



## **Uždaroji akcinė bendrovė "Žalvaris"**

*(incorporated in Lithuania with public limited liability, corporate ID code 120504795)*

### **Information Document for the offering of bonds in the amount of up to EUR 5,000,000 and admission thereof to trading on the alternative market First North, administered by Nasdaq Vilnius AB**

This Information Document for the offering of bonds in amount of up to EUR 5,000,000 and admission thereof to trading on the alternative market First North, administered by Nasdaq Vilnius AB (the "**Information Document**") has been drawn up by Uždaroji akcinė bendrovė "Žalvaris" (the "**Company**" or the "**Issuer**") in connection with the public offering of bonds of the Company (the "**Bonds**") in the amount of up to EUR 5,000,000 in the Republic of Lithuania, the Republic of Latvia and the Republic of Estonia (the "**Offering**") and admission thereof (the "**Admission**") to trading on the First North in Lithuania (the "**First North**"), a multilateral trading facility (alternative market in Lithuania) administered by the regulated market operator Nasdaq Vilnius AB (the "**Nasdaq**").

This Information Document is not a prospectus within the meaning of the Regulation (EU) 2017/1129 of the European Parliament and of the Council (the "**Prospectus Regulation**") and the Law on Securities of the Republic of Lithuania (the "**Law on Securities**") and was not approved by the Bank of Lithuania (the "**LB**") or any securities regulation authority of any other jurisdiction as such. The prospectus for the Offering and Admission is not prepared following Article 3(2) of the Prospectus Regulation and Article 5(2) of the Law on Securities.

Following Article 78(2) of the Law on Companies of the Republic of Lithuania (the "**Law on Companies**") this Information Document was prepared pursuant to the requirements of the Decision of the Board of the LB No. 03-185 on Approval of Description of Requirements for the Preparation of the Information Document, dated 7 December 2023 (the "**Decision of LB**") from the Lithuanian law perspective and following Article 16<sup>1</sup> of the Financial Instrument Market Law of the Republic of Latvia (the "**Financial Instrument Law**") and Bank of Latvia Regulation No. 261 "Regulations on the preparation and publication of the information document for a public offer", dated 18 December 2023 (the "**Regulation on Offering Documents**") from Latvian law perspective, and following Article 15(6) of the Securities Market Act of the Republic of Estonia (the "**Securities Market Act**") and Minister of Finance Regulation No. 10 "Requirements for the Information Document for the Offering of Securities", dated 6 May 2024 (the "**Minister of Finance Regulation**"). In addition to that, the Information Document was also supplemented with information, which is required under the Rules of First North in Lithuania, approved by the decision of the Board of Nasdaq No. 18-60, dated 12 December 2018 as further amended by the decision of the Board of Nasdaq No. 20-31, dated 31 March 2020 (the "**Rules of First North in Lithuania**").

This Information Document does not constitute an offer to sell or a solicitation of an offer to buy the Bonds in any jurisdiction to any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Furthermore, the distribution of this Information Document in certain jurisdictions may be restricted by law. Thus, persons in possession of this Information Document are required to inform themselves about and to observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The information contained herein is current as of the date of this Information Document. Neither the delivery of this Information Document, nor the offer, sale or delivery of the Bonds shall, under any circumstances, create any implication that there have been no adverse changes occurred or events have happened, which may or could result in an adverse effect on the Company's or its Subsidiaries (collectively the "**Group**") business, financial condition or results of operations and/or the market price of the Bonds. Nothing contained in this Information Document constitutes, or shall be relied upon as, a promise or representation by the Issuer or the Offering Broker as to the future.

Although the whole text of this Information Document should be read, the attention of persons receiving this document is drawn, in particular, to the Section headed *Risk Factors* contained in Section II of this Information

Document. All statements regarding the Company's and the Group's business, financial position and prospects as well as the Offering should be viewed in light of the risk factors set out in Section II of this Information Document.

Šiaulių bankas AB (the "**Lead Manager**", or the "**Offering Broker**") is the lead manager in Lithuania for the purposes of Offering of the Bonds and Admission thereof to trading on First North. Law Firm TGS Baltic is the certified advisor for the purposes of Admission of the Bonds to trading on First North in Vilnius (the "**Certified Advisor**").



The date of this Information Document is 12 November 2024

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## I. INTRODUCTION

**Information Document.** This Information Document has been prepared by the Company in connection with the Offering and the Admission, solely for the purpose of enabling any prospective Investor to consider an investment in the Bonds. The information contained in the Information Document has been provided by the Issuer and other sources identified herein. This Information Document has been prepared in accordance with Article 5(2) of the Law on Securities, Article 78(2) of the Law on Companies and the Decision of LB, Article 16<sup>1</sup> of the Financial Instrument Law and provisions of the Regulation on Offering Documents, Article 15(6) of the Securities Market Act and provisions of the Minister of Finance Regulation. In addition to that, the Information Document was also supplemented with information, which is required under the Rules of First North in Lithuania.

This Information Document should be read and constructed together with any updates, supplement hereto (if any) and with any other documents attached herein and/or incorporated by reference (if any).

### 1.1 Responsibility for this Information Document

**Persons responsible.** The person responsible for the information provided in this Information Document is Uždaroji akcinė bendrovė "Žalvaris", corporate ID code 120504795, with the registered office at Palemono str. 1, Kaunas, Lithuania. The Company accepts responsibility for the information contained in this Information Document. To the best of the knowledge and belief of the Company and its CEO Vitoldas Sapožnikovas having taken all reasonable care to ensure that such is the case, the information contained in this Information Document is in accordance with the facts and contains no omission likely to affect its import.

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Vitoldas  
Sapožnikovas  
CEO

**Limitations of liability.** The Lead Manager, the legal advisor to the Company or to the Lead Manager and the Certified Advisor expressly disclaim any liability based on the information contained in this Information Document or any individual parts hereof and will not accept any responsibility for the correctness, completeness or import of such information. No information contained in this Information Document or disseminated by the Company in connection with the Offering and/or Admission may be construed to constitute a warranty or representation, whether express or implied, made by the Lead Manager or the Certified Advisor.

Neither the Company nor the Lead Manager or the legal advisor or Certified Advisor will accept any responsibility for the information pertaining to the Offering, Admission, the Group or its operations, where such information is disseminated or otherwise made public by third parties either in connection with this Offering or otherwise.

By participating in the Offering, investors agree that they are relying on their own examination and analysis of this Information Document (including the financial statements of the Group which form an indispensable part of this Information Document) and any information on the Company, the Group that is available in the public domain. Investors should also acknowledge the risk factors that may affect the outcome of such investment decision (as presented in Section II *Risk Factors*).

Investors should not assume that the information in this Information Document is accurate as of any other date than the date of this Information Document. The delivery of this Information Document at any time after the conclusion of it will not, under any circumstances, create any implication that there has been no change in the Company's (its Group's) affairs since the date hereof or that the information set forth in this Information Document is correct as of any time since its date.

In the case of a dispute related to this Information Document or the Offering, the plaintiff may have to resort to the jurisdiction of the Lithuanian courts and consequently a need may arise for the plaintiff to cover relevant state fees and translation costs in respect of this Information Document or other relevant documents.

### 1.2 Notice to prospective investors and selling restrictions

The Offering under this Information Document will be made in one or several Tranches as public offering in Lithuania, Latvia and Estonia pursuant to exemption under Article 3(2)(b) of the Prospectus Regulation (for additional information please see Section V *Subscription and Sale of the Bonds*).

The distribution of this Information Document in certain jurisdictions may be restricted by law. Any person residing outside the Republic of Lithuania, the Republic of Latvia or the Republic of Estonia may receive this Information Document only within limits of applicable special provisions or restrictions. The Issuer requires persons into whose possession this Information Document comes to inform themselves of and observe all such restrictions. This Information Document may not be distributed or published in such countries or jurisdictions or otherwise in such circumstances in which it would be unlawful or require measures other than those required under Lithuanian laws. This Information Document does not constitute an offer to sell or a solicitation of an offer to buy the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The Issuer, the Offering Broker or their representatives and/or legal advisers do not accept any legal responsibility whatsoever for any such violations, whether or not a prospective investor is aware of such restrictions.

In addition to that this Information Document may not be used for, or in connection with, and does not constitute, any offer to sell, or an invitation to purchase, any of the Bonds offered hereby in any jurisdiction in which such offer or invitation would be unlawful. Persons in possession of this Information Document are required to inform themselves about and to observe any such restrictions, including those set out in this Section. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

As a condition for the subscription/purchase of any Bonds in the Offering, each subscriber/purchaser will be deemed to have made, or in some cases be required to make, certain representations and warranties, which will be relied upon by the Company, the Lead Manager and others. The Company reserves the right, at its sole and absolute discretion, to reject any subscription/purchase of Bonds that the Company, the Lead Manager or any agents believe may give rise to a breach or a violation of any law, rule or regulation.

### 1.3 Certain provisions, related to presentation of information

**Approximation of numbers.** Numerical and quantitative values in this Information Document (e.g., monetary values, percentage values, etc.) are presented with such precision which the Company deems sufficient in order to convey adequate and appropriate information on the relevant matter. From time to time, quantitative values have been rounded up to the nearest reasonable decimal or whole value in order to avoid excessive level of detail. As a result, certain values presented do not add up to total due to the effects of approximation. Exact numbers may be derived from the financial statements of the Company to the extent that the relevant information is reflected therein.

**Third party information and market information.** With respect to certain portions of this Information Document, some information may have been sourced from third parties, in such cases indicating the source of such information in the Information Document. Such information has been accurately reproduced as far as the Company is aware and is able to ascertain from the information published by such other third parties that no facts have been omitted, which would render the reproduced information inaccurate or misleading. Certain information with respect to the markets, on which the Company and its Subsidiaries are operating, is based on the best assessment made by the Management. With respect to the industry, in which the Group is active, and certain jurisdictions, in which its operations are being conducted, reliable market information might be unavailable or incomplete. While every reasonable care was taken to provide the best possible estimate of the relevant market situation and the information on the relevant industry, such information may not be relied upon as final and conclusive. Investors are encouraged to conduct their own investigation into the relevant market or seek professional advice. Information on market shares represents the Management's views, unless specifically indicated otherwise.

**Forward looking statements.** This Information Document includes forward-looking statements. Such forward-looking statements are based on current expectations and projections about future events, which are in turn made on the basis of the best judgment of the Management. Certain statements are based on the belief of the Management as well as assumptions made by and information currently available to the Management. Any forward-looking statements included in this Information Document are subject to risks, uncertainties and assumptions about the future operations of the Group, the macro-economic environment and other similar factors.

In particular, such forward-looking statements may be identified by use of words such as strategy, expect, forecast, plan, anticipate, believe, will, continue, estimate, intend, project, goals, targets, would, likely, anticipate and other words and expressions of similar meaning. Forward-looking statements can also be identified by the fact that they do not relate strictly to historical or current facts. As with any projection or forecast, they are inherently susceptible to uncertainty and changes in circumstances, and the Company is under no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements contained in this Information Document whether as a result of such changes, new information, subsequent events or otherwise.

The validity and accuracy of any forward-looking statements is affected by the fact that the Group operates in a competitive business. This business is affected by changes in domestic and foreign laws and regulations, taxes, developments in competition, economic, strategic, political and social conditions and other factors. The Group's actual results may differ materially from the Management's expectations because of the changes in such factors. Other factors and risks could adversely affect the operations, business or financial results of the Group (please see Section II *Risk Factors* for a discussion of the risks which are identifiable and deemed material at the date hereof). However, the risk factors described in the Information Document do not necessary include all risk and new risk may surface. If one or more of the risk factors described in this Information Document or any other risk factors or uncertainties would materialise or any of the assumptions made would turn out to be erroneous, the Group's actual business result and/or financial position may differ materially from that anticipated, believed, expected or estimated. It is not the Company's intention, and it will not accept responsibility for updating any forward-looking statements contained in this Information Document, unless required by applicable legislation.

#### 1.4 Information incorporated by Reference

No documents or content of any website are incorporated by reference in this Information Document in accordance with Item 7 of the Decision of the Board of the LB, except for the currently valid wording of the Articles of Association of the Company (the "**Articles of Association**"), the Company's audited financial statements for the years ended 31 December 2021, 31 December 2022 and 31 December 2023 and unaudited semi-annual financial statements for the period ended 30 June 2024 (the "**Financial Statements**"), which are available on the website of the Company [www.zalvaris.lt](http://www.zalvaris.lt).

**Documents on Display.** Throughout the lifetime of this Information Document, the Articles of Association and the Financial Statements may also be inspected at the head office of the Company located at Palemono str. 1, Kaunas, Lithuania, on business hours of the Company. Any interested party may obtain copies of these documents from the Company without charge.

## II. RISK FACTORS

*The following is a disclosure of certain risk factors that may affect the Issuer's ability to fulfil its obligations under the Bonds. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the risks associated with the Bonds are described below. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Bonds may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to the Issuer or which it may not currently be able to anticipate. Prospective Investors should also read the detailed information set out elsewhere in this Information Document and reach their own views prior to making any investment decision.*

*Before deciding to purchase/subscribe the Bonds, Investors should carefully review and consider the following risk factors and other information contained in this Information Document. Should one or more of the risks described below materialise, this may have a material adverse effect on the business, prospects, shareholders' equity, net assets, financial position and financial performance of the Issuer or the Group. Moreover, if any of these risks occur, the market value of the Bonds and the likelihood that the Issuer will be in a position to fulfil its payment obligations under the Bonds may decrease, in which case the Bondholders could lose all or part of their investments. Additional risks and uncertainties, which are not currently known to the Issuer or which the Issuer currently believes are immaterial, could likewise impair the business operations of the Issuer and/or the Group and have a material adverse effect on their cash flows, financial performance and financial condition. The order in which the risks are presented does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the cash flows, financial performance and financial condition of the Issuer and/or the Group.*

### 2.1 General business risk factors

#### **General economic situation**

The Group's business, financial performance and financial condition may be materially affected by changes in general economic, political and financial market conditions, such as a global or local recession, inflation and/or fluctuations in interest rates.

The demand for waste management services generally correlates with economic activity, including growth in gross domestic product and especially with industry production levels, in Lithuania. Although the waste management services industry is normally considered to be less sensitive to economic cycles than number of other industries, both weak and strong economic activity, presents a challenge for the Group. Periods of recession may have an adverse impact on payment terms and on the demand for services. This may adversely affect the Group's financial performance and financial condition.

In periods of rapid economic growth, the Group may encounter problems in recruiting employees and tends to experience inflation-driven increases in certain of its costs, such as staff costs, that are sensitive to rises in the general price levels. In this situation, due to competitive pressures the Group may be not able to raise the prices it charges on its services sufficiently to preserve operating margins. Accordingly, high rates of inflation could increase the Group's costs and have a material adverse effect on the Group's financial performance and its financial condition.

#### **Inflation**

The upcoming years may maintain considerable inflation. Relevant expenses of the Group, e. g., fuel costs, transportation expenses and workforce, are closely related to the general price level. Continued inflation may prevent the Group from changing the prices of its products and/or services respectively to preserve the existing profit margin or may lead to higher losses. Thus, the Group's expenditures would increase considerably due to inflation and the Issuer would have to cover its increased costs from internal resources, unless the Issuer manages to increase its prices. Thus, continued inflation may have a considerable adverse influence on the Issuer's financial situation and business results.

#### **Increase of salaries in Lithuania**

Labour costs make a considerable part of the cost of the Group's services. Though workforce is cheaper in Lithuania than in old EU Member States, the difference should decrease constantly as its economy is catching up with the average of the EU. Willing to remain competitive and retain its employees, the Issuer and the Group may be forced to increase its labour costs at a faster pace than it used to do previously. If they fail to increase

labour efficiency and effectiveness while increasing these costs, this may have a considerable adverse effect on the Group's financial situation and business results.

### **Market risk**

Market disruptions can be triggered by current tendencies challenging the stability or even the existence of the EU in its current form, which, in addition to increasing economic volatility and market uncertainty globally, could have a significant negative impact on the economic development of the EU Member States.

### **Catastrophic events, terrorist attacks, acts of war, hostilities, riots, civil unrest, pandemic diseases and other unpredictable events**

Catastrophic events, terrorist attacks, acts of war or hostilities, riots, civil unrest, pandemic diseases and other similarly unpredictable events, and responses to those events or acts, may reduce the number of workable days and therefore prevent the Group and its employees from being able to provide services to its customers. In addition, in February 2022, the Russian Federation invaded Ukraine. The military actions affect not only the economy in Ukraine, Russia and Belarus, but also the European Union and global economy. The situation in Ukraine is extremely volatile and inherently uncertain. Currently, considering the ongoing and dynamic nature of the situation, a reliable estimate of the financial and non-financial impact cannot be presently made, although war in Ukraine did not have a significant impact on the Group's operations and results in year 2022 and 2023. Nonetheless, the Group management is continuously assessing the potential impact of key war factors on the Group's strategic goals, cash flows, financial results and continuously monitoring the quality of trade receivables, growth of energy resources prices, oil and fuel prices and inflation growth.

All those events and acts may also create economic and political uncertainties which may have an adverse effect on the economic conditions in such countries or decrease the demand for or increase the costs of the Group's services. Such events and acts are difficult to predict and may also affect employees, including key employees. If the Group's business continuity plans do not fully address such events or cannot be implemented under the circumstances, it may incur losses. Unforeseen events can also lead to lower revenue or additional operating costs, such as fixed employee costs not recovered by revenue due to inability to deliver services, higher insurance premiums and the implementation of redundant back-up systems. Insurance coverage for certain unforeseeable risks may also be unavailable. A materialisation of these risks may have a material adverse effect on the Group's business, results of operation or financial condition.

## 2.2 Group specific risk factors

### **Potential challenges to implementing business strategy and achieving desired results**

The Group expects to provide a greater volume of its services and subsequently to earn higher returns in the future. However, these results are not guaranteed and are subject to variation due to numerous factors. The Group's financial results might not develop as projected because of a lower global demand, increased competition or the Group's inability to implement its business strategy. In addition, the Management may fail to correctly anticipate future market trends and make worse than optimal decisions regarding future development of the Group.

