Baltic Premium Company

Project Business Plan| January 2024

PROJECT SUMMARY

Baltic Premium Company plans to start Soy milk production in Jan 2026

- → The Company will produce Soy milk, its concentrate, and sell the production byproduct - dried soy fibre
- → Optimal production capacity of c. 70 tons of raw soybeans per working day*, i.e., 16.1m l of Soy milk p.a. and 10.3m l of Soy milk concentrate p.a.
- → Total plant production capacity is 30,000 tons of finished product p.a.
- → Production plant will create 67 new workplaces
- → Estimated start of the plant construction is Dec 2024

Production equipment allows to produce plant milk from any grains, nuts, or legumes

- → The Company envisages to update projections for the financial performance of various milk substitutes and make a decision to produce the preferred type.
- → The Company also can expand the product offer with other plant-based products, such as tofu, cheeses, fermented drinks, yoghurts, ice-creams, etc..

Total required investment for the project is €23.67m EUR or at least €9.56m from the Equity investor

- → Respectively €4.4m required for engineering equipment and construction (excl. building)
- → €7.7m necessary for process equipment and service
- → €4.3m needed to purchase packaging equipment
- → €4.6m required for building
- → €2.5m allocated for initial working capital investments
- → Additionally, €150k shall be allocated for securing the loans
- → Up to 20% of investment can be acquired as subsidies granted by Government and EU

The Project has more than healthy rentability and investment returns

- → €42m NPV (€38.3m for Equity Investors) assuming 15.3% WACC
- → 41% IRR (62% for Equity Investors)
- → 39% 10-year ROI (29% for Equity Investors)
- → 37 months payback period (33 months for Equity Investors)

Notes: * 27.5 working days per month; **at optimal capacity, pre-inflation

Project KPIs

€47.1m Annual revenue**	**€10.3m** Annual EBITDA**	**30k tons** Prod. capacity p.a.
€23.67m Total Investment	**€9.56m** Required min. Equity investment	**€42m** Project NPV
41% Project IRR	**39%** 10-year ROI	**37 months** Payback period

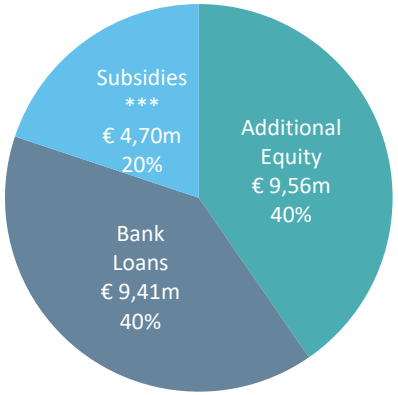
Additionally, this project serves as a platform for significant synergies in future (not included in financial forecasts)

- After reaching optimal capacity in 2028, Management Team will build a new innovative plant-based Fish Feed factory and 20 MWh cogeneration station with estimated investment of €17m for the factory and €20m for the cogeneration station

Investment sequencing

1. **Initial equity investment attracted from investor**
2. **After equity investment is obtained and secured**
   - → a potential bank will provide a loan
   - → Partial investment. could be potentially recovered through government subsidies

Proposed Investment Split



***Up to c. 20% funded by subsidies, incl.:** EU development programs and Government support

Current project development stage

Current stage – pre construction stage, ready to build, subject to permits and land lease.

→ Our dedicated team has achieved significant milestones in soy milk plant project, including comprehensive market research, secured agreements with raw material suppliers, municipalities, and a high-caliber senior management team. In total more than 20 months have been spent.

