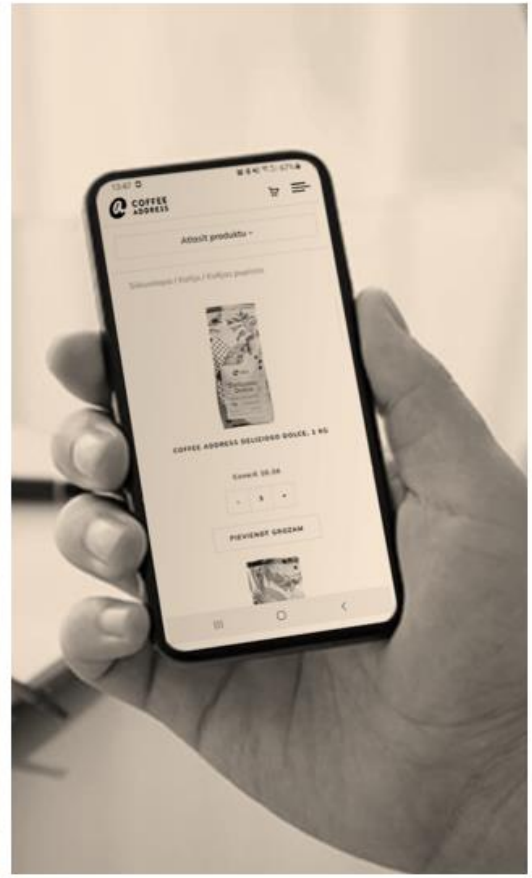

COFFEE ADDRESS

Coffee Address Investor Presentation

31 May 2022

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Target market

The target market assessment by the product manufacturer Signet Bank AS has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties, professional clients, and retail clients, each as defined in Directive 2014/65/EU (MIFID II); (ii) all channels for distribution of the Bonds to eligible counterparties, professional clients and retail clients are appropriate.

Any person subsequently offering, selling or recommending the Bonds (a Distributor) should take into consideration the manufacturer's target market assessment, however, a Distributor subject to MIFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

1

Executive Summary

Coffee Address at a Glance

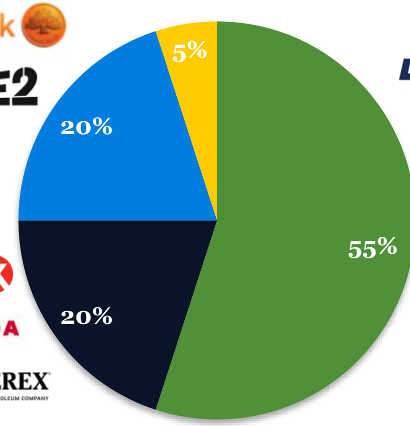
We have created a market leader in the Baltics providing self-service premium coffee and convenience food solutions.

- **#1 coffee** solution provider in all three Baltic countries operating in different channels
- Industry **consolidator** with proven track record; since 2017 have performed 7 M&A transactions
- Strategic network and best locations driving scale and creating **high entry barriers**
- Diversified client base with **loyal blue chip customers** and outstanding customer retention
- **Efficiency** driven by modern infrastructure and strong technology platform
- Increased revenue by 3x and EBITDA by 4x from 2017 – 2021. Solid **platform for further growth**
- Strong execution capabilities with **experienced management** team backed by leading **Baltic** private equity firm BaltCap
- **Debut in bond markets** to refinance near-term liabilities and optimize the cash flow profile

Key Figures

- **c. €37m** sales in 2022
- **c. €7,5m** EBITDA in 2022
- **c. €25m** investments in past 5 years
- **13,000+** serviced machines
- **c. 300** employees
- **c. 5,000** Satisfied B2B customers

What we do?

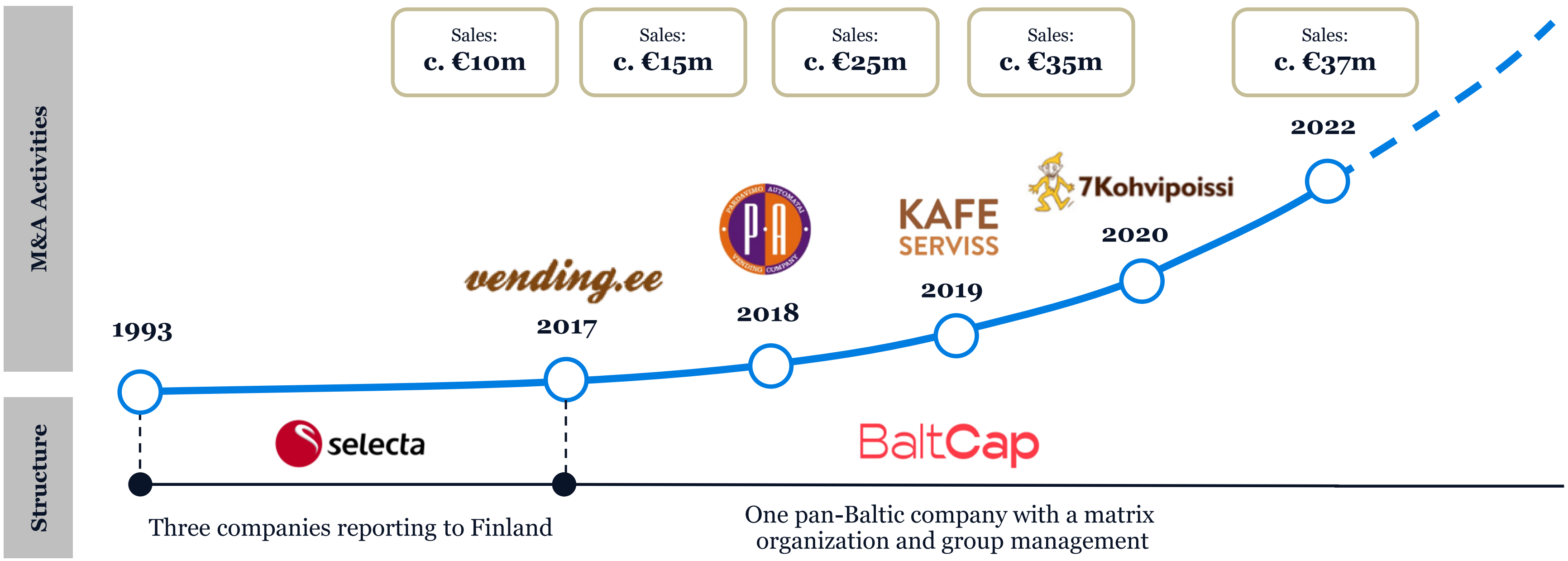


Vending
Retail & convenience
Solutions for offices
Other

Growth Story

Under BaltCap's ownership, Coffee Address has transformed from three independent Selecta subsidiaries to one pan-Baltic company with a matrix organization and group management.

Past Transformations & Accomplishments



Highlights

- Local entities in Lithuania, Latvia and Estonia founded
- Acquired by Selecta in 1995 / 97
- Independent entities with decentralized operations

- Market consolidation (7 companies acquired and integrated)
- Increased sales more than 3x to €40m and EBITDA 5x to c. €10m
- Successful development / implementation of digitalization strategy
- Upgraded and streamlined machine park
- Established robust supply chains for attractive market solutions

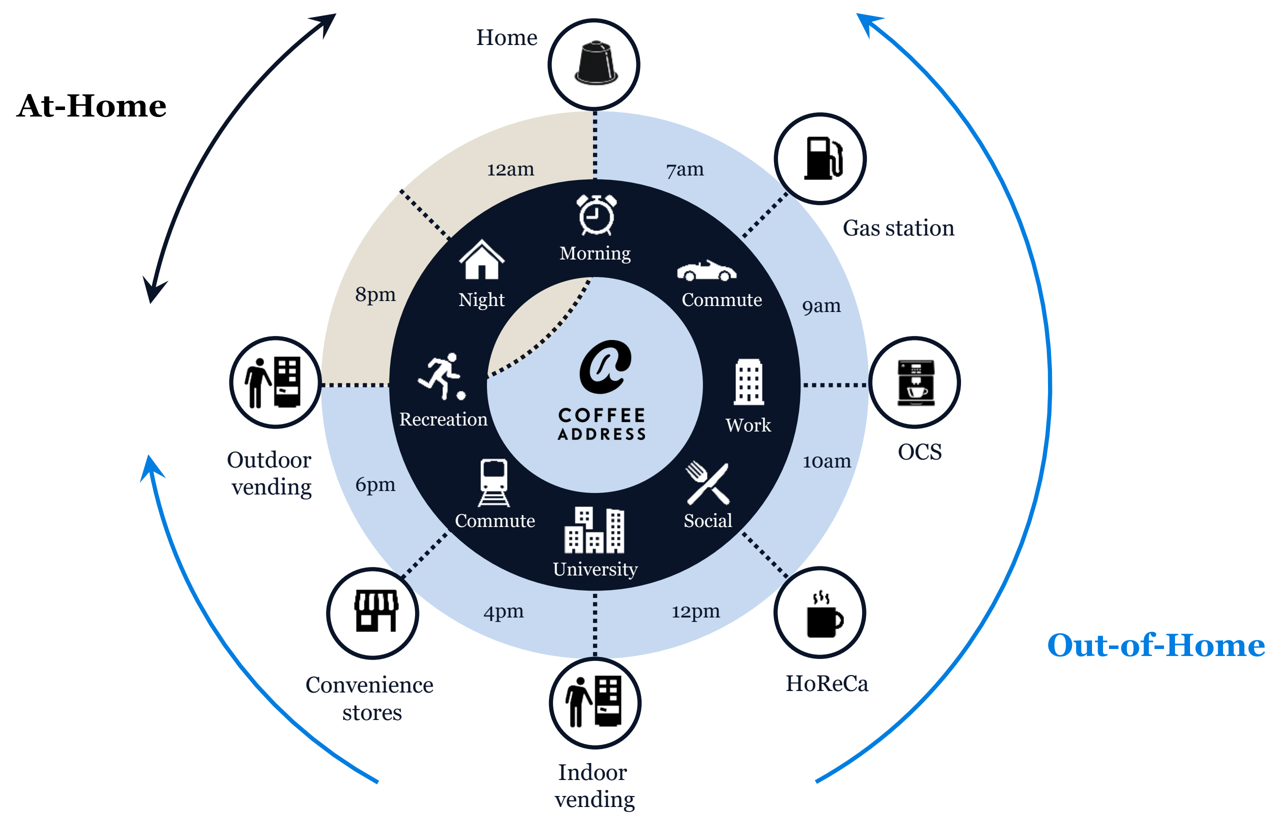
Strong platform as basis for further internal and external growth

Source: Company information
Note: Figures are illustrative for the indicated period and rounded

Positioning

Coffee Address is present in all relevant out-of-home channels along the consumer's daily journey.

