

PUBLIC LIMITED LIABILITY COMPANY “NOVATURAS”

NOTIFICATION BY THE BOARD

On revocation of the pre-emptive right of the shareholders of the public limited liability company “Novaturas” to acquire newly issued convertible bonds and granting the right to acquire the convertible bonds

17 February 2021

In the general meeting of shareholders (the **Meeting**) of the public limited liability company “Novaturas” (the **Company**), which is scheduled to take place on 12 March 2021, a question regarding revocation of the pre-emptive right of the shareholders of the Company to acquire newly issued convertible bonds will be considered.

It is planned that the Meeting will take a decision regarding issuance of the following convertible bonds:

1. To issue 49,900 convertible bonds of the Company with a nominal value and issue price of each such convertible bond being EUR 100 (the **Convertible Bonds No 1**).
2. To issue 100 convertible bonds of the Company with a nominal value and issue price of each such convertible bond being EUR 100 (the **Convertible Bonds No 2**).

(Convertible Bonds No 1 and Convertible Bonds No 2 both hereinafter referred to as the **Convertible Bonds**)

Reasons for revocation of the shareholders’ pre-emptive right; person offered the right to acquire the Convertible Bonds

On 17 February 2021, the management of the Company has reached a preliminary agreement with the limited partnership “Pagalbos verslui fondas” (company code 305640822, having its registered address at Lukiškių str. 2, Vilnius, the Republic of Lithuania; the **Fund**) regarding Fund’s investments in the Company.

The Fund is established by the decision of the Government of the Republic of Lithuania. The main objective of the Fund – to provide investments to large and medium-sized enterprises which are faced with challenges caused by COVID-19, to promote the recovery and development of businesses of significant importance to the country’s economy and individual economic sectors.

The Fund invests in companies in various forms, including by way of purchasing their convertible bonds. Part of the Fund’s investments in the Company will be made by way of acquiring the Convertible Bonds.

The funds to be received from the Fund by way of the Fund purchasing the Convertible Bonds are necessary for the Company to maintain its working capital, settle with customers and finance new investments.

Without revoking the pre-emptive right of all the Company's shareholders to acquire the Convertible Bonds, the Fund would not be able to acquire them and, thus, invest in the Company. As a result, the Company would not receive the funding which is currently necessary for its operations.

Considering the above reasons, the Company proposes granting the right to acquire all Convertible Bonds (i.e., 49,900 Convertible Bonds No 1 and 100 Convertible Bonds No 2) to the limited partnership "Pagalbos verslui fondas" (company code 305640822, having its registered address at Lukiškių str. 2, Vilnius, the Republic of Lithuania, CEO – Dainius Vilčinskas).

Justification of the issue price and conversion formula of the Convertible Bonds

The Company's agreed issue price of one Convertible Bond is EUR 100. The issue price is equal to the nominal value of one Convertible Bond. The Convertible Bonds shall be redeemed for the same price (unless converted into Company's shares in accordance with the rules set forth in the main terms of the Convertible Bonds). In the Company's opinion, such issue price of the Convertible Bonds is in line with customary market practice for such debt instruments.

If Convertible Bonds shall be converted into new shares of the Company, newly issued shares price would be calculated using TERP (Theoretical Ex-Rights Price) method and by applying a 15% discount. When calculating the share issue price by using the TERP method, the weighted average market price of the Company's shares on the Nasdaq Vilnius Stock Exchange during the 15 trading days prior to the conversion date will be used.

Company needs additional financing because of COVID-19 pandemic. The Fund was created specifically to provide financing to businesses affected by the COVID-19. The basis for Fund creation is Communication from European Commission addressing support to business affected by the pandemic. The Communication allows to use convertible bonds as an instrument to provide financing and requires using discount if conversion of bonds into shares arises. Fund would be allowed to convert Convertible Bonds into shares only if Company would not buy back Convertible Bonds before the expire term or Company would materially breach Convertible Bonds issue agreement. In the Company opinion, Fund proposed Convertible Bonds conversion formula is in line with market practice and reflect best interests of Company shareholders.

Chairman of the Board