Market research, competitor analysis, and supplier evaluation	•Carried out extensive research to validate the increasing demand for soy milk products, analyse the competitive landscape, and evaluate potential suppliers for raw materials.
Discussions with major retailers	•We are currently engaged in strategic negotiations with several prominent European Union retail entities. Rimi Baltics, a key player in the retail sector, has expressed interest in our product portfolio and signed a letter of intent.
Reserved land plot in Liepaja Special Economic Zone	•Signed a letter of intent for a land plot with the Liepaja Special Economic Zone, securing an advantageous location for the plant. For supporting information please see Data Room.
Preliminary agreement with raw material traders	•Signed initial agreements with primary soybean supplier to secure a consistent and reliable source of raw materials for production.
Developed a detailed business plan and finance model	•Created a comprehensive plan and financial model that outlines the strategic roadmap and financial projections for the soy milk plant project.
Gathered a senior management team	•Assembled a highly skilled senior management team that is dedicated to driving the success of the soy milk plant project and possesses extensive experience in the industry.
Received budget quotations for equipment	•Obtained detailed quotations for the required equipment, including pricing information and estimated delivery timelines, to facilitate informed decision-making in the procurement process.
Developed engineering solutions for manufacturing	•Created efficient engineering solutions that optimize the manufacturing process of soy milk, ensuring cost-effectiveness and high-quality production.
Preliminary agreements with energy services providers	•Received proposals from energy service providers for a reliable and cost-efficient energy supply
Conducted preliminary discussions with major Latvian banks	•Engaged in initial conversations with key Latvian banks to explore potential strategic partnerships and secure potential financing opportunities.

Notes: * Not included in financial calculations

Management Team's experience in food industry Management (1/2)

Project management team brings valuable expertise from top Baltic dairy companies, where they held top leadership and management positions. Their extensive experience in the industry enhances projects successful outcome.

Rigas Piena Kombinats (Food Union)

Rīgas Piena Kombināts is the largest dairy and ice-cream producer in Latvia. Founded in 1928, it has been a part of Food Union since the Group's origin in 2012.

Project management team's key achievements:

- Successful merger of AS Rigas piena kombinats and AS Valmieras piens
- Successful execution of the investment projects with value of 30 million Euros,
- Development and implementation of cardinal changes of the Company's strategy.
- Development and implementation of new – fully different strategy of purchasing raw milk,
- Development and implementation of project for retrofitting company's main warehouse, without stopping the deliveries.
- Ensuring of the most effective local logistics system in branch.

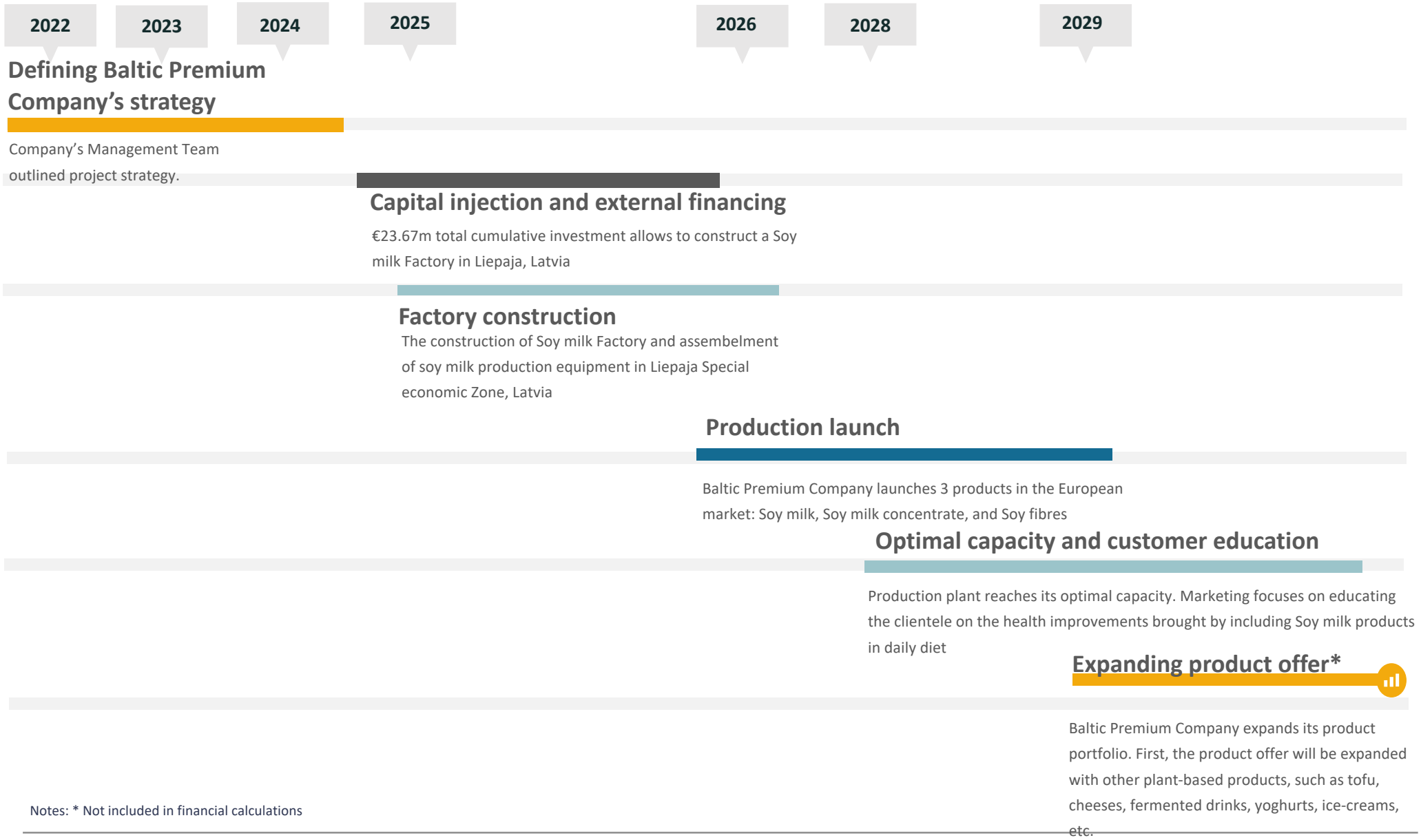
Epiim and AS "Jaunpils pienotava"

