



AS CleanR Grupa

Registration No. 40103799972

LEI: 984500048F64895F8065

TERMS OF THE NOTES ISSUE

ISIN:	LV0000802676
Type of security:	Secured Notes
Nominal:	EUR 1,000.00 (one thousand Euro)
Nominal value of the issue:	EUR 15,000,000.00 (fifteen million Euro)
Annual Coupon Rate:	3M EURIBOR + 6.5%
Maturity:	9 December 2025

These Terms of the Notes Issue are not a prospectus for the purposes of the Prospectus Regulation and no competent authority of any Member State has examined or approved the contents thereof. These Terms of the Notes Issue have been prepared on a basis that all offers of the debt securities are issued by the Issuer according to these Terms of the Notes Issue 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 Applicable Laws of the Republic of Latvia and the Applicable Laws allow for the Issuer to record the issue with the central securities depository of Latvia – Nasdaq CSD.

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 prospective investors or any third parties, and their respective rights and duties attached to the Notes is governed by the Applicable Laws of the Republic of Latvia.

These Terms of the Notes Issue do 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.

Article 5f of Regulation (EU) No. 833/2014 (as amended by Council Regulation (EU) No. 2022/328) and Article 1f of Regulation (EC) No. 765/ 2006 (as amended by Council Regulation (EU) No 2022/398) prohibit the sale of euro denominated transferable securities issued after 12 April 2022 or units of undertakings for collective investment (UCIs) providing exposure to such transferable securities, to any Russian or Belarusian national, any natural person residing in Russia or Belarus or to any legal person, entity or body established in Russia or Belarus. This prohibition 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.

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

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

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

Arranger:



2 December 2022

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DEFINITIONS

Accounting Principles:	<p>Currently: Latvian Accounting Standards (Latvian GAAP) as set forth in the Law on Annual Statements and Consolidated Annual Statements of the Republic of Latvia.</p> <p>Starting from Financial Report for the year 2023 with respect to the Group: International Financial Reporting Standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time).</p>
Acquisition:	<p>Any transaction or series of related transactions pursuant to which the Group has acquired a participation in the equity capital of, or a control in, a person if that person pursuant to the IFRS has to be consolidated into the Group, or any acquisition or transfer of an operating division or business unit of any other person to the Group which under the Applicable Law constitutes a transfer of enterprise or an independent part thereof (in the meaning of the Commercial Law of Latvia) or an equivalent legal concept under the relevant Applicable Law.</p>
Agent:	<p>Authorised representative of Noteholders under these Terms of the Notes Issue.</p>
AML:	<p>Anti-money laundering and counter terrorism and proliferation financing.</p>
Applicable Laws:	<p>Any applicable law, including without limitation: (a) the regulations of the FCMC, 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.</p>
Arranger:	<p>Signet Bank AS, a Latvian credit institution registered in the Register Enterprises of the Republic of Latvia under registration No. 40003043232.</p>
Auditor:	<p>Any auditor from the following list that is licensed to practice in the Republic of Latvia:</p> <ul style="list-style-type: none">- SIA "KPMG Baltics SIA" (registration number: 40003235171);- SIA "Deloitte Audits Latvia" (registration number: 40003606960);

- SIA "ERNST & YOUNG BALTIC" (registration number: 40003593454);
- SIA "PriceWaterhouseCoopers" (registration number: 40003142793);
- SIA "Grant Thornton Baltic Audit" (registration number: 50003946031).

Base Rate

3M EURIBOR reference rate (%) determined by the Calculation Agent on the Coupon Reset Date and is fixed for the subsequent Coupon Period. If on any Coupon Reset Date the 3M EURIBOR rate is less than 0%, 3M EURIBOR shall mean 0%.

Business Day(s):

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

Calculation Agent

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

Cash and Cash Equivalents:

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

Change of Control:

The 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:

- (a) 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; or
- (b) appoint or remove or control the appointment or removal of a majority of the management board or supervisory board members or other equivalent officers of the Issuer.

For the sake of clarity, a Change of Control does not occur if there is a change between the Existing Shareholders (including, where any changes to the management board or supervisory board members, if a supervisory board is appointed, or other equivalent officers of the Issuer takes place) and the Existing Shareholders maintain jointly or individually 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.

Collaterals:

Collaterals that are described in 20.1.1 (*Collaterals*), which serves as security for the fulfilment of the Issuer's obligations under the Notes in accordance with these Terms of the Notes Issue.

Collateral Agent:

A reputable person authorized to act with the Collaterals in favour of all the Noteholders in accordance with these Terms of the Notes Issue and the Collateral Agent Agreement, who has a professional experience in capital markets transactions and expertise for the fulfilment of the tasks as a collateral agent, initially ZAB Eversheds Sutherland Bitāns SIA, a law firm registered with the Latvian Bar Association and registered with the Register of Enterprises of the Republic of Latvia under registration No. 40203329751 and with a registered address at: Lāčplēša iela 20A - 9, Riga, LV-1011, the Republic of Latvia, e-mail: birojs@eversheds-sutherland.lv, phone number: +371 67 280 102. The Collateral Agent's professional liability shall be insured in the course of performance of Collateral Agent functions.

Collateral Agent Agreement:

The agreement entered into between the Issuer and the Collateral Agent which stipulates the rights and obligations of the Collateral Agent in relation to the enforcement of the Collaterals, as provided in these Terms of the Notes Issue, in the interests of the Noteholders, as well as the Collateral Agent's compensation. The Collateral Agent Agreement is enclosed as Annex 1 to these Terms of the Notes Issue and constitutes an integral part thereof.

Collateral Agreements:

The agreements concluded or to be concluded on the provision of the Collaterals referred to in Clause 20.1.1 (*Collaterals*) between the Collateral Agent and the Issuer and governed by the Applicable Laws.

Consolidated EBITDA:

Net profit of the Group for the Relevant Period calculated according to the most recent Financial Reports:

- (a) increased by any amount of tax on profits, gains or income paid or payable;
- (b) increased by any interest expense, fees for financing agreements and lease expenses;
- (c) before taking into account any exceptional items which are not in line with the

	<p>ordinary course of business and any non-cash items (such as e.g., asset revaluation or write-down);</p> <p>(d) before taking into account any gains or losses on any foreign exchange gains or losses;</p> <p>(e) increased by any amount attributable to the amortization, depreciation or depletion of assets;</p> <p>(f) increased by dividends received from associated undertakings as defined in the applicable legislative acts;</p>
Consolidated Net Finance Charges:	<p>All recurring debt related charges of the Group for the Relevant Period calculated according to the most recent Financial Reports:</p> <p>(a) including cash interest expense on Financial Indebtedness;</p> <p>(b) including cash interest expense on guarantees issued by a bank or insurance company;</p> <p>(c) after deducting any interest income relating to Cash and Cash equivalents; and excluding any payment-in-kind interest capitalized on loans from Related Parties and/or Subordinated Debt.</p>
Coupon:	<p>Interest on the Notes calculated in accordance with the Clause 10. (<i>Coupon</i>).</p>
Coupon Period	<p>The period of time between the First Settlement Date and the last date of the subsequent calendar quarter, which is 31 March 2023, or between the last dates of two calendar quarters.</p>
Coupon Payment Date:	<p>Coupon payments shall be made four times per year – on every 31 March, 30 June, 30 September, and 31 December.</p>
Coupon Reset Date	<p>The second Business Day before the start of the Coupon Period on which the Calculation Agent determines the Coupon rate for the following Coupon Period.</p>
Custodian:	<p>Nasdaq CSD participant directly or a licensed credit institution or an investment brokerage company that has a financial securities' custody account with a Nasdaq CSD participant.</p>
Equity Ratio:	<p>Ratio of Total Equity to total assets, calculated according to the most recent Financial Report.</p>

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 14.(i) (<i>Events of Default</i>) of these Terms of the Notes Issue.
Existing Shareholders:	SIA "TAK Capital", registration no. 40003926194, legal address: Vietalvas iela 5, Rīga, LV-1009 (holding 94% of the Issuer's shares).
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.
FCMC:	Financial and Capital Market Commission (in Latvian: <i>Finanšu un kapitāla tirgus komisija</i>).
Financial Indebtedness:	<p>The outstanding aggregate amount of total indebtedness according to the most recent Financial Report, including:</p> <ul style="list-style-type: none">(a) monies borrowed and debt balances at banks or other financial institutions;(b) any amount raised pursuant to the issue of notes or any similar instrument, including the Notes;(c) the amount of any liability in respect of any financial lease;(d) any amount raised under any other transaction having the commercial effect of a borrowing and treated as a borrowing under Accounting Principles;(e) any derivative transaction based on mark-to-market value; and without double-counting any assurance against financial-loss in respect of a type referred to the above items (a) to (e). <p>but, excluding any Subordinated Debt.</p>
Financial Report:	The annual consolidated audited financial report of the Group and the quarterly interim consolidated unaudited reports (as applicable) of the Group prepared in accordance with Accounting Principles.
Financial Year:	For the Issuer, each year starting on 1 January and ending on 31 December.
First North:	The Multilateral Trading Facility (MTF) First

	North, operated by Nasdaq Riga.
First Settlement Date (Issue Date):	The date on which interest on the Notes starts to accrue: 9 December 2022.
Force Majeure Event:	Has the meaning set forth in Clause 17. (<i>Force Majeure</i>).
Group:	The Issuer and its Subsidiaries.
IFRS	International Financial Reporting Standards within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time).
Interest Coverage Ratio or ICR:	The ratio of (i) Consolidated EBITDA to Consolidated Net Finance Charges for the Relevant Period; or (ii) if the Group has performed an Acquisition in the Relevant Period, the Pro-Forma EBITDA divided by Pro-Forma Net Finance Charges over the Relevant Period.
Investor(s):	The Noteholders.
Issuer:	AS "CleanR Grupa", a company registered with the Register of Enterprises of Latvia with registration No. 40103799972 and with a registered address at: Vietalvas iela 5, Riga, LV-1009, Latvia.
Majority Noteholders:	<p>Noteholders who collectively hold in aggregate the Notes with the Nominal Value representing at least 1/2 (one half) of the aggregate Nominal Value of all outstanding Notes 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:	The date when the Notes shall be repaid in full at their Nominal Value by the Issuer, which is 9 December 2025.
Minimum Settlement Unit:	The minimum amount which can be held and traded, which is equal to the Nominal Value.
Nasdaq CSD:	Nasdaq CSD SE, registration No. 40003242879, registered address at: Vaļņu iela 1, LV-1050, Riga, Latvia.
Nasdaq Riga:	AS "Nasdaq Riga", registration No. 40003167049, registered address at: Vaļņu iela 1, LV-1050, Riga, Latvia.
Net Debt:	The aggregate amount of the Financial

	Indebtedness of the Group minus the sum of cash and cash equivalents of the Group, including marketable securities, as per most recent Financial Report.
Net Debt Leverage Ratio:	Net Debt, according to the most recent Financial Report, divided by (i) Consolidated EBITDA; or (ii) if the Group has performed an Acquisition over the Relevant Period, the Pro-Forma EBITDA over the Relevant Period.
Nominal Value:	Face value of a single Note, which is EUR 1,000.00 (one thousand Euro).
Note(s):	The debt security issued by the Issuer according to these Terms of the Notes Issue.
Noteholder(s) or Investor(s):	A private person or legal entity that is an owner of one or more Notes and has a claim against the Issuer as provided in these Terms of the Notes Issue.
Parallel Debt:	The legal arrangement described in Clause 20.2 (<i>Parallel Debt</i>) of these Terms of the Notes Issue.
Permitted Distribution:	Distribution is permitted if: <ul style="list-style-type: none">(a) Equity Ratio after dividend payout is at least 50% (fifty percent): no restrictions;(b) Equity Ratio after dividend payout is at least 40% (forty percent): maximum 100% (hundred percent) of audited consolidated annual profit for the year;(c) Equity Ratio after dividend payout is at least 30% (thirty percent): maximum 50% (fifty percent) of audited consolidated annual profit for the year.
Permitted Security:	The Issuer and the Pledged Subsidiaries are allowed to create the following security interests in relation to: <ul style="list-style-type: none">(a) secured debt or lease arrangements in the ordinary course of business (with the exception of security provided in relation to issuance of secured debt securities);(b) any guarantee issued for the benefit of any Subsidiary by the Issuer or by the Pledged Subsidiaries in the ordinary course of business, including but not limited to, public procurement process;(c) any netting or set-off arrangement entered into by the Issuer or by the Pledged Subsidiaries in the ordinary course of its

- banking arrangements for the purpose of netting debit and credit balances;
- (d) any payment or close out netting or set-off arrangement pursuant to any hedging transaction entered into by the Issuer or by the Pledged Subsidiaries for the purpose of:
 - (i) hedging any risk to which the Issuer or the Pledged Subsidiaries are 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;
 - (e) any Security arising under the sale and leaseback of assets owned by the Issuer or Pledged Subsidiaries;
 - (f) any Security arising under any retention of title or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to the Issuer or the Pledged Subsidiaries in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by the Issuer or Pledged Subsidiaries;
 - (g) any Security arising by operation of law; or
 - (h) any other Security approved by the Majority Noteholders.

For the avoidance of doubt, the Issuer's Subsidiaries, except the Pledged Subsidiaries, can encumber their assets with security interests without any limitations.

Pledged Subsidiaries:

The Subsidiaries of the Issuer whose shares serve as a security (Collateral) for the fulfilment of the Issuer's obligations under the Notes in accordance with these Terms of the Notes Issue. At the date of these Terms of the Notes Issue, the following entities are Pledged Subsidiaries:

- (a) SIA "Clean R", registration number: 40003682818, legal address: Vietalvas iela 5, Riga, LV-1009, Latvia;
- (b) SIA "CleanR Verso", registration no. 40203387162, legal address at: Vietalvas iela 5B, LV-1009, Riga, Latvia; and
- (c) SIA "Vizii Urban", registration no. 40203413376, legal address: Vietalvas iela

5B, LV-1009, Riga, Latvia.

Potential Investor(s):	A private person or legal entity that has, according to the terms stated in these Terms of the Notes Issue, expressed interest or is planning to purchase for its own account one or more Notes.
Pro-forma Net Finance Charges:	The sum of the Consolidated Net Finance Charges over the Relevant Period plus, to the extent not already reflected in the Consolidated Net Finance Charges, Net Finance Charges over the Relevant Period of any other person or operating division or business unit of any other person acquired in an Acquisition during such period.
Pro-Forma EBITDA:	The sum of Consolidated EBITDA over the Relevant Period plus, to the extent not already reflected in Consolidated EBITDA, EBITDA over the Relevant Period of any other person or operating division or business unit of any other person acquired in an Acquisition during such period.
Prospectus Regulation:	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.
Related Parties:	Persons listed in Article 184. ¹ of the Commercial Law.
Relevant Period:	Each period of 12 (twelve) consecutive calendar months, fixed at the end of each calendar quarter.
Sanctions:	Economic or financial sanctions, trade embargoes and similar measures imposed, administered or enforced from time to time by the Republic of Latvia, European Union, United Nations, the Office of Foreign Assets Control of the US Department of the Treasury (OFAC) and any competent authority.
Security:	Has the meaning set forth in Clause 13. (<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 debt of the Group in the form of loans from shareholders with maturity after the Maturity Date. The debt is subordinated to other more senior debts and these Notes with respect to claims on assets or earnings and is fully or partly repayable only if: (a) the Group's existing and future financial and other covenants are met after the repayment; and/or (b) settlement of all obligations under these Terms of the Notes Issue are made.
Subsidiary:	As defined in Clause 2.1 (<i>Subsidiaries</i>) of the Terms of the Notes Issue.
Terms of the Notes Issue:	This document, which entitles the Issuer to execute the Issue and the initial offering of the Notes.
Total Equity:	The aggregate book value of the Group's total equity (including minority interest, if applicable) on consolidated basis, increased by Subordinated Debt according to the most recent Financial Report.

RISK FACTORS

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 MATERIALIZE, THIS MAY HAVE A MATERIAL ADVERSE EFFECT ON THE CASH FLOWS, RESULTS OF OPERATIONS, AND FINANCIAL CONDITION OF THE ISSUER AND THE GROUP. MOREOVER, IF ANY OF THESE RISKS MATERIALIZE, 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 INVESTORS COULD LOSE ALL OR PART OF THEIR INVESTMENTS.

BEFORE DECIDING TO PURCHASE THE NOTES, PROSPECTIVE INVESTORS SHOULD CAREFULLY REVIEW AND CONSIDER THE FOLLOWING RISK FACTORS, IN ADDITION TO ALL OTHER INFORMATION PRESENTED IN THE TERMS OF THE ISSUE, AND CONSULT WITH THEIR OWN PROFESSIONAL ADVISORS IF NECESSARY. 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 OR THE GROUP. THIS IS NOT AN EXCLUSIVE LIST OF RISK FACTORS, AND ADDITIONAL RISKS, OF WHICH THE ISSUER IS NOT PRESENTLY AWARE, COULD ALSO HAVE A MATERIAL ADVERSE EFFECT ON THE ISSUER AND THE GROUP.

