
COLLATERAL AGENT AGREEMENT

by and between

TGS Baltic zvērinātu advokātu birojs SIA

as the Collateral Agent,

and

sabiedrība ar ierobežotu atbildību "iCotton"

as the Issuer

concerning the Notes to be issued under the Issuer's Terms of the Notes Issue ("**Terms of the Notes Issue**") and maturity on 30 June 2027, dated 13 December 2023

13 December 2023

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This Collateral Agent Agreement ("**Collateral Agent Agreement**") is entered into on the date of the last placed secure electronic signature and its time stamp by and between the following parties (each a **Party** and jointly the **Parties**):

- I. **sabiedrība ar ierobežotu atbildību "iCotton"**, registration number 42103057947, registered address Krūmu iela 74, Liepāja, LV-3405, Latvia ("**Issuer**"); and
- II. **TGS Baltic zvērinātu advokātu birojs SIA**, registration number 40203331582, registered address Elizabetes iela 63 - 11, Rīga, LV-1050, Latvia ("**Collateral Agent**");

Whereas:

- I. On 5 December 2023 the Shareholder's Meeting of the Issuer passed the decision to issue secured notes governed by Latvian law for a private placement with a total nominal value of up to EUR 20,000,000.00, the size of which may be increased by the Issuer with a tap issue to occur until the Maturity Date, and nominal value of a note of EUR 1,000 (ISIN code LV0000802783) ("**Notes**") and to authorize the Management Board of the Issuer to approve and sign all the documents (including the Terms of the Notes Issue and this Collateral Agent Agreement) related to the issuance of the Notes;
- II. On 6 December 2023 the Supervisory Board of the Issuer passed the decision to issue the Notes and to authorize the Management Board to approve and sign all the documents (including the Terms of the Notes Issue and this Collateral Agent Agreement) related to the issuance of the Notes;
- III. On 7 December 2023 the Issuer's Management Board passed the decision to issue the Notes and to approve and sign all the documents (including the Terms of the Notes Issue and this Collateral Agent Agreement) related to the issuance of the Notes;
- IV. Pursuant to the Terms of the Notes Issue the Issuer's obligations to redeem the Notes, pay Interest and fulfil other obligations in relation to the Notes are to be secured with the Collateral and Guarantee, as defined further below;
- V. By the Terms of the Notes Issue the Issuer has undertaken Parallel Debt, whereby the Issuer irrevocably and unconditionally undertakes to pay to the Collateral Agent, as a creditor in its own right and not as a representative of the Noteholders and as a solidary/joint creditor together with the Noteholders for the purposes of the applicable laws, sums equal to and in the currency of each amount payable by the Issuer to each of the Noteholders (whether present or future and whether actual or contingent) in accordance with the Terms of the Notes Issue as and in case the amount falls due for payment under the Terms of the Notes Issue.

the Parties have agreed as follows:

1. DEFINITIONS

- 1.1. Unless otherwise defined herein or evident from the context, capitalised terms and expressions used in this Collateral Agent Agreement shall have the meaning attributed to them in the Terms of the Notes Issue dated 13 December 2023.

2. OBJECT OF THIS COLLATERAL AGENT AGREEMENT

- 2.1. The Collateral Agent performs the tasks of the Collateral Agent set out in the Terms of the Notes Issue for the benefit and in the interests of the Noteholders and exercises the rights and obligations of the Collateral Agent set out in the Terms of the Notes Issue and this Collateral Agent Agreement. In consideration for the above the Issuer undertakes to pay the Collateral Agent the fees as set out in Clause 4 of this Collateral Agent Agreement.
- 2.2. The Collateral Agent acts on behalf and in the interests and represents the Noteholders in accordance with the Terms of the Notes Issue. The Collateral Agent shall carry out its duties under the Terms of the Notes Issue in a reasonable and professional manner,

with reasonable care and skill. However, the Collateral Agent is not responsible for the execution or enforceability of the Terms of the Notes Issue.

- 2.3. The instructions which are hereby given to the Collateral Agent are irrevocable, and the Issuer and Noteholders shall have no right to unilaterally amend, revoke, or withdraw any such instructions on any grounds, including by way of termination of this Collateral Agent Agreement or otherwise, unless this Collateral Agent Agreement or the Terms of the Notes Issue explicitly provide otherwise.

