Fern Group
Company presentation

Leading solutions for **INDUSTRY** in **ENGINEERING**, **MANUFACTURING** and **INSTALLATION** works

September 2024

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Executive Summary

- FERN Group provides highest quality **EPC (engineering, procurement and construction), manufacturing and installation** services to companies in energy, infrastructure, manufacturing and other sectors.
- After recovering from the downturn in 2022, the company is **on the path to profitable growth** and becoming **the regional leader** in the industry.
- The bond issue is **secured by an 8 million EUR surety from the leading private equity fund in the Baltics – INVL Baltic Sea Growth Fund**. The fund manages over 165 million euros in capital.
- Fern Group will use the proceeds to optimize its credit structure and invest into new operations.

>29 million EUR revenue

>1.4 million EUR EBITDA

Summary of the terms:

Total issue size	EUR 8,000,000
Maturity	September 13, 2026
Interest rate	Auction, fixed rate in the range of 8.5-9.5% per annum, 30E/360;
Coupon frequency	Quarterly
Type of placement	Public offering in Lithuania, Latvia and Estonia
Admission to trading	Nasdaq Vilnius First North
Collateral	EUR 8M surety by INVL Baltic Sea Growth Fund
Legal adviser	Cobalt
Issuing agent	AB Šiaulių Bankas
Trustee	Audifina

Surety provider INVL Baltic Sea Growth Fund:

- Leading private equity fund in the Baltics **with 165 million EUR** in capital, established in 2019.
- Outstanding performance - **net IRR of 26%**, as of 2023 year-end.
- High impact throughout the Baltic states with portfolio companies' total **revenue of more than €570 million and EBITDA of €82 million.**
- The fund provides **8 million EUR surety** for the bond issue.

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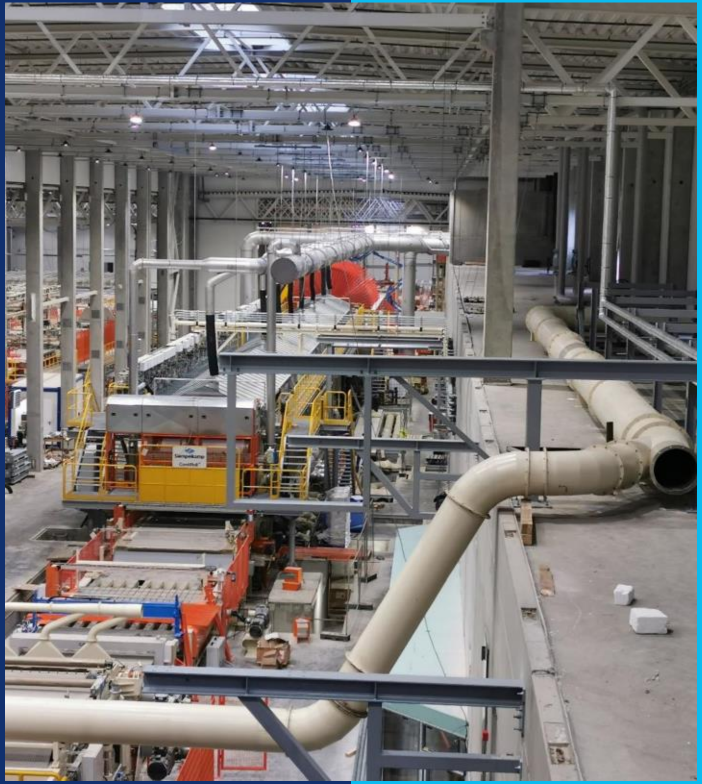
1. FERN Group overview



Fern Group overview

- FERN Group provides **EPC, manufacturing and installation** services to companies in Europe, operating in energy, infrastructure, manufacturing and other sectors.
- FERN Group (previously AB Montuotojas) was acquired by INVL Baltic Sea Growth Fund in 2019.
- A new strategy was created, seeking to transform the company from a manufacturing and installation works company to a full-service EPC provider. FERN Group was established in 2022 with the goal of executing the new strategy.
- The current focus is on growing the pipeline, prioritizing EPC projects.
- Currently FERN Group is financed by shareholder loans and VIVA loans.

Main KPIs

65
Years in the market

240
Employees

>1,500
Completed projects

23.5m EUR
Project backlog

Key financials

	UAB Montuotojas*		UAB FERN Group	
Article	**2021**	**2022**	**2023**	**2024-H1**
Net turnover	24,635,777	36,010,249	29,942,128	16,291,145
Growth, %YoY	**0.8%**	**46.2%**	**-16.9%**	**-**
Gross profit	713,952	838,933	3,586,470	2,465,305
Margin, %	**2.9%**	**2.3%**	**12.0%**	**15.1%**
EBITDA	(2,568,800)	(2,261,676)	1,451,594	1,372,322
Margin, %	**-10.4%**	**-6.3%**	**4.8%**	**8.4%**
	UAB FERN Group**			
Assets	20,545,029	21,432,311	20,764,551	23,803,628
Current assets	13,001,024	14,262,810	11,220,305	14,736,243
Non-current assets	7,544,005	8,537,647	9,544,246	9,067,385
Liabilities	16,752,762	21,279,286	18,390,089	21,587,065
Current liabilities	8,469,106	11,270,967	12,264,417	15,461,393
Non-current liabilities	8,283,656	8,872,279	6,125,672	6,125,672
Equity + Long term shareholder loands	4,868,705	1,926,928	7,870,039	8,150,131
adj. Equity ratio, %*	**23.7%**	**9%**	**37.9%**	**34.2%**

* UAB FERN Group was established on 2022.07.01. The first full financial year for UAB Fern Group was