AS E-PIIM PRODUCTION is an Estonian company that operates in the dairy industry. The company specializes in the production and processing of milk and dairy products. E-PIIM PRODUCTION has a long-standing history in Estonia, dating back to its establishment in 1997. AS "Jaunpils pienotava" is a Latvian company that operates in the dairy industry.

Project management team's key achievements:

- Development and implementation of cardinal changes of the Company's management,
- Implementation of financial management in both Companies.
- Implementation of strong fiscal discipline in both companies
- Successful international merger process (just coming to end) with EE coop society E-Piim during two years. Next step – building of new factory in EE. Investments 100 mill EUR.
- Remarkable grow of turnover of Jaunpils pienotava and improvement of financial indicators of both companies.

Project Timeline



Notes: * Not included in financial calculations

Product offer: Soy milk and Soy milk concentrate

Baltic Premium Company is on a road to become a leading Soy milk factory in the Baltics

- Soy milk is a plant-based beverage consumed instead of dairy-based beverages
- It is prepared from soybeans and further supplemented with minerals and vitamins
- Soy milk can be used in the position of cow milk in a wide range of applications, including all the preparation of coffee, tea, breakfast cereals, and gastronomy
- Soy milk has fewer calories and more protein in comparison to cow milk and due to the rising problem of obesity, it is preferred by many people

Baltic Premium Company will provide 2 main products: Soy milk and Soy milk concentrate

- Europe - key sales market
- Retail Partnerships: Collaboration with regional and national retail chains, supermarkets, health food stores, and organic markets to increase the availability and visibility of our soy milk products
- Distributor Networks: Strategic relationships with local distributors experienced in the European food and beverage industry, leveraging their network and distribution channels to reach a wider audience
- Potentially the Company will review white label opportunities
- Additionally, the Company will sell dry soy fibres which are production byproduct
- It is possible to expand the product offer with other plant-based products, such as tofu, cheeses, fermented drinks, yoghurts, ice-creams, etc.