Positioning in Coffee Consumer's Journey (Excluding Coffee Retail Stores)



Source: Company information

Segments, Product & Service Offering

Coffee Address offers a wide range of products and services for different segments, individually tailored to the needs of its customers.

Segment[1]	 Vending 55%	 Retail & Convenience 20%	 Solutions for Offices 20%
Offering	• Bean-to-cup coffee and snack machines, instant or fresh milk • Coffee Address or Lavazza branded LAVAZZA TORINO, ITALIA, 1895 • Indoor and outdoor, public and private locations • 100% cashless payments available • Fixed rent, revenue share, employer subsidized purchases	• Premium high-capacity bean-to-cup fresh milk machines • Focused on market-leading chains • Typically, private label from two international roasters PELICAN ROUGE; schirmer kaffee	• Premium low, medium and high-capacity bean-to-cup fresh or instant milk machines • Focused on larger offices with 50+ employees • Mostly free for employees • Ingredient sales: Coffee Address blends, Lavazza or Augusts LAVAZZA TORINO, ITALIA, 1895; KALVE COFFEE ROASTERS • Can be supplemented by snack offering
Selected Customers	Regionaalhaigla; Latvijas Finieris; Vilnius Airport Lithuanian Airports; RIX Riga Airport; Vilnius University	VIADA; SELVER; CIRCLE K; R kiosk; OLEREX	Telia; TELE2; SEB; Swedbank
Service Type	• Full service	• Based on customer need, from equipment sales and service-only to full solution including category management advice	• Partial service with daily cleaning and filling performed by customer
Equipment	NECTA	FRANKE; schaerer swiss coffee competence	FRANKE; jura; NECTA
Digital Solution	• Nayax powered cashless payments (Nayax) • Coffee Address Club consumer loyalty app (app) • AI-enabled vending management system	• Self-service portal	• Self-service portal • Espresso Blue e-commerce shop (ESPRESSO BLUE)

Source: Company information

(1) Percentage indicated indicative sales per segment for year 2022, 5% are attributed to "Other"; Vending includes vending sales and outdoor vending segments, Retail & Convenience includes commercial, HoReCa and retail segments, Solutions for Offices includes OCS, Other includes machines sales and other segments

Geographic Presence

Coffee Address has dense presence and a strategic network of locations in over 30 urban areas and other regions driving scale and creating attractive economics.

Footprint[1]

Population

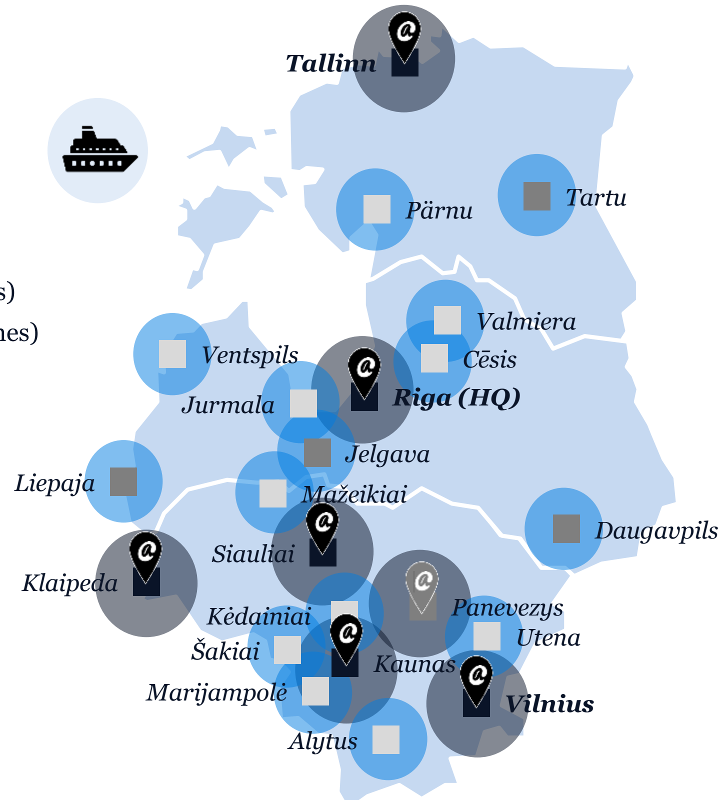
- >100,000
- >50,000
- >20,000

Density

- High (>500 Machines)
- Medium (>50 Machines)
- Low (<50 Machines)

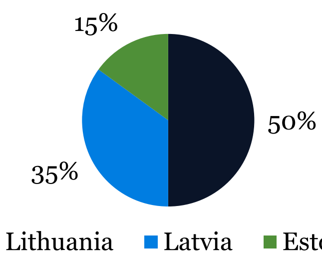
Other

- Office / Warehouse



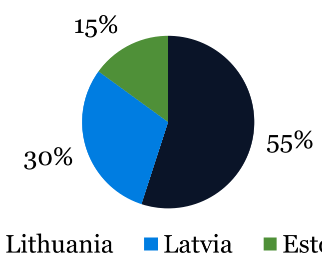
Sales by Country – Illustrative

Total: c. 37m sales in 2022E



Machines by Country – Illustrative[1]

Total: c. 13,500 machines in Q4 2021



Source: Company information

Note: Figures are illustrative for the indicated period and rounded

(1) As per 15-October 2021

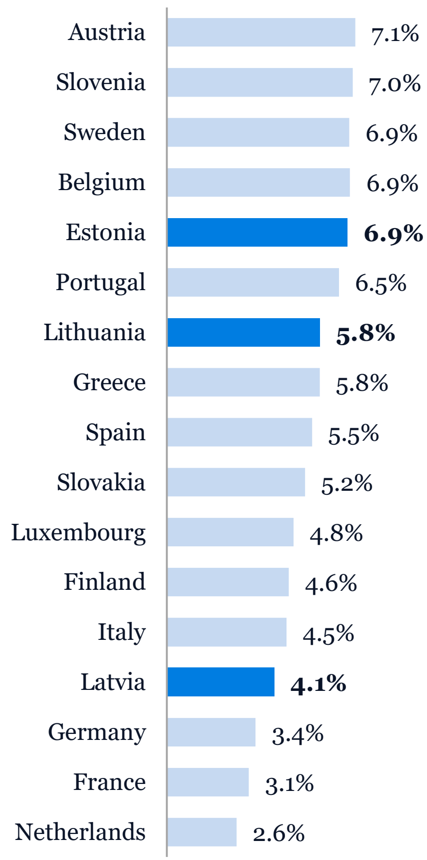
Key Market & Industry Indicators

Coffee demand growth in the Baltics among the highest in Europe while local coffee cup prices are also high on the back of ongoing premiumization.

Coffee / Sector Trends

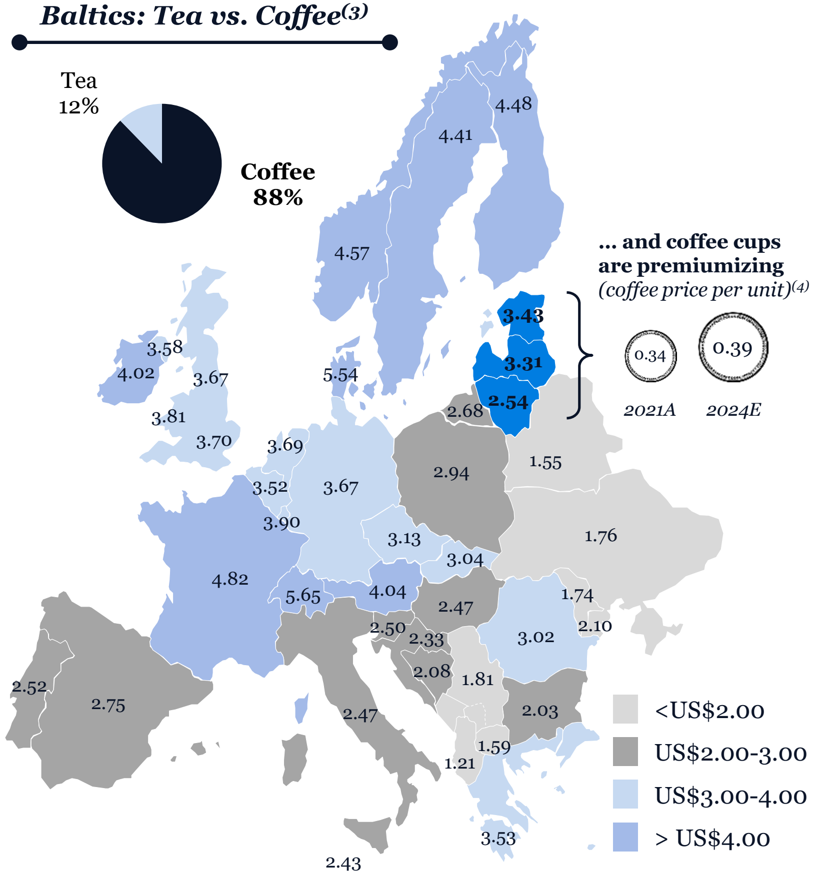
- **Premiumization:** shift of consumer demand towards more premium products with focus on quality, flavor, packaging
- **Convenient consumption** as a result of increasing mobility
- **Coffee lifestyle** with focus shifting on entire drinking experience
- **Increasing coffee spending** as a result of rising incomes

