal value: EUR 4 500 000;
- Number of bonds: 4 500;
- Nominal value per bond: EUR 1 000;
- Interest rate: 12.00% per annum (fixed);
- Maturity date: 31 May 2026.

The Existing Bonds entitle Existing Bondholders to receive monthly interest payments and repayment of the nominal value at maturity, in accordance with the terms of issue of the Existing Bonds.

The Existing Bonds are admitted to trading on the Nasdaq Baltic First North market.

10.15 Subordinated Debt

The Issuer has Subordinated Debt provided by its shareholder, the Fund. As at the date of this Information Document the outstanding amount of the Subordinated Debt amounted to EUR 738 071.11 (seven hundred thirty-eight thousand seventy-one euro and 11 cents).

The Subordinated Debt bears interest at the rate of 9% (nine per cent) per annum. Interest under the Subordinated Debt is accrued and capitalised and is not subject to regular cash payments during the term of the Subordinated Debt.

10.16 Bank Loan

As at the date of this Information Document, the Issuer is in the process of entering into a loan agreement with Signet Bank AS (the "**Bank Loan**") with the following key terms:

- Lender: Signet Bank AS
- Principal amount: EUR 4 400 000
- Interest rate: 6M EURIBOR + 4% (min 6%) per annum
- Term of the loan: 3 years, with the possibility to extend the loan maturity by another 4 years subject to fulfilment of specific conditions
- Repayment structure: 7-year amortisation schedule

The Bank Loan is expected to be secured by first-ranking security over the Bank's Collateral. Accordingly, the Bank Loan is expected to rank senior to the Bonds in respect of the Collateral.

The Bank Loan is expected to include covenants restricting the disposal, transfer or replacement of assets forming part of the Collateral, except in accordance with agreed conditions, including, inter alia, replacement of assets or application of proceeds.

Up to EUR 2 900 000 of the Bank Loan is expected to be used to refinance the Group's existing lease liabilities, while the remaining part (approximately EUR 1 500 000) together with the proceeds from the issue of the Bonds shall be used to refinance the Existing Bonds. The refinancing of the Existing Bonds is expected to be implemented through a dedicated escrow and/or settlement arrangement.

10.17 Security granted to secure the Group's financing:

(a) The Bank Loan will be secured by the Bank's Collateral.

(b) The Existing Bonds are secured by the Existing Collateral, which includes: a commercial pledge over all assets of the Issuer, all assets of the Subsidiary Arsenal Industrial UAB, registration No. 304784353 and all assets of the Subsidiary Arsenal Industrial OÜ, registration No. 14041623, as well as 51% (fifty-one per cent) shares in the Issuer held by the Majority Shareholder. Further, the Existing Bonds are guaranteed by the following guarantees: (a) Guarantee in the amount of EUR 4 500 000 provided by the Issuer's Subsidiary Arsenal Industrial UAB, registration No. 304784353; and (b) Guarantee in the amount of EUR 4 500 000 provided by the Issuer's Subsidiary Arsenal Industrial OÜ, registration No. 14041623. The Existing Bonds will be refinanced using the proceeds from the Bonds and the Bank Loan.

(c) The long-term and short-term leasing arrangements are expected to be refinanced with the Bank Loan, and the related security is expected to be replaced by, or form part of, the Bank's Collateral.