### **Dependence on the team of top managers and key personnel**

Group's business depends on the team of the top managers, responsible for the development, growth of business and appropriate day-to-day activities. Therefore, the Group's ability to survive in the competitive environment and to implement its growth strategy is mostly determined by their experience, knowledge, personal relations and other characteristics. The Group's ability to attract and hire highly competent managers also contributes to the Group's success. As the competition for high qualification personnel is strong and constant, it is probable that the Group's managers and main employees can decide to change their jobs and to leave the Group. Loss of such employees or the Group's inability to hire new managing personnel with appropriate knowledge and capabilities or shortage of such people in the market can have a negative effect on the prospects of the Group's business, financial situation and performance.

The Group is also strongly dependent on its executives and other highly qualified and experienced personnel, having knowledge in waste management. Should the Group fail to attract, maintain and motivate these workers, it could lose them to competitors. Additional time and financial resources would be needed to find



and select their replacements which could have an adverse effect on the Group's business, prospects, financial performance and financial position.

### ***Competition risk***

The Group faces competition from number of different market players in many spheres of its activities in every business segment including competition for clients and employees. In each of the markets and business segments, the Group competes primarily based on its service range, pricing, established client relationships, technical knowledge and the operational efficiency. If the Group is unable to continue to provide its services to existing clients, to develop new services portfolios and to attract new clients, to respond to client trends, to increase its operating efficiency and to reduce its operating and overhead costs, it may not be able to successfully compete in the relevant markets. Should the Group fail to maintain its market position in the relevant markets and business segments, this could have a material adverse effect on the net assets, financial position and financial performance of the Group.

### ***Operational and safety risks***

Issuer's Group services involve risks, such as accidents, equipment defects, malfunctions and failures and natural disasters. These risks expose the Issuer to potential liability for pollution and other environmental damages, personal injury, loss of life, business interruption and property damage or destruction. Potential health and safety risks arise to Group's employees when handling hazardous waste. Group has implemented internal controls and procedures to avoid potential pollution or damage to the environment incidents, also procedures regarding employees' health and safety as well as has various insurance policies in place to manage the financial effects of such risks. Nevertheless, The Group's insurance policies could be inadequate to fully compensate for losses associated with damage to its property, assets and liability for third-party claims. In certain situations, the Issuer's Group is not able to increase insurance coverage significantly due to economically unreasonable insurance premiums or may not be able to insure certain risks at all. Any losses exceeding amounts covered by insurance contracts may have an adverse effect on the Group's business operations, financial position, and cash flows.

### ***Risks related to non-compliance with environmental regulations***

The Issuer's Group has a considerable exposure to environmental compliance risks as it has to comply with various environmental regulations, and it may be held liable for improper compliance with such rules. Non-compliance may result in loss of any environmental permit and suspension of specific Group activity. In addition to the liability for current activities, the Issuer may also be liable for any previous operations if it appears that such operations caused damages to the environment. Furthermore, any changes in environmental regulations, both national and international, may bind the Issuer to introduce measures that would meet required standards. Breach of requirements of environmental regulations leading to fines may substantially influence the reputation of the Issuer or its subsidiaries, which, in turn may have an adverse effect on the Issuer's sales and financial situation.

### ***Commodity markets related risks***

The Issuer's Group services are exposed to commodity market price risk. Increase of electricity prices has a moderately low effect but increase of fuel prices affects all business lines of the Issuer's Group to a greater extent. The prices of some of the products sold by the Group depend on commodity market prices (for example lead and other metals, used oil, plastics). Since the company cannot affect the future commodity market price fluctuations, they may result in Issuer's Group incurring additional costs, reduced profitability, a drop in market share and outputs and lost cash flows.

### ***The Issuer are exposed to liability against some partners***

One of the Group's services is issuing the Certificates of Utilisation. The Issuer is working with several producers and importers associations (for packaging, automotive waste and electronics) and has an obligation to collect and properly dispose of certain quantities of these waste each year. The amounts agreed with these organisations are based on previous years waste collection data and the Group is monitoring collected amounts closely (reports of waste collected are received from all regional waste collection sites each week). In spite of all these efforts, some unforeseen events and situations may arise in the future that could adversely affect Group's ability to reach the required collection amounts and it would have a negative financial effect for the Group. Other usual service contracts of the company do not have such obligations regarding waste amounts.

### **Interest rate risk**

Currently all the Company's borrowings are bank loans and lease agreements, which are subject to variable interest rates (related to 6M EURIBOR) which create interest rate risk. This exposes the Group to a risk that borrowing costs might increase in the event that the relevant benchmark market interest rates rise. Adverse interest rate fluctuations, if not hedged, may negatively impact the Group's financial performance and its financial position. There are no financial instruments designated by the Group to manage the exposure to the interest rate risk outstanding.

### **Counterparty risk**

Counterparty risk is inherent to all business activities the Group is engaged in. Counterparty risk may result in financial losses (including, but not limited to, revenues not being received from customers, funds deposited at banks, partners failing to perform their obligations etc.) to the Group. Default of a Group counterparty may affect the quality of services provided by the Group or harm the Group's reputation. Although, the Group monitors and manages its counterparty risk, the occurrence of any of the mentioned counterparty risks may have an adverse impact on the Group's business and financial position.

## 2.3 Risk factors related to the Bonds

### ***The Bonds may be not as suitable investment for all 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.

### **Credit risk**

Credit risk should be evaluated as a possibility that the Issuer might become insolvent, go bankrupt, its business being suspended or terminated, and as a result, it would be impossible to redeem the Bonds and/or pay the accrued interest to the Bondholders. Moreover, 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 Bonds, an investor may forfeit interest payable on, and the principal amount of, the Bonds in whole or in part. An investor is always solely responsible for the economic consequences of its investment decisions. The Bonds constitute direct, secured, guaranteed obligations of the Issuer, ranking *pari passu* without any preference among each other and with all unsecured, and unsubordinated indebtedness of the Issuer. In addition to that the state guarantee (insurance) is not applicable in case of investments into the Bonds.

In addition, even if the likelihood that the Issuer will be in a position to fully perform all obligations under the Bonds when they fall due actually has not decreased, market participants could nevertheless be of that opinion. Market participants may in particular be of such opinion if market participants' assessment of the creditworthiness of corporate debtors in general or debtors operating in the industries sector adversely change. If any of these risks occur, the third parties would only be willing to purchase Bonds for a lower price than before the materialisation of said risk. The market value of the Bonds may therefore decrease.

**Collateral Risk**

The Bonds will be secured by the first ranking pledge of 100% shares of the Company. Apart from the Collateral referred to above, there are no other collateral or guarantees of the Issue issued by third parties. The Collateral securing the Issue does not guarantee that, in the event of a default by the Issuer, the Collateral will be capable of being realised in such manner or that the liquidation value of the Collateral will be sufficiently high to satisfy in full all the claims of the Bondholders.

**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.

**Inflation risk**

The inflation risk is the risk of future money depreciation. The real yield from an investment is reduced by inflation. The higher the rate of inflation, the lower the real yield on the Bonds. If the inflation rate is equal to or higher than the nominal yield, the real yield is zero or even negative.

**An active secondary market for the Bonds may not develop**

The Bonds constitute a new issue of securities by the Issuer. Prior to Admission to trading on First North, which is an alternative market in Lithuania, 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 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 Arranger 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.

**Amendments to the Bonds bind all Bondholders**

The Law on Protection of Interests of Bondholders requires, and the terms of the Bonds contain provisions for calling Bondholders' Meetings to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant Bondholders' Meetings and Bondholders who voted in a manner contrary to the majority. This may incur financial losses, among other things, to all Bondholders, including such Bondholders who did not attend and vote at the relevant Bondholders' Meetings and Bondholders who voted in a manner contrary to the majority.

**Taxation of Bonds**

Potential purchasers/subscribers and sellers of the Bonds should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Bonds are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial instruments such as the Bonds. Potential investors are advised to ask for their tax advisers' advice on their individual taxation with respect to the acquisition, sale and redemption of the Bonds. Only these advisors are in a position to duly consider the specific situation of the potential investor.

**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.

### ***Refinancing risk***

The Issuer may be required to refinance certain or all of its outstanding debt, including the Bonds. The Issuer's ability to successfully refinance its debt is dependent on the conditions of the debt capital markets and its financial condition at such time. Even if the debt capital markets improve, the Issuer's access to financing sources at a particular time may not be available on favourable terms, or at all. 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 and on the Bondholders' recovery under the Bonds.

### ***The Bonds contain several covenants governing the Issuer's operations and generally do not limit its ability to merge, effect asset sales or otherwise effect significant transactions that may have a material adverse effect on the Bonds and the Bondholders***

The Bonds contain several provisions designed to protect the Bondholders from a reduction in the creditworthiness of the Issuer. In particular, the General Terms and Conditions of the Bonds do not, except for the Events of Default conditions, restrict the Issuer's ability to increase or decrease its share capital, to enter into a merger, asset sale or other significant transaction that could materially alter its existence, jurisdiction of organization or regulatory regime and/or its composition and business. In addition, generally none of the covenants, which the Company undertakes to follow, guarantees that the creditworthiness of the Issuer will not be reduced. Therefore, in the event that the Issuer enters into any of the above transactions, Bondholders could be materially adversely affected.

### ***No limitation on issuing additional debt***

The Issuer is not prohibited from issuing further debt as long as the financial covenants are followed. If the Issuer incurs significant additional debt ranking equally with the Bonds, it will increase the number of claims that would be entitled to share rateably with the Bondholders in any proceeds distributed in connection with an insolvency of the Issuer. Further, any provision which confers, purports to confer, or waives a right to create security interest in favour of third parties, such as a negative pledge, is ineffective against third parties since: (i) it is a question of a contractual arrangement only being binding upon the parties to such contractual arrangement; (ii) there is no specific legislation in Lithuania providing beneficiaries of negative pledge undertakings or covenants with a preferred position vis-a-vis the claims of third parties; and (iii) no registry or public record exists in Lithuania through which negative pledge undertakings or covenants could be filed to obtain a preferred position. Should the Issuer breach its obligations under such undertakings and covenants and create a security interest in favour of a third party, such third party would obtain a valid and enforceable security interest over the pledged asset.

## 2.4 Legal and Taxation Risk Factors

### ***Regulatory and legislation risk***

The Group's business is subject to extensive regulation and associated regulatory and legal risks (including the effects of changes in the laws, regulations, policies or their respective interpretations) which could have a material adverse effect on the Group's business, prospects, financial performance and financial position.

### ***Compliance with legal acts***

The Company and the Subsidiaries are required to comply with large number of laws and regulations in numerous countries relating, but not limited to operational procedures and quality standards. Any failure to comply with the applicable laws and regulations may expose the Company to administrative penalties and civil remedies including fines or injunctions, as well as in certain cases even minor infringement proceedings can be started. Although the Company has policies in place throughout its entire organization to protect against such non-compliance, the risk of failure to comply with all legal requirements may not be totally excluded. Should any material non-compliance be established by competent authorities and not rectified in due time, it

may have serious financial consequences for the Group and negative impact on Company's and/or Subsidiaries' reputation.

***Failure to meet its workplace health and safety obligations***

The Group currently operates in Lithuania and Latvia and is subject to laws and regulations in respect of health and safety in both of these jurisdictions. Additional or amended laws and regulations may increase the cost of compliance, adversely impact Group's ability to comply, or expose the Group to greater potential liabilities where, for example, changes to the regulatory framework result in higher or more complicated regulatory standards. In the event the Group breaches these laws and regulations, any company of the Group could be subject to sanctions and penalties.

***Litigation risks***

In the course of their ordinary business operations, companies of the Group might be involved in several court and official proceedings, as plaintiffs or defendants, the outcome of which cannot currently be predicted with any certainty. The Group may be required under a court order or settlement agreement to pay considerable amounts, which may also exceed any provisions set up for this purpose. In addition to these amounts, the legal costs incurred by the Group and in some cases of its opponent would also have to be borne. This could have a material adverse effect on the net assets, financial position and financial performance of the Group.

***Tax risks***

The Group regularly reviews the applicable local and foreign taxation rules in order to identify new developments and make the relevant adjustments. Due to the complexity and dynamics of both tax legislation and the interpretation of applicable law by the tax authorities, it is possible that the outcome of the tax audits performed in the in states where the Group operates may not be as expected and that the tax amounts determined by the tax authorities may exceed the provisions set up for this purpose, so that additional liquid funds must be applied to pay the tax owed, which would affect the net assets, financial position and results of operations of the Group.

### III. INFORMATION ABOUT THE ISSUER

#### 3.1 Structure of the Group and Sole Shareholder of the Issuer

##### General information of the Issuer

Legal and commercial name of the Issuer	Uždaroji akcinė bendrovė "Žalvaris"
Place of registration of the Issuer (registered office)	Palemono str. 1, Kaunas, Lithuania
Corporate ID code of the Issuer	120504795
Authorized capital	1 164 414 EUR (401 522 ordinary shares with a nominal value of 2,9 EUR)
Legal form of the Issuer	Private limited liability company
Legislation under which the Issuer operates	Lithuanian
Country of incorporation of the Issuer	Republic of Lithuania
Date of incorporation of the Issuer	1991-03-14
Telephone number	+370 800 00 653
Email	info@zalvaris.lt
Internet address	www.zalvaris.lt
Auditors of the Issuer	For financial year 2022 – Mokesčių ekspertų konsultacijos, UAB For financial year 2023 – PriceWaterhouseCoopers UAB
The main legal act regulating the activities of the Issuer	Law on Waste Management of the Republic of Lithuania (in Lithuanian: <i>Lietuvos Respublikos atliekų tvarkymo įstatymas</i> )

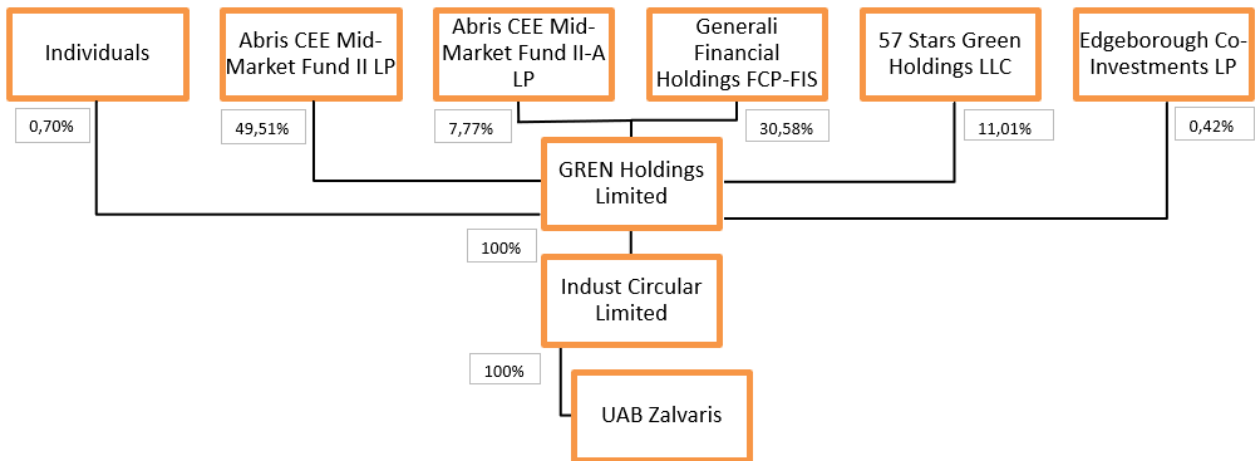
##### The Shareholders of the Issuer

The sole shareholder of the Company is Indust Circular Limited, a private limited liability company registered in the Republic of Cyprus under the code HE444531, registered office address Prodromou & Dimitrakopoulou 2, Floor 5, 1090 Nicosia, Republic of Cyprus, holding 100% of shares of the Company and voting rights in the general meeting of the shareholders.

The sole shareholder of Indust Circular Limited is GREN Holdings Limited, a limited liability company registered in the Republic of Cyprus under the code HE346909, registered office address Prodromou & Dimitrakopoulou 2, Floor 5, 1090 Nicosia, Republic of Cyprus, holding 100% of shares of Indust Circular Limited and voting rights in the general meeting of the shareholders.

The shareholders of GREN Holdings Limited are several international legal entities and natural persons (see below Figure 1. *Structure of the Shareholders of the Issuer*).

##### Figure 2. Structure of the Shareholders of the Issuer



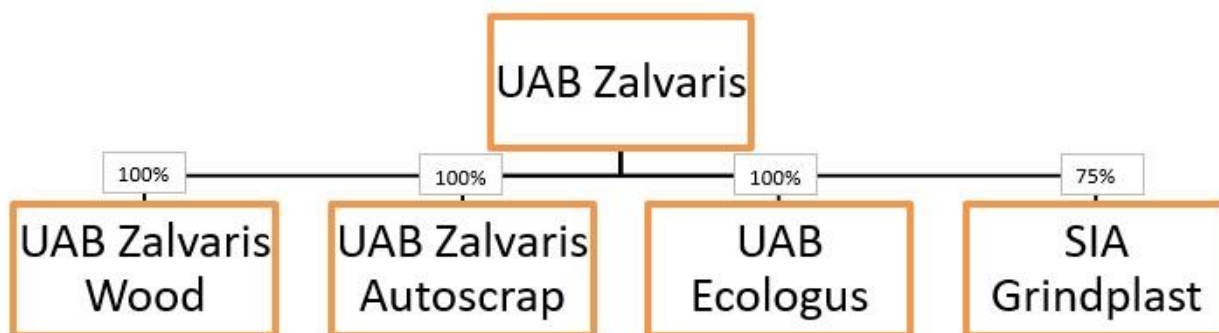
**Table 1. List of the Shareholders of the Issuer**

Country	Company	Company code	Registration address	Shareholder(s)
Jersey	Abris CEE Mid-Market Fund II LP	1399	28 Esplanade, St. Helier, JE2 3QA	
Jersey	Abris CEE Mid-Market Fund II-A LP	1477	28 Esplanade, St. Helier, JE2 3QA	
Luxembourg	Generali Financial Holdings FCP-FIS Sub-fund 2	RA000433	Boulevard F.W. Raiffeisen, 17 Luxembourg L-2411	
USA	57 Stars Green Holdings LLC	7187957	838 Walker Road, SIUTE 21-1, Dover, Delaware	
Jersey	Edgeborough Co-Investments LP	1196	28 Esplanade, St. Helier, JE2 3QA	
Cyprus	GREN Holdings Limited	HE346909	Prodromou & Dimitrakopoulou 2, Floor 5, 1090 Nicosia	Abris CEE Mid-Market Fund II LP – 49,51%, Abris CEE Mid-Market Fund II-A LP – 7,77%, Generali Financial Holdings FCP-FIS – 30,58%, 57 Stars Green Holdings LLC – 11,01%, Edgeborough Co-Investments LP – 0,42%, Individuals – 0,7%
Cyprus	Indust Circular Limited	HE444531	Prodromou & Dimitrakopoulou 2, Floor 5, 1090 Nicosia	GREN Holdings Limited, 100%

### The Group of the Issuer

The Company is a sole shareholder of three private limited liability companies: UAB Žalvaris wood, UAB Žalvaris autoscrap, and UAB "Ecologus". The Company also holds 75% of shares of SIA Grindplast. The Group specialises in different types of waste management services, e.g., processing wood waste, recycling plastic and lead batteries, handling vehicles and other hazardous waste (see below Table 2 *Subsidiaries, controlled by the Company*).