Annual Growth in Coffee Segment 2021-25[1]



Average Coffee Prices in Europe in 2021[2]

Baltics: Tea vs. Coffee[3]



Source: European Commission, Statista, SavingSpot

(1) Revenue CAGR in coffee segment 2021-2025

(2) Average price of espresso, latte and cappuccino across five random cafés in every capital city

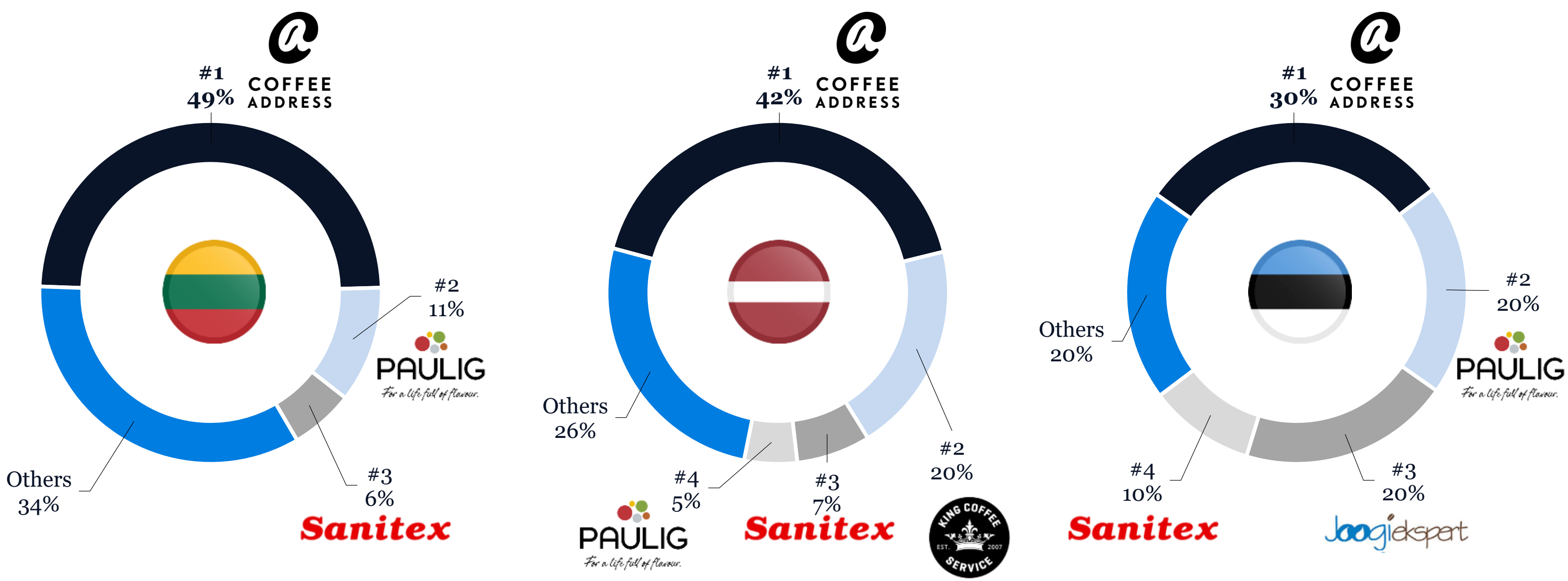
(3) Segment revenue in the Baltic countries in 2021

(4) Illustrative: total price for a cup of roast coffee (assuming 11g per cup, excluding any other components of the finished beverage) in out-of-home segment in Latvia, in US$

Competitive Landscape – Relevant Market Segments

Coffee Address is the clear market leader across all relevant market segments in which the company is present.

Positions in Relevant Market Segments

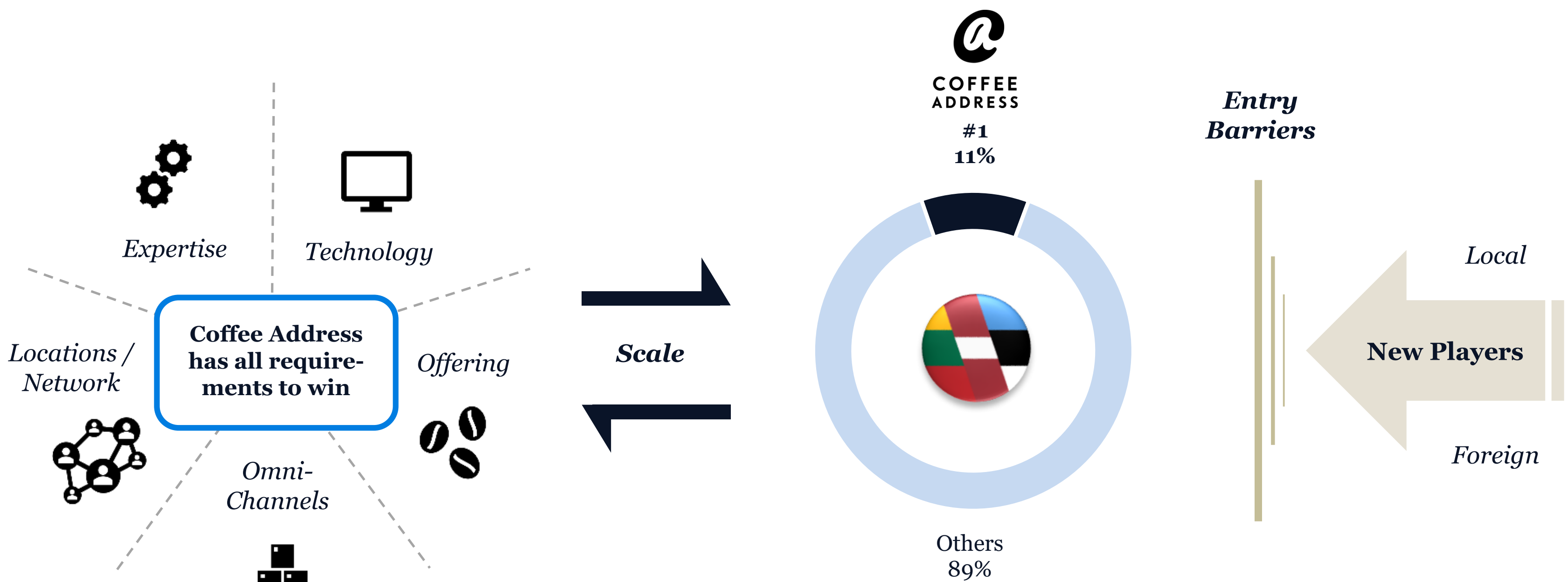


Source: management estimates

Market Structure & Dynamics

Relatively high barriers to entry in the market, as existing players have already secured their positions and it takes time and significant investments to build a comparable scale.

Unique Selling Points & Market Structure Uniquely Position Coffee Address in the Baltic Markets[1]



Selected Competitors in Relevant Segments / Countries

King Coffee Service · Sanitex · Paulig · Joogiekspert

Source: Management estimates, Statista (1) Includes roast coffee but not ready-to-drink beverages in out-of-home settings (value share) in 2021. The out-of-home share (out-of-home vs. at home consumption) was derived based on data from Latvia (c. 44%), however, such data include instant coffee. Therefore, a split of 50% has been assumed as proxy; it encompasses all sales to hotels, restaurants, catering, cafés, bars and similar hospitality service establishments; data for Coffee Address excludes machine sales.

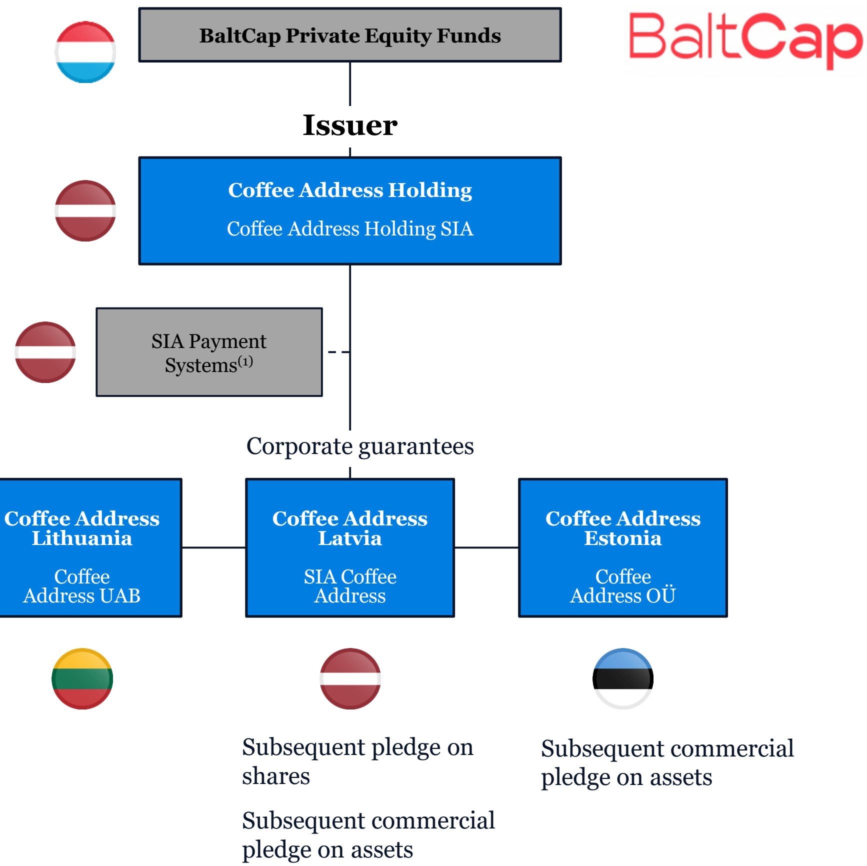
2

Team & Organization

Legal Structure & Organization

Coffee Address has a lean and efficient operational setting with client-centric country entities and a centralized headquarters covering corporate functions.

