SIA Saules BESS

Registration No. 40203716498

LEI: **64882KI5A10X98TAW988**

OFFERING MEMORANDUM

ISIN:	LV0000111805
Type of security:	Unsecured subordinated Notes
Nominal:	EUR 1,000.00 (one thousand euro)
Nominal value of the issue:	EUR 5,000,000.00 (five million euro)
Annual Coupon Rate:	14%
Maturity:	5 June2030

*This Offering Memorandum (the "**Offering Memorandum**") is not a prospectus for the purposes of the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "**Prospectus Regulation**") and no competent authority of any Member State has examined or approved the contents thereof. This Offering Memorandum has been prepared on the basis that all offers of the debt securities are issued by the Issuer according to this Offering Memorandum and will be made pursuant to an exemption from the obligation to publish a prospectus under the Prospectus Regulation.*

*The issue of the debt securities by the Issuer according to this Offering Memorandum (the "**Notes**") is a private placement and there is no intention of the Issuer to list the Notes on a regulated market for the purposes of the Markets in Financial Instruments Directive 2014/65/EU, as amended ("**MiFID II**").*

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

The decision of the Issuer to organize the issue of the Notes has been passed in compliance with the laws of the Republic of Latvia. The issue of the Notes, including the relationship between the Issuer and the prospective investors or any third parties, and their respective rights and duties attached to the Notes are governed by the laws of the Republic of Latvia.

This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.

MiFID II product governance - solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that (i) the target market for the Notes is eligible counterparties, professional clients, and retail clients, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties, professional clients and respective retail clients are appropriate. Any person subsequently offering, selling or recommending the Notes 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 Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

In accordance with Article 5f of Council Regulation (EU) No. 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine (as amended), it is prohibited to sell the Notes to any Russian national or natural person residing in Russia any legal person, entity or body established in Russia. This prohibition shall not apply to nationals of a Member State of the European Union, of a country member of the European Economic Area or of Switzerland, or to natural persons having a temporary or permanent residence permit in a Member State of the European Union, in a country member of the European Economic Area or in Switzerland.

In accordance with Article 1y of Council Regulation (EC) No 765/2006 of 18 May 2006 concerning restrictive measures against President Lukashenko and certain officials of Belarus (as amended), it is prohibited to sell the Notes to any Belarusian national or natural person residing in Belarus or any legal person, entity or body established in Belarus. This prohibition shall not apply to nationals of a Member State of the European Union or to natural persons having a *temporary or permanent residence permit in a Member State of the European Union.*

Before deciding to purchase the Notes, prospective investors must make their own assessment as to the suitability of investing in the Notes. In particular, each prospective investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes and the merits and risks of investing in the Notes;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the Terms and Conditions of the Notes and be familiar with the behaviour of any relevant financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

In addition, before deciding to purchase the Notes, prospective investors should carefully review and consider the risk factors described herein. Should one or more of the risks materialize, this may have a material adverse effect on the cash flows, results of operations, and financial condition of the Issuer. If any of these risks materialize, the market value of the Notes and the likelihood the Issuer will be in a position to fulfil its payment obligations under the Notes may decrease, in which case the Noteholders could lose all or part of their investments.

Any previous discussions or presentations provided to prospective investors were solely for information purposes and the Notes are issued in accordance with this Offering Memorandum. A prospective investor should not make an investment decision relying solely upon the information provided in the prospective investor in any presentation or otherwise.

27 May 2026

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RISK FACTORS

Words and expressions defined in the Terms and Conditions of the Notes below or elsewhere in the Offering Memorandum have the same meanings in this section.

BELOW IS THE DESCRIPTION OF THE 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, AS WELL AS THE MARKET PRICE AND VALUE OF THE NOTES. SHOULD ONE OR MORE OF THE RISKS DESCRIBED BELOW MATERIALISE, THIS MAY HAVE A MATERIAL ADVERSE EFFECT ON THE CASH FLOWS, RESULTS OF OPERATIONS, AND FINANCIAL CONDITION OF THE ISSUER. MOREOVER, IF ANY OF THESE RISKS MATERIALISE, 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 PROSPECTIVE INVESTORS COULD LOSE ALL OR PART OF THEIR INVESTMENTS.

THE RISK FACTORS DESCRIBED HEREIN ARE THE RISKS WHICH THE ISSUER HAS DEEMED MATERIAL; HOWEVER, THEY ARE NOT THE ONLY FACTORS AFFECTING THE ISSUER'S ACTIVITIES. THEREFORE, THE ISSUER DOES NOT CLAIM THAT THE STATEMENTS BELOW REGARDING THE RISKS OF ACQUIRING AND/OR HOLDING ANY NOTES ARE EXHAUSTIVE. ALSO, OTHER FACTORS AND UNCERTAINTIES THAN THOSE MENTIONED HEREIN, WHICH ARE CURRENTLY UNKNOWN OR DEEMED IMMATERIAL, COULD NEGATIVELY AFFECT THE COMPANY'S CASH FLOWS, RESULTS OF OPERATIONS AND, THEREBY, THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES, AS WELL AS THE MARKET PRICE AND VALUE OF THE NOTES. 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 COMPANY.

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 OFFERING MEMORANDUM, AND CONSULT WITH THEIR OWN PROFESSIONAL ADVISORS IF NECESSARY.

RISKS RELATED TO THE ECONOMIC AND REGULATORY ENVIRONMENT

Exposure to macroeconomic volatility across the Baltics, Europe, and global markets may adversely affect the Issuer's financial performance and investment returns.

The Issuer's business is influenced by macroeconomic factors affecting the economies of the markets in which it operates. Furthermore, as the Issuer, through third-party electricity trading and market access arrangements, sells part of the electricity it produces on power exchanges, the Issuer's business is also impacted by macroeconomic factors affecting the Baltic, Nordic, Eastern and Central European regions. The Baltic electricity markets remain closely interconnected with Nordic and broader European electricity systems and are sensitive to cross-border transmission capacity constraints, regional balancing market developments and broader European energy market dynamics.

The Issuer's business model is materially linked to energy price volatility in wholesale electricity markets. Various macroeconomic factors may lead to market normalization and reduced price volatility, including changes in European energy supply dynamics, successful energy supply diversification, accelerated deployment of non-intermittent baseload generation or large-scale renewable energy with integrated storage, permanent industrial demand reduction, energy efficiency improvements and macroeconomic slowdown reducing overall electricity demand and flattening demand curves. Any such reduction in energy price volatility could significantly diminish the economic returns from the Issuer's battery storage assets and materially adversely affect the Issuer's financial performance.

Further, deteriorating economic conditions may have an inhibiting effect on electricity demand and consumption patterns, particularly from industrial and commercial consumers who represent key drivers of peak demand periods. A macroeconomic recession or sustained low growth in the Issuer's operating markets could reduce overall electricity consumption, decrease the frequency and magnitude of price spikes during peak periods and compress the price differentials between peak and off-peak hours upon which the Issuer's arbitrage operations depend.

Additionally, deteriorating economic conditions may negatively impact the availability and cost of financing for the Issuer's refinancing plans, increase counterparty credit risk in wholesale market and ancillary services arrangements and reduce investor appetite for renewable energy infrastructure investments, thereby constraining the Issuer's ability to deploy additional battery storage capacity and limiting future revenue growth.

Any of the foregoing factors could have a material adverse effect on the Issuer's business, financial condition, results of operations and the Issuer's ability to meet its obligations under the Notes.

Geopolitical instability in neighbouring regions may adversely affect the Issuer's BESS portfolio, funding environment, and financial performance

The Issuer's operations and financial performance are exposed to geopolitical developments affecting the Baltic region, Europe and global energy markets. Political instability, military conflicts, sanctions regimes, trade restrictions, cyberattacks, disruptions to energy infrastructure and broader geopolitical tensions may adversely affect electricity markets, supply chains, financing conditions and investor confidence.

European and national authorities have demonstrated willingness to intervene directly in energy markets through emergency measures, including mandatory demand reduction targets, revenue caps on electricity generators, market correction mechanisms and price caps in response to energy crises. Such regulatory interventions can directly compress or eliminate the price differentials upon which the Issuer's business model depends. Changes in renewable energy policies, including reductions in subsidies or support mechanisms, modifications to grid connection priorities, alterations to capacity market designs or the introduction of additional windfall taxes or solidarity contributions on energy sector profits, could materially adversely affect the Issuer's profitability. Furthermore, political decisions regarding nuclear power expansion, fossil fuel phase-out timelines, cross-border electricity market coupling arrangements, synchronization and transmission frameworks within the Baltic and European electricity systems or the implementation of permanent price stabilization mechanisms could fundamentally alter the competitive dynamics and volatility characteristics of wholesale electricity markets in the Issuer's operating jurisdictions.

Geopolitical instability may also negatively affect the availability and pricing of battery cells, transformers, inverters and other critical equipment required for the maintenance and operation of the Issuer's BESS portfolio. In addition, heightened geopolitical uncertainty may reduce the availability of debt and equity financing, increase financing costs and reduce investor appetite for renewable energy and energy infrastructure investments.

Any of the foregoing factors could materially adversely affect the Issuer's business, financial condition, results of operations, future growth prospects and the Issuer's ability to meet its obligations under the Notes.

Public health crises or future pandemics may adversely affect the Issuer's operations, investment activities, and financial performance

Public health crises, pandemics, epidemics or other widespread health emergencies may adversely affect the Issuer's operations, project development activities, supply chains and financial performance. Such events may result in workforce shortages, travel restrictions, disruptions to international trade and logistics networks, delays in equipment deliveries, increased procurement costs and broader economic uncertainty across the markets in which the Issuer operates. The Issuer's development and construction activities are dependent on the timely availability of specialized equipment, contractors, engineering services and grid infrastructure components, all of which may be negatively affected during periods of public health disruption.

In addition, public health crises may adversely affect electricity demand patterns, financing conditions, investor appetite for renewable energy infrastructure investments and the operational capacity of contractors, regulatory authorities and grid operators. Such events may delay project development and construction timelines, postpone revenue generation, increase project costs and reduce access to financing on commercially acceptable terms. Any such events could have a material adverse effect on the Issuer's business, financial condition, results of operations, future growth prospects and the Issuer's ability to meet its obligations under the Notes.

The local tax regime may change

Changes to the local tax regime or challenges to the current tax structures of the Company's business could have a material adverse effect on the Company's business, financial condition or results of operations. Additionally, certain tax positions taken by the Company 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.

Changes in laws, regulations and enforcement activities may adversely affect the Company's products and services and the markets in which it operates

The BESS industry is subject to various European Union and national laws and regulations relating to electricity market operations, grid connection, licensing, environmental protection, land use, construction, fire safety, cyber security, energy trading and balancing services. In Latvia, this includes, among others, oversight by the relevant energy and environmental authorities, compliance with technical grid requirements, permitting procedures and operational standards applicable to energy infrastructure assets. These regulations may evolve over time and differ across jurisdictions, creating complex and changing compliance obligations for the Issuer.

The Issuer may in the future be affected by stricter regulatory requirements, including those related to electricity market participation, grid balancing, environmental impact, sustainability reporting, safety standards or battery recycling and disposal obligations. Any such changes may require modifications to the Issuer's facilities, systems or operating model and could necessitate additional capital expenditures or increase operating costs, which may adversely affect the Issuer's business, financial condition and results of operations.

The Issuer's operations may also be impacted by expanding regulatory requirements concerning sustainability, climate policies, emissions reduction targets and ESG-related disclosure obligations. Compliance with these laws and regulations may require additional investments in existing and future projects, including upgrades to technology, monitoring systems and operational processes.

Failure to comply with applicable laws, regulations, permits or technical requirements could result in fines, penalties, operational restrictions, revocation of licenses or other sanctions, potentially adversely affecting the Issuer's reputation, financial condition and operating results. In addition, changes in the regulatory framework governing electricity markets, ancillary services or grid tariffs may reduce the commercial attractiveness or profitability of BESS Projects operations, which could materially adversely affect the Issuer's business and financial performance.

RISKS RELATED TO THE COMPANY'S BUSINESS AND THE INDUSTRY

Risk of increase of expenditures due to inflation

Inflationary pressures may increase the Issuer's operating and capital expenditures, including costs relating to battery cells, transformers, grid connection infrastructure, engineering, procurement and construction activities, maintenance services and labour. Sustained inflation may also contribute to higher interest rates, increased financing costs and reduced availability of external funding. To the extent that increases in costs are not offset by corresponding increases in revenues or electricity market opportunities, the Issuer's profitability, cash flow generation and expected project returns may be materially adversely affected, which could have a material adverse effect on the Issuer's business, financial condition, results of operations and the Issuer's ability to meet its obligations under the Notes.

Dependence on external funding may expose the Issuer to refinancing risk, limited access to capital, or increased financing costs

The Issuer's business and growth strategy are dependent on continued access to external financing, including bank financing, project-level debt and capital markets financing. The Issuer expects to finance a substantial portion of its development, construction and expansion activities through external funding sources. Access to financing is subject to a variety of factors, many of which are outside of the Issuer's control, including macroeconomic conditions, geopolitical developments, interest rate environments, investor appetite, regulatory changes and conditions in the financial and capital markets.

Deterioration in market conditions, increased financing costs, reduced liquidity in debt or capital markets, tightening lending standards or adverse developments affecting the Issuer or the renewable energy sector may limit the Issuer's ability to obtain additional financing or refinance existing indebtedness on commercially acceptable terms or at all. Access to financing may also be restricted by financial covenant obligations, project performance issues or declines in the value or expected returns of the Issuer's assets.

In addition, increased indebtedness may expose the Issuer to higher refinancing risk, greater sensitivity to increases in interest rates, reduced financial flexibility and increased vulnerability to adverse economic or market developments. Higher leverage levels may also limit the Issuer's ability to pursue strategic opportunities, raise additional financing or withstand periods of reduced revenues, lower electricity market volatility or project underperformance. Any inability to secure sufficient financing or refinance existing indebtedness could have a material adverse effect on the Issuer's business, financial condition, results of operations and the Issuer's ability to meet its obligations under the Notes.

Risks related to inability to complete projects under construction

All the development and construction phase projects are subject to risks in the development and construction phase relating in particular to engineering and design, equipment supply and construction performance. The inability to complete construction, or to complete it on a timely basis, may result in contractual defaults, contractual liability payments, impairment of assets, among other adverse consequences. Projects may encounter a range of difficulties in the construction phase that result in delays or higher than expected costs that may not be fully covered or adequately addressed by performance guarantees from contractors, damages clauses or insurance, including but not limited to the following:

- contractor or sub-contractor defaults and performance shortfalls;
- delays due to unforeseen events, such as global pandemics, recessions, or acts of war;
- damage to equipment in the course of delivery as a result of accidents or otherwise;
- damage to components or equipment in the course of installation;
- adverse weather, environmental and geological conditions, force majeure and similar events;
- theft and vandalism; and
- regulatory authorizations or difficulties in obtaining permits.

The Issuer's financial position is dependent on the performance of electricity market

The Issuer's operations are exposed to fluctuations and volatility in electricity market prices. The commercial viability of battery assets depends significantly on the availability of sufficient price differentials between charging and discharging periods, as well as revenues generated from balancing services markets.

Should electricity prices or market volatility decline, whether temporarily or permanently, arbitrage opportunities may diminish, ancillary service prices may fall, and portfolio utilization may decrease. In such environments, the Issuer may need to rebalance its portfolio towards ancillary services or contracted products, though these alternatives may not offer comparable scale or margins. This could further pressure revenues, EBITDA and cash flow. Reductions in volatility and spreads can arise from, among other things, increased installed battery storage capacity and system flexibility, market saturation in ancillary and congestion management services, transmission constraints that limit cross-zonal arbitrage, and structural market design changes (including price caps/floors, reserve product redesign or co-optimization rules) that dampen price formation. The aforementioned factors are largely outside of the Issuer's control and could, if they occur, persist for extended periods and their duration is inherently uncertain.

Any of the foregoing factors may occur, individually or in combination, and could have a material adverse effect on the Issuer's business, financial condition, results of operations, and the Issuer's ability to meet its obligations under the Notes.

Volatility in consolidated financial performance, intercompany dependencies, and impairment risk may affect the Issuer's financial results

The Issuer's consolidated financial performance may fluctuate significantly between reporting periods due to changes in electricity market conditions, balancing and ancillary service revenues, project development timelines, asset commissioning schedules, financing costs and the operational performance of individual projects within the Issuer. The Issuer's results may also be affected by delays in project completion, changes in expected project economics, cost overruns, lower than expected utilization of battery energy storage assets and adverse developments in wholesale electricity markets. As a result, the Issuer's revenues, EBITDA, cash flows and profitability may vary materially from period to period.

The Issuer operates together with multiple affiliates and project-level entities within the Shareholder group and may depend on cash flows, distributions and operational performance generated by such entities in order to meet its financial obligations. In addition, the Issuer may be required to recognize impairments or write-downs relating to battery energy storage assets, development projects, grid connection rights or other assets if expected project returns deteriorate, projects are delayed or cancelled, market conditions weaken or assets underperform relative to expectations. Any such impairments, operational underperformance or intercompany dependencies could have a material adverse effect on the Issuer's business, financial condition, consolidated financial results and the Issuer's ability to meet its obligations under the Notes.

Reliance on external trading partners may expose the Issuer to operational, performance and continuity risks

The Issuer will rely on external trading partners and service providers for the commercial optimisation of its BESS Projects, including the execution of wholesale market and ancillary services strategies. The Issuer may have limited visibility over the proprietary models, algorithms, assumptions, and trading decisions used by such external trading partners to generate revenues. As a result, the Issuer may not be able to fully assess, replicate, or independently verify the effectiveness of the trading strategies on which its projected revenues are based. If the trading models, optimisation systems or market assumptions of such partners prove to be ineffective, become outdated, fail to adapt to changing market conditions or otherwise underperform, the Issuer's revenues, profitability and cash flows may be materially adversely affected.