**Figure 2. Structure of the Issuer and its subsidiaries**



**Table 2. Subsidiaries, controlled by the Company**

Country	Company	Company code	Registration address	Shareholder	Activities
Lithuania	UAB Žalvaris Wood	304410875	Kaunas, Palemono str. 1	The Issuer, 100%	wood waste collection and processing
Lithuania	UAB Žalvaris Autoscrap	302626931	Kaunas, Palemono str. 1	The Issuer, 100%	handling and dismantling of unusable vehicles
Lithuania	UAB Ecologus	303064324	Utena district, Azuolijos village. 12	The Issuer, 100%	lead batteries recycling, sorting of hazardous waste
Latvia	SIA Grindplast	40203022534	Jalgava district, Vitolini, "Industrial park"	The Issuer, 75%	plastic waste recycling

### 3.2 Management

#### Management structure of the Issuer

The Company has a three-tier management system, i.e., the Supervisory Board, the Management Board and the CEO (the Director). Management structure of the Issuer is indicated in figure below.

**Figure 3. Management Structure of the Issuer**



The Supervisory Board of the Company is a collegial body supervising the activities of the Company. The Supervisory Board consists of 3 (three) members. The Supervisory Board elects the Chairman of the Supervisory Board from among its members.



The members of the Supervisory Board shall be elected for a period of 4 (four) years. The Supervisory Board performs its functions for the period of 4 (four) years or until a new Supervisory Board is elected, but not for longer than until ordinary General Meeting of Shareholders held during the final year of its term of office. The entire Supervisory Board or its individual members may be removed before the expiry of their term of office.

The Management Board of the Company is a collegial management body of the Company. The Management Board consists of 5 (five) members. The Management Board elects the Chairman of the Management Board from among its members.

The members of the Management Board are elected for a period of 4 (four) years. The Management Board performs its functions for the period of 4 (four) years or until a new Management Board is elected and commences its activities, but not for longer than until ordinary General Meeting of Shareholders held during the final year of its term of office. The entire Management Board or its individual members may be removed before the expiry of their term of office.

The CEO of the Company is a sole management body of the Company. The Manager of the Company executes the right to autonomously make decisions and conclude contracts on behalf of the Company. CEO is elected by the Management Board with the approval of the Supervisory Board.

**Table 3. Education and experience of the Supervisory Board**

<p><b>Georgian-Ionut Marin</b> <b>Chairman of the Supervisory board</b></p>
<p><b>Education:</b></p> <ul style="list-style-type: none"> <li>• IESE Business School, Executive MBA (2021 – 2023)</li> <li>• Academia de Studii Economice din București, Master's degree, Risk Management (2011 – 2013)</li> <li>• Academia de Studii Economice din București Bachelor of Economics (2008 – 2011)</li> </ul> <p><b>Experience:</b></p> <ul style="list-style-type: none"> <li>• Abris Capital Partners – Investment Director (from 2023), Investment Manager (2020 – 2023), Investment Associate (2017 – 2019)</li> <li>• Green Group Romania – Member of The Supervisory Board (from 2018)</li> <li>• S.C. Pehart Tec Grup S.A. – Member of The Supervisory Board (from 2017)</li> </ul>
<p><b>Iulian-Marius Costache</b> <b>Member of the Supervisory board</b></p>
<p><b>Education:</b></p> <ul style="list-style-type: none"> <li>• Politehnica University in Bucharest, Science and Engineering of Materials</li> <li>• ASEBUS Business School, Excellence in Management</li> </ul> <p><b>Experience:</b></p> <ul style="list-style-type: none"> <li>• Green WEEE – CEO (from 2008)</li> <li>• Green Glass – CEO (from 2015)</li> <li>• European Association of Electronic Recyclers (EERA) – Board Member (since 2016)</li> <li>• Eltex Recycling – Member of Supervisory board (from 2022)</li> </ul>
<p><b>Adrian Stanculescu</b> <b>Member of the Supervisory board</b></p>
<p><b>Education:</b></p> <ul style="list-style-type: none"> <li>• The University of Chicago Booth School of Business, Master of Business Administration (2016 – 2018)</li> <li>• Academia de Studii Economice din București, Master's degree, Management of International Projects (2005 – 2007)</li> <li>• Academia de Studii Economice din București Bachelor of Commerce (2001 - 2005)</li> </ul> <p><b>Experience:</b></p> <ul style="list-style-type: none"> <li>• Abris Capital Partners - Partner, Head of Romania (since 2020), Investment Director, Head of Romania (2018 – 2019), Investment Manager (2015 – 2017)</li> <li>• Resource Partners – Associate (2010 – 2014)</li> <li>• Deloitte Consulting – Senior Consultant (2007 – 2010)</li> </ul>

**Table 4. Education, experience and other principal activities outside the Company of the Management Board**

**Vitoldas Sapožnikovas**  
**Chairman of the Management Board, CEO**

**Education:**

- Kaunas University of Technology, Master of Management (2001 – 2003)
- Kaunas University of Technology, Bachelor of Management (1997 – 2001)

**Experience:**

- UAB Žalvaris – CEO (from 2018)
- UAB Palemono keramikos gamykla – Chairman of the board (from 2021)
- UAB Garant building – CEO (from 2021)
- UAB MDL House Service – CEO (from 2016)
- UAB Navitas expertus – CEO (from 2020)
- AB Civinity – CEO and Chairman of the board (2015 – 2018)
- AB Kauno tiltai – Director of Business development (2011 – 2015)

**Principal activities outside the Company:**

- UAB Palemono keramikos gamykla – Chairman of the board (from 2021)
- UAB Garant building – CEO (from 2021)
- UAB MDL House Service – CEO (from 2016)
- UAB Navitas expertus – CEO (from 2020)

**Kristina Kavaliauskienė**  
**Member of the Management Board, Director of Sales**

**Education:**

- Kaunas University of Technology, Master of Management and Business Administration (2010 – 2012)
- Kaunas University of Technology, Bachelor of Public Administration (2002 – 2006)

**Experience:**

- UAB Žalvaris – Director of Sales (from 2017)
- UAB Palemono keramikos gamykla – Director of Sales (2021 – 2024)
- UAB Ekonomovus – Director of Sales (2015 – 2017)
- UAB Eko Tarnyba – CEO (2013 – 2015)
- UAB Eko Group – Director of projects (2010 – 2012)

**Paulius Repšys**  
**Member of the Management Board, Director of Business Development**

**Education:**

- Vilnius Pedagogical University, Bachelor of Biology (2000 – 2005)

**Experience:**

- UAB Žalvaris – Director of Business Development (from 2020)
- UAB Žalvaris – Director of Commerce (2018 – 2020)
- UAB Žalvaris – Project Manager (2013 – 2018)
- UAB Žalvaris – Head of Vilnius Department (2008 – 2013)
- Valstybinė aplinkos apsaugos inspekcija – Head of Economy department (2002 – 2008)

**Romas Mižutavičius**  
**Member of the Management Board, Director of Logistics**

**Education:**

- KKI (now – Lithuanian Sports University), Sports and tourism teacher, organizer (1987 – 1992)

**Experience:**

- UAB Žalvaris – Director of Logistics (from 2018)
- UAB Palemono keramikos gamykla – Director of Logistics (2021 - 2024)
- UAB IKEA Industry Lietuva – Head of Logistics (2009 – 2017)
- UAB Sanitex – Head of Warehouses (1998 – 2008)

**Adomas Gendvilas**  
**Member of the Management Board, CFO**

**Education:**

- ISM University of Management and Economics, Bachelor of Economics (2009 – 2013)

**Experience:**

- UAB Žalvaris – CFO (from 2022), financial analyst (2013 – 2022)
- UAB Palemono keramikos gamykla – CFO (from 2021)
- UAB Rafimeta – CFO (2018 – 2022), financial analyst (2017 – 2018)

**Principal activities outside the Company:**

- UAB Palemono keramikos gamykla – CFO (from 2021))

**Litigation statement of the members of the management**

Within the last 2 (two) years neither the CEO, nor any members of the Management Board and Supervisory Board have been liable for violations of legal acts, regulating the markets in financial instruments. In addition, neither the CEO of the Issuer nor any member of the Management Board and Supervisory Board: (i) has been already convicted of fraud or other economic offences; nor (ii) has held an executive function in the form of a senior manager or a member of the administrative management or supervisory bodies, of any company, or a partner in any partnership, at the time of or preceding any bankruptcy, receivership or forced liquidation; nor (iii) has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

**Conflicts of interest of members of the administrative and management bodies**

The Company is not aware of any potential conflict of interests between any duties to the Company of the CEO, the members of the Management Board or the members of the Supervisory Board.

There are no arrangements or understandings with the sole shareholder of the Issuer, customers, suppliers or others, pursuant to which any member of the management was selected as a member of the administrative, management or member of senior management.

### 3.3 Business Description

#### Principal activities of the Issuer

The Issuer and its Subsidiaries (the **Group**) provide hazardous and non-hazardous waste management services, which currently carry out activities in the following areas:

- Collection, initial processing and transfer of lead batteries, shock absorbers, lubricants, fuel, air filters, tires, oil and other automotive waste for further processing;
- Collection, initial processing and transfer of used alkaline batteries, electrical and electronic equipment for further processing;
- Collection of contaminated and uncontaminated packaging, initial processing and transfer for further processing;
- Collection, sorting, initial processing and transfer of scrap and waste of non-ferrous and ferrous metals for further processing;
- Collection, initial processing and transfer of other wide-spectrum hazardous and non-hazardous waste for further processing;
- Collection and transfer of wood waste for further processing;
- Consulting on waste management and accounting issues; and
- Public education on waste management issues.

The Group is one of the largest and longest established industrial waste management companies in Lithuania. It has increased its market coverage across 10 waste purchasing sites and more than 4 000 customers in Lithuania, as well as developing a strategy to expand internationally.

The Group provides a one-stop shop for processing all types of waste produced by industrial companies. Aside from handling waste and developing unique recycling solutions for it, the Group also offers waste management consulting and audit services.

The Group is active in markets including the Baltic States, Western and Middle Europe as an industrial waste manager and recycling partner. Permits, licenses and contracts the Group holds, enable to transport and recover waste in the Baltic States, Poland, the Czech Republic, Germany, Switzerland, and other countries.

The Group has made a sustainability commitment to develop business responsibly, considering environmental, social and governance impact. In 2022, the Group joined the United Nations Global Compact (UNGC), committing to the UN Global Compact Ten Principles and the Sustainable Development Goals (SDGs), the Paris Agreement, and other international instruments. The Group's strategic commitment to strive for sustainability in the economic, environmental, social and good governance areas is reflected in the Group of company's long-term Sustainability Policy 2050, enshrining the company's core ambition to have a direct positive impact on the sustainable development field of its choice. The Sustainable Development Goals (SDGs) chosen by the company include protecting the climate and environment, promoting sustainable production and circular economy, introducing renewable energy, and creating a sustainable social environment.

In 2021, the first Group Sustainability Report was published and focused on presenting the actual situation and the Group's strategic objectives. The second Sustainability Report reviewed Group's performance in 2022 in achieving strategic goals and commitments.

Group's value-based APPROACH underpins the mindset, decision-making, and personal actions or omission of actions by the company's employees and the top management. It guides through all the organizational levels and in any business decisions.

**APPROACH:** the Group perceives waste management as a complex process that requires a responsible approach; therefore, Group aims to eliminate the environmental footprint of business operations, thus contributing to achieving individual, business and social sustainability goals.

**ROLE:** integrated management of waste streams produced by businesses.

**CORE VALUE** is being responsible for the impact of Group's activities on the environment, people and society, and assuming leadership in the waste management sector. This serves as the basis for developing Group's organizational culture.

As one of the Lithuania's largest and longest-established industrial waste management companies, the Group holds a leading position in the waste management sector in Lithuania. The Group provides a comprehensive waste flows management generated in the companies' activities – from waste collection, sorting, processing to final disposal and recycling. In total, Group manages more than 180 different types of hazardous and non-hazardous waste. The Group's areas of activity are based on B2B segment, as Group provides services to industrial and automotive repair and maintenance companies.

The Group was the first in Lithuania to start handling automotive waste: lead batteries, fuel, oil, air, cabin filters, shock absorbers. In 2023, Group collected and handled more than 10.000 tons of mentioned waste. The total amount of waste collected by the Group has been increasing steadily and reached 63.000 tons in 2023 (54.000 tons in 2022). The Group's product portfolio comprised of 46% hazardous waste and 54% non-hazardous waste last year.

One of Group's sustainability commitments is to ensure sustainable patterns of consumption and production. The Group implements this commitment, considering the principle of circularity, by increasing the share of waste prepared for recycling every year. In terms of the amount of waste handled by recycling and recovery channels, in 2023, 54% of the waste was used for recycling and production (in 2022: 45%), 44% – for electricity and heat production (in 2022: 48%), and 1% was managed through other recovery routes (in 2022: 6%).

In 2023, the Group's main focus was on maintaining overall performance volume and increasing the collection of certain types of waste. Business development in the industrial waste segment remained a top priority.

Since waste management is a strictly regulated activity, Group's permits are a major asset and at the same time a barrier for new competition. It is a very complicated and long process to acquire a new pollution permit. For example, the changing of an existing pollution permit in Žalvaris main location in Kaunas took from June of 2018 until October of 2020 (2 years and 4 months). Currently, UAB Žalvaris and its subsidiaries have 11 waste management sites (10 in Lithuania and 1 in Latvia) with comprehensive pollution permits to collect, store and process hazardous and non-hazardous waste.

In 2025, the Group plans further development of its business activities in main business segments – wood waste, plastic waste through integration of newly acquired companies and continuing to move from waste processing to recycling waste to product.

## **Evolution of the Group**

The key events and evolution of the Group business model and activities are revealed in the figure below.

Diversification -  
from metals to  
waste

- Since UAB Zalvaris was registered in 1991 its main activities was collecting metal waste and recycling of lead batteries started shortly after
- From around 2000, UAB Zalvaris started collecting some other waste closely related to lead batteries (automotive waste: fuel, oil, air, cabin filters, shock absorbers) from automotive repair and maintenance companies
- Since 2010, collaboration with UAB Toksika (the only hazardous waste incineration plant in Lithuania) began and UAB Zalvaris started to expand the collection of hazardous waste
- After realising that negative value waste (and especially hazardous waste) are more profitable for the company, UAB Zalvaris put efforts to expand its network of waste utilisation partners in EU

Expanding  
complexity of  
services

- Gradually increasing the scope of waste collected around 2015, UAB Zalvaris reached the possibility to manage over 180 different waste codes. Still, at that time the company could not collect all waste groups. The goal of the company was to offer its clients a complex service package, collect all the waste generated by their activities and provide environmental consultations and environmental accounting (if needed)
- Since 2017, UAB Zalvaris invested in presses for secondary raw materials and started their collection
- In 2020, UAB Zalvaris entered production waste market and started to collect non-hazardous production waste and supplying them to non-hazardous waste incineration plants in Klaipeda and Kaunas

Focus on circular  
economy - recycling  
waste to product

- In 2021, UAB Zalvaris acquired a wood waste management company (renamed to UAB Zalvaris Wood)
- In 2022, UAB Zalvaris acquired UAB Zalvaris Autoscrap (from a former parent company) which specialises in handling and dismantling of unusable vehicles
- In 2023, UAB Zalvaris was acquired by **GreenGroup** regional (Central and Eastern Europe) integrated recycling group and circular economy enabler
- In January of 2024 UAB Zalvaris finished the acquisition of UAB Ecologus - a lead battery recycler
- In January of 2024 UAB Zalvaris acquired SIA Grindplast - a Latvian company that is working in plastics recycling

The expansion into different types of waste and the acquisitions mentioned in the figure above were made to increase the total waste collected by the Group and the profitability. The Group was able to achieve this success because of the strategy to utilize its existing broad network of waste collection sites all over Lithuania with extensive pollution permissions and wide range of clients in many different areas of activity. This means that the Group usually is able to collect new types of waste and increase waste quantities from existing clients when it gains a new waste utilisation channel.

## **The overview of the Subsidiaries' business**

### *UAB Žalvaris Wood*

In 2021, UAB Žalvaris Wood was acquired by the Issuer in order to increase its presence in collection and management of wood waste. At the time the acquired company had no employees and did not carry out any activities. But its great asset (as in case of any waste management company) was a pollution permission with ability to collect, store and process various types of wood waste. UAB Žalvaris invested in wood shredding equipment and started competing in wood waste market. In the first year (2021) company managed to collect about 1.500 tons of wood waste, increasing the amounts to over 4.000 tons in 2023. In 2024 it is planned to reach 10.000 tons of wood waste collected. A great synergy effect was obtained from this acquisition, UAB Žalvaris is collecting wood waste and UAB Žalvaris Wood is processing that waste and selling the products to partners that are making wood pellets or biofuel for heating, or IKEA and Kronospan which are using recycled wood in their products.

### *UAB Žalvaris Autoscrap*

In 2022, UAB Žalvaris acquired UAB Žalvaris Autoscrap from its former parent company. UAB Žalvaris Autoscrap is collecting and dismantling of unusable vehicles and is able to issue certificates of utilisation for these services. The company was created to supplement UAB Žalvaris activities in certificates of utilisation. Together with Žalvaris Autoscrap, UAB Žalvaris is able to cover all types of products for producers and importers (packaging, all automotive waste, electronics, alkaline batteries).

### *UAB Ecologus*

In January of 2024, UAB Žalvaris acquired UAB Ecologus – a lead battery recycling company. This way the Issuer was able to decrease the competition in lead batteries market in Lithuania. It is planned that this acquisition will increase UAB Žalvaris profitability of lead batteries recycling as well as increase the network of company's waste utilisation channels. UAB Ecologus has two pollution permissions that are useful to UAB Žalvaris not only because of lead battery recycling, but also for sorting of some types of hazardous waste.