Legal Structure / Matrix Organization



Source: Company information

(1) Special purpose vehicle for cash collection and payment management that is required for vending operators in Latvia due to local legislation

Leadership Team

Coffee Address' management is seasoned and passionate with prior experience from international companies, with proven capabilities to handle both organic and acquisitive growth.

Key Management Team

Viktorija Meikšāne

CEO, Baltics

Coffee Address Holding

Joined Coffee Address in 2017

EST Citadele EY

Aleksandr Samuchov

CEO, Country Manager

Coffee Address Lithuania

Joined Coffee Address in 2018

teo ZTE DARKSIDEWOOD

Krīvs Lode

CEO, Country Manager

Coffee Address Latvia

Joined Coffee Address in 2020

NARVESEN K K

Ermo Rae

CEO, Country Manager

Coffee Address Estonia

Joined Coffee Address in 2020

avis budget group PILOT MOTORS

Anda Priedīte

CFO, Baltics

Coffee Address Holding

Joined Coffee Address in 2018

RIX RIGA AIRPORT baltcom

Source: Company information

3 Customers, Suppliers & Infrastructure

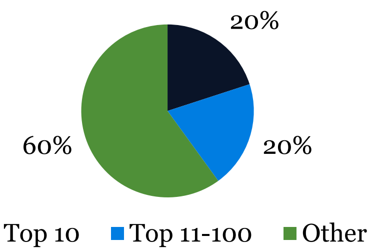
Customer Portfolio

Coffee Address serves a diversified and unique client base with loyal blue-chip customers in different segments and has an outstanding contract renewal track record.

Selected Key Client Metrics[1]

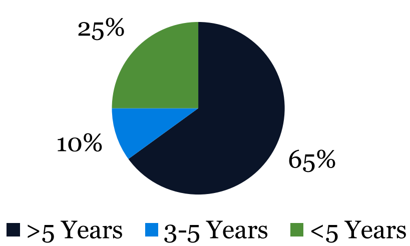
Top Client Share – Illustrative

Total: c. 5,000 clients



Top-10 Client Relationship Lengths – Illustrative

Total: c. 5,000 clients



Selected Client Examples[2]

Vending (55%)	Retail & Convenience (20%)	Solutions for Offices (20%)
Indoor and outdoor, public and private locations	Focused on market-leading chains (all B2B)	Focused on larger offices with 50+ employees
Latvijas Finieris, Maxima, Regionaalhaigla, RIX Riga Airport, Vilnius University, Vilnius Airport (Lithuanian Airports)	**Gas stations:** Viada, Circle K, Astarte Nafta, EMSI, Olerex **Convenience stores:** Selver, R-kiosk	SEB, Telia, Tele2, airBaltic, Evolution, Thermo Fisher Scientific, Swedbank

Source: Company information

(1) Figures are illustrative calculated based on Q3 2021 sales excluding machine sales and rounded, number of customers average Q3 2021

(2) Percentage indicated indicative sales per segment for year 2022, 5% are attributed to "Other"

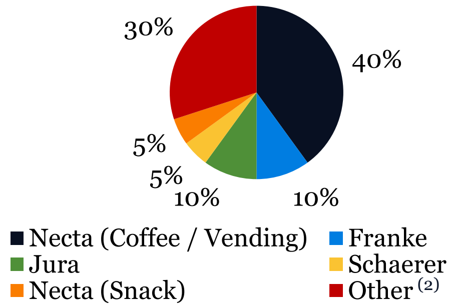
Key Suppliers

Coffee Address is the local partner of choice of leading global machine, coffee and snack suppliers.

Selected Key Supplier Metrics

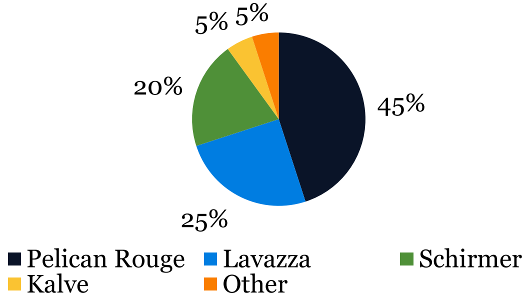
Machine Type Share – Illustrative[1]

Total: c. 13,500 machines



Coffee Supplier Share – Illustrative[3]

Total: c. 225,000 kg per quarter



Selected Supplier Examples

Machines	Coffee	Snacks
FRANKE	PELICAN ROUGE	Nestlé
schaerer swiss coffee competence	LAVAZZA TORINO, ITALIA, 1895	Coca-Cola
NECTA	schirmer kaffee since 1854	Orkla
jura	KALVE COFFEE ROASTERS	FERRERO
	STARBUCKS on the go	

Source: Company information

(1) Figures are illustrative and rounded as per 30-September 2021, number of machines as per 15-October 2021

(2) Other include Saeco, Lavazza, Azkoyen, WMF, Wega

(3) Figures are illustrative for 3 months period in Q3 2021 and rounded

Coffee Selection

Coffee Address offers a diversified and balanced coffee portfolio on back of its strategic collaborations with Pelican Rouge, Lavazza and other premium suppliers.

	Private Label Coffee				Branded Coffee
Coffee	 Own recipe bestseller blends sold under the Coffee Address brand	 Own recipe bestseller blends sold under the Atlas brand	 For one key customer	 Premium special coffee blends from local roaster	 Premium blends from Lavazza's Expert line
Roaster	PELICAN ROUGE	PELICAN ROUGE	schirmer kaffee since 1854	KALVE COFFEE ROASTERS	LAVAZZA TORINO, ITALIA, 1895
Volume	c. 85t per quarter	c. 18t p.q.	c. 49t p.q.	c. 6t p.q.	c. 54t p.q.

Source: Company information

Note: Figures are illustrative for 3 months period in Q3 2021 and rounded; other ca. 13t p.q.

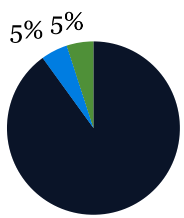
Machine Park

Coffee Address has a uniform state-of-the-art machine park.

Machine Park Breakdown

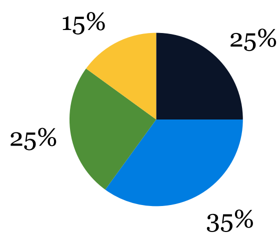
Machine Types – Illustrative[1]

Total: c. 13,500 machines



Machine Age – Illustrative[2]

Total: c. 13,500 machines



Selected Key Models

Vending – Private / Public	Vending – Snack / Beverages	Retail & Convenience	Solutions for Offices	Solutions for Offices
NECTA	NECTA	FRANKE schaerer swiss coffee competence	NECTA	jura
Bean Coffee Fully automated (including cup dispensing) Wide choice and excellent quality For about 100 cups per day	Sweet and salty snacks as well as fresh food Wide range of beverages Simple & reliable Can be combined with hot drink machines	Fresh milk coffee Touch screen Table-top Custom. beverages (intensity, milk, sugar, size) For about 250 cups per day	Bean coffee Table-top Fully automated (including cup dispensing) Simple & reliable For about 50 cups per day	Fresh milk coffee and chocolate Touch screen Table top For about 50 cups per day

Source: Company information

(1) Figures are illustrative and rounded as per 30-September 2021, number of machines as per 15-October 2021

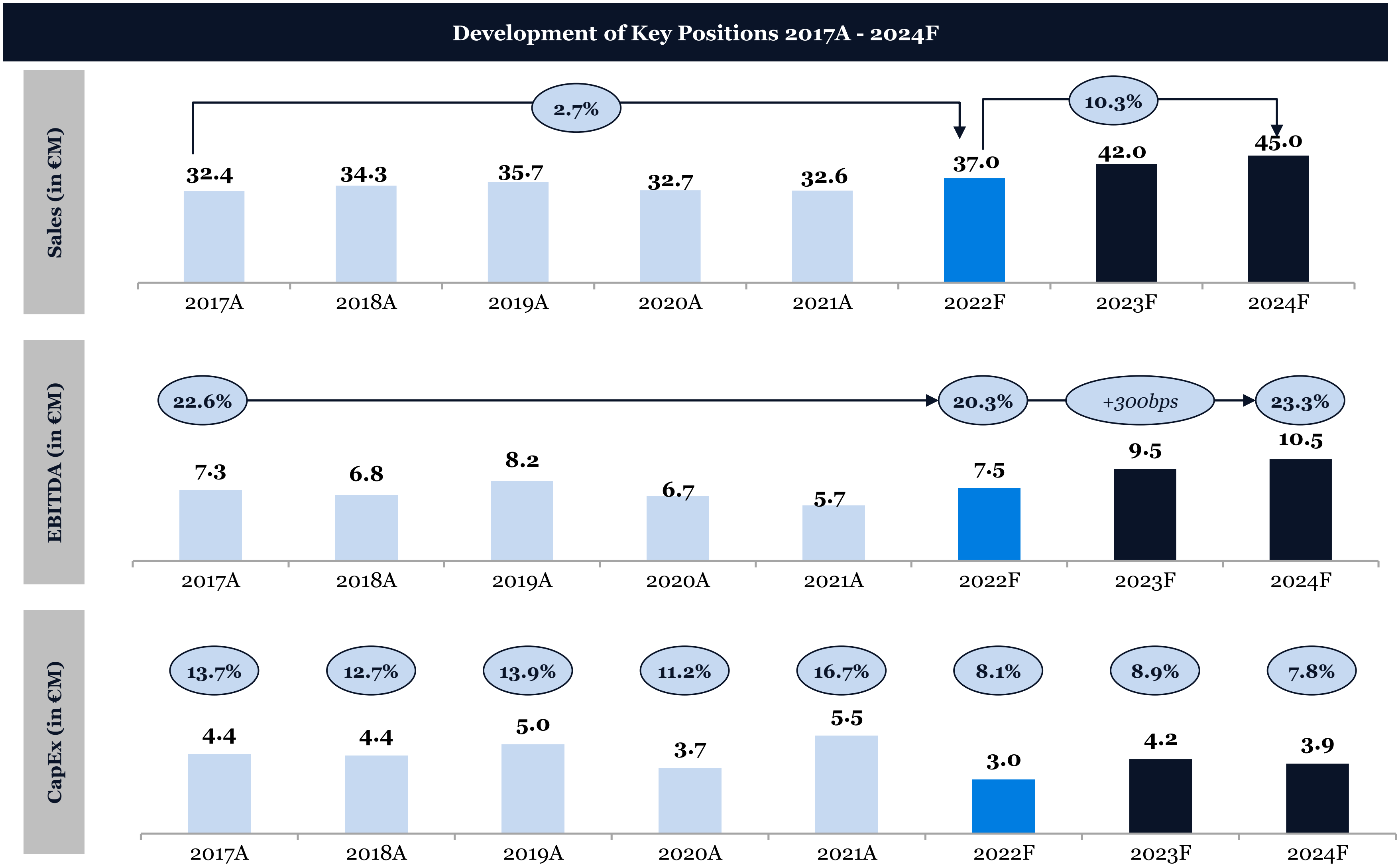
(2) Refers to machines owned by Coffee Address (c. 13,200), figures are illustrative and rounded as per 30-September 2021; number of machines as per 15-October 2021