** Consolidated UAB Fern Group balance at end of year.

*** Assets/(Equity + Long term shareholder loans and accrued interest)

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Services

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10.4% of revenue

fern EPC

PROJECT MANAGEMENT

EPC

Project schedules

Project costs

SCM

17.6% of revenue

fern PRODUCTION

MANUFACTURING

Prefabrication

Welding

Surface treatment

Assembly

72% of revenue

MONTUOTOJAS fern

ENGINEERING & INSTALLATION

New product development

Project update according new requirements

Manufacturing drawings

Industrial factories

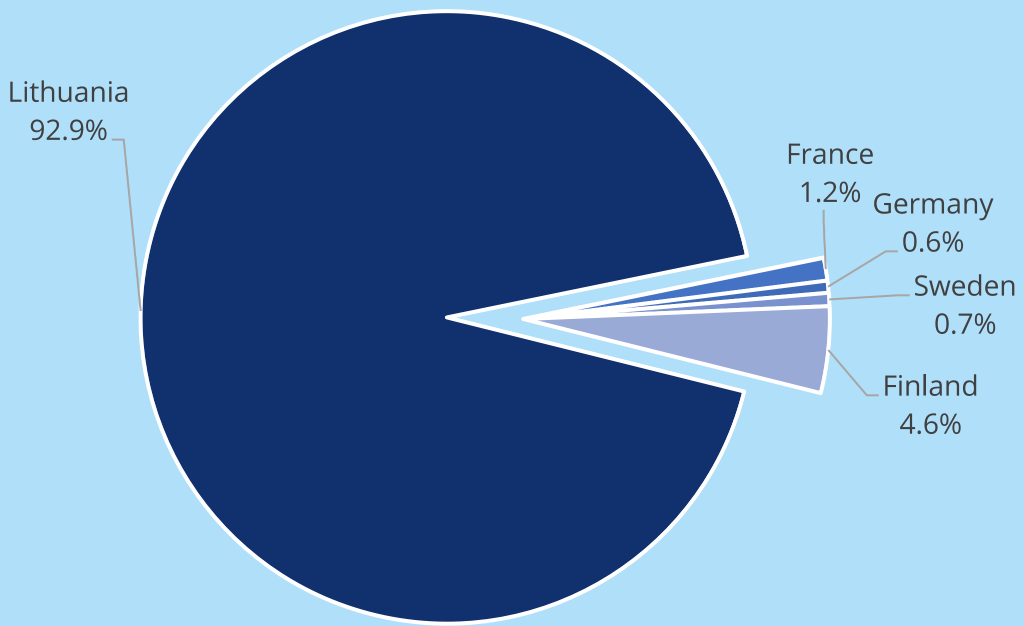
Moving factories

Repair works

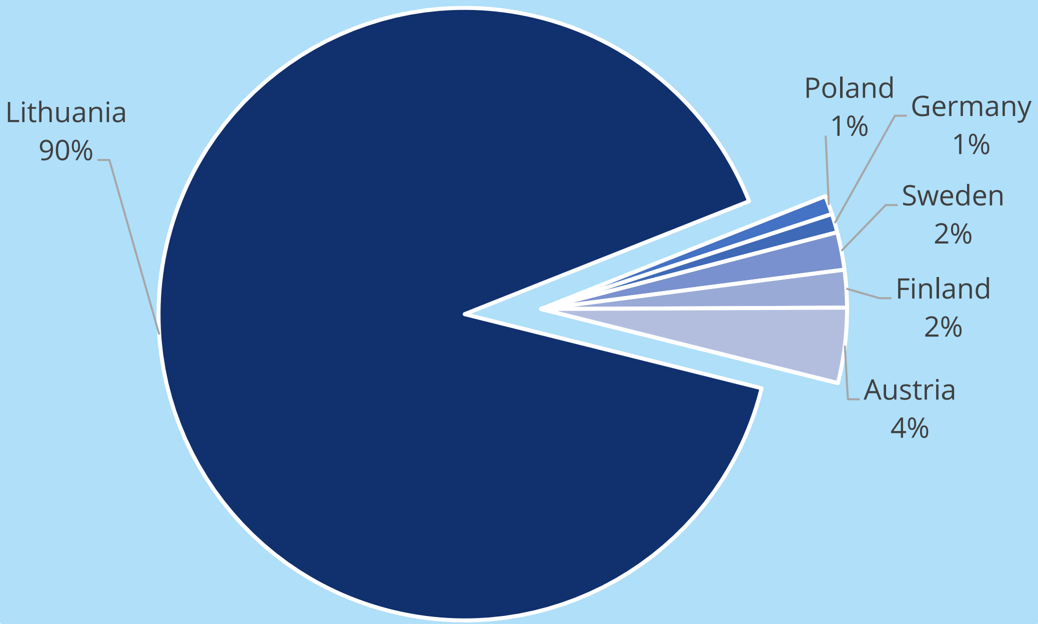
Equipment installation

Revenue distribution by country

2022

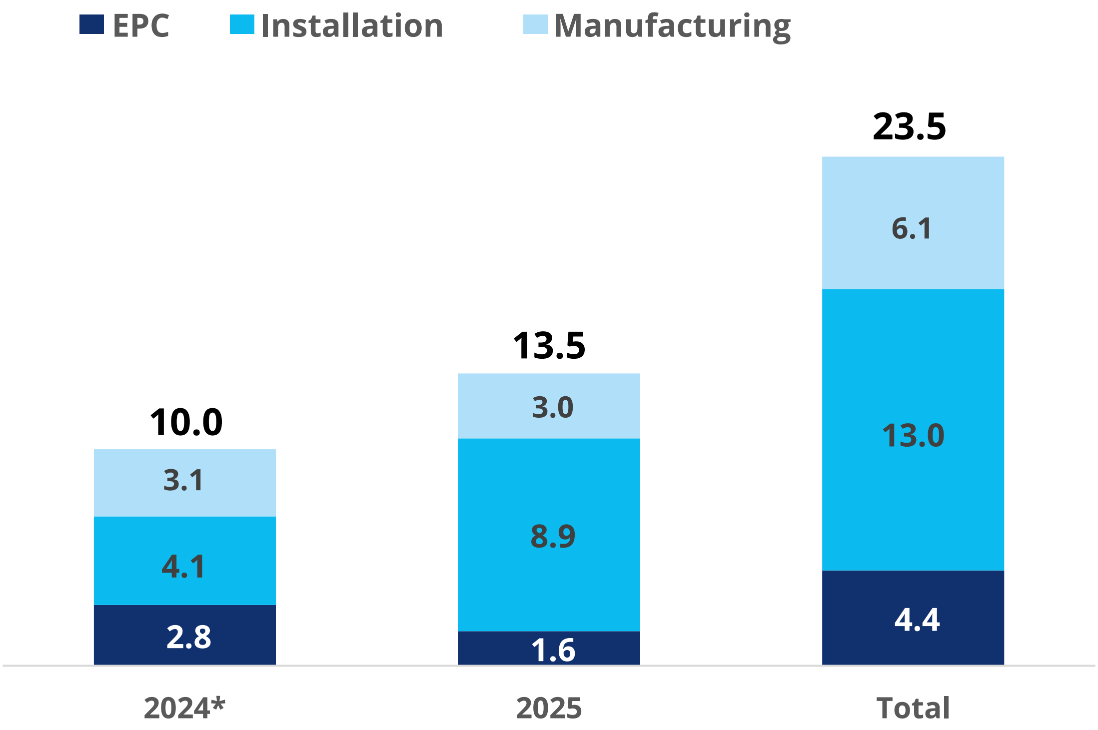


2023



Project backlog

Projects backlog, mEUR



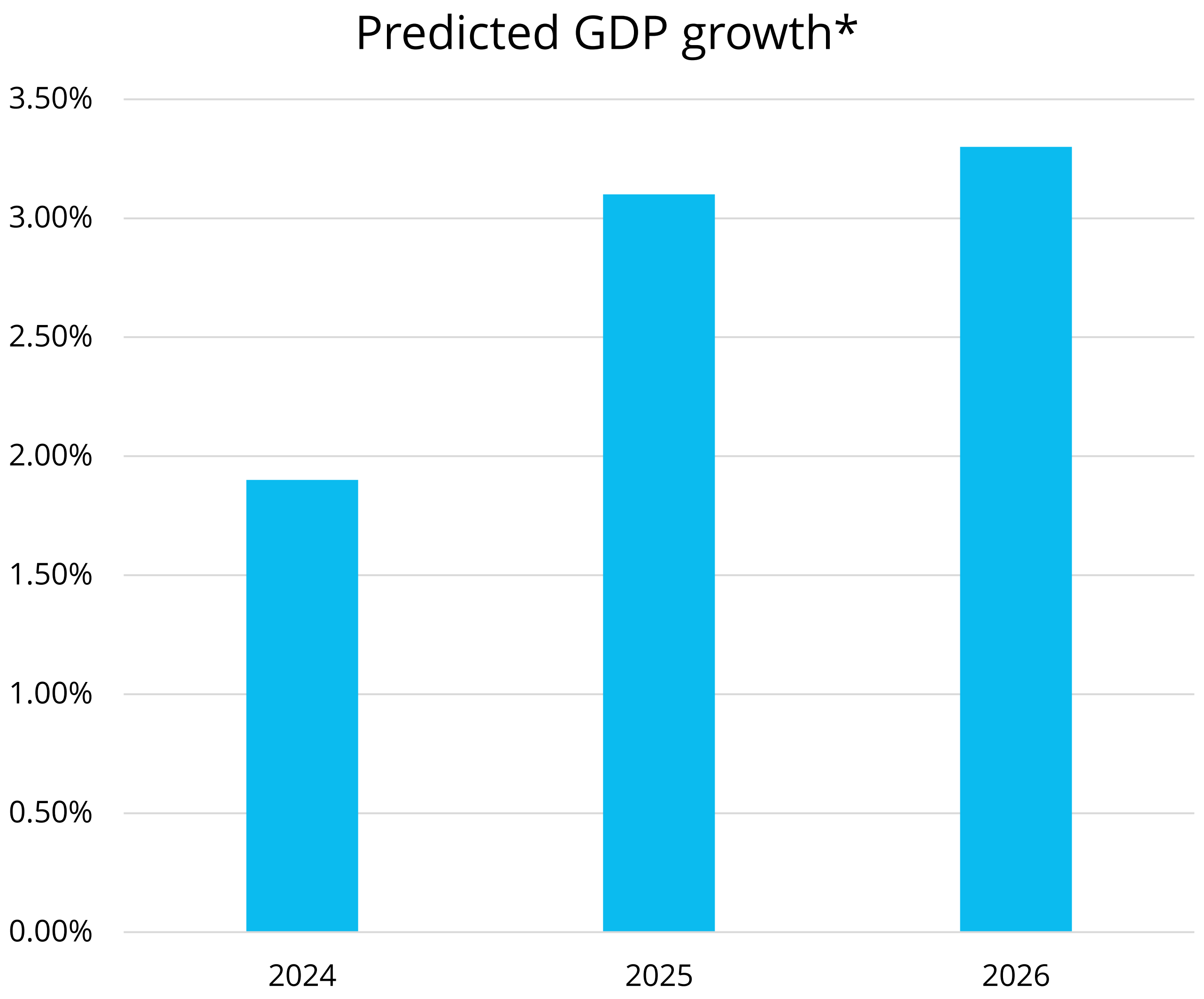
- Projects backlog shows the remaining value of projects that are signed and being done or are in the contract preparatory stage.