### *SIA Grindplast*

In January of 2024, UAB Žalvaris acquired SIA Grindplast – a hard plastics (HDPE, LDPE, PP, PC) recycling company in Latvia. This acquisition gives the Issuer a foothold in Latvian waste market and the ability to expand its activities in hard plastics in Lithuania. With a new utilisation channel, which enables UAB Žalvaris to recycle plastic waste into product, there is a possibility to significantly increase the collection of hard plastics in Lithuania by UAB Žalvaris. It is planned, that SIA Grindplast pollution permission, that allows to recycle hazardous and non-hazardous plastics, and UAB Žalvaris ability to collect this type of waste from its existing customers, a synergy effect will be reached and it will enable to increase the profitability of both companies - UAB Žalvaris as well as of SIA Grindplast.

Since 2023, UAB Žalvaris became a part of the GreenGroup, a circular economy leader in Central Europe. GreenGroup is a leading regional integrated recycling group and circular economy enabler, with over 20 years of activity. GreenGroup is a leading European market player in PET recycling and production of r-PET and polyester staple fiber and a key player in polyolefin recycling, electronics recycling, glass waste recycling and industrial waste management. Since 2016, the company has been majority owned by Abris Capital Partners, one of the leading private equity investors in Central Europe. GreenGroup in Lithuania also owns plastics recycling companies UAB Ecso and UAB GreenTech Baltic.

## **Waste and client segments of the Issuer**

According to the type of waste, the waste collected by UAB Žalvaris can be segmented into several different ways. First of all, UAB Žalvaris collects hazardous and non-hazardous waste (according to environmental requirements and waste codes). In 2023, about 46% of the total waste collected by UAB Žalvaris was hazardous and 54% non-hazardous waste.

UAB Žalvaris also segments its waste into positive value (waste that has a positive value and can be sold in the market) and negative value waste (types of waste where the company has to pay to its partners for utilisation of that waste). Besides selling the positive value waste and charging its customers for services of utilisation of negative value waste, there is one more important source of income for UAB Žalvaris – certificates of utilisation. There are some types of products specified by the environmental protection authorities, which quantities released into Lithuanian market must be calculated and pollution tax has to be paid. Alternatively, producers and importers can buy certificates of utilisation (directly from waste managers or through their associations) ensuring that sufficient quantities of waste from those products were collected and properly disposed of. UAB Žalvaris is collecting these waste types and issuing certificates of utilisation.

The table below shows the types of waste collected by UAB Žalvaris and the dynamics of their quantities, 2022-2024 1H.

	2022	2023		2023 1H	2024 1H	
	Quantity, tons	Quantity, tons	Change YoY, %	Quantity, tons	Quantity, tons	Change YoY, %
Lead batteries	4 317	5 240	21,37%	2 249	3 772	67,72%
Used oil	3 520	3 592	2,02%	1 681	1 758	4,58%
Filters (fuel, oil, air)	798	853	6,89%	408	430	5,39%
Shock absorbers	265	318	19,70%	117	141	20,51%
Electronics	691	1 109	60,48%	533	598	12,20%
Metals	1 229	1 186	-3,51%	621	676	8,86%
Secondary raw materials	3 093	3 214	3,91%	1 618	1 659	2,53%
Wood	3 300	4 062	23,11%	1 881	4 578	143,38%
Negative value waste	22 854	24 930	9,09%	11 914	14 033	17,79%
Production waste	14 151	18 633	31,67%	11 211	7 617	-32,06%
<b>TOTAL</b>	<b>54 219</b>	<b>63 137</b>	<b>16,45%</b>	<b>32 233</b>	<b>35 262</b>	<b>9,40%</b>

The quantities of waste collected by UAB Žalvaris has been steadily increasing in the last several years. Total amount of waste collected in 2018 was around 23.000 tons per year, while in 2023 it was over 63.000 tons (as can be seen in the table above). Quantities of some of the waste types that the company has been collecting since the beginning of its activities (automotive waste: oil, filters, shock absorbers, etc.), were more or less stable during the last couple of years. The company significantly expanded its operations during those years and entered the market of some new types of waste collection (production waste, secondary raw materials, wood waste), that contribute to the increase of total waste collected. There is a decrease in quantities of production waste in 2024 (especially in 1Q) due to decreased imports.

The table below shows the share of gross profit generated by different types of waste, 2022-2024 1H.

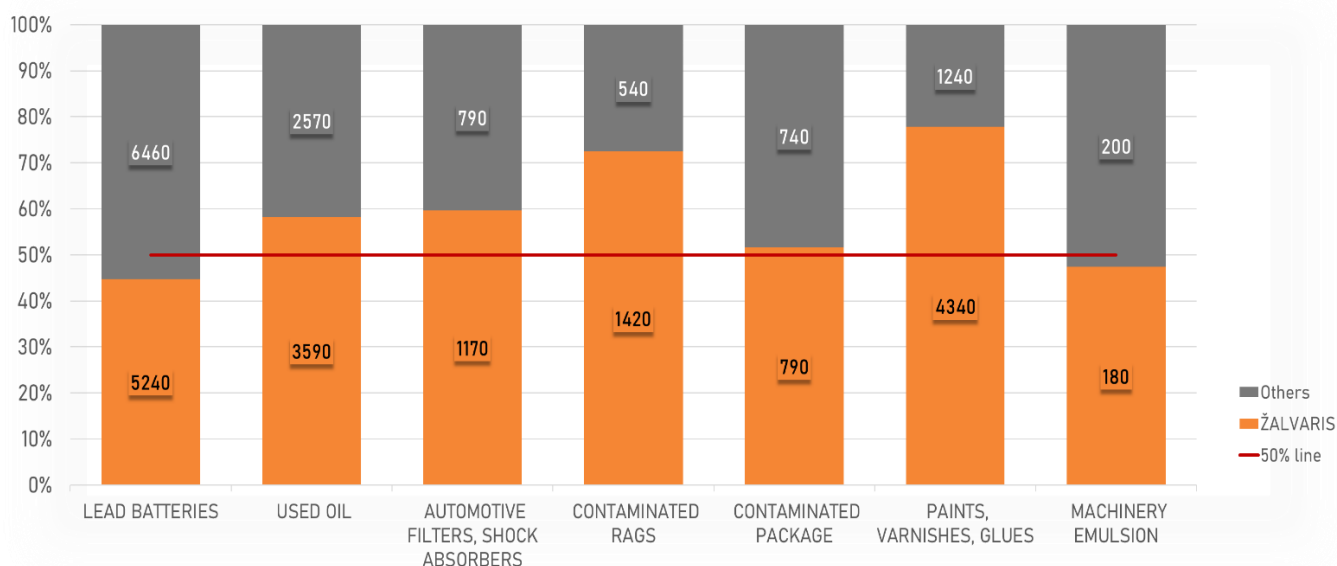
	2022		2023		2024 1H	
	Gross profit, EUR	Share, %	Gross profit, EUR	Share, %	Gross profit, EUR	Share, %
Lead batteries	1 842 940	16,57%	840 341	7,48%	716 857	12,97%
Metals	707 819	6,37%	460 710	4,10%	242 804	4,39%
Used oil	667 062	6,00%	732 047	6,52%	382 639	6,92%
Electronics	275 560	2,48%	383 276	3,41%	232 473	4,21%
Alkaline batteries	393 349	3,54%	452 612	4,03%	159 779	2,89%
Negative value waste	3 074 941	27,65%	3 254 926	29,00%	1 995 127	36,09%



Production waste	793 972	7,14%	1 154 871	10,29%	213 965	3,87%
Wood waste	739 571	6,65%	660 311	5,67%	324 602	5,87%
Certificates of utilisation	1 335 181	12,01%	1 451 230	13,38%	297 063	5,37%
Secondary raw materials	358 903	3,23%	248 180	2,21%	159 852	2,89%
Public purchases	786 543	7,07%	1 418 962	12,64%	728 806	13,18%
Other services (waste management)	143 180	1,29%	141 003	1,26%	74 217	1,34%
<b>TOTAL</b>	<b>11 119 021</b>	<b>100,00%</b>	<b>11 198 469</b>	<b>100,00%</b>	<b>5 528 184</b>	<b>100,00%</b>

UAB Žalvaris has come a long way in diversifying its income. When the company started waste collection, it was heavily dependent on metals and lead batteries. Even in 2017, still around 63% of UAB Žalvaris income came from recycling of lead batteries. As the table above shows, in 2023 there was no type of waste that accounted for more than 30% of income. Share of income from positive value waste was around 26%, from negative value waste – around 52%, from certificates of utilization (together with electronics and alkaline batteries) and other services – around 22%. Numbers for 2024 1H are lower in some lines due to seasonality. For example, majority of gross profit from Certificates of utilisation are received in 4Q (Issuer is expected to get around 1 MEUR of gross profit from this service in 2024 4Q). Income from Production waste is lower due to decreased quantities as well as a change in waste treatment processes (some waste from production waste pile is sorted and recovered, resulting in income in other product lines – metals, plastics, wood).

The graphics below shows UAB Žalvaris' market share of some of the hazardous waste types collected.



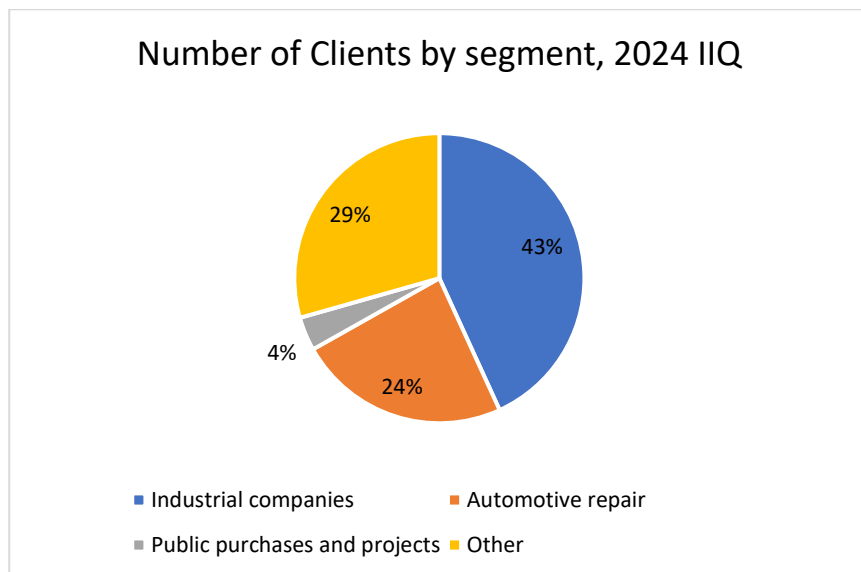
Source: Company information and Environmental Protection Agency (<https://aaa.lrv.lt/lt/veiklosrity/atliekos/atlieku-apskaita/atlieku-apskaitos-duomenys/suvestine-pagal-atlieku-kodus/>).

Compared to other waste management companies in Lithuanian waste management market, UAB Žalvaris has a strong position in collecting and utilizing hazardous waste. Being the largest lead battery recycler in Lithuania, the company is able to collect almost 45% of lead batteries in the market. UAB Žalvaris' market share of used oil has been around 60% for the last few years (around 58% in 2023). For some types of hazardous waste UAB Žalvaris has even higher market share. For example, contaminated rags and absorbents – over 72%, paints, varnishes and glues – over 77%.

UAB Žalvaris started its activities from collecting scrap metals and expanded to lead battery recycling shortly after. Naturally, at that time almost all of company's clients were other scrapyards and automotive repair companies. These companies had a few other types of waste besides lead batteries occurring from their day-to-day activities and UAB Žalvaris started collecting them. Since then, the company focused on finding utilisation channels for different types of waste and diversifying its services. Negative value waste and especially hazardous waste are usually more profitable, so UAB Žalvaris put most of its efforts to these waste

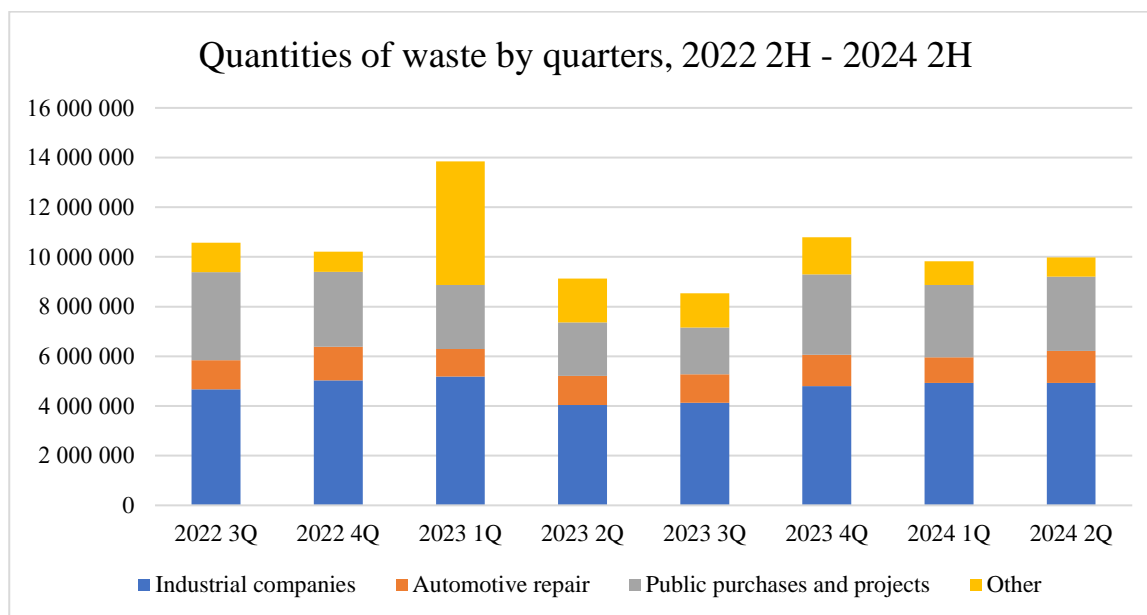
segments. That is why the share of clients from automotive repair segment was decreasing and the share of industry companies served by UAB Žalvaris increased.

The figures below show the share of UAB Žalvaris' clients by client segments.



UAB Žalvaris divides its customers into 4 groups: industry companies, automotive repair and maintenance companies, public purchases and projects, other. During the last few years, the share of clients served each year by the client segments settled into approximately the same proportions shown in the graph above.

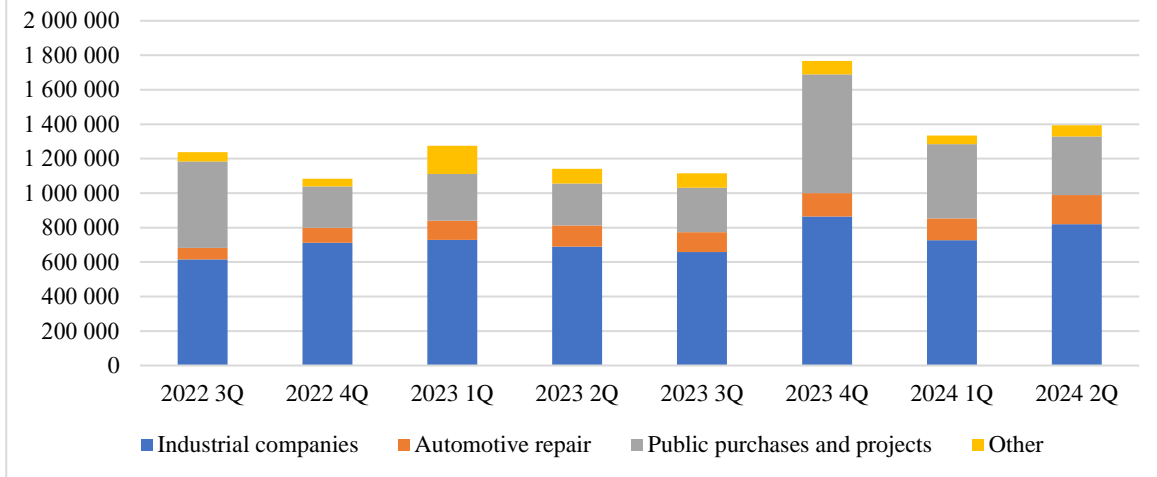
The figure below shows waste quantities of Utilisation services by customer segments.



Utilisation services include income for collection of negative value waste (negative value waste, production waste and public purchases). In 2023, UAB Žalvaris provided utilisation services of more than 4.500 clients. As can be seen in the figure above, the highest share of waste quantities collected came from industrial companies (around 42%). Although the number of public purchase clients is the lowest, but they usually are relatively larger and constitute higher share of waste quantities and income than automotive repair companies.

The figure below shows gross profit of Utilisation services by customer segments.

Gross profit (EUR) by quarters, 2022 2H - 2024 2H



The figure above shows the gross profit of utilisation services by client segments. Industry companies had a higher share of gross profit in 2023 (over 55%) than any other client segment. In the first half of 2024 the proportion is almost the same (around 57%). In the last quarter of 2023, a large project of cleaning the waste of a bankrupt company was completed and this increased waste quantity and gross profit of this client segment. In first half of 2024 the share of gross profit from automotive repair (11%), public purchases and projects (28%) and other clients (4%) returned to the usual proportions that have prevailed for the last couple of years.

### 3.4 Overview of the Financial Information

The financial figures provided in this chapter are taken from the audited annual financial statements of the Issuer for years of 2021, 2022 and 2023 and from the unaudited semi-annual financial statements of the Issuer for the period ended 30 June 2024. The financial audit for the years of 2021 and 2022 was performed by UAB Mokesčių ekspertų konsultacijos, a Lithuanian audit company, which was auditing Issuer's accounts for the last 10 years. The financial audit for year 2023 was performed by UAB PriceWaterhouseCoopers.

Financial statements of the Issuer are stand alone. As at the end of 2023, the Issuer had 2 subsidiaries (UAB Žalvaris Wood and UAB Žalvaris Autoscrap), which total income and total assets did not exceed 5% of the corresponding figures of the Issuer as a parent company. Therefore, there was no obligation to prepare consolidated financial statements for year 2023. Other 2 subsidiaries (UAB Ecologus and SIA Grindplast) were acquired only at the end of January, 2024. Financial statements of the Issuer and all its Subsidiaries are prepared and financial accounting is carried out pursuant to the Lithuanian Business Accounting (VAS) standards.