Investments in research and development will help to

- Improve nutrition and taste of the products while keeping the prices competitive
- Adjust to consumer preferences regarding plant-based milk
- Additional research is planned in respect to technological advancements in production operations to ensure high production rates and product consistency

Raw material sourcing will be well diversified:

- Key ingredient, non-GMO soybeans, will be sourced from the consolidated European market and sustainable producers worldwide

ESG (Environmental, Social and Governance) compliance and sustainability

- Carbon Footprint Reduction - The factory will implement innovative technologies and optimized production processes to significantly reduce CO_2 emissions and minimize its carbon footprint, ensuring an environmentally responsible operation.
- Zero Waste Technology - The factory will be equipped with state-of-the-art zero waste technology, minimizing waste generation and promoting sustainable resource management, further enhancing our commitment to environmental sustainability.
- Lower Carbon Footprint Compared to Cow Milk: - Soy milk production using soybeans offers a more environmentally friendly alternative to cow milk, as soybeans have significantly lower CO_2 emissions and a reduced carbon footprint associated with dairy production.

Development Strategy: Driven by Strong Vision

VISION

01

To bring health and sustainability in eating and drinking habits by reinventing plant-based milk as a staple in the daily diet

MISSION

02

To become the most recognized and trusted plant milk brand in the Baltics. To gain recognition in Europe. To make the products widely available and cater all society.

VALUES

03

- Educate
- Drive Change
- Be Creative
- Be Passionate
- Pursue Growth
- Do More With Less

Future Opportunities*

After successful factory construction and reaching optimal capacity, Management Team will expand production offer and facilities

- Product offer will be expanded with other plant-based products, e.g., tofu, cheeses, fermented drinks, yoghurts, ice-creams, etc.
- The construction of plant-based Fish Feed factory and cogeneration station will create significant synergies and add additional revenue streams
  - Plant-based Fish Feed factory will run on soy-byproducts and optimize consolidated COGS
  - Cogeneration station with 20 MWh capacity will optimize electricity and steam cost for both plants
  - Estimated investment: €17m for the factory and €20m for the cogeneration station

Notes: * Not included in financial calculations

Soy milk and plant-based milk market global landscape

Plant-based milk industry is anticipated to significantly expand during 2023-2030, whereas soy milk is already among market leaders

- → Globally, more than 14% of the overall population is known to be vegan*
- → An EU-funded project reported a 49% growth of consumption of plant-based foods over the past two years in Europe*
- → Soy milk is one of 3 most popular plant-based milks

Soy milk as the leading product dominates in the Plant-based Milk market

- → It has numerous health-related benefits over dairy-milk or other plant-based milk varieties
- → Soy milk is regarded as one of the most effective baking milks
- → It has a mild flavor that remains unnoticed in baked products
- → It enhances the baked product's structure and texture

Global Soy milk market size is anticipated to reach €15.77bn by 2030*

- → 6.66% CAGR growth per year during 2022-2030
- → Although Europe is the dominating region, all Top 10 global players' headquarters are outside Europe (US, Canada, Australia, China)
- → The largest European market player is Alpro who falls within Top 14 world's largest Soy Milk market players

Global Soy milk Market snapshot*

€9.42bn	Europe	6.66%
Market size 2022	Dominating region	Estimated CAGR growth per year 2023-2030

Plant-based Milk Market in U.S.

Milk substitutes market in U.S. exceeds $3bn p.a. and is rapidly growing*

- → Plant-based milk alternatives have become a favorite choice for American food consumers
- → Plant-based milk market in the U.S. is ahead of plant-based meat, ready-made meals, and ice cream product markets

A significant share of Global Soy beverages market's growth will be right in North America by 2026

- → U.S. is the key region for the soy beverages market in North America
- → Soy and almond milk market during 2016-2021 increased by 6.3% CAGR

Sources: Trajaan, Global Market Insights, Market Research Future, Businesswire, Dairyfoods

Soy milk and plant-based milk market landscape in Europe (1/4)

European region will dominate Soy milk market in the future*

- → The rising prevalence of lactose intolerance among consumers in Europe is among the key reasons
- → Dairy milk substitutes are the silent king among plant-based products in Europe
- → Currently Europe holds share of 27.5% of the Soy milk market
- → European Soy milk market is expected to witness considerable growth during the following years, due to increasing understanding about the health benefits associated with the consumption of Soy milk*
- → Germany currently is and estimated to be the leading European market player*