1. Risk Factors

1.1. Important note

The risks indicated in this section, if some or all of them materialize, may reduce Issuer's ability to fulfil its obligations or cause its insolvency or restructuring in the worst-case scenario.

This section may not feature all the potential risks, which may affect the Issuer.

1.2. Risks related to the economic and regulatory environment

1.2.1. The Group's business could be adversely affected by economic slowdown

The Group's results of operations and financial performance are subject to changes in the general economic conditions of the markets in which it provides services. Currently the Group operates only in the Republic of Latvia, thus, it has a high geographic concentration of revenue. The demand for the Group's services is positively correlated with the economic growth in the market where it operates. A downturn in general economic situation may result in lower waste volumes, lower demand for the Group's services or delayed purchasing decisions from the Group's customers.

The Latvian market is not immune to regional and global macroeconomic fluctuations – it is closely linked with the economies of the EU and the Euro monetary union, and an economic slowdown in the EU may negatively affect Latvian economy, causing an adverse effect on the Issuer's business operations.

The global economy and most industries have seen strong headwinds since the beginning of 2020, driven by the outbreak of the global pandemic (Covid-19) and lately the war in Ukraine that has left a particularly severe negative impact on the local economy.

	Latvia		
Year	2021	2022F	2023F
Real GDP (% yoy)	4.7	2.9	2.4
CPI (% yoy)	3.2	14.8	7.0
Unemployment (%)	7.6	7.3	7.1

Source: Bank of Latvia

After swift recovery from a pandemic-induced economic downturn, in 2021 Latvia showed real GDP growth of 4.7%. Nevertheless, the economists have revised downwards their GDP forecasts for 2022, as a result of rising inflationary pressures and negative effects from the war in Ukraine that leaves a proportionately bigger impact on the Baltic economies. Thus, overall uncertainty remains elevated and future economic growth rates could turn out to be lower and/or inflation could become higher, resulting in lower demand for the Group's services and/or higher cost base, and thus lower business and financial performance of the Group.

1.2.2. A new wave of global pandemic could negatively affect the Group's business

The global economy has experienced a period of uncertainty since the outbreak of Covid-19, in March 2020. The global outbreak of Covid-19, and the extraordinary health measures and restrictions on both a local and global basis imposed by authorities across the world has, and could continue to cause, disruptions in the Group's business operations. During the pandemic the Group faced challenges associated with human resources planning, and its financial performance was negatively affected, mainly due to lower waste volumes as a result of lower economic activity, and lower demand for specific types of services, particularly, in the premises cleaning segment. It was noticed that due to lockdowns and/or Covid-19 related restrictions on average waste volume decreased by 5%. Decrease in premises cleaning services was capped at 20% due to well-balanced customer portfolio, that includes grocery shopping centers and industrial customers. Although overall effect on the Group's own operations has been limited a new wave of pandemic could pose new challenges to the Group's business operations and financial performance.

As a result of the Covid-19 situation, Latvian government adopted several laws and regulations with immediate effect and which provided a legal basis for the government to implement measures in order to limit contagion and the consequences of Covid-19. Number of epidemiological safety measures and restrictions, primarily limiting gatherings, travel, most public venues, and educational institutions were introduced with declared state of emergency during 2020 and 2021 while the last restrictions were lifted during the first months of 2022. Although currently Covid-19 related restrictions in Latvia are lifted, the pandemic situation is continuously changing, and new laws and regulations that could directly, or indirectly, affect the Group's operations may enter into force. Additionally, the spread of Covid-19 among the Group's workforce can cause operation disruptions, thus, negatively affecting the Group's revenue base. Thus, the effects of the Covid-19 (or a new pandemic) situation could in turn negatively affect the Group's revenue and operations going forward, where the severity of the situation in the future and the exact impacts for the Group are highly uncertain.

1.2.3. The Group's business could be adversely affected by the geopolitical developments

In February 2022, Russia started invasion of Ukraine. This has led to significant volatility in the global credit markets and on the global economy. Furthermore, war in Ukraine has resulted in sanctions on Russian and Belarussian suppliers and have triggered production chain disruptions in many industries globally that could potentially negatively affect the availability and cost of certain materials, and have intensified general inflationary pressures. The Group may not be able to transfer the rising costs to its customers by increasing the prices of its services, and such price increases may not be sufficient to fully cover the negative impact from rising costs or may come with a delay that could potentially leave a negative impact on the Group's margins and financial performance.

Although, as of the date of the Terms of the Notes Issue, the war has had no direct material impact on the Group's operations and financial performance, introduction of new sanctions packages, general deterioration of the economic situation or investor sentiment towards the Baltics and other aspects related to geopolitical events may affect the Group's business results.

1.2.4. The Group's business could be adversely affected by the changes in regulatory environment

In performing its business operations, the Group must comply with various laws and regulations. Typically, waste management is legally regulated on three levels – municipal, national and EU. EU directives and regulations set general targets for waste recycling, i.e., obligatory separate textile or biowaste collection, limitations for landfilling etc., and describe transborder transactions. On national level regulations set rules

for operations and handling of different types of waste, necessary permits, rules for environmental impact assessment for facilities as well as framework for municipal waste management. On municipal level usually only management of municipal waste is described. It is necessary to obtain waste permit for any activity that includes waste management regardless if it is collection, sorting or recycling. Waste permits are issued upon submission of first call guarantees that vary from minimum 50`000 EUR up to 100`000 EUR for each activity. Other business activities that are not waste management related are not so strictly and specifically regulated. Laws and regulations applicable to its business operations vary and may be subject to changes that may be favorable or unfavorable. At the same time general course of EU`s Green deal and Circular economy though makes companies make bigger investments in waste handling equipment, also fuels development in industry since on national level landfilling tax is constantly significantly increased in order to stimulate separate waste collection. A change in the legal framework could lead to different or more restrictive regulations that could cause changes in the Group`s operating conditions and, in turn, may increase its capital expenditures (for example, requirements to modify the configuration of existing facilities) or its operating expenses (for example, through the implementation of additional inspection and monitoring procedures), affect its income statement and balance sheet, or otherwise hinder its development plans. Any such changes in regulations or costs incurred to comply with stricter regulations could adversely affect Group`s business, financial condition and results of operations. Most adverse effect that company has due to its premises cleaning operation is changes in minimum wage level since these operations are very labor intensive.

1.2.5. The Group is subject to environmental regulations

In Latvia, there are local, regional, national and EU bodies which regulate its activities and establish applicable environmental health and safety regulations. The technical requirements imposed by environmental health and safety regulations are gradually becoming more costly, complex and stringent. The Group has incurred, and will continue to incur, significant costs and other expenditures to comply with environmental, health and safety obligations and to manage its hygiene-related risks. In particular, these risks relate to waste processing, soil and ground water contamination, the quality of emissions to air and to water. The Group may be unable to recover this expenditure through higher prices of its services.

Legal requirements, including specific precautionary and preventive measures, may oblige the Group to make investments and incur other expenses to ensure that the installations it operates are in compliance with applicable regulations. In cases where the Group has no investment obligation, it may be required to notify clients of their obligation to undertake the necessary compliance work themselves. Failure by a client to meet these obligations could be prejudicial to the Group as an operator and could adversely affect its reputation and capacity for growth. Furthermore, regulatory bodies have the power to launch proceedings that could lead to the suspension or cancellation of permits or authorizations that the Group holds, or to injunctions requiring it to suspend or cease certain activities. These measures may be accompanied by fines and civil or criminal sanctions that could have a material adverse effect on the Group`s business, financial condition, results of operations and prospects.

Moreover, the Group may become obligated to pay fines, repair damage or undertake improvement work even when the Group has conducted its activities with due care and in full compliance with operating permits. The Group could be held jointly and severally liable with other parties. The competent authorities may impose fines or sanctions or may revoke and refuse to grant authorizations and permits based on a breach of current regulations.

The measures the Group undertakes to mitigate these risks, including contractual limitations on liability, prevention and protection measures, and insurance policies covering what it believes to be its key operational risks, may prove to be insufficient, resulting in significant costs. The entry into force of new laws, the discovery of previously unknown sources of pollution or health and safety damages, the imposition of new or more stringent requirements or a stricter application of existing regulations may increase the Group`s costs or impose new responsibilities, leading to lower earnings and liquidity available for its activities and could have a material adverse effect on the Group`s business, financial condition, results of operations and prospects.

1.2.6. The local tax regime may change

Changes to the local tax regime or challenges to the current tax structures of the Group's business could have a material adverse effect on the Group's business, financial condition, or results of operations. Additionally, certain tax positions taken by the Group require the judgement of management and, thus, could turn to be inefficient or challenged by tax authorities due to possible erroneous interpretation of tax legislation.

1.3. Risks related to the Group's business and industry

1.3.1. The Group operates in competitive industries

While there is a limited number of players in the segments the Group operates in, the Group operates in a competitive market, and its future success depends on its ability to compete in the market and its ability to swiftly respond to the competitors' actions. Furthermore, new competitors might enter the market, thus, increasing the level of competition on the market. Increased competition could cause the Group to lose market share, which in turn may have an adverse effect on the Group's financial position and results of operations.

There is no assurance that the Group may be able to maintain or increase its market share and successfully compete against its existing or future competitors in present or future markets. As the Group considers entering other Baltic markets as a part of its growth strategy, there is no certainty that the Group might be able to successfully compete in the new markets that it enters.

1.3.2. The Group faces certain risks associated with providing services to public sector

Public sector assignments are awarded according to public procurement and involve the risk of tough price competition. Furthermore, the Group may not be able to negotiate the terms and conditions of contracts with public sector clients, which could reduce the profitability of such projects.

The Group is dependent on the policies of its public sector customers (primarily municipalities) that may change also as a result of changes in the political environment, thus, the Group is also exposed to political risk. Furthermore, its contracts with public sector clients are subject to extra scrutiny from various parties. Failure of the Group or its subcontractors to comply with applicable laws, regulations or client requirements may result in fines, suspension and reputational damage to the Group and, thus, leave an adverse effect on the Group's business, financial condition and results of operations.

1.3.3. Certain municipalities could decide to take over services that the Group provides

Urban services are affected by the decisions of current or future local governments. In certain cases, such decisions could result in the municipalization of those services once the term of the concession contracts has expired or even before the expiration of the term of the contract, depriving the Group of future business.

1.3.4. The Group operates in a regulated industry

The Group operates in jurisdiction and industry where its activities may be regulated and subject to governmental approvals. In order to develop and complete a project, the developer may need to obtain permits, licenses, certificates and other approvals from the relevant administrative authorities at various stages of the project process. The process for obtaining these approvals is often lengthy and complex. The Group cannot ensure that it will be able to obtain necessary governmental approvals or fulfil the conditions required for obtaining such approvals, or adapt to new laws, regulations or policies that may come into effect from time to time. If the Group is unable to obtain the relevant approvals or fulfil the conditions of such approvals for a significant number of its projects, its projects could be delayed, its reputation with customers could suffer and its ability to generate revenue could be compromised.

1.3.5. The Group's long-term contracts can hinder its ability to react rapidly and appropriately to new situations

The Group predominantly provides its services on the basis of long-term contracts with its customers, which are legal entities and local municipalities. While the long-term contracts provide the Group with stability and predictability of its revenue base, the initial circumstances or conditions under which the Group may enter into a contract may change over time, with possible adverse economic consequences. These changes vary in nature, and may or may not be readily foreseeable. The Group cannot assure prospective investors that any contractual provisions, such as price-indexing clauses, that it may use to address such changes and restore

the initial balance of the contract will be effective. Accordingly, the Group may be unable to adapt its compensation to reflect changes in its costs or in demand, regardless of whether this compensation consists of a price paid by the customer or a fee levied on end users based on an agreed scale.

In all cases, and most particularly with regard to public service management contracts, the Group is obligated to remain within the scope of the contract and ensure continuity of service. The Group cannot unilaterally and suddenly terminate a business that it believes to be unprofitable, or change its features, except, under certain circumstances, in the event of obvious misconduct by the customer.

1.3.6. Decreases in waste collection would cause a decrease in the fees collected by the Group

The fees in certain contracts for the Group's waste collection services are calculated based upon the tonnage of waste collected. Accordingly, a reduction in waste collection would cause a decrease in its fees, as, for instance, observed during the Covid-19 pandemic. The reduction of waste produced has been caused by reductions in consumption, particularly of its commercial customers, which are driven largely by general macroeconomic conditions. However, this decrease in volumes of waste collection may appear again in the future, both as a result of economic downturn or structural changes in customer behavior, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.3.7. The Group is exposed to the risk of raw material price fluctuations

In its business operations, the Group consumes significant volumes of energy resources. The principal elements of the Group's energy costs are fuel expenses, electricity expenses and the purchase of raw materials. Its results may be thus significantly affected by movements in energy prices.

Over the past year, energy prices have increased significantly and may vary significantly in the future. Fluctuations in energy prices are largely caused by market forces and other factors beyond the Group's control.

The Group cannot ensure that the measures it adopts to mitigate the risk of energy price inflation, which include diversifying its fuel sources, using alternative fuel, using contractual provisions to pass on cost increases to customers and seeking to lock in favorable prices through long term supply contracts, will prove adequate to protect it from variations in energy costs. High energy prices over protracted periods could substantially increase the Group's costs and decrease its margins to the extent it is unable to adjust its product prices to offset energy price increases.

1.3.8. The Group's business could be adversely affected if it fails to adapt to technological developments

In conducting its business, the Group depends on sophisticated information and other technologies, including, among others, systems for communications, procurement and contract administration. In particular, in certain activities or in connection with specific projects, the Group may rely on customized software or other technologies for which it could be difficult or impossible to identify an alternative supplier. As operations grow in size and scope, the Group will need to continuously improve, upgrade and integrate its businesses, systems and infrastructure. Its future success will depend on its ability to adapt its services and infrastructure to rapidly evolving consumer trends and technological demands. The Group's historical success in developing its technological platforms provides no guarantee that it will continue to be successful. If the Group is unable to continue to develop the technologies it needs to compete for and execute projects, it may lose market share and revenue to existing competitors or new market entrants better able to implement the necessary technologies.

1.3.9. The Group faces risks associated with its acquisition strategy

The Group has conducted a number of acquisitions in the past and plans to engage in further acquisitions as a part of its growth strategy. The Group's inability to complete acquisitions or integrate acquired companies successfully may render it less competitive. Furthermore, acquisitions may strain the Group's management and financial resources. The risks associated with acquisitions could have a material adverse effect on the Group's business, financial condition and results of operations.

The completion of acquisitions can also introduce certain amount of uncertainty in the Group's business plans, particularly if such acquisitions provide for the satisfaction of certain conditions prior to closing, or are

subject to pre-emption or withdrawal rights by one or both parties. The Group may not get the full benefit it expects from these or future acquisitions, which could have a material adverse effect on the Group's prospects.

1.3.10. The Group's insurance coverage may not be sufficient

The Group maintains insurance policies regarding certain risks, including coverage against damage to personnel, property and the environment as well as traffic and transport damage, liability damage and consequential loss that cover all of the Group's subsidiaries. Although the Group believes that it carries adequate insurance with respect to its operations and that said insurance coverage corresponds to the general industry practice, the Group may incur losses beyond the limits or outside the coverage of its insurance policies, including for loss of property or environmental remediation. There can be no assurance that the Group's insurance policies will adequately cover all or any of such costs, if such incidents were to occur. Potential insufficiencies in the Group's insurance coverage could have a material adverse effect on the Group's business, financial condition, results of operations and future prospects.

1.3.11. The Group's leverage might increase in the future

The Group's financial leverage in recent years has been low. While the Group has a conservative financing policy and expects its financial leverage to remain rather low (below 0.5 Financial Indebtedness to Total Equity ratio (debt-to-equity ratio)), there can be no guarantee that this will materialize, which could result in negative consequences for the Group. Such consequences would include, but are not limited to, requiring the Group to dedicate a substantial portion of its cash flows for financing debt, increasing vulnerability to a downturn in the Group's business operations or general economic conditions, placing the Group at a competitive disadvantage relative to its competitors with lower leverage, limiting flexibility in reacting to competition or changes in the business or industry. Any of these or other consequences or events could have a material adverse effect on the Group's ability to satisfy its obligations under the Notes.

1.3.12. The loss of key personnel members of the Group could have an adverse effect on its business

The Group's business and prospects depend to a significant extent on the continued services of its key personnel in its various business areas. Financial difficulties, reputational damage or lack of industry attractiveness could negatively impact the Group's ability to retain key employees. The loss of any of the members of its senior management or other key personnel or the inability to attract a sufficient number of qualified employees could adversely affect its business and results of operations.

1.3.13. The Group may not be able to attract and retain appropriately skilled employees which may adversely affect its business

As of 31 December 2021, the Group employed more than 1400 employees. The Group's employees are a significant part of the overall operations of the Group. Therefore, it is of high importance for the Group to have a professional team of employees with low employee turnover rate. To retain and motivate its personnel, the Group has a performance bonus scheme in place and provides health insurance.