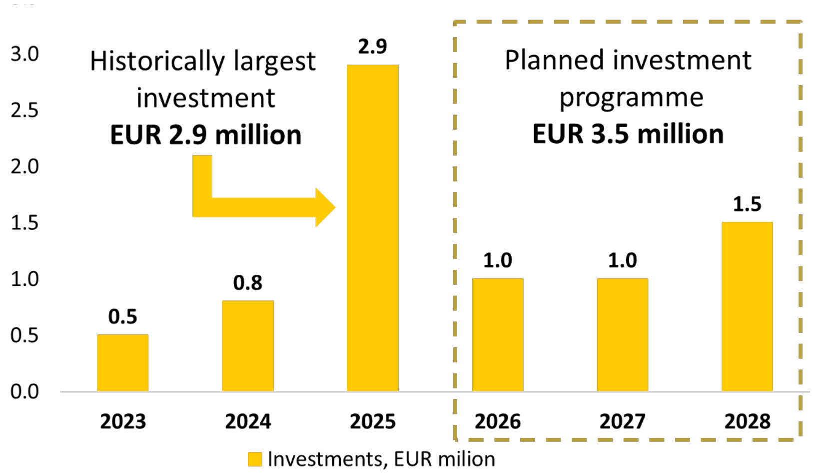
(d) The Bonds are expected to be secured by a second-ranking commercial pledge over all assets of the Issuer (including assets to be acquired or refinanced, inter alia, from existing lease arrangements), a commercial pledge over 51% (fifty-one per cent) of the shares in the Issuer (held by the Majority Shareholder), as well as a commercial pledge over all assets (including assets to be acquired or refinanced, inter alia, from existing lease arrangements) of the Issuer's Subsidiary Arsenal Industrial UAB (registration No. 304784353). Such Collateral will rank junior to the Bank's Collateral securing the Bank Loan. See Clauses 7.5 (Status and Ranking of the Bonds), 7.6 (Collateral) and 10.16 (Bank Loan) for further details.

10.18 Description of significant future investments and commitments

In 2025 the Group invested EUR 2.9 million in new equipment, which is historically the largest investment made by the Group in a single year. The investments were financed by internal cash flows and lease liabilities.

The Group intends to continue investing in the expansion and renewal of its construction equipment fleet. The Group expects to invest more than EUR 1 000 000 (one million euros) annually in the acquisition of new equipment and machinery. Such investments are expected to be financed through a combination of the Group's own funds and external financing, including leasing arrangements provided by financial institutions.

The Group's historical and planned investments in the fleet:



Source: Management reports and estimates

10.19 Market overview and competition

Over the coming years, the Group expects to further increase its revenue base through continued investments in new equipment and by increasing its market share across all three Baltic countries

According to the Group's management estimates, the Baltic rental machinery market size is around EUR 430 million:

- Latvia EUR 100 million
- Estonia EUR 140 million
- Lithuania EUR 190 million

The Group's total market share in the Baltics is estimated at 2.6%, while in Latvia that is the Group's largest geographic market the Group's market share is estimated at 6%.

The Baltic construction market demonstrated strong growth in 2025 (+8% yoy) and is expected to continue growing, supported by infrastructure, energy and EU-funded projects. The growth was also reflected in the growth of Baltic equipment rental market, which grew by 3% in 2024 and 5% in 2025.

Construction market growth is driven by Rail Baltica, renewable energy investments, grid modernization and public infrastructure development. Residential construction activity is gradually recovering across the Baltics, supported by stabilizing interest rates and improving building permit activity.

Earthmoving and heavy construction equipment remain the dominant rental segment across the Baltics, driven by infrastructure and civil engineering projects (c.55-60% of total rental demand).

Digital fleet management, telematics, and online rental platforms continue improving fleet utilization and operational efficiency.

Lithuania remains the largest construction market in the Baltics, while Latvia and Estonia continue benefiting from significant transport, defence and energy infrastructure investments.

Baltic construction market overview (2022 – 2027E)

Metric	2022	2023	2024	2025E	2026E	2027E
Construction output, EUR bn	14.7	15.8	15.4	16.6	17.4	18.1
YoY growth, %	-	+7.5%	-2.5%	+7.8%	+4.8%	+4.0%
Residential Construction Volume, (1000 m2, permitted area)	2,320	2,450	2,520	2,650	2,780	2,920
Active construction companies (thsd)	21.5	22.0	22.3	22.7	23.1	23.5

Source: Eurostat, national statistical offices (CSP Latvia, Statistics Lithuania, Statistics Estonia), European Commission forecasts and industry estimates

Latvia's construction market overview (2022 – 2027E)

Metric	2022	2023	2024	2025E	2026E	2027E
Construction output, EUR bn	3.3	3.9	3.8	4.1	4.3	4.4
YoY growth, %	-	+18.9%	-4.3%	+9.0%	+3.9%	+3.2%
Residential Construction Volume, (1000 m2, permitted area)	917	829	923	950	980	1,010
Active construction companies (thsd)	7.3	7.5	7.6	7.8	7.9	8.0

Source: Central Statistical Bureau of Latvia (CSP), European Commission forecasts and management estimates

10.20 Overview of recent fundraising projects

In 2025, the Group acquired new construction equipment in the aggregate amount of approximately EUR 2 800 000 through leasing arrangements financed by Bigbank AS and AS "Reģionālā investīciju banka". The respective leasing arrangements will be refinanced through the Bank Loan.

