



SIA "CrossChem"

Registration No. 40003888244

LEI: 984500BDEBE085AF2D37

OFFERING MEMORANDUM

ISIN:	LV0000804698
Type of security:	Guaranteed Notes
Nominal:	EUR 1,000.00 (one thousand euro)
Nominal value of the issue:	Up to EUR 5,000,000.00 (five million euro)
Annual Coupon Rate:	8.00%, paid quarterly
Maturity:	31 October 2027

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 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 Applicable 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 Applicable 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 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.

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 behavior 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 to the prospective investor in any presentation or otherwise.



Arranger:

11 October 2024

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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 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. 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 ISSUER.

BEFORE DECIDING TO PURCHASE THE NOTES, POTENTIAL 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

The Company is exposed to changes in macroeconomic and political conditions

The Company operates in numerous markets and, like other businesses, is impacted by global economic, financial, and political conditions. Demand for the Company's products is affected by general macroeconomic trends such as recession, inflation, deflation, and general weakness in retail markets, among other things. Any uncertainty about future economic prospects, including political turmoil might have a negative impact on consumer purchases of the Company's products, thereby impacting the Company's business, financial position, and operating results.

The global economy has seen strong headwinds since the beginning of 2020 as a result of the global pandemic, war in Ukraine, and rising inflationary pressure, to which global central banks have responded by raising interest rates. In 2022, many countries where the Company operates had a slower real GDP growth rate compared to 2021. Nevertheless, amid uncertainties, the economic growth has been above expectations at the end of 2023 primarily due to growing consumption and change of the outlook of developments taking place in 2024, and the economists have revised upwards the GDP growth forecast for 2024.

Furthermore, changes in the political situation in different regions or countries, or political decisions affecting an industry or country, might have a material impact on the Company's results of operations, profitability, and future development.

Geopolitical risk related to Russian invasion of Ukraine

Although the Company's headquarters are located in Latvia, which is a member state of the North Atlantic Treaty Organization (NATO), the Company may face risks related to operating in close proximity to Russia and Belarus. The ongoing military conflict initiated by Russia in the region has caused instability and raised

concerns for the security of the Baltic countries where the Company operates. The geographic proximity of Russia and Belarus to the Baltics and Europe poses potential risks to regional stability, which could impact the Company's operations. Although, as of the date of this Offering Memorandum, the conflict has not had a direct material impact on the Company's operations or financial performance, the introduction of new sanctions, a general economic downturn, or negative investor sentiment towards the Baltics may still affect the Company's business results. Additionally, the Company has an affiliate operating in Ukraine, which further exposes it to potential risks stemming from the ongoing conflict in that region.

Global pandemic risk

The global economy has been characterized by heightened uncertainty since the onset of the COVID-19 pandemic in March 2020. The widespread outbreak of COVID-19 led to unprecedented health measures and restrictions imposed by authorities globally, causing disruptions in the Company's operations. The Company acknowledges that these disruptions may persist or reoccur, potentially impacting its future operations. Government responses to the pandemic, including the immediate adoption of laws and regulations, provided a legal basis for implementing measures aimed at limiting contagion and mitigating the consequences of the pandemic. Throughout the pandemic, the Company faced challenges in human resources planning, and its financial performance suffered due to reduced economic activity and diminished demand for specific services. While the overall impact on the Company's operations has been limited, the potential for a new wave of the pandemic introduces uncertainty and may pose challenges to business operations and financial performance.

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

The Company is subject to laws and regulations in the jurisdictions in which it operates and that apply to any of its business lines. The Company's business lines are affected by the complex and changing requirements of the countries in which the Company's customers operate, varying from country to country due to the lack of harmonization. These regulations impose compliance obligations and restrictions on the Company's operating activities, which can be challenging to administer due to their scope, mandates, and varied requirements. The Company is subject to government regulations covering various areas, including disclosure requirements, registration, collection regulations, compliance obligations, security, privacy, data protection, identity theft protection programs, sanctions compliance obligations, and fee restrictions. However, legislatures and regulators are considering whether to include business customers, the Company's primary target market, within the scope of these regulations. Expanding the scope of regulations may lead to the loss of certain benefits presently enjoyed by the Company.

In recent years, there has been increasing attention to global tax fairness and initiatives aimed at equalizing applicable tax rates across countries. The Organisation for Economic Co-operation and Development (OECD) continues discussions on multilateral efforts, proposing a 15% (fifteen percent) minimum tax rate for global companies. Despite the Company's products being largely business-facing, increased tax obligations in the countries where it operates may adversely affect financial performance if the Company cannot pass these costs to customers. New or expanded regulations, including tax regulations, or changes in interpretation or enforcement, may lead to significant additional costs and adverse effects on the Company's business and operating results.

Ensuring compliance with regulations may be difficult and costly, and the Company may face higher standards of training, monitoring, and compliance. Failure to comply with existing or changed government regulations may result in injunctions, fines, penalties, or other sanctions, harming the Company's reputation and having a material adverse effect on its business, financial condition, results of operations, and prospects.

The local tax regime may change

Changes in the local tax regime or challenges to the Company's present tax structures might have a material effect on the Company's results of operations, profitability, and future development. Furthermore, certain

tax positions taken by the Company require the judgment of management and, as a result, may turn to be inefficient or challenged by tax authorities due to possible erroneous interpretation of tax legislation.

RISKS RELATED TO THE COMPANY'S BUSINESS AND THE INDUSTRY

Unexpected changes can occur in the production process of the Company

While the Company's production facilities are designed for flexibility to accommodate fluctuations in demand, unexpected changes can still occur that impact order fulfillment. Sudden shifts in market demand, supply chain disruptions, or equipment malfunctions could lead to production delays, despite robust forecasting and inventory management practices aimed at minimizing these risks.

For example, unexpected spikes in demand may strain production capacity, while prolonged disruptions in raw material supply could hinder production levels. Additionally, operational challenges, such as equipment breakdowns, can complicate the production process. Although the Company implements preventive maintenance and employee training to mitigate these risks, there is no guarantee that these measures will eliminate the possibility of production challenges. Any delays in fulfilling orders could adversely affect customer satisfaction, damage the Company's reputation, and ultimately impact its financial performance.

Risks associated with outdated technology and equipment could adversely affect the Company's competitive position

To sustain its aggressive growth strategy and maintain a competitive advantage in rapid order fulfillment, the Company makes regular investments in technology maintenance and development. However, reliance on outdated technology and equipment may hinder operational efficiency, increase production costs, and limit the Company's ability to respond swiftly to changing market demands. As the industry evolves, failure to upgrade or replace aging equipment could result in decreased productivity, longer lead times, and diminished product quality, negatively impacting the Company's competitiveness.

In addition, the handling of various chemicals with specialized equipment introduces potential operational risks. Although the Company has implemented a comprehensive safety system and provides training to employees to mitigate hazards, the limitations of outdated equipment can increase the likelihood of operational disruptions. Any failure to modernize technology or equipment could adversely affect the Company's business performance, financial condition, and overall market position.

Supply interruptions or quality issues of raw materials could adversely affect the Company's operations

The Company depends heavily on the availability of sufficient, high-quality chemicals to manufacture its products. Any interruption in the supply chain or inadequacy in the quality of raw materials could have a significant negative impact on the Company's operations. The chemicals used in production must meet stringent quality standards to ensure consistent product delivery. To mitigate this risk, the Company has implemented a raw materials quality control system, which includes optimal storage conditions and regular lab testing of samples by the Company's or certified third-party laboratories.

However, the Company sources its raw materials from multiple international suppliers, and disruptions in the supply chain due to global market fluctuations, geopolitical events, or logistical challenges could hinder production. While the Company works with several suppliers across different geographies to reduce dependency on any single source, there is no guarantee that it will be able to secure adequate volumes of raw materials at reasonable prices in the future. A shortage or price increase in raw materials could negatively affect the Company's production, financial performance, and ability to meet customer demand.

The loss of key personnel could adversely affect the Company's business

The success of the Company is heavily reliant on the continued availability of its key personnel, including senior management and other critical employees. Losing such individuals could disrupt operations, impede strategic initiatives, and negatively impact the Company's business performance. Recognizing this risk, the Company invests considerable effort into building a trust-based and respectful corporate culture, aimed at retaining top talent.

To further mitigate the risk of staff departures, the Company offers a range of incentives such as health insurance, salary bonuses, and additional vacation days for long-serving employees. However, despite these initiatives, challenges such as financial constraints or industry pressures could still lead to the loss of key employees or difficulties in attracting qualified talent. Such occurrences could materially affect the Company's operations and future prospects.

Labour qualification mismatch could adversely affect the Company's operations

The Company's operations rely heavily on specialized equipment and production processes that require a highly skilled workforce for certain tasks. Employees responsible for handling this equipment and machinery undergo regular, mandatory training to ensure proper and safe operation. Despite these efforts, the Company may face challenges in attracting and retaining employees with the necessary qualifications and technical skills. A labour qualification mismatch could result in operational inefficiencies, increased safety risks, and higher training costs. While the Company provides annual training to its workforce, the time and resources required to train new or underqualified personnel may impact the Company's productivity and service quality. Furthermore, the inability to hire enough skilled workers to meet the Company's operational needs could negatively affect its business performance, financial condition, and overall results of operations.

The Company is exposed to operational risks

Operational risk is a possibility of experiencing losses due to insufficient or unsuccessful internal processes, personnel management, systems, or external circumstances. Thorough personnel selection is carried out, accurate descriptions of job duties are compiled, division of duties is coordinated, which allows the Company and management to reduce operational risks. The Company's internal controls, procedures, compliance systems, and risk management systems may prove to be inadequate to prevent and discover previous or future breaches of laws and regulations and generally to manage risks that could have a material adverse effect on the Company's business operations, financial conditions and results of operations.

The Company is exposed to IT system and process risk

The Company is dependent on IT systems for conducting several aspects of its operations, including processing customer transactions, managing purchases and its inventory, as well as managing the Company's internal financial operations. Accordingly, any failures and disruptions in the Company's key information systems may cause revenue to decrease and operating expenses to increase, which could result in material adverse effects on the Company's business, financial condition, and results of operations.

Cyber-attacks might result in financial loss, operational disruption, and reputational damage. Due to new trends in business and work environments, the Company constantly focuses on insider threats by tightening privileged access to critical applications. Mandatory e-learning and regular phishing exercises for the global workforce help the Company to identify critical issues promptly so that the Company can develop the most appropriate action plans for risk mitigation. The Company engages experts to perform intelligence-led, proactive hunting and monitoring of threats. The Company uses high-risk market cyber stress tests to address security gaps.

Increasing competition and new market entrants could adversely affect the Company's operations

The Company operates in a competitive industry, facing both regional and international competitors. The emergence of new competitors, driven by the industry's continuous growth, poses a risk to the Company's market share. Competitors utilizing new technologies or alternative materials, as well as those engaging in aggressive price competition or benefiting from lower-cost production regions, could reduce the Company's competitive advantage.

In response, the Company actively monitors market trends, price fluctuations, and raw material costs to remain competitive. Despite these efforts, the Company may still face challenges in maintaining its competitive position, particularly if it is unable to respond swiftly to innovations or cost pressures.

Additionally, the Company's ability to compete effectively relies on its capacity to launch new and innovative products in a timely manner, as well as its success in securing the necessary patents and trademarks.