Additionally, in the future the Group may be unable to attract enough skilled employees that would fit the needs and the corporate culture of the Group. Training of new employees also takes time and resources. Any difficulties in attracting new and/or to retain existing employees could have a material adverse effect on the Group's service quality and reputation, business operations, financial conditions and results of operations.

1.3.14. The Group 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 Group and management to reduce operational risks. The Group'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 which could have a material adverse effect on the Group's business operations, financial conditions and results of operations.

1.3.15. The Group is exposed to counterparty credit risk

Group is engaged in numerous sales transactions with its clients and suppliers, and Group is subject to the risk that one or more of these counterparties becomes insolvent and therefore becomes unable to discharge their obligations to Group. Such risk may be exacerbated by events or circumstances that are inherently difficult to anticipate or control. If one of Group's counterparties were to default on its obligations or otherwise be unable to discharge its contractual obligations, this could have an adverse effect on Group's financial condition and results of operation.

1.3.16. The Group might be involved in litigation in the ordinary course of business

The Group may be involved on an ongoing basis in litigation arising in the ordinary course of business or otherwise. Litigation might involve consumers, employees or injured persons, or claims related to commercial, labor, employment, antitrust, or environmental matters. Even if the Group is prevailing in such cases, the process of litigation might be costly for the Group both financially, as well as in terms of time devoted by the Group's personnel, and expose the Group to adverse publicity, leaving an adverse impact on the Group's reputation and its ability to compete on the market.

1.4. Risks related to Notes

1.4.1. Notes repayment risk

The Notes rank *pari passu* with other secured obligations of the Issuer. The Notes are secured with a commercial pledge of first rank over shares of SIA "Clean R", SIA "Vizii Urban" and SIA "CleanR Verso" (Collaterals). 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, taking into account, that if the Collaterals would be enforced, the Noteholders would receive payment of their claims in respect to Notes only to the extent that the enforcement proceeds of the sale of the Collaterals are sufficient to pay the costs of enforcement of the Collaterals. 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 secured or unsecured liabilities of the Issuer. Should the Issuer become insolvent, legal protection proceedings or out-of-court legal protection proceedings of the Issuer are initiated during the term of the Notes, Noteholder may forfeit interest payable on, and the principal amount of, the Notes in whole or in part. Noteholder is always solely responsible for the economic consequences of its investment decisions.

1.4.2. No limitation on issuing additional debt

The Group is not prohibited from issuing further notes or incurring other debt ranking *pari passu* to the Notes or restricted from granting any security on any existing or future indebtedness. If the Group incurs significant additional debt or grants additional security, the Group's ability to service its Financial Indebtedness, including the Notes, might deteriorate, the amount recoverable by the Noteholders in case of insolvency of the Issuer might decrease, and the position and priority of Noteholders in such case might worsen.

1.4.3. Liquidity risk

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

1.4.4. Delisting risk

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 12 (twelve) months from the Issue Date. There is a risk that Nasdaq Riga will not accept the Notes to be admitted to trading on First North or order that the Notes are delisted from First North before maturity after admission to trading has taken place due to changes in legal acts, including Nasdaq Riga regulations, or recommendations by the FCMC.

1.4.5. Price risk

The development of market prices of the Notes depends on various factors, such as changes of interest rates, central bank policies, 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 Investors are thus exposed to the risk of unfavorable price development of their Notes if they sell the Notes prior to final maturity. If an Investor decides to hold the Notes until maturity, the Notes will be redeemed at their Nominal Value.

1.4.6. Early redemption risk

According to these Terms of the Notes Issue, 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 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 Investor's ability to sell such Notes.

1.4.7. Tax risk

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.

1.4.8. Resolutions of Noteholders' risk

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

1.4.9. Risk that some Investors 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 at its sole discretion, 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 Investors and/or enter into agreements that may add additional rights to selected Investors 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 Investors might gain preferential terms for investment into the Notes than the rest of the Investors.

1.5. Risks associated with the Collaterals

1.5.1. Risks associated with Collateral Agent Agreement

The Noteholders are represented by the Collateral Agent in all matters relating to the Collaterals. There is a risk that the Collateral Agent, or anyone appointed by it, or replacing it, does not properly fulfil its obligations in terms of enforcing or taking other necessary actions in relation to the Collaterals. Subject to the terms of the Collateral Agent Agreement, the Collateral Agent is entitled to enter into agreements for the use of services of a third-party and appoint third-party representatives in the course of performance of its tasks and acts as stipulated in these Terms of the Notes Issue or take any other actions necessary for the purpose of enforcing the Collaterals or for the purpose of settling, among others, the Noteholders' rights to the Collaterals.

1.5.2. Collateral Risk

If the Issuer fails to make the Coupon and / or Nominal payments in a timely manner, the Collateral Agent, acting in the interest of the Noteholders, will initiate the takeover and realization of the Collateral. There is a risk that there may be no legal and practical possibility to take over or sell the Collateral in full or in part and no buyer may be interested in buying the Collateral. Considering that the Collateral Agent does not supervise the quality of the Collateral during the duration of Issuer's obligations and the Collateral Agent has no liability to the Noteholders in this regard, there is a risk that the Collateral may be taken over but the realization of the Collateral may be insufficient to satisfy the Noteholders' claims.

1.5.3. Risks associated with Parallel Debt

The security interests in the Collateral that will secure the obligations of the Issuer under the Notes will not be granted directly to the Noteholders but will be created and perfected in favor of the Collateral Agent. Thus, the Noteholders will not have any independent power to enforce, or have recourse to, any of the Collateral Agreements or to exercise any rights or powers arising under the Collateral Agreements. Only the Collateral Agent will be entitled to enforce the Collaterals. As a result of these restrictions, the Noteholders will have limited remedies and recourse against the Issuer in the Event of Default. In particular, none of the Noteholders will have a direct benefit under the Collaterals, and none of the Noteholders will have the status of a secured creditor in the insolvency or legal protection (in Latvian: *tiesiskās aizsardzības*) proceedings of the Issuer. From a purely legal perspective, the Noteholders will qualify as unsecured creditors of the Issuer and the Noteholders' claims under the Notes vis-à-vis the Issuer directly will be unsecured obligations of the Issuer.

Due to Latvian law legal requirements, the Collateral Agent cannot take and perfect the security for Issuer's obligations under the Notes. The Parallel Debt creates contractual security for the Noteholders' claims under the Notes because the Collateral Agent has an obligation pursuant to Clause 20.6. (*Application of the Proceeds from Enforcement of the Collateral*) to apply the enforcement proceeds received in enforcement of the Collaterals securing the Parallel Debt in and towards satisfaction of the Noteholders' claims.

Parallel Debt is a contractual instrument designed to allow the Collateral Agent to take, perfect, maintain, administer and enforce the Collaterals in its own name and right but for the benefit of the Noteholders. The concept of the Parallel Debt is not explicitly recognized under the Latvian law and its legality, validity and enforceability has not been tested in the Latvian courts. If the Parallel Debt arrangements are declared to be illegal, invalid or unenforceable by Latvian court, that will result in the Collaterals not being valid and enforceable or not being duly perfected in accordance with the applicable legal requirements. As a consequence, the Noteholder's claims under the Notes would rank *pari passu* with the other secured obligations of the Issuer and the Noteholders will not have a preferential right to the enforcement proceeds of the Collaterals.

1.5.4. The enforcement of the Collateral will be subject to the procedures and limitations set out in the Collateral Agent Agreement and these Terms of the Notes Issue

Even when the relevant Collateral is enforceable, the enforcement is subject to the procedures and limitations agreed in the Collateral Agent Agreement and these Terms of the Notes Issue. In particular, in order for the Collateral Agent to satisfy the Noteholders' claims, the enforcement procedure will be structured in the order as set out in Clause 20.5.3 (*Enforcement of the Collaterals*) of These Terms of the Notes Issue. There can be no assurances as to the ability of the Noteholders to instruct the Collateral Agent to initiate any enforcement procedures. Furthermore, any enforcement of the relevant Collateral may be delayed due to the provisions of the Collateral Agent Agreement and these Terms of the Notes Issue.

1.5.5. The rights of the Investors depend on the Collateral Agent's actions and financial standing.

By subscribing for, or accepting the assignment of, any Note, each of the Investors will accept the appointment of the Collateral Agent as the agent and representative of the Investors, to represent and act for the Investors in relation to the Collaterals. Only the Collateral Agent is entitled to exercise the rights under the Collaterals and enforce the same. Any failure by the Collateral Agent to perform its duties and obligations properly, or at all, may adversely affect the enforcement of the rights of the Investors due to, for example, inability to enforce the Collaterals and/or receive any or all amounts payable from the Collaterals in a timely and effective manner.

Under the Collateral Agent Agreement, the Majority Noteholders may pass a decision to replace the Collateral Agent at any time. At any time, the Collateral Agent may resign from its role as the Collateral Agent with 1 (one) month notice. Furthermore, the Collateral Agent's liability to the Noteholders is limited in accordance with Clause 20.7 (*Liability of the Collateral Agent*). As of the date of the Terms of the Notes Issue the Collateral Agent's professional liability is insured with an insurance company If P & C Insurance AS Latvijas filiāle (registration number: 40103201449).

REPRESENTATIONS AND WARRANTIES, RESPONSIBILITY STATEMENT

REPRESENTATIONS AND WARRANTIES

The Issuer shall, in accordance with these Terms of the Notes Issue, 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 the Subsidiaries the shares of which serve as a Collateral under these Terms of the Notes Issue are duly incorporated and validly existing as legal entities in their jurisdiction of incorporation, and operating under the laws of jurisdiction of their incorporation;
- (b) all the Issuer's obligations assumed under the Notes and the Collateral are valid and legally binding to them and performance of these obligations is not contrary to Applicable Law, their constitutional documents or any agreement concluded by them;
- (c) the Issuer has all the rights and sufficient authorizations to issue the Notes and to provide the Collateral and fulfil other obligations under the Notes and the Collateral Agreement;
- (d) the Issuer has performed all the formalities required for issuing the Notes and to provide the Collateral and fulfil other obligations under the Notes and the Collateral Agreements;
- (e) all information that is provided by the Issuer to the Noteholders in these Terms of the Notes Issue is true, accurate and complete and not misleading in any respect;
- (f) the Issuer and its Subsidiaries are solvent, able to pay its debts as they fall due, there are no liquidation or insolvency proceedings pending or initiated against the Issuer or its Subsidiaries;
- (g) there are no legal or arbitration proceedings pending or initiated against the Issuer or its Subsidiaries, which may have, or have had significant effect on the Issuer's financial position or profitability;
- (h) there are no criminal proceedings pending or initiated against the Issuer or its Subsidiaries;
- (i) 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 representations and warranties 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 these Terms of the Notes Issue and declares that the Issuer and its Management Board have taken all reasonable care to ensure that the information contained in these Terms of the Notes Issue is, to the best of the Issuer's knowledge, true, accurate and complete and not misleading in any respect.

On behalf of AS CleanR Grupa

Guntars Levics
Management Board Member

Inta Liepa
Management Board Member

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

INFORMATION ON NOTES

1. USE OF THE PROCEEDS

- 1.1. The total issue size is EUR 15,000,000.00 (fifteen million Euro). Funds that will be raised as a result of the Notes issue will be used to finance the Group's expansion (M&A) activities and capital expenditures program.

2. GENERAL INFORMATION

- 2.1. 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 EUR 15,000,000.00 (fifteen million Euro).
- 2.2. ISIN (International Security Identification Number) of the Notes allocated by Nasdaq CSD is LV0000802676.
- 2.3. The 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).

3. APPLICABLE LAW AND DISPUTE RESOLUTION

- 3.1. The Notes issue is a private placement arranged in compliance with the Financial Instrument Market Law (in Latvian – *Finanšu instrumentu tirgus likums*) and other Applicable Laws of the Republic of Latvia that are in force, including regulations of the FCMC, Nasdaq CSD and Nasdaq Riga.
- 3.2. All disputes between any one or more Noteholders and the Issuer shall be settled in the state courts of the Republic of Latvia in accordance with the Applicable Laws. These Terms of the Notes Issue are prepared and signed in English and any translations of these Terms of the Notes Issue 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 of the Notes Issue in English shall have a priority against an interpretation in any other language.

4. 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 Notes through Nasdaq CSD participants participating in the Latvian SSS.

5. CURRENCY OF THE NOTES

Currency of the Notes is EUR (Euro).

6. STATUS OF THE NOTES

The Notes rank *pari passu* with other secured obligations of the Issuer. 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, taking into account, that if the Collaterals would be enforced, the Noteholders would receive payment of their claims in respect to Notes only to the extent that the enforcement proceeds of the sale of the Collaterals are sufficient to pay the costs of enforcement of the Collaterals. 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 secured or unsecured liabilities of the Issuer.

7. RIGHTS AND RESTRICTIONS CONNECTED WITH THE NOTES

- 7.1. Each Noteholder has the right to receive Coupon and Nominal Value payments in accordance with the Clause 10 (*Coupon*) and Clause 11 (*Repayment of Notes*), as well as exercise other rights provided in these Terms of the Notes Issue and Applicable Laws.
- 7.2. 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 are held in the Issuer's financial instruments' custody account

and the Issuer has the right to sell the purchased Notes to Potential Investors and other Noteholders. The Issuer cannot cancel the purchased Notes held in the Issuer's financial instruments' custody account, therefore decreasing the size of the Notes issue.

- 7.3. The Notes held by the Issuer and the Related Parties are not eligible to participate in the voting in accordance with these Terms of the Notes Issue.

8. RESTRICTIONS ON FREE CIRCULATION OF THE NOTES

8.1. 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.

8.2. 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 of the Notes Issue, 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.

9. FIRST SETTLEMENT DATE OF THE NOTES

The First Settlement Date (Issue Date) of the Notes issue is 9 December 2022, on which the Coupon starts to accrue.

10. COUPON

10.1. Coupon rate

10.1.1. The Coupon rate for the Notes is 3M EURIBOR + 6.5% (six point five percent) per annum and is fixed for every Coupon Period.

10.2. Coupon payment procedure

10.2.1. Coupon payments are made on each Coupon Payment Date. Coupon payments are made 4 (four) times per annum – each 31 March, 30 June, 30 September and 31 December. The first Coupon payment will be made 31 March 2023 and the last Coupon payment will be made on Maturity Date, which is 9 December 2025.

10.2.2. 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 be 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.

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

10.2.4. 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.

10.2.5. If the Issuer has failed to make Coupon payments in accordance with the deadlines specified in these Terms of the Notes Issue, the Noteholders shall have the right to submit claims regarding the payment of the Coupon not earlier than after 10 (ten) Business Days following the payment date of the relevant Coupon.

10.3. Coupon calculation

10.3.1. Coupon calculation will be performed by the Calculation Agent. Quarterly Coupon payments, except for the first Coupon payment, shall be calculated 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 (%) that is determined as Base Rate + 6.5%, where:

Base Rate is determined by the Calculation Agent on the Coupon Reset Date, which is the second Business Day prior the start of each Coupon Period, using published data by a designated distributor (currently Bloomberg) and shall be fixed for the respective Coupon Period. If for any Coupon Period the Base Rate determined based on the procedure specified in this paragraph is less than 0%, Base Rate shall mean 0% for purposes of determining the Coupon rate.

The first coupon payment on 31 March 2023 is determined according to the following formula:

$CPN1 = F * C * 112/360$, where

CPN1 – the amount of Coupon payment in EUR per Note on 31 March 2023;

F – Nominal value of one Note;

C – annual Coupon rate (%) that is determined as Base Rate + 6.5% and is equal to 8.473% (eight point four hundred and seventy three percent), as the Base Rate for the first Coupon Period is set at 1.973% (one point nine hundred and seventy three percent).

10.4. Calculation Agent

10.4.1. The Issuer appoints the Calculation Agent to determine amount of quarterly payments to Noteholders and provide payment instructions to the Issuer. All calculations by the Calculation Agent shall be made in good faith and through the exercise of the Calculation Agent's commercially reasonable judgment. Upon the request of the Issuer, Calculation Agent shall provide the Issuer with such information as is reasonably necessary to enable the Issuer to confirm the accuracy of such calculations. The Issuer shall have the right to designate an independent nationally recognized third-party expert with experience in corporate bonds to replace the Calculation Agent, and the parties shall work in good faith to execute any appropriate documentation required by such replacement Calculation Agent. The Calculation Agent shall be informed of its replacement at least 10 (ten) Business Days in advance. Any determination or calculation by the Calculation Agent in such capacity shall be made in good faith and in a commercially reasonable manner.

10.5. Accrued Interest Calculation

10.5.1. The first Coupon starts to accrue on 9 December 2022, which is the First Settlement Date of the Notes issue. 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:

$AI = F * C / 360 * D$, where:

AI – accrued interest of one Note;

F – Nominal Value of one Note at the beginning of the relevant quarter, i.e., the initial Nominal Value at the time of the issue of a Note, as may be reduced by the redemption or repurchase amounts paid during the previous periods in accordance with these Terms of the Notes Issue;

C – annual Coupon rate (%) that is determined as Base Rate + 6.5%;

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

11. REPAYMENT OF NOTES

11.1. Repayment at maturity

11.1.1. 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 9 December 2025.

