

# Secured Bond Issue for Līvlande Agro Buyout

Opportunity to invest in senior secured bonds for financing the buy-out of the most efficient pig farming group in the Baltics



## About Līvlande Agro

- With history dating back to 1995, Gaižēni SIA (the Company), operating under the brand Līvlande Agro, has grown into one of the Latvia's leading pig farm operators with a 20% market share in Latvia.
- Equipped with vertically integrated modern production facilities in 4 locations in Cēsis and Bauska, the Company sells more than 100 thousand finisher pigs per year.
- Company cultivates both its own 1 414 hectare land portfolio as well as 450 leased hectares and uses the crops for its own consumption.
- The Company's management consists of founder and CEO Alex Rasmussen, bringing over 30 years of pig-farming experience, and CFO Dace Stangaine, who has more than 30 years in executive-level finance roles.
- Merito Capital is planning a buyout of the Company and intends to finance the acquisition through a bond issuance, as the majority shareholder NCH Capital Inc., a U.S.-based institutional investment fund, is selling its 75% stake and Danish financial investors are selling their 18% stake.

## Business Overview

- The company runs a full-cycle pig production – all gilts and piglets are produced in-house and all piglets are grown into finishers, yielding production efficiency in line with the top global firms, increasing biosecurity and lowering costs.
- Farms 1 and 2 in Cēsis form an integrated nucleus breeding and finishing platform, where Farm 1 anchors herd renewal and genetic quality under an exclusive Danish breeding program, while Farm 2 grows piglets to finisher weight for sale to slaughterhouses, ensuring efficient and biosecure full-cycle production.
- Farms 3 and 4 in Bauska constitute the Company's largest piglet-to-finisher production hub, with Farm 3 focused on high-volume piglet production using internal genetics and Farm 4 - finishing and sales, providing scalable capacity and strong biosecurity.
- Integrated crop operations in Cēsis and Bauska enhance feed self-sufficiency and efficiency, producing up to 30% of feed in-house. The remaining feed is sourced from farmers in Latvia and Lithuania, supported by 18 000t of grain storage and full nutrient recycling through manure fertilization - creating natural synergies between crop farming and pig production.
- The Company applies best-practice biosecurity standards - including disinfection, quarantines, green/red zones, automated washing, and high-powered ventilation - ensuring consistently high animal health, low mortality, and reliable output across all farms. Separation of breeding and finishing operations further enhances management focus and biosecurity.
- By operating 0.7 MW of solar panels with 850 MWh p.a. capacity, the Company generates significant energy cost savings while advancing its transition to sustainable, self-sufficient operations.

## Financial highlights

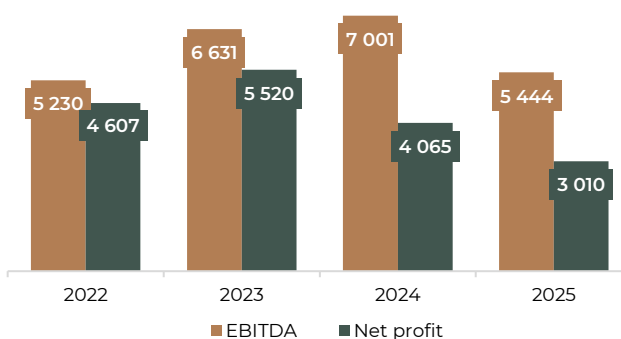
- Pork accounts for roughly half of Latvia's total meat consumption, while domestic production covers only ca. 50% of demand. Leveraging this market gap, the Company has achieved strong growth, with revenue increasing at an 11% CAGR since 2021 to reach EUR 17.1m in 2025. The moderation in revenue reflects a correction in European pork prices following the elevated prices observed in 2023-24.
- Supported by efficient operations (Danish high-efficiency nucleus) and in-house feed production, the Company consistently delivers strong profitability, recording EBITDA of EUR 5.4m in 2025 (31.8% margin). The Company has maintained profitability continuously since incorporation.
- Around 73% of the Company's assets consist of land, buildings, and production equipment, with the agricultural land portfolio alone valued at market value<sup>1</sup> of EUR 9.8m, nearly twice its book value, providing substantial asset backing and downside protection. The four farms are valued<sup>1</sup> at EUR 11.4m.
- Years of sustained profitability have enabled the Company to operate virtually debt-free, maintaining an 88.2% equity ratio and 0.1x Net Debt/EBITDA at year-end 2025, while distributing EUR 15m in cash to shareholders over the past three years, underscoring its strong cash flow generation capacity.
- Following the transaction, the equity ratio is expected to decrease to ca. 45%, remaining comfortably above the set covenant threshold. At the same time, net leverage will increase to 1.9x, still well below the covenant limit of 4.0x.