While the Company has made significant investments in optimizing production processes and expanding its product offerings, there is no guarantee that these efforts will fully mitigate the impact of increasing competition. Any failure to adapt to market changes or successfully compete could negatively affect the Company's business operations, financial condition, and profitability.

Risk of product demand decline due to legislative changes

The Company faces the risk of product demand decline as some countries impose strict legislation on diesel engines, which narrows the available market for its products. To mitigate this risk, the Company is actively exploring opportunities to expand into markets where such regulatory challenges are less pronounced. By diversifying its market presence and adapting its product offerings, the Company aims to sustain demand and continue meeting customer needs despite varying legislative landscapes.

Exposure to weak solvency of cooperation partners and customers

The Company is exposed to the risk of weak solvency among its cooperation partners and customers, which could adversely impact its financial stability and operational efficiency. When partners or customers face financial difficulties, delays in payments or defaults on obligations may occur, potentially disrupting the Company's cash flow and profitability. To mitigate this risk, the Company employs strategies such as insurance and factoring. Insurance provides protection against potential losses from customer defaults, while factoring allows the Company to convert accounts receivable into immediate cash, thereby enhancing liquidity. By implementing these measures, the Company aims to maintain financial stability and ensure smooth operations despite challenges related to the solvency of its partners and customers.

Risk of insufficient working capital could impact operational efficiency

The Company may face the risk of insufficient working capital, which could impact its ability to operate effectively, especially during periods of increased demand. To address this concern, the Management Board is committed to ensuring that adequate financial resources are available to support operations and capitalize on market opportunities. This includes purchasing raw materials when prices are favorable, thereby enhancing cost efficiency and meeting production needs. The Company actively monitors its cash flow and working capital requirements to mitigate potential challenges. By strategically managing its financial resources, the Company aims to maintain operational stability and minimize the risk of capital shortfalls.

Environmental pollution risks associated with chemical handling

The Company's operations involve handling various chemicals, which presents potential environmental pollution risks. To address these concerns, the Company has been granted a category B permit for its polluting activities, reflecting its commitment to regulatory compliance and environmental stewardship. The Company conducts regular assessments of its operations to identify and mitigate any potential environmental risks. Additionally, it has developed a comprehensive civil protection plan that integrates relevant regulations and best practices for environmental management.

While the Company is proactive in implementing measures to prevent accidental releases and ensure safe handling practices, the nature of its operations means that risks can still exist. The Company remains committed to continuously improving its environmental practices to minimize any potential impacts and maintain positive relationships with stakeholders. By prioritizing responsible chemical management, the Company aims to uphold its reputation and ensure operational continuity while contributing to sustainable practices.

Manufacturing disruptions due to external hazards could adversely affect the Company's operations

The Company is susceptible to disruptions at its manufacturing facilities, which could significantly impact

production capacity and operational costs. Factors such as fire, floods, storms, or other catastrophic events could necessitate temporary shutdowns, potentially leading to a deficit in production or increased costs of sales and distribution expenses. While the Company maintains general liability insurance to cover natural risks, there can be no assurance that it will be able to fully or partially mitigate the impact of such shutdowns. Any disruptions may jeopardize on-time delivery and reduce production capacity, negatively affecting the Company's financial condition and overall results of operations.

RISKS RELATED TO THE NOTES

The Company may be unable to repay or repurchase the Notes at maturity

The Notes rank *pari passu* with other unsecured obligations of the Issuer, however the Notes are guaranteed by the Guarantor. In case of the insolvency of the Issuer, the Noteholders will be entitled to recover their investment on the same terms as other creditors in the respective claims' group according to the Applicable Laws. Save for mandatory provisions of the Applicable Laws, there are no contracts or other transaction documents that would subordinate the claims of the Noteholders to other unsecured liabilities of the Issuer.

For avoidance of doubt, in the Event of Default by the Issuer, the Noteholders shall have recourse against the Guarantor, if the Issuer fails to perform its obligations under the Terms and Conditions, with the Noteholders' claims enforceable against the Issuer and the Guarantor according to the Terms and Conditions and the Guarantee.

Should the Company become insolvent, legal protection proceedings or out-of-court legal protection proceedings of the Company are initiated during the term of the Notes, an Investor may forfeit interest payable on, and the principal amount of, the Notes in whole or in part. Investor is always solely responsible for the economic consequences of its investment decisions.

No security

The Notes are unsecured debt instruments and the Noteholders would be unsecured creditors in the event of the Company's or Guarantors insolvency, however the Notes are guaranteed by the Guarantor issued in favor of the Noteholders.

In the Event of Default by the Issuer, if the Issuer fails to fulfill its obligations under the Terms and Conditions, the Noteholders shall have recourse against the Guarantor. The claims of the Noteholders will be enforceable against both the Issuer and the Guarantor, in accordance with the provisions of the Terms and Conditions and the Guarantee.

In the event of insolvency of the Company or any Guarantor, the Company's and Guarantors assets will be used for settling the claims of the Noteholders and other unsecured creditors only after the claims of the secured creditors and other preferential creditors are satisfied.

The Issuer may incur significant additional debt or grant additional security

The Issuer is not prohibited from issuing further notes or incurring other debt or restricted from granting Security (provided that it is Permitted Security) on any existing or future indebtedness, subject to fulfillment of Financial Covenants and other restrictions and procedures generally imposed on the borrowers by the lenders. If the Issuer incurs significant additional debt or grants additional Security in the scope of Permitted Security, the Issuer's ability to service its Financial Indebtedness, including the Notes, might deteriorate, the amount recoverable by the Noteholders in case of Insolvency Proceedings of the Issuer might decrease, and the position and priority of Noteholders in such case might worsen.

There is no established trading market for the Notes. If an actual trading market does not develop for the Notes, the Investor may not be able to resell them quickly, for the price that the Investor paid or at all

Neither the Issuer nor any other individual guarantees the minimum liquidity of the Notes. Thus, the Noteholders should consider the fact they may not be able to sell or may face difficulties in selling their Notes on the secondary market at their fair market value or at all.

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 registration of the Notes the Issuer plans to request admission to trading of the Notes on the Multilateral Trading Facility (MTF) First North operated by Nasdaq Riga within 1 (one) month 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 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 price of the Notes may be volatile and the market price of the Notes may drop below the initial price a Potential Investor paid for the Notes

The development of market prices of the Notes depends on various factors, such as changes of interest rates, central bank policies, EURIBOR fluctuations, overall economic development, or demand for the Notes.

Neither the Issuer, nor any other person undertakes to maintain a certain price level of the Notes. The Potential Investors are thus exposed to the risk of unfavourable price development of their Notes if they sell the Notes prior to final maturity. If a Potential Investor decides to hold the Notes until maturity, the Notes will be redeemed at their Nominal Value.

The Company may choose to repurchase or redeem the Notes when prevailing interest rates are relatively low, including in open market purchases

According to the Offering Memorandum, the Notes may be redeemed prematurely at the initiative of the Issuer. If the early redemption right is exercised by the Issuer, 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 Issuer's redemption right may also adversely impact the Potential Investor's ability to sell such Notes.

Changes in tax rates may impact net payments related to the Notes

Tax rates and tax payment procedure applicable at the moment of purchase of Notes to the tax residents, non-residents of Latvia and residents of other countries may change. The Issuer will not compensate the increase in taxes to Investors, therefore Investors may receive smaller net payments related to the Notes.

Decisions of the Majority Noteholders may affect individual rights of the Noteholders

The decisions of the Majority Noteholders are binding on all Noteholders. Thus, a Potential Investor is subject to the risk of being outvoted by a majority resolution of the other Potential Investors. As such, certain rights of such Potential Investor against the Issuer may be amended or reduced, or even cancelled, without its consent.

Risk that some Noteholders might have more preferential terms than others

While the Issuer will try to maintain the proportional reduction principle to the extent possible in final allocation of the Notes, in case the total number of Notes subscribed for is higher than the number of Notes available, the Issuer 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.

Additionally, the Issuer 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 Issuer perceives them as especially important for the Notes issue due to the size of their investment or added experience. This may result in a situation where some Noteholders might gain preferential terms for investment into the Notes than the rest of the Noteholders.

RISKS RELATED TO THE GUARANTEE

Risks associated with the Guarantee

For the purposes of guaranteeing the Notes, the Guarantor provides a Guarantee in favour of the Noteholders as the Issuer itself (*kā pats parādnieks*). The Guarantee provides the Noteholders claim rights against the Guarantor, if the Issuer fails to perform its obligations under the Terms and Conditions. Therefore, the financial condition of the Guarantor will be the key risk factor in fulfilling the performance of this Guarantee.

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.

The Issuer represents and warrants to the Noteholders that:

- (a) The Issuer and Guarantor are each duly registered companies operating in compliance with the Applicable Laws;
- (b) all the Issuer's obligations assumed under the Notes are valid and legally binding to the Issuer and performance of these obligations is not contrary to the Applicable Law, the Issuer's constitutional documents or any agreement concluded by the Issuer;
- (c) the Issuer has all the rights and sufficient authorisations to issue the Notes and fulfil obligations arising from the Notes;
- (d) the Guarantor has all the rights and sufficient authorisations to issue the Guarantee;
- (e) the Issuer has performed all the formalities required for issuing the Notes and fulfil other obligations under the Notes;
- (f) to the best of the Issuer's knowledge, 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;
- (g) the Issuer and Guarantor is each solvent, able to pay their debts as they fall due, there are no liquidation or Insolvency Proceedings pending or initiated against the Issuer or Guarantor;
- (h) there are no legal or arbitration proceedings pending or initiated against the Issuer or, which may have, or have had significant effect on the Issuer's financial position or profitability;
- (i) there are no criminal or misdemeanour proceedings pending or initiated against the Issuer or Guarantor; and
- (j) the Issuer shall not, and shall procure that none of its directors, officers, employees or agents, 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 Notes, whether as lender, underwriter, advisor, investor, or otherwise).

The Issuer's and Guarantor'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 members 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 SIA "CrossChem"

Ričards Andersons
Chairman of the Management Board

Aleksandrs Muzičenko
Member of the Management Board

Dagnija Turlaja
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:	From the Issue Date, Latvian Accounting Standards (Latvian GAAP) as set forth in the Law on Annual Statements and Consolidated Annual Statements of the Republic of Latvia.
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.
Arranger:	Signet Bank AS, a Latvian credit institution registered in the Register Enterprises of the Republic of Latvia under registration No. 40003043232.
Auditor:	A reputable auditor that is licensed to practice in the Republic of Latvia.
Business Day(s):	A day when the Nasdaq CSD system is open and operational to effectuate T2S-eligible securities settlement transactions.
Cash and Cash Equivalents:	Cash and cash equivalents of the Company in accordance with the Accounting Principles.
Change of Control:	Occurrence of an event or series of events whereby, a person (natural person or legal entity) or group of persons acting in concert (directly or indirectly) acquires the influence (whether by way of ownership of shares, contractual arrangement or otherwise) to cast or control the casting of more than 50% (fifty percent) of the maximum number of votes that might be cast at a general meeting of the shareholders of the Issuer.
Coupon:	Interest on Notes calculated in accordance with the Clause 11. (Coupon).
Coupon Payment Date:	Coupon payments shall be made 4 (four) times per year – each March 31, June 30, September 30 and December 31. Should any Coupon Payment Date fall on a date which is not a Business Day, the payment of the Coupon due will be postponed to the next Business Day.
Custodian:	Nasdaq CSD participant directly or licensed credit institution or investment brokerage company that has a financial securities' custody account with Nasdaq CSD participant.
De-listing Event:	Occurrence of an event whereby at any time following the listing of the Notes, trading in the Notes on First North is suspended for a period of 15 (fifteen) consecutive Business Days (when First North is at the same time open for trading).
EBITDA:	Net profit of the Company for the Relevant Period calculated according to

the most recent Financial Reports:

- (a) before deducting any amount of tax on profits, gains or income paid or payable;
- (b) before deducting any interest expense;
- (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) after adding back any amount attributable to the amortisation, depreciation or depletion of assets; and
- (f) reduced by any interest and similar financial income.