11.1.2. The Issuer will pay the Nominal Value in accordance with Nasdaq CSD intermediary and applicable Nasdaq CSD regulations. Nasdaq CSD regulations applicable on the date of these Terms of the Notes Issue are

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.

- 11.1.3. If the Maturity Date of the Notes is not a Business Day, the Issuer will pay the Nominal Value of the Notes on the next Business Day after the Maturity Date. The postponement of the payment date shall not have an impact on the amount payable.
- 11.1.4. If the Issuer fails to make the Nominal Value payment in accordance with the deadlines specified in these Terms of the Notes Issue, the 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.

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

- 11.2.1. The Issuer may redeem the Notes, in whole but not in part:
 - (a) from 9 December 2023 (inclusive) until 8 September 2025 (inclusive) by paying 102% (one hundred and two percent) of the Nominal Value amount plus accrued and unpaid Coupon;
 - (b) from 9 September 2025 (inclusive) until the day before the Maturity Date by paying 100.5% (one-hundred-point five percent) of the Nominal Value amount plus accrued and unpaid Coupon.
- 11.2.2. 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 Issuer's webpage www.cleanrupa.lv and on Nasdaq Riga information system, in case the Notes are not admitted to trading on First North.
- 11.2.3. If the Issuer redeems the Notes, the Issuer will pay the redemption payment in accordance with the Nasdaq CSD intermediary and applicable Nasdaq CSD regulations. The Nasdaq CSD regulations applicable on the date of these Terms of the Notes Issue 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.

11.3. Early redemption at the option of the Noteholders (put option)

- 11.3.1. 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 inform the Noteholders by publishing a relevant notice with sufficient details on its webpage www.cleanrupa.lv and on Nasdaq Riga information system (if the Notes are listed) no later than 20 (twenty) Business Days after the Change of Control has occurred and at any time before the anticipated occurrence of a Change of Control:
 - (a) stating that the 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 percent) 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.

- 11.3.2. To exercise the 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.
- 11.3.3. If 75 (seventy-five) per-cent or more in Nominal Amount of the Notes then outstanding have been redeemed pursuant to this Clause 11.3 (*Early redemption at the option of the Noteholders (put option)*), 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 11.3.1. and 11.3.2 above, 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.

12. 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 consolidated Interest Coverage Ratio of at least 3 (three) times; calculated for the Relevant Period at the end of each quarter;
- (b) to maintain Equity Ratio of at least 30% (thirty per cent) calculated at the end of each quarter;
- (c) to maintain Net Debt Leverage Ratio of maximum 3.5x (three point five times), calculated for the Relevant Period at the end of each quarter.

13. 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 except Permitted Distribution;
- (b) not make substantial change to the general nature of the business of the Issuer and the Pledged Subsidiaries from that carried on at the Issue Date (including, but not limited to, the commencement of any new business not being ancillary or incidental to the original business);
- (c) not to initiate or allow initiation of the Issuer's liquidation or similar proceedings and not to reduce the share capital of the Issuer;
- (d) all future loans received from the Issuer's shareholders must be subordinated to the Notes;
- (e) to publish consolidated unaudited quarterly reports for the Group with management comments, prepared according to Accounting Principles, by the end of the second month following the end of each respective quarter. The reports should also include information if the Issuer is compliant with the financial covenants set out in Clause 12 (*Financial Covenants*) of these Terms of the Notes Issue;
- (f) to request the admission to trading of the Notes on First North within 12 (twelve) months after the Issue Date and submit Terms of the Issue and company description with Nasdaq Riga. The Notes shall be listed on First North only in case Nasdaq Riga approves the Notes for listing. Each Noteholder acknowledges that the possible listing of the Notes on First North depends on the discretionary decision of the Nasdaq Riga. Therefore, the Issuer cannot ensure the listing of the Notes and, provided that the Issuer has taken all legal steps to ensure listing, shall not be deemed to be in breach of the Terms of the Issue in case the Notes are not listed;
- (g) to publish consolidated annual reports for the Group prepared according to the Accounting Principles within 4 (four) months for each consecutive Financial Year. Starting from Financial Year 2023, the Financial Reports should be audited by Auditor;

- (h) not to sell, present, change, rent, license, invest, or otherwise transfer into utilization the right to use the trademarks of the Issuer and the Subsidiaries, except the Issuer or its Subsidiaries are permitted to rent the right to use the trademarks further to their Subsidiaries;
- (i) the Issuer shall not create or permit to subsist mortgage, pledge or any other security interest (each a "Security"), other than a Permitted Security, upon the whole or any part of its present or future business, undertaking, assets or revenues to secure any Financial Indebtedness without at the same time or prior thereto securing the Notes equally and rateably therewith.

14. EVENTS OF DEFAULT

14.1. Each of the following events or circumstances 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 12 (*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 of the Notes Issue; and (ii) the date that such a Financial Report was in fact published pursuant to these Terms of the Notes Issue 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 12 (*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 12 (*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 12 (*Financial Covenants*) is met, then the requirement thereof shall be deemed to have been satisfied as at the relevant original date of determination of an Event of Default occasioned thereby shall be deemed to have been remedied for the purposes of these Terms of the Notes Issue.

- (c) **Breach of Undertakings:** The Issuer does not comply with any undertakings set out in Clause 13 (*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) **Financial Indebtedness:**
 - (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), if 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 is declared insolvent or bankrupt by a court of competent jurisdictions or admits inability to pay its debts in case of lawful claims, save for the claims of the Related Parties;
- (ii) the Issuer 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 insolvency or restructuring (including procedures such as legal protection process and out of court legal protection process) or administration of the Issuer or any other proceedings for the settlement of the debt of the Issuer is submitted to the court by the Issuer.

14.2. **Establishment of an Event of Default:**

- 14.2.1. Noteholders representing at least 10% (ten percent) of the principal amount of the outstanding Notes may by written notice to the Issuer declare the occurrence of Event of Default.
- 14.2.2. If the Issuer confirms that Event of Default in accordance with Clause 14.2.1 has occurred or does not provide any information within 30 (thirty) 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 15 (*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 representing at least 10% (ten percent) of the principal amount of the outstanding Notes may act in accordance with Clause 20.5 (*Enforcement of the Collaterals*).
- 14.2.3. 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 its website (www.cleanrgrupa.lv) and, after listing, on the Nasdaq Riga website.

15. **DEFAULT INTEREST**

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

16. **DISCLOSURE OF INFORMATION**

- 16.1. Up until the Maturity Date, the Issuer shall publish all information required by covenants, rules of Nasdaq Riga and regulatory enactments.
- 16.2. The Issuer plans to prepare and publish non-financial report on annual basis starting from Financial Year 2022.
- 16.3. Unless it is provided otherwise in these Terms of the Notes Issue, for as long as the Notes are not admitted to trading on First North, all notices and reports to the Noteholders shall be published on the Issuer's website www.cleanrgrupa.lv
- 16.4. Unless it is provided otherwise in these Terms of the Notes Issue, as of the date when the Notes are admitted to trading on First North, all notices and reports to Noteholders shall be published on the Nasdaq Riga website, as well as on the Issuer's website www.cleanrgrupa.lv.
- 16.5. Any notice or report published in a manner prescribed in Clauses 16.1 and Clause 16.3 (*Disclosure of information*) of these Terms of the Notes Issue shall be deemed to have been received on the same Business Day when it is published.

17. FORCE MAJEURE

- 17.1. The Issuer shall be entitled to postpone the fulfilment of its obligations under these Terms of the Notes Issue 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. REPRESENTATION OF THE NOTEHOLDERS

- 18.1. The Collateral Agent is authorized to act with the Collaterals in favour of all the Noteholders in accordance with these Terms of the Notes Issue and the Collateral Agent Agreement.
- 18.2. The Noteholders have no rights to act with the Collaterals directly, yet at the same time there are no restrictions set for Noteholders' right to create and/or authorize an organization/person that represents the legal interests of all Noteholders or part thereof.
- 18.3. In case of the insolvency of the Issuer each Noteholder has the right to represent their own interests in creditors' meetings. The Noteholders will have equal rights for satisfaction of their claims with other creditors in the same claims' group.

19. PROCEDURE FOR APPLYING FOR NOTEHOLDERS' CONSENT

- 19.1. The Issuer has the right to request a consent (waiver) of Noteholders to amend the conditions provided in these Terms of the Notes Issue and the Collateral Agreements (apply for a waiver). However, the Issuer shall have a right to amend the technical procedures relating to the Notes in respect of payments or other similar matters without the consent of the Noteholders, if such amendments are not prejudicial to the interests of the Noteholders.
- 19.2. The Collateral Agent may ask for instructions from the Noteholders in respect to the Collaterals in the same manner as the Issuer may apply for the consent (waiver) of the Noteholders hereunder.
- 19.3. The amendment of these Terms of the Notes Issue and the Collateral Agreements may include the amendment of any conditions, which is not restricted by such characteristics of the Notes as currency, Coupon rate, Coupon calculation method, Coupon and Nominal Value payments, inclusion of Notes to regulated or alternative markets, the Maturity Date and other conditions, unless they contradict the Applicable Laws.
- 19.4. The Issuer may apply for a consent (waiver) itself or through the intermediary of an authorised person (the "Agent"). In order to request a consent (waiver), the Issuer or Agent shall notify the Noteholders by publishing a relevant announcement on the Issuer's website www.cleanrgrupa.lv, if Notes are not listed, and, if Notes are included in First North, *via* the Nasdaq Riga information system, specifying at the least

the following information:

- (a) a description of the requested amendment;
 - (b) a justification of the necessity of such amendment;
 - (c) the date when the list of the Noteholders eligible to grant a consent (waiver) (vote) will be fixed;
 - (d) the term within which a Noteholder can support or reject the offered consent (waiver);
 - (e) instructions concerning notification about the support or rejection of the consent (waiver) and the procedure for filling in the voting form;
 - (f) notification that a Noteholder willing to grant the consent (waiver) shall notify the Issuer and the Agent within the term specified in the application. If the Noteholder does not notify the Issuer or the Agent about the approval to grant the waiver within the term specified in the application, a Noteholder shall be deemed as not having granted the waiver;
 - (g) contact details of the Issuer and the Agent (telephone number for inquiries, email or address for sending filled in and signed voting forms, list of representative offices and/ or branches of the Issuer and/or Issuer's Agent where the Noteholders can submit the voting forms in person);
 - (h) other information (if any).
- 19.5. The list of Noteholders shall be inquired from the Nasdaq CSD as of the date falling to the 5th (fifth) Business Day after a request for consent (waiver) was published in a manner stipulated in Clause 19.3 (*Procedure for applying for Noteholders' consent*) of these Terms of the Notes Issue.
- 19.6. The term allowed to the Noteholders for deciding upon refusal to grant a consent (waiver) the waiver to the Issuer may not be shorter than 14 (fourteen) calendar days after a request for consent (waiver) was published in a manner stipulated in Clause 19.3 (*Procedure for applying for Noteholders' consent*) of these Terms of the Notes Issue.
- 19.7. The Noteholders shall submit signed voting forms to the Issuer or the Agent by a deadline set in the application of the consent (waiver). The consent (waiver) is deemed to be granted, if the Majority Noteholders (excluding the Notes owned by the Issuer, direct and indirect shareholders of the Issuer and Related Parties) have voted for granting the consent (waiver).
- 19.8. The Issuer or the Agent shall count the received votes and notify the Noteholders of the results of the voting within 1 (one) Business Day after the deadline for submitting the voting forms by publishing a relevant announcement on the Issuer's website www.cleanrupa.lv, if Notes are not listed, or, if Notes are included in First North, *via* the Nasdaq Riga information system, if the Notes are included in the First North.
- 19.9. If the granted consent (waiver) refers to specifications of the Notes and/or Coupon calculation method, as well as the procedure of Coupon payments and/or repayment of the Nominal Value, the Issuer shall inform Nasdaq CSD on these changes according to the regulation determined in the Nasdaq CSD rules.

20. COLLATERALS

20.1. Establishment of Collaterals

- 20.1.1. The notes are secured with a Collateral established over the shares owned by Issuer in the Pledged Subsidiaries:
- (a) a commercial pledge (of first rank) over all shares of SIA "Clean R", registration number: 40003682818, legal address: Vietalvas iela 5, Riga, LV-1009, Latvia;
 - (b) a commercial pledge (of first rank) over all shares SIA "CleanR Verso", registration no. 40203387162, legal address at: Vietalvas iela 5B, LV-1009, Riga, Latvia; and
 - (c) a commercial pledge (of first rank) over all shares SIA "Vizii Urban", registration no. 40203413376, legal address: Vietalvas iela 5B, LV-1009, Riga, Latvia.
- 20.1.2. For the purpose of constituting security for the due and timely payment, discharge and performance of

the Notes, the Collaterals shall be established in the interests of the Noteholders and under the name of the Collateral Agent (as the holder of the Collateral (pledgee)) under the Collateral Agreements which in legal terms, serves as security for the Notes of Issuer towards the Collateral Agent.

- 20.1.3. The Issuer shall provide a written confirmation on the registration of the Collaterals in the relevant registries to the Collateral Agent within 3 (three) Business Days after the registration has taken place.
- 20.1.4. The Collaterals shall be established in accordance with the terms and conditions of the relevant Collateral Agreements to be concluded between the Collateral Agent as pledgee and the Issuer as pledgor.
- 20.1.5. The Collaterals shall be established and registered within the Commercial Pledge register within 90 (ninety) days after the Issue Date.
- 20.1.6. The Collateral Agent shall hold the Collaterals for the benefit on the Noteholders and is authorised to act with the Collaterals in favour of all the Noteholders in accordance with these Terms of the Notes Issue and the Collateral Agent Agreement and its amendments (enclosed as Annex 1).
- 20.1.7. The Noteholders have no rights to act with the Collaterals directly, yet at the same time there are no restrictions set for Noteholders' right to use any right that the Applicable Law or these Terms of the Notes Issue provide and create and/or authorise an organisation/person that represents and acts on behalf of all Noteholders or part thereof. In case of the insolvency of the Issuer, each Noteholder has the right to represent their own interests in creditors' meetings.
- 20.1.8. The Issuer shall be responsible for all the costs related to the registration of the Collaterals and changes to the Collaterals as specified herein.
- 20.1.9. Noteholders are entitled to get acquainted with the Collateral Agreements upon written request to the Issuer.

20.2. **Parallel Debt**

- 20.2.1. Notwithstanding any other provision of these Terms of the Notes Issue, for the purpose of ensuring and preserving the enforceability of the Collaterals, the Issuer irrevocably and unconditionally undertakes to pay to the Collateral Agent, as a creditor in its own right and not as representative of the Noteholders and as a solidary/joint creditor together with the Noteholders for the purposes of the Applicable Laws, sums equal to and in the currency of each amount payable by the Issuer to each of the Noteholders (whether present or future and whether actual or contingent) in accordance with these Terms of the Notes Issue as and in case the amount falls due for payment under these Terms of the Notes Issue.
- 20.2.2. The Collateral Agent shall be entitled to act as a solidary/joint creditor (jointly with the Noteholders) of each and every Note (whether present or future and whether actual or contingent) of the Issuer to the Noteholders or any of them and, accordingly, the Collateral Agent shall have its own independent right to demand performance by the Issuer of any of those obligations.
- 20.2.3. For the avoidance of doubt, the aggregate amount due by the Issuer under the Parallel Debt will be decreased to the extent the Issuer has paid any amounts to the Noteholders under these Terms of the Notes Issue.
- 20.2.4. For the avoidance of doubt, to the extent the Issuer has paid any amounts to the Collateral Agent under the Parallel Debt the aggregate amount due by the Issuer to the Noteholders under these Terms of the Notes Issue will be decreased accordingly, unless those payments are fees of the Collateral Agent provided in the Collateral Agent Agreement.
- 20.2.5. To the extent the Collateral Agent receives any amount in payment of the Parallel Debt, the Collateral Agent shall transfer such an amount to the Noteholders in accordance with Clause 20.6 (*Application of the proceeds from enforcement of the Collateral*) of these Terms of the Notes Issue.
- 20.2.6. For the avoidance of doubt, the Parallel Debt shall become due and payable at the same time and to the same extent as the obligations of the Issuer to the Noteholders under these Terms of the Notes Issue have become due and payable.