In addition, the Issuer's financial performance may depend on the continued availability, reliability, and cooperation of such external trading partners. There can be no assurance that the relevant trading arrangements will remain in place on the same terms, or at all, throughout the lifetime of the Issuer's BESS Projects. External trading partners may terminate, fail to renew, renegotiate or materially change the terms of their cooperation with the Issuer, including strategic, regulatory, technical, financial or market-related considerations. If the Issuer is unable to replace such partners on comparable terms or develop equivalent internal trading and optimisation capabilities in a timely manner, this may reduce the economic returns generated by the BESS portfolio and materially adversely affect the Issuer's ability to meet its obligations under the Notes.

Co-location and Grid Connection Risk

The Issuer's BESS Projects may be developed as co-located assets together with renewable energy generation facilities operated by affiliated project companies. In such cases, the economic performance of the BESS Projects may be adversely affected by shared infrastructure arrangements, including grid connection costs, technical limitations and capacity allocation mechanisms. The BESS Projects may bear a portion of connection, maintenance or upgrade costs related to the shared grid infrastructure, which could reduce the profitability and competitiveness of the BESS Projects operations compared to standalone storage projects. In addition, any operational constraints, outages or underperformance of the co-located renewable energy assets may negatively affect the efficiency, revenues and overall economics of the BESS Projects.

Related-Party and Intercompany Agreement Risk

The Issuer may enter into various operational, commercial and infrastructure-sharing agreements with affiliated entities, including renewable energy project companies and other entities within the Shareholder's group. Such arrangements may include shared services, land use, grid connection access, energy supply, balancing arrangements or other intercompany transactions. There can be no assurance that all such agreements are concluded fully on arm's length or market terms. Any unfavorable terms, conflicts of interest, amendments, disputes or termination of these arrangements could adversely affect the Issuer's operational flexibility, cost structure, profitability and cash flows.

Taxation and legal structure risks may adversely affect the Issuer's financial efficiency

The Issuer is also subject to the European Green Deal which acknowledges the crucial role of taxation in the transition towards a greener and more sustainable European growth and the need to better align EU taxation systems with EU climate objectives. Well-designed tax reforms may boost economic growth, help reduce GHG emissions by ensuring an effective carbon pricing and contribute to a fair transition.

In the field of taxation, the European Green Deal includes ongoing and potential future revisions to the Energy Taxation Directive (2003/96/EC) ("ETD"). Such revisions may introduce changes to tax structures based on the energy content and environmental performance of fuels and electricity, broaden the taxable base by including additional products within scope and remove or reduce certain existing exemptions and reductions. In addition, the European Union continues to review and amend the Carbon Border Adjustment Mechanism ("CBAM") framework and related environmental and energy taxation policies. Such regulatory developments may result in the introduction of new taxes, amendments to existing tax regimes or increased compliance obligations applicable to the Issuer. Any such changes could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

During periods of high profitability in the energy industry, there is a potential risk of increased or windfall taxes on energy revenues. This risk has been observed in the past on a global scale and may resurface in the future. In response to escalating energy prices following geopolitical events, several European governments imposed windfall taxes on energy companies in the past 3 years to address excessive profits.

Changes in EU tax policies or the introduction of windfall taxes could significantly diminish profitability and alter the financial outlook. Material adverse effects may stem from the increased tax burdens, such as new energy taxes or adjustments to current rates, which could raise operating costs and decrease net income. Additionally, the uncertainty surrounding the reform of the ETD and the evolving Carbon Border Adjustment Mechanism creates unpredictability in future tax liabilities, complicating financial planning and valuation of the assets. If windfall taxes are imposed or existing tax regimes become more onerous, the Issuer's cash flows, profitability and ability to distribute returns to Noteholders and investors could be negatively impacted, thereby affecting the overall performance and attractiveness of the investment.

Cybersecurity and data protection risks are limited at the Issuer level but may be material within certain portfolio companies of the Shareholder

If any of the Issuer's critical information or communications systems fail or become unavailable, the Issuer may need to perform certain functions manually, which would temporarily affect the efficiency and effectiveness of its operations. Moreover, the operations of the Issuer and of its technology and communications service providers are vulnerable to damage or interruption from human error, data inconsistency, internet slowdowns or unavailability, natural disasters, power loss, computer viruses, intentional acts of vandalism, breaches of security and similar events.

The extent to which the provision of vital services in the markets where the Issuer operates and plans to operate depends on technology is continually increasing. Consequently, the impact of interruptions of these services on the functioning of society, the economy and national security, in general, is increasingly significant. Due to its geopolitical location, both public and private sector companies in the Baltic region are also at risk of being a target of politically-motivated cyber-attacks. If such attacks occur, the Issuer may experience theft or destruction of data, including commercial, customer and financial information, which could cause commercial detriment to the Issuer and/or damage to its reputation. The policies maintained by the Issuer to protect its data may not be sufficient to prevent its systems from suffering failures or delays that might cause significant data loss or other disruptions to the Issuer's business.

The majority of Issuer's operations are performed remotely via the cloud and other internet-based service solutions. Thus, a large part of the Issuer's business segments is vulnerable to various security breaches, such as financial models and analytic tools, performance analysis data, growth and acquisitions strategies, earning releases and other routine business matters that could affect the reputation of the Issuer.

A system failure, disruption or security breach that causes a delay, interruption or impairment of the Issuer's services and operations, or the unsuccessful integration of ongoing projects, could have a material adverse effect on the Issuer's business, financial condition, results of operations or prospects.

ESG and sustainability risks at the Issuer level

The ownership and operation of the BESS carries an inherent risk of environmental liability, including the risk of government-imposed orders to investigate, remediate or otherwise address environmental contamination, potential penalties for contravention of health, safety and environmental laws, licenses, permits and other approvals, and potential civil liability.

The Issuer is subject to health and safety regulations and environmental regulations in connection with its battery energy storage operations. The Issuer may fail to comply with applicable regulatory requirements, including through failed inspections, non-adherence to current legislative measures, contamination on or migrating from properties it manages or controls, or release of hazardous substances from its operations. Such regulatory non-compliance could result in government-imposed remediation orders, operational restrictions, fines, penalties, or civil liability. Any violations could also result in substantial reputational damage, particularly given that sustainability is an important part of the Issuer's branding. The costs of achieving compliance and the amount of any fines, penalties, or reputational consequences could have a material adverse effect on the Issuer's business, financial condition, results of operations, and the Issuer's ability to meet its obligations under the Notes.

Increasing competition from BESS and renewable market participants

The battery energy storage market is expected to become increasingly competitive in the near future, and the Issuer has reflected a certain level of increasing competition in its projections. However, market saturation may develop faster or to a greater extent than currently anticipated, including as established utilities, energy companies, independent power producers and specialised battery storage operators deploy additional battery storage capacity. Many of these market participants may have substantially greater financial resources, technical expertise, market presence and access to capital than the Issuer, which could enable them to operate profitably at lower return levels or sustain operations during periods of reduced profitability. Higher-than-expected competition or market saturation could reduce price spreads, ancillary services revenues, asset utilisation and overall profitability of the Issuer's BESS Projects. Any such developments could materially adversely affect the Issuer's financial performance, cash flows and ability to service its obligations under the Notes.

Inadequate Insurance Coverage Risk

Insufficient or unavailable insurance coverage may result in unmitigated losses and adverse financial impact in the event of damage, interruption, or liability claims

Battery energy storage operations involve hazardous activities and exposure to operational risks, including fire, explosion, thermal runaway, electrical faults, equipment failure, cyber incidents and damage to grid infrastructure. Hazards, such as lightning, high winds, fire, explosion, collapse and machinery failure, are inherent risks in the Issuer's operations and may occur as a result of inadequate internal processes, technological flaws, human error or external events. These hazards can cause significant injury or death, severe damage to and destruction of property, plant and equipment and suspension of operations. The occurrence of any of these events may subject the Issuer to the investigation, remediation requirements, substantial damages, personal injury and natural resource damages, fines and/or penalties and loss of revenue from suspended operations.

In addition, while the Issuer obtains warranties from vendors and obligates contractors to meet certain performance levels, the proceeds of warranties or performance guarantees may not sufficiently compensate the Issuer for lost revenue, increased expenses and financing costs or liquidated damages payments should the Issuer experience equipment breakdown or non-performance by contractors or vendors.

Damages or losses not covered by contractor warranties may be covered by insurance, but this may not always be the case, as such damages or losses may be (or be considered by insurers to be) outside the scope of applicable insurance policies.

Failure to comply with applicable laws and regulations may result in penalties, operational restrictions, or adverse financial impact

The Issuer is subject to significant and complex environmental regulation. Failure to comply with the requirements of environmental permits or environmental laws may lead to investigations, fines, penalties, claims, costly corrective works or suspension or shutdown of operations, any of which could have a material adverse effect on the Issuer's business, financial condition, results of operations or prospects.

Risks of technological disruption

The Issuer's business model and long-term competitiveness may be adversely affected by technological developments in the energy sector, including advancements in alternative energy storage technologies, grid infrastructure, distributed energy solutions and electricity market optimisation systems. Rapid innovation in battery chemistry, energy density, charging capabilities, software optimisation, artificial intelligence-driven energy management or competing storage technologies may reduce the competitiveness, efficiency or commercial attractiveness of the Issuer's existing BESS Projects and operating model.

The energy storage industry is evolving rapidly, and new technologies or market solutions may emerge that offer superior technical performance, lower operating costs, longer asset life or more attractive economics compared to the technologies deployed by the Issuer. In addition, advancements in renewable energy generation, grid balancing technologies, virtual power plants or alternative flexibility solutions could reduce demand for certain services provided by BESS operators.

As a result, the Issuer may be required to make substantial additional investments in technology upgrades, system replacements, software improvements or operational adjustments in order to remain competitive and comply with evolving market requirements. There can be no assurance that such investments will be commercially successful or that the Issuer will be able to adapt its business model effectively to future technological changes, which could materially adversely affect the Issuer's business, financial condition and results of business operations

The loss of one or more key personnel members of the Company could have an adverse effect on its business

The Issuer's success depends significantly on the expertise, experience and performance of its senior management and key personnel, including specialists in energy trading, battery energy storage operations, project development, grid integration, technology management and regulatory compliance. The Issuer's management team and technical personnel possess specialised industry knowledge and operational experience that may be difficult to replace within a short period of time.

The market for experienced professionals in the energy and energy storage sectors is highly competitive, particularly in areas related to renewable energy, battery technologies, software systems and electricity market optimisation. Financial difficulties, increasing competition for qualified employees or evolving industry trends may adversely affect the Issuer's ability to retain or attract key personnel.

The loss of key management members, technical specialists or other critical employees, or the inability to recruit and retain suitably qualified personnel, could disrupt the Issuer's operations, delay project implementation, impair commercial performance or hinder the Issuer's ability to execute its business strategy effectively. Any such events could have a material adverse effect on the Issuer's business, financial condition and results of operations.

Failure to attract and retain qualified personnel may affect the profitability of the Issuer's operations

The Issuer's employees and technical specialists constitute an important part of its overall operations and business development. Accordingly, it is important for the Issuer to maintain a qualified and experienced team with low employee turnover and sufficient expertise in areas such as energy trading, battery energy storage operations, software systems, engineering, project management and regulatory compliance. To retain and motivate its personnel, the Issuer may implement various remuneration, incentive and employee benefit programmes; however, there can be no assurance that such measures will be sufficient to retain key employees in a competitive labour market.

The energy and renewable infrastructure sectors are characterised by increasing competition for experienced and technically skilled personnel. The Issuer may in the future face difficulties in attracting, training and retaining employees with the qualifications and experience required for the operation and optimisation of BESS Projects and participation in electricity and balancing markets. The onboarding and training of new employees may require substantial time and resources, particularly for specialised technical and operational roles.

Any inability to attract and retain qualified personnel, or a loss of experienced employees resulting in increased employee turnover, could adversely affect the Issuer's operational efficiency, project execution, service quality, compliance capabilities and overall competitiveness. This could in turn have a material adverse effect on the Issuer's reputation, business operations, financial condition and results of operations.

Natural disasters and other business disruption risks

The Company's operations are vulnerable to damage or interruption from various natural disasters and business disruptions, such as fire, flood, power losses, telecommunication failures, terrorist attacks, acts of war, human error, and other events. A significant natural disaster could have a material adverse impact on the Company's ability to conduct its business, and insurance coverage may be insufficient to compensate losses that may occur. Although the Company has implemented business continuity plans, acts of terrorism, war, civil unrest, violence or human error could cause disruptions to the Company's business or the economy as a whole. Any of these occurrences may have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

RISKS RELATED TO THE NOTES

Cashflow and debt servicing risk

The Issuer's ability to make scheduled payments on or refinance its debt obligations depends on its financial condition and operating performance, which are influenced by prevailing economic and competitive conditions and various financial, business, and other factors beyond the Issuer's control. The Issuer may not be able to generate sufficient cash flows from operating activities to cover the principal, premium (if any), interest, and additional amounts (if any) on the Issuer's indebtedness, including amounts payable under the Notes offered herein.

If the Issuer's cash flows and capital resources are insufficient to meet its debt service obligations, the Issuer may be forced to reduce or delay investments and capital expenditures, sell assets, seek additional capital, or restructure or refinance its indebtedness, including under the Notes offered herein. The Issuer's ability to restructure or refinance its debt will depend on the capital markets and the Issuer's financial condition at that time. Any refinancing could be available only on less favourable terms, including higher interest rates, and may require the Issuer to comply with more restrictive borrowing covenants, which could further limit its business operations. Existing or future debt instruments may restrict the Issuer from pursuing some of these alternatives. These alternative measures may not be successful and may not enable the Issuer to meet its debt service obligations.

If the Issuer cannot make scheduled payments on its debt:

(a) the holders of the Issuer's debt could declare all outstanding principal and interest to be due and payable;

(b) the holders of the Issuer's secured debt, if any, could initiate foreclosure proceedings against the assets of the Issuer;

(c) Issuer could be forced into bankruptcy or liquidation; and

(d) the Noteholders could lose all or part of their investment in the Notes.

As the Notes are unsecured and subordinated obligations of the Issuer, the Noteholders bear a heightened risk that, even if the Issuer continues to service other indebtedness, it may not have sufficient funds legally or contractually available to make payments under the Notes when due.

Notes repayment risk

Payments under the Notes are subject to significant limitations. Pursuant to the terms of the Notes, any payment (including repayment of Nominal Value of the Notes) may only be made if specific conditions are satisfied at the time of payment.

First, the Issuer may only make payments if it is in compliance, immediately after such payment, with all applicable financial covenants and undertakings. These include the financial covenants and the undertakings set out in the Terms. If the Issuer fails to meet these requirements, it may be prohibited or restricted from making the payments under the Notes, excluding payment of Coupon payments or default penalty in relation to delayed Coupon payments.

Second, payments under the Notes, excluding payment of Coupon payments or default penalty in relation to delayed Coupon payments, are subordinated to certain other liabilities of the Issuer. In particular, no payment may be made unless all claims of creditors ranking senior to the Noteholders have been satisfied in full. As a result, in situations where the Issuer has outstanding senior indebtedness or other senior-ranking obligations, Noteholders may not receive payments, excluding payment of Coupon payments or default penalty in relation to delayed Coupon payments, until those obligations have been discharged.

Furthermore, at the Maturity Date, the entire principal amount of the Notes, together with any accrued and unpaid interest (Coupon), will become due and payable. The unforeseen situation may occur when the Issuer may not have sufficient financial resources or the ability to repay or refinance these obligations when due. The Issuer may seek approval from the Noteholders to extend the Maturity Date or otherwise amend these Terms. If the Maturity Date coincides with the terms of other financing arrangements that restrict the Issuer from repaying the Notes, the Issuer could be required to seek waivers from the lenders and holders under those arrangements, or to refinance the relevant borrowings. If the Issuer fails to obtain the necessary waivers or refinance these borrowings, it may be unable to repay the Notes at the Maturity Date. Consequently, Noteholders may face delays in repayment or may not receive repayment in full, and could incur a partial or total loss of their investment.

These restrictions create a risk that Noteholders may experience delays in receiving payments of interest (Coupon) or principal (Nominal Value) or may not receive such payments at all. In particular, in periods of financial stress, deterioration in the Issuer's financial condition, or increased leverage, the Issuer may be unable to satisfy the relevant covenants or discharge senior-ranking liabilities, thereby preventing payments under the Notes. Accordingly, an investment in the Notes involves a heightened risk of non-payment or deferred payment compared to instruments that are not subject to such conditions or that rank senior to the Notes.

Subordination, lack of security and structural seniority of other creditors

The Notes constitute unsecured and subordinated debt obligations of the Issuer. In circumstances other than the liquidation, dissolution or the insolvency of the Issuer or the occurrence of an Event of Default, the Issuer may make any payment (including repayment of Nominal Value) only if certain conditions are satisfied at the time of, and immediately following, such payment. In particular, the Issuer may only make payments if it is in compliance, immediately after such payment, with all applicable financial covenants and undertakings set out in the Terms. In addition, payments under the Notes are subordinated to certain other liabilities of the Issuer, and no payment may be made unless all claims of creditors ranking senior to the Noteholders have been satisfied in full. If the Issuer fails to satisfy these conditions, it may be prohibited or restricted from making the payments under the Notes.