In 2026, the Group applied for and was granted support under an ALTUM grant programme for software improvements relating to the Visma Horizon system in order to improve warehouse accounting and warehouse management processes. The total project budget amounts to approximately EUR 6 400, of which approximately 40% (EUR 2 560) is financed through the ALTUM grant, while the remaining part is financed by the Group from its own funds.

10.21 Issuer's share capital and equity securities

As at the date of this Information Document, the Issuer's share capital amounts to EUR 56 864 (fifty-six thousand eight hundred sixty-four euros) and is divided into 56 864 (fifty-six thousand eight hundred sixty-four) shares, each with a nominal value of EUR 1 (one euro).

All shares of the Issuer are of the same class and have been fully paid up. There are no unpaid share capital contributions.

Each share carries equal rights, including the right to participate in the distribution of profits (dividends), the right to receive a share of assets upon liquidation, and the right to vote at the General Meeting.

The Issuer has not issued any other classes or categories of equity securities.

For further information on the Shareholders of the Issuer, please see Clause 12.3 (Shareholders of the Issuer).

10.22 Distribution of profits and other benefits

The Issuer or the Subsidiaries have not adopted any share-based incentive schemes, option programmes or similar employee participation arrangements. Any distribution of profits, including dividend payments, is decided by the General Meeting of the Issuer in accordance with Applicable Law and the Articles of Association of the Issuer. The Issuer's management and the Group's employees receive remuneration in the ordinary course of business.

10.23 Information on litigation, insolvency and regulatory proceedings involving the Issuer

As at the date of this Information Document, the Issuer is not aware of any governmental, legal, arbitration, insolvency or regulatory proceedings involving the Issuer, its Subsidiaries, Collateral Providers or members of their management bodies which may have, or have had during the last five years, a material adverse effect on the Issuer's financial condition or profitability, other than as disclosed in this Information Document.

10.24 Material changes in the financial position of the Issuer

Since the date of the most recent Financial Report, there has been no material adverse change in the financial position or performance of the Issuer. The Issuer is not aware of any factors, claims, obligations or events which could have a material adverse effect on the financial position or performance of the Issuer.

10.25 Material agreements

The Issuer has entered into an investment agreement with the Fund in relation to the Fund's investment in the Issuer.

Except as disclosed in this Information Document, the Issuer is not aware of any material agreements outside the ordinary course of business which may materially affect the Issuer's ability to fulfil its obligations under the Bonds. For transactions with related parties, please see Clause 12.4 (Transactions with the Related Parties and the Group companies).

10.26 Significant recent trends and known future developments

As at the date of this Information Document, the Issuer is not aware of any other known trends or uncertainties that have had, or are reasonably expected to have, a material adverse effect on the Group's operations since the last published audited financial statements, other than as disclosed in this Information Document.

10.27 Financial forecasts and underlying assumptions

Supported by further investments in machinery during the coming years and gradual optimisation of the Group's fleet and strategy, the Group expects to achieve moderate revenue and EBITDA growth that together with amortisation of Bank Loan should support gradual reduction in the Group's financial leverage.

The management expectations of the development of the Group's key financial metrics over the period from 2026-2028 are reflected in the table below:

Metric, EUR m	2025	2026e	2027e	2028e
Revenue	11.2	12.3	13.1	14.1
EBITDA	1.7	1.8	1.8	2.1
Financial Indebtedness	7.2	7.6	7.3	7.0
Equity Ratio	16.7%	16.4%	18.2%	21.7%
Net Debt Leverage Ratio	4.25x	3.6x	3.3x	2.8x

11. FINANCIAL INFORMATION AND AUDIT OF ANNUAL FINANCIAL STATEMENTS

11.1 Accounting standards applied and financial reporting frequency

The Group's financial statements for the years 2023, 2024 and 2025 have been prepared in accordance with Latvian Accounting Standards, as set forth in Law on Annual Statements and Consolidated Annual Statements of the Republic of Latvia and have been audited by SIA "POTAPOVIČA UN ANDERSONE", registration number: 40003612562 (licence No. 99), a member of the Latvian Association of Sworn Auditors (in Latvian - *Latvijas Zvērinātu revidentu asociācija*).