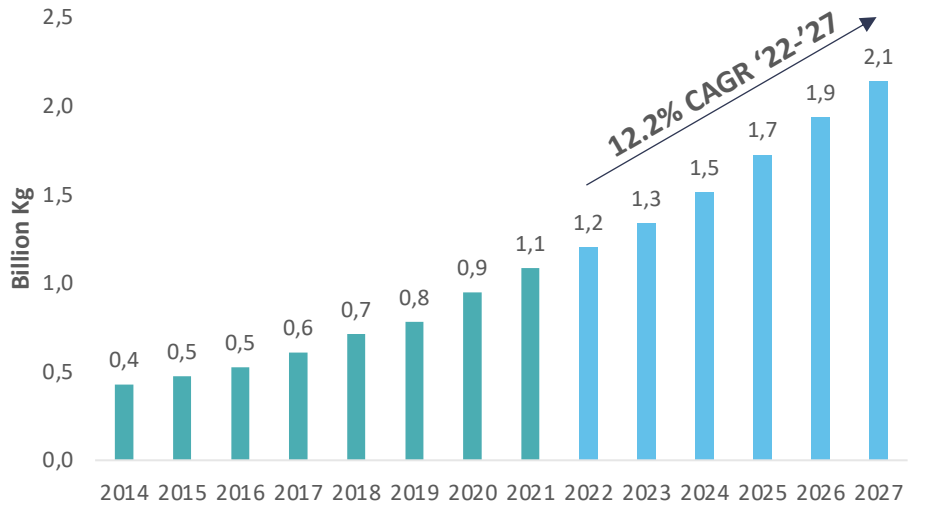
Unflavored product segment is expected to emerge as the largest contributor*

- → It is easier to keep a high calcium content in unflavored than flavored products

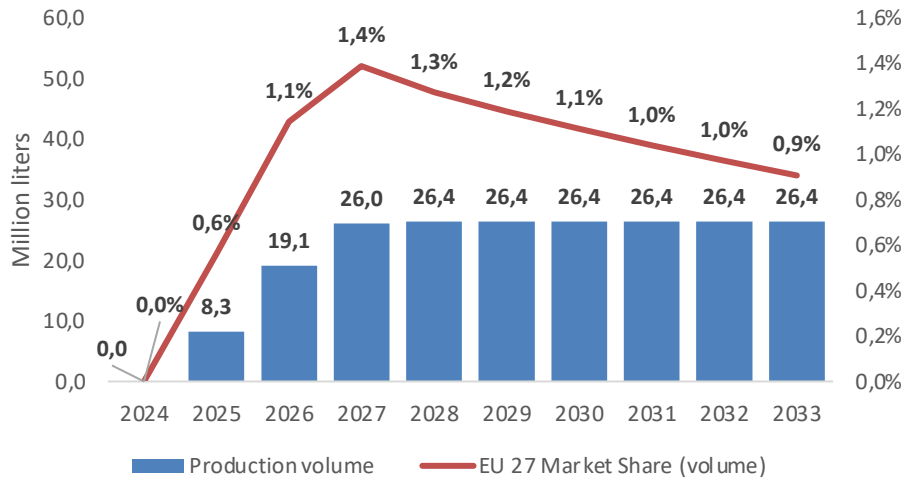
Baltic Premium Company expects to acquire 1.4% of European dairy milk substitutes market share measured in volume in 2027

- → Assuming further 7% market CAGR 2028-2033, the market share would gradually reduce to 1% unless the company increases its production capacity
- → Estimated market share is smaller if U.K. market is included in the European market landscape

Milk Substitutes Market Volume, EU-27 (exl. UK)*



Baltic Premium Company Production Volume Development[1]



Sources: Market Research Future, Fortune Business Insights, Statista, Newswire, Transparency Market Research
Notes: 1 kg to liters conversion rate of 0.97 and Market CAGR '28-'32 of 7% p.a.