- As of 2024 H1*, signed and unsigned (1 project) project backlog is 23.5m EUR.
- 2025 backlog already stands at 13.5m EUR.
- Strong backlog is a positive encouragement as 2025 numbers already show a lock in of almost half of last year's revenue.

* 2024 backlog shows the remaining backlog for 2024.06.30 + an additional tender won in 1st half of August

Macroeconomic catalysts

- Increased projections of the growth of Lithuania's GDP will bolster industry confidence and investments.

- Decreasing borrowing costs in the economy are expected to boost investments, including industry, energy and other relevant markets.



*Source: Bank of Lithuania

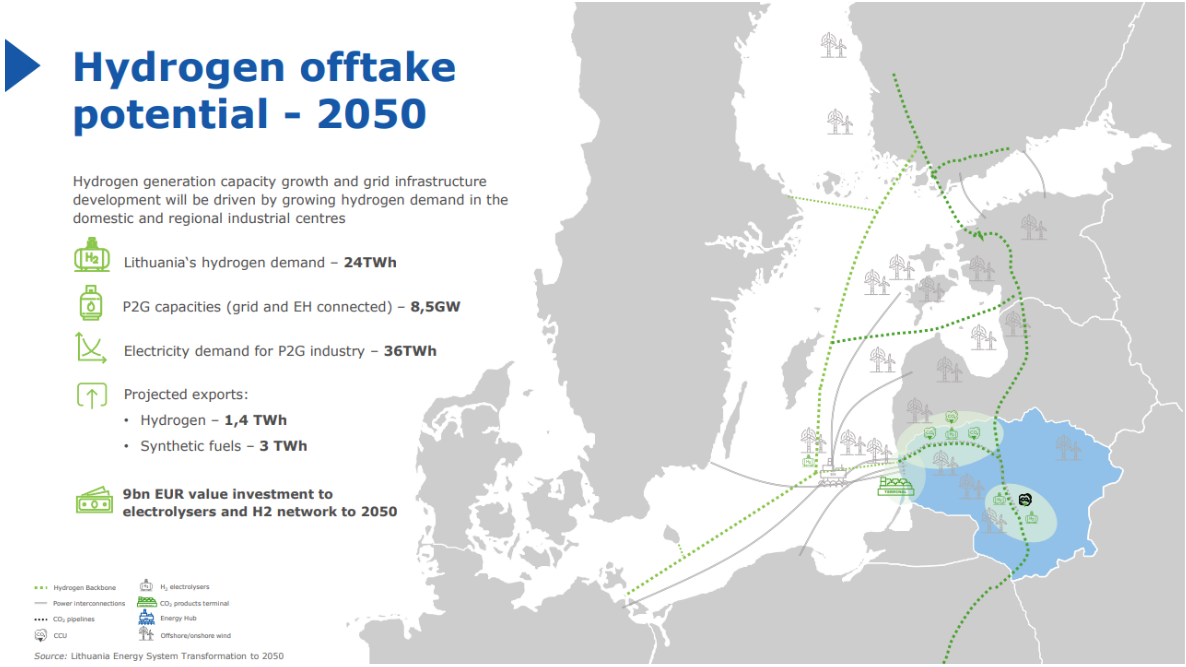
Industry catalysts

- Continued movement for a cleaner heat energy will expand Fern Group's revenue potential as a need for more infrastructure to achieve that is apparent.
- The European Commission's plan to accelerate Small Modular Reactor development by 2030 offers a major opportunity for Fern Group.
- Industry decarbonization will accelerate hydrogen sector growth, positioning Fern Group to leverage its energy expertise.