20.3. Noteholders and the Collateral Agent

- 20.3.1. By submitting a subscription order or acquiring the Notes on the secondary market, each Noteholder:
- 20.3.1.1. appoints the Collateral Agent to act as its agent and to perform the obligations and exercise the rights in connection with the Collaterals as set forth in these Terms of the Notes Issue, the Collateral Agreements and the Collateral Agent Agreement and authorises the Collateral Agent to exercise the rights, powers, authorities and discretions specifically given to the Collateral Agent under or in connection with these Terms of the Notes Issue, the Collateral Agreements and the Collateral Agent Agreement;
 - 20.3.1.2. acknowledges that the Issuer has concluded the Collateral Agent Agreement with the Collateral Agent;
 - 20.3.1.3. confirms the fact that the Collateral Agent's acts under the Collateral Agent Agreement, the Collateral Agreements or other agreements in connection with the Notes concluded with the Issuer does not constitute any conflict of interests with respect to the Noteholder;
 - 20.3.1.4. confirms the fact that the Collaterals secure, *inter alia*, the Issuer's obligations towards the Collateral Agent do not constitute any conflict of interests with the Noteholder (for the avoidance of doubt, the Collateral Agent has the right to withhold the proceeds necessary for satisfying the fees, costs, expenses, damages and claims of the Collateral Agent in accordance with these Terms of the Notes Issue). Each Noteholder acknowledges the fact that the Collaterals secure, *inter alia*, the Issuer's obligations towards the Collateral Agent and shall not prevent the Collateral Agent from fulfilling its obligations and acting in accordance with these Terms of the Notes Issue and the Collateral Agent Agreement;
 - 20.3.1.5. agrees that upon the performance of its obligations and exercising of its rights in connection with the Collateral Agreements, the Collateral Agent shall be entitled to act at its own discretion, considering the interests of the Noteholders collectively and generally (and not of any particular Noteholder), unless specifically instructed otherwise by the Majority Noteholders in accordance with these Terms of the Notes Issue and without prejudice to Clause 20.7.1. (*Liability of the Collateral Agent*) of these Terms of the Notes Issue.
- 20.3.2. By submitting a subscription order or acquiring the Notes on the secondary market each private individual or legal entity, as well as their authorized representatives upon the request of the Collateral Agent are obliged to disclose to the Collateral Agent all information and documents on these private individuals or the legal entities, as well as their authorized representatives, and the Collateral Agent is entitled to receive this information and documents for the purposes of performance of duties of the Collateral Agent. This information and documents also include those documents and information that are necessary to the Collateral Agent in order to fulfil the Collateral Agent's obligations under AML and Sanctions regulations (e.g., information and documents on the ultimate beneficial owner).

20.4. Scope of Obligations of the Collateral Agent

- 20.4.1. The rights and obligations of the Collateral Agent are limited to those expressly specified in the Collateral Agent Agreement and these Terms of the Notes Issue and, notwithstanding any other provisions of these Terms of the Notes Issue, such rights are limited to the exercise of those rights which belong to the Collateral Agent in its capacity as holder of the Collaterals (pledgee). The Collateral Agent is required to perform its obligations in relation to the Collaterals only if the Issuer establishes the Collaterals in the interests of the Noteholders and in favour of the Collateral Agent (as the holder of the Collaterals (pledgee)) in accordance with these Terms of the Notes Issue to secure the Notes.
- 20.4.2. The Collateral Agent does not have any obligation:
- (a) to take any action (including, without limitation, to commence legal proceedings, compulsory enforcement proceedings, bankruptcy proceedings or any other proceedings) with the purpose to satisfy any claims arising under these Terms of the Notes Issue in connection with any assets of the Issuer, except for enforcing the Collaterals in accordance with these Terms of the Notes Issue, the Collateral Agreements upon the Collaterals becoming enforceable and receiving the relevant

instruction from the Majority Noteholders;

- (b) to ensure the existence, enforceability or validity of the Collaterals or to preserve the Collaterals or their value or to assess any rights arising from or relating to the Collaterals (except for the validity of the Collaterals after their establishment to the extent within the control or sphere of influence of the Collateral Agent and to the extent within the scope of its obligations under these Terms of the Notes Issue);
- (c) to inform the Noteholders and the Issuer about any circumstances relating to the Collaterals except to the extent such obligation to provide information is explicitly set forth in these Terms of the Notes Issue; and
- (d) to provide any advice to the Noteholders in legal, accounting, tax or other matters.

20.4.3. The Noteholders shall not have any independent power to enforce the Collaterals or to exercise any rights or powers arising under the Collateral Agreement. Noteholders may exercise their rights in relation to the Collaterals only through the Collateral Agent pursuant to these Terms of the Notes Issue.

20.4.4. Upon the performance of its obligations and exercising its rights, the Collateral Agent shall act at its own discretion in the interests and on the account of the Noteholders collectively, and generally (and not any particular Noteholder) without having any independent interests of its own (for the avoidance of doubt, the Collateral Agent has the right to withhold the proceeds necessary for satisfying the fees, costs, expenses, damages and claims of the Collateral Agent in accordance with Clause 20.4.10 (*Scope of Obligations of the Collateral Agent*))v below. In particular, in accordance with these Terms of the Notes Issue the Collateral Agent shall be entitled to decide at its sole discretion as to what would be in the best interests of the Noteholders upon failure to obtain instructions from the Majority Noteholders. However, the Collateral Agent shall not start the enforcement of the Collaterals without instructions provided by the Majority Noteholders as described in these Terms of the Notes Issue.

20.4.5. The Collateral Agent is under no circumstances liable for the performance of the obligations of the Issuer or impossibility to enforce the Collaterals in accordance with these Terms of the Notes Issue and the Collateral Agreements or any restrictions or delays thereof.

20.4.6. Upon the performance of its obligations and exercising of its rights hereunder the Collateral Agent shall have the right at its own cost to use the services of third parties and to appoint third-party representatives (including, during the performance of its tasks and acts as stipulated in these Terms of the Notes Issue and the Collateral Agreements). In case of use of the services of third parties and/or appointment of third-party representatives, the Collateral Agent shall evaluate and appoint only reputable third parties having professional expertise for the fulfilment of the tasks and acts as stipulated in these Terms of the Notes Issue. In case of use of the services of third parties and/or appointment of third-party representatives, the Collateral Agent shall also ensure that: (i) no conflict of interest exists in respect to the Issuer and the Majority Noteholders; (ii) the fees, costs and expenses of such third-party services are at a reasonable market price; (iii) the fees, costs and expenses for using the services of third parties and/or appointment of third-party representatives would not exceed costs, fees and expenses of the Collateral Agent if the latter would perform its obligations under these Terms of the Notes Issue, the Collateral Agreements and the Collateral Agent Agreement on its own; and (iv) it remains a duty and obligation of the Collateral Agent to perform its obligations under these Terms of the Notes Issue and the Collateral Agent Agreement and not of the appointed third-party. In case the use of services of third parties or appointment of third-party representatives is required for the fulfilment of obligations arising from these Terms of the Notes Issue, including the Collateral Agreement, Clause 20.4.10 (*Scope of Obligations of the Collateral Agent*) of these Terms of the Notes Issue is applicable. The Collateral Agent shall not be responsible for any losses and damage caused by the acts and omissions by third parties.

20.4.7. At the request of the Collateral Agent, the Noteholders shall provide the Collateral Agent with any information required for the purposes of identification of the Noteholders and/or for the performance of other obligations arising from the Applicable Laws.

20.4.8. At the request of the Collateral Agent, the Issuer shall provide the Collateral Agent with an updated list of Noteholders specifying the outstanding Nominal Value of the Notes each of them is holding and their

latest known email addresses, if such information is available in accordance with the respective list of Noteholders and information contained therein as provided by Nasdaq CSD.

- 20.4.9. The Collateral Agent is not liable for any circumstances relating to or affecting the validity of the Collateral Agent Agreements that are outside the control or sphere of influence of the Collateral Agent.
- 20.4.10. The Collateral Agent shall have the right to receive fees from the Issuer and to be compensated by the Issuer for those costs relating to the performance of its obligations under these Terms of the Issue and the Collateral Agent Agreements in accordance with the Collateral Agent Agreement and shall have the right to withhold the performance of its duties and obligations in case of any delay of payment of the relevant fees and costs. As regards the costs, the Issuer shall also compensate to the Collateral Agent all payments made by the Collateral Agent to third parties for the purposes of enforcement of the Collateral Agent Agreements in accordance with these Terms of the Notes Issue and the Collateral Agent Agreements (including, without limitation, state fees and taxes, other fees and payments established by Applicable Laws, costs and expenses incurred by the Collateral Agent), as well as all damages incurred by the Collateral Agent in relation to the same.
- 20.4.11. The costs of the Collateral Agent and engaged third parties will be calculated in accordance with factual costs and hourly rates of the Collateral Agent's employees involved, considering the time spent providing legal assistance. In any case, the whole amount of costs will not exceed 5% (five percent) of the amount of recovered funds.
- 20.4.12. Notices and documents to the Collateral Agent shall be valid only if made and forwarded in writing either by post or e-mail by using the contact details set forth in these Terms of the Notes Issue. All notices of the Noteholders to the Collateral Agent shall be sent in writing (letter and email) to the Collateral Agent and copied to the Issuer and the Arranger. If the Collateral Agent has doubts that a notice from a Noteholder has not been sent to the Issuer or the Arranger, then the Collateral Agent shall immediately forward such notice to the Issuer or the Arranger (as applicable).
- 20.4.13. The Collateral Agent has the right to terminate the Collateral Agent Agreement by providing a 1 (one) month prior written notice and in case: (a) the Collateral Agent has not been granted within the term stipulated in Clause 20.1.5 (*Establishment of Collateral Agent Agreements*) of these Terms of the Notes Issue; and/or (b) the Collateral Agent withdraws from performance of the tasks set out in these Terms of the Notes Issue on the grounds set out in Clause 20.8.1. or Clause 20.8.3 (*Termination of Collateral Agent Agreement*) of these Terms of the Notes Issue. Fees and payments already paid to the Collateral Agent shall not be refunded in the event of termination of the Collateral Agent Agreement. In any case the existing Collateral Agent shall continue performance of its duties until appointment of a new Collateral Agent, if such situation occurs.
- 20.4.14. The Issuer has the right to terminate the Collateral Agent Agreement in case the Issuer decides not to proceed with the Notes issue and/or if the Issuer considers that the Collateral Agent allows willful misconduct or gross negligence in exercising its rights. A new collateral agent must be designated by the Issuer who must take over the obligations of the Collateral Agent.

20.5. Enforcement of the Collateral Agent Agreements

- 20.5.1. If the Event of Default has been established pursuant to Clause 14.2 (*Establishment of an Event of Default*), the Issuer within 20 Business days shall have the right to submit the proposed action plan in respect to the claim settlement to the Noteholders ("**Action Plan**"). The Issuer shall act in accordance with Clause 19 (*Procedure for applying for Noteholders' consent*) and Majority Noteholders shall approve of the Action Plan.
- 20.5.2. If Majority Noteholders have not approved the Action Plan, the Issuer shall act in accordance with Clause 19 (*Procedure for applying for Noteholders' consent*) and Majority Noteholders shall vote on whether to instruct the Collateral Agent to enforce the Collateral Agent Agreements ("**Instruction**").
- 20.5.3. The Noteholders agree that the Collateral Agent after receiving the Instruction will enforce the Collateral Agent Agreements, i.e., shares of the Pledged Subsidiaries, as an aggregation of property (in Latvian: *lietu kopiba*) in the following manner and order:

- (a) Firstly, the Collateral Agent shall seek an appraisal in respect to the value of the Collaterals, which shall be carried out by Auditor ("**Appraisal**");
 - (b) Secondly, if according to the Appraisal prospective proceeds of sale of 49% (forty-nine percent) of shares of the Pledged Subsidiaries (taking into account the minority discount) is sufficient to satisfy the claim rights of the Noteholders, the Collateral Agent shall proceed with arranging an auction for the sale of 49% (forty-nine percent) of the shares of the Pledged Subsidiaries;
 - (c) Thirdly, in case it is insufficient to satisfy the claim rights of the Noteholders as a result of an auction for the sale of 49% (forty-nine percent) of the shares of the Pledged Subsidiaries, the Collateral Agent shall proceed with arranging an auction for the sale of 100% (one hundred percent) of the share of the Pledged Subsidiaries, or the Collateral Agent may propose and Majority Noteholders may approve any other enforcement procedure in respect to the Collaterals.
- 20.5.4. The Collateral Agent may rely that the Issuer has performed its obligations under the Notes in accordance with these Terms of the Notes Issue until the Majority Noteholders have adopted the Action Plan or it has received the Instruction.
- 20.5.5. If the Majority Noteholders in accordance with Clause 20.5 (*Enforcement of the Collaterals*) of these Terms of the Notes Issue have instructed the Collateral Agent to enforce the Collaterals, the Collateral Agent shall immediately inform (by publishing on Issuer's website and in Nasdaq's information system after listing) all Noteholders.
- 20.5.6. The Collateral Agent shall be entitled (but is not under any circumstances obliged) to request instructions, or clarification of any direction regarding Instruction, from the Majority Noteholders as to whether, and in what manner, the Collateral Agent should exercise or refrain from exercising any rights, powers and discretions with regard to the enforcement of the Collaterals. Upon such request, the Majority Noteholders shall give their instructions or clarifications to the Collateral Agent within the time period specified in the Collateral Agent's request for instructions or clarifications, such a time period is to be at least 2 (two) Business Days. The Collateral Agent may refrain from acting unless and until Majority Noteholders have provided the Collateral Agent with requested instructions or clarifications.
- 20.5.7. The Issuer is required to publish Action Plan and Instruction on its website and Nasdaq's information system.
- 20.6. **Application of the proceeds from enforcement of the Collaterals**
- 20.6.1. The proceeds from the enforcement of the Collaterals shall be applied in the following order of priority:
- (a) as the first priority: to the satisfaction and payment of all fees, costs and expenses and damages (including, without limitation, state duties, notary fees, valuation costs and fees, costs and expenses of third parties engaged in by the Collateral Agent pursuant to conditions set out, *inter alia*, in Clauses 20.4.6. and 20.4.10. (*Scope of Obligations of the Collateral Agent*) of these Terms of the Notes Issue) related to performance of its duties by, or otherwise payable to, the Collateral Agent under these Terms of the Notes Issue, the Collateral Agent Agreement and the Collateral Agreements, including, but not limited to, the establishment, amendment, termination and enforcement of the Collaterals, representation of Noteholders (convocation of Noteholders' meetings, negotiation with the Issuer in the name of Noteholders and execution of decisions adopted by Noteholders' meetings, reporting to Noteholders regarding protection of Noteholders' interests) incurred by the Collateral Agent or any of the third parties engaged by the Collateral Agent, provided that the fees, costs and expenses have occurred on a reasonable market price;
 - (b) as the second priority (after full satisfaction, payment and deduction of all claims and amounts set forth in Clause 20.6.1. (a) of these Terms of the Notes Issue): in payment of the claims of the Noteholders arising under these Terms of the Notes Issue, including, but not limited to, the claims arising from the Notes.
- 20.6.2. The Collateral Agent shall withhold the proceeds necessary for satisfying the fees, costs, expenses, damages and claims of the Collateral Agent specified in Clause 20.6.1. (a) of these Terms of the Notes Issue and immediately transfer the remaining proceeds to the Noteholders for satisfying the claims under

Clause 20.6.1. (b) of these Terms of the Notes Issue. The Collateral Agent shall immediately return the proceeds from the enforcement of the Collaterals remaining after satisfying all claims set forth in Clause 20.6.1. (*Application of the proceeds from enforcement of the Collaterals*) of these Terms of the Notes Issue to the Issuer.

20.6.3. In case the proceeds remaining after covering the fees, costs, expenses, damages and claims under Clause 20.6.1. (a) of these Terms of the Notes Issue do not cover the claims of the Noteholders under Clause 20.6.1. (b) of these Terms of the Notes Issue in full, these claims of the Noteholders shall be satisfied *pro rata* to the Nominal Value of the Notes held by the Noteholders.

20.6.4. The Collateral Agent is not obliged to pay to the Noteholders or any other persons any interest on the proceeds from the enforcement of the Collaterals (whether deposited or not).

20.6.5. In case the Collateral Agent is required, under Applicable Law, to withhold or pay any taxes in connection with payments to be made by the Collateral Agent hereunder, the amount to be paid by the Collateral Agent shall be reduced by the amount of respective taxes and only the net amount shall be paid by the Collateral Agent.

20.7. **Liability of the Collateral Agent**

20.7.1. If Majority Noteholders have submitted Instruction to the Collateral Agent, the Collateral Agent is obligated to comply with the Instruction and enforce the Collaterals in accordance with Clause 20.5.3 (*Enforcement of the Collaterals*). Any such instructions from the Majority Noteholders will be binding on all Noteholders. The Collateral Agent shall not be liable for any consequences or damages that result from complying with the instructions.

20.7.2. Notwithstanding Clause 20.7.1. of these Terms of the Notes Issue, the Collateral Agent may refrain from doing anything which in its opinion will or may be contrary to the Terms of the Notes Issue, the Collateral Agent Agreement, the Collateral Agent Agreement or Applicable Laws or otherwise render it liable to any person. The Collateral Agent may refrain from acting in accordance with the instructions of the Majority Noteholders until it has received such indemnification or security as it may require for all costs, claims, losses, expenses (including, but not limited to, legal fees) and liabilities which it will or may expend or incur in complying with such instructions.

20.7.3. Without prejudice to Clause 20.5.6. (*Enforcement of the Collaterals*), Clause 20.7.1. and Clause 20.7.2. (*Liability of the Collateral Agent*) of these Terms of the Notes Issue, the Collateral Agent may (but is not obligated to) act (or refrain from acting) as it in its own discretion reasonably believes is in the best interests of the Noteholders. The Collateral Agent shall not be liable to the Noteholders for acting (or refraining from acting) as described in these Terms of the Notes Issue or in accordance with the instructions of the Noteholders and/or Applicable Law, except for losses, damages, costs and expenses incurred by the Noteholders due to willful misconduct or gross negligence by the Collateral Agent. The liability of the Collateral Agent is limited to EUR 300,000, save in case of wilful breach by the Collateral Agent of its obligations giving rise to the liability of the Collateral Agent.

