

L. J. Linen bond issue

Opportunity to invest in secured 2-year bond issue with 10% + 3M EURIBOR coupon

L I N E N

About L. J. Linen

- With its origins dating back to 1994, SIA L. J. Linen is a family owned B2B agro-products trading company with presence in 4 continents and 46 countries, and with approximately 160 suppliers and 175 clients worldwide.
- The Company trades animal origin products and grains that have wide application in animal feeds, organic fertilizers, pet food, aquafeed, biodiesel, and cosmetics. L.J. Linen provides door-to-door delivery service by offering sourcing, quality management, logistics, warehousing, customs clearance, supply chain financing to customers around the world.
- Over the years, L. J. Linen Group has become one the leading players in the segment and has established a wide network of suppliers and customers. With established presence in both Europe and Asia, the Company is uniquely positioned to offer a «secure bridge», connecting European suppliers and Asian customers, which makes solid ground for further development.
- L. J. Linen is a family owned business. The Company's shareholders are in the management board of the Company and have more than 20 years of experience in the field.

Business overview

- The Company has a solid supplier base in Europe and the top supplier countries are Germany, Denmark, Poland, and UK. L. J. Linen sources goods from almost all producers of animal proteins and fats in the EU with key suppliers - Saria and Darling Ingredients, which are two of the largest producers of animal proteins and fats in the world.
- All operations in Europe are executed by L. J. Linen, while sales to Asian and African customers are executed through related companies that are owned by Jānis Kuljickovskis – Arowana Exim and Lionpro.
- By connecting animal by-products recyclers with animal food and other goods producers the Company is increasing the usage of processed animal proteins and fats. The feed ingredient trading business facilitates circular economy and reduces dependency on fossil fuels – the Company is operating with an environmentally sustainable business model.
- L. J. Linen holds GMP+ certificate, which is the highest quality assurance standard in the EU for product traceability and quality management.

Financial highlights

- Geographically, L. J. Linen sales growth has been mainly driven by Asia, where the sales almost tripled from 2019 to 2021. The Company's growth has been supported by new strategic partnerships, expansion of product line, favorable market trends and notable increase in sales price of animal feed. The Company's revenue in 2021 reached EUR 28.3m (+55% yoy), while in 6M 2022 the revenue has already reached EUR 15.1m.
- Since the start of the war in Ukraine many companies, particularly, those based in Africa, have been forced to redirect their supplies from Ukraine and Russia to other markets, resulting in increasing demand for the services of L. J. Linen and increasing fertilizer and other agriculture input prices.
- In 2021 the Company significantly boosted its EBITDA (+355% to EUR 2.6m) and net profit (to EUR 2.8m, up more than 12x), and favorable trends have continued also in 2022. The difference between EBITDA and net profit is due to FX gain, as a result of USD appreciation relative to EUR, as about 70% of 2021 revenue was denominated in USD.
- As of 6M 2022, 96% of the Company's assets consisted of trade receivables in the amount of EUR 8.9m (+28% YTD), of which 26% are from trade partners located in Europe, 45% in Africa² and 29% in Asia. Ca. 80% of the underlying trade receivables are secured by a letter of credit in order to guarantee the fulfilment of the customers' payment obligations, while the remaining 20% consist of advance payments.
- The Company has a low leverage with Net Debt/EBITDA of 0.2x and a solid own capital base with Equity ratio of 66% (as of 6m 2022). Its only borrowings include a fully utilised credit line from Signet Bank. The Company seeks additional funds to be able to accommodate increased demand for its services.

Source: L. J. Linen presentation and financial reports, KPMG Due diligence report