4

Key Financials

Key Financials

Coffee Address is characterized by a superior financial profile with high growth rates and attractive margins benefitting from a strong infrastructure based on substantial past investments.



Source: Company information, KPMG Fact Book
Note: Preliminary pro-forma like-for-like figures, unaudited

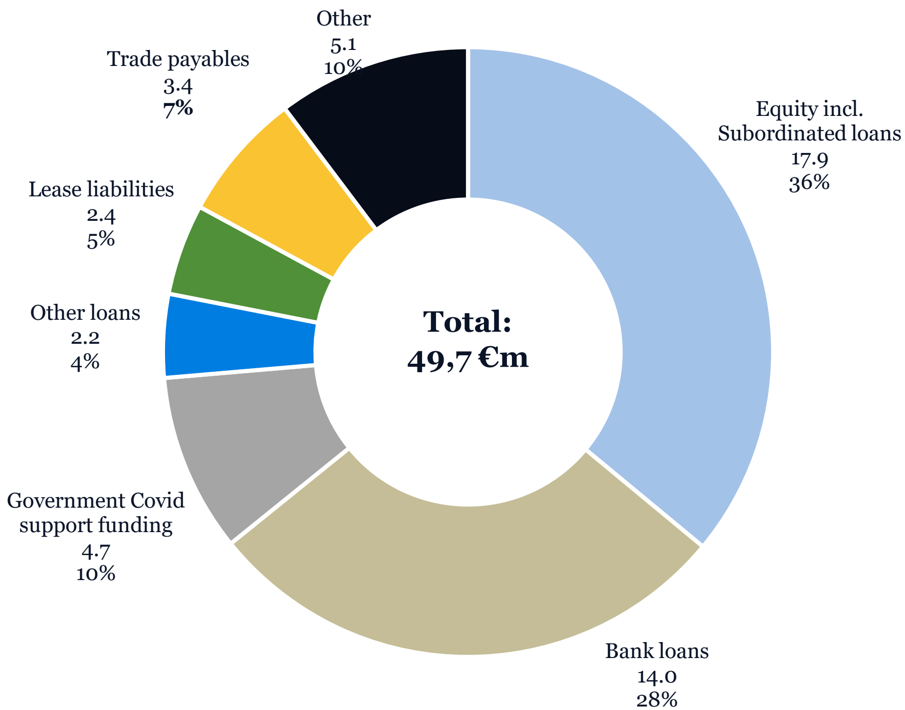
Funding Profile

Diversified funding structure, balanced between debt and equity.

Pro-forma Funding Structure as of 31 December 2021

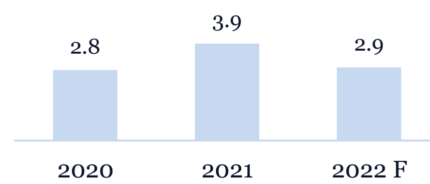
Capital Structure

Bond financing allows Coffee Address **to refinance current loans to extend their maturity profile**

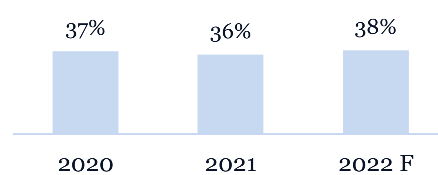


Key ratios

Net Debt to EBITDA



Equity (incl. subordinated loans) to Assets



Source: Company information; KPMG analysis
Note: Pro-forma like-for-like figures, unaudited

Financial Highlights Q1-2022

COVID-19 restrictions impacted Coffee Address' sales development, however, quick recovery was proven after the easing of restrictions with "full back to normal".

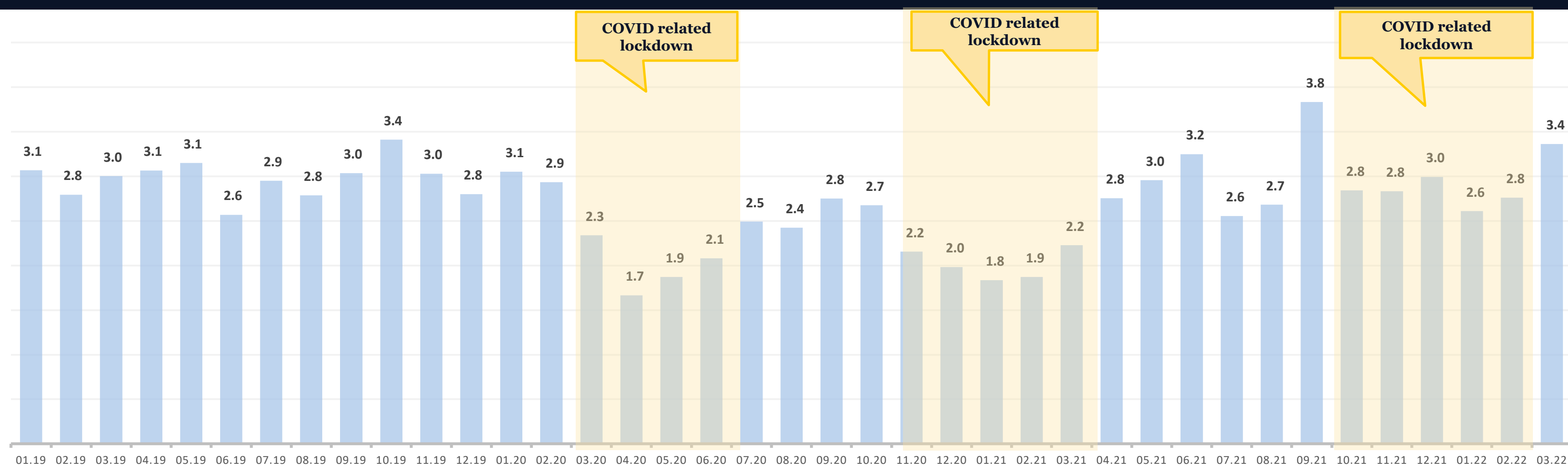
Key Figures in Q1 2022

c. €8.7m Sales +47% yoy	**c. €1.5m** EBITDA +81% yoy
c. 16.6% EBITDA margin	**c. 46.6%** Gross margin

Key Highlights

- **Revenue has showed a strong recovery** in March 2022 when all restrictions were largely lifted
- **Revenue during Q1-2022 reached Q1-2019 level,** with March 2022 sales **exceeding March 2019 by 12%**

Monthly Trading Development (2019 - 2021)



Note: Machine sales are excluded in March, April, August and November 2020.

Income Statement

EURm Proforma	2019 Proforma	2020 Proforma	2021 Unaudited
1 **Net revenue**	35.7	32.7	32.6
2 COGS	(16.7)	(17.1)	(17.3)
Gross profit	**19.0**	**15.6**	**15.3**
Gross profit margin, %	*53.2%*	*47.7%*	*46.9%*
3 Personnel costs	(7.7)	(6.8)	(7.4)
Other opex	(3.1)	(2.3)	(2.7)
Other income	0.0	0.3	0.5
Total opex	**-10.8**	**-8.8**	**-9.6**
Underlying EBITDA	**8.2**	**6.8**	**5.7**
Underlying EBITDA margin, %	*23.0%*	*20.9%*	*17.5%*
One-off costs/ M&A / development costs	-0.6	-1.0	-0.9
4 Depreciation / amortization	-5.4	-5.5	-5.7
EBIT	**2.2**	**0.4**	**(0.9)**
Net interest income/(expenses)	-1.5	-1.2	-1.0
EBT	**0.7**	**(0.8)**	**(1.8)**
EBT margin, %	*2.0%*	*(2.4)%*	*(5.6)%*
CIT	-0.4	0.0	0.1
Net profit / (loss)	0.3	**(0.8)**	**(1.7)**
Net profit margin, %	*0.9%*	*(2.5)%*	*(5.3)%*

Highlights

1 **Sales Development**

Revenues are derived from product vending, rent and servicing of coffee machines and sale of related goods. 2020A and 2021A were adversely affected by the pandemic.

2 **COGS**

COGS are composed of cost of coffee sold (~25%) and other sold products, vending machine rent costs, spare parts of coffee machines and other COGS (cash less payment system, product delivery

3 **OPEX**

Operating expenses are mainly comprised of personnel renumeration - salary costs of technical staff (57%) and administrative (36%) and sales staff (7%).

Other opex mainly includes transportation costs, office related costs and IT services.