If the Notes are accelerated and all Notes, together with accrued and unpaid Coupon, become immediately due and payable or liquidation, dissolution or insolvency of the Issuer, the claims of the Noteholders will rank junior to: (i) the present and future claims of the noteholders in relation to the Secured Notes, (ii) the present and future claims of any unsecured and unsubordinated creditors of the Issuer. Accordingly, then the Issuer will be required to satisfy in full all such higher-ranking claims before any payments are made to the Noteholders under the Notes. As a result, if If the Notes are accelerated and all Notes, together with accrued and unpaid Coupon, become immediately due and payable t or in the Issuer's liquidation, dissolution or insolvency scenario, there may be limited or no residual assets available for distribution to Noteholders under the Notes. This increases the expected loss severity compared to creditors whose claims rank senior to the Notes and, in a worst-case scenario, Noteholders may suffer a total loss of their investment. Further, on the date of this Offering Memorandum, there is Signet Debt that is secured by Signet Collaterals that will be repaid from the proceeds of the Secured Notes. Until Signet Debt is repaid and Signet Collateral is deleted, these claims also rank higher than claims of the Noteholders and payments (excluding Coupon or default penalty in relation to delayed Coupon payments) to the Noteholders are restricted till repayment of Signet Debt.

The subordination of the claims of the Noteholders is contractual in nature and is subject to applicable Latvian insolvency laws. In the event of insolvency of the Issuer, the ranking and satisfaction of claims will also be affected by mandatory provisions of Latvian insolvency law, which may differ from the contractual subordination set out in these Terms. Accordingly, the effectiveness of the subordination of the Notes may be limited, and it may not be fully recognised or enforceable in all circumstances, including where it conflicts with mandatory statutory priorities or the rights of other creditors under Applicable Law. Certain claims, such as costs of the insolvency proceedings or other claims afforded statutory priority, including tax and employee claims, may rank ahead of the claims of the Noteholders under the Notes irrespective of the contractual terms of the Notes.

Furthermore, under the Latvian insolvency law, the claims arising under the Notes may be treated as ordinary unsecured claims. As a result, the statutory ranking may take precedence over the contractual subordination, and the Notes could be paid on a pari passu basis with other unsecured creditors of the Issuer to the extent required by Applicable Law. Consequently, the actual recovery of the Noteholders under the Notes in an insolvency scenario may differ from the ranking contemplated in these Terms.

The Notes are not secured by any collateral and are not guaranteed by any third party. Accordingly, Noteholders are fully exposed to the credit risk of the Issuer and rely on the Issuer's residual asset value after satisfaction of all senior-ranking claims.

In addition, certain creditors of the Issuer benefit from contractually senior positions. Currently there are Signet Collaterals established. Further, the Secured Notes are or will be secured by the following collaterals:

(a) a first (initially second as Signet Collaterals rank as the first rank) ranking commercial pledge over existing and future assets of the Issuer as an aggregation of things and future components of such aggregation of things;

(b) a first (initially second as Signet Collaterals rank as the first rank) ranking commercial pledge over all present and future shares in the Issuer's shareholder Saules Energy SIA, registration number

50203458791;

(c) first (initially second as Signet Collaterals rank as the first rank) ranking commercial pledge over all present and future shares in the Issuer, held by Issuer's shareholder Saules Energy SIA, registration number 50203458791;

(d) Guarantee (in Latvian: *galvojums*) issued by Saules Energy SIA, registration number 50203458791 in favour of to the collateral agent for the benefit of the secured Notes noteholders.

Additionally, building rights may be established and further mortgages securing Secured Notes can be established as an additional collateral.

These security interests grant Signet Bank and the collateral agent (acting for the benefit of the holders of the Secured Notes) a priority rights of satisfaction from the pledged assets ahead of unsecured and subordinated creditors, including the Noteholders. Accordingly, the Notes are structurally and economically riskier than secured debt, unsecured unsubordinated debt and any other liabilities of the Issuer ranking senior to the Notes.

Furthermore, the Issuer is permitted to incur additional indebtedness and to create additional security interests (insofar this is allowed under terms and conditions of the Secured Notes). Any such additional secured indebtedness or security may increase the amount of claims ranking senior to the Notes and may reduce the amounts recoverable in the Event of Default, insolvency, dissolution or liquidation of the Issuer. The incurrence of additional senior, unsubordinated or secured indebtedness may materially increase the credit risk associated with the Notes.

Limited liquidity may restrict Noteholders' ability to sell the Notes before maturity

There can be no assurance that a liquid market for the Notes will develop and will be maintained. The investors may find it difficult to sell their Notes or to sell them at prices producing a return comparable to returns on similar investments in the secondary market. The Notes shall be new securities which may not be widely distributed and for which there may be no active trading market. If a market does develop, it may still be not very liquid. Therefore, no liquidity of any market in the Notes can be assured; nor the ability of the Noteholders to sell their Notes or the prices at which they would be able to sell their Notes.

If the Notes are traded after their initial issuance, they may be traded at a discount or at a premium to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. It is possible that the market for the Notes will be subject to disruptions or volatility. Any such disruption or volatility may have a negative effect on holders of either series of the Notes, regardless of the Issuer's prospects and financial performance. As a result, there is no assurance that there will be an active trading market for the Notes. If no active trading market develops, you may not be able to resell your holding of the Notes at a fair value, if at all.

Listing failure or delisting risk

After registration of the Notes the Company may 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 Bank of Latvia.

The market price of the Notes may fluctuate, and Investors may suffer losses if selling before maturity

Investment into Notes, which are fixed rate Notes, involves the risk that subsequent changes in market interest rates may adversely affect the value of the fixed rate Notes. Particularly long-term fixed-rate Notes involve a high risk of a material decline in value if the market rate exceeds the rate paid in accordance with the fixed rate Notes. On the other hand, Noteholders that are subject to redemption at the option of the Issuer, when allowed under the Terms and Conditions, should not expect, in case of falling market rates, that the price would substantially exceed the redemption price. The yield to maturity on the Notes is affected by a number of factors that cannot be predicted at the time of the investment.

Issuer's Optional Redemption Risk

According to the Terms and Conditions, provided that the Secured Notes are fully repaid or redeemed the Notes may be redeemed in full or partially prematurely at the initiative of the Company in the circumstances and at the prices specified therein. 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 Potential 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 is more likely to exercise any optional redemption right of the Notes when prevailing market interest rates, credit spreads or alternative financing costs are relatively low, or where the Company can refinance the Notes on more favourable terms. In such circumstances, Potential Investors may be exposed to reinvestment risk and may lose the benefit of holding Notes with an interest rate that is higher than the then-prevailing market rate for comparable investments. The Company's redemption right may also adversely impact the Potential Investor's ability to sell such Notes. For example, the market price and liquidity of the Notes may decline if investors expect that the Notes will be redeemed before maturity, or if the remaining outstanding amount of the Notes is reduced as a result of partial redemptions.

Changes in tax laws or withholding obligations may reduce the return on the Notes for certain Investors

The tax treatment of the Notes depends on the tax laws and administrative practices applicable in the jurisdictions relevant to each Investor and may be subject to change during the term of the Notes. Changes in applicable tax laws, regulations, interpretations or withholding tax requirements may adversely affect the net return received by Investors in respect of the Notes. In certain circumstances, payments under the Notes may become subject to withholding or deduction for taxes, duties or other governmental charges, and there can be no assurance that Investors will be compensated for such amounts. Any such changes or withholding obligations could reduce the effective yield and overall return on the Notes for certain Investors.

Decisions of Majority Noteholders may affect individual rights of the Noteholders

The Terms and Conditions provide that certain decisions may be taken by the Majority Noteholders, and such decisions are binding on all Noteholders, including Noteholders who voted against the relevant decision, abstained from voting, did not participate in the voting or acquired Notes after the relevant decision was made. Thus, a Potential Investor is subject to the risk of being outvoted by a majority resolution of the other Noteholders. As such, certain rights of such Potential Investor against the Company may be amended, reduced, waived, postponed or otherwise modified, or even cancelled, without its consent. This may include, subject to the limitations set out in the Terms and Conditions and Applicable Law, amendments to payment terms, covenants, Events of Default, enforcement instructions, waivers of breaches, or other changes that may materially affect the value, ranking, enforcement prospects or expected return of the Notes.

The interests of Majority Noteholders may differ from the interests of individual Noteholders. Majority Noteholders may have different investment horizons, liquidity needs, risk appetite, exposure to the Company or other commercial relationships with the Company. Certain Noteholders may also have existing investments in Merito Fund which, alongside the management of the Issuer and the Shareholder, is economically linked to BESS Projects, including through land plots on which the BESS infrastructure is expected to be developed. Such Noteholders may therefore have additional economic interests outside the Notes which may influence their voting behaviour or preferred enforcement, waiver, amendment or restructuring strategy. Consequently, a decision supported by the required majority may not correspond to the preferences or best interests of a particular individual Noteholder. As a result, individual Noteholders may have limited ability to prevent or challenge decisions validly adopted in accordance with the Terms and Conditions, even where such decisions adversely affect their individual economic position or enforcement strategy.

Some Noteholders may 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 the Notes subscribed for is higher than the number of the Notes available, the Company has a right to refuse all or part of the subscribed Notes to any Potential Investor due to perceived risks that might not be directly measurable and subjective, thus, the proportionality principle might not be observed, and Potential Investors may receive fewer Notes than they subscribed for or no Notes at all. In particular, the Company will give priority in the allocation of the Notes to investors who have already invested in Merito Fund which is legally separate from the Company, but economically linked to BESS Projects, including because the BESS infrastructure is expected to be developed on land plots owned, held or otherwise made available by such fund or its related entities. As a result, such existing fund investors will be given preferential access to subscribe for the Notes compared to other Potential Investors.

Additionally, the Company has the right to sell the Notes at a price lower than their Nominal Value to selected Noteholders and/or enter into agreements that may add additional rights to selected Noteholders if the Company perceives them as especially important for the Notes issue due to the size of their investment, strategic relevance, ability to support successful placement of the Notes, market reputation, sector knowledge, or added experience. Such strategic relevance may include an existing economic exposure to, or commercial interest in, the wider sustainability fund structure, land plots, development arrangements or other assets or arrangements linked to BESS Projects. Such arrangements may include, for example, discounted issue prices, fee arrangements, side letters, information rights, consultation rights, participation rights in future financing rounds or other arrangements not made available to all Noteholders. This may result in a situation where some Noteholders might gain preferential terms for investment into the Notes or additional rights or benefits compared to than the rest of the Noteholders. Consequently, different Noteholders may have different effective yields, economic exposure, access to information or influence over certain matters relating to the Company or the Notes, even though they hold Notes of the same issue. Existing investors in Merito Fund may also have interests which are not fully aligned with those of other Noteholders, including interests related to the performance, valuation, financing, use or development of the land plots or other assets held outside the Company but economically connected with BESS Projects. This may adversely affect the relative position of other Noteholders and may create actual or perceived conflicts of interest between different groups of Noteholders.

REPRESENTATIONS AND WARRANTIES, RESPONSIBILITY STATEMENT

REPRESENTATIONS AND WARRANTIES OF THE ISSUER

Words and expressions defined in the Terms and Conditions of the Notes below or elsewhere in the Offering Memorandum have the same meanings in this section.

The Issuer shall, in accordance with the Terms and Conditions, issue the Notes and perform the obligations arising from the Notes to the Noteholders. The Issuer shall be liable to the Noteholders for due and complete fulfilment of its obligations under the Notes in accordance with, and subject to the limitations set out in, the Terms and Conditions and Applicable Law.

The Issuer represents and warrants to the Noteholders that:

(a) the Issuer is duly incorporated and validly existing as legal entity in it's jurisdiction of incorporation, and operating under the laws of jurisdiction of it's incorporation in all material respects,

(b) all the Issuer's obligations assumed under the Terms and Conditions are valid and legally binding to on the Issuer and performance of these obligations is not contrary to Applicable Law, the Issuer's constitutional documents or any agreement concluded by the Issuer in any material respect;

(c) the Issuer has all the rights and sufficient authorisations to issue the Notes and fulfil obligations arising from the Notes;

(d) the Issuer has performed all the formalities required for issuing the Notes and for the fulfilment of other obligations of the Issuer under the Notes;

(e) all information that is provided by the Issuer to the Noteholders in the Offering Memorandum is true, accurate and complete and not misleading in any respect;

(f) the Issuer is solvent, able to pay its debts arising from the Notes as they fall due, there are no liquidation, insolvency proceedings or similar proceedings pending or initiated against the Issuer;

(g) there are no material legal or arbitration proceedings pending or initiated against the Issuer, which may have a material adverse effect on the Issuer's financial position or profitability;

(h) there are no criminal proceedings pending or initiated against the Issuer; and

(i) the Issuer shall not, and shall procure that none of its directors, officers, employees or agents, acting on behalf of the Issuer, use the proceeds from the Notes: (i) to fund, finance or facilitate any activities or business of or with any person that is, or is owned or controlled by persons that are, or in any country, region or territory, that, at the time of such funding, financing or facilitating is, or whose government is, the target of Sanctions; or (ii) in any other manner that would result in a violation of Sanctions by any person (including, any person participating in the subscription of the Notes, whether as lender, underwriter, advisor, investor, or otherwise) in each case to the extent such use of proceeds is within the Issuer's knowledge and control.

The Issuer's representations and warranties provided above are valid on the Issue Date and will remain valid until fulfilment of all obligations arising from the Notes.

RESPONSIBILITY STATEMENT

The Issuer, represented by the member of its Management Board, accepts responsibility for the information contained in the Offering Memorandum and declares that the Issuer and its Management Board have taken all reasonable care to ensure that the information contained in the Offering Memorandum is, to the best of the Issuer's knowledge, true, accurate and complete and not misleading in any respect.

On behalf of the Issuer

Māris Plūme

Member of the management board

This document is signed electronically with secure electronic signature containing a time stamp.

TERMS AND CONDITIONS OF THE NOTES

1. DEFINITIONS

In these Terms and Conditions the following expressions have the following meanings:

Accounting Principles:
(a) Till 31 December 2026 - Latvian Accounting Standards (Latvian GAAP) in accordance with the Applicable Laws; or
(b) as of 1 January 2027 - the International Financial Reporting Standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time).

Acquisition: Any transaction or series of related transactions pursuant to which the Company has acquired a participation in the equity capital of, or a control in, a person if that person pursuant to the Accounting Principles has to be consolidated into the Company, or any acquisition or transfer of an operating division or business unit of any other person to the Company which under the Applicable Law constitutes a transfer of enterprise or an independent part thereof (in the meaning of the Commercial Law of the Republic of Latvia (in Latvian: *Komerclikums*)) or an equivalent legal concept under the relevant Applicable Law.

AML: Anti-money laundering and counter terrorism and proliferation financing.

Applicable Laws: Any applicable law, including without limitation: (a) the regulations of the Bank of Latvia, Nasdaq Riga and Nasdaq CSD; (b) corporate, securities, tax or other laws, statutes, rules, requirements or regulations, whether state, local, foreign, or EU; and (c) the laws and regulations of the Republic of Latvia and any legal acts in each other country in which the Issuer operates.

Auditor: Any auditor from the following list that is licensed to practice in the Republic of Latvia:
(a) Pricewaterhouse Coopers group entity;
(b) Ernst & Young group entity;
(c) KPMG group entity;
(d) Deloitte group entity;
(e) BDO group entity;
(f) Grant Thornton group entity;
(g) AS “Nexia Audit Advice”, registration number: 40003858822;
(h) Baker Tilly Baltics AS, registration number: 40003444833;
(i) SIA POTAPOVIČA un ANDERSONE, registration number 40003612562.

BESS: Battery energy storage system.

BESS Projects: Battery energy storage systems to be developed and further operated by the Issuer in respect of the following solar parks: (i) Zilupes SES (3.91 MW), located at "Dainas", Rakšiņa, Zaļesjes pagasts, Ludzas novads, LV-5751; (ii) Brenguļu SES (6.99 MW), located at "Ābelītes" and "Saullēkti", Brenguļu pagasts, Valmieras novads, LV-4245; (iii) Inčukalna SES (3.12 MW), located at "Lavitas", Inčukalns, Inčukalna pagasts, Siguldas novads, LV-2141; (iv) Carnikavas SES (12.04 MW), located at "Vidus Nagaiņi" and "Drunkas Nagaiņi", Carnikavas pagasts, Ādažu novads, LV-2163; (v) Kalkūnes SES (13.33

MW), located at "Jaunsaules", Kalkūnes pagasts, Augšdaugavas novads, LV-5449; (vi) Kokneses SES (5.28 MW), located at "Jaunsaules", Kokneses pagasts, Aizkraukles novads, LV-5113; (vii) Cēsu SES (19.79 MW), located at "Purmalas", Priekuļu pagasts, Cēsu novads, LV-4126; and (viii) Valmieras SES (7.09 MW), located at "Mičkēnu nomales", Kauguru pagasts, Valmieras novads, LV-4224.

Business Day(s): Business Day(s) is a day when Nasdaq CSD system is open and operational to effectuate T2S-eligible securities settlement transactions.

Cash and Cash Equivalents: Cash and cash equivalents according to the most recent Financial Report.

Communication Channels: the Issuer's webpage and, if the Notes are admitted to trading on First North, the Nasdaq Riga information system.

Company: The Issuer and the Subsidiary/ies, if any.

Consolidated EBITDA: Net profit of the Company for the Relevant Period calculated according to the most recent Financial Reports:

(a) increased by any amount of tax on profits, gains or income paid or payable;

(b) increased by any interest expense, fees for financing agreements and lease expenses;

(c) before taking into account any exceptional items which are not in line with the ordinary course of business and any non-cash items (such as e.g., asset revaluation or write-down);

(d) before taking into account any gains or losses on any foreign exchange gains or losses;

(e) increased by any amount attributable to the amortization, depreciation or depletion of assets;

(f) reduced by any interest and similar financial income; and

(g) reduced by any received dividends or any other similar payments.

Coupon: Interest on the Notes calculated in accordance with the Section 11. (*Coupon*).

Coupon Payment Date: Shall have the meaning ascribed to it in Clause 11.2.2.

Coupon Period: A calendar month on which the interest payable on the Notes has accrued.

The first Coupon Period is the period of time between the First Settlement Date and the last date of the respective calendar month.