Equity Cure:	Has the meaning set forth in Clause 15. (<i>Events of Default</i>).
Equity Ratio:	Ratio of Total 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. (<i>Events of Default</i>) of these Terms and Conditions.
Existing Notes:	Means the existing notes with ISIN LV0000860047 and maturity on 4 November 2024.
Existing Shareholder	SIA "CrossChem International", registration number: 40103538622, registered address: Ziedleju iela 6, Mārupe, Mārupes nov., Latvia, LV-2167, the existing shareholder of the Issuer, representing 100% (one hundred percent) of the Issuer's share capital at the date of these Terms and Conditions.
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.
Financial Indebtedness:	The outstanding aggregate amount of any financial indebtedness of the Company according to the most recent Financial Report, including: <ul style="list-style-type: none">(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;
- (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 (g);

but excluding any Subordinated Debt.

Financial Report:	The annual audited financial statements of the Company and the semi-annual interim unaudited financial reports of the Company prepared in accordance with the Accounting Principles.
First North:	The Multilateral Trading Facility (MTF) First North, operated by Nasdaq Riga.
Force Majeure Event:	Has the meaning set forth in Clause 17. (<i>Force Majeure</i>).
Guarantee:	Guarantee (<i>galvojums</i>) made by the Guarantor issued for the Noteholders as creditors (Letter of Guarantee No. GV24-1). The Guarantee is issued by the Guarantor as the Issuer itself (<i>kā pats parādnieks</i>) and is an explicit component of this Offering Memorandum (see page GV24-1).
Guarantor:	An entity providing the guarantee of fulfilment of the Issuer's obligations under the Notes. The Notes are guaranteed by SIA "CrossChem International", registration number 40103538622, registered address Ziedleju iela 6, Mārupe, Mārupes nov., Latvia, LV-2167.
Insolvency Proceedings:	Insolvency (<i>maksātnespēja</i>), legal protection process (<i>tiesiskās aizsardzības process</i>) and out-of-court legal protection process (<i>ārpustiesas tiesiskās aizsardzības process</i>) pursuant to the Insolvency Law of the Republic of Latvia (<i>Maksātnespējas likums</i>).
Interest Coverage Ratio:	The ratio of EBITDA to Net Finance Charges for the Relevant Period.
Issue Date or First Settlement Date:	The date on which interest on the Notes starts to accrue: 31 October 2024.
Issuer or Company:	SIA "CrossChem", registration number 40003888244, registered address at: "Naftaluka", Olaine, Olaine parish, Latvia, LV-2127.
Listing Failure:	A situation where the Notes are not admitted to trading and listing on First North within 1 (one) month after the Issue Date.

Majority Noteholders:	<p>Noteholders (other than the Issuer, its direct or indirect shareholders and the Related Parties) who collectively hold in aggregate the Notes with the Nominal Value representing at least ½ (one half) of the aggregate Nominal Value of all outstanding Notes (other than the Notes held by the Issuer, its direct or indirect shareholders and the Related Parties) plus at least one additional Note.</p> <p>The Issuer, its direct or indirect shareholders and the Related Parties holding any such Notes are not eligible for voting.</p>
Maturity Date:	<p>The date when the Notes shall be repaid in full at their Nominal Value by the Issuer, which is 31 October 2027.</p>
Minimum Settlement Unit:	<p>The minimum amount which can be held and traded, which is equal to the Nominal Value.</p>
Nasdaq CSD or Depository:	<p>Nasdaq CSD SE, registration No. 40003242879, registered address at: Valņu iela 1, Riga, Latvia, LV-1050.</p>
Nasdaq Riga:	<p>AS "Nasdaq Riga", registration No. 40003167049, registered address at: Valņu iela 1, Riga, Latvia, LV-1050.</p>
Net Finance Charges:	<p>All recurring debt related charges of the Company for the Relevant Period calculated according to the most recent Financial Reports:</p> <ul style="list-style-type: none">(a) including cash interest expense on the Financial Indebtedness;(b) including cash interest expense on guarantees issued by a bank or insurance company;(c) after deducting any interest income relating to Cash and Cash Equivalents;(d) and excluding any payment-in-kind interest capitalized on loans from Related Parties and/or Subordinated Debt.
Nominal Value:	<p>Face value of a single Note, which is EUR 1,000.00 (one thousand euro).</p>
Notes:	<p>The debt security issued by the Issuer according to these Terms and Conditions.</p>
Noteholder(s) or Investor(s):	<p>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 these Terms and Conditions.</p>
Noteholders' Meeting:	<p>A meeting among the Noteholders held in accordance with Clause 21. (<i>Noteholders' Meeting and Decisions</i>) of these Terms and Conditions.</p>
Permitted Security:	<p>Any Security:</p> <ul style="list-style-type: none">(i) which is securing the obligations of the Issuer and is granted in favor of any credit institution which is incorporated and licensed under the law of a Member State of the European Union or the European Economic Area, or any subsidiary of such credit institution which is incorporated under the law of a Member State of the European Union or the European Economic Area and authorized to provide financial leasing or factoring services. In case such Security is

created, it is lower ranking (i.e., second rank or lower) after the Notes;

- (ii) which is created in favor of any third party for the purpose of refinancing of the Notes and having a subsequent ranking (i.e., second rank or lower) after the Notes;
- (iii) any netting or set-off arrangement entered into by the Issuer in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;
- (iv) any payment or close out netting or set-off arrangement pursuant to any hedging transaction entered into by the Issuer or any subsidiary for the purpose of: (i) hedging any risk to which the Issuer or any subsidiary is exposed in its ordinary course of trading; or (ii) its interest rate or currency management operations which are carried out in the ordinary course of business and for non-speculative purposes on; excluding, in each case, any Security under a credit support arrangement in relation to a hedging transaction;
- (v) arising under the sale and leaseback of assets owned by the Issuer;
- (vi) arising by operation of law or in the ordinary course of business (including, retention of title arrangements but, for the avoidance of doubt, excluding guarantees or security in respect of any monies borrowed or raised);
- (vii) incurred as a result of the Issuer acquiring another entity with existing encumbrances; or

any other Security arrangement approved by the Majority Noteholders.

Potential Investor(s):	A private person or legal entity that has, according to the terms stated in these 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 Clause 21. (Noteholders' Meeting and Decisions) of these Terms and Conditions.
Related Parties:	Any person listed in Article 184. ¹ of the Commercial Law of the Republic of Latvia (<i>Komerclikums</i>).
Relevant Period:	Each period of 12 (twelve) consecutive calendar months, fixed at the end of each six months.
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.
Security:	Has the meaning set forth in Clause 14. (<i>Undertakings</i>).
Settlement Unit Multiple:	Multiple that defines the settlement quantity or nominal must be a multiple of the Minimum Settlement Unit.

- Subordinated Debt:** Unsecured principal amount of debt of the Issuer in a form of loan with maturity after the Maturity Date which is subordinated to the Notes with respect to claims on assets or earnings and is fully or partly repayable only if settlement of all obligations under the Notes are made.
- Terms and Conditions:** These Terms and Conditions of the Notes, which form inseparable part of the Offering Memorandum.
- Total Equity:** The aggregate book value of the Company's total equity (including minority interest, if applicable), increased by Subordinated Debt (if applicable) according to the most recent Financial Report.

2. USE OF THE PROCEEDS

- 2.1. The total issue size is up to EUR 5,000,000.00 (five million euro).
- 2.2. Funds that will be raised as a result of the Notes issue after deduction of the Arranger's placement fee will be used for refinancing the Existing Notes and for general corporate purposes of the Company.

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 LV0000804698.
- 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).

4. APPLICABLE LAW AND DISPUTE RESOLUTION

- 4.1. The Notes issue is a private placement arranged in compliance with the Financial Instrument Market Law of the Republic of Latvia (*Finanšu instrumentu tirgus likums*) and other Applicable Laws that are in force, including regulations of the Bank of Latvia, Nasdaq CSD 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 in EUR (euro).

7. STATUS OF THE NOTES

The Notes rank *pari passu* with other unsecured obligations of the Issuer, however the Notes are guaranteed by the Guarantor. In case of the insolvency of the Issuer, the Noteholders will be entitled to recover their investment on the same terms as other creditors in the respective claims' group according to the Applicable Laws. Save for mandatory provisions of the Applicable Laws, there are no contracts or other transaction documents that would subordinate the claims of the Noteholders to other unsecured liabilities of the Issuer. For avoidance of doubt, in the Event of Default by the Issuer, the Noteholders shall have recourse against the Guarantor, if the Issuer fails to perform its obligations under the Terms and Conditions, with the Noteholders' claims enforceable against the Issuer and the Guarantor according to the Terms and Conditions and the Guarantee.

8. RIGHTS AND RESTRICTIONS CONNECTED WITH THE NOTES ISSUE

- 8.1. Each Noteholder has the right to receive Coupon and Nominal Value payments in accordance with Clause 11. (*Coupon*) and Clause 12. (*Repayment of the Notes*), as well as exercise other rights provided in these Terms and Conditions and Applicable Laws.
- 8.2. The Issuer has the right to purchase the Notes on the secondary market directly from the Noteholders. The Notes that are purchased by the Issuer shall be held in the Issuer's financial instruments' 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.
- 8.3. The Notes held by the Issuer, its direct or indirect shareholders and the Related Parties are not eligible to participate in the voting in accordance with these Terms and Conditions.

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 require measures other than those required under the Applicable Laws.
- 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 public offering in the essence of the Applicable Laws. According to these Terms and Conditions, it is the obligation and liability of the Noteholder to ensure that any offering of the Notes does not fall under the definition of public offering under the Applicable Laws.

10. FIRST SETTLEMENT DATE OF THE NOTES ISSUE

The Issue Date of the Notes is 31 October 2024, on which the Coupon starts to accrue.

11. COUPON

11.1. Coupon rate

The Coupon rate for the Notes is 8% (eight percent) per annum.

11.2. Coupon payment procedure

- 11.2.1. Coupon payments are made on each Coupon Payment Date. Coupon payments are made 4 (four) times per year – each 31 March, 30 June, 30 September and 31 December. The first Coupon payment date is 31 December 2024, and the last Coupon payment date is 31 October 2027.
- 11.2.2. 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, on each Coupon Payment Date for the preceding Coupon

period.

- 11.2.3. 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 these Terms and Conditions are Nasdaq CSD Rulebook and Corporate Action Service Description.
- 11.2.4. If the Coupon Payment Date is not a Business Day, the Issuer will pay the Coupon payment on the first Business Day after the Coupon Payment Date. The postponement of the payment date shall not have an impact on the amount payable.
- 11.2.5. If the Issuer has failed to make Coupon payments in accordance with the deadlines specified in these Terms and Conditions, the Guarantee described in Clause 20 is invoked. Noteholders shall have the right to submit claims regarding the payment of the Coupon but not earlier than after 10 (ten) Business Days following the payment date of the relevant Coupon.