3. DUTIES AND FUNCTIONS OF THE COLLATERAL AGENT

- 3.1. The scope of functions and obligations of the Collateral Agent is specified in the Terms of the Notes Issue including the following:
 - 3.1.1. accepts and holds the Collateral in accordance with the Collateral Agreements for the benefit and in the interests of the Noteholders in accordance with the Parallel Debt established in accordance with the Latvian law;
 - 3.1.2. accepts and holds the Guarantee in accordance with the Guarantee for the benefit and in the interests of the Noteholders;
 - 3.1.3. executes the Guarantee as the representative of the Noteholders for the benefit and in the interests of the Noteholders;
 - 3.1.4. enters the Intercreditor Agreement in accordance with the Terms of the Notes Issue between among others the Noteholders as creditors represented by the Collateral Agent, Altum Fund as creditor and the Issuer as debtor;
 - 3.1.5. enforces the Collaterals and Guarantee upon instructions of and for the benefit and in the interests of the Noteholders;
 - 3.1.6. distributes the proceeds of repayment of or of enforcement of the Parallel Debt among the Noteholders in the order laid down in the Terms of the Notes Issue.
- 3.2. The Issuer, the Guarantor, and the Collateral Agent will execute the Collateral Agreements and take all necessary steps to establish the Collaterals in the order and terms established in the Terms of the Notes Issue and the Collateral Agreements.
- 3.3. The Collaterals are established pursuant to Latvian law and Polish law. The representatives of the Collateral Agent are qualified to practice Latvian law and hence are qualified to confirm the establishment of the Collaterals pursuant to Latvian law, but for Collaterals subject to Polish law the Collateral Agent will rely on a reputable Polish law firm to confirm the establishment of the Collaterals under Polish law.
- 3.4. The Guarantor will issue a Guarantee to the Noteholders and for the benefit of the Noteholders.
- 3.5. The Guarantee will be governed by Latvian law.
- 3.6. The Collateral Agent and Altum Fund will execute the Intercreditor Agreement.
- 3.7. The Collateral Agent does not have any obligation:
 - 3.7.1. to take any action (including, without limitation, to commence legal proceedings, compulsory enforcement proceedings, bankruptcy proceedings or any other proceedings) with the purpose of satisfying any claims arising under the Terms of the Notes Issue in connection with any assets of the Issuer and/or the Guarantor, except for enforcing the Collaterals and Guarantee in accordance with the Terms of the Notes Issue, the Collateral Agreements, the Guarantee upon the Collaterals and the Guarantee becoming enforceable and receiving the relevant instruction from the Majority Noteholders;
 - 3.7.2. to ensure the existence, enforceability or validity of the Collaterals and/or the Guarantee or to preserve the Collaterals, the Guarantee or their value or to assess any rights arising from or relating to the Collaterals and/or the Guarantee (except for the validity of the Collaterals after their establishment to the extent within the control or sphere of influence of the Collateral Agent and to the extent within the scope of its obligations under the Terms of the Notes Issue);

- 3.7.3. to inform the Noteholders or the Issuer about any circumstances relating to the Collaterals and the Guarantee except to the extent such obligation to provide information is explicitly set forth in the Terms of the Notes Issue; and
- 3.7.4. to provide any advice to the Noteholders in legal, accounting, tax, or other matters.
- 3.8. Upon the performance of its obligations and exercising its rights, the Collateral Agent shall act at its own discretion in the interests and for the benefit of the Noteholders collectively, and generally (and not any particular Noteholder) without having any independent interests of its own for the avoidance of doubt, the Collateral Agent has the right to withhold the proceeds necessary for satisfying the fees, costs, expenses, damages and claims of the Collateral Agent. In particular, in accordance with the Terms of the Notes Issue the Collateral Agent shall be entitled to decide at its sole discretion as to what would be in the best interests of the Noteholders upon failure to obtain instructions from the Majority Noteholders. However, the Collateral Agent shall not start the enforcement of the Collaterals or the Guarantee without instructions provided by the Majority Noteholders as described in the Terms of the Notes Issue.
- 3.9. The Collateral Agent shall not be liable to the Noteholders or the Issuer for acting (or refraining from acting) as described in the Terms of the Notes Issue or in accordance with the instructions of the Noteholders and/or Applicable Law, except for losses, damages, costs and expenses incurred by the Noteholders or the Issuer due to willful misconduct or gross negligence by the Collateral Agent. The liability of the Collateral Agent is limited to EUR 100,000, save in case of wilful breach by the Collateral Agent of its obligations giving rise to the liability of the Collateral Agent. Liability of the Collateral Agent shall cease as of 6 months after occurrence of an event giving rise to a liability of the Collateral Agent.
- 3.10. The Collateral Agent is not a party to the legal relationship established between the Issuer and the Noteholders and is under no circumstances liable for the performance of the obligations of the Issuer towards the Noteholders.