20.7.4. The Collateral Agent shall not be liable to Noteholders for the outcome of the enforcement of the Collaterals, provided the Collateral Agent has acted in accordance with these Terms of the Notes Issue and the Collateral Agent Agreement, except for losses, damages, costs and expenses incurred by the Noteholders due to willful misconduct or gross negligence by the Collateral Agent. The liability of the Collateral Agent is limited to EUR 300,000, save in case of wilful breach by the Collateral Agent of its obligations giving rise to the liability of the Collateral Agent.

20.8. **Termination of Collateral Agent Agreement**

20.8.1. The Collateral Agent shall have the right to unilaterally terminate the performance of its duties described in these Terms of the Notes Issue in accordance with the Collateral Agent Agreement (including, without limitation, terminate the enforcement of the Collaterals) in case:

- (a) in the reasonable opinion of the Collateral Agent (further) enforcement of the Collaterals on reasonable terms is not possible or feasible; and/or

- (b) in the opinion of the Collateral Agent the Collaterals ceases to exist for any reason.
- 20.8.2. In order to exercise its right of termination under Clause 20.8.1. of these Terms of the Notes Issue, the Collateral Agent shall submit a respective written notice (by letter or email) stating the basis of exercising the right of termination to the Issuer. The Issuer shall immediately inform the Noteholders of receipt of the notice by publishing a relevant notice on its webpage www.cleanrgrupa.lv and on Nasdaq Riga information system (if the Notes are listed). The duties and obligations of the retiring Collateral Agent shall be deemed to have terminated from the moment when the respective written notice is submitted to the Issuer and all of the Noteholders.
- 20.8.3. The Collateral Agent shall have the right to resign due to justifiable reasons other than those stated in Clause 20.8.1. of these Terms of the Notes Issue by submitting a respective written notice (by letter or email) to the Issuer. The justifiable reasons shall include the following:
- (a) Any facts or circumstances occurring until Maturity Date that would render any further action by the Collateral Agent illegal, unethical or cause reputational risks to the Collateral Agent;
 - (b) The Issuer provides false information regarding its ultimate beneficial owner or is non-compliant with applicable anti-money laundering laws;
 - (c) The Issuer or related person of the Issuer is subject to local or international sanctions (i.e., the restrictive measures imposed by the United Nations Security Council, the European Union, the Republic of Latvia or Office of Foreign Assets Control (OFAC) of the United States).
- 20.8.4. The Issuer shall immediately inform the Noteholders of receipt of the notice by publishing a relevant notice on its webpage www.cleanrgrupa.lv and on Nasdaq Riga information system (if the Notes are listed). The duties and obligations of the Collateral Agent shall be deemed to have terminated upon the appointment of a successor Collateral Agent and acceptance by such appointment of the successor Collateral Agent and the execution of all necessary documentation to effectively substitute the retiring Collateral Agent. In any case, the successor Collateral Agent shall be a reputable person authorized to act with the Collaterals in favour of all the Noteholders in accordance with these Terms of the Notes Issue and the Collateral Agent Agreement, who has a professional experience in capital markets transactions and expertise for the fulfilment of the tasks as a collateral agent. The Collateral Agent's professional liability shall be insured in the course of performance of Collateral Agent functions.
- 20.8.5. No later than 3 (three) months after the receipt of the relevant notice under Clause 20.8.1. or Clause 20.8.4. of these Terms of the Notes Issue by the Issuer a successor collateral agent must be designated by the Issuer and the Majority Noteholders, who must take over the obligations of the retiring Collateral Agent. If a successor Collateral Agent has not been appointed within the term set out in this Clause, the duties and obligations of the retiring Collateral Agent shall be deemed to have terminated.
- 20.8.6. The Collateral Agent shall evaluate that no conflict of interest exists with regard to the Noteholders and, the existence of conflict of interest shall not prevent the Collateral Agent from fulfilling its obligations to the extent and scope as described in these Terms of the Notes Issue and as provided in the Collateral Agreements and in the Collateral Agent Agreement.

TAXES

NOTICE

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

DEFINITION OF RESIDENTS AND NON-RESIDENTS

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

Any legal entity is considered resident of Latvia for tax purposes if it is or should be established and registered in the Republic of Latvia according to the Latvian legal acts. 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 Issuer *via* the information provided on the Issuer'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 of the Notes Issue 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% ¹	20% ¹	20% tax from the interest (coupon) income is withheld and transferred to the State budget by an Issuer of Notes, if it is registered in Latvia. ¹ Exclusively for individual residents (natural person taxpayers), The Law on Income Tax of the Republic of Latvia allows for postponement of the taxation of income derived from securities by using an investment account regime. Provided that the investment account regime is used at the moment of receiving the respective financial income, the moment of taxation of the financial income held on an investment account is postponed until such income is withdrawn from the

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			<p>investment account (i.e., the amount withdrawn from the account exceeds the amount which had been previously paid into the account).</p> <p>Income from disposal of Notes is considered equivalent to an interest income and taxed at 20% rate in Latvia.</p>
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	20% / 5% ²	20%	<p>20% tax from the interest (coupon) income is withheld and transferred to the State budget by an Issuer of Notes, if it is registered in Latvia. Nonetheless, income from publicly traded financial instruments (interest (coupon) income) is subject to tax exemption.</p> <p>A non-resident individual being a beneficiary of interest (coupon) income or an income from disposal of Notes could be obliged to assess and pay tax in its country of residence at the tax rate specified in the relevant country, which may or may not be higher than the one applicable in Latvia. Provisions of applicable double tax treaty may also provide for a more favourable tax application principle.</p> <p>² 5% tax from interest (coupon) income can be withheld and transferred to the State budget by an Issuer of Notes who is the resident of Latvia, if all of the following three criteria are met: (i) the interest (coupon) payment is made with the intermediation of a financial institution, including the Depository, and the Notes issue has been arranged by a financial institution that is regulated by a public regulatory authority (such as the FCMC); (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 respective financial instrument is not publicly traded.</p>
Company non-resident	Not taxable in Latvia ^{3,4}	Not taxable in Latvia ^{3,4}	<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>³Payments (including interest payments) to non-resident located, registered or incorporated in a no-tax or low-tax country or territory as defined in the</p>

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			<p>Regulations of the Cabinet of Ministers No. 819 "Regulations on No-Tax or Low-Tax Countries and Territories", adopted on 17 December 2020; effective as of 1 January are subject to withholding tax of 20% if the payer is a Latvian legal entity.</p> <p>⁴A 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>
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Source: Applicable Laws of the Republic of Latvia

TERMS OF THE PRIVATE OFFERING

1.1. Subscription period

The subscription period for the Notes commences on 24 November 2022 at 12:00 Riga time and shall end on 2 December 2022 at 16:00 Riga time ("**Subscription period**").

1.2. 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 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: (a) has read and understands these Terms of the Notes Issue; and (b) agrees and commits to adhere to these Terms of the Notes Issue.

1.2.7. Article 5f of Regulation (EU) No. 833/2014 (as amended by Council Regulation (EU) No. 2022/328) and Article 1f of Regulation (EC) No. 765/2006 (as amended by Council Regulation (EU) No 2022/398) prohibit the sale of euro denominated transferable securities issued after 12 April 2022 or units of undertakings for collective investment (UCIs) providing exposure to such transferable securities, to any Russian or Belarusian national, any natural person residing in Russia or Belarus or to any legal person, entity or body established in Russia or Belarus. This prohibition 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.

1.2.8. The First Settlement Date of the Notes is 9 December 2022.

1.2.9. 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. Price of the Notes

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

1.4. Allocation of the Notes to Noteholders

- 1.4.1. The Notes are allocated to the Noteholders in the amount not larger than the amount specified in the subscription order and not less than the Minimum Investment Amount.
- 1.4.2. In case the total number of Notes subscribed for during the subscription period is less than the number of Notes available, the Notes will be allotted based on the subscription orders placed.
- 1.4.3. In case the total number of Notes subscribed for is higher than the number of Notes available, the proportionate reduction principle shall be applied to the extent possible at the discretion of the Issuer, however, the Notes allocated to the Noteholders shall not be less than the Minimum Investment Amount.
- 1.4.4. The Issuer or Arranger at its sole discretion has a right to refuse to allocate all or part of the subscribed Notes to any Potential Investor due to AML, Sanctions regulations compliance risk or other risks.

1.5. Reduction of the Notes issue size

The Issuer may decide to discontinue placement of the Notes at any time.

1.6. Settlement and delivery of the Notes

- 1.6.1. 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 subscription order is fully submitted to the Arranger.
- 1.6.2. 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.
- 1.6.3. The Custodians 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.
- 1.6.4. Settlement for the Notes can be executed according to other procedure, which is agreed to by the Arranger and a Potential Investor.

1.7. Pre-emptive rights

None of Potential Investors has the rights of pre-emption in respect to purchase of the Notes.

1.8. Listing

- 1.8.1. The Issuer plans to request the admission to trading of the Notes on First North within 12 (twelve) months after the Issue Date and submit these Terms of the Notes Issue, as well as the company description to Nasdaq Riga. The Issuer does not undertake to register the Notes prospectus with the FCMC or list the Notes on any regulated market.
- 1.8.2. The Issuer has not signed any agreement with any person for liquidity maintenance of the Notes on the secondary market.

GENERAL INFORMATION

GENERAL INFORMATION ON THE ISSUER

The Issuer is AS "CleanR Grupa", a joint stock company (*akciju sabiedrība*) registered in the Register Enterprises of the Republic of Latvia under registration no. 40103799972.

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

The Issuer is a parent company of the Group which is an industry leader in Latvia providing waste management services (including, municipal, commercial and industrial waste management), urban territories and road maintenance services, indoor cleaning as well as production of refuse-derived-fuel and organic fertilizer.

The Issuer is fully owned by the Existing Shareholder.

DECISIONS OF THE ISSUER ON THE NOTES ISSUE

On 1 December 2022 the Issuer's shareholders passed the decision to issue the Notes and to authorize the management board to approve and sign all the documents (including the Terms of the Notes Issue and the Collateral Agent Agreement) related to the issuance of the Notes.

On 1 December 2022 the Issuer's supervisory board passed the decision to issue the Notes and to authorize the management board to approve and sign all the documents (including the Terms of the Notes Issue and the Collateral Agent Agreement) related to the issuance of the Notes.

On 1 December 2022 the Issuer's management board passed the decision to issue the Notes and to approve and sign all the documents (including the Terms of the Notes Issue and the Collateral Agent Agreement) related to the issuance of the Notes.

AUDITOR

The Group's financial statements for the years 2019, 2020 and 2021 have been audited by SIA "POTAPOVIČA UN ANDERSONE", registration no. 40003612562, legal address: Ūdens iela 12 – 45, Rīga, LV-1007, Latvia.

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 Notes to investors and conduct settlement of the Notes 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.

The Issuer has signed the Collateral Agent Agreement with the Collateral Agent, which holds the Collaterals on behalf of the Noteholders is authorized to act with the Collaterals in favour of all the Noteholders in accordance with these Terms of the Notes Issue and the Collateral Agent Agreement. The Collateral Agent may provide other services to the Issuer in the future and receive remuneration for it.

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 THESE TERMS OF THE NOTES ISSUE

The information included in these Terms of the Notes Issue have not been verified by auditors.

STATEMENTS OR REPORTS INCLUDED IN THESE TERMS OF THE NOTES ISSUE

These Terms of the Notes Issue 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




1.1. OVERVIEW

The Group is a market leader for provision of environmental services in Latvia. The history of the Group dates back to 1944, commencing its operations as a road transport company of the Riga City Public Works Department. Over the years the Group continued to expand its services, including in the property management segment, road maintenance services, as well as wide range of waste management. In 2014, the Existing Shareholder Mr Guntars Kokorevičs acquired a 100% stake in the Issuer. Since then, the Group has continued its expansion by launching one of the largest waste sorting and recycling centres (including "Nomales" and "Vides Resursu centrs"), as well as through its investment activities, including acquisition of 50% stake in road building and maintenance company SIA "Roadeks" and a 30% stake in producers responsibility system for waste management company SIA "Zaļā josta". Notably, the Group is also a market leader in provision of innovative cleaning solutions for the office premises, shopping malls and production areas using robotic and nano technologies, as well as spray-wash equipment. Overall, the Group employs around 1400 employees and offers services in more than 500 facilities across Latvia. The quality, environmental, occupational safety and energy management systems of the Group comply with international standards ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO 50001:2018.

The mission of the Group is based on the following values:

- Clean-tech company – to use the resources and energy efficiently. With the use of clean technologies, the resources are returned back into circulation as far as possible.
- Serving as a model for ESG affairs – through transparent environmental, social and governance (ESG) approaches, the Group improves corporate governance, thereby creating a responsible, trustworthy and transparent workplace and providing environmental care for every business line of the Group.
- Intuitive solutions for comfortable everyday life – the Group offers services and solutions without introducing radical changes to the everyday comfort of the clients.
- Sustainable changes for society – moving towards a climate-neutral world, the Group is involved and creates initiatives that aim to change the existing habits of society.

1.2. Key brands of the Group

	<p>The brand is well-known for the provision of household waste management services. It has been operating in the market since 1944, providing services in the municipalities of Riga, Liepaja, Jurmala, Stopini, Ozolnieki, Incukalns, Jelgava and others. The first company in Latvia that started separate bio waste collection. In December 2022 commissioning of new polymers recycling facility is planned to expand the Group's vertical integration and commitment for circular economy.</p>
	<p>The entity provides premises cleaning and property management services. The major customers include large shopping centres, office owners and corporate clients. In addition to the services provided by standard house management departments, the clients are also provided with maintenance services of the area adjacent to the buildings, cleaning of premises and other services.</p>
	<p>The brand is known for provision of maintenance services for urban territories and roads, as well as building of roads via subsidiary SIA "Roadeks". Services include daily sanitary territory maintenance, cleaning of public areas, as well as specialized service for public roads maintenance in winter seasons. Major clients include municipalities of Jurmala, Rezekne, Tukums, Liepaja, Valmiera and Riga cities as well as largest retail brands, including <i>Maxima, Rimi, Neste, Spice, Knauf</i>.</p>

	<p>The company is engaged in management of used packaging and sustainable waste management. The brand engages in activities related to producers' responsibility systems. Producers' responsibility systems enable producers to have an exemption from packaging tax by voluntarily joining <i>Zaļā josta</i> which ensures collection and recycling of used packaging.</p>
	<p>The brand is one of the largest commercial and industrial waste management services providers in Latvia. In particular, the entity specializes in construction waste and bulky waste collection as well as sorting of separately collected recyclable waste. It is the fastest growing business segment in the portfolio of the Group. In 2020 the Group established a construction waste sorting and processing centre "Nomales" and will put into operation automated packaging sorting line at the end of 2022. CleanR Verso is an established model for developing standards for sorting and recycling construction waste in Latvia.</p>

1.3. Financial performance of the Group by segment

The main segment of the Group regarding turnover is household waste management, followed by industrial and commercial sector waste management

. Regarding turnover composition by segment 48% amounts to household waste management, while second largest position – industrial and commercial sector waste management

to 14%. Regarding EBITDA composition by segment, 59% amounts to household waste management, while second largest position – sorting of household waste – to 20%.

Segment	Turnover, MEUR Year ended 31 December 2021	EBITDA, MEUR Year ended 31 December 2021
Household waste management	25.8	6.0
Industrial and commercial sector waste management	7.6	1.1
Maintenance of territories and roads	7.5	0.6
Premises management	7.0	0.4
Sorting of household waste	5.9	2.0
Total	53.8	10.1

1.4. Market position

The main activities of the Group focus on two segments – integrated waste management services and cleaning services that are further expanded in related markets such as road construction, housing administration etc.

As for waste management the Group's activities are currently limited to Latvian market with exception of sale of secondary raw materials (paper, plastics) internationally. Furthermore, waste management services can be segmented in:

- 1) Household waste collection (including separate collection) that is operated by SIA "Clean R". Main competitors are SIA "Eco Baltia vide", the second largest private waste management company and various smaller private and public collection companies such as SIA "Lautus", SIA "Pilsētvides serviss" representing private sector and SIA "ZAAO", SIA "Piejūra" representing public sector.
- 2) Collection and sorting of commercial and industrial waste that also includes sorting of separately collected household waste – performed by SIA "Clean R Verso". With market presence in construction and demolition waste market estimated by 40-50%, the Group is by far largest service provider in this segment

in Latvia. Largest competitors are locally owned companies such as SIA "G2", SIA "Būvgružu pārstrāde", SIA "Demontāža.lv". In recyclables collection and sorting market which is very fragmented, the Group estimates its presence of 15-20%. Most noteworthy competitors are SIA "Eco Baltia vide", SIA "Ekobaze", SIA "Grigeo recycling" from which last two are subsidiaries of Lithuanian companies.