The last Coupon Period is the period between the first date of the last month and the Maturity Date.

Custodian: Nasdaq CSD participant directly or a licensed credit institution or an investment brokerage company that has a financial securities' custody account with a Nasdaq CSD participant.

Existing Liabilities: Issuer debt to Signet Bank arising from the Signet Loan Agreement and secured by the Signet Collateral.

On 3 March 2026 the total committed amount under the Existing Liabilities was EUR 13,000,000, and the full amount remained undrawn;

Equity: The aggregate book value of the Company's total equity (including minority interest, if applicable) plus the Subordinated Debt on consolidated basis according to the most recent Financial Report.

Equity Cure: Has the meaning set forth in Section 15. (*Events of Default*).

Equity Ratio: Ratio of Equity to total assets, calculated according to the most recent Financial Report.

EUR: Euro (the single currency of the Member States of the European Monetary System).

Event of Default: Any event or circumstance set out in Clause 15.3.

Fair Market Value: With respect to any asset, the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving any distress of either party, determined in good faith by the management board of the Issuer.

Finance Charges: For the Relevant Period, the aggregate amount of the accrued interest, commission, fees, discounts, payment fees, premiums or charges and other finance payments in respect of Financial Indebtedness whether paid, payable or capitalized by any Company entity according to the latest Financial Report without taking into account any:

(a) costs related to the Notes issue,

(b) unrealized gains or losses on any derivative instruments other than any derivative instruments which are accounted for on a hedge accounting basis, or

(c) losses arising on foreign currency revaluations of intercompany balances.

Financial Indebtedness: The outstanding aggregate amount of any financial indebtedness of the Company according to the most recent Financial Report, including:

(a) monies borrowed and debt balances at banks or other financial institutions;

(b) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument, including the Notes;

(c) the amount of any liability in respect of any financial lease or hire purchase contract which would, in accordance with the Accounting Principles, be capitalised as an asset and booked as a corresponding liability in the balance sheet;

(d) monies borrowed from any shareholder of the Issuer;

(e) any amount raised under any other transaction (including any forward purchase or sale agreement) having the commercial effect of a borrowing and treated as a borrowing under the Accounting Principles, except for trade payables incurred in line with the ordinary course of business of the Company and except for land or premise lease as per IFRS 16 Leases standard;

(f) any derivative transaction based on mark-to-market value;

(g) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

(h) without double-counting any guarantee or other assurance against financial-loss in respect of a type referred to the above items (a) to (f).

but, excluding any Subordinated Debt.

Financial Report: If there is no Subsidiary: the annual audited financial report of the Issuer or the quarterly unaudited report (as applicable) of the Issuer prepared in accordance with

	the Accounting Principles. Or If there is Subsidiary/ies: the annual consolidated audited financial report of the Company or the quarterly consolidated unaudited report (as applicable) of the Company prepared in accordance with the Accounting Principles.
Financial Year:	For the Issuer, each year starting on 1 January and ending on 31 December.
First North:	the Multilateral Trading Facility (MTF) First North, operated by Nasdaq Riga.
First Settlement Date (Issue Date):	The date on which interest on the Notes starts to accrue: 5June 2026.
Force Majeure Event:	Has the meaning set forth in Section 17. (*Force Majeure*).
Insolvency Proceedings:	Insolvency (in Latvian: *maksātnespēja*), legal protection process (in Latvian: *tiesiskās aizsardzības process*) and out-of-court legal protection process (in Latvian: *ārpustiesas tiesiskās aizsardzības process*) pursuant to the Insolvency Law of the Republic of Latvia (in Latvian: *Maksātnespējas likums*), or any similar proceedings seeking a judgment of insolvency or bankruptcy or compromise or distressed reorganization or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights in any jurisdiction.
Interest Coverage Ratio or ICR:	The ratio of Consolidated EBITDA to Net Finance Charges
IPO Event	initial public offering of the shares of the Issuer, whereby by way of a primary offering (newly issued shares), secondary offering (sale of existing shares by shareholders), or combination thereof, resulting in listing and admission to trading of Issuer's shares on a recognized stock exchange or multilateral trading facility.
Issuer:	SIA Saules BESS, a company registered with the Register of Enterprises of the Republic of Latvia under registration No. 40203716498 and with a registered address at: Roberta Hirša iela 1, Riga Latvia.
Issuer's webpage:	Issuer's webpage at domain https://saulesbess.com/.
Issuing Agent:	Signet Bank.
Majority Noteholders:	Noteholders eligible to vote who collectively hold in aggregate the Notes with the Nominal Value representing at least 75% (seventy five percent) of the aggregate Nominal Value of the Notes held by Noteholders eligible to vote and who are attending the relevant Noteholders' Meeting or participating in a Procedure in Writing, as applicable. Notes held by the Issuer shall be disregarded, and the Issuer shall not be eligible to vote or be countered for quorum, majority or participation purposes.
Maturity Date:	The date when the Notes shall be repaid in full at their Nominal Value by the Issuer, which is 5 June 2030 (provided, however, that before that the Signet Debt and Secured Notes are fully repaid or redeemed).
Merito Fund	Merito Sustainable Energy FUND I AIF, alternative investment fund, registration number: 40203438878.

Minimum Settlement Unit: The minimum amount which can be held and traded, which is equal to the Nominal Value.

Nasdaq CSD: Nasdaq CSD SE, registration No. 40003242879, registered address at: Vaļņu iela 1, LV-1050, Riga, the Republic of Latvia.

Nasdaq Riga: AS "Nasdaq Riga", registration No. 40003167049, registered address at: Vaļņu iela 1, LV-1050, Riga, the Republic of Latvia.

Net Debt: The aggregate amount of the Financial Indebtedness of the Company minus the sum of Cash and Cash Equivalents of the Company, including marketable securities, as per the most recent Financial Report.

Net Debt Leverage Ratio: Net Debt, according to the most recent Financial Report, divided by (i) Consolidated EBITDA for the Relevant Period; or (ii) if the Company has performed an Acquisition over the Relevant Period, the Pro-Forma EBITDA for that Relevant Period.

Net Finance Charges: For the Relevant Period, the Finance Charges according to the latest consolidated Financial Report, after deducting any interest payable for the Relevant Period to the Company and any interest income relating to cash and cash equivalents of the Company.

Nominal Value: Face value of a single Note, which is EUR 1,000.00 (one thousand euro).

Note(s): an unsecured subordinated debt security issued by the Issuer according to these Terms and Conditions.

Noteholder(s) or **Investor(s):** A private person or legal entity that is an owner of one or more Notes and has a claim against the Issuer as provided in the Terms and Conditions.

Noteholders' Meeting: A meeting among the Noteholders held in accordance with Section 19. (*Noteholders' Meeting and Decisions*).

Potential Investor(s): A private person or legal entity that has, according to the terms stated in the Terms and Conditions, expressed interest or is planning to purchase for its own account one or more Notes.

Procedure in Writing: A written or electronic procedure for decision making by the Noteholders in accordance with Section 19 (*Noteholders' Meeting and Decisions*).

Prospectus Regulation: Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.

Related Parties: Any of the following person:

(a) a shareholder of the Issuer who has a direct decisive influence in the Issuer;

(b) a member of the management board or supervisory council of the Issuer;

(c) a member of the management board or supervisory council of the shareholder who has a direct decisive influence in the Issuer;

(d) a person who is a relative of the person referred to in point (a) or (b) above up to the second degree of kinship, the spouse or brother-in-law or sister-in-law up to the first degree of affinity, or a person with whom he or she has a shared household;

(e) a legal person in which the person referred to in point (a), (b) or (d) above has a direct decisive influence.

Relevant Period: Each period of 12 (twelve) consecutive calendar months, fixed at the end of each calendar quarter.

Sanctions: Economic or financial sanctions, trade embargoes and similar measures imposed, administered or enforced from time to time by the Republic of Latvia, European Union, United Nations, the Office of Foreign Assets Control of the US Department of the Treasury (OFAC) and any competent authority.

Settlement Unit Multiple: Multiple that defines the settlement quantity or nominal must be a multiple of the Minimum Settlement Unit.

Shareholder: Saules Energy SIA, registration number 50203458791.

Signet Bank: Signet Bank AS, a Latvian credit institution registered in the Register of Enterprises of the Republic of Latvia under registration No. 40003043232.

Signet Collateral: The following securities established in favour of Signet Bank to secure Issuer's liabilities arising under the Signet Loan Agreement:

(a) Asset pledges and share pledges granted by Issuer or the Collateral Providers;

(b) Financial collateral over the Issuer's bank accounts held with Signet Bank.

Signet Debt: the Issuer's debt to Signet Bank arising from the Signet Loan Agreement and secured by Signet Collaterals.

Signet Loan Agreement: Loan Agreement entered into by Signet Bank and Issuer on 03.03.2026. with No. 4.1-11.7/2026/12KR and with all amendments to it.

Secured Notes: secured notes to be issued by the Issuer in amount of up to EUR 22,000,000 after these Notes.

Subordinated Debt: Any of the following Issuer's existing and future debt payment obligations:

(a) obligations arising under the Notes;

(b) obligations arising under existing and future loans granted by the Shareholder, acting as lender, to the Issuer, acting as borrower, provided that such loans are subordinated to the Secured Notes in accordance with the terms of the Secured Notes and the relevant subordination agreement entered into between the Issuer, the Shareholder, and the entity acting as collateral agent in respect of the Secured Notes.

Subsidiary: An entity:

(a) whose affairs and policies the Issuer controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body or otherwise; or

(b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the Issuer.

On the date of this Offering Memorandum the Issuer does not have any Subsidiary.

Terms and Conditions: The Terms and Conditions of the Notes, which form inseparable part of the Offering

Memorandum.

2. USE OF THE PROCEEDS

2.1. The total issue size is EUR 5,000,000.00 (five million euro).

2.2. Funds that will be raised as a result of the issue will be used for: (i) financing or refinancing the development of BESS Project, including any ancillary infrastructure, project development costs, working capital and general corporate purposes related to such BESS Projects and (ii) payment of the Issuing Agent's fee and other fees, costs and expenses related to the issuance of the Notes.

3. GENERAL INFORMATION

3.1. The Notes are bearer securities and any individual or entity that holds the Notes in his/her securities account has the right to receive Coupon and the Nominal Value payments. It is planned to issue the Notes with a Nominal Value of EUR 1,000.00 (one thousand euro) for one Note and total nominal value of up to EUR 5,000,000.00 (five million euro).

3.2. ISIN (International Security Identification Number) of the Notes allocated by Nasdaq CSD is LV0000111805.

3.3. Minimum subscription amount for the Notes is EUR 100,000.00 (one hundred thousand euro) with minimum step of EUR 1,000.00 (one thousand euro), except where the Issuer, in reliance on an available exemption from the requirement to publish a prospectus under Applicable Law, accepts subscriptions in a lower minimum amount of EUR 1,000 from fewer than 150 Potential Investors in any Member State of the European Union. Such lower minimum subscription amount may be made available, in particular, to Potential Investors who are existing investors in Merito Fund. For the avoidance of doubt, if subscriptions are accepted from 150 or more Potential Investors in any Member State, the minimum subscription amount for each such Potential Investor shall be EUR 100,000.00 (one hundred thousand euro).

3.4. In addition to the Secured Notes the Issuer may from time to time, without the consent of the Noteholders, create and issue further notes which are not issued under this Offering Memorandum, irrespective of whether such further notes are consolidated with already issued Notes or not; further these notes may not be subordinated to the Notes; these notes may even be issued with higher ranking than these Notes.

4. APPLICABLE LAW AND DISPUTE RESOLUTION

4.1. The issuance of the Notes is not a public offering within the meaning of the Prospectus Regulation (it is a private placement) and is arranged in compliance with the Applicable Laws that are in force, including regulations of the Bank of Latvia and Nasdaq Riga.

4.2. The Notes are governed by the laws of the Republic of Latvia.

4.3. All disputes between any one or more Noteholders and the Issuer shall be settled in courts of the Republic of Latvia in accordance with the laws of the Republic of Latvia. These Terms and Conditions are prepared in English and any translations of these Terms and Conditions into another language are unofficial and made exceptionally for the Potential Investors' convenience. In case of any disputes' settlement, interpretation of the provisions of these Terms and Conditions in English shall have a priority against an interpretation in any other language.

5. FORM AND ACCOUNTING OF THE NOTES

The Notes are issued in dematerialised form and will be recorded in the Latvian SSS (securities settlement system governed by the Applicable Laws), which will provide the maintaining function for the Notes. The Noteholders may hold the Notes through Nasdaq CSD participants participating in the Latvian SSS.

6. CURRENCY OF THE NOTES

Currency of the Notes is EUR (euro).

7. STATUS AND SUBORDINATION OF THE NOTES

7.1. The Notes and obligations of the Issuer thereunder constitute unsecured subordinated obligations of the Issuer which will at all times rank *pari passu* among themselves without any preference.

7.2. Subject to the mandatory provisions of Applicable Laws, the claims of Noteholders to any payments in respect of the Notes shall:

7.2.1. rank junior to the present and future claims of Signet Bank under or in connection with the Signet Debt; for the avoidance of doubt, during the term of the Notes, the claims of the Noteholders under the Notes shall be subordinated to the Signet Debt;

7.2.2. rank junior to the present and future claims of creditors in respect of any Financial Indebtedness of the Issuer which is secured, including the claims under the Secured Notes;

7.2.3. rank junior to the present and future claims of any other unsecured and unsubordinated creditors of the Issuer; and

7.2.4. rank senior to the present and future claims of (i) holders of share capital of the Issuer and (ii) any other securities or obligations of the Issuer which in each case by Applicable Law rank, or by their terms are expressed to rank (to the extent such ranking is recognised by Applicable Law) junior to the Notes.

7.3. The subordination of the Notes means that, subject to mandatory provisions of Applicable Laws and notwithstanding any other provision of these Terms:

7.3.1. In the event of the Issuer's liquidation, dissolution or insolvency, or in accordance with Clause 15.1 the Notes are accelerated and all Notes, together with accrued and unpaid Coupon, become immediately due and payable , the claims of the Noteholders under the Notes shall be satisfied only after the prior and full satisfaction of all the claims of creditors of the Issuer that rank senior pursuant to Clauses 7.2.1 to 7.2.3. If any of such event occurs and is continuing, no amount shall be payable in respect of the Notes unless and until all such senior-ranking claims have been irrevocably paid in full, and the Noteholders shall not be entitled to receive or retain any payment to the extent that it would result in a breach of this subordination.

7.3.2. Without prejudice to Clause 7.3.1, the Coupon payments or default penalty in relation to delayed Coupon payments are paid in accordance with Clause 11.2.1.

7.3.3. Any other payment under the Notes (including the Nominal Value but excluding Coupon or default penalty in relation to delayed Coupon payments) may be made only if:

(a) the Company's existing and future financial covenants set out in Section 13 (*Financial covenants*) and undertakings set out in Section 14 (*Undertakings*) are satisfied immediately after such payment; and

(b) all claims of creditors of the Issuer ranking senior pursuant to Clauses 7.2.1 to 7.2.3 have been satisfied in full.

7.4. The Issuer shall procure that no Noteholder shall be entitled to exercise any right of set-off against moneys owed by the Issuer in respect of the Notes.

8. RIGHTS AND RESTRICTIONS CONNECTED WITH ISSUE OF THE NOTES

8.1. Each Noteholder has the right to receive Coupon and Nominal Value payments in accordance with the Section 11 (*Coupon*) and Section 12 (*Repayment of the Notes*), as well as to exercise other rights provided in these Terms and Conditions and Applicable Laws.

8.2. Provided that before that the Signet Debt and Secured Notes are fully repaid or redeemed, only then the Issuer has the right to purchase the Notes on the secondary market or otherwise directly from the Noteholders. The Notes that are purchased by the Issuer shall be held in the Issuer's financial instruments' custody account and the Issuer has the right to sell the purchased Notes to Potential Investors and other

Noteholders. The Issuer cannot cancel the purchased Notes held in the Issuer's financial instruments' account, therefore decreasing the size of the Notes issue, except within a 30 (thirty) calendar day period before the Maturity Date.

8.3. The Notes held by the Issuer are not eligible to participate in the voting in accordance with these Terms and Conditions and shall be disregarded for quorum, majority and participation purposes.

9. RESTRICTIONS ON FREE CIRCULATION OF THE NOTES

9.1. The Notes are freely transferable debt securities and can be pledged. However, the Notes cannot be offered, sold, resold, transferred or delivered in such countries or jurisdictions or otherwise in such circumstances in which it would be unlawful or would require measures other than those required under the Applicable Laws, including the publication or approval of a prospectus, registration, notification, authorisation or other similar action.

9.2. Any Noteholder wishing to transfer or offer the Notes must ensure that any offering related to such transfer or offer would not be qualified as a public offering within the meaning of the Applicable Laws. According to these Terms and Conditions, it is the obligation and liability of the relevant Noteholder to ensure that any offering of the Notes does not fall under the definition of a public offering under the Applicable Laws.

10. FIRST SETTLEMENT DATE OF THE NOTES

The Issue Date (First Settlement Date) of the Notes issue is 5 June 2026, on which the Coupon starts to accrue.

11. COUPON

11.1. Coupon rate

The Coupon rate for the Notes is 14% (fourteen percent) per annum and is fixed until the Maturity Date.

11.2. Coupon payment procedure

11.2.1. Coupon payments are made on each Coupon Payment Date provided that no Suspension Event has occurred.

For the purposes of this Clause, a "Suspension Event" occurs if: (i) after giving effect to the relevant Coupon payment, any of the Financial Covenants set out in Section 13 (Financial Covenants) is not satisfied; or (ii) required majority of the noteholder(s) of the Secured Notes have submitted a written notice to the Issuer of the occurrence of an event of default in accordance with terms and conditions of the Secured Notes.