> **"Our goal is to ensure that by 2030, 90% of Lithuania's heat energy will be produced from biomass and other renewable sources, reaching 100% by 2050."**
>
> **Lithuania's Ministry of Energy**

Source: https://enmin.lrv.lt/media/viesa/saugykla/2024/6/8YiZCmLP-Bk.pdf

"The Polish government decided to issue a decision in principle and approved six locations together for 24 state-of-the-art GE Hitachi BWRX-300 units in Poland," OSGE CEO Rafal Kasprów said at the Net Zero Nuclear Summit, the agencies reported.



ESG

What is done and what is planned:

- Waste management system;
- Led lighting system;
- Remote office and meetings;
- Digital communication;
- **CO2 calculation**;
- **0 CO2 emission by 2035**;
- **100% renewable**.

- Labor rights;
- HSE;
- Equal opportunities and rights;
- Child labor;
- Working conditions;
- **Work council**.

- Business ethics;
- Board diversity;
- Shareholder engagement;
- Pay for performance.

2. Corporate structure

Group structure

Provides surety for 100% of the bond issue amount (8,000,000 EUR)

INVL BALTIC SEA GROWTH FUND

100%

Issuer

UAB FERN Group

Sales, finance, procurement, HR, quality assurance, workplace safety activities

88.04%

UAB FERN EPC

Engineering, procurement and construction activities

88.05%

UAB FERN Production

Manufacturing activities

88.05%

UAB Montuotojas

Installation, mounting, assembly activities

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Information about the surety provider

Founded: 2019, Lithuania

> 570 million EUR
Portfolio companies' revenue

26% net IRR
(end of 2023)
Market-leading return for investors

165 million EUR
Fund capital

MANAGEMENT COMPANY

INVL

INVL Asset Management

- 100% subsidiary of the leading Lithuanian asset management group Invalda INVL.
- Active since 1991 and with a solid track record, Invalda INVL group boasts 30+ years of experience in managing private equity assets in the Baltic countries and CEE landscape while developing companies into best-in-class market leaders.

35	c. €1.0 billion
INVESTMENT PROFESSIONALS	ASSETS UNDER MANAGEMENT

LIETUVOS BANKAS
EUROSISTEMA

Supervised by Lietuvos bankas

*According to internal valuation

INVL Baltic Sea Growth Fund management team

Alvydas Banys

Senior Adviser, Investment Committee Member

Over 25 years of experience in private equity and M&A

Founder of Invalda INVL; Chairman of the Management Board of Invalda INVL

Darius Šulnis

Managing Partner, Investment Committee Member

Over 30 years of experience in private equity and M&A

Chairman of the Management Board of INVL Asset Management; CEO of Invalda INVL

Deimantė Korsakaitė

Managing Partner, Investment Committee Member

Over 15 years of experience in private equity and M&A

Former Associate Partner at TGS Baltic

Vytautas Plunksnis

Partner, Investment Committee Member

Over 20 years of experience in private equity and M&A

Chairman of the Board at Investors' Association in Lithuania; Member of the Management Board of INVL Asset Management

Ashwin Roy

Non-Executive Partner, Investment Committee Member

Over 15 years of experience in private equity and M&A

Managing Partner & CIO at Surya Capital; Former Partner at CVCI Private Equity (Citigroup's global emerging markets's private equity division); Former head of private equity at SGRF (Sovereign Wealth Fund of Oman)

Vidas Venckus

Partner, Investment Committee Member

Over 15 years of experience in private equity and M&A

Former Partner at PricewaterhouseCoopers Lithuania, Head of Advisory Services

Nerijus Drobavičius

Partner, Investment Committee Member

Over 15 years of experience in private equity and M&A

Former CFO at specialty pharmaceuticals company Sanitas. Member of the boards of more than 10 companies

Proven leadership with decades of success in private equity and M&A, backed by deep industry knowledge and a track record of delivering strong returns.

3. Team

Key management

Nerijus Eidukevičius

Fern EPC & UAB Montuotojas Chairman

15+ years of top management experience in infrastructure and energy construction

2024 – current Chairman of the board, Fern EPC & UAB Montuotojas
2022 – 2024 CEO, FERN Group
2015 – 2021 Partner, Curo Pet Care
2017 Member of the Supervisory Board, Kauno tiltai
2012 – 2016 Vice President, Trakcja S.A.
2006 – 2016 Chairman of the Board, Kauno tiltai
2010 – 2012 CEO, Tiltra group

Vilija Zapalskienė

Chief Executive Officer

20+ years of top management experience in market-leading companies

2024 – current CEO, FERN Group
2022 – 2023 CEO and Board member, Civinity
2018 – 2023 CEO, Inservis
2015 – 2018 General Manager, myWorld International
2012 – 2013 Executive director (LT), Chairman of the Board (LV), Čili pica
2002 – 2011 Chief Officer of Asset management, Maxima grupė

Ieva Poderienė

Chief Financial Officer

6 years+ of CFO experience in various market-leading companies

2024 – current CFO, FERN Group
2023 – 2024 CFO, CONSTRO
2022 – 2023 CFO, Civinity
2018 – 2023 CFO, Inservis
2017 – 2018 Financial analyst, Maxima grupė, Maxima LT

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Supervisory board

Darius Šulnis

Chairman of INVL

30+ years of experience in private equity and M&A

2015 – current Chairman of the Board, Invalda AM
2013 – current CEO, Invalda INVL
2007 – 2014 Board Member, Vilniaus Baldai
2006 – 2008 Chairman of the Board, Finasta
2002-2005 Chief Executive Officer, Invalda Real Estate
1994 – 2002 Chief Executive Officer, Finasta

Vidas Venckus

Partner at INVL AM Private Equity Funds

30+ years of experience in private equity and Law

2018 – current Partner and IC member, INVL Baltic Sea Growth Fund
1994 – 2017 Partner, PwC

4. Business lines

FERN EPC

Project management:

- 49 people in projects and company administration (9 project managers);
- Handling projects over 50 mln. EUR;
- Engineering, Manufacturing, Construction;
- Supply chain management.

Engineering:

Capacity:

- OWN Engineering Department (8 indoor engineering team).
- Partners Engineering (possibility to assemble 100+ engineers).