11.3. Coupon calculation

- 11.3.1. Quarterly Coupon payments, except for the first Coupon payment, are determined according to the following formula:

$$CPN = F * C / 4 \text{ or } CPN\% = C / 4, \text{ where:}$$

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

F – Nominal Value of one Note;

C – annual Coupon rate (%).

- 11.3.2. The first Coupon payment in respect of the time period between the Issue Date and 31 December 2024 is determined according to the following formula:

$$CPN1 = F * C * 61 / 360, \text{ where}$$

CPN1 – the amount of Coupon payment in EUR per Note on 31 December 2024;

F – Nominal value of one Note;

C – annual Coupon rate (%).

- 11.3.3. The last Coupon payment in respect of the time period between 30 June 2027 and the Maturity Date is determined according to the following formula:

$$CPN2 = F * C * 121 / 360, \text{ where}$$

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

F – Nominal value of one Note;

C – annual Coupon rate (%).

11.4. Accrued interest calculation

- 11.4.1. The first Coupon starts to accrue on 31 October 2024, which is the Issue Date of the Notes.
- 11.4.2. The accrued Coupon is calculated presuming there are 360 (three hundred and sixty) days in one year (day count convention – "European 30/360"). Accrued interest between Coupon Payment Dates shall be calculated as follows:

$$AI = F * C / 360 * D, \text{ where:}$$

AI – accrued interest of one Note;

F – Nominal Value of one Note;

C – annual Coupon rate (%);

D – the 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 the Nominal Value of Notes at Maturity Date, which is 31 October 2027.

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

12.1.3. If the Maturity Date is not a Business Day, the Issuer will pay the 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 dates between Maturity Date and actual payment date of the Nominal Value.

12.1.4. If the Issuer fails to make the Nominal Value payment in accordance with the deadlines specified in these Terms and Conditions, the Guarantee described in Clause 20 is invoked. Noteholders shall have the right to submit claims regarding the repayment of the Nominal Value not earlier than after 10 (ten) Business Days following the Maturity Date.

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

12.2.1. The Issuer may redeem the Notes, in whole but not in part:

- (a) from 31 October 2025 (inclusive), until 30 October 2026 (inclusive) by paying 103% (one hundred and three per cent) of the Nominal amount plus accrued and unpaid Coupon;
- (b) from 31 October 2026 (inclusive), until 30 July 2027 (inclusive) by paying 102% (one hundred and two per cent) of the Nominal amount plus accrued and unpaid Coupon;
- (c) 3 (three) months before the Maturity Date by paying 100% (one hundred per cent) of the Nominal amount plus accrued and unpaid Coupon.

12.2.2. If the Issuer takes a decision on early redemption of the Notes, the Issuer shall notify the Noteholders at least 20 (twenty) Business Days prior to the redemption date of the Notes, by publishing the notice on the Nasdaq Riga information system (after the Notes are admitted to trading on First North) as well as the Issuer's website <https://crosschem.lv/>.

12.2.3. If the Issuer redeems the Notes, 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.

12.3. Early redemption at the option of the Noteholders upon Change of Control

12.3.1. In case a Change of Control has occurred or is anticipated to occur, the Issuer has the obligation (in case of anticipated Change of Control – a right) to notify the Noteholders by publishing a relevant notice with sufficient details on the Nasdaq Riga information system (after the Notes are admitted to trading on First North) as well as its webpage <https://crosschem.lv/> and no later than

20 (twenty) Business Days after a Change of Control has occurred and at any time before the anticipated occurrence of a Change of Control:

- (a) stating that a Change of Control has occurred or is anticipated to occur, and that each Noteholder within a period of 10 (ten) Business Days has the right to require the Issuer to redeem all of such Noteholder's Notes at a price equal to 101% (one hundred and one per cent) of the Nominal Value plus accrued and unpaid Coupon;
- (b) stating the redemption date, which shall be not earlier than 10 (ten) Business Days and not later than 20 (twenty) Business Days from the date such notice is delivered to Noteholders; however, if the notice is delivered prior to the occurrence of a Change of Control, the Issuer may state that the redemption of the Notes is conditional upon the occurrence of a Change of Control, in which case the Notes will be redeemed not later than 20 (twenty) Business Days following the occurrence of a Change of Control;
- (c) stating the record date;
- (d) stating that any Note redeemed will cease to accrue interest after redemption and any Notes not redeemed will continue to accrue interest;
- (e) describing the circumstances and relevant facts regarding the transaction or transactions that constitute a Change of Control; and
- (f) describing the procedures determined by the Issuer that the Noteholder must follow to have its Notes redeemed.

12.3.2. To exercise a Change of Control put option, the Noteholder must within a period of 10 (ten) Business Days after the date of publication of the Issuer's notice submit to the Issuer a duly signed and completed notice of exercise put option in the form provided by the Issuer. The completed form shall be submitted to the Issuer by the Noteholder directly (physically signed form delivered by post or courier or electronically signed delivered by e-mail) or indirectly via the Noteholder's Custodian. If no response from the Noteholder has been received within the designated time period, it shall be considered that the Noteholder will not execute its put option. No option so exercised may be withdrawn without a prior consent of the Issuer.

12.3.3. If 75 (seventy-five) percent or more in Nominal Amount of the Notes then outstanding have been redeemed pursuant to this Clause 12.3., the Issuer may, on not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Noteholders given within 30 (thirty) days after the redemption of the Notes pursuant to Clauses 12.3.1. and 12.3.2., redeem on a date to be specified in such notice at its option, all (but not some only) of the remaining Notes at 101% (one hundred and one per cent) of the Nominal Value plus accrued and unpaid Coupon.

12.4. Early redemption at the option of the Noteholders upon De-listing Event or Listing Failure

12.4.1. In case a De-listing Event or Listing Failure has occurred, the Issuer has the obligation to notify the Noteholders by publishing a relevant notice with sufficient details on its webpage <https://crosschem.lv/> no later than 20 (twenty) Business Days after a De-listing Event or Listing Failure has occurred:

- (a) a De-listing Event or Listing Failure has occurred, and that each Noteholder within a period of 10 (ten) Business Days has the right to require the Issuer to redeem all of such Noteholder's Notes at a price equal to 101% (one hundred and one per cent) of the Nominal Value plus accrued and unpaid Coupon;
- (b) stating the redemption date, which shall be not earlier than 10 (ten) Business Days and not later than 20 (twenty) Business Days from the date such notice is delivered to the Noteholders;
- (c) stating the record date;

- (d) stating that any Note redeemed will cease to accrue interest after redemption and any Notes not redeemed will continue to accrue interest; and
 - (e) describing the circumstances and relevant facts regarding occurrence of a De-listing Event or Listing Failure; and
 - (f) describing the procedures determined by the Issuer that the Noteholder must follow to have its Notes redeemed.
- 12.4.2. To exercise the De-listing Event or Listing Failure put option, the Noteholder must within a period of 10 (ten) Business Days after the date of publication of the Issuer's notice submit to the Issuer a duly signed and completed notice of exercise put option in the form provided by the Issuer. The completed form shall be submitted to the Issuer by the Noteholder directly (physically signed form delivered by post or courier or electronically signed delivered by e-mail) or indirectly via the Noteholder's Custodian. If no response from the Noteholder has been received within the designated time period, it shall be considered that the Noteholder will not execute its put option. No option so exercised may be withdrawn without a prior consent of the Issuer.
- 12.4.3. If 75 (seventy-five) percent or more in Nominal Amount of the Notes then outstanding have been redeemed pursuant to this Clause 12.4., the Issuer may, on not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Noteholders given within 30 (thirty) days after the redemption of the Notes pursuant to Clauses 12.4.1. and 12.4.2., redeem on a date to be specified in such notice at its option, all (but not some only) of the remaining Notes at 101% (one hundred and one percent) of the Nominal Value plus accrued and unpaid Coupon.

13. FINANCIAL COVENANTS

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

- (a) to maintain Interest Coverage Ratio of at least 1.5 (one point five) times; calculated for the Relevant Period at the end of each six months;
- (b) to maintain an Equity Ratio of at least 25% (twenty-five percent); calculated at the end of each six months.

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) not to pay dividends or make other distribution of profits to its shareholders and / or entities directly or indirectly owned by them in form of a loan, investment or any other, except for a permitted distribution in the amount of up to 50% (fifty percent) of undistributed retained earnings of the Issuer at the end of the Relevant Period if after such permitted distribution Equity Ratio as according to Clause 13(b) remains 40% (forty percent) or greater;
- (b) all existing and future principal amounts of loans received from the Issuer's shareholders must be in a form of Subordinated Debt. On or around the Issue Date the Existing Shareholder will sign an acknowledgement of subordination of existing and future principal amounts of loans granted to the Issuer to the Notes, so that such loans are in a form of Subordinated Debt (hereinafter "**Acknowledgement of subordination**"). In case of changes in the share capital of the Issuer in the scope permitted by Change of Control, the new shareholder of the Issuer must sign the Acknowledgement of subordination and send it for confirmation to the Noteholders;
- (c) not to make substantial change to the general nature of the business of the Company from that carried on at the Issue Date. The foregoing does not apply to activities reasonably

necessary to, or undertaken in connection with, the existing business of the Company on the Issue Date, or any business activity that is a reasonable extension, development or expansion thereof or ancillary thereto, or any business reasonably related thereto;

- (d) not to initiate the Issuer's liquidation or similar proceedings;
- (e) not to reduce the share capital of the Issuer if as a result of such reduction the Issuer is not compliant with the financial covenants set out in Clause 13. (*Financial Covenants*) of these Terms and Conditions;
- (f) to publish unaudited semi-annual reports for the Company in English with management comments, prepared according to Accounting Principles, by the end of the second month following the end of each six months. The unaudited semi-annual report for the Company should include balance sheet, profit and loss statement together with cash flow statement, and information (together with the relevant calculations) confirming that the Issuer is compliant with the financial covenants set out in Clause 13. (*Financial Covenants*) of these Terms and Conditions;
- (g) to publish annual report for the Company prepared in English and according to the Accounting Principles within 4 (four) months for each consecutive financial year. The Financial Report for 2024 and any subsequent Financial Reports must be audited by an Auditor;
- (h) to ensure that the funds that are raised as a result of the Notes issue are used only in accordance with Clause 2. (*Use of the Proceeds*);
- (i) any transactions with Related Parties must be at Fair Market Value;
- (j) not to dispose or otherwise transfer into utilization the right to use trademarks, except that the Issuer may grant a right to use this trademark to other Related Parties and its cooperation partners within the course of its ordinary business activities;
- (k) not to create or allow any mortgage, pledge, guarantee, or other security interest (each a "**Security**") over its shares, assets, or future revenues to secure any Financial Indebtedness, except for the Permitted Security and unless the Notes are secured with first rank at all times;
- (l) in case of issuance of further debt securities which are secured by any Security, to ensure that such Security also secures the Issuer's obligations under the Notes.