If a Suspension Event occurs, the relevant Coupon payment shall be deferred and shall be paid on the next Coupon Payment Date on which no Suspension Event exists. Any deferred Coupon shall be paid together with any Coupon otherwise due on such date.

11.2.2. Coupon payments are made 12 (twelve) times per year – each on the last day of each calendar month, except the first Coupon payment which is 30 July 2026. The first Coupon payment period commences on the Issue Date and ends on the first Coupon Payment Date. The last Coupon payment will be made on Maturity Date, which is 5 June 2030. If the Coupon Payment Date is not a Business Day, the Issuer will pay Coupon payment on the next Business Day after the Coupon Payment Date.

11.2.3. The Coupon record date is the 5th (fifth) Business Day prior to the Coupon Payment Date. At the end of the Coupon record date, the list of the Noteholders who are eligible for the Coupon payments will be fixed. The Coupon payment shall be made to the Noteholders in accordance with the relevant Noteholders' list provided by Nasdaq CSD, on each Coupon Payment Date for the preceding Coupon period.

11.2.4. The Issuer shall pay the Coupon through the intermediary of Nasdaq CSD and in accordance with the applicable regulations of Nasdaq CSD, which regulate the procedure for paying income from debt securities. The regulations of Nasdaq CSD applicable on the date of the Terms and Conditions are Nasdaq CSD Rulebook and Corporate Action Service Description.

11.2.5. If the Issuer has failed to make Coupon payments in accordance with the deadlines specified in these Terms and Conditions and such failure continues for more than 10 (ten) Business Days following the payment date of the relevant Coupon, the Noteholders shall have the right to submit claims regarding the payment of the Coupon.

11.3. Coupon calculation

11.3.1. Monthly Coupon payments shall be calculated according to the following formula:

CPN = F * C/12 or CPN% = C/12, where

CPN – the amount of the Coupon payment in EUR per Note;

F – Nominal Value of one Note outstanding at the beginning of the relevant Coupon period;

C – annual Coupon rate (% with six digits after the decimal separator);

The first coupon payment on the First Coupon Date is determined according to the following formula:

CPN1 = F * C *n/360, where

CPN1 – the amount of Coupon payment in EUR per Note on the First Coupon Date;

F – Nominal value of one Note;

C – annual Coupon rate (%);

n – number of days since the Issue Date or the last Coupon Payment Date (as applicable) calculated on a 30-day basis.

The last coupon payment on the Maturity Date is determined according to the following formula:

CPN2 = F * C *n/360, where

CPN2 – the amount of Coupon payment in EUR per Note on the Maturity Date;

F – Nominal value of one Note;

C – annual Coupon rate (%);

n – number of days since the last Coupon Payment Date until the Maturity Date, calculated on a 30-day basis.

11.3.2. The accrued interest between the Coupon Payment Dates shall be calculated presuming there are 360 (three hundred and sixty) days in one year (day count convention – "European 30/360") as follows:

AI = F * C / 360 * D, where

AI – accrued interest of one Note;

F – Nominal Value of one Note at the beginning of the relevant Coupon calculation period, *i.e.*, the initial Nominal Value at the time of the issue of a Note;

C – annual Coupon rate (% with six digits after the decimal separator);

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

12. REPAYMENT OF THE NOTES

12.1. Repayment at maturity

12.1.1. The Nominal Value of one Note is EUR 1,000.00 (one thousand euro), and the Issuer will repay outstanding Nominal Value of the Notes at the Maturity Date, which is 5 June 2030; provided, however, that before that the Signet Debt and Secured Notes are fully repaid or redeemed. If on 5 June 2030 the Signet Debt and Secured Notes are not fully repaid or redeemed, then the Maturity Date occurs on the following Business Day after the Signet Debt and Secured Notes are fully repaid or redeemed.

12.1.2. The Issuer shall pay outstanding Nominal Value through the intermediary of Nasdaq CSD and in accordance with the applicable regulations of Nasdaq CSD. The regulations of Nasdaq CSD applicable on the date of these Terms and Conditions are the Nasdaq CSD Rulebook and Corporate Action Service Description. Outstanding Nominal Value will be paid on the Maturity Date. The list of the Noteholders eligible to receive outstanding Nominal Value will be fixed at the end of the previous Business Day before the Maturity Date; whereas the list of the Noteholders for the Coupon payments is determined in accordance with Clause 11.2.3.

12.1.3. If the Maturity Date is not a Business Day, the Issuer will pay outstanding Nominal Value of the Notes on the next Business Day after the Maturity Date. In case of the postponement of the payment date, the Issuer shall compensate the accrued interest for the period between the Maturity Date and the actual payment date of the Nominal Value, unless such postponement results solely from the application of Nasdaq CSD procedures or other payment mechanics outside the Issuer's control, in which case no default shall be deemed to have occurred solely due to such postponement.

12.1.4. If the Issuer fails to make the Nominal Value payment in accordance with the deadlines specified in the Terms and Conditions and such failure continues for more than 10 (ten) Business Days following the Maturity Date, the Noteholders shall have the right to submit claims regarding the repayment of the Nominal Value.

12.2. Early redemption at the option of the Issuer (call option)

12.2.1. Provided that the Signet Debt and Secured Notes are fully repaid or redeemed the Issuer may redeem the Notes, in whole, or in part, (unless the funds used for redemption of the Notes are generated from the Issuer's or the Shareholder's commercial operations):

(a) from 5 June 2026 (inclusive) until 5 June 2027 (inclusive) by paying 101% (one hundred and one percent) of the Nominal Value amount of the redeemed Notes together with accrued and unpaid Coupon;

(b) from 6 June 2027 (inclusive) until the Maturity Date by paying 100% (one hundred percent) of the Nominal Value amount of the redeemed Notes together with accrued and unpaid Coupon;

12.2.2. The Issuer may redeem the Notes in part or an aggregate Nominal Value calculated in accordance with Clause 12.2.1 (a) or 12.2.1 (b) or 12.2.5, as applicable, provided that any partial redemption amount shall be no less than EUR 1,000,000 (one million euro) and shall be applied *pro rata* by nominal amount among Noteholders.

12.2.3. If the Issuer takes a decision on early (full or partial) redemption of the Notes pursuant to this Section 12.2, the Issuer shall notify the Noteholders at least 20 (twenty) Business Days prior to the redemption date of the Notes by publishing notice on the Communication Channels, as well as shall notify Nasdaq CSD.

12.2.4. If the Issuer redeems the Notes pursuant to this Section 12.2, the Issuer will pay the redemption payment through the intermediary of Nasdaq CSD in accordance with applicable regulations of Nasdaq CSD. The regulations of Nasdaq CSD applicable on the date of these Terms and Conditions are the Nasdaq CSD Rulebook and Corporate Action Service Description. The list of the Noteholders eligible to receive the redemption payment will be fixed at the end of the previous Business Day before the redemption payment date.

12.2.5. If the funds used for the redemption of the Notes are generated from the commercial operations of the Issuer or the Shareholder, the Issuer may redeem the Notes at their Nominal Value, together with any accrued and unpaid Coupon, without payment of any additional premium, including any premium otherwise payable under Clause 12.2.1.

13. FINANCIAL COVENANTS

The Issuer undertakes that the Company complies with the following financial covenants from the Issue Date and for as long as any Notes are outstanding:

(a) starting from 1 January 2028, to maintain an Interest Coverage Ratio of at least 1.5x (one point five times), calculated for the Relevant Period and tested at the end of each quarter;

(b) starting from 1 January 2028, to maintain a Net Debt Leverage Ratio of less than 4.0x (four times), calculated for the Relevant Period and tested at the end of each quarter.

14. UNDERTAKINGS

The Issuer undertakes to comply with the following undertakings from the Issue Date and for as long as any Notes are outstanding:

(a) to pay dividends or make any other distribution of profits, excluding payments related to the Notes (eg, Coupon, Nominal Value) in accordance with the Terms and Conditions or payments related to the Secured Notes, to its shareholders only if all Financial Covenants in Section 13 (*Financial Covenants)* are met after such payment;

(b) not to make any substantial change to the general nature of the business of the Issuer from that carried on at the Issue Date (including, but not limited to, the commencement of any new business which is not ancillary or incidental to the original business);

(c) to ensure that substantially all cash turnovers and incoming and outgoing payments of the Issuer are processed through accounts held with Signet Bank;

(d) not to dispose, donate or in any other manner alienate any of its assets where such disposal would have a material adverse effect on the Issuer's commercial operations, business or financial situation;

(e) not to initiate or permit the initiation of the Issuer's liquidation, reorganization or similar proceedings;

(f) not to reduce the share capital of the Issuer;

(g) to prepare and publish on the Communication Channels consolidated unaudited quarterly reports for the Company with management comments, prepared according to the Accounting Principles, no later than the last day of the second month following the end of each respective quarter. The reports should also include a statement on the Issuer's compliance with the financial covenants set out in Section 13 (*Financial Covenant*s), including the relevant calculations/ratios; and

(h) to prepare and publish on the Communication Channels consolidated audited annual reports for the Company prepared according to the Accounting Principles, no later than 5 (five) months after the end of each Financial Year. The annual reports should be audited by an Auditor.

15. EVENTS OF DEFAULT

15.1. If an Event of Default has occurred and is continuing, the Noteholder(s) holding, in aggregate, at least 10% (ten percent) of the Nominal Value of the outstanding Notes may, by written notice to the Issuer, declare the occurrence of Event of Default. If the Issuer (i) confirms in writing that an Event of Default has occurred and is continuing in accordance with this Clause, or (ii) does not provide any written response within 20 (twenty) Business Days after receipt of the notice from the Noteholders, then the Notes are accelerated and all Notes, together with accrued and unpaid Coupon, shall become immediately due and payable without any additional notice. Then the Issuer shall pay to all Noteholders, *pro rata*, the Nominal Value of the Notes together with the accrued and unpaid Coupon and default interest or contractual penalty, as applicable, in accordance with Section 16 (*Default Interest or Penalty*) no later than 20 (twenty) Business Days after the earlier of such confirmation or the expiry of the said 20 (twenty) Business Day response period; however, in any event provided that before these payments the Issuer's obligations arising from the Secured Notes and or the Signet Debt is fully completed.

15.2. The Issuer shall publish information regarding the notice received from Noteholders representing at least 10% (ten percent) of the Nominal Value of the outstanding Notes alleging the occurrence of an Event of Default (as per Clause 15.1) on the Communication Channels within 5 (five) Business Days from the receipt of such notice.

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

(a) Non-payment: the Issuer fails to pay any amount of principal in respect of the Notes on the due date for payment thereof or fails to pay any amount of Coupon in respect of the Notes on the due date for payment thereof, unless the payment is made within 10 (ten) Business Days following the original due date. The Noteholders shall have the right to submit claims regarding failure to make payment not earlier than 10 (ten) Business Days after the due date of the relevant payment;

(b) **Breach of Financial Covenants**: the Issuer does not comply with any financial covenant set out in Section 13 (*Financial Covenants*), unless prior to or within 90 (ninety) calendar days of the earlier of: (i) the date on which the relevant Financial Report is to be published pursuant to these Terms and Conditions; and (ii) the date that such a Financial Report was in fact published pursuant to these Terms and Conditions for any Relevant Period in which such failure to comply was (or would have been) first evidenced (**"Breach Period"**), the Issuer has received cash proceeds of new injections from the shareholders in the form of equity and/or Subordinated Debt (the "**Equity Cure**"), in an amount at least sufficient to ensure that the financial covenants set out in Section 13 (*Financial Covenants*) would be complied with if tested again as at the last date of the Breach Period.

Any Equity Cure provided to the Issuer in respect of such Breach Period shall be deemed to have been provided during the Breach Period and shall be included (without double counting) in all relevant calculations of the financial covenants set out in Section 13 (*Financial Covenants*) until the date it was deemed provided falls outside any subsequent Relevant Period. For the purposes of calculating the financial covenants set out in Section 13 (Financial Covenants), the amount of any Equity Cure shall be deemed to increase Consolidated EBITDA for the Relevant Period, without double counting.

If after the Equity Cure the relevant financial covenant set out in Section 13 (*Financial Covenants*) is met, then an Event of Default shall not be constituted in respect of that breach.

(c) **Breach of Undertakings***:* the Issuer does not comply with any undertakings set out in Section 14 (*Undertakings*)unless the non-compliance (i) is capable of being remedied and (ii) is remedied within 20 (twenty) Business Days after the Issuer becoming aware of the non-compliance;

(d) **Cross-Default**:

(i) any Financial Indebtedness of the Issuer is neither paid when due nor within any applicable grace period;

(ii) any Financial Indebtedness of the Issuer is declared to be or otherwise becomes due and payable prior to its specified maturity, as a result of an event of default (however described);

(iii) any commitment for any Financial Indebtedness of the Issuer is cancelled or suspended by a creditor, as a result of an event of default (however described); or

(iv) any security securing Financial Indebtedness of the Issuer over any asset is enforced by a secured creditor;

provided, however, that the aggregate amount of such Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (i) to (iv) above exceeds in total EUR 200,000 (two hundred thousand euro) (or the equivalent thereof in any other currency), provided that there is no dispute on the obligation to pay, and that the above does not apply to any Financial Indebtedness owed to the Related Parties or to any Subordinated Debt.

(e) **Insolvency:**

(i) the Issuer is subject to any Insolvency Proceedings or similar proceedings in any competent jurisdiction or admits inability to pay its debts in case of lawful claims, save for the claims of the Related Parties, other than any Insolvency Proceedings which are being disputed in good faith and are discharged, stayed or dismissed within 90 (ninety) calendar days of commencement (if under Applicable Laws such action is possible in respect of the relevant Insolvency Proceedings);

(ii) the Issuer enters into any arrangement with majority of its creditors by value in relation to the restructuring of its debts or any meeting is convened to consider a proposal for such arrangement, other than any solvent reorganisation, refinancing, rescheduling or restructuring permitted under these Terms and Conditions or approved by the Majority Noteholders; or

(iii) an application to initiate any Insolvency Proceedings or similar proceedings in relation to the Issuer or any other proceedings for the settlement of the debt of the Issuer is submitted to the court by the Issuer.

16. DEFAULT INTEREST OR PENALTY

16.1. If the Issuer fails to pay to the Noteholders any amount of principal payable by it under the Terms and Conditions, then the Issuer shall pay to the Noteholders default interest (in Latvian: *nokavējuma procenti*) accruing on the overdue amount from the due date up to the date of actual payment at a rate which is 0.05% (zero point zero five per cent) per day of the overdue principal amount.

16.2. If the Issuer fails to pay any Coupon payment when due under these Terms and Conditions, the Issuer shall pay to the relevant Noteholders a contractual penalty (in Latvian: *līgumsods*) accruing on the overdue Coupon amount from the due date up to the date of actual payment at a rate of 0.05% (zero point zero five per cent) per day, provided that the aggregate amount of such contractual penalty shall not exceed 10% (ten per cent) of the relevant overdue Coupon amount.

17. FORCE MAJEURE

17.1. The Issuer shall be entitled to postpone the fulfilment of its obligations under these Terms and Conditions by publishing a relevant notice on the Communication Channels in case the performance of such obligations is not possible due to the continuous existence of any of the following circumstances which are beyond the reasonable control of the Issuer, could not reasonably have been foreseen or avoided by the Issuer, and materially prevent or delay the performance of the affected obligation (a "**Force Majeure Event**"):

(a) action of any authorities, war or threat of war, armed hostility or a serious threat of it, including but not limited to enemy attacks, blockades, military embargoes, actions by a foreign enemy, general military mobilisation, military actions, declared and undeclared war, actions by a public enemy, commotions, acts of terrorism, diversions, piracy, disorders, invasion, revolution, coup, insurrection, mass unrest, expropriation, enforced withdrawal, takeover of enterprises, requisition, sanctions, trade restrictions, emergency measures, mandatory orders or restrictions imposed by any governmental, regulatory, supervisory or other competent authority;

(b) disturbances in postal, telephone, or electronic communications which are due to circumstances beyond the reasonable control of the Issuer and that materially affect the operations of the Issuer, Nasdaq CSD, any paying agent, account bank, custodian, settlement system, trading venue or other infrastructure provider relevant to the performance of the Issuer's obligations under these Terms and Conditions;

(c) any interruption of or delay in any functions or operational measures of the Issuer as a result of fire, frost or other similar disaster, including flood, storm, lightning, earthquake, epidemic, pandemic, explosion, cyberattack, failure of information technology systems, failure of payment or settlement systems, power outage, grid failure or other event affecting critical infrastructure;

(d) any industrial action, such as strike, lockout, boycott or blockade affecting materially the activities of the Issuer or any material service provider, counterparty, settlement system, account bank, custodian or infrastructure provider relevant to the performance of the Issuer's obligations under these Terms and Conditions; or

(e) any other similar force majeure hindrance or circumstance beyond the Issuer's reasonable control which materially prevents or delays the performance of the affected obligation.

17.2. In case of occurrence of a Force Majeure Event, the Issuer's fulfilment of the affected obligations may be postponed for the period of the existence of such respective circumstances and shall be resumed as soon as reasonably practicable after such circumstances cease to exist, provided that the Issuer shall use all commercially reasonable efforts to limit the effect of the Force Majeure Event and to resume the fulfilment of its affected obligations as soon as possible.

18. DISCLOSURE OF INFORMATION

18.1. Up until the Maturity Date, the Issuer shall publish all information required by these Terms and Conditions, rules of Nasdaq Riga and regulatory enactments.

18.2. Unless it is provided otherwise in these Terms and Conditions, all notices and reports to Noteholders shall be published on the Communication Channels.

18.3. Any notice or report published in a manner prescribed in Clauses 18.1 or 18.2 shall be deemed to have been received on the same Business Day on which it is published, provided that if such publication occurs after 17:00 Riga time or on a day which is not a Business Day, such notice or report shall be deemed to have been received on the next Business Day.