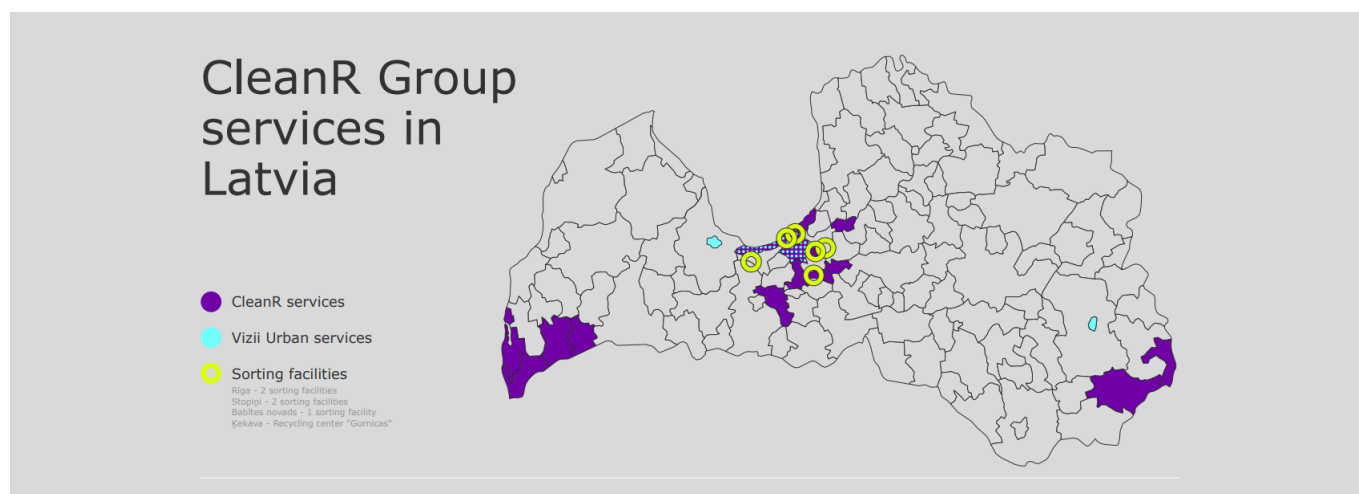
- 3) Recycling activities that will be performed by SIA "Clean R" new recycling plant "Gurnicas" that will be commissioned in late 2022. Since raw materials and products are traded as commodities on European level, the recycling market has an international potential.. SIA "Nordicplast", which is similar to the Group's plant, is a recycling plant located near Riga, whereas other competitors are located in Lithuania (AB "Plasta", UAB "Somlita"). Largest Baltic PET recycling plant SIA "PET Baltija" is not considered as Group's competitor as it is operating in PET market that is not considered related material to polyolefins and it requires different technology.
- 4) Producers' responsibility system (also called *Green dot* organizations) that is represented by SIA "Zaļā josta" and SIA "Eko rija" - jointly covering approximately half of Latvian market with other half mainly covered by SIA "Zaļais punkts" (in English – Green dot) and few smaller competitors.
- 5) Municipal solid waste sorting performed by SIA "Vides resursu centrs" - by far largest municipal waste sorting facility in Latvia and Baltics, with annual throughput of 270`000 tons (maximum capacity 300`000 tons p.a.). According to legislation all municipal waste is delivered to one out of ten landfills regionally, where Riga region is the largest in Latvia, managing approximately 50% of Latvian municipal waste. SIA "Vides resursu centrs" volumes are secured by contract with landfill that was concluded as a result of public procurement process and is valid until late 2025. Approximately 80% of throughput consists of landfills wastage with other 20% provided by commercial contracts.

Cleaning services can be split into two main segments:

- 1) Indoors cleaning services provided by SIA "Vizii". It is estimated to be market leader sharing similar market presence with main competitors SIA "Hagberg", SIA "CHS" and many medium and small companies. Business is based mainly on commercial contracts.
- 2) Outdoor cleaning or urban territories daily maintenance performed by SIA "Vizii Urban". It is also considered as a market leader contributing to 25-30% of market share (excluding inhouse service providers in municipalities). Main competitors – SIA "Hagberg", SIA "Pilsētas ekoserviss", SIA "Kulk" and others. Contracts are mainly based on public procurement long term contracts, but not excluding commercial contracts.

Other services provided by Group companies such as housing administration, road building and similar services are in the beginning of development since companies are not considered to be among current market leaders.

Overview of the Group's geographical presence



The Group operates in the territory of Latvia. The Group owns two sorting facilities located in Riga city, two sorting facilities in Stopini municipality, another sorting facility in Babite county and a recycling centre "Gurnicas" (under construction) in Kekava municipality. The Group is the largest waste management services provider in the capital city of Riga. The operations of the Group include servicing largest cities in Latvia and number of municipalities, including Riga, outskirts municipalities of Riga, Liepaja, Jurmala, Stopini, Ozolnieki, Incukalns, Jelgava, Valmiera, Rzekne, Tukums.

1.5. Financial performance of the Group by geographic location

The Group's main place of operations is Latvia. The Group also sorts materials, for example, paper, polymers, and glass, and sells them within the countries of the EU and EEA and also outside, and from time-to-time imports waste from EU or EEA countries. The breakdown below provides turnover data split by geographic location of the Group.

Country, item	Turnover, EUR Year ended 31 December 2021	Turnover, EUR Year ended 31 December 2020	Information
Latvia	51 994 318	51 064 009	
EU and EEA	1 760 761	1 017 587	
- Income from sale of goods	1 585 333	1 014 742	Secondary sale of sorted materials (paper, polymers, glass)
- Income from sorting of waste	172 201	-	Revenue from waste import (SIA "Vides resursu centrs")
- Income from waste management	3 227	2 845	
Other countries	23 816	33 200	
- Income from sale of goods	23 816	33 200	Secondary sale of sorted materials (paper, polymers, glass)
Total	53 778 895	52 114 796	

1.6. Strategy of the Group

The fundamental element of the Group's strategy is aimed at increased efficiency and sustainability within the Group and its operations. The Group aims to purposefully invest in technologies that reduce production costs, optimisation of processes, as well as overall improvement of customer services.

The Group has set the following goals to be achieved within a five-year period:

- Continue vertical integration in waste management in order to achieve by 2026:
 - Separate collection of waste proportion of 50%;
 - Recycling rate of collected waste minimum 10%;
 - Production of goods from recycled waste – 5% from total volume;
- To eliminate the use of diesel fuel in groups fleet by 2027;
- To focus on wider development in the environmental services by engaging in road construction, gardening markets as well as expanding operations in Baltics;
- To be the customers' first choice with focus on digital tools for reach by customers;
- To become an industry example as an ESG focused company. Example of EU's Green deal in action.

1.7. Financial strategy

The Group is a well-known industry consolidator with proven track record. Since 2014 the Group has engaged in more than five M&A transactions and aims to continue its growth in new business lines with M&A activities in the future. In order to diversify its services portfolio, in 2022 the Issuer commenced the acquisition of shares in SIA "RSC Noma", a major construction and demolition waste management company. At the date of the Terms of the Notes Issue the approval on acquisition transaction is pending with the Competition Council of Latvia.

In order to increase and diversify the revenue and EBITDA of the Group, it is planned to continue the Group's investment strategy in M&A activities and greenfield projects in the amount of at least EUR 10 million. In particular, the planned transactions include acquisition of a waste management company, road construction business, territories' management business, acquisition of 40% stake in SIA "Zaļā josta", as well as expansion of operations of the plastic recycling factory.

The financial strategy of the Group is based on circular economy principles and long-term sustainability goals. In turn, the Group also aims to increase its presence in those markets where the Group is not currently operating or is a minority player.

1.8. Sustainability strategy

One of the sustainability strategies of the Group is a consistent shift towards more lean and efficient organization. The Group continues to strengthen its focus on ESG principles, thereby creating value for all its stakeholders.

In the course of years 2022 and 2023 the Group is planning to engage in the following sustainability-related activities:

- Undertaking stakeholder surveys and materiality analyses;
- Calculation of carbon footprint and de-carbonisation initiatives;
- Defining priority areas in line with ESG principles;
- Setting long-term goals and measurement system;
- Creating long-term sustainability strategy according to ESG guidelines;
- Commencement of non-financial reporting as of 2023;
- Initiatives to achieve sustainability goals and reduce carbon footprint.

2. GROUP STRUCTURE

At the date of Terms of Notes Issue the Group consists of the Issuer, which is a holding company (AS "CleanR Grupa") and Subsidiaries which are described further.

2.1. Subsidiaries

Throughout these Terms of the Notes Issue Subsidiary shall mean an entity:

- (a) whose affairs and policies the Issuer controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body or otherwise; or
- (b) whose financial statements are, in accordance with Applicable Law and Accounting Principles, consolidated with those of the Issuer.

Further Subsidiaries are divided into two categories:

- 1) Subsidiaries which were involved in the consolidation in respect to Financial Report for the reporting period ended 31 December 2021;
- 2) Subsidiaries which the Issuer has acquired or established in 2022 until the date of Terms of the Notes Issue.

The following subsidiaries of the Issuer were involved in the consolidation in respect to Financial Report for the reporting period ended 31 December 2021:

Name	Registration number	Address	Ownership	Management Board members
SIA "Clean R"	40003682818	Vietalvas iela 5, Rīga, LV-1009	100%	Linda Rirdance, Guntars Levics
SIA "Brīvais kalns" ¹	40003744501	Vietalvas iela 5, Rīga, LV-1009	100%	Ģirts Baltrums, Ieva Mazā
SIA "NĪA Grupa"	40103625775	Cēsu iela 31 k-1, Rīga, LV-1012	100%	Jānis Uzulnieks, Ēriks Timpars
SIA "Energijas Risinājumi"	40003926211	Vietalvas iela 5, Rīga, LV-1009	100%	Gatis Taurenis, Ēriks Timpars
SIA "ER Management"	40103941255	Cēsu iela 31 k-1, Rīga, LV-1012	100% via SIA "NĪA Grupa"	Dace Šakena, Jānis Uzulnieks
SIA "Energijas risinājumi.RIX"	40003718848	Vietalvas iela 5, Rīga, LV-1009	100% via SIA "Energijas risinājumi"	Ēriks Timpars
SIA "Vidzemes ESKO 1"	40103626944	Cēsu iela 31 k-1, Rīga, LV-1012	51% via SIA "NĪA Grupa" and SIA "CDzP"	Ēriks Timpars
SIA "CDzP"	44103029458	Gaujas iela 7, Cēsis, LV-4101	51% via SIA "NĪA Grupa"	Gatis Taurenis, Ēriks Timpars, Ģirts Beikmanis
SIA "NĪA Nami"	40003650140	Cēsu iela 31 k-1, Rīga, LV-1012	100% via SIA "NĪA Grupa"	Dace Šakena, Jānis Uzulnieks
SIA "Eko Terra"	40103199483	Vietalvas iela 5, Rīga, LV-1009	73% via SIA "Clean R"	Linda Rirdance, Valerijs Stankevičs

¹ The following entity is conducting operations as a holding company.

AS "CleanR Grupa" Terms of the Notes Issue

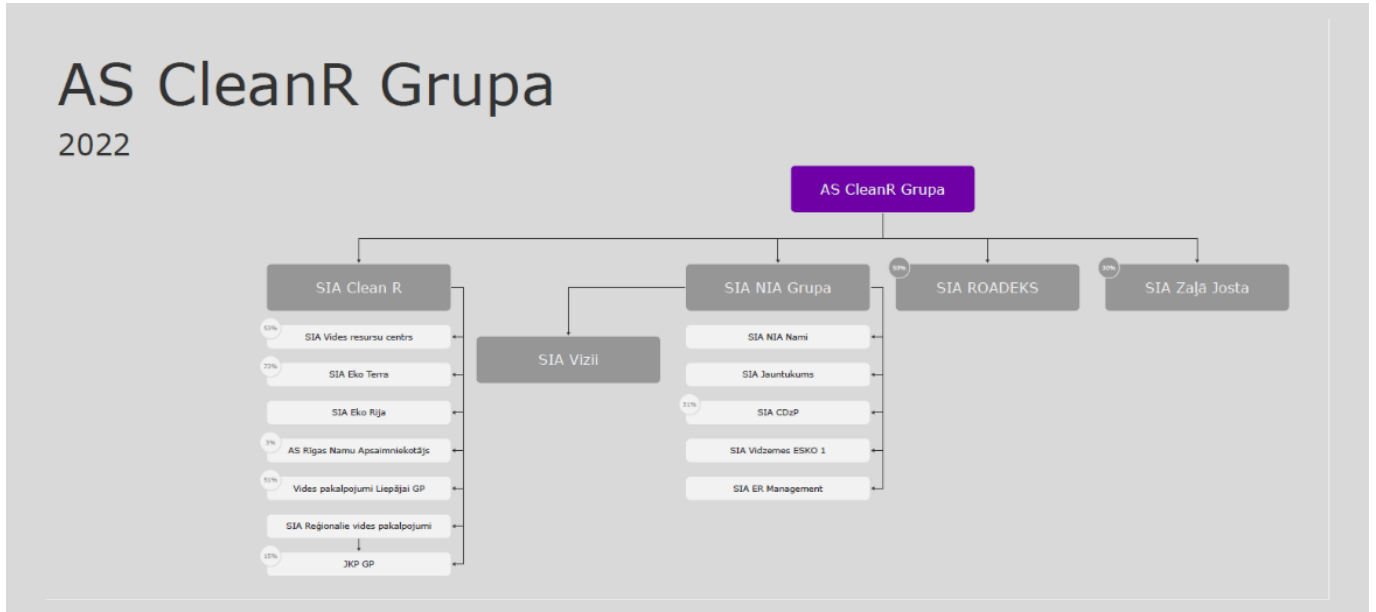
SIA "Jauntukums"	50003202011	Aviācijas iela 18, Tukums, LV-3101	100% via SIA "NĪA Grupa"	Dace Šakena, Jānis Uzulnieks
SIA "Eko Rija"	40003679466	Vietalvas iela 5, Rīga, LV-1009	100% via SIA "Clean R"	Guntars Levics
PS "Vides pakalpojumi Liepājai"	40203013387	Vietalvas iela 5, Rīga, LV-1009	-	-
SIA "Vides resursu centrs"	40203040830	Cēsu iela 31 k-1, Rīga, LV-1012	53% via SIA "Clean R"	Linda Rirdance Gunārs Johansons Guntars Levics
SIA "CREB Rīga"	50203166921	Vietalvas iela 5, Rīga, LV-1009	80% via SIA "Clean R"	Guntars Levics Valerijs Stankevičs
AS "TĪRĪGA"	40203215318	Vietalvas iela 5, Rīga, LV-1009	-	Guntars Levics Valerijs Stankevičs
SIA "Reģionālie vides pakalpojumi"	40203246695	Vietalvas iela 5, Rīga, LV-1009	100% via SIA "Clean R"	Guntars Levics Linda Rirdance
SIA "Vizii"	40203342270	Vietalvas iela 5, Rīga, LV-1009	100% via SIA "NĪA Grupa"	Dace Šakena Jānis Uzulnieks
SIA "Nebruk Jelgava"	40003519979	Sudrabu Edžus iela 3, Jelgava, LV-3001	100% via SIA "NĪA Grupa"	Dace Šakena Jānis Uzulnieks
SIA "A.P.Financial group"	on 3 September 2021 was integrated into SIA "NĪA Nami"			
SIA "S111H"	on 3 September 2021 was integrated into SIA "NĪA Nami"			
SIA "Votum+"	on 3 September 2021 was integrated into SIA "NĪA Nami"			
SIA "3E risinājumi"	sold on 24 March 2021			
PS "CREB"	liquidated on 11 February 2021			

The following subsidiaries the Issuer has acquired or established in 2022 until the date of Terms of the Notes Issue:

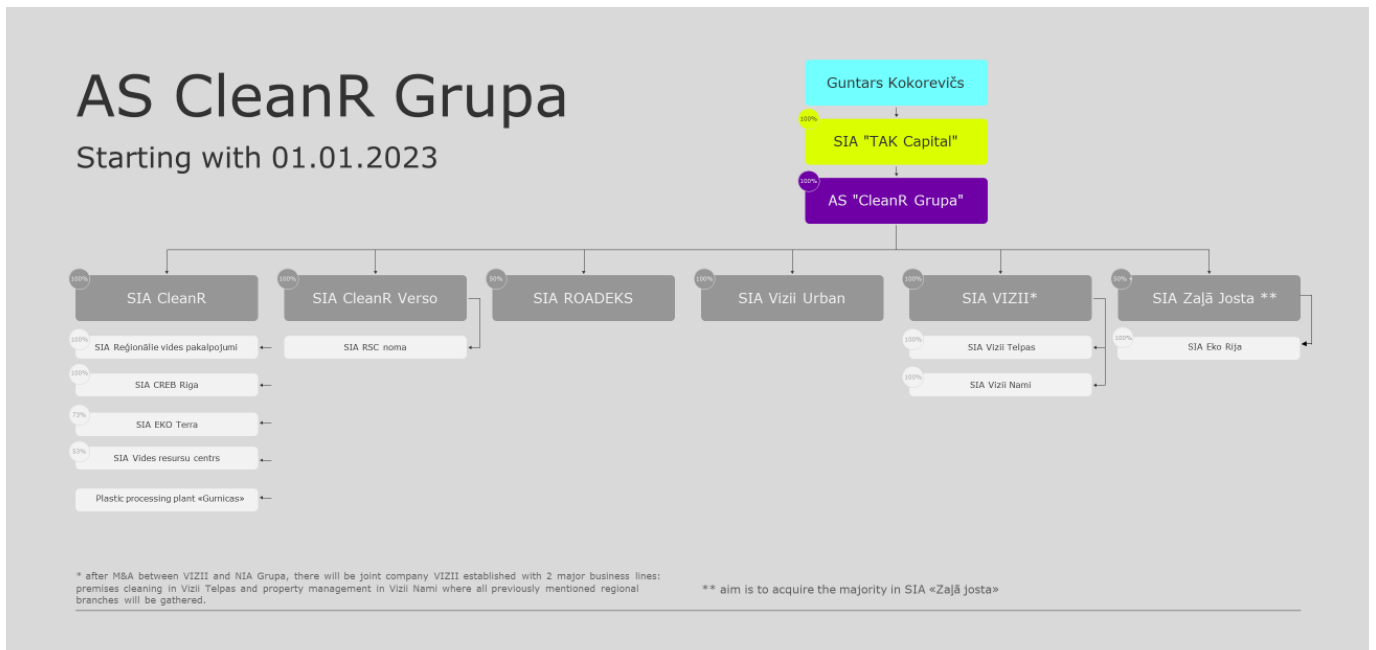
Name	Registration number	Address	Ownership	Management board members
SIA "CleanR Verso"	40203387162	Vietalvas iela 5B, Rīga, LV-1009	100%	Aldis Remesis, Aleksandrs Ugorenko
SIA "ST KŪDRA"	40203084464	Vietalvas iela 5, Rīga, LV-1009	100%	Valerijs Stankevičs, Aleksandrs Ugorenko
SIA "CleanR Trademark"	40203414704	Vietalvas iela 5B, Rīga, LV-1009	100%	Elita Tīlīte-Kārkle
SIA "Vizii Urban"	40203413376	Vietalvas iela 5B, Rīga, LV-1009	100%	Valdis Purvinskis Ģirts Baltrums

2.2. Reorganization process of the Group (shareholding structure)

Group structure as at 30.09.2022:



Group structure from 01.01.2023:



On 8 September 2022, the Issuer initiated reorganization of one of the largest of its subsidiaries SIA “Clean R” with an aim to spin-off two separate businesses – SIA “CleanR Verso” and SIA “Vizii Urban”. SIA “CleanR Verso” will continue business in collection and sorting of commercial and industrial waste, as well as separately collected household waste, while SIA “Vizii Urban” will continue to provide urban maintenance services.

The decision to initiate reorganization was taken with a purpose to enable faster growth and expansion of the commercial and industrial waste collection, as well as urban maintenance business segments, and is part of a larger plan to streamline the Group’s structure.

It is expected that the aforementioned reorganization will be completed at the beginning of 2023.

Furthermore, one of the Pledged Subsidiaries (Clean R, SIA) is in the process of sale of shares of its subsidiary Vides resursu centrs, SIA, to one of the companies within the framework of the Issuer’s group of the companies. For the avoidance of doubt, this transaction takes place as part of the Group’s reorganization process, and, as a result of this transaction, Vides Resursu Centrs, SIA will remain a part of the Group.

2.3. Management board of the Issuer

The management board of the Issuer is the executive institution which is responsible for management and representation of its business operations as well as performance of other obligations as stipulated by Applicable Laws. At the date of Terms of the Notes Issue the management board of the Issuer consists of two members.

Name	Position	Representation rights
Guntars Levics	Management board member	Right to represent the Issuer with other Management Board members (jointly)
Inta Liepa	Management board member	Right to represent the Issuer with other Management Board members (jointly)

Guntars Levics has seventeen years of experience in the waste management industry. Since 2005 Mr Levics has worked in several companies, including *Cleanaway*, *Veolia*, as well as an executive director at *Vides pakalpojumu grupa*. Since 2016 Guntars Levics has been a management board member in the Subsidiary SIA "Clean R", whereas in 2022 Mr Levics has been appointed as a management board member of the Issuer. He has an extensive experience in leading major waste management projects, such as establishment of the largest sorting plant in the Baltics and first plastic recycling plant in the Group. Mr Guntars Levics has a bachelor's degree and master's degree in Environmental and Business Management obtained at the University of Latvia.

Inta Liepa has more than ten years of legal work experience in variously sized companies, as well as considerable experience in the implementation of EU funded projects, development of legal acts and cooperation with state administration institutions, in the course of which Ms Liepa held leading positions in Ministry of Transport of Latvia and Ministry of Finance of Latvia, has been counsel to the management board at *VAS Latvijas Pasts*. Since 2016 Ms Inta Liepa holds supervisory board member position at the state joint-stock company AS "Pasažieru vilciens". In 2021 Ms Liepa joined the Subsidiary SIA "Clean R" in the position of the Head of the Legal department, and in 2022 Inta Liepa has been appointed as a management board member of the Issuer. Inta holds a (social sciences) bachelor's degree in law from Concordia International University Estonia and a (social sciences) master's degree in law from Riga Graduate School of Law.

2.4. Supervisory board of the Issuer

According to the Commercial Law of Latvia, the supervisory board is responsible for representation of shareholders' interests between the shareholders' meetings and supervision of management board activities. At the date of the Terms of the Notes Issue the supervisory board of the Issuer consists of two members.

Name	Position	Appointment date
Guntars Kokorevičs	Chairman of the supervisory board	16.06.2014. (Reappointed as of 20.06.2019.)
Harijs Krongorns	Deputy chairman of the supervisory board	16.06.2014. (Reappointed as of 20.06.2019.)
Māris Mačinskis	Supervisory board member	03.10.2022.

Guntars Kokorevičs has more than twenty years of experience in company management and environmental industry. Notably, Mr Kokorevičs has been the CEO of the Riga Stock Exchange, followed by holding the positions as a management board member in several companies, including *Veolia Environmental Services* and *Dalkia Latvia*, position of chairman of supervisory board at *Vides pakalpojumu grupa*. As of 2014, Guntars Kokorevičs has been the owner (shareholder) and chairman of the supervisory board at Subsidiary SIA "CleanR" and the Issuer. In 2022 Mr Kokorevičs has been appointed as a vice-president of Employers' Confederation of Latvia. Mr Kokorevičs holds

a bachelor's degree from Latvian School of Business Administration and a master's degree in business management from the University of Latvia.

Harijs Krongorns has a substantial experience in managing number of large organizations in Latvia. These include holding the position as a supervisory board member in AS *"Rīgas piena kombināts"*, AS *"Valmieras piens"*, AS *"Latvijas balzams"*, AS *"Rīgas alus"*, AS *"Laima"* (at the time) as well as current position as a supervisory board member in AS *"Liepājas autobusu parks"*, deputy chairman of supervisory board at Subsidiary SIA "CleanR" and the Issuer. Mr Krongorns is specialized in M&A transaction management and business management consultations. Harijs Krongorns has graduated from the Riga Technical University (faculty of construction and automation) and University of Latvia (faculty of economics and business management). As of 2001 Mr Krongorns is also a member of Association of Chartered Certified Accountants (ACCA).

Māris Mačinskis has an extensive board member experience in large companies – was a long-time CEO of Swedbank Latvia, also non-executive board member and investor in fuel and convenience retailer KOOL. Currently Māris is deputy chairman of the board of directors of Agrolats Grupa, member of executive committee of the Latvian Olympic Committee, as well as member of the board of directors of the Moldova commercial bank "Victoriabank" as a nominated director of the European Bank for Reconstruction and Development.

FINANCING STRATEGY OF THE GROUP

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

1.1. Overview of the Group's funding structure

30.06.2022

Leasing		4 458 037	
Other loans		927 322	
		5 385 359	
Split by companies:			
<i>Luminor Līzings, SIA</i>	<i>Clean R SIA</i>	<i>2 418 321</i>	<i>Trucks and equipment</i>
<i>Manufacturer leasing</i>	<i>Clean R SIA</i>	<i>2 039 716</i>	<i>Trucks and equipment</i>
<i>Other loans</i>	<i>CleanR SIA</i>	<i>634 365</i>	<i>Overdraft</i>
<i>Other loans</i>	<i>NĪA grupa SIA, CDzP SIA, Vidzemes ESKO SIA</i>	<i>292 957</i>	<i>Funding for ESCO projects</i>

Off balance sheet items

Bank guarantees	Clean R	640 000	Secured by pledge on SIA "Clean R"
Insurance companies guarantees	Clean R	1 934 392	
Insurance companies guarantees	Other subsidiaries	660 654	
Overdraft in Luminor bank	Clean R	2 000 000	Secured by pledge on SIA "Clean R"

Planned M&A transactions thousand EUR

Purchase of 40% "Zaļā Josta" capital shares	2,000
Acquisition of a territories' management business	6,500
Acquisition of a waste management company	1,500
Investment in a road construction business	2,500
Expanding the operation of the plastic factory by starting the production of boards	2,500
In total	15,000

Funding structure of the Group

FUNDING TYPE	31 DEC 2020, EUR	31 DEC 2021, EUR	30 JUN 2022, EUR	FURTHER INFORMATION
Share capital	36 000	346 000	346 000	
Convertible bonds	310 000	0	0	Convertible bonds were converted into shares on 1 August 2019
Retained earnings	32 308 490	36 980 931	38 803 230	Previous and current period profit

AS "CleanR Grupa" Terms of the Notes Issue

Total equity	32 654 490	37 326 931	39 149 230	
Total Financial Indebtedness	-174 386	4 110 224	5 963 445	
TOTAL FUNDING	32 480 104	41 437 155	45 112 675	

LEGAL PROCEEDINGS AND ARBITRATION

At the date of Terms of the Notes Issue, the Issuer is not involved in any lawsuits or arbitration proceedings, which may significantly affect or have significantly affected the financial situation or profitability of the Issuer.

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

Since the reporting date of the Issuer's Financial Report for the period ended 31 December 2021, the financial situation or performance of the Issuer has not worsened. The Issuer is unaware of any factors, claims, obligations or events which would negatively affect the financial situation or performance of the Issuer in future.

The Issuer is not aware of any other significant agreements or internal decisions that could have been concluded within the Group or between the Issuer and any related company that could affect the Issuer's ability to fulfil its obligations under these Terms of the Notes Issue.

SIGNIFICANT RECENT AND KNOWN TRENDS

On 24 February 2022, the Russian Federation invaded the Republic of Ukraine. As a result of the military actions undertaken by Russian Federation, numerous restrictive measures and sanctions have been imposed against the Russian Federation at the EU and global level. Various economic sectors and global markets have been affected by these geo-political events.

At the date of Terms of the Notes Issue, the Issuer has no information regarding any significant impact of the imposed restrictive measures or any other factors that would have negative effect on the Group's performance and operations.

SELECTED FINANCIAL INFORMATION OF THE GROUP

1.1. General

The Total Equity of the Group as of 31 December 2021 is EUR 37.3 million (thirty seven point three million Euro).

The profit/loss forecast has not been carried out.

The Group's financial reports will be available on its website (www.cleanrupa.lv) after the Issue Date and via the Nasdaq Riga website after listing on First North.

The tables below present key selected financial information for the Group and have been derived from the Group's audited consolidated financial statements as at and for the Financial Year ended 31 December 2021, 31 December 2020 and 31 December 2019 and Group's unaudited consolidated interim financial statements as at and for the consolidated period ended 30 June 2022 and 30 June 2021.

The Group's financial statements for the years 2019, 2020 and 2021 have been prepared in accordance with Latvian Accounting Standards as set forth in Law on Annual Statements and Consolidated Annual Statements of the Republic of Latvia and audited by SIA "POTAPOVIČA UN ANDERSONE", registration no. 40003612562, legal address: Ūdens iela 12 – 45, Riga, LV-1007, Latvia.

1.2. The Group's Consolidated Financial Data

Statement of income

	Audited Consolidated Period ended 31 December 2019	Audited Consolidated Period ended 31 December 2020	Audited Consolidated Period ended 31 December 2021	Unaudited Consolidated Period ended 30 June 2021	Unaudited Consolidated Period ended 30 June 2022
Revenue	55 499 482	52 114 796	53 778 895	25 380 790	33 213 908
Cost of sales	(46 294 947)	(43 068 909)	(44 294 071)	(21 153 222)	(28 151 769)
Gross profit	9 204 535	9 045 887	9 484 824	4 227 569	5 062 139
Selling expenses	(692 735)	(477 154)	(620 725)	(229 605)	(345 718)
Administration expenses	(4 488 288)	(3 602 646)	(4 090 251)	(1 726 181)	(2 293 956)
Other operating expenses	(1 645 622)	(1 391 822)	(1 250 227)	(701 813)	(753 503)
Other operating income	1 029 394	2 185 018	1 737 200	967 028	1 019 039
Operating profit	3 407 284	5 759 283	5 260 821	2 536 998	2 688 001
Investment income	498 033	384 580	1 089 192	1 080 848	-
Interest income	36 303	22 695	7 986	3 882	-
Interest expense	(247 426)	(206 974)	(169 861)	(82 014)	(98 220)
Profit before tax	3 693 855	5 959 584	6 188 138	3 539 713	2 589 781
Income tax expense	(141 211)	(250 467)	(238 215)	(244 012)	(115 576)
Profit for the year	3 552 644	5 709 117	5 949 923	3 295 701	2 474 205

Statement of financial position

	Audited Consolidated Period ended 31 December 2019	Audited Consolidated Period ended 31 December 2020	Audited Consolidated Period ended 31 December 2021	Unaudited Consolidated Period ended 30 June 2021	Unaudited Consolidated Period ended 30 June 2022
Property and equipment	20 650 381	19 957 175	21 782 876	19 606 581	23 398 222
Intangible assets	8 261 220	7 289 681	6 581 539	7 118 710	7 221 527

AS "CleanR Grupa" Terms of the Notes Issue

Financial assets	5 440 571	5 039 196	10 013 512	9 907 405	12 114 941
Total non-current assets	34 352 172	32 286 052	38 377 927	36 632 696	42 734 690
Inventory and raw materials	419 158	410 320	601 397	502 741	973 295
Trade receivables	8 420 910	6 400 338	7 482 707	7 765 670	8 799 934
Other receivables	1 750 436	1 985 909	1 387 422	476 264	1 256 267
Deferred income	743 404	562 843	1 474 908	645 627	1 595 173
Accrued expense	187 675	192 720	187 482	398 481	419 037
Cash and cash equivalents	3 243 678	8 899 219	7 465 969	8 063 316	4 646 813
Total current assets	14 765 261	18 451 349	18 599 885	17 852 099	17 690 519
Total assets	49 117 433	50 737 401	56 977 812	54 484 795	60 425 209
Share capital	36 000	36 000	346 000	346 000	346 000
Convertible bonds	310 000	310 000	-	-	
Retained earnings	22 286 356	25 446 500	29 797 086	30 232 085	34 772 497
Current year profit	3 148 047	5 179 325	5 425 409	3 097 826	2 159 580
Non-controlling interest	1 649 380	1 682 665	1 758 436	1 488 277	1 871 153
Total equity	27 429 783	32 654 490	37 326 931	35 164 189	39 149 230
Provisions	89 620	158 183	218 036	288 427	96 771
Borrowings from credit institutions	3 131 589	1 407 212	203 747	575 275	235 076
Other borrowings	2 719 187	2 933 464	3 498 864	3 055 924	3 485 330
Other creditors	1 107 489	1 281 619	1 795 660	1 475 150	2 841 215
Accrued income	2 912 540	2 411 024	1 871 956	2 163 889	2 037 618
Deferred liabilities	946 497	873 030	1 047 031	1 058 321	1 471 334
Total long-term liabilities	10 817 302	8 906 349	8 417 258	8 328 559	10 070 573
Borrowings from credit institutions	1 771 690	1 726 029	1 205 195	1 701 529	692 246
Other borrowings	980 269	1 056 104	1 216 488	1 154 633	1 122 907
Income received in advance	147 702	151 788	136 184	42 958	55 746
Trade and other payables	3 914 176	2 827 119	4 127 403	3 569 804	4 279 758
Taxes payable	1 199 707	853 780	1 142 488	948 245	913 676
Other liabilities	1 245 454	1 219 647	1 723 413	868 521	1 168 225
Accrued income	588 531	540 551	539 069	613 576	733 222
Deferred liabilities	933 199	643 361	925 347	1 804 354	2 142 855
Total short-term liabilities	10 780 728	9 018 379	11 015 587	10 703 620	11 108 635
Total liabilities	21 598 030	17 924 728	19 432 845	19 032 179	21 179 208
Total equity and liabilities	49 117 433	50 737 401	56 977 812	54 484 795	60 425 209