The Group prepares and publishes consolidated condensed unaudited quarterly reports, together with management commentary, in accordance with the Accounting Principles within two months following the end of each respective quarter. Proof of compliance with the Financial Covenants is included in each quarterly report.

The Group prepares and publishes audited consolidated annual reports in accordance with the Accounting Principles within four (4) months after the end of each financial year.

The Issuer publishes financial reports, non-financial reports, notices and any other information to Bondholders as required under this Information Document and Applicable Law on its website and on Nasdaq Riga's website (if the Bonds are listed on First North).

The audited consolidated annual reports of the Group for the financial years 2023, 2024 and 2025, including the management reports and independent auditor's reports, are available on the Issuer's website at www.arsenalnoma.lv/for-investors and, on the Nasdaq Riga website.

11.2 Financial information for the previous year and reference to audited financial statements

The Group's financial reports are available on the Issuer's website and via the Nasdaq Riga website.

The tables below present key selected financial information for the Group and have been derived from the Group's: (i) audited consolidated Financial Report as at the end of and for the financial year ended 31 December 2025; (ii) audited consolidated Financial Report as at the end of and for the financial year ended 31 December 2024; (iii) audited consolidated Financial Report as at the end of and for the financial year ended 31 December 2023.

Audited Consolidated statement of income data (in EUR)

Statement of profit or loss	**2023**	**2024**	**2025**
Net turnover	11 151 662	10 798 807	11 216 502
including from construction services rendered	246 497	233 845	241 123
Cost of sales	-8 370 734	-8 417 056	-8 486 794
Gross profit	**2 780 928**	**2 381 751**	**2 729 708**
Distribution costs	-1 289 096	-1 292 521	-1 340 358
Administrative expense	-902 870	-860 855	-822 513
Other operating income	204 377	294 370	248 445
Other operating expense	-50 913	-52 301	-51 089
Other interest and similar income:	883 855	5 864	7 384
other companies	*883 855*	*5 864*	*7 384*
Interest and similar expense:	-949 208	-876 195	-819 263
other parties	*-949 208*	*-876 195*	*-819 263*
Profit/loss before the Corporate income tax	**677 073**	**-399 887**	**-47 686**
Corporate income tax for the reporting year	-2 805	-	-11 367
Net profit/loss for the reporting year	**674 268**	**-399 887**	**-59 053**

Audited Consolidated Statement of Financial Position (in EUR)

ASSETS	2023	2024	2025
Non-current assets			
Intangible assets			
Concessions, patents, licenses, trademarks and similar rights	112 104	85 199	58 294
Intangible assets under development	5 074	5 074	15 435
TOTAL	**117 178**	**90 273**	**73 729**
Property, plant and equipment			
Other fixed assets and equipment	6 788 066	6 857 250	8 996 497
Leasehold improvements	78 118	78 298	72 275
Construction in progress	-	78 346	67 914
TOTAL	**6 866 184**	**7 013 894**	**9 136 686**
Long term financial investment			
Prepaid expenses	113 886	33 496	-
TOTAL	**113 886**	**33 496**	-
TOTAL NON-CURRENT ASSETS	**7 097 248**	**7 137 663**	**9 210 415**
Current assets			
Inventories			
Raw materials and consumables	350 404	392 027	378 213
Finished goods and goods for sale	820 704	2 004 949	943 241
Prepayments for inventories	45 169	35 112	80 091
TOTAL	**1 216 277**	**2 432 088**	**1 401 545**
Receivables			
Trade receivables	1 173 049	1 314 472	1 553 415
Other receivables	24 004	18 225	39 127
Prepaid expenses	143 800	140 513	59 404
Accrued income	62 610	5 240	14 788
TOTAL	**1 403 463**	**1 478 450**	**1 666 734**
Cash	306 262	275 523	395 396
TOTAL CURRENT ASSETS	**2 926 002**	**4 186 061**	**3 463 675**
TOTAL ASSETS	**10 023 250**	**11 323 724**	**12 674 090**