19. NOTEHOLDERS' MEETINGS AND DECISIONS

19.1. General Provisions

19.1.1. The decisions of the Noteholders (including decisions on amendments to these Terms and Conditions or granting of consent or waiver) shall be passed at the Noteholders' Meeting or by way of a Procedure in Writing, at the choice of the Issuer. However, the Issuer shall have the right to amend the technical procedures relating to the Notes (including any manifest errors or other inconsistencies) without a decision of the Noteholders, if such amendments are not prejudicial to the interests of the Noteholders.

19.1.2. The Issuer shall have the right to convene a Noteholders' Meeting or instigate a Procedure in Writing at any time, and Issuer shall do so following a written request from the Noteholders who, on the day of the request, collectively hold in aggregate the Notes with the Nominal Value representing at least 1/10 (one-tenth) of the aggregate Nominal Value of all outstanding Notes (other than the Notes held by the Issuer). As a general rule, the Noteholders' Meeting or in Procedure in Writing is convened by a decision of the Issuer.

19.1.3. The Issuer may refrain from convening a Noteholders' Meeting or instigating a Procedure in Writing if (i) the suggested decision does not fall under the competence of the Noteholders, or (ii) the suggested decision is not in accordance with the Applicable Laws, these Terms and Conditions or any other Note document.

19.1.4. Quorum at the Noteholders' Meeting or in respect of the Procedure in Writing only exists if one or more Noteholders holding 50% (fifty per cent) in aggregate or more of the Nominal Value of the Notes outstanding and eligible to vote:

(a) if at a Noteholders' Meeting, attend the meeting; or

(b) if in respect of a Procedure in Writing, reply to the request.

If the Issuer is the Noteholder, their Nominal Value of the Notes will be excluded when quorum and voting results are calculated.

19.1.5. If quorum does not exist at the Noteholders' Meeting or in respect of a Procedure in Writing, the Issuer shall convene a second Noteholders' Meeting or instigate a second Procedure in Writing, as the case may be. The quorum requirement set out in Clause 19.1.4 above shall not apply to such second Noteholders' Meeting or Procedure in Writing, except for exclusion of the Issuer from calculation of quorum and voting results.

19.1.6. Consent of the Majority Noteholders is required for any agreement with the Issuer to amend Clause 3.1, Section 4 *(Applicable Law and Dispute Resolution*), Section 7 (*Status of the Notes*), Section 12 (*Repayment of the Notes),* 11 (*Coupon*), Section 13 (*Financial covenants)*, Section 14 (*Undertakings*), 15 (*Events of Default*), Section 19 *(Noteholders Meetings and Decisions*).

19.1.7. If the Secured Notes are outstanding, then in addition to obtaining the Noteholders consent in accordance with Clause 19.1.6 or 19.1.8, as applicable, consent of the majority noteholders of the Secured Notes (as defined under the terms and conditions of the Secured Notes and obtained in accordance with the terms and conditions of the Secured Notes) is required to amend Clause 3.1, Section 4 *(Applicable Law and*

Dispute Resolution), Section 7 (*Status of the Notes*), 11 (*Coupon*), Section 12 (*Repayment of the Notes),* Section 13 (*Financial covenants)*, Section 14 (*Undertakings*), 15 (*Events of Default*), this Clause 19.1.7, agreement to shorten the Maturity Date, or the method of determining the date for the payment of principal, interest or any other amount in respect of the Issue.

19.1.8. Consent of the Majority Noteholders is required for the following decisions:

(a) agreement with the Issuer to change the date, or the method of determining the date for the payment of principal, interest or any other amount in respect of the Issue, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the Issue or to change the method of calculating the amount of interest or any other amount payable on any date in respect of the Issue;

(b) agreement with the Issuer to change the currency of the Issue.

19.1.9. Consent of simple majority of all Noteholders attending the Noteholders' Meeting or participating in the Procedure in Writing (i.e., replying to the request) is required to the decisions not covered in Clause 19.1.6 or 19.1.8 above (as applicable).

19.1.10. In case convening of the Noteholders' Meeting or instigation of the Procedure in Writing is requested to the Issuer by the Noteholders, the Issuer shall be obliged to convene the Noteholders' Meeting or instigate the Procedure in Writing within 1 (one) month after receipt of the respective Noteholders' written request.

19.1.11. All expenses in relation to the convening and holding of the Noteholders' Meeting or a Procedure in Writing shall be covered by the Issuer.

19.1.12. Only those who were appearing in Nasdaq CSD as the Noteholders by the end of the 5th (fifth) Business Day prior to convening the Noteholders' Meeting and only those who were appearing in Nasdaq CSD as the Noteholders by the end of the 5th (fifth) Business Day after publishing an announcement on instigation of the Procedure in Writing, or proxies authorised by such Noteholders, may exercise their voting rights at the Noteholders' Meeting or in the Procedure in Writing. The voting rights of the Noteholders will be determined on the basis of the Nominal Value of the Notes held on the relevant record date, excluding Notes held by the Issuer.

19.1.13. Without amending or varying these Terms and Conditions, the Issuer may prescribe such further regulations regarding the convening and holding of the Noteholders' Meeting or the Procedure in Writing as the Issuer may deem appropriate. Such regulations may include e.g. a possibility for Noteholders to vote without attending the meeting in person, holding the Noteholders' Meeting in the form of a video conference etc.

19.1.14. The Issuer notifies Nasdaq CSD about planned Noteholders' Meeting or the Procedure in Writing, and Nasdaq CSD further notifies Nasdaq CSD participants about planned Noteholders' Meeting or the Procedure in Writing. For the avoidance of doubt, this notification or failure to do so shall not invalidate any decision made or voting result achieved.

19.2. Noteholders' Decisions

19.2.1. A Noteholders' Meeting or a Procedure in Writing may make decisions that are binding on the Noteholders on a matter relating to the Terms and Conditions. Consent of the Majority Noteholders is required to adopt any decision, unless a different majority is expressly required under these Terms and Conditions.

19.2.2. Notes held by the Issuer will not carry the right to vote at the Noteholders' Meetings or in a Procedure in Writing and will not be taken into account in determining how many Notes are outstanding for the purposes of the present Clauses of these Terms and Conditions, including for quorum, majority and participation purposes.

19.2.3. The Noteholders' Meeting and the Procedure in Writing can authorise a named person to take any necessary actions to enforce or implement the decisions of the Noteholders' Meeting or the Procedure in Writing.

19.2.4. A matter decided at the Noteholders' Meeting or the Procedure in Writing is binding on all Noteholders, irrespective of whether they were present at the Noteholders' Meeting or participated in the Procedure in

Writing, voted against the decision, abstained from voting or acquired the Notes after the relevant decision was adopted. Decisions made at the Noteholders' Meeting or in the Procedure in Writing are deemed to have been received by the Noteholders at the time when (i) they have been entered in the issue account maintained by Nasdaq CSD, or (ii) they have been notified to the Noteholders by a notice published in English on the Communication Channels (any such notice shall be deemed to have been received by the Noteholders when sent or published in the manner specified in this Clause), provided that any failure or delay in such entry or publication shall not invalidate any decision validly adopted or voting result achieved in accordance with these Terms and Conditions. In addition, the Noteholders are obliged to notify subsequent transferees of the Notes of the decisions taken at the Noteholders' Meeting or the Procedure in Writing.

19.2.5. Information about decisions taken at the Noteholders' Meeting or the Procedure in Writing shall be provided to the Noteholders in English on the Communication Channels (any such notice shall be deemed to have been received by the Noteholders when sent or published in the manner specified in this Clause).

19.3. **Meetings of the Noteholders**

19.3.1. If a decision of the Noteholders is intended to be passed at the Noteholders' Meeting, then a respective notice of the Noteholders' Meeting shall be provided to the Noteholders in English on the Communication Channels (any such notice shall be deemed to have been received by the Noteholders when sent or published in the manner specified in this Clause) no later than 10 (ten) Business Days prior to the meeting. Furthermore, the notice shall specify the time, place and agenda of the meeting, as well as any action required on the part of the Noteholders that will attend the meeting. No matters other than those referred to in the notice may be resolved at the Noteholders' Meeting.

19.3.2. The Noteholders' Meeting shall be held in Riga, Latvia, or by video conference or other electronic means, and its chairperson shall be appointed by the Noteholders' Meeting.

19.3.3. The Noteholders' Meeting shall be organised by the chairperson appointed by the Noteholders' Meeting.

19.3.4. The Noteholders' Meeting shall be held in English.

19.3.5. Representatives of the Issuer and persons authorised to act for the Issuer may attend and speak at the Noteholders' Meeting.

19.3.6. Minutes of the Noteholders' Meeting shall be kept, recording the day and time of the meeting, attendees, their votes represented, matters discussed, results of voting, and resolutions which were adopted by the Noteholders' Meeting. The minutes shall be signed by the keeper of the minutes, who shall be appointed by the Noteholders' Meeting. The minutes shall be attested by the chairman of the Noteholders' Meeting, if the chairperson is not the keeper of the minutes, as well as by one of the persons appointed by the Noteholders' Meeting to attest the minutes. The minutes from the relevant Noteholders' Meeting shall, at the request of the Issuer or any Noteholder, be sent to it by the Issuer.

19.4. **Procedure in Writing**

19.4.1. The Issuer may initiate the Procedure in Writing itself or through the intermediary of an authorised person (the "**Agent**").

19.4.2. If a decision of the Noteholders is intended to be passed by the Procedure in Writing, then a respective communication of the Procedure in Writing shall be provided to the Noteholders, in English on the Communication Channels (any such notice shall be deemed to have been received by the Noteholders when sent or published in the manner specified in this Clause. Communication to the Noteholders shall include:

(a) each request for a decision by the Noteholders;

(b) a description of the reasons for each request;

(c) a specification of the Business Day on which a person must be registered as a Noteholder in order to be entitled to exercise voting rights;

(d) information on where to receive a form for replying to the request (such form to include an option to vote "yes" or "no" for each request), as well as a form of a power of attorney;

(e) instructions on how to execute and submit a form for replying to the request;

(f) the stipulated time period within which the Noteholder must reply to the request (such time period to last at least 10 (ten) Business Days from the communication pursuant to this Clause) and the manner of reply; and

(g) any supporting information or documents reasonably necessary for the Noteholders to consider the proposed decision, to the extent available to the Issuer or the person requesting the Procedure in Writing.

19.4.3. The Noteholders shall submit signed voting forms to the Issuer, the Agent or their respective Custodian by a deadline set in the respective communication of the Procedure in Writing.

19.4.4. If the Noteholder does not notify the Issuer or the Agent about its decision on the respective matter submitted for approval within the term specified in the communication, such Noteholder shall be deemed as not having voted on the respective decision.

19.4.5. The Issuer or the Agent shall count the received votes in Procedure in Writing and notify the Noteholders of the results of the voting within 1 (one) Business Day after the deadline for submitting the voting forms by publishing a relevant announcement on the Communication Channels.

19.4.6. When the requisite consents have been received in a Procedure in Writing, the relevant decision shall be deemed to be adopted even if the time period for replies in the Procedure in Writing has not yet expired.

20. ADMISSION TO TRADING ON THE FIRST NORTH

20.1. The Issuer may, at its sole discretion, decide to request admission to trading of the Notes on First North within the term and procedure as notified by the Issuer to the Noteholders.

20.2. Failure to admit the Notes of any Issue to trading on First North shall not affect the validity of such Notes or the Issuer's payment obligations thereunder.

TAXES

NOTICE

This summary is of a general nature and should not be considered a legal or tax advice. This summary does not contain full and complete information on all the taxes that relate to investment in the Notes. Tax rates and conditions for paying taxes may change during the life of the Notes. Potential Investors should consult with their own tax advisors with respect to their particular circumstances and the effects of the Latvian or foreign tax laws to which they may be subject to.

DEFINITION OF RESIDENTS AND NON-RESIDENTS

An individual is considered resident of Latvia for tax purposes if his or her declared place of residence is the Republic of Latvia, or he or she stays in the Republic of Latvia for more than 183 (one hundred and eighty-three) days within any 12 (twelve) month period; or he or she is a citizen of the Republic of Latvia and is employed abroad by the government of the Republic of Latvia. If an individual does not meet any of the above-mentioned criteria, he or she is considered a non-resident for tax purposes.

Any legal entity is considered resident of Latvia for tax purposes if it is or should be established and registered in the Republic of Latvia according to the Latvian legislation. Permanent establishments of foreign entities in Latvia are assimilated to local enterprises for tax purposes. Other legal entities are considered non-residents for tax purposes.

Latvia has entered into number of tax conventions on elimination of the double taxation, which may provide more favourable taxation regime. Therefore, if there is a valid tax convention with the country of a non- resident Noteholder, it should be also examined. The procedures for application of tax conventions are provided in the Republic of Latvia Cabinet of Ministers' Regulations No. 178 of 30 April 2001 "Procedures for Application of Tax Relief Determined in International Agreements for Prevention of Double Taxation and Tax Evasion". For the purposes of exchanging documents, the Noteholder should contact the Issuer *via* the information provided on the Issuer's webpage and/or Nasdaq Riga webpage.

TAXATION

Tax consequences in the Republic of Latvia regarding the income derived from Notes that are issued by a legal entity registered in the Republic of Latvia (not being a credit institution) effective as of date of the Terms and Conditions of the Notes are as follows:

Legal status of income beneficiary	Notes that are not in the public circulation (not admitted to trading on a regulated market for the purposes of MiFID II)		Condition
	Interest tax rate	Capital gains tax rate	
Individual resident of Latvia	25.5%	25.5%[1]	25.5% tax from the interest (coupon) income is withheld and transferred to the State budget by the Issuer. 1 – Income from disposal of the Notes is assimilated to an interest income and taxed at 25.5% rate in Latvia. Tax on capital gains is payable by self-assessment. Should the total taxable income as defined under the Law "On Personal Income Tax" of an individual resident of Latvia exceed EUR 200,000 in a year, additional tax rate of 3% will be applicable to the portion of income

			exceeding EUR 200,000. This additional tax is payable by self-assessment. Special rules apply if the transactions with the Notes are made through an investment account within the meaning of the Law "On Personal Income Tax". In such case, taxation of income is deferred until the moment when the amount withdrawn from the investment
Company resident of Latvia	deferred: 20/80 of the beneficiary's net profit distributed (equals to 20% of the gross profit) Resident entities whose shareholders are only individuals may elect for an alternative tax regime under which: (i) profit distributions are subject to corporate income tax at the rate of 15% on the gross amount of the distributions (with the tax base calculated by dividing the distributions by 0,85 and applying the 15% rate); and (ii) dividends are subject to personal income tax at the rate of 6% on the amount of dividends (which may be credited against the individual's tax liability in the country of	deferred: 20/80 of the beneficiary's net profit distributed (equals to 20% of the gross profit) See also the alternative regime that may be elected by resident entities whose shareholders are only of individuals	Interest income and capital gains are not subject to withholding tax in Latvia. Interest (coupon) income and a capital gain from the Notes constitute a part of the beneficiary's - Latvian company's overall income. The Corporate Income Tax obligation is deferred to the moment of profit distribution (dividends, interim dividends) or deemed profit distribution (e.g., deemed dividends, non-business expenditure, bad debts provisions/write-off, loans to the related persons, transfer pricing adjustments, liquidation quota) of the beneficiary - Latvian company. The tax is assessed and paid based on the Corporate Income Tax Return filed for a taxation period (a month or year).

	residence, if the laws of that country permit such credit).		
Individual non-resident	5%/20%/25.5%[2,4]	5%/20%/25.5%[2,3,4]	5% tax from interest (coupon) income and a capital gain from the Notes can be withheld and transferred to the State budget by the Issuer of the Notes, if all of the following three criteria are met: (i) the payment is made with the intermediation of an investment service provider, including Nasdaq CSD, and the issue of the Notes is organized by an investment service provider supervised by competent authority supervising financial markets and participants thereof (such as the Bank of Latvia); (ii) the recipient of such income is a resident of the European Union or the European Economic Area and is not carrying out business activity; (iii) the Notes are not publicly traded (i.e. not traded on a regulated market). Otherwise 25.5% tax from the interest (coupon) income is withheld and transferred to the State budget by the Issuer. 2 - In general, interest payments and other payments (except principal loan) to non-resident located, registered or incorporated in a no-tax or low-tax country or territory as defined according to the Regulations of the Cabinet of Ministers No. 333 "List of Low-Tax or No-Tax Countries and Territories", adopted on 27 June 2023, effective as of 1 July 2023, are subject to withholding tax of 20% if the payer is a Latvian legal entity. 3 – Under domestic tax law, income from disposal of the Notes is assimilated to an interest income and taxed at 25.5% rate. However, capital gains from the disposal of Notes may be tax exempt in Latvia under the applicable tax convention for the avoidance of double taxation. 4 - A non-resident individual being a beneficiary of interest (coupon) income or an income from disposal of the Notes could be obliged to assess and pay tax in its country of residence at the tax rate specified in the relevant country, which may or may not be higher than the one applicable in Latvia.
Company non-resident	Not taxable in Latvia[5,6]	Not taxable in Latvia[5,6]	Interest (coupon) income and a capital gain derived by a non-resident company (except a company from no-tax or low-tax countries or

territories) are not taxable in Latvia provided that the company does not operate in Latvia through a permanent establishment.

5 - In general, interest payments and other payments (except principal loan) to non-resident located, registered or incorporated in a no-tax or low-tax country or territory as defined according to the Regulations of the Cabinet of Ministers No. 333 "List of Low-Tax or No-Tax Countries and Territories", adopted on 27 June 2023, effective as of 1 July 2023, are subject to withholding tax of 20% if the payer is a Latvian legal entity.

6 - A non-resident company being a beneficiary of interest (coupon) income or a capital gain could be obliged to assess and pay tax in its country of residence at the tax rate specified in the relevant country, which may or may not be higher than the one applicable in Latvia.