4. EXPENSES AND FEES

- 4.1. The Collateral Agent shall be entitled to the following fees:
- 4.1.1. Monthly fee in the amount of EUR 200.00 + VAT starting from the date of this Collateral Agent Agreement and until deletion of the Collaterals, or termination or expiry of this Collateral Agent Agreement in accordance with the Terms of the Notes Issue;
- 4.1.2. Enforcement of collaterals (asset sale fee and/or guarantee received) – fee in the amount of 0.5% (not less than EUR 100,000.00 and not more than EUR 300,000.00) + VAT.
- 4.1.3. When taking over the assets within the scope of enforcement of the Collaterals and Guarantee, asset maintenance costs recharged to the Issuer with no mark-up except for administration time.
- 4.1.4. Settlement of disputes and disagreements and representation of the interests of the Noteholders as creditors in the proceedings in relation to the Event of Default (the remuneration of the Collateral Agent is secured by the Collateral) subject to hourly fees of EUR 140.00 + VAT.
- 4.1.5. Extra work (out of scope set out above) is subject to hourly fees of EUR 140.00 + VAT.
- 4.2. The Collateral Agent shall be entitled to the compensation of the following expenses:
- 4.2.1. state, notary, bailiff or similar fees and / or duties or mandatory payments in relation to establishment, preservation and enforcement of Collateral;
- 4.2.2. bank fees (such as e.g. transfer fees) in relation to the distribution of the proceeds of enforcement;

- 4.2.3. third-party costs (e.g., translators, accountants, consultants, appraisers, legal advisors etc.) incurred in relation to the enforcement of Collateral, the distribution of proceeds, or in connection with any dispute in which the Collateral Agent may be involved in its capacity as such. The Collateral Agent shall ensure that such third party costs are reasonable taking into consideration the urgency and scope of the tasks, in particular, besides third party costs which are set by regulatory enactments, the Collateral Agent shall rely on available market price or price surveys, where possible carried out by the Collateral Agent, or otherwise be ready to substantiate the level of the third party costs; and
- 4.2.4. other reasonable costs that the Collateral Agent may need to incur in performance of its duties under this Agreement.
- 4.3. The Issuer settles all invoices issued by the Collateral Agent in relation to this Agreement within 14 (fourteen) days as of the date of issue of the respective invoice or any other terms agreed by the Parties and indicated in such invoice.
- 4.4. The Collateral Agent always has the right to require that the Issuer prepays in full the expenses involved or likely to be involved in performance of the duties of the Collateral Agent under the present Agreement.

5. VALIDITY

- 5.1. This Collateral Agent Agreement shall be terminated and Parties may resign from it in accordance with the procedure prescribed in the Terms of the Notes Issue, in particular Clause 23.6 of the Terms of the Notes Issue.
- 5.2. The Collateral Agent shall evaluate that no conflict of interest exists with regard to the Noteholders and, the existence of conflict of interest shall not prevent the Collateral Agent from fulfilling its obligations to the extent and scope as described in the Terms of the Notes Issue and as provided in the Collateral Agreements, the Guarantee and in this Collateral Agent Agreement.
- 5.3. The termination of this Agreement for whatever reason shall not prejudice or affect: (i) the rights or remedies of any Party against the other in respect of any claim in relation to any breach of the Agreement; (ii) any provision of this Agreement which is stated or is intended to survive termination of this Agreement; (iii) any liability of any Party to any other Party; or (iv) claims to any sum of money owing from one Party to the other Parties prior to termination.
- 5.4. This Collateral Agent Agreement may be changed, amended or modified only by the written agreement of the Parties. The Parties undertake not to amend the Collateral Agent Agreement without the consent of the Majority Noteholders, if such amendment would change the rights and obligations of the Collateral Agent set out in the Terms of the Notes Issue.

6. CONFIDENTIALITY

- 6.1. The Parties and any other party with access to this Collateral Agent Agreement is obliged to treat the conditions of the Agreement and any information obtained by them regarding the other Party in connection with the execution and performance of the Agreement as confidential and, unless otherwise stipulated below, and not to disclose it to third parties.
- 6.2. The obligations set out in this Clause 6 shall not prohibit the disclosure of this Agreement to the Noteholders or Potential Noteholders, and shall further not extend to information:
 - 6.2.1. which is or becomes publicly available other than through a breach of this Agreement;
 - 6.2.2. which was lawfully obtained from a third party who is lawfully in possession of

- such information and has the lawful right to disclose it;
- 6.2.3. which (and to the extent) is required to be disclosed pursuant to any applicable law, judicial order or the rules of any stock exchange or governmental or other regulatory authority (or any requirement made pursuant to such rules) having the force of law;
- 6.2.4. which (and to the extent) is required to be disclosed to persons whose access to the information is required to perform the tasks pursuant to and in order to achieve the goals of this Agreement, including employees, officers and directors of the respective Party, any professional consultant or agent retained by the respective Party.
- 6.3. No press or other announcement in connection with the existence or the subject matter of this Agreement or any related documents shall be made or issued by either Party unless they are in the agreed form. This shall not prevent the Collateral Agent and the Issuer from including the engagement agreed hereunder in marketing materials or publications, to such extent as is customary in the relevant field.

