

LATRAPS bond issue

Opportunity to invest in the bonds of the leading Baltic agricultural cooperative



About LATRAPs

- LATRAPS is a leading force in Latvia's agricultural sector, one of the largest grain exporters in the Baltics, and a modern driver of agricultural innovation, fully owned by Latvian farmers
- Farmers are at the center of LATRAPs operations – the cooperative provides all the necessary services for grain production, storage, processing and sale.
- Established in 2000 by 12 members, the cooperative has managed to steadily increase the number of members to more than 1,200 who are currently managing c. 30% of Latvia's agricultural land.
- LATRAPS owns 8 grain acceptance and pre-processing service centers as well as 26 grain acceptance points across Latvia in collaboration with partners. In addition, LATRAPs owns both a rapeseed oil production plant and a malting plant.
- LATRAPS has developed a robust corporate governance framework that facilitates long-term stability of the cooperative. The key strategic decisions are taken by the General Meeting of members where each member has 1 vote regardless of the size of their farming operations.
- LATRAPS Supervisory board that consists of 9 industry professionals is elected by the members and oversees the experienced Executive Board who runs the operations on a daily basis.

Business overview

- The majority of LATRAPs revenue comes from the sale of grains, peas, beans and rapeseed (65% of total revenues in FY 2023/24). The rest of the revenue is made up of provision of crop care products (26% of revenues in FY 2023/24), while the remaining 9% of revenues come from selling fuel, machinery, crop insurance, rapeseed oil, provision of logistics and other services.
- LATRAPS is a global exporter – it exports to more than 30 countries in 4 continents, with key markets in 2024 including Europe (Spain, Germany, Sweden), Africa, and Middle East. These markets are reached through large global export partners (international agriculture trading corporations), such as Eurafrique, Cargill, ADM, Cefetra, Bunge, Seaboard, and Holbud.
- LATRAPS revenue base is affected by agricultural commodity (primarily wheat) price dynamics, as well as harvest quantity and quality. There is, however, only a limited impact of the commodity price dynamics on the Issuer's profitability due to effective use of hedging instruments.

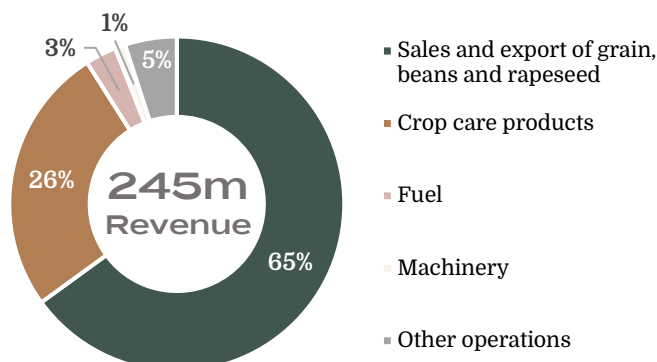
Financial highlights

- In 2023/24 (FYE 30 June) LATRAPs revenue was EUR 245m (-29% yoy), driven by the decline in the average wheat price, while the trading volumes remained relatively stable. At the same time, EBITDA rose by 19% to EUR 6.8 million, primarily driven by an improving gross margin from 4% in 2022/23 to 7% in 2023/24.
- The cooperative's financial performance is characterized by consistent bottom-line profitability. This is reflected in the increase of equity and the Equity Ratio – from 28% in 2020/21 to 32% this year, well above the financial covenant of 20%.
- LATRAPS asset base is dominated by Inventory (predominantly grain) and Accounts Receivables (high quality receivables portfolio from farmers and other trade partners). While the asset base remains relatively stable, the composition varies, based on seasonality.
- Members play an important role in financing the cooperative, demonstrating trust in LATRAPs development strategy. Members have invested in the cooperative both through loans and private bond placements available exclusively to the members.
- LATRAPS has a syndicated loan facility from Luminor and SEB Bank with maximum limit of EUR 55 million. The amount used varies greatly based on seasonality, with the maximum usually reached towards the end of financial year (June 30).
- The Issuer also actively uses EU subsidies and domestic support programs for project financing (reflected as deferred revenue in balance sheet) and which are partially included in Total Equity for the purposes of calculation of Equity Ratio.

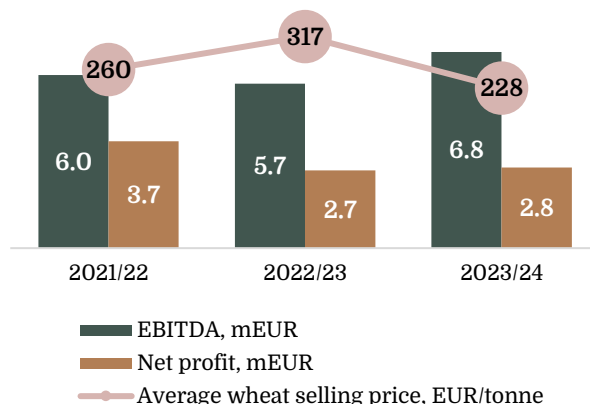
Financial highlights

EUR, millions	2020/21 (audited)	2021/22 (audited)	2022/23 ¹ (audited)	2023/24 ¹ (unaudited)
Revenue	267.3	299.5	339.1	244.6
Gross margin	6%	5%	4%	7%
EBITDA	5.8	6.0	5.7	6.8
Net profit	3.0	3.7	2.7	2.8
Total assets	99.2	132.9	126.3	119.0
Non-current assets	34.3	35.4	41.4	41.2
Accounts receivable	47.1	70.5	54.5	46.9
Cash	2.5	2.7	1.9	3.1
Total Equity ²	27.4	31.1	36.0	37.9
Net debt	40.3	51.9	39.7	40.7
Equity Ratio	28%	23%	28%	32%
Interest Coverage Ratio	4.8	4.7	3.0	2.6