Source: Applicable Laws of the Republic of Latvia

TERMS OF THE PRIVATE OFFERING

Words and expressions defined in the Terms and Conditions of the Notes above or elsewhere in the Offering Memorandum have the same meanings in this section.

1.1. Method of issue

The Notes will be issued in one tranche.

1.2. Subscription for the Notes

1.2.1. Offering of the Notes with the total nominal value of EUR 5,000,000.00 (five million euro) will be made during the subscription period that commences on 28 May 2026 at 10:00 Riga time and shall end when all Notes are subscribed and paid for ("**Subscription Period**"), unless shortened, discontinued or closed earlier by the Issuer or the Issuing Agent. The Subscription Period may end earlier if all Notes are sold or if the Issuer decides to close or discontinue the placement. In case the total number of the Notes subscribed for during the Subscription Period is larger than the number of the Notes available, the Issuing Agent, acting in consultation with the Issuer, at its sole discretion has the right to terminate the Subscription Period and announce the completion of the Subscription Period. The termination timing can be different for private investors and institutional investors or for different categories of investors, provided that such treatment is in accordance with Applicable Laws and the allocation principles set out in this Offering Memorandum.

1.3. Subscription terms

1.3.1. The orders to acquire the Notes ("**Subscription Orders**") can be submitted to the Issuer or the Issuing Agent every Business Day during normal working hours until the end of the Subscription Period. More detailed information on the submission of the Subscription Orders is available by phone (+371 67 081 069) or through other communication channels notified by the Issuer or the Issuing Agent.

1.3.2. The Subscription Orders can also be submitted to other Custodians, which in turn shall submit orders to the Issuer or the Issuing Agent until the end of the Subscription Period. The form of such Subscription Orders is regulated by contracts between Noteholders and Custodians and by the Applicable Laws. Neither the Issuer nor the Issuing Agent shall be responsible for any delay, omission, error or failure by any Custodian or intermediary to submit, process or settle a Subscription Order.

1.3.3. The minimal initial subscription size (the "**Minimum Investment Amount**") is EUR 100,000.00 (one hundred thousand euro). The subscription size should be equal to a multiple of the Settlement Unit Multiple, except where the Issuer, in reliance on an available exemption from the requirement to publish a prospectus under Applicable Law, accepts subscriptions in a lower minimum amount of EUR 1,000 from fewer than 150 Potential Investors in any Member State of the European Union.

1.3.4. Total Nominal Value of the Notes to be purchased and provided in each Subscription Order shall be for at least the Minimum Investment Amount. Potential Investors have the right to submit several orders during the offering, provided that the Issuer and the Issuing Agent may aggregate Subscription Orders submitted by the same Potential Investor or persons acting on behalf of, or in concert with, such Potential Investor for the purposes of allocation, selling restrictions, prospectus exemptions, AML, Sanctions and other compliance checks.

1.3.5. All Subscription Orders to the Notes shall be considered as a binding and irrevocable commitment to acquire the allotted Notes, subject to the Issuer's and the Issuing Agent's right to reject, reduce or refuse allocation of the Notes in accordance with this Offering Memorandum.

1.3.6. By submitting the Subscription Order, the Potential Investor confirms that it/he/she: (a) has read the Offering Memorandum and understands the Terms and Conditions; (b) agrees and commits to adhere to the Terms and Conditions; and (c) authorizes and instructs the Custodian, the Issuing Agent, the Issuer, distributors or other parties involved in the Subscription Order submission and/or settlement process to forward and exchange its/his/her personal data and information provided in the Subscription Order to the extent necessary for the purposes of the offering, allocation, settlement, AML, Sanctions, tax, regulatory, investor identification and other compliance requirements.

1.3.7. By submitting the Subscription Order, each Potential Investor further confirms that it/he/she is entitled to acquire the Notes under Applicable Laws and any laws applicable to it/him/her, has obtained any required internal, corporate or other approvals, and is not subject to any restriction which would make the acquisition, holding or disposal of the Notes unlawful.

1.3.8. In accordance with Article 5f of Council Regulation (EU) No 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine (as amended), it is prohibited to sell the Notes to any Russian national or natural person residing in Russia or any legal person, entity or body established in Russia. This prohibition shall not apply to nationals of a Member State of the European Union, of a country member of the European Economic Area or of Switzerland, or to natural persons having a temporary or permanent residence permit in a Member State of the European Union, in a country member of the European Economic Area or in Switzerland.

1.3.9. In accordance with Article 1y of Council Regulation (EC) No 765/2006 of 18 May 2006 concerning restrictive measures against President Lukashenko and certain officials of Belarus (as amended), it is prohibited to sell the Notes to any Belarusian national or natural person residing in Belarus or any legal person, entity or body established in Belarus. This prohibition shall not apply to nationals of a Member State of the European Union or to natural persons having a temporary or permanent residence permit in a Member State of the European Union.

1.3.10. The Issuer and the Issuing Agent may request any Potential Investor to provide additional information, documents, confirmations, declarations or representations required for AML, Sanctions, tax, selling restriction, investor identification or other compliance purposes. Failure to provide such information or documents in a form satisfactory to the Issuer or the Issuing Agent may result in rejection of the Subscription Order or refusal to allocate Notes to such Potential Investor.

1.3.11. The First Settlement Date of the Notes is 5 June 2026.

1.3.12. All the expenses related to the acquisition and custody of the Notes shall be borne by a Potential Investor in compliance with the pricelist of a credit institution or investment service provider, through which the investor purchases and keeps Notes. The Issuer is not obliged to compensate any such expenses incurred by the Potential Investor.

1.4. Price of the Notes

1.4.1. The purchase price of the Notes can be equal to 100% (one hundred per cent) of the Nominal Value or the purchase price could be lower or higher than the Nominal Value, meaning that the Notes can be sold with a discount or premium, plus accrued interest.

1.4.2. All subscription orders that have been submitted after the First Settlement Date shall be executed with accrued interest, unless the subscription orders are submitted within 5 (five) Business Days before the end of each respective quarter – from the Coupon record date and until the Coupon Payment Date, in which case the subscription orders shall be executed without accrued interest.

1.5. Allocation of the Notes to Noteholders

1.5.1. The Notes are allocated to the Noteholders in the amount not larger than the amount specified in the Subscription Order and not less than the Minimum Investment Amount.

1.5.2. In case the total number of the Notes subscribed for during the Subscription Period is less than the number of the Notes available, the Notes will be allotted based on the Subscription Orders placed, subject to the Issuer's and the Issuing Agent's right to reject, reduce or refuse allocation of Notes in accordance with this Offering Memorandum.

1.5.3. In case the total number of the Notes subscribed for is higher than the number of the Notes available, the proportionate reduction principle shall be applied to the extent possible at the discretion of the Issuer, however, the Notes allocated to the Noteholders shall not be less than the Minimum Investment Amount. For the avoidance of doubt, the Issuer and the Issuing Agent may deviate from the proportionate reduction principle where they consider it appropriate, including to give allocation priority to certain categories of investors, to comply with Applicable Laws, selling restrictions, prospectus exemptions, AML or Sanctions requirements, to take into account the timing, size or certainty of Subscription Orders, or to support the successful placement of the Notes.

1.5.4. The Issuer or the Issuing Agent at its sole discretion has a right to refuse to allocate all or part of the subscribed Notes to any Potential Investor due to AML, Sanctions regulations compliance risk or other risks, including, without limitation, regulatory, tax, reputational, settlement, investor suitability, selling restriction, documentation, operational or other risks, as well as failure to provide information or documents requested by the Issuer or the Issuing Agent.

1.5.5. The Issuer may give priority in allocation of the Notes to Potential Investors who are existing investors in Merito Fund.

1.6. Discontinuation of the placement and reduction of the Notes issue size

1.6.1. The Issuer may decide to discontinue placement of the Notes at any time until the end of the Subscription Period without being required to provide reasons for such decision.

1.6.2. The Issuer may decide on the reduction of the Notes issue size, including where the Notes are not subscribed for in full or where the Issuer otherwise considers such reduction appropriate.

1.6.3. Any Notes that are not issued shall be deleted.

1.6.4. The Issuer shall not be liable to any Potential Investor for any costs, losses, damages or expenses arising from discontinuation of the placement, reduction of the issue size, rejection or reduction of a Subscription Order, or non-allocation of the Notes, except in case of the Issuer's willful misconduct.

1.7. Settlement and delivery of the Notes

1.7.1. The Settlement Date of the Notes is the Issue Date. All subscription orders that are aggregated during the Subscription Period with settlement date on the Issue Date will be delivered without accrued interest.

1.7.2. Settlement of the Notes will be executed through Nasdaq CSD in accordance with the DVP (delivery versus payment) principle pursuant to the applicable rules of Nasdaq CSD.

1.7.3. The Custodians shall execute payments for the Notes based on the results of the subscription provided by the Issuing Agent. The Notes will be transferred to the Noteholders' financial instrument accounts on the settlement date subject to receipt of payment, completion of all required checks and the applicable procedures of Nasdaq CSD and the relevant Custodians.

1.7.4. Settlement for the Notes can be executed according to other procedure, which is agreed to by the Issuing Agent and a Potential Investor, but in any case, through Nasdaq CSD in accordance with the DVP (*delivery versus payment*) principle pursuant to the applicable rules of Nasdaq CSD.

1.7.5. Neither the Issuer nor the Issuing Agent shall be responsible for any settlement failure, delay or technical issue caused by Nasdaq CSD, any Custodian, account operator, bank, payment system, intermediary or Potential Investor.

1.8. Pre-emptive rights

None of the Potential Investors has any rights of pre-emption in respect to acquisition of the Notes in the initial placement. Any allocation priority, lower minimum subscription amount or preferential economic term made available to selected Potential Investors, including existing investors in Merito Fund economically linked to the BESS Projects, shall not constitute a pre-emptive right or any legally binding entitlement to subscribe for or receive the Notes.

1.9. Listing

1.9.1. The Issuer may (but it not obligated) request the admission to trading of the Notes on First North within 12 (twelve) months after the Issue Date and submit the Offering Memorandum to Nasdaq Riga. The Issuer does not undertake to register the Notes prospectus with the Bank of Latvia or list the Notes on any regulated market.

1.9.2. The Issuer has not signed any agreement with any person for liquidity maintenance of the Notes on the secondary market.

GENERAL INFORMATION

Words and expressions defined in the Terms and Conditions of the Notes below or elsewhere in the Offering Memorandum have the same meanings in this section.

GENERAL INFORMATION ON THE ISSUER

The Issuer is SIA Saules BESS, a private limited liability company (in Latvian: *sabiedrība ar ierobežotu atbildību*) registered in the Register Enterprises of the Republic of Latvia under registration No 40203716498.

The Issuer carries out its activities in accordance with the Applicable Laws.

The Issuer is owned by Saules Energy SIA, private limited liability company (in Latvian: *sabiedrība ar ierobežotu atbildību*) registered in the Register Enterprises of the Republic of Latvia under registration No 50203458791.

DECISIONS OF THE ISSUER ON THE NOTES ISSUE

On 27 May 2026, the Issuer's shareholder passed the sole shareholder's decision to issue the Notes and to authorize the Management Board to approve and sign all the documents (including the Offering Memorandum) related to the issuance of the Notes.

On 27 May 2026, the Issuer's Management Board passed the decision to issue the Notes and to approve and sign all the documents (including the Offering Memorandum) related to the issuance of the Notes.

AUDITOR

The Issuer plans to engage a reputable and recognized auditor, licensed to practice in the Republic of Latvia, prior to publishing its audited financial report for the financial year ending 31 December 2026. The appointment is expected to take place by the end of 2026.

ADVISORS INVOLVED IN THE ISSUE

The Issuer has concluded an agreement with the Issuing Agent to organise the registration and settlement of the Notes. For avoidance of doubt, in relation to the Notes the Issuing Agent acts only as the issuing agent, not as the arranger, not distributor, nor sales agent. The Issuing Agent is not responsible for offering and distribution of the Notes, nor for maintaining a list of all persons to whom Notes have been offered, nor for any acts or omissions of any distributor or sales agent in relation to the Notes. The Issuing Agent may unilaterally terminate the provision of the Issuing Agent's services in cases allowed under agreement concluded by the Issuer and the Issuing Agent. Furthermore, the Issuing Agent is entitled to refuse to accept the orders where permitted under the agreement concluded between the Issuer and the Issuing Agent. The Issuing Agent may provide other services to the Issuer in the future and receive remuneration for such services.

Legal advice to the Issuer in respect of the Notes issue was provided by law firm Sorainen ZAB SIA.

EXTERNAL AUDIT OF THE INFORMATION INCLUDED IN THE OFFERING MEMORANDUM

The information included in the Offering Memorandum have not been verified by auditors; however, the part of the financial information included in the Offering memorandum is audited by the Company's auditor.

STATEMENTS OR REPORTS INCLUDED IN THE OFFERING MEMORANDUM

The Offering Memorandum does not contain any expert statements or reports.

CREDIT RATINGS

No credit rating has been assigned to the Issuer or to the Notes.

BUSINESS DESCRIPTION

Words and expressions defined in the Terms and Conditions of the Notes below or elsewhere in the Offering Memorandum have the same meanings in this section.

COMPANY'S OVERVIEW

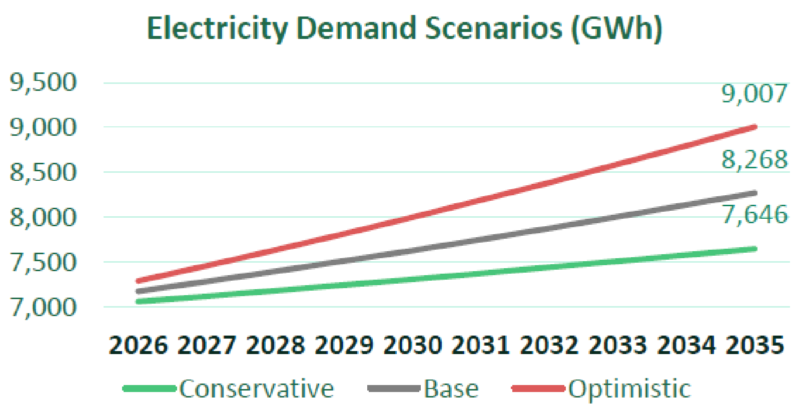
SIA Saules BESS is a Latvia-based BESS project company established to develop and operate utility-scale battery energy storage assets in Latvia. The Issuer forms part of the portfolio of Merito Sustainable Energy Fund I, a EUR 20 million investment fund backed by 86 investors and managed by an AIFP regulated by the Bank of Latvia. The Issuer has been established as an expansion platform alongside renewable energy operations under Saules Energy SIA, which has successfully developed a 71.5 MWp solar PV portfolio in Latvia. The Company's current development pipeline consists of a fully ready-to-build 120 MWh BESS project, for which all material permits have been secured and construction activities have commenced, with the first 70 MWh BESS devices already delivered to Latvia in May 2026 and the full 120 MWh project expected to become operational across all targeted electricity and balancing markets by December 2026. The Company intends to generate revenues from participation in wholesale electricity and ancillary markets through cooperation with specialized third-party electricity trading and optimization partners active across the Baltic and Nordic regions.

INDUSTRY OVERVIEW

Battery energy storage systems are a critical component of modern electricity infrastructure, providing grid flexibility, balancing capacity and energy shifting capabilities required to support growing penetration of intermittent renewable energy generation. BESS assets generate revenues primarily through participation in wholesale electricity markets, intraday arbitrage and ancillary service markets, including frequency containment and balancing reserve products such as FCR, aFRR and mFRR. The economic performance of BESS assets is largely driven by electricity price volatility, balancing market demand, grid congestion and the availability of sufficient price spreads between charging and discharging periods. As electricity systems become increasingly dependent on renewable energy generation, battery storage is expected to play an increasingly important role in maintaining grid stability, balancing supply and demand and supporting transmission infrastructure constraints.

In the Baltics and broader Nordic region, the BESS sector is currently supported by structural market conditions including growing electricity demand, increasing renewable energy penetration and limited regional balancing capacity. Following the synchronization changes and disconnection from the BRELL electricity system in 2025, Baltic electricity markets are expected to require substantially higher balancing reserves and system flexibility, increasing demand for ancillary services and battery-based balancing solutions. In addition, the Baltic electricity market remains relatively shallow compared to Western European markets, with lower installed storage capacity and more limited baseload generation, resulting in higher electricity price volatility and wider balancing spreads. Latvia is expected to add significant new renewable generation capacity over the coming decade, primarily through solar and wind projects, increasing the importance of co-located storage solutions capable of mitigating intermittency and grid congestion risks.

Latvian Electricity Demand Scenarios (GWh)

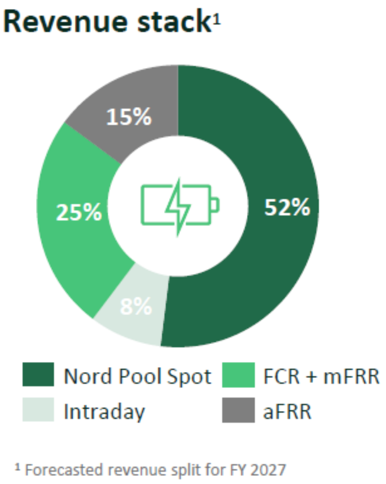


The current Baltic BESS market environment has resulted in comparatively strong revenue opportunities for battery storage operators relative to more mature European markets. Revenue benchmarks observed in Baltic balancing and electricity markets have materially exceeded those of several larger European jurisdictions, supported by higher volatility, lower competition and increasing balancing demand. At the same time, the sector remains highly dependent on future market developments, including regulatory changes, growth in installed battery storage capacity, evolution of balancing market structures and increasing competition from new market entrants. While short- and medium-term market conditions are currently viewed as favorable for BESS operators, long-term revenue levels are expected to gradually normalize as the Baltic electricity market matures and additional flexibility capacity enters the market.