Certain amounts and percentages which appear in this part of Information Document have been subject to rounding adjustments and, accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

#### Financial ratios

##### *Liquidity of the Issuer*

##### Current ratio

31 December 2022	31 December 2023	30 June 2024*
1,23	1,44	1,51

Increase of Current ratio 2022 - 2024 because of short-term liabilities decreasing.

##### Quick ratio

31 December 2022	31 December 2023	30 June 2024*
1,03	1,11	1,00

Quick ratio from 2021 to 2024 was stable, fluctuating around the value of 1.

##### *Covenants of the Issuer*

##### Net DEBT/EBITDA

31 December 2022	31 December 2023	30 June 2024*
1,99	0,9	1,42

Net Debt/EBITDA ratio was lower than the covenant of 3,5, reaching the lowest point in 2023. In 2024 the ratio increased due to increased net debt (used to finance investments).

##### Equity ratio

31 December 2022	31 December 2023	30 June 2024*
0,38	0,48	0,44

Equity ratio was significantly above the covenant of 0,25 during the 2022-2023 period. Shareholders' equity comprised almost 50% of total assets at the year-end 2023.

\*unaudited

## Financial statements of the Issuer

### 2021-2023 YEAR FINANCIAL STATEMENTS, EUR (AUDITED)

#### Balance sheet

	At 31 December 2023 (audited)	At 31 December 2022 (audited)	At 31 December 2021 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>6 864 337</b>	<b>4 773 846</b>	<b>5 478 562</b>
Land, buildings and constructions	2 591 905	2 352 936	296 241
Machinery and equipment	1 833 809	736 492	721 223
Vehicles	1 688 178	888 634	1 210 658
Advance payments and unfinished works	553 322	596 623	363 754
Shares of group companies	180 091	180 091	22 144
Loans to group companies			2 729 694
Non-current receivables	5 397	7 435	29 203
Other financial assets	11 635	11 635	11 635
Deferred income tax assets			94 010
	<b>4 664 031</b>	<b>6 390 706</b>	<b>5 281 181</b>
<b>Current assets</b>			
Inventories	1 011 047	991 037	1 205 188
Advance payments	51 965	37 366	100 381
Trade receivables	3 407 348	2 433 036	2 762 015
Debts of group companies	120 246	2 414 703	676 961
Debts of associated companies	0	0	0
Other amounts receivable	17 600	327 356	66 644
Other current assets	0	9 530	8 530
Cash and cash equivalents	55 825	177 678	461 462
<b>Costs of the future periods and accumulated income</b>	<b>122 087</b>	<b>92 465</b>	<b>111 716</b>
<b>TOTAL ASSETS</b>	<b>11 650 455</b>	<b>11 257 017</b>	<b>10 871 459</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>	<b>5 564 668</b>	<b>4 270 272</b>	<b>4 058 518</b>
Share capital	1 164 414	1 164 414	1 164 414
Revaluation reserve	1 658 880	1 717 086	
Reserves	261 117	261 117	261 117
Retained earnings (loses)	2 480 257	1 127 655	2 632 987
<b>Deferrals</b>	<b>186 998</b>	<b>211 602</b>	<b>5 792</b>
<b>Total liabilities</b>	<b>5 633 128</b>	<b>6 770 143</b>	<b>6 802 849</b>
<b>Non-current liabilities</b>	<b>2 384 078</b>	<b>1 587 588</b>	<b>1 922 544</b>
Borrowings	1 650 000	1 400 000	1 702 500
Lease liabilities	734 078	187 588	220 044
<b>Current liabilities</b>	<b>3 249 050</b>	<b>5 182 555</b>	<b>4 880 305</b>
Borrowings	511 322	2 831 627	2 397 722
Lease liabilities	422 908		278 725
Advance payments	3 004	1 741	1 028
Trade payables	1 148 939	1 248 545	1 200 373
Amounts payable to group companies	69 927	81 602	75 174
Amounts payable to associated companies	0	0	0
Income tax liability	46 382	50 991	71 816

Liabilities related to work relations	768 336	880 332	667 696
Other current liabilities	278 336	87 717	187 771
<b>Accumulated costs and income of the future periods</b>	<b>265 661</b>	<b>5 000</b>	<b>4 300</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>11 650 455</b>	<b>11 257 017</b>	<b>10 871 459</b>

#### Profit (loss) statement

	2023 (audited)	2022 (audited)	2021 (audited)
Income	20 134 618	21 431 701	18 998 786
Cost goods sold	(13 841 602)	(15 627 503)	(8 928 102)
<b>Gross profit</b>	<b>6 293 016</b>	<b>5 804 198</b>	<b>10 070 684</b>
Cost of sales	(1 812 820)	(2 020 356)	(5 676 957)
General and administrative expenses	(2 571 991)	(2 565 583)	(2 775 544)
Other income	767 880	146 589	168 472
Other activities - net	208 000	92 071	60 114
<b>Results from operating activities</b>	<b>2 884 085</b>	<b>1 456 919</b>	<b>1 846 769</b>
Interest income	19 538	3 315	2 245
Interest expenses	(255 193)	(170 523)	(168 377)
<b>Profit (loss) before tax</b>	<b>2 648 430</b>	<b>1 289 711</b>	<b>1 680 637</b>
Income tax	(284 034)	(224 146)	(235 749)
<b>Net profit (loss)</b>	<b>2 364 396</b>	<b>1 065 565</b>	<b>1 444 888</b>

#### Statement of cash flow

Cash flows from operating activities	2023 (audited)	2022 (audited)	2021 (audited)
<b>Net profit (loss)</b>	<b>2 364 396</b>	<b>1 065 565</b>	<b>1 444 888</b>
Depreciation and amortization	742 643	720 026	636 069
Elimination of long-term tangible and intangible assets because of transfer	(2 333)		815
Elimination of financial and investment activities results	25 908	74 184	104 514
Elimination of other non-monetary transactions	25	178 790	12
(Increase) decrease in other amounts receivable after one year	2 038	21 768	29 825
Decrease (increase) in deferred tax assets	0	94 010	(55 271)
(Increase) decrease in raw materials	(20 010)	214 151	3 653
(Increase) decrease in prepayments	(14 599)	63 015	124 374
(Increase) decrease in customers debts	(974 312)	13 873	(273 432)
(Increase) decrease of debts of company groups and associated companies	(109 386)	657 877	(612 079)
(Increase) decrease in other amounts receivable	141 673	(406 635)	86 378
(Increase) decrease in short-term investments	9 530	(1 000)	(8 530)
(Increase) decrease in costs and accumulated income in the coming period	(29 622)	19 251	(32 448)
Increase (decrease) in deferrals	(24 604)	(102 341)	
Increase (decrease) in short term debts to suppliers and prepayments	(101 328)	48 950	116 848
Increase (decrease) in short-term debts of group companies and associated companies	(11 675)	6 428	96 897
Increase (decrease) in profit tax commitment	(4 609)	(20 825)	71 816
Increase (decrease) in labor relations commitment	(111 996)	212 636	215 399
(Decrease) increase in other amounts payable	519 522	(39 722)	30 281
Increase (decrease) accumulated costs and the future periods income	(5 000)	700	300

<b>Net cash flows generated from operating activities</b>	<b>2 396 261</b>	<b>2 821 516</b>	<b>1 984 502</b>
<b>Cash flows from investing activities</b>			
Purchase of non-current assets	(1 983 715)	(683 826)	(512 124)
Disposal of non-current assets	424 554	1 961	20 300
Purchase of long-term investments	0	(162 895)	(22 144)
Disposal of long-term investments	0	3 031	
Loans granted	(40 000)	(2 026 800)	(952 246)
Loan repayments received	1 554 280	273 700	
Dividends and interest received	215 071	43 002	413
<b>Net cash flows used in investing activities</b>	<b>170 190</b>	<b>(2 551 827)</b>	<b>(1 465 801)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	0	(27)	(6 414)
Cash flows are related with others financial sources	(2 688 304)	(553 446)	(495 636)
Loans granted	870 000	335 000	1 385 443
Decrease of financial debts	(3 539 649)	(875 717)	(1 863 193)
Loan repayments	(2 745 000)	(400 000)	(1 410 950)
Interest paid	(236 968)	(151 003)	(148 025)
Lease payments	(557 681)	(324 714)	(304 218)
Increase of other cash flows from financing activities	14	530	1 097
Decrease of other cash flows from financing activities	(18 669)	(13 259)	(18 983)
<b>Net cash flows generated from (used in) financing activities</b>	<b>(2 688 304)</b>	<b>(553 473)</b>	<b>(502 050)</b>
<b>Net increase (decrease) in cash flows</b>	<b>(121 853)</b>	<b>(283 784)</b>	<b>16 651</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>177 678</b>	<b>461 462</b>	<b>444 811</b>
<b>Cash and cash equivalents at end of the period</b>	<b>55 825</b>	<b>177 678</b>	<b>461 462</b>

#### Statement of changes in equity

	<b>Capital</b>	<b>Revaluation reserve of non-current assets</b>	<b>Mandatory reserves</b>	<b>Other reserves</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>Equity as at 31 December 2021</b>	<b>1 164 414</b>	<b>1 746 189</b>	<b>116 441</b>	<b>144 676</b>	<b>2 632 987</b>	<b>5 804 707</b>
Profit (loss) not recognized in the profit (loss) statement		(29 103)			29 103	0
Profit (loss) for the period					1 065 565	1 065 565
Dividends					(2 600 000)	(2 600 000)
<b>Equity as at 31 December 2022</b>	<b>1 164 414</b>	<b>1 717 086</b>	<b>116 441</b>	<b>144 676</b>	<b>1 127 655</b>	<b>4 270 272</b>
Increase (decrease) of value of tangible non-current asset						
Profit (loss) not recognized in the profit (loss) statement		(58 206)			58 206	0
Profit (loss) for the period					2 364 396	2 364 396
Dividends					(1 070 000)	(1 070 000)
<b>Equity as at 31 December 2023</b>	<b>1 164 414</b>	<b>1 658 880</b>	<b>116 441</b>	<b>144 676</b>	<b>2 480 257</b>	<b>5 564 668</b>

#### 2023-2024 II QUARTER FINANCIAL STATEMENTS, EUR (UNAUDITED)

## Balance sheet

	At 30 June 2024 (unaudited)	At 30 June 2023 (unaudited)
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>9 203 998</b>	<b>5 621 879</b>
Software	292	0
Land, buildings and constructions	2 541 596	2 321 821
Machinery and equipment	1 802 945	1 027 306
Vehicles	1 734 236	1 193 710
Investment property	750 000	0
Advance payments and unfinished works	903 413	873 225
Shares of group companies	1 174 484	180 091
Loans to group companies	280 000	0
Non-current receivables	5 397	14 091
Other financial assets	11 635	11 635
Deferred income tax assets		
	<b>4 322 651</b>	<b>3 680 065</b>
<b>Current assets</b>		
Inventories	1 372 070	628 078
Advance payments	81 461	23 242
Trade receivables	2 188 216	2 106 020
Debts of group companies	0	113 587
Debts of associated companies	0	0
Other amounts receivable	337 516	272 353
Other current assets	213 971	1 000
Cash and cash equivalents	129 417	424 785
<b>Costs of the future periods and accumulated income</b>	<b>253 818</b>	<b>187 853</b>
<b>TOTAL ASSETS</b>	<b>13 780 467</b>	<b>9 489 797</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity</b>	<b>6 131 354</b>	<b>4 388 566</b>
Share capital	1 164 414	1 164 414
Revaluation reserve	1 658 880	1 717 086
Reserves	261 117	261 117
Retained earnings (loses)	3 046 943	1 245 949
<b>Deferrals</b>	<b>186 998</b>	<b>211 602</b>
<b>Total liabilities</b>	<b>7 263 331</b>	<b>4 812 373</b>
<b>Non-current liabilities</b>	<b>4 398 369</b>	<b>2 395 156</b>
Borrowings	3 400 000	1 700 000
Lease liabilities	998 369	695 156
<b>Current liabilities</b>	<b>2 864 962</b>	<b>2 417 217</b>
Borrowings	0	437 500
Lease liabilities	212 279	347 864
Advance payments	11 184	12 653
Trade payables	1 660 613	907 099
Amounts payable to group companies	260 898	77
Amounts payable to associated companies	0	0
Income tax liability	0	0
Liabilities related to work relations	707 475	631 759



Other current liabilities	12 513	80 265
<b>Accumulated costs and income of the future periods</b>	<b>198 784</b>	<b>77 256</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>13 780 467</b>	<b>9 489 797</b>

#### Profit (loss) statement

	<b>2024 II quarter (unaudited)</b>	<b>2023 II quarter (unaudited)</b>
Income	10 735 652	9 569 077
Cost goods sold	(5 328 408)	(4 735 548)
<b>Gross profit</b>	<b>5 407 244</b>	<b>4 833 529</b>
Cost of sales	(3 744 937)	(3 529 109)
General and administrative expenses	(1 295 890)	(955 901)
Other income	262 293	764 135
Other activities - net	95 000	177 000
<b>Results from operating activities</b>	<b>723 710</b>	<b>1 289 654</b>
Interest income	3 408	19 272
Interest expenses	(160 432)	(120 632)
<b>Profit (loss) before tax</b>	<b>566 686</b>	<b>1 188 294</b>
Income tax	0	0
<b>Net profit (loss)</b>	<b>566 686</b>	<b>1 188 294</b>

#### Capitalisation of the Issuer

The Issuer is of the opinion that it has sufficient working capital for its present requirements, i.e., for at least the next 12 (twelve) months commencing as of the date of this Information Document.

The tables below present the information on the capitalisation of the Issuer as of 2023 end of year (audited) and 30 June 2024 (unaudited figures). The tables below should be read in conjunction with Financial Statements of the Issuer.

**Table 5. Capitalisation of the Issuer (EUR'000)**

<i>Item</i>	30 June 2024 (preliminary and unaudited)	31 December 2023 (audited)
<b>Current debt:</b>		
Current portion of non-current borrowings	0	511
Current portion of non-current obligations under finance lease	212	423
Short-term borrowings from banks, legal entities and private individuals	0	0
<b>Total</b>	<b>212</b>	<b>934</b>
<b>Guaranteed</b>	0	0
<b>Secured</b>	0	0
<b>Unguaranteed/Unsecured</b>	0	0
<b>Non-Current debt (excluding current portion of long-term debt):</b>		
Non-current borrowings from banks, legal entities and private individuals	3 400	1 650
Obligations under finance lease	998	734
<b>Total</b>	<b>4 398</b>	<b>2 384</b>
<b>Guaranteed</b>	0	0
<b>Secured</b>	0	0
<b>Unguaranteed/Unsecured</b>	0	0
<b>Shareholder's equity:</b>		
Share capital	1 164	1 164

Share premium	0	0
Revaluation reserve	1 659	1 659
Legal reserve	261	261
Reserve for granting of shares	0	0
Currency exchange differences	0	0
Retained earnings / (accumulated deficit)	3 047	2 480
Minority interest	0	0
<b>Total</b>	<b>6 131</b>	<b>5 564</b>
<b>Total Capitalization</b> (total current debt + total non-current debt + total equity)	<b>10 741</b>	<b>8 882</b>

### 3.5 Other information

#### **Dividend policy**

The Company has not approved any dividend policy. In general, profit distribution and dividends to the Company's shareholders are decided at the General Meeting of Shareholders. By the Company's intended plans. Usually, free funds are used for financing the development of business and acquisitions.

The dividend policy of Subsidiaries of the Company may be summarised as follows:

- (i) the management of the respective Subsidiaries intends to suggest to the general meetings of shareholders of the Subsidiaries concerned for distribution at least 50% of annual profit of the respective Subsidiary. If the stability of activities of the Company further raises, this amount may be reviewed in the future and increased.
- (ii) the management of the respective Subsidiaries may suggest to the general meetings of shareholders of the Subsidiaries concerned for the financial year also if during the respective accounting period the Subsidiary has incurred loss, however, it has undistributed profit from the previous accounting periods. This provision is applied only in case, the necessary need is in place for the Issuer to receive the dividends to finance the business development.

#### **Profit forecasts or estimates**

The Issuer has not made a decision to include the profit forecasts or estimates in this Information Document.

#### **Legal and arbitration proceedings**

*Criminal investigation proceedings due to fire in the headquarters of the Company in Kaunas.* In July 2022, a fire broke out in the headquarters of the Company in Kaunas. The criminal investigation proceedings have been opened and are still ongoing, there were not issued any final findings. Currently, there are neither suspected or accused persons, nor estimated amount of damages. According to the agreement concluded between the former shareholders and the new shareholders of the Company, if a fine would be imposed for the environmental damage, it will be covered by the former shareholders of the Company.

There are no any ongoing material legal proceedings or legal proceedings in previous reporting periods against the Issuer, and petitions of insolvency, instituted bankruptcy proceedings. In addition, the Issuer is not engaged in or, to the Management's knowledge, has currently threatened against it any governmental, legal, or arbitration proceedings which may have, or have had during the 12 months preceding the date of this Information Document, a significant effect on our financial position or profitability.

#### **Related party transactions**

The Issuer does not have any transactions with related parties.

#### **Incentive programmes for the employees**

There are no approved incentive programmes for its administrative employees, nonetheless, the management of the Company are entitled to annual bonus system as variable remuneration motivation tool. Specific bonus amounts due to employees are approved: (i) for the Manager – by the Management Board; (ii) for other employees – by the Chief Executive Officer of the Company.

#### **Material contracts, patents and other documents**

##### ***Placement Agreement***

On 8 November 2024 the Issuer and the Lead Manager have concluded a Placement Agreement in respect of the Offering.

The Issuer and the Lead Manager do not expect to enter into an underwriting agreement. Under the Placement Agreement the Lead Manager shall, *inter alia*, (i) open the Issue registration accounts with Nasdaq CSD, (ii) represent the Issuer with Nasdaq CSD in relation to accounting of the Bonds on Nasdaq CSD (shall act as the Issuer's representative with Nasdaq CSD).

Based on this agreement, the Issuer's expenses, related to the services of the Lead Manager in connection with the Offering shall comprise of up to 2% from the gross proceeds from the placement of the Bonds.