Partners (outsourcing):

- Full Buiding plants engineering
- Sweco; TEC industries; Ardynas

Finding best solution:

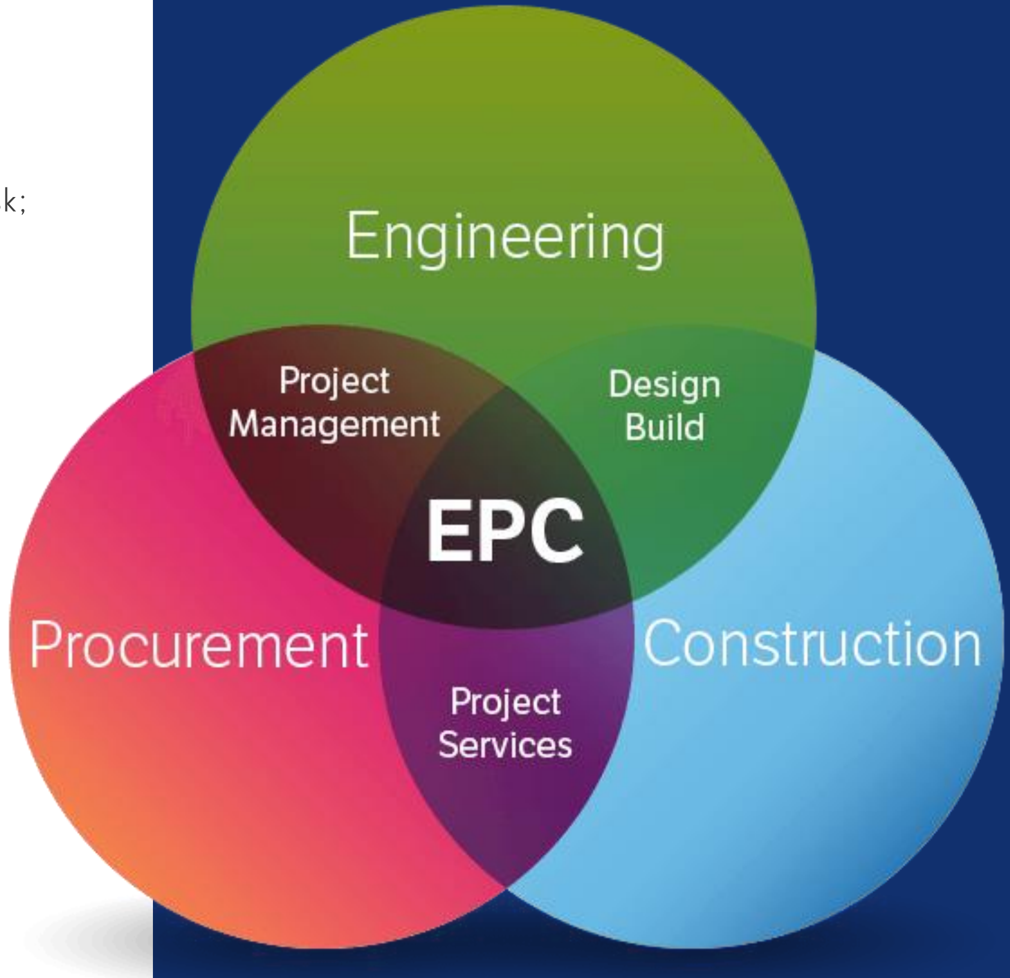
- Product engineering from technical task;
- Last project 3D update according new project requirements;
- 2D Manufacturing drawings;
- Strength calculation.

Experienced:

- Storage tanks & pressure vessels;
- Steal structures.

Benefit for customer:

- Hourly rate, quality, lead time, efficiency in manufacturing.



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Manufacturing

Manufacturing plant in Alytus:

- 3 888 m2 manufacturing area, 1-hectare outdoor area;
- 50 people in workshops;
- Indoors lifting capacity 3 times up to 5 tones per part;
- Outdoors lifting capacity up to 12 tones per part;

Best in:

- Storage tanks;
- Pressure vessels;
- Technological equipment (conveyors etc.);
- Chimneys;
- Pipework;
- Steal structures and HSQ;
- Service platforms.

Installation

We are well known for our experience in:

- Construction of new factories;
- Repair works in industrial factories;
- Moving factories;
- Installation technological factories equipment.

Capacity:

- 200 workers;
- Welders, fitters, insulators, foremen;
- Own tooling;
- Lifting machinery park ~20 pcs.

Full industrial maintenance service:

- Turnaround works (possibility to assemble up to 200 employees at peak for turnaround works);
- Defect identification;
- Repair works;
- Diagnostics and adjustment.

Relevant Experience

Business diversification:

- OIL & GAS
- ENERGY
- CEMENT
- WOOD PROCESSING
- PULP & PAPER
- BIOCHEMICAL

fern GROUP

Selected clients

ACHEMA
KONCERNO „ACHEMOS GRUPĖ" NARĖ

Baltic Agro

budimex

conresta

DOMINARI

Dotnuva | BALTIC
linas agro group

fortum

graanul invest

IKEA

KAUNO ENERGIJA

Litesko
VEOLIA

MARS

mestilla

NEOGROUP

Nordic Sugar
Member of Nordzucker Group

INDORAMA VENTURES

ORLEN

PONTICELLI FRERES

SCHMITZ CARGOBULL

ŠIAULIŲ ENERGIJA
ANNO 1923

ŠVYTURYS UTENOS ALUS
Part of the Carlsberg Group

VITA BALTIC INTERNATIONAL

VMG

Vilniaus šilumos tinklai

YIT

fern GROUP

5. Financials

Financials – PnL

	UAB Montuotojas*				UAB FERN Group*	
Article	**2019**	**2020**	**2021**	**2022**	**2023**	**2024-H1**
Net turnover	21,398,505	24,444,928	24,635,777	36,010,249	29,942,128	16,291,145
Cost of sales	(16,794,981)	(22,905,649)	(23,921,825)	(35,171,316)	(26,355,658)	(13,825,840)
GROSS PROFIT (LOSS)	**4,603,524**	**1,539,279**	**713,952**	**838,933**	**3,586,470**	**2,465,305**
Selling expenses	(13,158)	(27,471)	(18,550)	(11,325)	-	26,466
General and administrative expenses	(4,035,307)	(4,105,785)	(4,738,929)	(3,775,815)	(3,412,268)	(1,706,231)
Other operating results	(21,613)	306,496	607,395	(144,754)	535,332	61,475
OPERATING PROFIT (LOSS)	**533,446**	**(2,287,481)**	**(3,436,132)**	**(3,092,961)**	**709,534**	**847,015**
Profit (loss) from disposal of long-term tangible and intengible assets	-	-	-	-	(535,332)	8,566
The impairment of the financial assets and short-term investments	(160,585)	(1,127,640)	210,624	-	-	-
Other interest and similar income	255	75,039	7,256	64,703	798	206,002
Interest and other similar expenses	(92,225)	(153,152)	(268,264)	(651,885)	(1,235,667)	(1,087,054)
Other financial activity profit (loss)	-	-	-	-	-	(24,727)
PROFIT (LOSS) BEFORE TAXATION	**280,891**	**(3,493,234)**	**(3,486,516)**	**(3,680,143)**	**(1,060,667)**	**(50,198)**
Tax on profit	65,188	386,022	41,031	40,899	71,075	-
NET PROFIT (LOSS)	**346,079**	**(3,107,212)**	**(3,445,485)**	**(3,639,244)**	**(989,592)**	**(50,198)**
Depreciation	483,030	942,986	867,332	831,285	741,262	525,307
EBITDA	**1,016,476**	**(1,344,495)**	**(2,568,800)**	**(2,261,676)**	**1,450,796**	**1,372,322**
EBITDA margin	***4.8%***	***-5.5%***	***-10.4%***	***-6.3%***	***4.8%***	***8.4%***

The Group is continuing its financial recovery from the loss-making years of 2021 and 2022. In 2023 the Group earned consolidated EBITDA of 1.451m EUR and in 2024 H1 the Group's consolidated EBITDA reached 1.372m EUR. These figures show a strong improvement of financial results from negative EBITDA in 2021-2022.

* UAB FERN Group was established on 2022.07.01. The first full financial year for UAB FERN Group was 2023. For 2019-2022 UAB Montuotojas financials are presented, which was the only company in the group until reorganization.

Financials – Balance sheet

Article	UAB Montuotojas*				UAB FERN Group*	
	2019	2020	2021	2022	2023	2024-H1
ASSETS						
FIXED ASSETS	**11,293,149**	**9,636,963**	**7,544,005**	**7,112,026**	**9,544,246**	**9,067,385**
INTANGIBLE ASSETS	3,050,492	2,868,274	1,363,792	1,180,792	2,434,966	2,343,463
TANGIBLE ASSETS	8,234,976	5,518,623	4,876,407	4,386,972	5,233,705	4,848,347
FINANCIAL ASSETS	7,681	1,064,172	1,076,880	1,276,437	1,548,930	1,548,930
OTHER FIXED ASSETS	-	185,894	226,926	267,825	326,645	326,645
CURRENT ASSETS	**9,896,093**	**7,409,925**	**12,351,254**	**13,695,951**	**11,220,305**	**14,736,243**
STOCKS	1,345,049	487,372	1,038,671	1,390,736	680,489	799,511
AMOUNTS RECEIVABLE WITHIN ONE YEAR	6,414,694	4,410,669	9,149,852	10,272,474	8,984,168	7,604,626
CASH AND CASH EQUIVALENTS	2,136,350	2,511,884	2,162,732	2,032,741	306,824	4,595,695
PREPAYMENTS AND ACCRUED INCOME	**589,844**	**279,983**	**649,770**	**624,334**	**1,248,824**	**1,736,412**
TOTAL ASSETS	**21,779,086**	**17,326,871**	**20,545,029**	**21,432,311**	**20,764,551**	**23,803,628**
EQUITY AND LIABILITIES						
EQUITY	**10,377,718**	**7,237,753**	**3,792,267**	**153,024**	**2,374,462**	**2,216,562**
CAPITAL	8,112,587	8,079,834	7,494,143	7,494,143	3,793,000	3,793,000
MINORITY INTEREST			-	18,286	107,703	14,350
RESERVES	1,005,410	1,500,502	-	-	1,022,284	1,022,284
RETAINED PROFIT (LOSS)	1,259,721	-2,342,583	-3,701,876	-7,341,119	-2,548,525	-2,598,722
PROVISIONS	-	-	-	-	**1,365,190**	-
AMOUNTS PAYABLE AND OTHER LIABILITIES	**11,401,368**	**10,089,118**	**16,752,762**	**21,279,286**	**18,390,089**	**21,587,065**
AMOUNTS PAYABLE AFTER ONE YEAR AND OTHER LONG-TERM LIABILITIES	4,512,409	2,239,148	8,283,656	10,008,394	6,125,672	6,125,672
AMOUNTS PAYABLE WITHIN ONE YEAR AND OTHER SHORT-TERM LIABILITIES	6,888,959	7,849,970	8,469,106	11,270,892	12,264,417	15,461,393
TOTAL EQUITY AND LIABILITIES	**21,779,086**	**17,326,871**	**20,545,029**	**21,432,310**	**20,764,551**	**23,803,627**
Equity + Shareholder loans available to subordinate, and related accrued interest	**10,377,718**	**7,237,753**	**4,868,705**	**1,926,928**	**7,870,039**	**7,560,057**
Shareholder loans available to subordinate/capitalize, and related accrued interest	-	-	**1,076,438**	**1,773,904**	**4,905,643**	**5,343,495**
Adj. equity ratio	***47.6%***	***41.8%***	***23.7%***	***9.0%***	***37.9%***	***31.8%***

In both 2023 and 2024 H1 the Group maintained a healthy adjusted equity ratio well in excess of 30%. The adjusted equity ratio takes into account subordinated shareholder loans, which are added to the balance sheet equity figures.

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* UAB FERN Group was established on 2022.07.01. The first full financial year for UAB FERN Group was 2023. For 2019-2022 UAB Montuotojas financials are presented, which was the only company in the group until reorganization.