EQUITY	2023	2024	2025
Share capital	49 020	49 020	56 864
Share premium	980 980	980 980	1 176 980
Revaluation reserves for long term investments	715 020	1 336 235	1 611 375
Foreign currency revaluation reserve	18 305	18 425	18 538
Accumulated loss	-1 674 069	-999 801	-1 399 688
Profit/loss for the reporting year	674 268	-399 887	-59 053
TOTAL EQUITY	**763 524**	**984 972**	**1 405 016**
LIABILITIES			
Non-current liabilities			
Bond-secured loans	4 500 000	4 500 000	4 500 000
Other liabilities	1 166 713	625 863	1 025 015
Payables to related companies	601 487	711 892	746 803
TOTAL	**6 268 200**	**5 837 755**	**6 271 818**

Current liabilities			
Loans from credit institutions	-	-	970 154
Other loans	988 378	1 226 647	729 293
Prepayments received from customers	32 749	15 182	45 957
Trade payables	1 349 230	2 471 346	2 372 634
Payables to related companies	10 460	126 182	148 734
Taxes payable	290 380	425 999	437 359
Other liabilities	114 068	94 524	112 408
Deferred income	9 500	800	27 720
Accrued liabilities	196 761	140 317	152 997
TOTAL	**2 991 526**	**4 500 997**	**4 997 256**
TOTAL LIABILITIES	**9 259 726**	**10 338 752**	**11 269 074**
TOTAL EQUITY AND LIABILITIES	**10 023 250**	**11 323 724**	**12 674 090**

Audited Consolidated Statement of Cash Flows (in EUR)

Cash flows to/ from operating activities	**2023**	**2024**	**2025**
Profit/ (loss) before adjustments for the effect of changes in current assets and current liabilities	677 073	-399 887	-47 686
Adjustments for:			
Depreciation and impairment of property, plant and equipment	731 506	691 733	726 548
Amortization and impairment of intangible assets	22 421	26 905	26 905
Gain or loss from fluctuations of currency exchange rates	-2 263	121	113
Gain or loss from disposal of property, plant and equipment	-134 092	-153 323	-157 680
Other interest and similar income	-452	-5 864	-7 384
Proceeds from the reduction of financial liabilities	-883 403	-	-
Interest and similar expense	949 208	876 195	819 263
Profit/ (loss) before adjustments for the effect of changes in current assets and current liabilities	**1 359 998**	**1 035 880**	**1 360 079**
(Increase) or decrease in receivables	-373 037	5 402	-180 702
(Increase) or decrease in inventories	-407 625	-1 215 810	1 030 542
Increase or (decrease) in trade and other payables	758 865	1 134 665	-385 724
Cash generated from operations	**1 338 201**	**960 137**	**1 824 195**
Corporate income tax paid	-4 118	-	-
Net cash flows to/ from operating activities	**1 334 083**	**960 137**	**1 824 195**

Cash flows to/ from investing activities	**2023**	**2024**	**2025**
Purchase of property, plant and equipment and intangible assets	-208 680	-200 560	-795 534
Proceeds from sale of property, plant and equipment and intangible assets	291 162	350 152	489 545
Interest received	452	5 864	7 384
Net cash flows to/ from investing activities	**82 934**	**155 456**	**-298 605**

Cash flows to/ from financing activities	**2023**	**2024**	**2025**
Income from equity investments	-	-	203 844
Expenditure on interest payments	-817 805	-739 658	-802 721

Redemption of bonds	-4 500 000	-	-
Issue of bonds	4 500 000	-	-
Expenditure on fixed assets acquired under finance leases	-584 100	-1 205 996	-806 840
Expenditure on loan repayments	-	799 322	-
Net cash flows to/ from financing activities	**-1 401 905**	**-1 146 332**	**-1 405 717**
Net cash flow for the year	**15 112**	**-30 739**	**119 873**
Cash and cash equivalents at the beginning of the year	291 150	306 262	275 523
Cash and cash equivalents at the end of the year	**306 262**	**275 523**	**395 396**

11.3 Important financial information regarding the Issuer, key financial indicators and alternative performance measures

The shareholder's equity of the Group as of 31 December 2025 is EUR 1,405,016 (one million four hundred five thousand sixteen euros), while the Adjusted Equity of the Group is EUR 2,120,012 (two million one hundred twenty thousand twelve euros).