15. EVENTS OF DEFAULT

- 15.1. If an Event of Default occurs and is continuing, the Noteholders representing at least 10% (ten percent) of the principal amount of the outstanding Notes may by written notice to the Issuer declare the Notes and accrued Coupon to be prematurely due and payable (declare the occurrence of Event of Default). If the Issuer confirms that an Event of Default in accordance with this Clause has occurred or does not provide any information within 20 (twenty) Business Days, then the Issuer shall pay all Noteholders the Nominal Value of the Notes along with the accrued Coupon and default interest in accordance with Clause 16. (*Default Interest*) within 20 (twenty) Business Days from the occurrence of any of the aforementioned events, i.e., confirmation or non-response. If the Issuer is unable to pay, the Noteholders may act in accordance with Clause 20.3 (*Establishment, Release and Enforcement of the Guarantee*).
- 15.2. The Issuer shall publish information regarding Noteholders representing at least 10% (ten percent) of the principal amount of the outstanding Notes declaring the occurrence of Event of Default and confirmation or denial of occurrence of Event of Default on the Nasdaq Riga information system (after the Notes are admitted to trading on First North) as well as the Issuer's webpage <https://crosschem.lv/>.

15.3. When the Guarantor undertakes the Issuer's obligations under the Offering Memorandum as the Issuer itself (*Latvian term: kā pats parādnieks*) the Issuer will have an obligation to immediately make a news announcement on the Nasdaq Riga information system (after the Notes are admitted to trading on First North) as well as the Issuer's webpage <https://crosschem.lv/> regarding this event.

15.4. Each of the events or circumstances set out in 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 Clause 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 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, the Issuer has received cash proceeds of new injections from the shareholders of the Issuer in a form of equity and/or Subordinated Debt (the "**Equity Cure**"), in an amount at least sufficient to ensure the financial covenants set out in Clause 13. (*Financial Covenants*) would be complied with if tested again as at the last date of the same Relevant Period on the basis that any Equity Cure provided to the Issuer is included for the Relevant Period as if provided to the Issuer immediately prior to the last day of such Relevant Period.

Any Equity Cure provided to the Issuer in respect of any Relevant Period shall be deemed to have been provided immediately prior to the last date of such period and shall be included (without double counting) in all relevant calculations of the financial covenants set out in Clause 13. (*Financial Covenants*) until the date it was deemed provided falls outside any subsequent Relevant Period.

If after the Equity Cure the relevant financial covenant set out in Clause 13. (*Financial Covenants*) is met, then an Event of Default shall not be constituted. The Equity Cure may not be exercised for two consecutive reporting periods.

The Issuer is permitted not to comply with a financial covenant set out in Clause 13.(a) or Clause 13.(b) (*Financial Covenants*) once until the maturity of the Notes without constituting an Event of Default, provided that any such failure to comply with the relevant financial covenant is remedied by the Issuer by the date of which the subsequent semi-annual Financial Report is to be published pursuant to these Terms and Conditions. If the Issuer remedies any such failure to comply with a financial covenant set out in Clause 13.(a) or Clause 13.(b) (*Financial Covenants*) without it constituting an Event of Default, the Issuer shall pay each Noteholder (other than the Issuer, its direct or indirect shareholders and the Related Parties) a one-time fee in the amount of 1% (one percent) of the aggregate Nominal Value the Notes held by the Noteholder at the next Coupon Payment Date following the publication of the relevant semi-annual Financial Report remedying the failure to comply with a financial covenant set out in Clause 13.(a) or Clause 13.(b) (*Financial Covenants*).

- (c) **Breach of Undertakings:** the Issuer does not comply with any undertakings set out in Clause 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, the aggregate amount of such Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (i) to (iv) above exceeds in total EUR 500,000 (five 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 Subordinated Debt.

(e) **Insolvency:**

- (i) the Issuer or Guarantor becomes subject to any Insolvency Proceedings or admits inability to pay its debts in case of lawful claims, save for the claims of the Related Parties, other than the Insolvency Proceedings which are being disputed in good faith and are discharged, stayed or dismissed within 90 (ninety) calendar days of commencement;
- (ii) the Issuer or Guarantor enters into any arrangement with majority of its creditors by value in relation to restructuring of its debts or any meeting is convened to consider a proposal for such arrangement; or
- (iii) an application to initiate any Insolvency Proceedings or administration of the Issuer or Guarantor or any other proceedings for the settlement of the debt of the Issuer or Guarantor is submitted to the court or out of court (as applicable) by the Issuer or Guarantor.

(f) **Failure to notify of a Change of Control:** The Issuer does not comply with any notification obligations set out in Clause 12.3. (*Early redemption at the option of the Noteholders upon Change of Control*).

(g) **Failure to notify of a De-Listing Event or Listing Failure:** The Issuer does not comply with any notification obligations set out in Clause 12.4. (*Early redemption at the option of the Noteholders upon De-listing Event or Listing Failure*).

16. DEFAULT INTEREST

If the Issuer fails to pay to the Noteholders any amount payable by it under these Terms and Conditions, then the Issuer shall pay to the Noteholders default interest (*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 percent) per day of the principal outstanding sum.

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 Nasdaq Riga information system (after the Notes are admitted to trading on First North) as well as its webpage <https://crosschem.lv/> in case the performance is not possible due to continuous existence of any of the following circumstances (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;
 - (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;
 - (c) any interruption of or delay in any functions of measures of the Issuer as a result of fire, frost or other similar disaster;
 - (d) any industrial action, such as strike, lockout, boycott or blockade affecting materially the activities of the Issuer; or
 - (e) any other similar force majeure hindrance.
- 17.2. In case of occurrence of a Force Majeure Event, the Issuer's fulfilment of the obligations may be postponed for the period of the existence of such respective circumstances and shall be resumed immediately after such circumstances cease to exist, provided that the Issuer shall put all best efforts to limit the effect of the Force Majeure Event and to resume the fulfilment of its obligations as soon as possible.

18. DISCLOSURE OF INFORMATION

- 18.1. Up until the Maturity Date, the Issuer shall publish all the information required by the covenants, rules of Nasdaq Riga and Applicable Laws.
- 18.2. Unless it is provided otherwise in these Terms and Conditions, for as long as the Notes are not admitted to trading on Nasdaq Riga First North, all notices and reports to the Noteholders shall be published on the Issuer's website <https://crosschem.lv/>.
- 18.3. Unless it is provided otherwise in these Terms and Conditions, as of the date when the Notes are admitted to trading on Nasdaq Riga First North, all notices and reports to Noteholders shall be published on Nasdaq Riga information system, as well as on the Issuer's website <https://crosschem.lv/>.
- 18.4. Any notice or report published in manner specified in Clause 18.2. and 18.3. shall be deemed to have been received by the Noteholders on the same Business Day when it is published.

19. REPRESENTATION OF THE NOTEHOLDERS

- 19.1. By submitting a subscription offer or acquiring the Notes on the secondary market, each Noteholder:
- (a) expresses its consent to the appointment of the Guarantor to perform the obligations and exercise the rights in connection with the Guarantee as set forth in these Terms of the Issue and authorizes the Guarantor to exercise the rights, powers, authorities and discretions specifically given to the Guarantor under the Terms of the Issue and Guarantee;
 - (b) confirms that the fact that the Guarantor acts under the Guarantee does not constitute any conflict with the interests of the Bondholder;
 - (c) agrees that the Guarantor has only such functions, obligations and liability as expressly set forth in these Terms of the Issue and the Guarantee, and that upon the performance of its obligations and exercising of its rights in connection with the Guarantee, the Guarantor is entitled to act at its discretion, considering the interests of the Noteholder, and, unless specifically requested by the Guarantor, the Noteholder have no right to give any

instructions to the Guarantor and the Guarantor is under no obligation to request or follow such instructions, except for the instructions provided under Clause 20.

- 19.2. Upon the performance of its obligations and exercising its rights, the Guarantor acts at its own discretion in the interests and on the account of the Bondholders collectively and generally (and not of any particular Noteholder) without having any independent interests of its own, other than deriving from these Terms of the Issue and the Guarantee, and without any obligation to consider any interests or rights of the Issuer or any other guarantee provider (other than arising from the applicable law or the Guarantee).

20. GUARANTEE

20.1. Guarantee

- 20.1.1. The Guarantor will guarantee the fulfilment of the Issuer's obligations under the Notes. The obligations of the Issuer (in respect of the Notes, including but not limited to the obligation to redeem the Notes and pay interest thereon) include the duty to repay to Noteholders the full Nominal value of all Notes EUR 5 000 000 (five million euro) at Maturity date as well as to service interest Coupon payments not made by the Issuer and contractual penalties and other outstanding payments.
- 20.1.2. The Notes shall be guaranteed by SIA "CrossChem International", registration number 40103538622, registered address Ziedleju iela 6, Mārupe, Mārupes nov., Latvia, LV-2167.
- 20.1.3. The Guarantee will be issued by the Guarantor to the Noteholders as creditors in the agreed form to secure the Issuer's obligations under the Notes. The Guarantee is issued by the Guarantor on the Issue Date of Notes and is an explicit part of the documentation contained within this Offering Memorandum.
- 20.1.4. For avoidance of doubt, if during validity of Notes the existing Guarantor changes, the Issuer and the existing Guarantor must ensure that the new Guarantor issues the respective Guarantee in favour of the Noteholders within 90 (ninety days) to ensure that a Guarantee is always valid in favour of the Notes for the Noteholders. For avoidance of doubt, such changes in the Guarantee may be carried out without Noteholders' consent.

20.2. Guarantor's Statement and Scope of the Guarantee

- 20.2.1. Insofar the Guarantee does not provide otherwise the meaning of the term used in the Guarantee correspond with the meaning of terms used in the Terms and Conditions.
- 20.2.2. By signing the Guarantee, the Guarantor confirms it has received all the necessary corporate and other approvals for signing the Guarantee and thus binding the Guarantor with obligations hereunder.
- 20.2.3. This Guarantee entered into force on the Issue Date. The Guarantee is irrevocable and shall remain in force until the Debt is settled in full or until validity of the Guarantee.
- 20.2.4. The Guarantee is governed by Republic of Latvia law and is "*Galvojums*" in accordance with the Civil Law of the Republic of Latvia.
- 20.2.5. Disputes related to this Guarantee including disputes related to fulfilment of Guarantor's obligations hereunder shall be resolved at the court of general jurisdiction of the Republic of Latvia. The first instance court shall be any of the first instances courts located in Riga (Latvia).
- 20.2.6. In order to ensure the execution of the Guarantee and payments resulting therefrom, the Issuer together with the Guarantor has agreed to sign any necessary agreements (including but not limited to agreement on the provision of settlement services (CSD) with Nasdaq CSD) prior to the emission of the Notes. The Agreement provides that in case of default the Guarantor takes the place of the Issuer (will assume Issuer's obligations).

- 20.2.7. The Guarantor hereby irrevocably and unconditionally undertakes to fulfil the Guarantee and upon the request from Noteholders to undertake the Issuer's duty to repay to Noteholders the full Nominal value of all Notes EUR 5 000 000 (five million euros) at Maturity date as well as to service interest Coupon payments not made by the Issuer and contractual penalties and other outstanding payments.
- 20.2.8. The Guarantor undertakes the Issuer's obligations (until all the obligations are fully met) under the Terms of the Issue as the Issuer itself (Latvian term: *kā pats parādnieks*) and waives the right to request from Noteholders to direct the collection of the Debt from the Issuer in the first place. Therefore, obligations of the Guarantor correspond with Issuer's obligations under the Terms of the Issue.
- 20.2.9. The Guarantee shall not be limited by any terms and conditions that are not expressly stated herein.
- 20.2.10. The Guarantor shall be released from its obligations against Bondholders only if the Debt ceases to exist and all related claims of the Noteholders against the Issuer are satisfied or validity of Guarantee expires.