4 **Depreciation/ amortization**

Sizable portion of all expenses due to aggressive accounting policy. Significant part of assets are fully deprecated (by accounting standards) but still in use. During this year it is planned to review accounting deprecation rates.

Consolidated reports prepared in accordance with IFRS.
Auditor: SIA „Ernst & Young Baltic"

Balance Sheet

ASSETS	31.12.2019[1] Proforma	31.12.2020[2] Audited	31.12.2021[2] Unaudited
Non-current assets			
1 Intangible assets	9.9	25.0	25.2
2 Property, plant and equipment	14.1	13.1	14.1
Right of use assets	0.0	1.2	1.9
Financial assets / investments	17.7	0.0	0.0
Deferred tax assets	0.7	0.1	0.5
TOTAL	**42.4**	**39.5**	**41.6**
Current assets			
3 Inventories	4.5	3.2	3.7
Trade receivables	3.1	1.3	1.8
Other current assets	1.4	0.6	0.7
Cash	0.9	2.4	1.9
TOTAL	**9.9**	**7.5**	**8.1**
TOTAL ASSETS	**52.4**	**47.0**	**49.7**
EQUITY AND LIABILITIES			
Equity			
Share capital and reserves	6.0	14.6	17.2
Retained earnings	-3.8	-1.7	-3.0
TOTAL	**2.2**	**13.0**	**14.2**
Liabilities			
4 Bank loans and overdrafts	10.3	15.4	14.0
Other loans	6.9	3.1	2.1
Loans from shareholders	6.4	4.6	3.7
Loans from related parties	13.6	0.0	0.0
Financial leases	3.8	1.2	0.5
Lease liabilities	0.0	1.2	1.9
Trade payables	4.8	1.9	3.4
Deferred income	1.2	1.5	2.0
5 Tax liabilities	1.8	3.7	5.7
Accrued liabilities	1.4	1.4	2.2
TOTAL	**50.2**	**34.0**	**35.5**
TOTAL EQUITY AND LIABILITIES	**52.4**	**47.0**	**49.7**

Highlights as at31 December 2021

1. Intangible assets includes goodwill of **24.6m EUR** and other IT related investments.

2. Property, plant and equipment position with NBV of **14.1m EUR** mainly includes high quility coffee machine park and other fixed assets of **9.8m EUR** and other fixed assets of **4.3m EUR** (IT equipment, vehicles, land & building (sold in Y2022)

3. Inventories position of **1.8m EUR** mainly includes goods for sale, coffee machines and spare parts

4. Diversified funding structure, balanced between debt and equity.

   Bank loans of **14m EUR** consist of long term loans and overdraft of **0.6m EUR**. Bank loans mainly related to M&A activities.

   Other loans balance of **2.1m EUR** composed primary of **1.6m EUR** deferred acquisition price payment and **0.6m EUR** Covid-19 aid-funding from AS « Attīstības finanšu institūcija Altum».

5. Tax liabilities includes current tax liabilities of **1m EUR** and **4.7m EUR** of deferred tax payments as state aid during Covid -19.

[1] *Aggregated financials on a Group level; KPMG analysis*
[2] *Consolidated financials on a Group level; KPMG analysis*
Auditor: SIA „Ernst & Young Baltic"

Key Investment Highlights

Coffee Address: pan-Baltic premium coffee self-service and convenience food solution provider with a network of prime locations to serve the consumers' daily out-of-home journey and capitalize on its strong cross-regional infrastructure.

COFFEE ADDRESS

#1 coffee solution provider in all 3 Baltic countries using multiple channels
- Dense network of out-of-home channels at strategic locations driving scale and creating high entry barriers
- Active in the attractive Baltic markets with GDP growth rates among the highest in Europe
- An integrated business model with full offering and collaboration with leading global brands (e.g. Lavazza, Starbucks)
- Positioned in premium segment benefitting from favorable market structure

Premium customer portfolio with innovative and market-exclusive solutions
- Diversified client base with focus on loyal blue-chip customers in different segments with outstanding retention rates
- Unique service station and convenience retail portfolio
- Chain of 600+ outdoor premium machines in public locations
- Micro-market solution with ongoing roll-out in Latvia and exclusive Starbucks on the go service partner in the Baltics

Efficiency driven by modern infrastructure and strong technology platform due to leading digital innovation
- Uniform state-of-the-art machine park from top brands and fully implemented cashless payment system
- AI-enabled vending management system and state-of-the-art business intelligence tools
- Attractive digital solutions for customers in line with global trends (payments, loyalty, e-commerce, self-service portal)

Lean and flexible organization with experienced leadership team
- Well functioning matrix structure with client-centric country organizations and centralized business development
- Automated and aligned operational processes that can be adapted in other markets
- Seasoned and innovative management team with prior experience from international blue-chip companies, capable to handle both organic and acquisitive growth
- Unparalleled technical competence accumulated in 25+ years in coffee machine maintenance and refurbishment

Superior financial profile with substantial upside potential and future strategic opportunities
- Increased revenues by 3 times and EBITDA by 5 times over the last four years
- Financial key performance indicators well above industry averages
- Solid platform as basis for further growth in the Baltic countries and beyond

Source: Company information
Note: Figures are illustrative for the indicated period and rounded

5 Issue Terms

Bond Issue

Issuer	SIA Coffee Address Holding
Issue size	**EUR 5’000’000**
Maturity	**3 years**
Type of bond	**Unsecured bonds**
Guarantee	Corporate guarantees from Coffee Address SIA, Coffee Address UAB, Coffee Address OU
Annual coupon rate, coupon frequency	**9%, quarterly**
Call Option	@102% after Year 1 @100.5% 3 months before maturity
Put Option	In case of Change of Control @101%
Type of Placement	Private bond placement
Listing	Nasdaq Riga First North within 6 months from the Issue Date
Financial covenants	• Adjusted Equity ratio of min 30% • Net Debt / EBITDA of max 4x from the Issue Date, max 3x starting from July 2023 • DSCR of min 1.1x
Collateral agent	ZAB Eversheds Sutherland Bitāns SIA

Indicative Timeline	
Road Show	31 May – 12 June
Subscription Deadline	6 July 2022
Issue Date	8 July 2022

Risk Factors

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

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

Important note

The risks indicated in this section, if some or all of them materialize, may reduce Issuer's ability to fulfil its obligations or cause its insolvency or restructuring in the worst-case scenario.

This section may not feature all the potential risks, which may affect the Issuer.

RISKS RELATED TO ECONOMIC AND BUSINESS ENVIRONMENT

Macroeconomic risk

The Group's results of operations and financial performance are subject to changes in the general economic conditions of the markets in which it sells its products in particular, Estonia, Latvia and Lithuania, which accounted for 18%, 32% and 50% respectively, of total consolidated revenue for the year ended December 31, 2021. Changes in general economic conditions directly impact consumer confidence and consumer spending as well as the general business climate and levels of business investment, all of which affect the demand for Group's products and services. Moreover, consumer confidence, consumer spending and/or general economic conditions may deteriorate significantly and remain depressed for extended periods of time. A negative development in general economic conditions or consumer confidence and consumer spending could have a negative effect on Group's results of operations, revenue and cash flows.

Downturns in general economic conditions and uncertainties regarding future economic prospects which affect consumers' disposable income pose a risk to the Group's business, because consumers and businesses may postpone spending in response to tighter credit markets, unemployment, negative financial news or declines in income or asset values, which could have a material adverse effect on demand for Company's products. Discretionary spending is affected by many factors, including general business conditions, inflation, interest rates, consumer debt levels, unemployment rates and availability of consumer credit. These and other such macroeconomic factors are outside Group's control.

Recessionary conditions and uncertainty in the macroeconomic environment may also adversely impact the Group's clients' decisions to close new agreements or prolong the existing agreements for the use of products and services of the Group as well as consumers' discretionary consumption patterns. A majority of the Group's vending machines are located in office environments or other private vending locations. Consequently, the majority of Group's sales from such vending machines occur during the working week. There is, therefore, a correlation between the total number of items sold through vending machines and work force levels which tend to suffer during recessionary periods as does consumer purchasing power. Employee retrenchment and uncertain economic prospects may lead consumers to make fewer beverage, snack and impulse purchases from vending machines, which could have a material adverse effect on its business, financial condition and results of operations.

The ongoing global pandemic risk

The global economy has experienced a period of uncertainty since the outbreak of Covid-19, in March 2020. The global outbreak of Covid-19, and the extraordinary health measures and restrictions on both a local and global basis imposed by authorities across the world has, and are expected to continue to cause, disruptions in the Group's value chain. Imposed Covid-19 related restrictions and high number of confirmed cases particularly had negative effect on Group's financial result in 2020 and 2021 mostly due to decreased demand in indoor vending and office solution segments which were directly impacted by physical restrictions and adopted work from home policies. To mitigate this effect, Group has entered the outdoor vending segment which, while having shown strong growth, has not been able to fully offset the decrease in indoor vending and office solution segments during the waves of the Covid-19 pandemic.

As a result of the Covid-19 situation, national authorities have adopted several laws and regulations with immediate effect and which provide a legal basis for the government to implement measures in order to limit contagion and the consequences of Covid-19. The pandemic situation is continuously changing, and new laws and regulations that could directly, or indirectly, affect the Group's operations may enter into force. Additionally, the spread of Covid-19 among the Group's workforce can cause operation disruptions, thus, negatively affecting the Group's revenue base. Thus, the effects of the Covid-19 (or a new pandemic) situation could in turn negatively affect the Group's revenue and operations going forward, where the severity of the situation in the future and the exact impacts for the Group are highly uncertain.

Geopolitical risk

In February 2022, Russia started invasion of Ukraine. This has led to significant volatility in the global credit markets and on the global economy. Furthermore, war in Ukraine has resulted in sanctions on Russian and Belarussian suppliers and have triggered production chain disruptions in many industries globally that could potentially negatively affect the availability and cost of certain materials, and have intensified, general inflationary pressures. The Group may not be able to transfer

Risk Factors

the rising costs to its customers by increasing the prices of its products and services, and such price increases may not be sufficient to fully cover the negative impact from rising costs or may come with a delay that could potentially leave a negative impact on the Group' s margins and financial performance.