The Issuer's Funding Structure as of 31 December 2025 (in EUR)

Funding type	Funding amount	Comment
Share capital	56 864	
Share premium	1 176 980	
Revaluation reserves for long term investments	1 611 375	
Foreign currency revaluation reserve	18 538	
Accumulated loss	-1 458 741	
Total Equity	**1 405 016**	
Subordinated Debt	714 996	Subordinated loan from the Fund, all interest accrued (see Clause 10.15 (Subordinated Debt))
Adjusted Equity	**2 120 012**	
Existing Bonds	4 500 000	Maturity on 31.05.2026, to be refinanced by these Bonds and the Bank Loan
Loans from credit institutions	970 154	Lease from "Reģionālā investīciju banka" AS, to be refinanced with the Bank Loan
Other interest bearing liabilities	1 754 308	Lease liabilities to be refinanced with the Bank Loan
Loan from Tehnikas Brigāde	54 259	Loan from SIA "Tehnikas brigade", to be refinanced with the Bank Loan
Trade and Prepayments from customers	2 544 873	
Tax payables	437 359	
Other liabilities	293 125	
Total Equity & Liabilities	**12 674 090**	

Key financial ratios calculated based on the Group’s consolidated data

The following key financial ratios have been calculated based on the Group’s consolidated financial data. The Group believes that such key financial ratios are a useful way of understanding trends in the performance of the business of the Group over time.

Key Financial Indicators	**2023**	**2024**	**2025**
Gross margin (%)	24.9%	22.1%	24.3%
EBITDA (EUR)	1 614 814	1 302 642	1 608 095
EBITDA margin (%)	14.5%	12.1%	14.3%
Financial Indebtedness	6 655 091	6 352 510	7 224 462
Net Debt (EUR)	6 348 829	6 076 987	6 829 066
Financial Covenants			
Equity Ratio (%)	23.0%	14.3%	16.7%
Interest Coverage Ratio (x)	1.53	1.83	1.72
Net Debt Leverage Ratio (x)	3.93x	4.67x	4.25x

11.4 Working capital statement

In the opinion of the Issuer, subject to the successful completion of the Offering, the working capital available to the Issuer will be sufficient for the Issuer’s present requirements, that is, for at least 12 months from the end of the Subscription Period of the Bonds. This assessment is based on the Issuer’s current business plan and available financing sources.

12. MANAGEMENT AND SUPERVISORY BODIES OF THE ISSUER, ADVISORS AND AUDITORS

12.1 The Management Board of the Issuer

The Management Board of SIA "Arsenal Industrial" is responsible for the day-to-day management of the Group's operations. Further, according to the Latvian Commercial Law (In Latvian – *Komerclikums*), it is the obligation of the Management Board to draft the annual reports and submit the reports to the Supervisory Board for review and to the General Meeting for approval. The Management Board is accountable to the Supervisory Board and must adhere to its lawful instructions.

The composition of the Management Board of the Issuer is as follows:

Name	Position	Starting from	Term until
Gints Vanags	Board Member	26 January 2015	Undefined period or until revoked

Gints Vanags

Gints Vanags is the Group's CEO, and since establishing SIA "Arsenal Industrial" in 2014, Gints Vanags (CEO) has played an integral role in the Group's operations. Before his current role, he acquired experience in various positions, including Rental Manager at Ramirent/Loxam, Director of the Rental and Sales Department at Konekesko, and Managing Director at Storent. Gints holds an MBA degree from Stockholm School of Economics in Riga. Gints Vanags has no principal activities outside the Group.