## Financial highlights

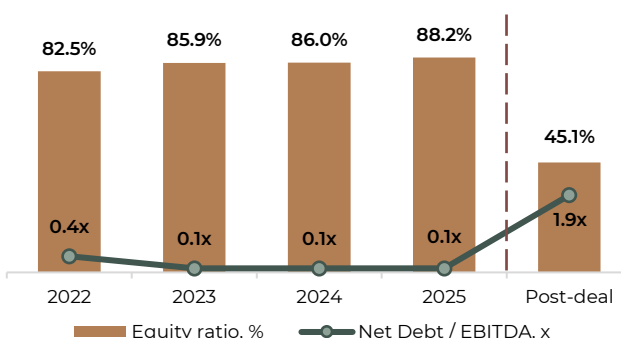
| EUR thousands                        | FY 2022 (audited) | FY 2023 (audited) | FY 2024 (audited) | FY 2025 (audited) |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Revenue</b>                       | 15 253            | 19 928            | 18 591            | 17 101            |
| <b>Normalized EBITDA<sup>1</sup></b> | 5 230             | 6 631             | 7 001             | 5 444             |
| <b>Normalized EBITDA Margin</b>      | 34.3%             | 33.3%             | 37.7%             | 31.8%             |
| <b>Net profit</b>                    | 4 607             | 5 520             | 4 065             | 3 010             |
| <b>Total assets</b>                  | 36 514            | 36 844            | 34 573            | 32 019            |
| <b>Fixed assets</b>                  | 25 583            | 25 060            | 24 284            | 23 347            |
| <b>Stock</b>                         | 7 963             | 7 580             | 6 938             | 6 180             |
| <b>Trade debtors</b>                 | 2 034             | 2 311             | 2 108             | 1 805             |
| <b>Cash</b>                          | 813               | 1 706             | 931               | 563               |
| <b>Total Equity</b>                  | 30 137            | 31 657            | 29 722            | 28 232            |
| <b>Net Debt</b>                      | 2 718             | 510               | 778               | 638               |
| <b>Equity ratio</b>                  | 82.5%             | 85.9%             | 86.0%             | 88.2%             |
| <b>DSCR</b>                          | 2.5x              | 4.4x              | 10.7x             | 9.0x              |
| <b>Net Debt / EBITDA</b>             | 0.5x              | 0.1x              | 0.1x              | 0.1x              |

<sup>1</sup> Normalized EBITDA includes adjustments for non-cash change in herd valuation ('23: 727; '24: -513; '25: -679) and non-cash subsidies ('23: 116; '24: 116; '25: 116)

## Profitability breakdown, EUR thousands



## Equity ratio and leverage development



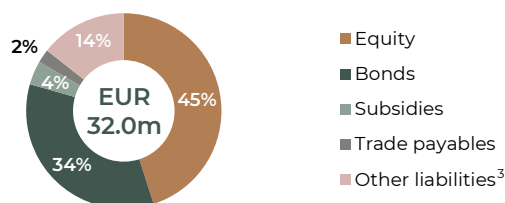
<sup>1</sup>Based on independent market valuation by Interbaltija in November 2025  
Source: Company's financial reports and presentations