Revenue breakdown by operations (2023/24), mEUR



Key development indicators



¹ Operating financial data provided by the management, the rest of the data taken from annual financial reports, audited by SIA Ernst & Young Baltic

² Total Equity calculated as total equity plus EU support payments and subsidies, reflected under deferred revenue in the balance sheet

LATRAPS bond issue



Term Sheet¹

Issuer	LPKS LATRAPs
Security type	Senior unsecured bonds
Offer type	Public offering in Latvia, Estonia and Lithuania
Use of proceeds	Financing the development of SIA ASNS Ingredient
Issue size	Up to EUR 8 million
Coupon rate	7.5%
Coupon frequency	Quarterly
Maturity	4 years
Principal repayment	Maturity date, <i>bullet</i>
Call Option	Year 1 – No call; After Year 2 – @101%; 6 months before maturity – @100%
Nominal value	EUR 1,000
Minimum subscription	EUR 1,000
Listing	Nasdaq First North within 6 months after the Issue Date
Covenants	<ul style="list-style-type: none"> Equity Ratio min 20% Interest Coverage Ratio min 2x
Arranger	Signet Bank AS
Legal Advisor	TGS Baltic

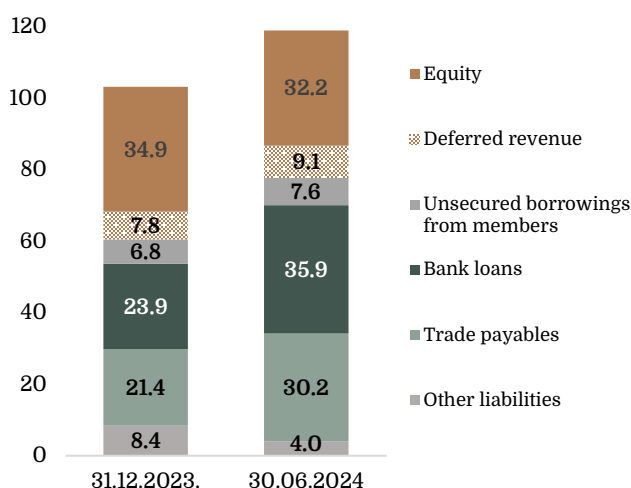
Key investment highlights

- Market leader** – LATRAPs is Latvia's agricultural leader and the largest cooperative in the Baltics, with a proven track record as a reliable partner for more than 1200 of its members.
- Consistent financial performance** – With steady growth in turnover over the years and consistent bottom-line profitability, the cooperative has demonstrated the ability to manage substantial financial obligations.
- Robust corporate governance** – Well-developed corporate governance framework, as most important decisions are made via the meeting of the members with vast industry experience, which ensures long-run stability of the cooperative.
- Industry innovator** – LATRAPs is developing a high-value added production plant to serve the structurally growing plant-based protein market, backed by support from strong strategic and financing partners

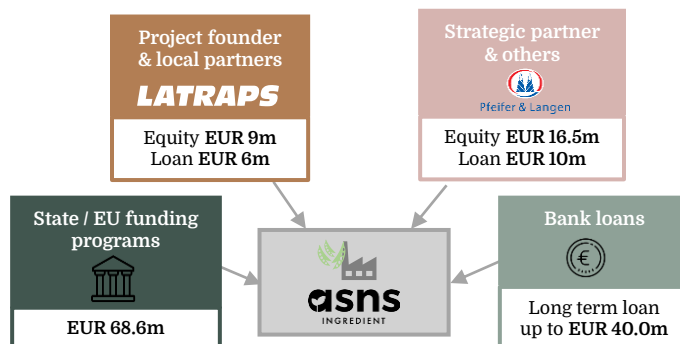
Bond issue and ASNS Project

- The proceeds of the bond issue will be directed to the development of the first pea protein isolate production plant in the Northern Europe – ASNS Ingredient. This project positions the cooperative at the forefront of the structurally growing market for plant-based protein sources.
- The scale and potential of this project are underscored by strategic partnerships with European industry leaders – Pfeifer & Langen, one of Europe's leading food industry players with annual revenue of EUR 1.8bn (2023).
- LATRAPS has already invested EUR 5m and plans to invest another EUR 10m by the end of this year, with EUR 2m financed through a convertible bond (by LATRAPs members) and the rest – from this bond issue. No further investments in the project are planned from LATRAPs side.
- The total project investments are estimated at EUR 132m, with a significant part of the funding coming from State and EU funding programs.
- Construction of the production facility expected to start by the end of 2024 with launch expected in the beginning of 2027.
- LATRAPS does not consolidate ASNS and will not retain control over the subsidiary in the future (thus, no consolidation is planned), therefore, the subsidiary will be reflected in LATRAPs standalone financial statements through financial investments.

Funding structure of LATRAPs, mEUR



Funding profile of ASNS ingredient



LATRAPS pre-processing and production plants



Notes: ¹ See the Information Document for full terms of the issue
Source: Financial reports and information provided by the management

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When investing funds in bonds, investors undertake the following risks related to debt securities: liquidity risk, notes repayment risk, risk arising from no limitations on issuing additional debt, delisting risk, price risk, foreign exchange risk, early redemption risk, tax risk and resolutions of Noteholders risk.

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