### ***Agreement on Bondholders' Protection***

On 8 November 2024 the Issuer and the Trustee have concluded the Agreement on Bondholders' Protection, according to which the Trustee acts as the representative of the Bondholders in accordance with the Law on Protection of Interests of Bondholders of Public Limited Liability Companies and Private Limited Liability Companies of the Republic of Lithuania (the "**Law on Protection of Interests of Bondholders**").

### ***No other agreements***

At the date of this Information Document, neither the Company nor its Subsidiary have any significant contracts, patents and other documents<sup>1</sup>, other than agreements related to the borrowings among the Group companies and with credit institutions.

### ***Rights conferred by the Bonds***

Bondholders shall have the rights provided in Law on Protection of Interests of Bondholders, the Civil Code, the Law on Companies and other laws regulating the rights of Bondholders. The Bondholders shall have the following main rights:

- 1) to receive the interest on the Interest Payment Dates;
- 2) to receive the Nominal Value and the interest accrued on the Maturity Date;
- 3) to sell or transfer otherwise all or part of the Bonds;
- 4) to bequeath all or part of owned Bonds to the ownership of other persons (applicable only towards natural persons);
- 5) to participate in the Bondholders' Meetings;
- 6) to vote in the Bondholders' Meetings;
- 7) to initiate the convocation of the Bondholders' Meetings following the procedure and in cases provided for in the Law on Protection of Interests of Bondholders;
- 8) to adopt a decision to convene the Bondholders' Meeting following the procedure and in cases provided for in the Law on Protection of Interests of Bondholders;
- 9) to obtain (request) the information about the Issuer, the Issue of Bonds under this Information Document or other information related to the protection of his/her/its interests from the Trustee;
- 10) to receive a copy of the Agreement on Bondholders' Protection concluded between the Issuer and the Trustee, also the Collateral Agreement(s);
- 11) other rights, established in the applicable laws, the Agreement on Bondholders' Protection or in the constitutional documents of the Issuer.

No Bondholder shall be entitled to exercise any right of set-off against moneys owed by the Issuer in respect of the Bonds.

If the Company does not redeem the Bonds on their maturity, all settlements with the Bondholders shall be made through the account of the Trustee.

More detailed rights of the Bondholders, rights and obligations of the Trustee being a representative of Bondholders is provided in the Agreement on Bondholders' Protection and in Sections below.

### ***Representation of Bondholders***

Following the requirements established in the Law on Protection of Interests of Bondholders, the Issuer has concluded the Agreement on Bondholders' Protection with the Trustee – UAB „AUDIFINA“, a private limited liability company established and existing under the laws of the Republic of Lithuania, legal entity code 125921757, with its registered address at A. Juozapavičiaus st. 6, Vilnius.

Each Bondholder is entitled to receive a copy of the Agreement on Bondholders' Protection, by requesting the Trustee via e-mail of the Trustee.

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<sup>1</sup> For the purposes of the Rules of First North in Lithuania, a contract, patent or other documents shall be deemed significant if their monetary value accounts for 10% or more of the Issuer's equity capital or 10% or more of the bond issue.

The Agreement on Bondholders' Protection expires:

- (i) the Issuer fulfils all its obligations to the Bondholders under the Bonds;
- (ii) the Trustee ceases to meet the requirements established for a Trustee in the Law on Protection of Interests of Bondholders, including but not limited to when the Trustee acquires a status of "bankrupt" or "in liquidation";
- (iii) if other conditions established in the Law on Protection of Interests of Bondholders, the Civil Code, the Law on Insolvency of Legal Entities of the Republic of Lithuania and the Agreement on Bondholders' Protection exist.

Please find below a brief description of certain provisions of the Agreement on Bondholders' Protection as well as of the applicable Lithuanian laws, related to rights and obligations of the Trustee.

The main rights of the Trustee are:

- (i) to receive a list of the Bondholders from the Issuer;
- (ii) to get acquainted with the documents and information which are necessary to fulfil its functions and to receive the copies of such documents;
- (iii) after having obtained the consent of the Bondholders' Meeting, to conclude contracts with third parties when it is necessary to ensure the protection of the interests of Bondholders;
- (iv) to bring an action to the courts of the Republic of Lithuania for the purpose of safeguarding the rights of the Bondholders.

The main obligations of the Trustee are:

- (i) to convene Bondholders' Meetings;
- (ii) to publish information regarding the Bondholders' Meetings being convened under procedure of the Law on Protection of Interests of Bondholders;
- (iii) to provide the Bondholders' Meetings with all relevant documents and information;
- (iv) to provide Bondholders' Meeting, in which the question is being addressed regarding approval of the enforcement measures in respect of Issuer's outstanding commitments to Bondholders, the recommendatory opinion, whereby the reasoned opinion to approve or reject the enforcement measures suggested by the Issuer is provided;
- (v) to execute the decisions of the Bondholders' Meetings;
- (vi) no later than within 5 (five) Business Days as from the day of receipt of a request of the Bondholder to provide information, to gratuitously present all the information about the Issuer, the Issue of Bonds under this Information Document or other information related to the protection of his/her/its interests;
- (vii) no later than within 3 (three) Business Days as from the day of receipt of a request of the Bondholder to provide, free of charge, a copy of the Agreement on Bondholders' Protection;
- (viii) to provide the Bondholder with all other information related to the protection of his/her/its interests;
- (ix) no later than on the next Business Day to inform the Issuer that the Trustee has lost the right to provide audit services or acquired legal status "in bankruptcy" or "in liquidation".

## IV. DESCRIPTION OF THE BONDS

### 4.1. General Terms and Conditions of the Bonds

#### **GENERAL TERMS AND CONDITIONS OF UŽDAROJI AKCINĖ BENDROVĖ “ŽALVARIS”**

*(a private limited liability company incorporated and existing under the laws of the Republic of Lithuania,  
registration No. 120504795)*

#### **FOR THE ISSUANCE UP TO EUR 5,000,000 FIXED RATE BONDS WITH THE MATURITY UP TO 2 YEARS**

*The following is the text of the General Terms and Conditions which, as completed by the relevant Final Terms, will constitute terms and conditions of each Bond issued under these General Terms and Conditions. Subject to this, to the extent permitted by applicable law and/or regulation, the Final Terms in respect of any Tranche of Bonds may supplement, amend, or replace any information in these General Terms and Conditions.*

#### **1. Introduction**

- a) **General Terms and Conditions:** Uždaroji akcinė bendrovė "Žalvaris" (the "**Issuer**") has established these General Terms and Conditions (the "**Terms and Conditions**") of Uždaroji akcinė bendrovė "Žalvaris" for the issuance of up to EUR 5,000,000 (five million euros) in aggregate principal amount of fixed rate Bonds (the "**Bonds**") for maturity up to 2 years.
- b) **Final Terms:** Bonds under the Terms and Conditions will be issued in one series (a "**Series**") and the Series will comprise one tranche (a "**Tranche**") of Bonds. The Tranche is the subject of a final terms (the "**Final Terms**") which completes these Terms and Conditions. The terms and conditions applicable to any particular Tranche of Bonds are these Terms and Conditions as completed by the relevant Final Terms. In the event of any inconsistency between these Terms and Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.
- c) **The Bonds:** All subsequent references in these Terms and Conditions to "Bonds" are to the Bonds which are the subject of the relevant Final Terms. Bonds will be secured fixed rate Bonds only. Copies of the relevant Final Terms may be obtained from the Issuer at Palemono str. 1, Kaunas, the Republic of Lithuania.

#### **2. Interpretation**

- a) **Definitions:** In these Terms and Conditions the following expressions have the following meanings:
  - "**Accounting Principles**" means the international financial reporting standards (**IFRS**) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time) or local financial reporting standards pursuant to the applicable law.
  - "**Bank of Lithuania**" shall mean the Bank of Lithuania, the Lithuanian financial supervision authority.
  - "**Bondholder**" means the Person who's Bonds are registered on the Securities Account.
  - "**Business Day**" means a day on which banks in Vilnius are open for general business.
  - "**Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day.

"**Certified Advisor**" means Advokatų kontora TGS Baltic, registered at address Konstitucijos ave. 21A, Vilnius, the Republic of Lithuania.

"**Collateral Agreement**" means a pledge agreement certified by a notary and creating the first ranking pledge over the shares of the Issuer concluded by the Trustee and the shareholders of the Company.

"**Compliance Certificate**" means a certificate, in form and substance reasonably satisfactory to the Trustee, signed by an authorised signatory of the Issuer certifying that (A) there was no breach of any undertakings set forth in Clause 14; (B) so far as it is aware no Event of Default is continuing or, if it is aware that such event is continuing, specifying the event and steps, if any, being taken to remedy it

"**CSDR**" means Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 as amended.

"**Dealer**" and "**Arranger**" means Akcinė bendrovė Šiaulių bankas, registration No 112025254, registered at address Tilžės str. 149, Šiauliai, the Republic of Lithuania, registered in the Lithuanian Register of Legal entities.

"**ESMA**" means the European Securities and Markets Authority, or such replacement or successor authority as may be appointed from time to time.

"**EUR**" means the lawful currency of Lithuania.

"**Event of Default**" means an event or circumstance specified in Clause 15.

"**Financial Report**" means the annual financial statements and the quarterly interim statements prepared in accordance with the applicable law.

"**First North**" means the multilateral trading facility (as defined in Directive 2014/65/EU on markets in financial instruments) *First North* in Lithuania, administrated by the market operator Nasdaq Vilnius.

"**Group**" means the Company and its Subsidiaries collectively.

"**Interest**" means the interest on the Bonds calculated in accordance with Clauses 12(a) to 12(12.a) of these General Terms and Conditions.

"**Interest Commencement Date**" means the Issue Date of the Bonds as specified in the relevant Final Terms;

"**Interest Payment Date**" means dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and to the extent such day is not a Business Day, adjusted in accordance with the relevant Business Day Convention.

"**Interest Period**" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date.

"**Interest Rate**" has the meaning given in the relevant Final Terms.

"**Issue Date**" has the meaning given in the relevant Final Terms.

"**Issuer**" means Uždaroji akcinė bendrovė "Žalvaris", a private limited liability company, registration No 120504795, registered at address Palemono str. 1, Kaunas, the Republic of Lithuania.

"**Maturity Date**" means the date specified in the relevant Final Terms.

"**Nasdaq CSD**" means the Issuer's central securities depository and registrar in respect of the Bonds from time to time; initially Nasdaq CSD SE, registration No 40003242879, address Valnu str. 1, Riga, the Republic of Latvia.

"**Nasdaq Vilnius**" means AB Nasdaq Vilnius, registration No 110057488, address Konstitucijos ave. 29, Vilnius, the Republic of Lithuania.

"**Nominal Amount**" has the meaning set forth in Clause 77.a).

"**Person**" means any individual, corporation, partnership, limited liability company, joint venture, association, unincorporated organisation, contractual fund, government, or any agency or political subdivision thereof, or any other entity, whether or not having a separate legal personality.

"**Redemption Amount**" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount and/or the Optional Redemption Amount or such other amount in the nature of a redemption amount as may be specified in the relevant Final Terms.

"**Redemption Date**" means the date on which the relevant Bonds are to be redeemed or repurchased in accordance with Clause 13 (*Redemption and repurchase of the Bonds*).

"**Relevant Period**" means each period of 6 (six) or 12 (twelve) consecutive calendar months of the relevant Financial Report.

"**Securities Account**" means the account for dematerialised securities opened in the name of Bondholder with a financial institution which is a member of Nasdaq CSD.

"**Subsidiary**" means a legal entity in which the Issuer owns, directly or indirectly, 50% (fifty percent) + 1 (plus one) of the issued capital (shares) and voting rights..

"**Trustee**" means the Bondholders' Trustee under these Terms and Conditions from time to time; initially UŽDAROJI AKCINĖ BENDROVĖ "AUDIFINA", a limited liability company, established and existing under the laws of the Republic of Lithuania, registration No 125921757, address at A. Juozapavičiaus str. 6, Vilnius, the Republic of Lithuania.

"**Trustee Agreement**" means the agreement entered into on or before the Issue Date between the Issuer and the Trustee, or any replacement Trustee agreement entered into after the Issue Date between the Issuer and the Trustee.

b) *Interpretation*: In these Terms and Conditions:

- (i) any reference to principal shall be deemed to include the Redemption Amount, any withheld amounts in respect of principal which may be payable under Clause 11 (*Taxation*), any premium payable in respect of a Bond and any other amount in the nature of principal payable pursuant to these Terms and Conditions;
- (ii) any reference to Interest shall be deemed to include any withheld amounts in respect of Interest which may be payable under Clause 11 (*Taxation*) and any other amount in the nature of Interest payable pursuant to these Terms and Conditions;
- (iii) if an expression is stated in Clause 2(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "**not applicable**" then such expression is not applicable to the Bonds;
- (iv) Unless a contrary indication appears, any reference in these Terms and Conditions to:
  - "assets" includes present and future properties, revenues and rights of every description;
  - any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;



- a “regulation” includes any regulation, rule or official directive (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency or department;
  - a provision of law is a reference to that provision as amended or re-enacted; and
  - a time of day is a reference to Lithuanian local time.
- (v) An Event of Default is continuing if it has not been remedied or waived.
- (vi) When ascertaining whether a limit or threshold specified in EUR has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against EUR for the previous Business Day, as published by the European Central Bank on its website ([www.ecb.europa.eu](http://www.ecb.europa.eu)). If no such rate is available, the most recently published rate shall be used instead.
- (vii) A notice shall be deemed to be sent by way of press release if it is made available to the public within Lithuania promptly and in a non-discriminatory manner.
- (viii) No delay or omission of the Trustee or of any Bondholder to exercise any right or remedy under these Terms and Conditions shall impair or operate as a waiver of any such right or remedy.

### 3. Principal Amount and Issuance of the Bonds

- a) Under these Terms and Conditions for the issuance of Bonds the Issuer may issue Bonds up to an aggregate principal amount of EUR 5,000,000 (five million euros) (the “**Bonds**”).
- b) By subscribing for Bonds, each initial Bondholder agrees that the Bonds shall benefit from and be subject to these Terms and Conditions and the Final Terms, and by acquiring Bonds each subsequent Bondholder confirms these Terms and Conditions and the Final Terms.

### 4. Status of the Bonds

The Bonds constitute direct, secured, unconditional and unsubordinated obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

### 5. Collateral

The Bonds will be secured by the *first ranking pledge* of 100% shares of the Issuer and the relevant Collateral Agreement will be effective and registered with the respective public register of the Republic of Lithuania not later than on the Issue Date.

### 6. Use of Proceeds

The net proceeds from the issue of the Bonds will be used to finance the Issuer’s investment projects, including investments into fire protection system, finance other general purpose and for the payment of dividends up to EUR 1 million.

### 7. Denomination, Title, Issue Price, Transfer and Underwriting

- a) **Denomination:** Denomination of each Bond is EUR 1,000 (one thousand euros) (the “**Nominal Amount**”) unless otherwise specified in the Final Terms.
- b) **Title to Bonds:** The title to the Bonds will pass to the relevant investors when the respective entries regarding the ownership of the Bonds are made in their Securities Accounts.

- c) **Issue Price:** The Bonds may be issued at their nominal amount or at a discount or a premium to their nominal amount (the “**Issue Price**”). The Issue Price shall be determined by the Issuer and specified in the applicable Final Terms.

The yield of each Tranche set out in the applicable Final Terms will be calculated as of the relevant Issue Date on an annual basis using the relevant Issue Price. It is not an indication of future yield.

- d) **Transfers of Bonds:** The Bonds are freely transferrable. Bonds subscribed and paid for shall be entered to the respective book-entry Securities Accounts of the subscriber(s) on a date set out in the Final Terms in accordance with the Lithuanian legislation governing the book-entry system and book-entry accounts as well as the Nasdaq CSD Rules.
- e) **No charge:** The transfer of a Bond will be effected without charge by or on behalf of the Issuer. However, the investors may be obliged to cover expenses which are related to the opening of Securities Accounts with credit institutions or investment brokerage firms, as well as commissions which are charged by the credit institutions or investment brokerage firms in relation to the execution of the investor’s purchase or selling orders of the Bonds, the holding of the Bonds or any other operations in relation to the Bonds. The Issuer and or the Dealer will not compensate the Bondholders for any such expenses.
- f) **Underwriting:** None of the Tranches of Bonds will be underwritten.

## 8. Bonds in Book-Entry Form

The Bonds shall be issued as registered book-entry (dematerialised) securities as entries within Nasdaq CSD, which is regional Baltic central securities depository (CSD) with a business presence in the Republic of Lithuania, the Republic of Latvia and the Republic of Estonia. Nasdaq CSD is licensed under the CSDR and authorised and supervised by the Bank of Latvia. Nasdaq CSD operates as the operator of the Lithuanian securities settlement system, which is governed by Lithuania law and notified to the ESMA in accordance with the Settlement Finality Directive 98/26/EC and provides central securities deposit services, clearance and settlement of securities transactions and maintenance of the dematerialised securities and their Bondholders in accordance with the applicable Lithuania legislation. Consequently, the Bonds exist as an electronic entry in a securities account with Nasdaq CSD. Only persons holding the Bonds directly or indirectly (e.g., through omnibus accounts maintained by investment firms) with Nasdaq CSD will be considered by the Issuer as the Bondholders of such Bonds.

## 9. Right to Act on Behalf of a Bondholder

- a) If any Person other than a Bondholder wishes to exercise any rights under these Terms and Conditions, it must obtain a power of attorney (or, if applicable, a coherent chain of powers of attorney), a certificate from the authorised nominee or other sufficient proof of authorisation for such Person.
- b) A Bondholder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Bonds held by it. Any such representative may act independently under these Terms and Conditions in relation to the Bonds for which such representative is entitled to represent the Bondholder.
- c) The Trustee shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clauses 9(a) and 9(b) and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face.