Financials – Cashflow

No.	Articles	UAB Montuotojas*				UAB FERN Group*
		2019	2020	2021	2022	2023
	Cash flows from operating activities					
	Net profit (loss)	346,079	(3,107,212)	(3,445,485)	(3,639,244)	(454,260)
	Depreciation and amortisation expenses	483,030	942,986	867,332	831,285	741,262
	Elimination of results of disposals of fixed tangible and intangible assets	74,531	(306,496)	(396,610)	78,293	-
	Elimination of results of financing and investing activities	92,225	126,624	261,008	651,885	1,235,667
	Elimination of results of other non-cash transactions	970,201	1,091,758	1,373,191	98,107	(299,844)
	Decrease (increase) in assets of the deferred tax on profit	(65,188)	(386,022)	(41,031)	(40,899)	(58,820)
	Change in working capital	5,748,366	841,193	(6,452,722)	(2,429,292)	2,152,316
	Increase (decrease) in trade with short-term creditors and prepayments received on account	(3,805,716)	190,742	679,945	1,088,552	(3,404,353)
	Increase (decrease) in advances received	(903,063)	13,996	7,858	816,405	
	Increase (decrease) in liabilities of tax on profit	(105,006)	0	(15,194)	0	17,822
	Increase (decrease) in liabilities related to employment relations	(1,034,647)	331,607	(1,043,836)	209,316	(229,871)
	Increase (decrease) in other amounts payable and liabilities	(951,315)	646,065	1,594,056	(1,082,062)	(200,292)
	Increase (decrease) in accruals and deferred income	(400,547)	309,861	(369,787)	25,436	
	Net cash flows from operating activities	**448,950**	**695,102**	**(6,981,275)**	**(3,392,218)**	**(385,836)**
	Cash flows from investing activities					
	Acquisition of fixed assets (excluding investments)	(163,811)	(1,010,055)	(251,351)	(263,995)	(187,625)
	Disposal of fixed assets (excluding investments)	1,590,000	3,447,722	1,169,207	26,852	
	Sale of investments					254,757
	Other decreases in cash flows from investing activities	(11,382,626)	4,992	0	0	
	Net cash flows from investing activities	**(9,956,437)**	**2,442,659**	**917,856**	**(237,143)**	**67,132**
	Cash flows from financing activities					
	Cash flows related to entity's owners	9,424,000				
	Dividends paid					
	Purchase of own shares		(32,753)			
	Decrease (increase) in financial assets					
	Finance leases payments	(2,713)	(169,056)	(179,709)	(167,213)	(70,037)
	Loans received	3,999,999	1,500,000	8,160,000	6,000,000	3,771,890
	Loans returned	(1,687,724)	(4,000,000)	(3,160,000)	(2,500,000)	(1,900,000)
	Interest paid	(92,225)	(85,400)	(268,264)	(651,885)	(1,235,667)
	Other decreases in cash flows from financing activities		24,982			
	Net cash flows from financing activities	**11,641,337**	**(2,762,227)**	**4,552,027**	**2,680,902**	**566,186**
	Increase (decrease) of net's cash flows	**2,133,850**	**375,534**	**(1,511,392)**	**(948,458)**	**247,482**
	Cash and cash equivalents at the beginning of the period	2,500	2,136,350	2,511,884	1,000,492	59,342
	Cash and cash equivalents at the end of the period	**2,136,350**	**2,511,884**	**1,000,492**	**52,034**	**306,824**

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6. Bond issue

Term sheet

Issuer	Fern Group, UAB, legal entity code 306110392, registered address at Juozo Balčikonio str. 3, LT-08247, Vilnius, Republic of Lithuania
ISIN	LT0000409633
Type of bonds	Fixed rate bonds with maturity up to 2 years secured by the surety
Status of bonds	The bonds constitute direct and unsubordinated obligations of the Issuer ranking pari passu without any preference among each other and with all other unsecured and unsubordinated indebtedness of the Issuer, save for such obligations as may be preferred by mandatory provisions of law
Type of placement	Public offering in Lithuania, Latvia and Estonia
Total issue size	Up to EUR 8,000,000
First tranche	Single tranche of EUR 8,000,000
Nominal Amount	EUR 1,000
Bond price	EUR 1,000
Minimum subscription amount	1 bond (EUR 1,000)
Interest rate	Auction, fixed rate in the range of 8.5-9.5% per annum, 30E/360;
Interest payment frequency	Quarterly
Issue Date	13 September 2024
Maturity Date	13 September 2026
Subscription period	29 August 2024 10:00 Vilnius time – 11 September 2024, 13:00 Vilnius time

Early Redemption (Call option)	▪ No early redemption option first 12 months ▪ 1% premium if redeemed between 12 months and 18 months ▪ No premium if redeemed after 18 months
Use of Proceeds	The net proceeds from the issue of the bonds will be used investments, refinancing of liabilities to the government Investment Management Authority, shareholders, working capital
Financial covenants	ICR>=2.00 Equity ratio>=25%,
Special undertakings	▪ Dividends restriction ▪ Restrictions on Disposal of Assets and lending ▪ Restrictions on mergers and de-mergers, unless such action would not have a Material Adverse Change ▪ Information disclosure ▪ Surety of INVL Baltic Sea Growth Fund
Listing	Nasdaq alternative securities market First North (listing within the first 3 months after the issue date)
Manager	AB Šiaulių bankas
Trustee	UAB Audifina
Depositor	Nasdaq CSD
Legal advisor	Cobalt
Documentation language	English (teaser in Lithuanian)
Standards of the financial statements	IFRS

Subscription, payment, allocation, settlement

Subscription Procedure	The subscription orders may be submitted through any credit institution or investment brokerage firm that is licensed to provide such services within the territory of the Republic of Lithuania, Republic of Latvia or Republic of Estonia and is a member of Nasdaq Vilnius or has relevant arrangements with a member of Nasdaq Vilnius.
Withdrawal of subscription orders	The investor may withdraw the subscription order by submitting a written statement to the credit institution or investment brokerage firm through which the subscription order was made at any time until the end of the subscription period of the respective tranche in cases specified in the Information Document. This may result in costs and fees charged by the by the intermediary through which the subscription order is submitted.
Subscription amount	The subscription amount is equal to the issue price multiplied by the number of the Bonds the respective investor wishes to subscribe for. In case the issuer offers the Bonds for a fixed annual interest rate within a range as specified in the final terms and the investor has placed subscription orders at different preferred annual interest rates, the total transaction amount to be blocked will correspond to the largest investment amount (EUR) payable per investor's offered preferred annual interest rate level.
Payment by the investor	By submitting a subscription order, each investor authorises and instructs the credit institution or investment brokerage firm operating the investor's current account connected to the investor's securities account to immediately block the whole subscription amount on the investor's current account until the payment for the allotted Bonds is completed or until the funds are released.
Allocation of the bonds	The Issuer shall decide which investors shall be allotted with the Bonds and to what amount, and which investors shall not be allotted with the Bonds. The Bonds shall be allocated to the investors participating in the offering in accordance with the principles contained in the Information Document.
Settlement of the bonds	The settlement for the offering of the Bonds will be carried out in accordance with the DVP (Delivery vs Payment) principle by AB Šiaulių bankas, pursuant to the applicable rules of the Depository. The settlement of the offering of the Bonds shall take place on the issue date of the Bonds. All paid up Bonds shall be treated as issued.