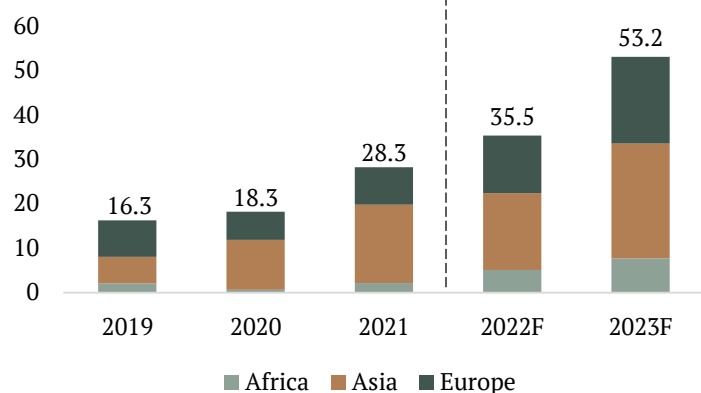
Financial highlights, EUR th

	FY 2019	FY 2020	FY 2021	6M 2022
Revenue	16 279	18 282	28 332	15 062
Gross profit	1 515	1 275	3 600	1 674
EBITDA¹	970	576	2 620	776
Net profit	843	229	2 786	920
Total assets	4 772	5 770	7 277	9 336
Trade receivables	4 445	5 026	6 993	8 983
Equity	2 299	2 528	5 314	6 174
Total borrowings	202	21	270	520
Net Debt	24	-115	255	511
Net Debt / EBITDA	0.1x	-0.2x	0.1x	0.2x
Equity ratio	48%	44%	73%	66%

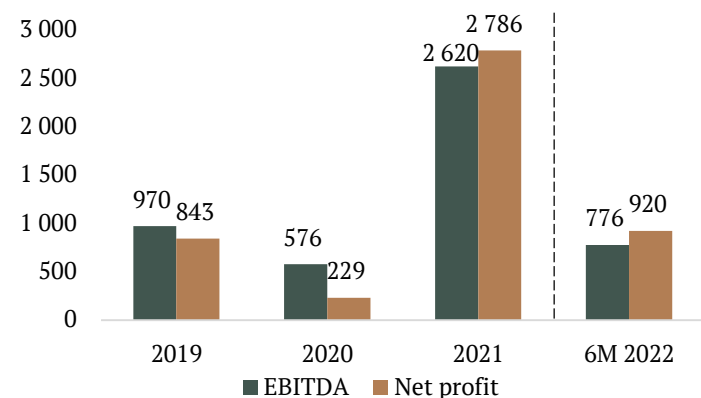
¹Including adjustments for profit/loss from currency exchange

²More than 2/3 of L.J. Linen accounts receivables are from related parties Arowana and LionPro

Sales by region, EUR m



EBITDA¹ and Net profit, EUR th



L. J. Linen bond issue



Term Sheet

Issuer	SIA L. J. Linen
Security type	Secured bonds
Offer type	Private placement
Use of proceeds	Working capital investments and partial refinancing of existing liabilities
Collateral	<ul style="list-style-type: none"> 2nd order pledge on assets of the Issuer 2nd order pledge on shares of the Issuer
Guarantee	<ul style="list-style-type: none"> Corporate guarantees from Arowana Exim PTE LTD and Lionpro PTE LTD
Issue size	Up to EUR 2 000 000
Coupon rate	10.0% + 3M EURIBOR
Coupon frequency	Quarterly
Maturity	2 years
Principal repayment	Maturity date, bullet
Call Option	@102% after 1 st year, @100.5% last 3 months before maturity
Nominal value	EUR 1 000
Minimum subscription	EUR 100 000
Listing	Nasdaq Baltic First North within 12 months after the Issue Date
Covenants¹	<ul style="list-style-type: none"> Net Debt / EBITDA of max 2.0x Interest coverage ratio² of min 3.0x Equity ratio³ of min 40% Eligible accounts receivables⁴ / Net Debt of min 1.5x Restrictions on dividends
Arranger	Signet Bank AS
Collateral agent	KPMG Law ZAB SIA

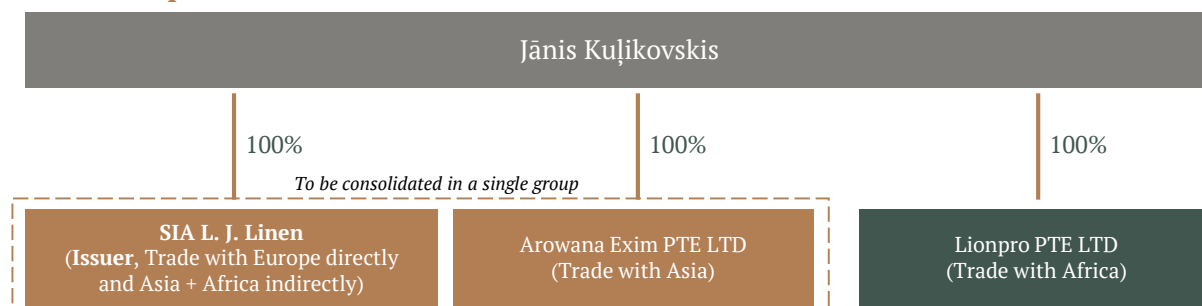
¹ Full list of covenants can be found in the Terms of the Issue