## 10. Payments to the Bondholders

- a) **Payments:** Payments of principal amounts (including on the final redemption) due on the Bonds will be made to the Bondholders thereof, as appearing in Nasdaq CSD on the 3rd (third) Business Day preceding the due date for such payment, and payments of Interest (including any other final redemption) due on the Bonds will be made to the Bondholders thereof, as appearing in Nasdaq CSD on the 3rd (third) Business Day preceding the due date for such payment (the "**Record Date**"). Payment of amounts due on the final redemption of the Bonds will be made simultaneously with deletion of the Bonds. The Bondholders shall not be required to provide any requests to redeem the Bonds, as upon Maturity Date of the Bonds, the nominal value thereof with the cumulative Interest accrued shall be transferred to the accounts indicated by the Bondholders without separate requests/requirements of the Bondholders. As of that moment the Issuer shall be deemed to have fully executed the obligations, related to the Bonds and their redemption, disregarding the fact, whether the Bondholder actually accepts the funds or not.
- b) **Payments subject to fiscal laws:** All payments in respect of the Bonds are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Clause 11 (*Taxation*). No commissions or expenses shall be charged to the Bondholders in respect of such payments by the Issuer except for taxes applicable under Lithuania law. However, the investors may be obliged to cover commissions and/or other expenses, which are charged by the credit institutions or investment brokerage firms in relation to such payments. The Issuer and/or the Dealer will not compensate the Bondholders for any such expenses.
- c) **Payments on Business Days:** If any date for payment in respect of any Bond or Interest is not a Business Day, the Bondholder shall not be entitled to payment until the next following Business Day nor to any Interest or other sum in respect of such postponed payment.

## 11. Taxation

- a) **Gross up:** All Interest payments in the case of the Bonds by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Lithuania or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, in respect of Interest, the Issuer shall pay such additional amounts as will result in receipt by the Bondholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond.  
  
In that event, in respect of Interest, the Issuer shall pay such additional amounts as will result held by or on behalf of a Bondholder which is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of it having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Bond.
- b) **Taxing jurisdiction:** If the Issuer becomes subject at any time to any taxing jurisdiction other than the Republic of Lithuania, references in these Terms and Conditions to the Republic of Lithuania shall be construed as references to the Republic of Lithuania and/or such other jurisdiction.

## 12. Interest

- a) **Accrual of interest:** Interest shall accrue for each Interest Period from and including the first day of the Interest Period to (but excluding) the last day of the Interest Period on the principal amount of Bonds outstanding from time to time. The first Interest Period commences on the

Issue Date and ends on the first Interest Payment Date (the “**First Interest Period**”). Each consecutive Interest Period begins on the previous Interest Payment Date and ends on the following Interest Payment Date. The last Interest Period ends on the Maturity Date.

- b) The Interest payment on all Interest Payment Dates is determined according to the Day Count Convention 30/360 (“**European 30/360**”). Also, Interest is being calculated by rounding up to two decimal places per each Bond. For example:

The accrued Interest is calculated presuming there are 360 days in one year (European 30/360). Accrued Interest between Interest Payment Dates shall be calculated as follows:

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

AI – accrued Interest for one Bond;

F – Nominal Amount of one Bond;

C – fixed annual Interest Rate (%) payable on the Bonds;

D – the number of days from the beginning of the Interest accrual period according to European 30/360 day count method.

- c) When Interest is required to be calculated in respect of a period of less than a full year other than in respect of the First Interest Period, it shall be calculated on the basis of (a) the actual number of days in the period from and including the date from which Interest begins to accrue (the “**Accrual Date**”) but excluding the date on which it falls due, divided by (b) the actual number of days from and including the Accrual Date, but excluding the next following Interest Payment Date.

### 13. **Redemption of the Bonds**

- a) **Scheduled redemption at maturity:** The term for provision of the requests/requirements to redeem the Bonds shall not be applicable, as upon Maturity Date of Bonds, the nominal value thereof with the cumulative Interest accrued shall be transferred to the accounts indicated by the Bondholders without separate requests/requirements of the Bondholders. As from this moment the Issuer shall be deemed to be fully executed the obligations, related to the Bonds and their redemption, disregarding the fact, whether the Bondholder actually accepts the indicated funds. In case requisites of the account of the Bondholder changes, he/she/it shall have an obligation to inform the Issuer thereof.
- b) **Redemption at the option of the Issuer (call option):** Bonds shall be redeemable at the option of the Issuer prior to their maturity in accordance with the following conditions:
- (i) early redemption may occur at the discretion of the Issuer no earlier than 1 (one) year after the Issue Date;
  - (ii) if early redemption date occurs 12 (twelve) months after the Issue Date but not later than 18 (eighteen) months after the Issue Date, the respective Early Optional Redemption Amount will be equal to 101.00% of Nominal Amount plus accrued Interest from last Interest payment date;
  - (iii) if early redemption date occurs during the last 6 (six) months before the Maturity Date, the respective Early Optional Redemption Amount will be equal to 100.00% of Nominal Amount plus accrued Interest from last Interest payment date.

Redemption in accordance with Clause 13(b) shall be made by the Issuer giving not less than 30 (thirty) calendar days' notice to the Bondholders and the Trustee (which notice shall be irrevocable and shall specify the date fixed for redemption).

- c) **De-listing Event or Listing Failure Put Option:** If at any time while any Bond remains outstanding, there occurs (A) a **De-listing Event** (as defined below), or (B) a **Listing Failure** (as defined below), each Bondholder will have the option (the “**De-listing Event or Listing**

**Failure Put Option**") (unless, prior to the giving of the **De-listing Event or Listing Failure Event Notice** (as defined below), the Issuer gives notice to redeem the Bonds under Clause 13 to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of, all or part of its Bonds, on the **De-listing Event or Listing Failure Put Date** (as defined below) at a price per Bond equal to 101.00 (one hundred and one) per cent of the Nominal Amount together with interest accrued to, but excluding, the De-listing Event or Listing Failure Put Date.

Where:

A "**De-listing Event**" shall be deemed to have occurred if at any time following the listing of the Bonds, trading in the Bonds on First North is suspended for a period of 15 (fifteen) consecutive Business Days (when First North is at the same time open for trading).

A "**Listing Failure**" shall be deemed to have occurred if the Bonds issued under these Terms and Conditions are not listed on the First North within 3 (three) months after the Issue Date.

Promptly upon the Issuer becoming aware that a De-listing Event or Listing Failure has occurred, the Issuer shall give notice (a "**De-listing Event or Listing Failure Notice**") to the Bondholders in accordance with Clause 16 (*Notices*) specifying the nature of the De-listing Event or Listing Failure and the circumstances giving rise to it and the procedure for exercising the De-listing Event or Listing Failure Put Option contained in this Clause 13(c).

To exercise the De-listing Event or Listing Failure Put Option, the Bondholder must notify the Issuer at any time falling within the period of 30 (thirty) days after a De-listing Event or Listing Failure Notice is given (the "**De-listing Event or Listing Failure Put Period**"), accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the Issuer within the De-listing Event or Listing Failure Period (a "**De-listing Event or Listing Failure Notice**"). Payment in respect of any Bonds will be made, if the Bondholder duly specified a bank account in the De-listing Event or Listing Failure Put Exercise Notice to which payment is to be made, on the date which is the 5th (fifth) Business Day following the expiration of the De-listing Event or Listing Failure Put Period (the "**De-listing Event or Listing Failure Put Date**") by transfer to that bank account. A De-listing Event or Listing Failure Put Exercise Notice, once given, shall be irrevocable.

For the avoidance of doubt, the Issuer shall have no responsibility for any cost or loss of whatever kind (including breakage costs) which the Bondholder may incur as a result of or in connection with such Bondholder's exercise or purported exercise of, or otherwise in connection with, any De-listing Event or Listing Failure Put Option (whether as a result of any purchase or redemption arising therefrom or otherwise).

If 75 (seventy-five) percent or more in principal amount of the Bonds have been redeemed pursuant to this Clause 13(c), the Issuer may, on not less than 30 (thirty) but not more than sixty (60) calendar days' irrevocable notice to the Bondholders in accordance with Clause 17 (*Notices*) given within 30 (thirty) days after the De-listing Event or Listing Failure Put Date, redeem on a date to be specified in such notice at its option, all (but not some only) of the remaining Bonds at a price per Bond equal to 101.00 (one hundred and one) per cent. Of the Nominal Amount, together with interest accrued to, but excluding, the Redemption Date.

The Issuer shall not be required to repurchase any Bonds pursuant to this Clause 13(c), if a third party in connection with the occurrence of a De-listing Event or Listing Failure, as applicable, offers to purchase the Bonds in the manner and on the terms set out in this Clause 13(c) (or on terms more favourable to the Bondholders) and purchases all Bonds validly tendered in accordance with such offer. If the Bonds tendered are not purchased within the time limits stipulated in this Clause 13(c), the Issuer shall repurchase any such Bonds within 5 (five) Business Days after the expiry of the time limit.

- d) **Purchase:** The Issuer may at any time purchase Bonds in the open market or otherwise and at any price. Such Bonds may be held, resold or surrendered by the purchaser through the Issuer for cancellation. Bonds held by or for the account of the Issuer for their own account will not carry the right to vote at the Bondholders' meetings or within procedure in writing and will

not be taken into account in determining how many Bonds are outstanding for the purposes of these Terms and Conditions of the Bonds.

#### 14. Special Undertakings

So long as any Bonds remains outstanding, the Issuer undertakes to comply with the special undertakings set forth in this Clause 14.

- a) **Financial covenants:** The Issuer shall ensure compliance with the following financial covenants:
- (i) **Net Debt to EBITDA Ratio:** the Issuer ensures that Net Debt to EBITDA Ratio of the Issuer at all times is not more than 3.5 (three and five tenths).

Where:

A "**Net Debt**" shall mean the Financial Debt less Cash and Cash Equivalents of the latest Financial Report of the Relevant Period of the Issuer in accordance with the Accounting Principles.

A "**Financial Debt**" shall mean a sum of:

- debt obligations, obligations to credit institutions, other financial obligations arising out of credit agreements;
- debt securities issued; and
- other transactions of financial debt nature, excluding current payment obligations (to suppliers, employees, taxes payable and etc.), arising from the main activity of the company that are to be settled on the arm's length basis.

"**EBITDA**" shall mean the net profit or loss indicated in the profit or loss statement for the Relevant Period of the Issuer determined in accordance with the Accounting Principles plus (A) depreciation of fixed assets and amortization of intangible assets; (B) interest expenses, upfront fees and similar expenses; (C) corporate income tax or dividend tax expenses; and (D) one-off, extraordinary and non-cash expenses (for instance, expenses related to write-off of deferred tax asset), minus (A) interest income and similar income; (B) non-cash income included in the profit or loss statement (for instance, positive revaluation of long term assets, profit from currency fluctuations); and (C) one-off and extraordinary income (for instance, profit from sale of fixed assets, income from positive court decision).

This Net Debt to EBITDA Ratio shall be tested annually for the last 12 months and calculated pursuant to Issuer's stand-alone Financial Reports of the Relevant Period and, starting from the year 2025, pursuant to the consolidated Financial Reports of the Issuer of the Relevant Period.

In case of the breach of Net Debt to EBITDA Ratio requirement, the Issuer together with the Compliance Certificate has to provide the Trustee with the list of measures which would evidence the restoration of Net Debt to EBITDA Ratio within the following six months. The Issuer shall ensure that the Net Debt to EBITDA Ratio is restored within the following six months and provide the Trustee with the calculations, figures of the last 12 months. The Issuer shall provide the Trustee with such further information as the Trustee may request (acting reasonably), including, for the avoidance of doubt, calculations, figures and supporting documents in respect of Net Debt to EBITDA Ratio covenant.

- (ii) **Interest Coverage Ratio:** the Issuer ensures that Interest Coverage Ratio at all times is 2 (two) or greater.

Where:

A "**Interest Coverage Ratio**" shall mean EBITDA divided by Interest Expenses.

A "**Interest Expenses**" shall mean interest of Financial Debt.

"**EBITDA**" as defined under covenant Net Debt to EBITDA Ratio above.

A "**Financial Debt**" as defined under covenant Net Debt to EBITDA Ratio above.

This Interest Coverage Ratio shall be tested quarterly for the last quarter and calculated pursuant to Issuer's stand-alone Financial Reports of the Relevant Period. In case of the breach of Interest Coverage Ratio requirement, the Issuer together with the Compliance Certificate has to provide the Trustee with the list of measures which would evidence the restoration of Interest Coverage Ratio until next Interest Coverage Ratio testing date. The Issuer shall provide the Trustee with such further information as the Trustee may request (acting reasonably), including, for the avoidance of doubt, calculations, figures and supporting documents in respect of Interest Coverage Ratio covenant.

- (iii) **Equity Ratio:** the Issuer ensures that Equity Ratio of the Issuer at all times is 30 (thirty) per cent or greater.

Where:

A "**Equity Ratio**" shall mean Equity divided by Total Assets.

A "**Equity**" shall mean the aggregate book value of total equity of the Issuer at the end of any Relevant Period according to the latest Financial Report of the Relevant Period.

A "**Total Assets**" shall mean the aggregate book value of the Issuer's total assets according to the latest Financial Report of the Relevant Period.

This Equity Ratio shall be tested quarterly and calculated pursuant to Issuer's stand-alone Financial Reports of the Relevant Period.

In case of the breach of Equity Ratio requirement, the Issuer together with the Compliance Certificate has to provide the Trustee with the list of measures which would evidence the restoration of Equity Ratio until next Equity Ratio testing date. The Issuer shall provide the Trustee with such further information as the Trustee may request (acting reasonably), including, for the avoidance of doubt, calculations, figures and supporting documents in respect of Equity Ratio covenant.

- b) **Limits on dividends:** the Issuer shall not, as long as the Bonds are not redeemed in full, make any payment of Distribution. This restriction is not applicable for Distribution not exceeding EUR 1,000,000 (one million euros) for the year 2024.

Where:

A "**Distribution**" over the Issuer shall mean any (i) payment of dividend on shares, (ii) repurchase of own shares, (iii) redemption of share capital or other restricted equity with repayment to Issuer's shareholders, or (iv) any other similar distribution or transfers of value to the direct and/or indirect shareholders of the Issuer without mutual consideration.

- c) **Financial reporting:** The Issuer shall:
- (i) prepare Issuer's annual audited stand-alone and starting for the year 2025 annual audited consolidated Financial Reports in accordance with the Accounting Principles and publish them on the Issuer's website [www.zalvaris.lt](http://www.zalvaris.lt) not later than in 4 (four) months after the expiry of each financial year;
  - (ii) prepare Issuer's quarterly interim unaudited stand-alone and starting for the year 2025 quarterly interim unaudited consolidated Financial Reports in accordance with the Accounting Principles and publish them on the Issuer's website [www.zalvaris.lt](http://www.zalvaris.lt) not later than in 2 (two) months after the expiry of relevant interim period;
  - (iii) prepare and make available a Compliance Certificate to the Trustee (i) when a relevant Financial Report is made available, and (ii) at the Trustee's reasonable request, within 20 (twenty) calendar days from such request;
  - (iv) in addition to (i)-(iii) above, prepare the Financial Reports in accordance with the Accounting Principles and publish them together with Compliance Certificate in accordance with the rules and regulations of Nasdaq Vilnius and the applicable laws upon listing of the Bonds on First North Vilnius; and
  - (v) ensure that consolidated Financial Report will be prepared in accordance with the IFRS, and stand-alone Financial Reports will be prepared in accordance with the local financial reporting standards pursuant to the applicable law.

d) **General warranties and undertakings**

The Issuer warrants to the Bondholders and the Trustee at the date of these Terms and Conditions and for as long as any of the Bonds are outstanding that:

- (i) the Issuer is a duly registered a private limited liability company operating in compliance with the laws of Lithuania.
- (ii) all the Issuer's obligations assumed under the Terms and Conditions are valid and legally binding to the Issuer and performance of these obligations is not contrary to law or the fund rules of the Issuer;
- (iii) the Issuer has all the rights and sufficient authorizations to, and the Issuer has performed all the formalities required for issuing the Bonds;
- (iv) all information that is provided by the Issuer to the Trustee or the Bondholders is true, accurate, complete and correct as of the date of presenting the respective information and is not misleading in any respect;
- (v) the Issuer is solvent, able to pay its debts as they fall due, there are no liquidation or insolvency proceedings pending or initiated against the Issuer;
- (vi) there are no legal or arbitration proceedings pending or initiated against the Issuer which may have, or have had significant effects on the Issuer's financial position or profitability; and
- (vii) there are no criminal proceedings pending or initiated against the Issuer.

**15. Events of Default**

- a) If any of the following events (the "**Events of Default**") (as defined below) occurs, the Issuer immediately and without any delay shall notify the Bondholders by way of notification on material event about the occurrence of an Event of Default. Accordingly, on the 10th (tenth) Business Day after the occurrence of an Event of Default the Issuer shall prepay all Bondholders the outstanding principal amount of the Bonds and the Interest accrued on the Bonds, but without any premium or penalty. Interest on the Bonds accrues until the prepayment date (excluding the prepayment date).
- b) The Issuer shall notify the Bondholders and the Trustee about the occurrence of an Event of Default (and the steps, if any, taken to remedy it) in accordance with Clause 17 (*Notices*) promptly upon becoming aware of its occurrence.
- c) Each of the following events shall constitute an Event of Default:
  - (i) **Non-payment:** The Issuer fails to pay any amount of interest in respect of the Bonds on the due date for payment thereof and the default continues for a period of 20 (twenty) Business Days.
  - (ii) **Breach of Collateral:** the Issuer fails to provide Collateral as set out under Clause 5.
  - (iii) **Breach of other obligations:** (i) if the Financial Covenants set out in Clause 14(a) are breached and are not remedied within next Relevant Period; (ii) if any other Special Undertakings set out in Clause 14 (other than Financial Covenants set out in Clause 14(a)) are breached and are not remedied within 30 (thirty) Business days of the earlier of the Trustee giving notice or the Issuer should have become aware of the non-compliance
  - (iv) **Cross Default:** Any outstanding indebtedness (including guarantees given by the Issuer) of the Issuer or any of its Subsidiaries in a minimum amount of EUR 1,000,000 (one million euro) or its equivalent in any other currency, is accelerated prematurely because of default, howsoever described, or if any such indebtedness is not paid or repaid on the due date thereof



or within any applicable grace period after the due date, or if any security given by the Issuer for any such indebtedness becomes enforceable by reason of default.