20.3. Establishment, Release and Enforcement of the Guarantee

- 20.3.1. For the purpose of guaranteeing due and timely payment, discharge and performance of the Notes, the Guarantee shall be established in the favour of Noteholders by the Guarantor.
- 20.3.2. The Guarantee is valid immediately when:
- (a) the Issuer has failed to perform his obligations to Noteholders under the Notes issuance conditions;
 - (b) the Issuer, Guarantor or any of their subsidiaries has caused default on another loan, bond issuance or loan guarantee commitments.
- 20.3.3. The Guarantor undertakes the Issuer's obligations under the bond issuance conditions (until all the obligations are fully met) as the Issuer itself (*kā pats parādnieks*) and waives the right to request from Noteholders to direct any request regarding outstanding payments from the Issuer in the first place.
- 20.3.4. With each payment under the Guarantee the Guarantor's obligation will be reduced pro rata.
- 20.3.5. The Issuer is required to publish the news that the Guarantor undertakes the Issuer's obligations on the Nasdaq Riga information system (after the Notes are admitted to trading on First North) as well as its website <https://crosschem.lv/>.

20.4. Application of the Proceeds from Enforcement of the Guarantee

- 20.4.1. Upon enforcement of the Guarantee, a Noteholder has the right to submit a written notification to the Guarantor and Nasdaq CSD regarding that the immediate repayment deadline has set in for the Bonds owned by the relevant Bondholder, at any time after the event of default has occurred (and as long as the event of default exists). The Guarantor has to pay the Nominal value of Bonds along with the accrued Coupon and Contractual penalties (Clause 20.4.2 and 20.4.3) and other outstanding payments if any (hereinafter – the "Debt") within 5 (five) Business Days after the receipt of the notification.
- 20.4.2. In the case of non-compliance or inadequate compliance with a payment obligation arising from the Notes, the Noteholder in question shall be entitled to require and the Issuer shall be obliged to pay a contractual penalty upon the request of any Noteholder to all the Noteholders from Maturity date, to the actual payment date (including) in the amount of 0.05% (zero point zero five percent) per day from the relevant outstanding amount, but the total contractual penalty may not exceed 10% (ten percent) from the relevant outstanding amount.

- 20.4.3. If the Issuer has failed to make the Nominal amount repayment in accordance with the deadlines specified in the Terms and Conditions, Noteholders shall have the right to submit claims regarding the repayment of the Debt not earlier than after 5 (five) Business Days following the payment day of the Nominal amount in accordance with clause 20.4.1.

21. NOTEHOLDERS' MEETINGS AND DECISIONS

21.1. General Provisions

- 21.1.1. The Issuer shall have a right to convene the Noteholders' Meeting or instigate the Procedure in Writing at any time, and the 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, its direct or indirect shareholders and the Related Parties). As a general rule, the Noteholders' Meeting or in Procedure in Writing is convened by a decision of the Issuer.
- 21.1.2. The Issuer may refrain from convening the Noteholders' Meeting or instigating the Procedure in Writing if (i) the suggested decision does not fall under the competence of Noteholders, or (ii) the suggested decision is not in accordance with the Applicable Laws.
- 21.1.3. 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.
- 21.1.4. All expenses in relation to the convening and holding the Noteholders' Meeting or a Procedure in Writing shall be covered by the Issuer.
- 21.1.5. Only those investors 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 principal amount of the Notes held.
- 21.1.6. 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.

21.2. Noteholders' Decisions

- 21.2.1. A Noteholders' Meeting or a Procedure in Writing may make decisions that are binding on the Noteholders on a matter relating to these Terms and Conditions and the Guarantee as provided in Clause 21.1.1. Consent of the Majority Noteholders is required to adopt any decision.
- 21.2.2. Notes held by the Issuer, its direct or indirect shareholders and the Related Parties will not carry the right to vote at the Noteholders' Meetings 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.
- 21.2.3. The Noteholders' Meeting and the Procedure in Writing can authorise a named legal or natural person to take any necessary actions to enforce the decisions of the Noteholders' Meeting or the Procedure in Writing.
- 21.2.4. 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. Decisions made at the Noteholders' Meeting or in the Procedure in Writing are deemed to have been received by the Noteholders at the time (i) they have been entered in the issue account maintained by Nasdaq CSD, or (ii) notified to the Noteholders by a notice published in English on the Nasdaq Riga information system (after the Notes are admitted to trading on First North) as well as the Issuer's website <https://crosschem.lv/> (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 a failure to do so shall not invalidate any decision made or voting result achieved.

- 21.2.5. Information about decisions taken at the Noteholders' Meeting or the Procedure in Writing shall be provided to the Noteholders in English on the Nasdaq Riga information system (after the Notes are admitted to trading on First North) as well as the Issuer's website <https://crosschem.lv/> and the (any such notice shall be deemed to have been received by the Noteholders when sent or published in the manner specified in this Clause).

21.3. Meetings of the Noteholders

- 21.3.1. 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 the Nasdaq Riga information system (after the Notes are admitted to trading on First North) as well as the Issuer's website <https://crosschem.lv/> and (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.
- 21.3.2. The Noteholders' Meeting shall be held in Riga, Latvia, and its chairperson shall be appointed by the Noteholders' Meeting.
- 21.3.3. The Noteholders' Meeting shall be organised by the chairperson of the Noteholders' Meeting.
- 21.3.4. The Noteholders' Meeting shall be held in English.
- 21.3.5. Representatives of the Issuer and persons authorised to act for the Issuer may attend and speak at the Noteholders' Meeting.
- 21.3.6. 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. The minutes shall be signed by the keeper of the minutes, which 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 a Noteholder be sent to it by the Issuer.

21.4. Procedure in Writing

- 21.4.1. 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 Nasdaq Riga information system (after the Notes are admitted to trading on First North) as well as the Issuer's website <https://crosschem.lv/> and (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 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 this Clause) and a manner of a reply.
- 21.4.2. 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.
- 21.4.3. The Issuer shall inform the Noteholders on the results of the Procedure in Writing and the status of the relevant decision as soon as possible after adoption of relevant decision.

TAXES

NOTICE

This summary is of general nature as at the date of this Offering Memorandum and should not be considered 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. This also include permanent establishments of foreign entities in Latvia. 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 "Procedures for Application of Tax Relief Determined in International Agreements for Prevention of Double Taxation and Tax Evasion" of 30 April 2001. For the purposes of exchanging documents, the Noteholder should contact the Company via the information provided on the Company's website and/or Nasdaq Riga website.

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)		Conditions
	Interest tax rate	Capital gains tax rate	
Individual resident of Latvia	20%	20% ¹	<p>20% tax from the interest (coupon) income is withheld and transferred to the State budget by the Issuer of Notes.</p> <p>¹ Income from disposal of Notes is considered equivalent to an interest income and taxed in the same way at 20% rate in Latvia.</p> <p>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</p>

			withdrawn from the investment account exceeds the contributed amount.
Company resident of Latvia	deferred: 20/80 of the beneficiary's net profit distributed (equals to 20% of the gross profit)	deferred: 20/80 of the beneficiary's net profit distributed (equals to 20% of the gross profit)	<p>Interest (coupon) income and a capital gain from the Notes constitute a part of the beneficiary's - Latvian company's overall income.</p> <p>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).</p>
Individual non-resident	5%/20% ^{2, 4}	5%/20% ^{2,3,4}	<p>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 Notes, if all of the following three criteria are met: (i) the payment is made with the intermediation of an investment service provider, including the Depository, 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 engaged in economic activity; (iii) the Notes are not publicly traded.</p> <p>Otherwise, 20% tax from the interest (coupon) income or an income from disposal of Notes is withheld and transferred to the State budget by an Issuer of Notes.</p> <p>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 entity³ – Income from disposal of the Notes is considered equivalent to an interest income and taxed at 20% rate.</p> <p>⁴ - A non-resident individual being a beneficiary of interest (coupon) income or an income from disposal of Notes could be obliged to assess and</p>

			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}	<p>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.</p> <p>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.</p> <p>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.</p>

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 below or elsewhere in the Offering Memorandum have the same meanings in this section.

1.1. Subscription for the Notes

The subscription period ("**Subscription Period**") for the Notes is divided into two stages:

- (i) The initial offering ("**New Subscription**") shall commence on 15 October 2024 at 10:00 Riga time and shall end on when all Notes are subscribed and paid for. The Arranger at its sole discretion has a 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.
- (ii) The Exchange Offer acceptance period shall commence on 15 October 2024 at 10:00 Riga time and end on 29 October 2024 at 16:00 Riga time ("**Exchange Offer Period**"). During this period the existing notes (bonds) with the ISIN LV0000860047 and maturity on 4 November 2024 ("**Existing Notes**") can be exchanged for the Notes.

1.2. New Subscription terms

- 1.2.1. The subscription orders to the Notes can be submitted to the Arranger 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).
- 1.2.2. The subscription orders can also be submitted to other Custodians, which in turn shall submit orders to the Arranger 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.
- 1.2.3. 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.
- 1.2.4. 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.
- 1.2.5. All subscription orders to the Notes shall be considered as binding and irrevocable commitment to acquire the allotted Notes.
- 1.2.6. 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 Arranger, the Issuer, distributors or other parties involved in the subscription order submission and/or settlement process, forward and exchange its/his/her personal data and information provided in the subscription order.
- 1.2.7. 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.
- 1.2.8. 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.

- 1.2.9. The First Settlement Date of the Notes is 31 October 2024.
- 1.2.10. 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.

1.3. Exchange Offer terms

- 1.3.1. By filing a respective corporate event notification to the Nasdaq CSD, within the Exchange Offer Period, the Issuer will offer to all investors holding the Existing Notes ("**Existing Noteholders**") to exchange the Existing Notes with the Notes.
- 1.3.2. The exchange ratio is one-to-one and any number of the Existing Notes can be used for the exchange to the extent the Notes are unsold.
- 1.3.3. Existing Noteholders can exchange their Existing Notes for the Notes by submitting within the respective stage of the placement period an offer for exchange to their Custodian in writing using the offer form provided by the Custodian banks stating the number of Existing Notes to be exchanged. The Custodian shall in turn inform the Nasdaq CSD on the total number of Existing Notes to be exchanged with the Notes and Existing Notes Investors who requested the exchange.
- 1.3.4. Each Existing Noteholder willing to participate in the offer shall authorise and instruct the Custodian to immediately block the total number of the Existing Notes to be exchanged with the Notes on the Existing Noteholder's securities account until the settlement for the transaction is completed or until the Existing Notes are released.
- 1.3.5. The number of the Existing Notes on the Existing Noteholder's securities account to be blocked shall be equal to the total number of the Existing Notes to be exchanged with the Notes. An Existing Noteholder may submit a subscription order only when there is a sufficient number of the Existing Notes on the securities account. If the number of the Existing Notes, which are blocked is insufficient, the order shall be deemed valid only in respect to the amount of a sufficient number of the Existing Notes that are on the Existing Noteholder's securities account.
- 1.3.6. The Exchange Offer is not addressed and cannot be accepted by any Russian or Belarusian national, any natural person residing in Russia or Belarus, or any legal person, entity, or body established in Russia or Belarus due to the Sanctions. This restriction does not apply to nationals of a Member State or to natural persons holding a temporary or permanent residence permit in a Member State of the European Union.
- 1.3.7. Only those Existing Noteholders who hold the Existing Notes in Nominal of at least EUR 100,000 (one hundred thousand euro) per investor are eligible to participate in the Exchange Offer.