7. Risks

Risks related to issuer

RISK	DESCRIPTION
Geopolitical risk	Lithuania's geographical location in Eastern Europe may expose the Issuer to geopolitical tensions or conflicts that could disrupt demand for the Group's services. These factors could adversely affect Issuer's ability to meet its obligations.
Public tender risk	The Group's growth and revenue projections may rely significantly on winning and converting public tenders. However, there is no guarantee that the Group will successfully secure these contracts, as public tenders are often highly competitive. Failure to win or convert key public tenders could lead to lower-than-expected revenue, adversely affecting the Issuer's financial stability.
Labor market risk	The Group may face challenges in recruiting and retaining skilled labour due to a shrinking workforce in Lithuania. Labor shortages or increased labour costs could affect Issuer's operational efficiency and profitability..
Commodity price volatility	The Group's operations depend heavily on raw materials such as metals, and other commodities, whose prices can be highly volatile. Significant fluctuations in commodity prices could lead to increased production costs and reduced profit margins, impacting the Issuer's financial performance.
Backlog adjustment risk	The Issuer's backlog, while representing future revenue potential, is subject to unexpected adjustments if a client were to default and therefore, not continue with planned projects. Such changes could reduce expected revenues and negatively impact Issuer's financial performance.
Safety and security risk	The employees of the Group often work in high-risk areas. Failure to ensure a safe work environment could lead to serious injuries, legal liabilities, and financial losses. Security threats in certain locations could also disrupt operations and impact project outcomes.
Payment delay risk	The Group is exposed to the risk of clients delaying payments, which could lead to cash flow issues. Late payments from clients may also increase the Issuer's reliance on external financing, thereby raising financial costs and affecting profitability.
Refinancing risk	The Issuer may be required to refinance certain or all of its outstanding debt, including the Bonds. Funds required to cover the payments related to the Bonds and any other outstanding debt shall be accumulated from inflows from subsidiaries and other inflows, as well as potential other debt capital fundraisings. The Issuer's ability to successfully refinance its debt depends on the conditions of debt capital markets and its own financial condition. The Issuer's inability to refinance its debt obligations on favourable terms, or at all, could have a negative impact on the Group's operations, financial condition, earnings. In the event that the Surety does not cover the full amount of the Bonds, this may affect the Bondholders' recovery under the Bonds.
Risk of litigation	The Issuer may be involved in legal disputes in the future as a result of its activities. An adverse resolution of the dispute against the Issuer could potentially impact its business operations, financial status, and reputation in a negative manner. This may affect the Issuer's ability to properly discharge its obligations to the Bondholders, and the attractiveness and liquidity of the Bonds.
Tax risk	The introduction of new taxes relating to the Issuer's activities or changes in applicable taxes may adversely affect the Issuer's performance.

Risks related to bonds

RISK	DESCRIPTION
Inflation risk	There is a risk that, in the event of inflation, the depreciation of money might exceed the yield on the Bonds.
Listing risk. Risk of inactive secondary market	The Bonds constitute a new issue of securities by the Issuer. Prior to admission to trading on alternative market First North, there is no public market for the Bonds and other securities of the Issuer. Although application(s) will be made for the Bonds to be admitted to trading on alternative market First North, there is no assurance that such application(s) will be accepted, and the Bonds will be admitted to trading. In addition, admission to trading the Bonds on an alternative market will not guarantee that a liquid public market for the Bonds will develop or, if such market develops, that it will be maintained, and neither the Issuer, nor the Manager is under any obligation to maintain such market. If an active market for the Bonds does not develop or is not maintained, it may result in a material decline in the market price of the Bonds, and the liquidity of the Bonds may be adversely affected. In addition, the liquidity and the market price of the Bonds can be expected to vary with changes in market and economic conditions, the financial condition and the prospects of the Issuer, as well as many other factors that generally influence the market price for securities. Accordingly, due to such factors the Bonds may trade at a discount to the price at which the Bondholders purchased/subscribed the Bonds. Therefore, Investors may be not able to sell their Bonds at all or at a price that will provide them with a yield comparable to similar financial instruments that are traded on a developed and functioning secondary market. Further, if additional and competing financial instruments are introduced on the markets, this may also result in a material decline in the market price and value of the Bonds.
Unsuitability of the Bonds for some investors	Each potential Investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential Investor should: have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Information Document; have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio; have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds; understand thoroughly the terms of the Bonds; and 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. A potential Investor should not invest in the Bonds unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential Investor's overall investment portfolio.
Changes in the Issuer's financial position	Any adverse change in the Issuer's financial condition or prospects may have a significant adverse effect on the liquidity of the Bonds and may result in a material decrease in the market price of the Bonds.
Potentially unfavourable decisions of Bondholders' Meetings	The laws applicable to the issue of the Bonds provide for the possibility of resolving certain matters at Bondholders' Meetings. Attendance of all Bondholders at the Meeting or unanimous approval from all Bondholders is not necessary for the decision to be adopted at the Bondholders' Meeting. Accordingly, the decisions made at the Bondholders' Meeting will be binding and effective for all Bondholders, including those who abstained or opposed the decision.
No voting rights	Only shareholders of the Issuer have the right to vote at the Issuer's General Meetings. The Bonds do not confer such voting rights. Therefore, the Bondholders may not influence any decisions of the Issuer's shareholders relating, for example, to the Issuer's capital structure, commitments, or other transactions.

RISK	DESCRIPTION
Risk of early redemption of the Bonds	Under the terms of the issue, the Bonds may be redeemed prior to the specified maturity date at the discretion of the Issuer. If the Issuer exercises the early redemption right, the return on investment in the Bonds may be lower than originally expected.
Changes in the legal and tax environment	The legal and tax environment relevant to the Bond issue may change. Bondholders may face additional expenses, procedural requirements, and diminished returns on their investment in the Bonds.
Interest rate risk	If interest rates in general or particularly with regard to obligations of corporate debtors or corporate debtors with activities in the industries sector for durations equal to the remaining term of the Bonds increase, the market value of the Bonds may decrease. The longer the remaining term of a debt instrument, the stronger is its market value affected by changes of the interest rate level. There are further factors which may affect the market value of the Bonds, including, but not limited to global or national economic factors and crises in the global or national financial or corporate sector. Bondholders should be aware that movements of the market interest rate can adversely affect the market price of the Bonds and can lead to losses for the Bondholders if they sell their Bonds
Surety-related risk factors	The Bonds will be secured by the Surety of the Parent. This Surety is conditional and covers a maximum amount of EUR 8 million. There are no other collateral or guarantees provided by the Issuer or third parties. The Surety securing the issue does not ensure that, in the event of a default by the Issuer, the Surety can be enforced in such a manner or that its value is high enough to fully satisfy all claims of the Bondholders. In case the Bonds are issued in full and the Issuer encounters financial difficulties or defaults, there is a risk that the Surety may not be sufficient to repay all outstanding amounts, potentially exposing Bondholders to losses.
Transaction costs/charges	When the Bonds are purchased/subscribed or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the purchase/issue or sale price of the Bonds. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Bondholders may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs). These incidental costs may significantly reduce or eliminate any profit from holding the Bonds.

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2019-2024 Associate, Aalto Capital
2018-2024 Project Manager, Vendos