7. FINAL PROVISIONS

- 7.1. Each Party hereto represents and warrants to the other Party that:
- 7.1.1. that Party has the full right, power, and authority to enter into, execute and perform this Collateral Agent Agreement and has taken all necessary steps and actions, as appropriate and necessary, corporate or otherwise, including the approval from the competent corporate body, to authorize and permit the execution and performance of this Collateral Agent Agreement and the transactions contemplated hereby;
- 7.1.2. this Collateral Agent Agreement creates, as of its effective date, legal, valid and binding obligations of that Party, enforceable in accordance with their terms to the extent permitted by the applicable law;
- 7.1.3. the execution and performance of this Collateral Agent Agreement will not constitute a breach or a violation of that Party's statutes or articles of association or any other corporate document of that Party; conflict with or violate any law, judgement or award applicable to such Party; constitute a default under or breach of any agreement, instrument or obligation to which such Party is a party or by which it or its assets are bound.
- 7.2. The definitions of terms and abbreviations used in the Terms of the Notes Issue, as well as the provisions of the Terms of the Notes Issue setting out rules of interpretation, shall apply to this Collateral Agent Agreement *mutatis mutandis*.
- 7.3. The Issuer represents and undertakes to the Collateral Agent that the sole document setting out the agreement between the Issuer and the Noteholders (and therefore the content of the Issuer's obligations in relation to the Notes) is the Terms of the Notes Issue the documents listed as attachment to the Terms of the Notes Issue and executed in the course of performance of the terms of the Terms of the Notes Issue.
- 7.4. Notices addressed to either Party to this Collateral Agent Agreement shall be sent as follows (and shall not be valid unless sent accordingly):
- 7.4.1. by registered mail or a reputable courier service to the address of the Party indicated in this Collateral Agent Agreement, in which case the notice shall be deemed as received if and when receipt is confirmed by the postal company or the courier; or
- 7.4.2. by e-mail to the e-mail address of the Party indicated in this Collateral Agent Agreement, in which cases the e-mail communication shall be deemed to be received at noon on the next Business Day following sending.
- 7.5. The addresses and contacts of the Parties are as follows:

Issuer: **Sabiedrība ar ierobežotu atbildību "iCotton"**
Krūmu iela 74, Liepāja
LV-3405, Latvia
Tel: +371 634 88522
E-mail: info@icotton.eu; sergejs.binkovskis@icotton.eu
Attn: Sergejs Binkovskis

Collateral Agent: **TGS Baltic zvērinātu advokātu birojs SIA**
Elizabetes iela 63 - 11, Rīga
LV-1050, Latvia
Tel: +371 6788 9999
E-mail: latvia@tgsbaltic.com
Attn: Inese Hazenfusa

- 7.6. Any communications made to and from the e-mail addresses shown in this Collateral Agent Agreement, as may be updated from time to time shall be attributed directly to the respective parties and each party may assume that communications originating from the addresses are from the respective party. Each party shall take the necessary measures to ensure continuous access to, and adequate security of, its respective e-mail address(-es), and accepts the risks associated with electronic communications.
- 7.7. No Party may assign or otherwise transfer all or any part of its rights or obligations hereunder without the prior written consent of the other Party.
- 7.8. This Collateral Agent Agreement (including any questions regarding its validity and termination) shall be subject to and interpreted in accordance with the laws of the Republic of Latvia.
- 7.9. If the Parties fail to resolve a dispute arising under or relating to this Collateral Agent Agreement through negotiations, the dispute shall be finally settled by the courts of the Republic of Latvia.
- 7.10. This Collateral Agent Agreement enters into force on the date of signing and it shall remain effective until all obligations established in it are fully performed. This Collateral Agent Agreement shall be binding to the successors of rights and obligations of the Parties.
- 7.11. This Collateral Agent Agreement is signed with qualified electronic signatures containing time-stamps.

8. SIGNATURES

Sergejs Binkovskis
Chairman of the Management Board
of the Issuer

Ivars Grunte
Chairman of the Management Board and Managing Partner
of the Collateral Agent

The document is electronically signed with a secure electronic signature and contains a timestamp.