Although, as of the date of the Terms of the Notes Issue, the war has had no direct material impact on the Group's operations and financial performance, introduction of new sanctions packages, general deterioration of the economic situation or investor sentiment towards the Baltics and other aspects related to geopolitical events may affect the Group's business results.

Regulatory risk

The food and beverage industry is regulated by various European and national legislation and regulations related to food safety and hygiene, packaging, nutritional information, public tenders for placement of vending machines on public premises and broader public health and diet concerns. In addition, Group could be affected in the future by stricter requirements regarding energy consumption of its vending machines and the use of recyclable or biodegradable containers in connection with its coffee vending machines. Compliance with such laws and regulations could require Group to make additional investments in new vending machines and equipment, and failure to comply could result in the imposition of fines and other remedial measures. Any such changes in regulations or costs incurred to comply with stricter regulations could adversely affect Group's business, financial condition and results of operations.

Taxation risk

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

Financial leverage risk

Although the financial leverage of the Group will not increase as a result of the Notes issue the Group's financial leverage in recent years has increased due to continued high levels of capital expenditure financed by additional borrowings during the Covid-19 pandemic. While the Group expects its financial leverage to decrease due to scheduled amortization of Financial Indebtedness and normalization of EBITDA in post-Covid environment, there can be no guarantee that this will materialize, which could result in negative consequences for the Group. Such consequences would include, but are not limited to, requiring the Group to dedicate a substantial portion of its cash flows for financing debt, increasing vulnerability to a downturn in the Group's business operations or general economic conditions, placing the Group at a competitive disadvantage relative to its competitors with lower leverage, limiting flexibility in reacting to competition or changes in the business or industry. Any of these or other consequences or events could have a material adverse effect on the Group's ability to satisfy its obligations under the Notes.

Retention of key personnel

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

Employee risk

As of December 31, 2021, the Group employs more than 300 full-time employees. The Group's employees are a significant part of the overall operations of the Group. Therefore, it is of high importance for the Group to have a professional team of employees with low employee turnover rate. To retain and motivate its personnel, the Group has a performance bonus scheme in place and provides health insurance.

Additionally, in the future the Group may be unable to attract enough skilled employees that would fit the needs and the corporate culture of the Group. Training of new employees also takes time and resources. Any difficulties in attracting new and/or to retain existing employees could have a material adverse effect on the Group's service quality and reputation, business operations, financial conditions and results of operations.

Operational risks

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

Counterparty credit risk

Group is engaged in numerous sales transactions with its clients and suppliers, and Group is subject to the risk that one or more of these counterparties becomes insolvent and therefore becomes unable to discharge their obligations to Group. Such risk may be exacerbated by events or circumstances that are inherently difficult to anticipate or control. If one of Group's counterparties were to default on its obligations or otherwise be unable to discharge its contractual obligations, this could have an adverse effect on Group's financial condition and results of operation.

Competition risks

The market segment of the food and beverage sector in which Group operates is highly competitive. Depending on location, Group's vending machines compete with a combination of cafes, kiosks, fast-food restaurants, delicatessens, sandwich shops, gas stations, convenience stores and supermarkets, among others. Furthermore, an increase in the number of other locations in close proximity to Group's vending machines which sell the same or similar products Group sells through its vending machines, or the extension of the opening hours of such locations, would increase the competitive environment and could result in consumers purchasing vending products or similar food and beverage product through other channels.

Risk Factors

Group's ability to maintain or increase prices in response to competitive pressures may also be limited. Additionally, increasing operating costs, including vending rents with certain clients, may offset improvements on margins that rising prices might otherwise produce. As a result, Group cannot assure that competitive dynamics will not require it to make higher than expected investments into its vending machine stock, or that it will be able to increase prices with sufficient flexibility and speed to preserve or increase Group's margins, any of which could have a material adverse effect on its business, financial position and results of operations.

Risk of increasing vending rent rates

Group is generally required to pay vending fees, or vending rent, to place vending machines in public locations, such as airports and train stations and corporate locations. Group may face pressure from its clients to increase the vending rent it pays to place its vending machines on their premises in the future. If such vending rent increases or Group is unable to respond effectively to such pricing-related pressures, its profitability could suffer and Group may fail to retain or win new clients. Group's vending rent arrangements include fixed and variable rent agreements, or combinations thereof, and are based on certain factors, including, among others, public tender specifications, expected revenue, contract length, competitors' offers and the demographics of the relevant location or locations. Together with other factors, an increase in vending rent payable could significantly increase Group's operating expenses in future periods and, as a result, have a material adverse effect on its business, financial condition and results of operations

Risk of dependency on limited number of vending and coffee machine manufacturers

While the Group sources its vending and coffee machines from a large number of manufacturers, top 3 suppliers (Necta, Jura and Franke) constituted 74% of its machine park as of December 31, 2021 and the Group intends to further concentrate its sourcing of machines to those suppliers for the majority of machine purchases in the future. The Group currently, and will increasingly, rely on such manufacturers to produce high-quality vending and coffee machines in adequate quantities to meet clients' demands. If one or more of Group's vending and coffee machine manufacturers were to experience severe financial difficulties or cease operations, or experience a reputational damage, the Group's ability to source new machines or component parts could be disrupted and a prolonged interruption could have a significant adverse effect on Group's business. Any decline in quality, disruption in production or inability of the manufacturers to produce the machines Group require in sufficient quantities or in a timely manner, whether as a result of a natural disaster, labor strikes, financial difficulties or other causes, could have a material adverse effect on Group's business, financial condition and results of operations.

Risk of supply and logistics chain disruptions

A disruption in Group's supply and logistics chain caused by transportation disruptions, delays or increased expenses, labor strikes, product recalls or other unforeseen events could adversely affect Group's ability to restock its vending machines or repair, maintain and retrofit its vending and coffee machines. If the Group cannot secure alternative sources of supply or effectively manage a disruption if it occurs, daily vends and thereby revenue could be reduced until Group is able to address the situation and Group is unlikely to recoup the loss of such vends. These events could cause Group's revenue to decline, require additional resources to restore its supply and logistics chain or otherwise adversely affect Group's business, financial condition and results of operations.

Risk of fluctuations in costs related to fuel, coffee and other commodity prices

Group's business operations rely on frequent restocking and maintenance of its machines at a multitude of locations. As a result, Group is exposed to fluctuations in costs related to fuel and other transportation inputs – transportation costs corresponded to 11% of total operating expense in year 2021. In addition, Group sources significant amounts of coffee for the operation of its coffee and vending machines. Supply and price of coffee beans can be affected by multiple factors, such as weather, pest damage, politics, competitive pressures and economics in the producing countries. Group also procures food and beverage products from suppliers, the costs of which are indirectly linked to fluctuations in the prices of certain commodities such as cocoa, sugar and milk. There can be no assurance that Group will be successful in passing on cost increases to clients or consumers without losses in vends, revenue or gross margin. As a consequence, sudden and significant changes in the prices of coffee and other commodities could have a material adverse effect on Group's results of operations, liquidity and financial condition.

Risk of increase in labor and employment costs

Although the Group has made substantial investments in digitalization to achieve productivity gains, labor and employment costs make up the majority of Group's operating expenses – 77% for year 2021. Group's labor and employment costs may rise in the future, or rise faster than expected, as a result of minimum wage increases, inflationary pressure, increased workforce activism, government decrees and changes in social and pension contribution rules. Group may not be able to offset increases in labor and employment costs through productivity gains. If labor and employment costs increase in the future, Group's operating costs will increase, which could, if Group cannot recover these costs from its clients or consumers through increased selling prices or offset them through productivity gains or other measures, have a material adverse effect on Group's business, financial condition and results of operations.

Risk of capital expenditures

As of end 2021 the Group owned and operated a network of over 13 thousand coffee and vending machines. As part of Group's business model, it acquires new machines for new client sites, refurbishes existing machines and replaces those that reach obsolescence. In the 2019, 2020 and 2021 Group's total capital expenditures amounted to EUR 5.6 million, EUR 3.0 million and EUR 5.5 million, respectively, of which total capital expenditures for coffee and vending machines and related equipment were EUR 3.5 million, EUR 1.5 million and EUR 3.3 million, respectively. The Group expect that its capital expenditures related to the purchase of new coffee and vending machines will remain relatively high in the future to support the investment required to deliver business growth and maintain the existing machine park. As Group's capital expenditure requirements vary from year to year based on different capital intensity in different business segments it can provide no assurance that required capital expenditure will not increase more than the Group anticipates. Furthermore, quality of acquired machines and thus their lifetime may not meet Group's expectations leading tosooner than expected replacement and increasing capital expenditure needs. Such increases may divert significant cash flows from other investments or uses, including debt servicing, which could have a material adverse effect on Group's business, financial condition and results of operations.

Risk Factors

Risks associated with the integration of acquisitions

As a consequence of the Group's previous acquisitions, it has recognized significant amounts of intangible assets and goodwill on its balance sheet. As of December 31, 2021, the Group had intangible assets of EUR 25.2 million, including goodwill of EUR 24.6 million. Intangible assets are initially measured at purchase or production cost. Goodwill is the excess of the cost of a business combination over the Group's share of the net fair value of those purchased assets, liabilities and contingent liabilities that can be identified individually and recognized separately. Goodwill is an intangible asset with an indefinite useful life. Intangible assets other than goodwill, or with a finite useful life, are amortized on a straight-line basis over their useful life. At the end of each financial year, and every interim accounting period, where there is any indication that an intangible asset may be impaired, its recoverable amount is calculated pursuant to impairment tests. The Group recognizes the difference between the carrying amount and the recoverable amount as impairment loss in the income statement. The amount of impairment losses that the Group is required to recognize in the future may be significant, particularly in the event of material acquisitions or products that perform below the Group's expectations.