## Indicative Term Sheet

|                                      |   |
|--------------------------------------|---|
| <b>Issuer</b>                        | Pignord SIA (Transaction SPV)   |
| <b>Security type</b>                 | <b>Senior secured bonds</b>   |
| <b>Collateral</b>                    | <ul style="list-style-type: none"> <li>▪ Mortgage on real estate properties owned by Gaižēni SIA</li> <li>▪ 1st ranking commercial pledge on assets and shares of Gaižēni SIA</li> <li>▪ Corporate guarantee from Gaižēni, SIA</li> <li>▪ 1st ranking commercial pledge on the shares of Transaction SPV</li> </ul> |
| <b>Offer type</b>                    | Private placement   |
| <b>Issue size</b>                    | <b>EUR 11 000 000</b><br>(option to increase to EUR 14 000 000)   |
| <b>Coupon rate &amp; frequency</b>   | <b>7.5%, paid quarterly</b>   |
| <b>Term / Maturity</b>               | <b>3.5 years</b>  |
| <b>Nominal &amp; min. investment</b> | EUR 1 000 / EUR 100 000   |
| <b>Principal repayment</b>           | Maturity date, bullet   |
| <b>Call Option</b>                   | <ul style="list-style-type: none"> <li>▪ Y1 – no call, Y2 - @101%, 6 months before maturity @100%</li> <li>▪ Partial call possible (&gt;10% of issue size)</li> </ul>   |
| <b>Put Option</b>                    | Change of Control @101%   |
| <b>Covenants<sup>1</sup></b>         | <ul style="list-style-type: none"> <li>▪ Equity Ratio ≥ 35%</li> <li>▪ DSCR ≥ 1.5x</li> <li>▪ Net Debt / EBITDA ≤ 4.0x</li> </ul>   |
| <b>Use of proceeds</b>               | Acquisition of Gaižēni SIA shares   |
| <b>Listing</b>                       | Listing on Nasdaq Riga First North within 12 months after the Issue Date  |
| <b>Arranger</b>                      | Signet Bank AS  |
| <b>Legal Counsel</b>                 | Sorainen ZAB  |
| <b>Collateral Agent</b>              | ZAB Eversheds Sutherland Bitāns   |

<sup>1</sup> Full list of covenants and undertakings can be found in the Offering Memorandum

## Funding profile (Post-deal)



## Pictures of the pig farms



Aerial view of Farm 4 – finisher farm in Bauska



Aerial view of Farm 3 – sow farm in Bauska

## Key investment highlights

- 1. Senior Secured Bonds** – high-value collateral base with ca. 1.4k ha of land and four modern farms valued at EUR 21.3 million<sup>1</sup>, securing the bonds at 51% LTV, while the total Companies' pledged asset base exceeds EUR 36 million
- 2. Strong financial position** – ca. 45% post-deal Equity Ratio and conservative net leverage of 1.9x
- 3. Consistent profitability** – industry-leading efficiency and in-house feed production support a 32% EBITDA margin (2025) and strong cash flow generation
- 4. 20+ year track record** – efficient operations, stable growth, constant profitability, and leverage management
- 5. Favorable market dynamics** – pork represents ca. 50% of Latvia's meat demand, with local supply unable to meet consumption

## Funding profile / bond issue / transaction

- Bond proceeds will finance the LBO of the Company by Merito Partners, a leading Latvian investment firm, with management increasing its ownership to ~12.5% to align interests and ensure operational continuity.
- The EUR 11.0m bond is secured by EUR 21.3m<sup>1</sup> of real estate (agricultural land, pig farms, and buildings), representing a 51% LTV. The total pledged asset base of EUR 36.8m additionally includes animal stock and inventory (EUR 8.1m), and other Company assets, as well as share pledges over Gaižēni SIA and Pignord SIA.
- Currently, the senior lender of the Company is Swedbank, providing a long term loan of EUR 1.3m and an unused credit line of EUR 2.0m. During the transaction, the long term loan will be refinanced with bond and equity proceeds, and after the merger of the SPV with Gaižēni SIA, the existing credit line will be replaced by Signet Bank, making the bondholders and Signet Bank the only senior secured lenders.
- The transaction will be financed by bonds (EUR 11.0m) and equity investment from Merito and co-investors (ca. EUR 10.0m). Part of the purchase price (EUR 4.0m) is a deferred and unsecured payment contingent on post-acquisition normalized EBITDA targets<sup>2</sup>.
- The post-transaction funding profile will consist of EUR 11m in bonds (34%), EUR 14.4m in equity (45%), EUR 1.3m in subsidies (4%), EUR 0.7m in trade payables (2%) and EUR 4.6m (14%) in other liabilities<sup>3</sup>.
- Following a merger of the acquisition SPV into Gaižēni SIA, expected within 6 months of issuance, Gaižēni SIA will assume all bond obligations as primary obligor. See page 3 for transaction structure.