12.2 The Supervisory Board of the Issuer

In accordance with the Commercial Law (In Latvian – *Komerclikums*), the Supervisory Board of the Issuer is responsible for the strategic planning of the business activities of the Issuer and supervising the activities of the Management Board. The Supervisory Board is accountable to the Shareholders of the Issuer (acting through the General Meeting). The Issuer is supervised by a supervisory board consisting of 3 (three) supervisory board members, which has the right to supervise the Management Board. As at the date of this Information Document, the Supervisory Board of the Issuer consists of:

Name	Position	Starting from	Term until
Ģirts Milgrāvis	Chairman of the Supervisory Board	23 October 2014	Undefined period or until revoked
Eva Miķelsone	Deputy chairman of the Supervisory Board	7 June 2024	Undefined period or until revoked
Jānis Liepiņš	Member of the Supervisory Board	23 October 2014	Undefined period or until revoked

Ģirts Milgrāvis

Partner of the Fund ("FlyCap") since 2013. Before joining FlyCap, Ģirts Milgrāvis worked in corporate finance, gaining comprehensive experience in the full investment cycle. He has actively participated in over 10 investment transactions totalling EUR 40 million, engaging in various phases of the investment cycle. Ģirts holds an MBA degree in Finance from Riga Business School and currently serves as the Chairman of the Supervisory Board of the Issuer.

Eva Miķelsone

Eva Miķelsone has served as Marketing Manager of the Issuer since 2017, leading the development and execution of the Group's marketing strategy. She has extensive experience in integrated marketing campaigns, digital marketing, customer acquisition and brand communication, as well as cooperation with sales teams and external service providers. Prior to joining the Issuer, Eva worked as Marketing Manager at Virši-A, one of the leading fuel retail networks in Latvia, where she was responsible for marketing strategy, customer engagement and brand visibility initiatives. She holds a Master's Degree in Business Communication and a Bachelor's Degree in Public Relations from the University of Latvia and currently serves as the Deputy Chairwoman of the Supervisory Board of the Issuer.

Jānis Liepiņš

FlyCap Partner since 2013. Before joining FlyCap, Jānis Liepiņš served as an Asset Manager, overseeing investments for affluent private individuals across seven projects. Additionally, he held a managerial role for eight years (1999-2008) in a prominent corporate banking institution. Jānis earned an Executive MBA degree from the Stockholm School of Economics. Currently, he is a member of the Supervisory Board of the Issuer.

12.3 Shareholders of the Issuer

The Issuer is owned by the Majority Shareholder, holding 51% of the shares, and the Fund, holding 49% of the shares. The beneficial owner of the Majority Shareholder is Mr. Gints Vanags (Member of the Management Board of the Issuer), who holds 100% of the shares in the Majority Shareholder.

The shareholders of the Fund are the state-owned joint stock company "Attīstības finanšu institūcija Altum" (wholly owned by the Republic of Latvia) and SIA FlyCap AIFP. The ultimate beneficial owners (UBOs) of SIA FlyCap AIFP are Mr. Ģirts Milgrāvis, Chairman of the Supervisory Board of the Issuer (holding 33.33% of the shares), Mr. Jānis Liepiņš, Member of the Supervisory Board of the Issuer (holding 33.33% of the shares) and Mr. Jānis Skutelis (holding 33.33% of the shares).

With respect to the Fund, the identification of ultimate beneficial owners (UBOs) is not applicable in accordance with Applicable Law, as no individual can be identified as its ultimate beneficial owner.

12.4 Transactions with the Related Parties and the Group companies

The Group enters into related party transactions in the ordinary course of business. In particular, the Issuer cooperates with SIA "Tehnikas brigade", registration No. 40103841521, a company majority-owned by the Majority Shareholder, in relation to the rental and acquisition of certain construction equipment and machinery. Such cooperation includes equipment rental and re-rental arrangements as part of the Group's ordinary business activities, including for the purposes of fleet optimisation, operational flexibility and efficient management of equipment availability and customer demand.

The Issuer is not aware of any other material related party transactions outside the ordinary course of business which may materially affect the Issuer's ability to fulfil its obligations under the Bonds.

12.5 Decisions of the Issuer on the Bonds Issue

On 11 May 2026, the General Meeting of the Shareholders of the Issuer passed a resolution to issue the Bonds and authorised the Management Board to prepare, approve and sign the Information Document and other documents required for the offering, registration and admission to trading of the Bonds, and to take all other actions necessary in connection with the issuance of the Bonds.

On 11 May 2026, the Management Board of the Issuer approved the issuance of the Bonds and the signing of the Information Document and resolved to execute all documents and take all actions related to the offering, registration and admission to trading of the Bonds.