Risk of information technology system failures, network disruptions and breaches in data security

Group relies on information technology networks and systems to securely process, transmit and store electronic information and to communicate internally and with customers, partners and vendors. Group may be subject to information technology system failures, network disruptions and breaches in data security. Information technology system failures could disrupt its operations by causing transaction errors, processing inefficiencies, delays or cancellations of customer orders, inability to carry out service activities remotely, loss of customers, other business disruptions, or the loss of or damage to intellectual property through security breaches. Group's information systems could also be penetrated by outside parties who intend to extract information, corrupt information, disrupt business processes, or misappropriate its customer information. Such breaches and cyberattacks could lead to shutdowns or disruptions of Group's systems and potential unauthorized disclosure of sensitive or confidential information, including personal data of, among others, Group's employees, customers, contractors, vendors and other business partners.

In the event of such actions, Group, its customers and other third parties could be exposed to potential liability, litigation, and regulatory or other government action, as well as to the loss of existing or potential customers, damage to brand and reputation, and other financial loss. In addition, the cost and operational consequences of responding to breaches and implementing remediation measures could be significant. As Group's business and the cybersecurity landscape evolve, it may find it necessary to make significant further investments to protect data and infrastructure. However, there can be no assurance that such investments will prevent future cyberattacks or other threats from occurring which may result in material adverse effect on Group's business, financial condition and results of operations or on its ability to service or otherwise make payments on the Notes and our other indebtedness.

Any of these developments could have a material adverse effect on Group's business, financial condition and results of operations or on its ability to service or otherwise make payments on the Notes and other Financial Indebtedness.

Risk of change of control

Since 2017 Group has been 100% owned by its Existing Shareholders (BaltCap Private Equity Fund II SCSp and BaltCap Private Equity Fund II Co-Investment SCSp). The funds are managed by BaltCap, the leading private equity investor in the Baltics. As the funds have a fixed lifespan, there is a risk that BaltCap may seek to exit or exit from its investment before the Maturity Date of the Notes, which could result in Change of Control of the Issuer. In case of Change of Control, the Noteholders have the option to exercise their Change of Control put option (pursuant to Clause X); however, this may result in a shorter holding period of the Notes than initially expected by the Noteholder.

RISKS RELATED TO NOTES

Repayment risk

The Notes rank pari passu with other unsecured obligations of the Issuer. In case of the insolvency of the Issuer, the Noteholders will be entitled to recover their investment on the same terms as other creditors in the respective claims' group according to the Applicable Laws. Save for mandatory provisions of the Applicable Laws, there are no contracts or other transaction documents that would subordinate the claims of the Noteholders to other secured or unsecured liabilities of the Issuer.

Should the Company become insolvent, legal protection proceedings or out-of-court legal protection proceedings of the Company are initiated during the term of the Notes, an Investor may forfeit interest payable on, and the principal amount of, the Notes in whole or in part. Investor is always solely responsible for the economic consequences of its investment decisions.

No security

The Notes are unsecured debt instruments and the Noteholders would be unsecured creditors in the event of the Company's or Guarantors insolvency.

At the date of the Terms of the Notes Issue a secured creditor of the Company is Luminor Banka AS (outstanding amount of debt (principal without interest) as of 31 May 2022 was 12 802 669 EUR). The Company's debt to Luminor Bank AS inter alia is secured by the pledges overs shares and assets of the Company and the Guarantors, as well as guarantees provided by the Guarantors.

At the date of the Terms of the Notes Issue a secured creditor of Coffee Address UAB is the Fund (outstanding amount of debt (principal without interest) as of 31 May 2022 was 3 000 000 EUR). The debt of Coffee Address UAB to the Fund is secured by a subsequent ranking pledge over Coffee Address UAB shares and subsequent ranking pledge over the assets of Coffee Address UAB.

In the event of insolvency of the Company or any Guarantor, the Company's and Guarantors assets will be used for settling the claims of the Noteholders and other unsecured creditors only after the claims of the secured creditors and other preferential creditors are satisfied.

No limitation on issuing additional debt

The Company is not prohibited from issuing further debt. If the Company incurs significant additional debt of an equivalent seniority with the Notes, it will increase the number of claims that would be equally entitled to receive the proceeds, including those related to the Company's possible insolvency. Further, any provision which confers, purports to confer, or waives a right to create a security interest in favour of third parties, such as a negative pledge, is ineffective against third parties since: (i) it is an issue of a contractual arrangement only being binding upon the parties to such contractual arrangement; (ii) there is no specific legislation in Latvia providing beneficiaries of negative pledge undertakings or covenants with a preferred position vis-a-vis the claims of third parties; and (iii) no registry or public record exists in Latvia through which negative pledge undertakings or covenants could be filed to obtain a preferred position. Should the Company breach its obligations under such undertakings and covenants and create a security interest in favour of a third party, such third party would obtain a valid and enforceable security interest over the pledged asset.

Liquidity risk

Neither the Company nor any other person guarantees the minimum liquidity of the Notes. Thus, the Investors should consider the fact that they may not be able to sell or may face difficulties in selling their Notes on the secondary market at a fair market value or at all.

Delisting risk

After registration of the Notes the Company plans to request admission to trading of the Notes on the Multilateral Trading Facility (MTF) First North operated by Nasdaq Riga within 12 (twelve) months from the Issue Date. There is a risk that Nasdaq Riga will not accept the Notes to be admitted to trading on First North or order that the Notes are delisted from First North before maturity after admission to trading has taken place due to changes in legal acts, including Nasdaq Riga regulations, or recommendations by the FCMC.

Price risk

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

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

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

Early redemption risk

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

Tax risk

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

Resolutions of Investors risk

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

Risk that some Investors might have more preferential terms than others

While the Company will try to maintain the proportional reduction principle to the extent possible in final allocation of the Notes, in case the total number of Notes subscribed for is higher than the number of Notes available, the Company has a right to refuse all or part of the subscribed Notes to any Potential Investor at its sole discretion, thus, the proportionality principle might not be observed.

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

Risks associated with the Collateral Agent Agreement

The Investors are represented by the Collateral Agent in all matters relating to the Guarantee. There is a risk that the Collateral Agent, or anyone appointed by it, or replacing it, does not properly fulfil its obligations in terms of enforcing or taking other necessary actions in relation to the Guarantee. Subject to the terms of the Collateral Agent Agreement, the Collateral Agent is entitled to enter into agreements for the use of services of a third-party and appoint third-party representatives in the course of performance of its tasks and acts as stipulated in these Terms of the Notes Issue or take any other actions necessary for the purpose of enforcing the Guarantee or for the purpose of settling, among others, the Investors rights to the Guarantee.

The Guarantee will be subject to certain limitation on enforcement and may be limited by the applicable law or subject to certain defences that may limit its validity and enforceability

The Guarantee provide the Collateral Agent, acting for the benefit of the Noteholders, with a claim against the relevant Guarantor. However, the Guarantee will be limited to the maximum amount that can be guaranteed by the relevant Guarantor without rendering the Guarantee voidable or otherwise ineffective under the applicable law, and enforcement of the Guarantee would be subject to certain generally available defences.

Enforcement of the Guarantee against any Guarantor will be subject to certain defences available to the Guarantors in the relevant jurisdiction. Although, laws differ among jurisdictions, laws and defences generally include those that relate to corporate purpose or benefit, fraudulent conveyance or transfer, voidable preference, insolvency or bankruptcy challenges, financial assistance, preservation of share capital, thin capitalization, capital maintenance or similar laws, regulations or defences affecting the rights of creditors generally. If one or more of these laws and defences are applicable, the Guarantors may have no liability or decreased liability under the Guarantee depending on the amounts of its other obligations and applicable law.

There is a possibility the entire Guarantee may be set aside, in which case the entire liability may be extinguished. If a court decides that the Guarantee was a preference, fraudulent transfer or conveyance and voids the Guarantee, or holds it unenforceable for any other reason, the Noteholders may cease to have any claim in respect of the relevant Guarantor and would be a creditor solely of the Issuer and, if applicable, of any other Guarantor.

The Notes will be guaranteed by the Guarantors, which are organised or incorporated under the laws of Latvia, Estonia and Lithuania. In the event of a bankruptcy, insolvency or similar event of a Guarantor, bankruptcy, insolvency or similar proceedings could be initiated against that Guarantor in any of the relevant jurisdictions. The rights of Noteholders under the Guarantee will thus be subject to the laws of a number of jurisdictions, and it may be difficult to enforce such rights in several bankruptcy, insolvency and other similar proceedings.

Moreover, such multi-jurisdictional proceedings are typically complex and costly for the creditors. In addition, the bankruptcy, insolvency, administration and other laws of the jurisdiction of organization of the Issuer and the Guarantors may be materially different from, or in conflict with, one another, including in relation to the creditor's rights, the priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceeding. The application of these various laws in multiple jurisdictions could trigger disputes over laws of which jurisdiction(s) should apply and could adversely affect the ability to realise any recovery under the Notes and the Guarantee.

The enforcement of the Guarantee will be subject to the procedures and limitations set out in the Collateral Agent Agreement and these Terms of the Notes Issue

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

The rights of the Investors depend on the Collateral Agent's actions and financial standing

By subscribing for, or accepting the assignment of, any Note, each of the Investors will accept the appointment of the Collateral Agent as the agent and representative of the Investors, to represent and act for the Investors in relation to the Guarantee.

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

Under the Collateral Agent Agreement, the Majority Noteholders may pass a decision to replace the Collateral Agent at any time. At any time, the Collateral Agent may resign from its role as the Collateral Agent with 1 (one) month notice. Furthermore, the Collateral Agent's liability to the Noteholders and the Guarantors is limited in accordance with Clause 9.4.10. and 9.4.11. As of the date of the Terms of the Notes issue the Collateral Agent's professional liability is insured with an insurance company If P & C Insurance AS Latvijas filiāle (registration number: 40103201449).

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