<sup>1</sup> Based on independent market valuation by Interbaltija in November 2025

<sup>2</sup> Deferred payment is due only when the Company's Normalized EBITDA exceeds ~€5.1m-€5.6m

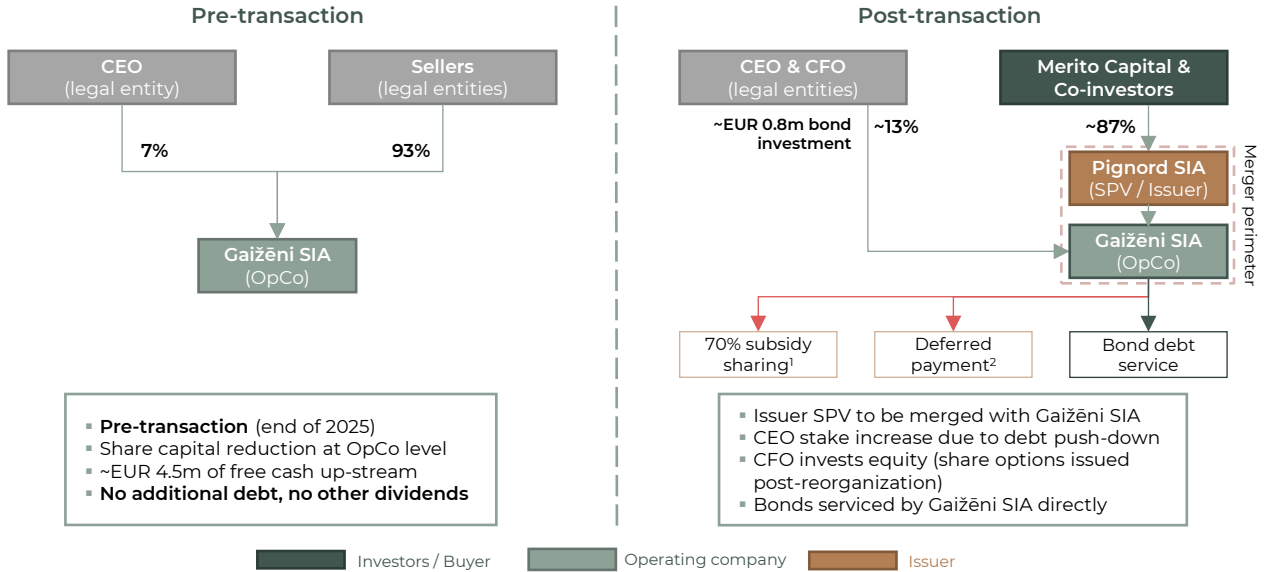
<sup>3</sup> Includes the deferred payment to sellers, taxes and social insurance payments, non-material finance leases and other current liabilities

Source: Financial reports and information provided by the management

## Reason for sale

- Investment fund (NCH) and legacy investors exiting to realize gains and return capital to investors following 15 years of ownership
- Management seeking an investment partner to support business growth