² EBITDA / Net Finance Charges, ratio for trailing twelve months

³ (Shareholder's Equity + Subordinated debt) / Assets

⁴ Accounts receivables ex-Africa secured with LOC or equivalent instrument

L. J. Linen Group structure

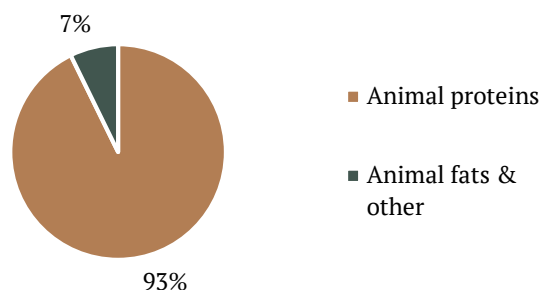


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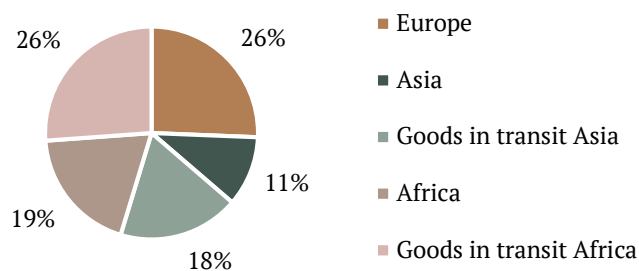
Secured bonds

- Proceeds from the bond issue will be primarily directed to working capital investments to fund the Company's further growth in Europe and Asia.
- As a result of reorganization that will be completed within 6 months from the issue date of the bonds, Arowana Exim will become a subsidiary of L.J. Linen and will be consolidated in the Group, while the African operations will be entirely separated and financed independently.
- The Company has a credit line from Signet Bank in the amount of EUR 1.5 million, secured with a 1st order commercial pledge on the assets and shares of the Issuer and on the inventory and trade receivables of Arowana Exim and Lionpro. As a result of the bond issue, the credit line will be reduced to EUR 1 million.
- Signet Bank AS as the senior lender will continue to carry out detailed monitoring over the cash flows and financial performance of the entire Group.

Sales by products (6M 2022)



Trade receivables geographical split (6M 2022)



Key suppliers and logistics partners



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Risk factors

When making an investment in bonds, investors undertake certain financial risks. The main risk factors that influence SIA L. J. Linen are macroeconomic risk, risks associated with Russia's military aggression, risk of global food market disruption, the ongoing global pandemic risk, regulatory risk, risk of changes in customs regulations, agricultural commodity price risk, revenue concentration risk, foreign exchange risk, risk associated with long trade receivables days, related party transactions and transfer pricing policy risks, group structure risk, risk of cooperation with suppliers, subordination risk, no limitation on issuing additional debt, intellectual property rights protection strategy, employee risk and management contracts, lack of the personal data protection measures and internal documentation, taxation risk, financial leverage risk, operational risks, competition risk, IT system risk, risk of natural disasters and other business disruption.

When investing funds in bonds, investors undertake the following risks related to debt securities: bonds repayment risk, liquidity risk, delisting risk, price risk, early redemption risk, tax risk, resolutions of Investors risk, risk that some Bondholders might have more preferential terms than others, risks associated with the Collateral Agent Agreement, risks associated with the value of the Collateral, risk that the Collateral and the Guarantees 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, risk that the enforcement of the Guarantee and the Collateral will be subject to the procedures and limitations set out in the Collateral Agent Agreement and Terms of the Notes Issue, risk that the rights of the Noteholders depend on the Collateral Agent's actions and financial standing.

The risks indicated in this section may reduce SIA L. J. Linen ability to fulfil its obligations and cause its insolvency in the worst-case scenario. This section may not feature all the potential risks, which may affect SIA L. J. Linen.