12.6 Persons responsible for Offering of the Bonds

The Issuer, represented by the member of its Management Board, accepts responsibility for the information contained in this Information Document. For further details, please see Section 6 (Responsibility Statement).

12.7 Auditor

The financial auditor of the Group for the year 2025 is SIA "POTAPOVIČA UN ANDERSONE", registration number: 40003612562, legal address: Ūdens iela 12 - 45, Riga, LV-1007, Latvia (licence No. 99), a member of the Latvian Association of Sworn Auditors (in Latvian - *Latvijas Zvērinātu revidentu asociācija*).

12.8 Advisors involved in the issue of the Bonds

12.8.1 Arranger

The Issuer has concluded an agreement with the Arranger to organise the Issue, to communicate with Nasdaq CSD, market the Bonds to investors and conduct settlement of the Bonds during the Subscription Period. The Arranger may provide other services to the Issuer in the future and may receive remuneration for such services. The arranger may also invest in the Bonds.

12.8.2 Certified Adviser

The Issuer has engaged Signet Bank AS, registration No. 40003043232 as the Certified Adviser in connection with the admission of the Bonds to trading on Nasdaq First North.

12.8.3 Collateral Agent

The Issuer has engaged the Collateral Agent, which will hold the Collateral on behalf of the Bondholders and bondholders under the Existing Bonds. The Collateral Agent is authorized to act with the Collateral in favour of all the Bondholders in accordance with this Information Document and the Collateral Agent Agreement. The Collateral Agent may provide other services to the Issuer in the future and receive remuneration for it.

12.8.4 Legal Adviser

Legal advice to the Issuer in respect of the Bonds issue has been provided by ZAB VILGERTS SIA, a law firm registered with the Latvian Bar Association and registered with the Commercial Register of Latvia under registration No. 40203309933, with its registered address at Audēju iela 15-8, Riga, LV-1050, Latvia.

12.8.5 Disclaimer of Liability

The Arranger, the Certified Adviser, the Collateral Agent and the Legal Adviser expressly disclaim any liability in relation to the information contained in this Information Document or any part thereof and shall not accept any responsibility for the accuracy, completeness or relevance of such information.

No information contained in this Information Document or otherwise disseminated by the Issuer in connection with the Issue or the admission to trading shall be construed as a warranty or representation, whether express or implied, made by the Arranger, the Certified Adviser, the Collateral Agent or the Legal Adviser.

12.9 Conflicts of Interest

Certain advisors involved in the Bonds issue may provide other services to the Issuer in the ordinary course of their business and receive remuneration for such services. In particular, the Arranger is also acting as the lender under the Bank Loan. Such advisors may also invest in the Bonds.

13. ADDITIONAL INFORMATION

13.1 Information on whether the Issuer applies a corporate governance code

The Issuer does not apply any corporate governance code.

13.2 Information on the Group's AML/CFT/PF and Sanctions compliance measures

The Group applies customer onboarding and compliance procedures aimed at ensuring compliance with applicable anti-money laundering, counter-terrorism and Sanctions requirements. Prior to establishing cooperation with a customer, the Group's administration personnel (customer service personnel) verify whether the customer or its shareholders are subject to international or national sanctions by using publicly available databases and information sources, including Firmas.lv and Lursoft.

13.3 External audit of the information included in this Information Document

The information contained in this Information Document has not been verified by auditors.

13.4 Statements or reports included in this Information Document

This Information Document does not contain any expert statements or reports.

13.5 Credit Ratings

Neither the Issuer nor the Bonds have been assigned a credit rating.

13.6 Amendments to the Information Document

If, after the publication of this Information Document but prior to the end of the Subscription Period or the commencement of trading on First North operated by the Nasdaq Riga, the Issuer becomes aware of any material new factor, mistake or inaccuracy relating to the information included in this Information Document which is capable of affecting the assessment of the Bonds, the Issuer shall prepare a supplement or amendments to this Information Document.

The Issuer shall also amend the summary of this Information Document as necessary to reflect such changes.

The Issuer shall amend or supplement this Information Document in accordance with Applicable Law.

Any amendments or supplements to this Information Document shall be published in the same manner as this Information Document and shall form an integral part thereof. Any such amendments or supplements will be published on the Issuer's website.