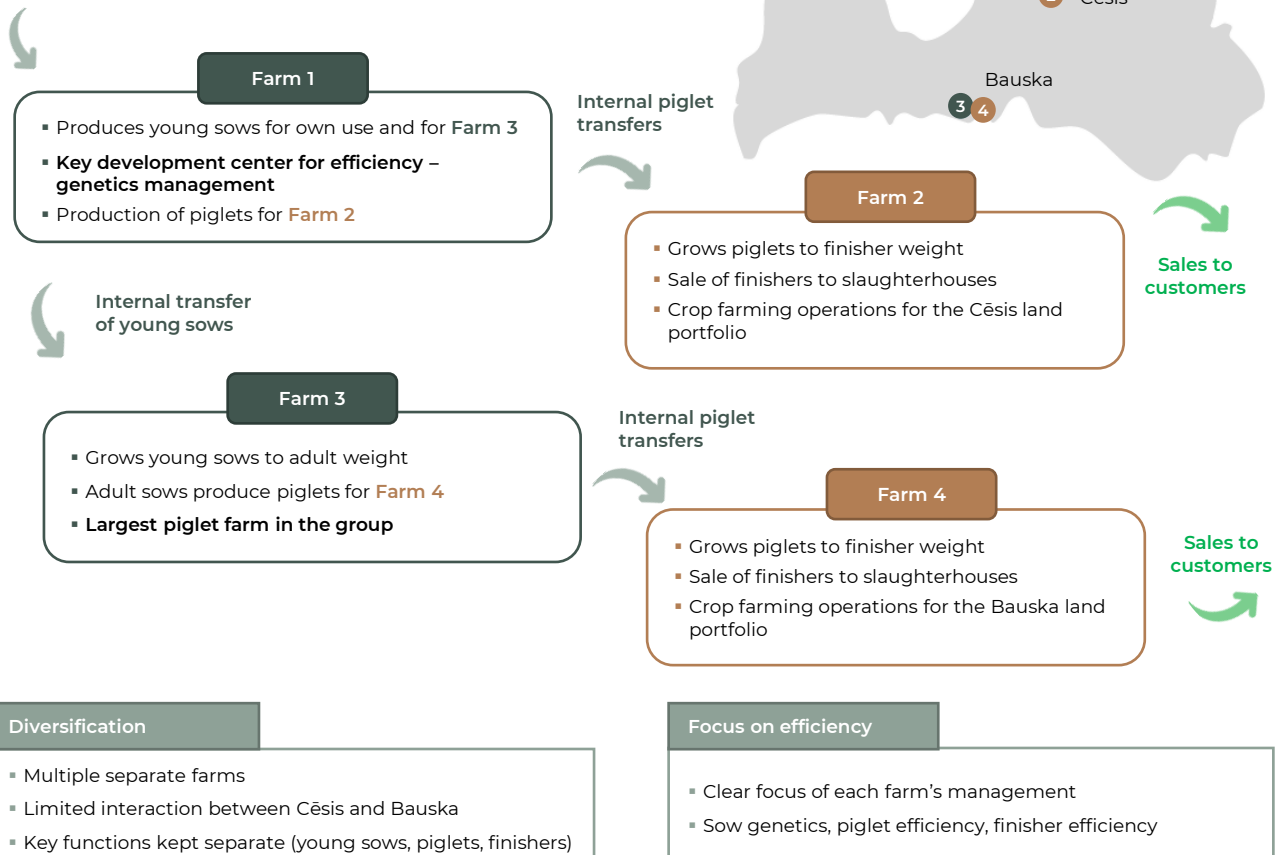
## Transaction structure overview



## Full production cycle and business structure

### Danish pig genetics

Improved exclusively for Līvlande



Only farming group in Latvia with four separate locations – each focused on its own function in the value chain to diversify business risk and drive efficiency

<sup>1</sup> Pig subsidy sharing for 4 years post-transaction. Agriculture, insurance, co-financing or other subsidies are not included

<sup>2</sup> Deferred payment is due only when the Company's Normalized EBITDA exceeds ~€5.1m-€5.6m

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Risks related to the collateral, the guarantee and the collateral agent: the risk associated with the Collateral Agent Agreement, the risk that the Guarantee may be limited or unenforceable under applicable laws, the risk associated with the value of the Collateral, risk associated with a replacement of the Collateral, the risk associated with Parallel Debt, the risk that Collateral enforcement is subject to procedural limitations set out in the Collateral Agent Agreement, the Terms and Conditions, the Collateral Agreement and the Articles of Association of the Issuer, the risk of amendments to laws and regulations affecting enforcement, the risk that Noteholders' rights depend on the Collateral Agent's actions and financial standing.

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