1.4. Notes price

- 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 discount or premium, plus accrued interest.
- 1.4.2. Related Parties may subscribe to the Notes, but the purchase price for those orders shall be equal to 100% (one hundred per cent) or, in case of lower or higher than the Nominal Value, the discount or premium shall be at market conditions.

1.5. Allocation of the Notes to Noteholders

- 1.5.1. The Issuer shall establish the exact number of Notes to be allocated to the Existing Noteholders who have participated in the Exchange Offer and to investors who submitted their subscription orders during the New Subscription period.
- 1.5.2. The Notes are allocated to Potential Investors in the amount not larger than the amount specified in the subscription order and not less than the Minimum Investment Amount.
- 1.5.3. In case the total number of Notes exchanged and subscribed for during the Exchange Offer Period and Subscription Period is less than the Notes available, the Notes will be allotted based on the exchange instructions and subscription orders placed.
- 1.5.4. In case the total number of Notes exchanged and subscribed for is higher than the Notes available, the Issuer at its sole discretion has a right to refuse to allocate all or part of the subscribed Notes to any Potential investor. The decision on the final allocation of Notes to Potential Investors is made by the Issuer.
- 1.5.5. The Notes will be allocated by the Issuer in the following priority:
 - 1.5.5.1. Existing Noteholders who have elected to participate in the Exchange Offer shall be allotted the Notes fully, observing the exchange ratio;
- 1.5.6. Other investors who have submitted their subscription orders during the Subscription Period. The following principles will be observed during the allocation process: (i) the allocation shall be aimed to create a solid, reliable and diversified investors base for the Issuer; (ii) the Issuer may apply different allocation principles to a different group of investors; (iii) the Issuer may set a minimum and a maximum number of Notes allocated to one Investor.
- 1.5.7. The Arranger or the Issuer at its sole discretion has a right to refuse to allocate all or part of the subscribed Notes to any Potential Investors due to AML and Sanctions regulations compliance risk or other risks.

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.
- 1.6.2. The Issuer may also decide on a reduction of the Notes issue size.
- 1.6.3. In case of discontinued placement, any Notes that are not issued shall be deleted.

1.7. Settlement of the New Subscription

- 1.7.1. The settlement date for the Notes can be any Business Day which is not earlier than the 2nd (second) Business Day and not later than 20th (twentieth) Business Day after a subscription order is duly submitted to the Arranger.
- 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 Arranger. The Notes will be transferred to the Noteholders' financial instrument accounts on the settlement date.
- 1.7.4. Settlement for the Notes can be executed according to other procedure, which is agreed to by the Arranger 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.

1.8. Settlement of the Exchange Offer

- 1.8.1. On the exchange offer settlement date, which is the Issue Date, the Nasdaq CSD will delete a

number of the Existing Notes that were exchanged for the Notes from each of the Custodian account and transfer the Notes to a relevant Custodian account, which in turn will transfer specific number of the Notes to each of the Existing Notes Investors.

1.8.2. On the Issue Date, the Nasdaq CSD shall record on the Arranger's account all the Notes that were not exchanged for during the Exchange Offer period.

1.9. **Pre-emptive rights**

None of Potential Investors has the rights of pre-emption in respect to acquisition of the Notes in the initial placement.

1.10. **Listing**

1.10.1. The Issuer plans to request the admission to trading of the Notes on First North within 1 (one) month after the Issue Date and submit this 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.

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

1.10.3. The Issuer confirms that at the date of this Offering Memorandum ZAB Eversheds Sutherland Bitāns SIA is its Nasdaq Riga First North certified consultant and with whom an ongoing services contract has been executed. During the validity of this Offering Memorandum ZAB Eversheds Sutherland Bitāns SIA will remain as the Issuer's Nasdaq Riga First North certified consultant, unless it is changed according to provisions of existing services contract with certified consultant and Applicable Laws. In such case, no prior Noteholders' consent is required for effecting changes for the Nasdaq Riga First North certified consultant of the Issuer.

GENERAL INFORMATION

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

GENERAL INFORMATION ON THE ISSUER

The Issuer is SIA "CrossChem", registration number 40003888244 (legal entity identifier 984500BDEBE085AF2D37), registered address at: "Naftaluka", Olaine parish, Olaine, LV-2127, Latvia.

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

The Issuer is a producer and distributor of chemical products and special production equipment.

DECISIONS OF THE ISSUER ON THE NOTES ISSUE

On 11 October 2024, the Company's shareholders passed the decision to issue the Notes and to authorize the Management Board of the Company inter alia to take all necessary actions to ensure the issuance of the Notes, registering the Notes with Nasdaq CSD SE and listing the notes on First North.

On 11 October 2024, the Company's Management Board passed the decision to approve the issuance of the Notes and to approve the Offering Memorandum and the Terms and Conditions of the Notes.

AUDITOR

The Company's Financial Reports for the financial years ended at 31 December 2022 and 31 December 2023 have been audited by Sabiedrība ar ierobežotu atbildību "Grant Thornton Baltic Audit", registration No. 50003946031, registered address at: Blaumaņa iela 22, Riga, Latvia, LV-1011.

ADVISORS INVOLVED IN THE ISSUE

The Issuer has concluded an agreement with the Arranger to organise the Notes issue, to communicate with Nasdaq CSD, market the Notes to investors and conduct settlement during the Subscription Period. The Arranger may provide other services to the Issuer in the future and receive remuneration for it. The Arranger may invest its own funds in the Notes.

Legal advice to the Issuer in respect of the Notes issue was provided by ZAB Eversheds Sutherland Bitāns SIA.

EXTERNAL AUDIT OF THE INFORMATION INCLUDED IN THE OFFERING MEMORANDUM

The auditors have not verified the information included in the Offering Memorandum.

STATEMENTS OR REPORTS INCLUDED IN THE SECURITIES DESCRIPTION

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.

OVERVIEW

The Company is a Latvia-based company that produces, develops and supplies chemical goods and additional products related to their use, storage, transportation. The Company also provides a range of services related to the use and quality control of these chemical goods.

Founded in 2007, the Company has become a global player, operating in more than 20 countries and providing eco-friendly chemical solutions for industrial and transport sectors. Its core focus is sustainability and innovation, with products designed to help industries meet stringent environmental standards. The Company is part of the international CrossChem Group.

The headquarters and production plant are located in Latvia, in the Olaine area, just outside of Riga. The production area spans 20.2 thousand square meters, including 5.3 thousand square meters of warehouse facilities. The site also features an integrated railway terminal with a locomotive.

STRATEGY OF THE ISSUER

The Issuer's strategy focuses on sustainable growth through a combination of geographic expansion, product diversification, and increasing production capacity. The Company is dedicated to leveraging advanced technologies to remain at the forefront of the eco-friendly chemical industry, while continuously enhancing its operational processes to meet growing market demand.

The Company's business model is structured around three core principles that guide its operations and drive its competitive edge:

Sustainable products and services – The Company is committed to producing chemicals that benefit both the environment and society. This includes offering eco-friendly chemical solutions that help industries meet environmental standards, providing integrated chemical handling and logistics services to streamline operations for its clients, and supplying equipment designed to optimize production and handling of chemicals.

Unique proprietary AdBlue® Production system – A significant strength of the Issuer's strategy lies in its proprietary AdBlue® production system. This system allows the Company to be closer to its clients, reducing costs and increasing competitiveness, ensuring efficient production of emission-reducing solutions that meet stringent environmental regulations.

Outstanding client servicing solutions – The Company differentiates itself through innovative client servicing offerings, including mobile automated public AdBlue® filling stations that provide convenience and accessibility for clients and the CrossPoint system, which manages fuel and chemical operations using advanced telemetry tracking for greater operational efficiency.

Through these principles, the Issuer aims to expand its global presence, deepen client relationships, and drive innovation in the sustainable chemicals industry.

KEY STRENGTHS OF THE ISSUER

Sustainability focus – The Issuer's unwavering commitment to sustainability is one of its most defining strengths. The Company prioritizes the production of eco-friendly chemical solutions, such as AdBlue®, which play a crucial role in reducing harmful emissions from diesel engines. This focus on environmentally conscious practices not only helps industries meet increasingly stringent regulatory standards but also positions the Issuer as a key player in the global push for greener solutions. By aligning its business strategy with global environmental goals, the Issuer stays ahead of the curve in the rapidly evolving chemical industry.

Innovative technology – The Issuer continually invests in cutting-edge technologies to maintain its competitive advantage. Its proprietary AdBlue® production system allows the Company to operate more efficiently while offering high-quality products that meet the needs of its customers. The integration of advanced technologies into its manufacturing processes also ensures that the Issuer can quickly adapt to industry changes and new regulatory requirements. This technological edge provides flexibility in production, enabling the Company to tailor its offerings to meet diverse market demands and expand its product portfolio in an ever-changing environment.

Global presence – With operations in over 20 countries and exports to more than 50, the Issuer has built an extensive international distribution network. This global reach allows the Company to serve a wide range of clients across diverse regions, from Europe to Asia and beyond. The ability to operate across borders ensures that the Issuer can swiftly respond to market opportunities and challenges in different geographies, giving it a resilient and adaptable business model. Its strong international footprint not only enhances its capacity to form strategic partnerships but also enables the company to tap into emerging markets. This expansive reach further reinforces its leadership and influence in the global chemical industry.

High-quality standards – the Issuer's adherence to rigorous quality control measures ensures that all its products meet or exceed international regulatory standards. This commitment to quality is evident in its flagship product, AdBlue®, which helps reduce nitrogen oxide emissions and is widely recognized for its high efficacy. The Company's manufacturing processes follow best practices in the industry, and its facilities are equipped with state-of-the-art technology to ensure consistent product quality. The Issuer's focus on maintaining top-tier standards across all aspects of its operations strengthens customer trust and enhances its reputation as a reliable supplier of environmentally friendly solutions.

Strong partnerships – the Issuer has established strong and enduring relationships with industry leaders, which enhances its credibility and market access. These partnerships allow the Company to collaborate on projects that expand its service offerings and reach, including logistics solutions and distribution. By aligning with strategic partners, the Issuer can offer value-added services to its clients, ensuring seamless delivery of products and integrated solutions that improve operational efficiency. The strength of these partnerships also enables the Company to leverage shared knowledge and resources, further bolstering its competitive position in the global chemical industry.

PRODUCT OFFERING OF THE COMPANY

The Company offers a diverse range of high-quality chemical solutions, primarily focused on sustainability and environmental impact reduction. Their product portfolio is tailored to serve various industries, particularly transportation, agriculture, and manufacturing. The company's flagship products include:

AdBlue® – as a licensed manufacturer of AdBlue®, the Issuer produces and distributes this crucial solution used in diesel engines to reduce harmful nitrogen oxide emissions. AdBlue® is an essential component in meeting strict emission regulations, particularly in the transportation industry. The Issuer's proprietary production system ensures high-quality, cost-efficient production and close proximity to clients, enhancing its competitive edge in the global market.