INCOME STRUCTURE

Baltic Premium Company will generate c. €47.1m (*excl. inflation*) in turnover during 2028, the first year of reaching full production capacity

- → Jan 2026 as estimated start of the production
- → Factory is estimated to work 330 days per year (equals 27.5 days per month or 21.7h per day)
- → Optimal production capacity of 70 tons of raw soybeans per day reached only after a production run-up period of 24 months
- → Price of €1.0 per 1l of ready-to-drink (RTD) Soy milk and €1.5 per 0.5l of Soy milk concentrate

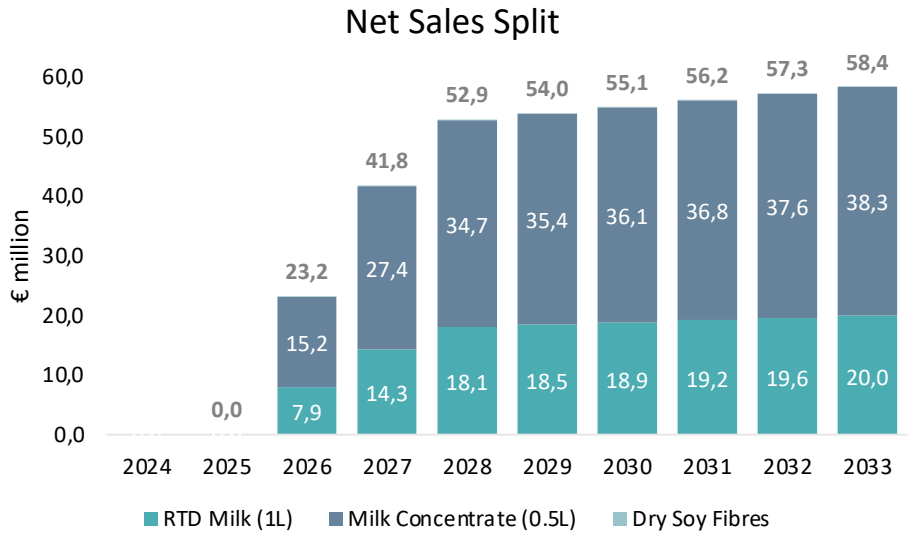
Company will reach €58.4m turnover by 2033

- → 2.4% forecasted sales inflation CAGR
- → The Company does not plan additional increases in optimal capacity within the next 10-year period

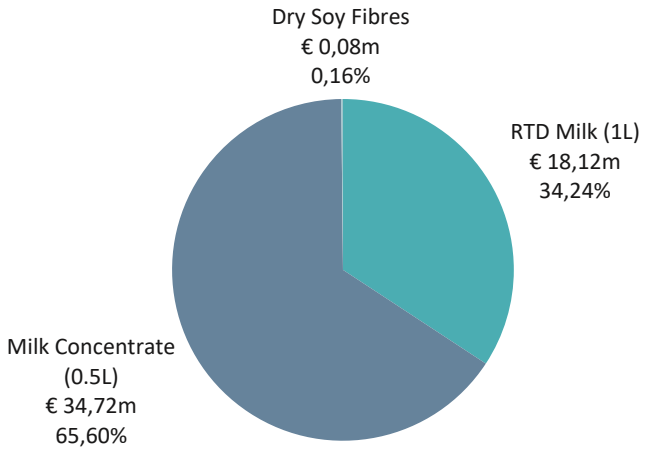
Baltic Premium Company plans to have an additional revenue stream starting 2028 which is not included in the current financial business plan

- → Baltic Premium Company will start manufacturing plant-based Fish Feed
- → Latvia University of Life Sciences and Technologies has issued a statement that the Fish Feed production project is innovative for Latvian economy
- → Additionally, at any time the Company can expand its product offer with other soy-based products such as ice creams, yoghurts, etc.