BUSINESS MODEL

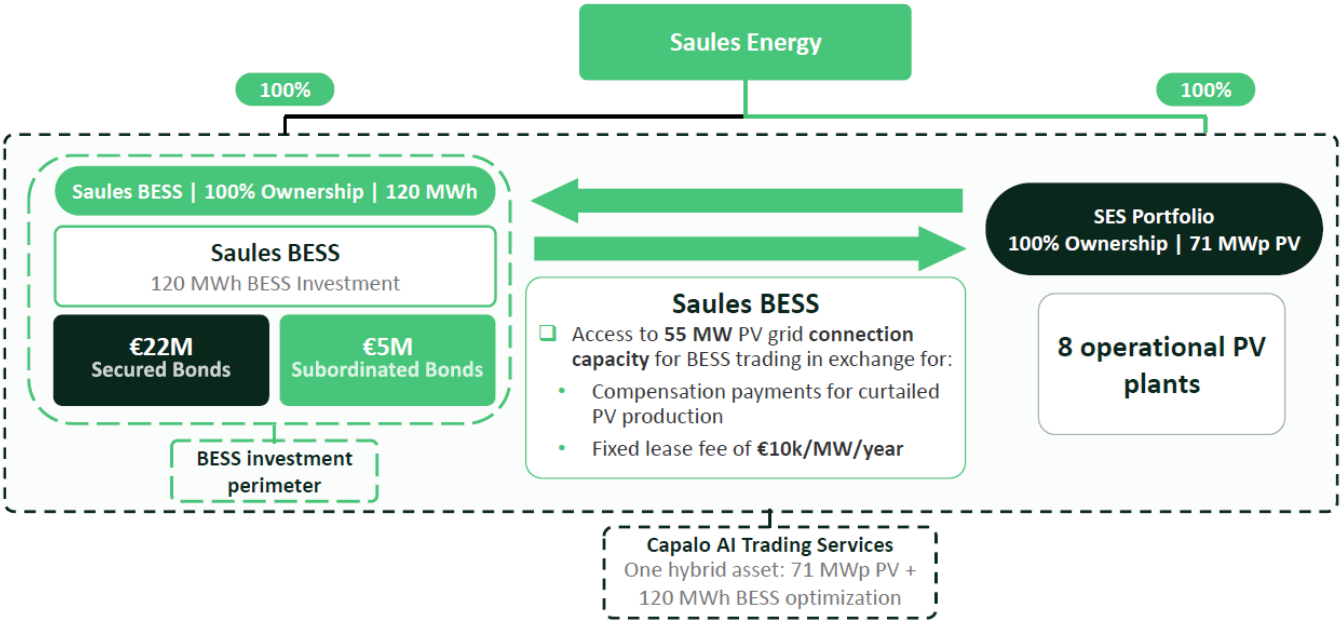
The Company's BESS business model is based on generating revenues from electricity price arbitrage and participation in ancillary services markets. The BESS assets are expected to generate income through Nord Pool day-ahead and intraday electricity trading, including spread trading and imbalance netting, as well as through reserve capacity and balancing services such as FCR, aFRR and mFRR, where revenues may be earned both from standby capacity availability and activation payments when the BESS is dispatched by the transmission system operator. The Company's battery dispatch and market participation are expected to be optimized through cooperation with specialized third-party electricity trading and optimization partners utilizing automated and AI-assisted trading systems.

Forecasted revenue breakdown for FY 2027 (left) and *Simplified BESS and Solar PV system (right)*



The Company's BESS operations are integrated with the renewable energy operations of the parent company, Saules Energy SIA, which owns and operates a solar PV portfolio in Latvia. Under the existing structure, the Company has access to approximately 55 MW of grid connection capacity for BESS trading purposes in exchange for compensation payments relating to curtailed PV production and a fixed lease fee of EUR 10 thousand per MW per year.

Business structure overview

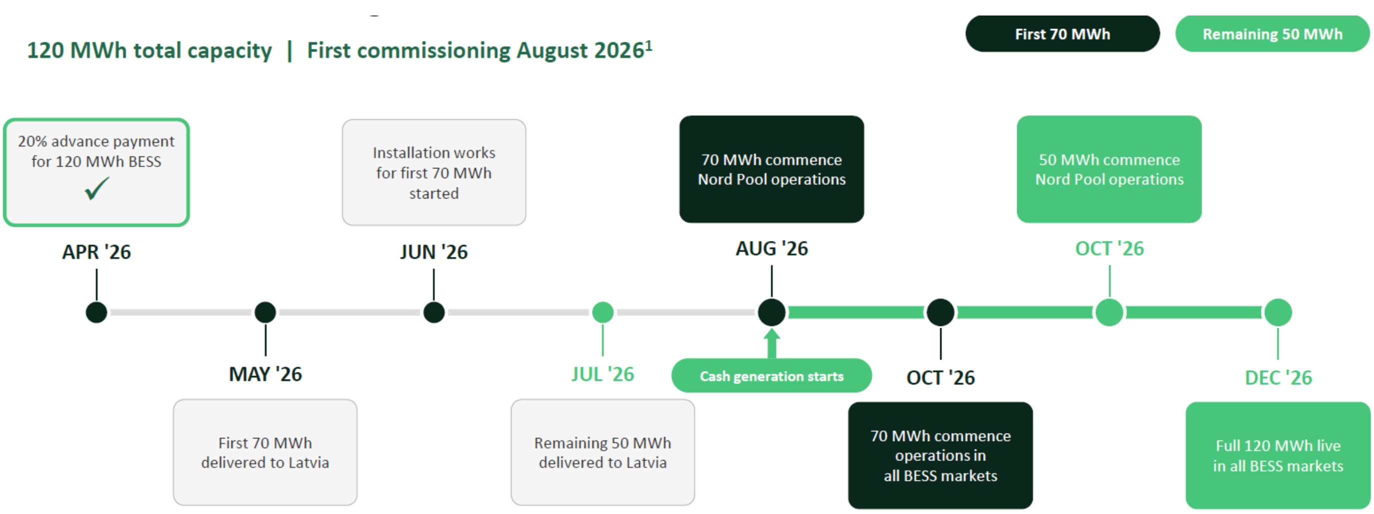


PROJECT OVERVIEW

The BESS assets are expected to be deployed across the Company's existing renewable energy infrastructure, next to each of the eight Saules Energy solar PV sites, with access to approximately 55 MW of grid connection capacity. This co-location structure allows utilization of existing grid infrastructure and to participate in electricity trading and balancing markets. Another advantage of the co-located asset structure is that during daytime hours, the BESS can be charged directly from the adjacent PV facility using locally generated electricity. This reduces reliance on electricity imported from the grid and may significantly decrease grid-related charges and transmission costs, while also improving the overall operational efficiency and economic performance of the integrated energy system.

The project is currently fully ready-to-build, with all material permits secured and construction activities already commenced. Advanced payments have already been made for the 120 MWh BESS equipment. The project will be implemented in two phases. The first phase, representing 70 MWh of battery storage capacity, is expected to be delivered to Latvia in May 2026 and begin participation in Nord Pool electricity markets in August 2026. Full market participation for the first phase, including targeted balancing and ancillary service markets, is expected to commence by October 2026. The second phase, representing the remaining 50 MWh, is expected to be delivered in July 2026 and begin Nord Pool operations in October 2026, with the full 120 MWh project expected to be commissioned and operational across all targeted markets by December 2026.

Detailed project timeline



The BESS equipment will be supplied by Kehua Technology, a Tier 1 energy storage equipment provider with approximately 12 GWh of BESS deployed globally. Kehua was selected through a competitive tender process. The physical construction and on-site installation of the BESS units will be carried out by KL Systems and its German arm RNRG GmbH , which has more than 15 years of utility-scale renewable energy construction experience across Europe, the Middle East and India. RNRG has installed more than 2 GW of solar PV power capacity and over 400 MWh of BESS capacity, and also constructed the existing 71.5 MWp Saules Energy solar PV portfolio.

Render of the constructed BESS system

The Issuer's market participation will be supported by specialized third-party electricity trading and optimization partners. The primary BESS trading partner is Capalo AI, an AI-driven BESS trading and optimization platform active in Sweden, Finland, Latvia and Lithuania. Capalo AI currently has approximately 300 MW of operational BESS, more than 1 GWh of signed capacity, and over 200 MW of live solar PV power capacity under trading, with further geographic expansion planned in 2026. The Company is also evaluating AOX Trade, the current trading partner for the Saules Energy PV portfolio, as a potential additional partner for BESS market participation.

The BESS assets are expected to generate revenues through a combination of Nord Pool day-ahead and intraday electricity trading, imbalance management, and participation in ancillary service markets. Dispatch and trading decisions are expected to be optimized through automated and AI-assisted trading systems, allowing the batteries to charge during periods of lower electricity prices and discharge or provide flexibility services during periods of higher market demand. This business model is intended to benefit from increasing electricity price volatility, growing renewable energy penetration and rising demand for grid balancing capacity in the Baltic region.

DOMESTIC MARKET OVERVIEW

The Latvian BESS market is currently in an early but rapidly developing stage, driven by the increasing penetration of renewable energy generation, electricity price volatility and the growing need for grid flexibility and balancing services. The market is characterised by the presence of both large utility-backed projects and renewable energy independent power producers ("IPPs"), with several large-scale projects expected to commence operations during 2026–2027.

The most significant operational BESS asset in Latvia is developed by AST, Latvia's transmission system operator, which commissioned an 80 MW / 160 MWh battery system in 2024. The project is among the largest battery energy storage facilities in the European Union and plays a strategic role in strengthening grid stability, supporting Baltic energy independence and facilitating synchronisation with continental Europe. Unlike commercially operated BESS projects, the AST battery system is primarily intended for transmission system stability and balancing purposes and is not designed for commercial energy trading activities.

In parallel, Utilitas commissioned Latvia's first utility-scale commercial BESS project in Tārgale in 2024, with a total capacity of 10 MW / 20 MWh integrated with the existing 58.8 MW Tārgale wind park. The project is designed to store surplus renewable electricity generation and participate in balancing and energy markets, supporting more efficient utilisation of renewable generation assets and grid infrastructure

At the same time, Latvia's largest utility and electricity retailer, Latvenergo, is entering the BESS segment with a planned 40 MW / 80 MWh project expected to commence operations in 2027, while targeting approximately 250 MW / 500 MWh of total BESS capacity by 2030. Leveraging its approximately 2.6 GW generation portfolio, primarily hydroelectric and flexible CHP assets, Latvenergo is well positioned to integrate battery storage into its broader generation and balancing ecosystem.

The renewable energy IPP segment is emerging as a key driver of future market growth. Sunly is currently developing one of the largest announced BESS portfolios in Latvia, comprising 284 MW / 568 MWh expected to be commissioned during 2026–2027. The projects complement Sunly's existing and under-construction solar generation portfolio and are intended to optimise renewable energy utilisation and capture balancing and flexibility revenues.

In addition to large-scale market participants, smaller integrated renewable energy operators are also entering the segment. AJ Power currently operates a 3 MW / 6 MWh BESS commissioned in 2024 and plans to expand its storage portfolio with an additional 6 MW / 20 MWh project by 2026. The company combines battery storage with a 30 MW solar portfolio, demonstrating increasing adoption of co-located renewable and storage solutions in the Latvian market.

Overall, the Latvian BESS market is transitioning from pilot-scale projects toward utility-scale deployment, with announced projects already exceeding several hundred megawatts of planned installed capacity. Market growth is expected to be supported by continued renewable energy expansion, increasing balancing market opportunities, grid flexibility needs and regional energy security considerations across the Baltic electricity system.

GROWTH PROSPECTS

The Issuer operates in a rapidly developing Latvian and Baltic battery energy storage market, supported by the continued expansion of renewable energy generation, increasing electricity market volatility and growing demand for grid balancing and flexibility services. The sharp increase in solar and wind generation capacity across the Baltics is expected to materially increase demand for balancing solutions, particularly following the Baltic States' disconnection from the BRELL power system in February 2025 and the increasing integration of intermittent renewable energy sources into the electricity grid.

The commissioning of AST's battery energy storage systems in Tume and Rēzekne in 2025 demonstrates the strategic importance of BESS infrastructure in Latvia. The systems, with combined capacity of 80 MW / 160 MWh, are among the largest in the European Union and temporarily support grid stability and balancing services. At the same time, both utility-scale operators and independent power producers continue to develop new BESS projects, supported by declining technology costs and increasing balancing market opportunities.

According to the Latvian Ministry of Climate and Energy, renewable electricity generation volumes are expected to increase significantly by 2030, particularly from solar and wind power plants. Solar and wind generation in Latvia is projected to increase from approximately 0.9 TWh in 2024 to 5.8 TWh by 2030, substantially increasing the need for flexible balancing capacity and energy storage solutions. In parallel, electricity consumption in the Baltic region is forecast to continue growing, while battery storage capacity across the region is expected to expand materially during the coming years.

The Issuer's profitability prospects are supported by structural market trends, including increasing renewable energy penetration, growing demand for grid balancing services and ongoing technological improvements reducing BESS investment costs. At the same time, the market is expected to become increasingly competitive due to the large number of announced BESS and renewable energy projects in the Baltics, which may result in lower balancing market revenues and narrower electricity price arbitrage margins over time as additional storage capacity enters operation. Nevertheless, the Issuer's business model is positioned to benefit from the continuing long-term transition toward renewable and flexible electricity systems in Latvia and the broader Baltic region.

ORGANIZATIONAL STRUCTURE

The Issuer is led by the same experienced management team responsible for the development and operation of the parent company, Saules Energy SIA, ensuring strategic continuity across the solar PV and BESS platforms. The management team combines entrepreneurial, financial, operational and technical expertise in renewable energy, with a demonstrated track record in project origination, capital allocation, procurement, construction and grid connection. It is headed by Artūrs Plūme, Chief Executive Officer, a serial entrepreneur and investor in renewables who has founded and scaled multiple ventures in forestry and solar energy, managed investor relations and capital allocation across renewable projects, and commissioned 14 utility-scale solar plants totaling 130 MWp, including three hybrid BESS projects with 40 MWh of storage capacity. He is supported by Māris Plūme, Chief Operating Officer, a banking and CleanTech executive with nine years of experience at Swedbank at Baltic and Latvian management board level, deep expertise in procurement, supply chain and CAPEX budget control. The technical development is overseen by Gatis Lazda, Chief Technology Officer, a qualified engineer with more than 20 years of experience in renewable energy project design, construction and grid connection. He has led the installation of approximately 190 MWp of solar PV capacity and the development of 80 MWh of BESS projects, including six projects delivered for Latvenergo. He also serves as a board member of the Latvian Renewable Energy Alliance, where he leads the Solar and BESS divisions.

COMPANY STRUCTURE

The following sub-sections cover the ownership structure, Management Team of the Issuer (SIA Saules BESS).

Management Team of the Issuer (SIA Saules BESS)

Name	Position
Māris Plūme	Member of the Management Board, Chief Operating Officer
Artūrs Plūme	Chief Executive Officer
Gatis Lazda	Chief Technology Officer

FINANCING STRATEGY OF THE COMPANY

The Company's goal is to achieve a balanced financing structure to provide the Group with flexibility and support its growth plans.

OVERVIEW OF THE COMPANY'S FUNDING STRUCTURE

The Company employs a variety of financing sources, including bank loans, shareholder equity. The Company's funding is supported through mechanisms such as loans from leading Baltic financial institutions, commercial pledges on shares and assets.

Post issue funding structure of the Issuer, *EURk*

Funding type	Amount
Share capital	3
Subordinated Notes	5 000
Total Adjusted Equity	5 003
Senior Secured Notes	22 000
Total funding	27 003

LEGAL PROCEEDINGS AND ARBITRATIONS

At the date of the Offering Memorandum, the Issuer or its management board members are not involved in any lawsuits or arbitration proceedings, which may significantly affect or have significantly affected the financial situation or profitability of the Issuer.

ANTI-MONEY LAUNDERING (AML)

The Issuer is committed to conducting thorough and comprehensive due diligence on their suppliers throughout the entire bond placement process and during their economic activities, with a focus on identifying potential AML risks, Sanctions risks, human rights violations, and environmental issues.

SUBSTANTIAL CHANGES IN THE FINANCIAL SITUATION OF THE COMPANY AND SUBSTANTIAL AGREEMENTS

As of the publication of the last financial statement, the financial situation or performance of the Issuer has not worsened. The Issuer is unaware of any factors, claims, obligations, or events which would negatively affect the financial situation or performance of the Issuer in future.

CONFLICTS OF INTEREST AND OTHER DECLARATIONS

As at the date of these Terms of the Notes Issue, the Issuer is not aware of any conflicts of interest or potential conflicts of interest between the Issuer duties of the members of the management board and their private interests and/or their other duties. Certain related parties of the Issuer and parties affiliated with the direct owner of the Shareholder may subscribe for or otherwise invest in the Notes in the Offering on terms which may differ from those applicable to other investors. Such participation may create potential conflicts of interest.

MATERIAL CONTRACTS

The Company is not aware of any other important agreements or internal decisions that could have been concluded or made within the Company or between the Company and any related company and that could affect the Issuer's ability to fulfil its obligations to the Noteholders under the Notes.

SIGNIFICANT RECENT AND KNOWN TRENDS

At the date of the Offering Memorandum, the Company has no information at its disposal regarding any known trends that have negatively affected the Company or the activity.

SELECTED FINANCIAL INFORMATION OF THE COMPANY

Words and expressions defined in the Terms and Conditions of the Notes below or elsewhere in the Offering Memorandum have the same meanings in this section.

GENERAL

The Company's financial reports will be available on the Nasdaq Riga website following to the admission of the Notes to trading on First North, as well as on the Issuer's website https://saulesbess.com/