AdBlue® Filling Stations – the Issuer provides mobile, automated public AdBlue® filling stations, making it easier for transport companies to access and refill AdBlue® across multiple locations. These stations enhance convenience for fleet operators, reduce downtime, and ensure compliance with emission standards.

Chemical logistics and handling – the Issuer offers integrated chemical handling and logistics services, including the transportation and storage of chemicals. The company ensures safe and efficient handling of hazardous materials, with a particular emphasis on reducing the environmental impact of logistics activities.

CrossPoint – the Issuer's innovative CrossPoint system offers a comprehensive solution for fuel and chemical management, combining telemetry tracking and advanced operational oversight. This system provides businesses with real-time data on their fuel usage and chemical stock, improving overall efficiency

and cost management for clients.

Other chemical products – in addition to AdBlue®, the Company supplies a range of other chemical products used in water treatment, antifreeze solutions, and industrial cleaning. These products align with the company's commitment to providing environmentally responsible solutions to a variety of industries.

Through its product offerings, the Issuer demonstrates its dedication to sustainability, innovation, and meeting the needs of industries striving for both operational efficiency and environmental compliance.

FINANCING STRUCTURE OF THE COMPANY

In 2021, CrossChem issued a 3-year EUR 3.0 million unsecured bond with a 6.75% coupon, listed on Nasdaq Riga First North. As of the end of 2023, c. EUR 1.1 million. of the bonds remained unsold. The Issuer plans to refinance existing bonds with the proceeds from the Notes.

As of June 2024, besides the existing bonds, the Company also has an outstanding loan from Altum, adding to its financing structure. Additionally, the Company has leasing arrangements with SEB.

MANAGEMENT OF THE ISSUER

Management Board

The Management Board of the Issuer serves as the executive body entrusted with the pivotal responsibilities of overseeing and directing the entirety of its business operations. This includes not only the efficient management and representation of the organization but also the diligent fulfilment of various obligations.

At the date of the Offering Memorandum the Management board of the Issuer consists of three members:

Name	Position
Ričards Andersons	Chairman of the Management Board
Aleksandrs Muzičenko	Member of the Management Board
Dagnija Turlaja	Member of the Management Board

Ričards Andersons – Chairman of the Management Board, Chief Executive Officer, and Founder of CrossChem. As the Company's visionary, he strongly advocates for team management. With a Master's degree in Economics and Marketing, and over 20 years of managerial and business experience, Mr. Andersons oversees the company's strategy, procurement, research and development, and investor relations

Aleksandrs Muzičenko – Member of the Management Board and Chief Financial Officer at CrossChem. Mr. Muzičenko plays a key role in driving the Company's global expansion and business development. Mr. Muzičenko holds a PhD in Economics and has over 15 years of experience in managing global business and financial operations. Mr Muzičenko is also a family member of Ms. Jana Muzičenko, a shareholder of CrossChem International SIA.

Dagnija Turlaja – Member of the Management Board and Chief Operating Officer at CrossChem. Ms. Turlaja joined the Company in 2018 and also holds the position of Executive Director. Ms. Turlaja has a Master's degree in Economics, specializing in Entrepreneurship and Management, with over 8 years of project management experience and more than 5 years of managerial experience. Ms. Turlaja has previously held various positions at Swedbank and Ektornet Management / Ektornet Real Estate.

Supervisory Board

At the date of the Offering Memorandum the Issuer does not have a Supervisory Board.

ISSUER'S SHAREHOLDER STRUCTURE

The only shareholder of the Issuer is a holding company registered in Latvia SIA "CrossChem International"

(registration number 40103538622, registered address Ziedleju iela 6, Mārupe, Mārupes nov., Latvia, LV-2167), which owns 100% of the Company's shares, at the date of the Offering Memorandum.

CrossChem International is a holding company that holds the AdBlue® license from the German Association of the Automotive Industry (VDA) and that is developing a network of AdBlue® manufacturing units (affiliates) in foreign countries together with local and completely unrelated business partners – operators of the manufacturing units, thus expanding the customer base for the Company.

LEGAL PROCEEDINGS AND ARBITRATIONS

At the date of this Offering Memorandum, the Issuer is not involved in any lawsuits or arbitration proceedings that may significantly affect or have significantly affected the financial situation or profitability of the Issuer.

SUBSTANTIAL CHANGES IN FINANCIAL SITUATION OF THE ISSUER

Since 30 June 2024 there have been no substantial changes in the financial situation of the Issuer.

MATERIAL CONTRACTS

The Issuer is not aware of any material contracts that have been entered into by the Issuer outside the ordinary course of its business that could result in any obligation or entitlement that is material to the ability of the Issuer to meet obligations in respect of the Notes being issued.

SIGNIFICANT RECENT AND KNOWN TRENDS

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

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 after listing on First North as well as the Issuer's website <https://crosschem.lv/>.

A selection of historical financial reports can be viewed here for the existing Notes: <https://nasdaqbaltic.com/statistics/en/instrument/LV0000860047/reports>

while historical announcements can be found here:

<https://nasdaqbaltic.com/statistics/en/instrument/LV0000860047/news>

The tables below present key selected financial information for the Issuer and have been derived from the Company's audited financial statements as at and for the financial year ended 31 December 2022 and 31 December 2023, and Company's unaudited interim financial statements as at and for the period ended 30 June 2024, and Company's unaudited interim financial statements as at and for the period ended 30 June 2023.

The Company's Financial Reports for the years 2021, 2022 and 2023 have been prepared in accordance with Latvian Accounting Standards and audited by Sabiedrība ar ierobežotu atbildību "Grant Thornton Baltic Audit", registration No. 50003946031, registered address at: Blaumaņa iela 22, Riga, Latvia, LV-1011.

STATEMENT OF INCOME

€'000	2021	2022	2023	6M 2023	6M 2024
Revenue	31 806	38 315	21 080	9 440	12 573
Cost of goods sold	-28 310	-32 483	-18 367	-8 217	-11 023
Gross profit	3 496	5 832	2 714	1 223	1 550
<i>Gross profit margin</i>	<i>11%</i>	<i>15%</i>	<i>13%</i>	<i>13%</i>	<i>12%</i>
Selling expenses	-1 090	-1 564	-1 350	-680	-723
Administrative expenses	-421	-484	-709	-373	-281
Other operating income	242	539	541	340	115
Other operating expenses	-250	-583	-334	-168	-79
EBIT	1 977	3 740	861	342	582
Interest expense	-100	-195	-276	-101	-154
Interest income	14	0	11	4	8
Profit before tax	1 891	3 545	596	245	437
Income tax	-93	-235	-189	-75	0
Profit for the period	1 798	3 310	407	170	437
<i>Profit margin</i>	<i>6%</i>	<i>9%</i>	<i>2%</i>	<i>2%</i>	<i>3%</i>
Depreciation & amortization	187	314	501	221	252
EBITDA	2 164	4 054	1 362	563	835
<i>EBITDA margin</i>	<i>7%</i>	<i>11%</i>	<i>6%</i>	<i>6%</i>	<i>7%</i>

SELECTED STATEMENT OF FINANCIAL POSITION

€'000	2021	2022	2023	Jun 2023	Jun 2024
Intangible assets	247	221	219	230	197
Real estate	179	99	236	236	236
Technology devices and equipment	640	696	1 085	892	972
Construction in progress	747	720	733	740	728
Other fixed assets	379	930	893	921	894
Long-term financial investments	881	908	934	921	947
Total non-current assets	3 074	3 572	4 100	3 940	3 974
Inventory	5 481	6 656	5 609	6 838	5 111
Trade and other receivables	4 259	3 304	4 682	2 443	5 452
Cash	1 226	424	550	1 404	1 737
Total current assets	10 966	10 384	10 841	10 685	12 299
Total assets	14 040	13 957	14 941	14 624	16 273
Share capital	1 301	1 301	1 301	1 301	1 301
Reserves	367	317	277	297	257
Retained earnings	2 201	4 511	3 918	4 381	4 355
Total equity	3 869	6 129	5 497	5 979	5 914
Loans to bonds	1 920	2 013	0	1 913	0
Borrowings from banks	111	0	1 803	1 491	1 803
Other non-current liabilities	61	199	248	284	264
Total non-current liabilities	2 091	2 212	2 051	3 688	2 067
Loans to bonds	0	0	1 913	0	1 913
Borrowings from banks	667	111	941	0	470
Short-term leasing portion	19	278	93	43	52
Advance payments from customers	4 951	1 025	129	437	565
Trade and other payables	1 232	3 657	3 296	3 965	4 350
Taxes and social insurance payments	163	149	204	136	442
Dividends payable	199	0	400	0	120
Other liabilities	848	395	419	377	380
Current liabilities	8 080	5 616	7 394	4 957	8 292
Total liabilities and equity	14 040	13 957	14 941	14 624	16 273

KEY FINANCIAL RATIOS

The Company believes that these key financial ratios are a useful way of understanding trends in the performance of the business of the Company over time.

Key ratios	2021	2022	2023	Jun 2023	Jun 2024
Net debt / Equity	0.4x	0.4x	0.8x	0.4x	0.5x
Net debt / EBITDA	0.7x	0.5x	3.3x	0.9x	1.7x
Equity / Assets	28%	44%	37%	41%	36%
EBITDA / Interest	21.7x	20.8x	4.9x	13.1x	5.0x

SIA "CrossChem",
registration number 40003888244,
registered address at: "Naftaluka", Olaine,
Olaine parish, Latvia, LV-2127
("Issuer")

To: all Noteholders of the Issuer

11 October 2024
Riga

LETTER OF GUARANTEE No. GV24-1

In line with Issuer's plan to issue Notes with nominal value of EUR 1,000.00 (one thousand euro), total value of EUR up to EUR 5,000,000.00 (five million euro), 8.00% interest rate (coupon) and Maturity Date on 31 October 2027, ISIN: LV0000804698, all Noteholders under Terms and Conditions of the Notes included in the Offering Memorandum (hereinafter – "**Terms and Conditions of Notes**") will obtain our guarantee (hereinafter – "**Guarantee**"). Definitions in this Guarantee shall have the same meaning as in the Terms and Conditions of Notes.

We, the parent company of the Issuer, SIA "CrossChem International", registration number 40103538622, registered address Ziedleju iela 6, Mārupe, Mārupes nov., Latvia, LV-2167, (hereinafter - the "**Guarantor**"), hereby guarantee to undertake the Issuer's duty to repay to Noteholders the full Note issue value of EUR 5,000,000.00 (five million euro), at Maturity Date, as well as to service interest coupon payments not made by the Issuer and contractual penalty or other outstanding payments according to Terms and Conditions of Notes.

This Guarantee is valid immediately when:

- the Issuer has failed to perform its obligations to Noteholders under Terms and Conditions of Notes;
- the Issuer, the Guarantor or any of their subsidiaries has caused default on other loan, bond issuance or loan guarantee commitments.

The Guarantor undertakes the Issuer's obligations under the Terms and Conditions of Notes (until all the obligations are fully met) as the Issuer itself (in Latvian: *kā pats parādnieks*) and waives the right to request from Noteholders to direct any request regarding outstanding payments from the Issuer in the first place. With each payment under this Guarantee the obligation of the Guarantor will be reduced pro rata.

The Guarantor:

Ričards Andersons
Management Board Member

Andris Miķelsons
Management Board Member