Net Sales Split



Net Sales Split, 2027



PROFITABILITY

Healthy operating profitability already in the first years of production

- → 23% EBITDA margin in 2027 and 25% in 2028
- → 19% expected Net Profit margin in 2027

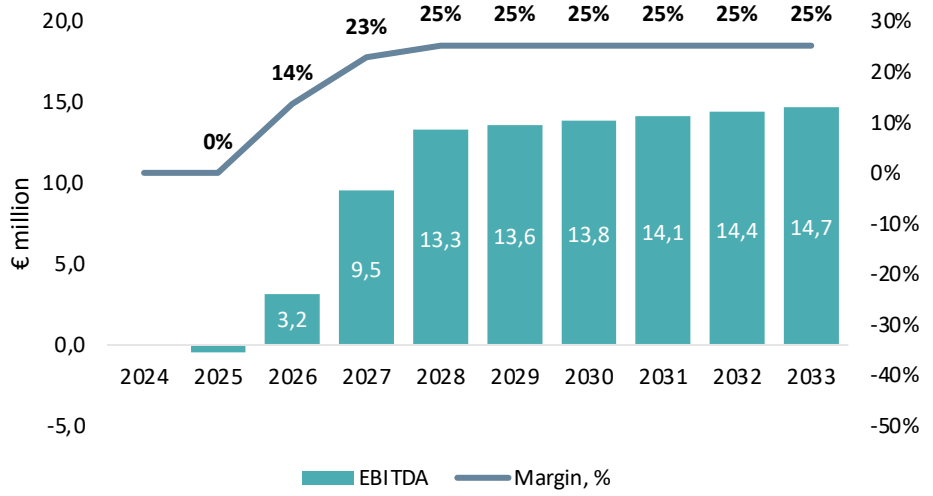
Development in the following years will allow both EBITDA and net margins to increase with EBITDA margin stabilizing around 25%

- → This will create a solid cash buffer starting 2027 to secure against any unexpected expenses, boosting additional investments and distribution of dividends
- → The Company might also choose to finance a more aggressive growth and conquer a greater market share than currently planned

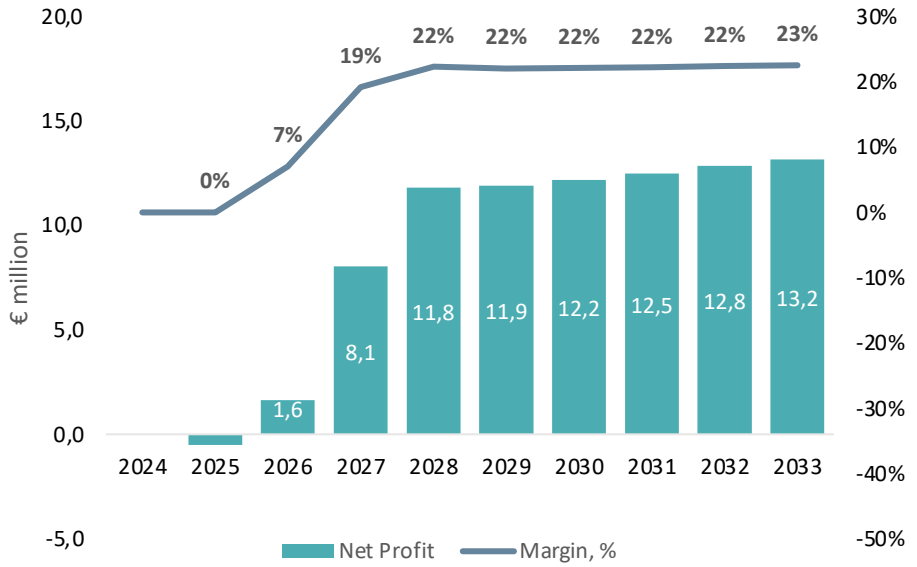
Payback period* for the Project is 37 months and will be reached in Sep 2028, by when:

- → The Company will have earned positive cumulative cash flow for the first month
- → Sold 104.5m liters Soy milk and Soy concentrate (in total since the start of production)

Operating Profitability



Net Profitability



*Notes: * Payback period is calculated since the start of production*