- (v) **Cessation of Business:** The Issuer ceases to carry on its current business in its entirety or a substantial part thereof, other than: (i) pursuant to any sale, disposal, demerger, amalgamation, reorganization or restructuring or any cessation of business in each case on a solvent basis and within the Group, or (ii) for the purposes of, or pursuant to any terms approved by the Bondholders' Meeting, or (iii) in relation to a Subsidiary, if the cessation of the respective business (or substantial part thereof) of the Subsidiary is required by any specific EU regulations or laws of the Republic of Lithuania or of other country, the laws of which are applicable to the respective Subsidiary or decisions of any regulatory authority and it does not materially affect the Issuer's ability to fulfil its obligations with regard to the Bonds.
  - (vi) **Liquidation:** An effective resolution is passed for the liquidation of the Issuer or any of its Subsidiaries other than, in case of a Subsidiary: (i) pursuant to an amalgamation, reorganization or restructuring in each case within the Group, or (ii) as a result of the cessation of the respective business required by any specific EU regulations or laws of the Republic of Lithuania or of other country, the laws of which are applicable to the respective Subsidiary or decisions of any regulatory authority in relation to the operation of the Company or any of its Subsidiaries and it does not materially affect the Issuer's ability to fulfil its obligations with regard to the Bonds, or (iii) for the purposes of, or pursuant to any terms approved by the Bondholders' Meeting.
  - (vii) **Insolvency:** The Issuer or any of its Subsidiaries is declared insolvent or bankrupt by a court of competent jurisdictions or admits inability to pay its debts or the Issuer or any of its Subsidiaries 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.
  - (viii) **Insolvency proceedings:** Any corporate action, legal proceedings or other procedures are taken (other than proceedings or petitions which are being disputed in good faith and are discharged, stayed or dismissed within 30 (thirty) calendar days of commencement or, if earlier, the date on which it is advertised) in relation to:
    - i. winding-up, dissolution, administration, insolvency or legal protection proceedings (in and out of court) (in Lithuanian: *nemokumas*, *likvidavimas*, *bankrotas*, *restruktūrizavimas*) (by way of voluntary agreement, scheme of arrangement or otherwise) of the Issuer or any of its Subsidiaries;
    - ii. the appointment of a liquidator, receiver, administrator, administrative receiver or other similar officer in respect of the Issuer or any of its Subsidiaries or any of its assets; or
    - iii. any analogous procedure or step is taken in any jurisdiction in respect of the Issuer or any of its Subsidiaries.
  - (ix) **Impossibility or illegality:** It is or becomes impossible or unlawful for the Issuer to fulfil or perform any of the provisions of these Terms and Conditions or Collateral or if the obligations under these Terms and Conditions or Collateral are not, or cease to be, legal, valid, binding and enforceable.
- d) If the Issuer is declared insolvent, the Trustee shall represent the Bondholders in all legal proceedings and take every reasonable measure necessary to recover the amounts outstanding under the Bonds. The Issuer shall notify the Trustee about being declared insolvent in accordance with Clause 17 (*Notices*) promptly upon becoming aware of this occurrence. In such a case, all payments by the Issuer relating to the Bonds shall be transferred to the Trustee, or to someone appointed by the Trustee, and shall constitute escrow funds and must be held on a separate Interest-bearing account on behalf of the Bondholders. The Trustee shall arrange for payments of such funds in the following order of priority as soon as reasonably practicable:

- (i) *first*, in or towards payment *pro rata* of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Trustee, (ii) other costs, expenses and indemnities relating to the protection of the Bondholders' rights, (iii) any non-reimbursed costs incurred by the Trustee for external experts, and (iv) any non-reimbursed costs and expenses incurred by the Trustee in relation to a Bondholders' meeting;
- (ii) *secondly*, in or towards payment *pro rata* of accrued but unpaid Interest under the Bonds (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);
- (iii) *thirdly*, in or towards payment *pro rata* of any unpaid principal under the Bonds; and
- (iv) *fourthly*, in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under these Terms and Conditions.

If the Trustee makes any payment under this Clause 15(d), the Trustee, as applicable, shall notify the Bondholders of any such payment at least 5 (five) Business Days before the payment is made. Such notice shall specify the Record Date, the payment date and the amount to be paid.

## 16. Trustee and Bondholders' Meetings

The Law on Protection of Interests of Bondholders of Public Limited Liability Companies and Private Limited Liability Companies of the Republic of Lithuania (the "**Law on Protection of Interests of Bondholders**") is applicable to the Bonds, issued under these Terms and Conditions. As a result, the Bondholders shall be represented by the Trustee pursuant to the Law on Protection of Interests of Bondholders and the Trustee shall have all the rights and obligations, indicated in the Law on Protection of Interests of Bondholders and in the respective agreement concluded between the Trustee and the Issuer. When acting pursuant to these Terms and Conditions, the Trustee is always acting with binding effect on behalf of the Bondholders.

In addition, the Trustee shall (i) review each Compliance Certificate delivered to it to determine that it meets the requirements set out in these Terms and Conditions and as otherwise agreed between the Issuer and the Trustee, (ii) check that the information in the Compliance Certificate is correctly extracted from the financial statements delivered pursuant to Clause 14(c) or other relevant documents supplied together with the Compliance Certificate. The Issuer shall promptly upon request provide the Trustee with such information as the Trustee reasonably considers necessary for the purpose of being able to comply with this clause.

Bondholders Meetings will be organised pursuant to the Law on Protection of Interests of Bondholders and Bondholders' Meeting decisions are binding on all Bondholders.

## 17. Notices

Bondholders shall be advised of matters relating to the Bonds by a notice published in English and Lithuanian:

- a) published on the Issuer's website at [www.zalvaris.lt](http://www.zalvaris.lt); and
- b) as well as on [www.nasdaqbaltic.com](http://www.nasdaqbaltic.com) and in Central Regulated Information Base ([www.crib.lt](http://www.crib.lt)) upon listing.

Any such notice shall be deemed to have been received by the Bondholders when sent or published in the manner specified in this Clause 17.

## 18. Minor modifications

The Bonds and these Terms and Conditions may be amended by the Issuer without the consent of the Bondholders to correct a manifest error or to comply with mandatory provision of the applicable law. In addition, the Issuer shall have a right to amend the technical procedures relating to the Bonds in respect of payments or other similar matters without the consent of the

Bondholders, if such amendments are not prejudicial to the interests of the Bondholders. Corresponding information shall be sent to the Bondholders in accordance with Clause 17 *Notices*.

**19. Governing Law and Jurisdiction**

- a) ***Governing law:*** These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of the Republic of Lithuania.
- b) ***Courts of the Republic of Lithuania:*** Any dispute or claim arising out of or in relation to these Terms and Conditions, including any non-contractual obligation arising out of or in connection with the Bonds, shall be finally settled by the courts of the Republic of Lithuania.

## 4.2. Final Terms

### FINAL TERMS

*Set out below are the Final Terms of Bonds issued under the General Terms and Conditions*

#### **MiFID II Product Governance / Eligible Counterparties, Professional Clients and Retail Clients Target Market**

Solely for the purposes of each manufacturers' product approval process, the target market assessment in respect of the Bonds has led to the conclusion that (i) the target market for the Bonds is eligible counterparties, professional clients and retail clients, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"), and (ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Bonds to retail clients are appropriate: execution-only, subject to the distributor's appropriateness obligations under MiFID II, as applicable. Any person subsequently offering, selling or recommending the Bonds (a "**Distributor**") 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 Bonds (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

#### **Final Terms dated 12 November 2024**

#### **Uždaroji akcinė bendrovė "Žalvaris" Issue of 5,000,000 Bonds due 2026**

**under the General Terms and Conditions for the Issuance of Fixed Rate Bonds up to EUR 5,000,000 with the Maturity up to 2 Years**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in *the General Terms and Conditions for the Issuance of Fixed Rate Bonds up to EUR 5,000,000 with the Maturity up to 2 Years* (the "*General Terms and Conditions*") which forms part of the Information Document dated 12 November 2024 which constitutes an offering document for the purposes of the Law on Securities of the Republic of Lithuania. This document constitutes the Final Terms of the Bonds described herein and must be read in conjunction with the Information Document, including General Terms and Conditions, in order to obtain all relevant information.

The Information Document and Final Terms are available for viewing on the Issuer's website [www.zalvaris.lt](http://www.zalvaris.lt). Copies may also be obtained from the registered office of the Issuer at the address Palemono str. 1, Kaunas, the Republic of Lithuania.

Upon listing, the Information Document and Final Terms will be also available for viewing on the website of AB Nasdaq Vilnius ("Nasdaq Vilnius") ([www.nasdaqbaltic.com](http://www.nasdaqbaltic.com)).

The Bonds under these Final Terms are offered under public offering in the Republic of Lithuania, in the Republic of Latvia and in the Republic of Estonia. Therefore, the distribution of these Final Terms, including Information Document, in certain jurisdictions may be restricted by law. The public offering is made under the Information Document based on Article 3(2)(b) of the Prospectus Regulation in accordance with Articles 5(2) and 7 of the Law on Securities of the Republic of Lithuania, in accordance with Article 16<sup>1</sup> of the Financial Instrument Market Law of the Republic of Latvia and in accordance with Article 15(6) of the Securities Market Act of the Republic of Estonia.

1.	Issuer:	Uždaroji akcinė bendrovė "Žalvaris"
2.	Status of the Bonds:	Secured
3.	(i) Series Number:	1

	(ii) Tranche Number:	1
4.	Specified Currency:	Euro (EUR)
5.	Aggregate Nominal Amount:	
	(i) Series:	EUR 5,000,000
	(ii) Tranche:	EUR 5,000,000
6.	Issue Price:	EUR 1,000
7.	Specified Denominations:	EUR 1,000
8.	(i) Issue Date:	2 December 2024
	(ii) Interest Commencement Date:	Issue Date
9.	Maturity Date:	2 December 2026
10.	Final Redemption Amount:	Subject to any early redemption, the Bonds will be redeemed on the Maturity Date at 100% per Nominal Amount.
11.	Call Option:	Issuer Call ( <i>See paragraph 16 below</i> )
12.	Put Option:	Investor Put ( <i>See paragraph 17 below</i> )
13.	Date Shareholder, Management Board and Supervision Board decisions for issuance of Bonds obtained:	7 November 2024
14.	Trustee:	As of the date of these Final Terms – UŽDAROJI AKCINĖ BENDROVĖ "AUDIFINA", a private limited liability company, established and existing under the laws of the Republic of Lithuania, corporate code 125921757, with its registered address at A. Juozapavičiaus str. 6, Vilnius, Lithuania.
<b>PROVISIONS RELATING TO INTEREST PAYABLE</b>		
15.	<b>Fixed Rate Bond Provisions</b>	
	(i) Interest Rate:	The Fixed Rate of Interest is 9,5 per cent per annum in respect of the period from (and including) the Interest Commencement Date to (but excluding) the Maturity Date payable in arrears on each Interest Payment Date.
	(ii) Interest Payment Date(s):	2 March, 2 June, 2 September and 2 December in each year
	(iii) Day Count Fraction:	30E/360
<b>PROVISIONS RELATING TO EARLY REDEMPTION</b>		
16.	<b>Call Option</b>	Applicable
	(i) Optional Redemption Date(s):	Any Business Day no earlier than 1 (one) year after the Issue Date.
	(ii) Optional Redemption Amount(s) of each Bond:	If early redemption date occurs 12 months after the Issue Date but not later than 18 months after the Issue Date, the respective Early Optional Redemption Amount will be equal to 101.00% of Nominal Amount plus accrued Interest from last Interest payment date; if early redemption date occurs during the last 6 (six) months prior to the Maturity Date, the respective Early Optional Redemption Amount will be equal to 100.00% of Nominal Amount plus accrued Interest from last Interest Payment Date.
	(iii) Notice period:	Not less than 30 calendar days
17.	<b>Put Option</b>	Only due to De-listing Event or Listing Failure

	(i) De-listing Event or Listing Failure Put Date:	The 5th (fifth) Business Day following the expiration of the De-listing Event or Listing Failure Put Period
	(ii) Optional Redemption Amount of each Note:	101% per Nominal Amount
	(iii) De-listing Event or Listing Failure Put Period	Not more than 30 calendar days
<b>GENERAL PROVISIONS APPLICABLE TO THE BONDS</b>		
18.	<b>Form of Bonds:</b>	The Bonds shall be issued in non-material registered form. The book-entry and accounting of the dematerialized securities in the Republic of Lithuania shall be made by Nasdaq CSD. No physical certificates will be issued to the Investors. Principal and Interest accrued will be credited to the Bondholders' accounts through Nasdaq CSD.
19.	<b>Governing Law:</b>	The Bonds, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of the Republic of Lithuania.
20.	<b>Jurisdiction:</b>	Any dispute or claim arising out of or in relation to the Bonds, including any non-contractual obligation arising out of or in connection with the Bonds, shall be finally settled by the courts of the Republic of Lithuania.

Signed on behalf of the Issuer:

Uždaroji akcinė bendrovė "Žalvaris"

By: Vitoldas Sapožnikovas  
Duly authorised

## PART B – OTHER INFORMATION

1.	<b>LISTING AND ADMISSION TO TRADING</b>	
	(i) Admission to Trading:	Application will be made for Bonds issued under these Final Terms to be admitted during the period of 3 (three) months after the date hereof to listing and trading on the First North of Nasdaq Vilnius.
	(ii) Estimate of total expenses related to admission to trading:	EUR 100,000
2.	<b>RATINGS</b>	
	The Bonds to be issued are not rated.	
3.	<b>INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER</b>	
	Save for any fees payable to the Dealer, so far as the Issuer is aware, no person involved in the offer of the Bonds has an interest material to the offer. The Dealer and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.	
4.	<b>YIELD</b>	
	Indication of yield:	9,5%
	<i>The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.</i>	
5.	<b>OPERATIONAL INFORMATION</b>	
	(i) ISIN:	LT0000411175

	(ii) Delivery:	Delivery against payment
	(iii) Settlement Date:	2 December 2024
6.	<b>SUBSCRIPTION AND DISTRIBUTION</b>	
	(i) Subscription period:	13 November 2024 at 9 a.m. – 27 November 2024 at 1 p.m. (Vilnius time)
	(ii) Method of Distribution:	Non-syndicated
	(iii) Name of Dealer:	Akcinė bendrovė Šiaulių bankas
	(iv) Minimum Investment Amount:	1 Bond
7.	<b>OTHER INFORMATION</b>	
	(i) Use of Proceeds:	The net proceeds from the issue of the Bonds will be used to finance the Issuer's investment projects, including investments into fire protection system, finance other general purpose and for the payment of dividends up to EUR 1 million
	(ii) Information about the securities of the Issuer that are already admitted to trading:	No other securities of the Issuer that are already admitted to trading

## V. SUBSCRIPTION AND SALE OF THE BONDS

***By subscribing the Bonds, each Investor confirms having read this Information Document, including Terms and Conditions, Final Terms and documents incorporated in this Information Document by way of reference (please see Section 1.4 Information incorporated by Reference), having accepted the terms and conditions set out in this Information Document and having made the subscription according to the terms herein. The Investor may also familiarize with the Agreement on Bondholders' Protection, the Collateral Agreements (once concluded) before or after placing a Subscription Order by requesting the Trustee via e-mail [info@audifina.lt](mailto:info@audifina.lt).***

### **General information**

The Issuer shall issue the Bonds in the amount of up to EUR 5,000,000 (i.e. the Maximum Aggregate Nominal Value of the Issue). The Bonds shall be offered and issued in Tranches under respective Final Terms.

The subscription of the Bonds will be organized through Nasdaq as an Auction and Auction Rules will be applied.

### **General structure of the Offering**

The Offering shall be structured in the following order:

- (i) the Subscription Orders shall be submitted by the Investors through the Exchange Members and Nasdaq Auction Rules;
- (ii) the Issue Price shall be paid by the investors according to the order described further in this Information Document and the Final Terms;
- (iii) based on the decision of the Issuer together with the Lead Manager the Bonds shall be allocated to the Investors;
- (iv) the Bonds shall be registered with Nasdaq CSD and distributed to the Investors.

### **Cancellation of the Offering**

The Issuer, at its own discretion, may cancel the primary distribution of the Bonds at any time prior to the relevant Issue Date without disclosing any reason for doing so. In such event, Subscription Orders for the Bonds that have been made will be disregarded, and any payments made in respect of the submitted Subscription Orders will be returned without interest or any other compensation to the Investors.

### **Subscription procedure; invalidity of the Subscription Orders**

In order to subscribe for the Bonds, the Investor must have a Securities Account with the Exchange Member and fill in a Subscription Order form provided by the Exchange Member during the Subscription Period only in order for the Exchange Member to enter a buy order in Nasdaq's trading system. The list of Exchange Members is available on the website <https://nasdaqbaltic.com/statistics/en/members>. The Subscription Orders shall be submitted by means accepted and used by the Exchange Members (e.g. physically, via the internet banking system or by any other available means). The Investor may submit multiple subscriptions which shall be merged for the purposes of allocation. The Subscription Period will be indicated in the Final Terms.

By submitting a Subscription Order to the Exchange Member, every Investor (besides other acknowledgments and undertakings provided in this Information Document):

- (i) authorizes and instructs the Exchange Member through which the Subscription Order is submitted to arrange the settlement of the subscription on its/his/her behalf (taking such steps as are legally required to do so) and to forward the necessary information to the extent necessary for the completion of the subscription;
- (ii) shall ensure that when submitting a Subscription Order there are sufficient funds on the cash account connected to its/his/her Securities Account to cover the amount subscribed (i.e. the Issue Price multiplied by the amount of the Bonds subscribed);
- (iii) authorizes and instructs the Exchange Member through which the Subscription Order is submitted to block the whole Subscription amount on the investor's cash account connected to its/his/her Securities Account until the allotment of Bonds pursuant to this Information Document and Auction Rules, and registration with the Register is completed on the Issue Date;
- (iv) authorizes the Exchange Member, Issuer, Lead Manager and Nasdaq to process, forward and exchange its/his/her personal data and information in the Subscription Order in order to participate in the Offering,



- to accept or reject the Subscription Order and comply with the Information Document and fulfill the Issuer's obligations under the Information Document;
- (v) acknowledges that the Offering does not constitute an offer (in Lithuanian: *oferta*) of the Bonds by the Issuer in legal terms, and that the submission of a Subscription Order does not constitute the acceptance of an offer, and therefore does not in itself entitle the investor to acquire the Bonds, nor results in a contract for the sale of the Bonds between the Issuer and the Investor, unless the Bonds are allotted to the investor pursuant this Information Document and Bonds are registered with the Register on the Issue Date;
  - (vi) confirms that it/she/he has got familiarized with this Information Document, Final Terms and Auction Rules.

The Subscription Order shall not be considered valid and shall not be processed in the following cases:

- (i) the purchase amount indicated in the Subscription Order is less than the Minimum Investment Amount (if any indicated in the Final Terms); or
- (ii) the Subscription Order was received after the Subscription Period; or
- (iii) the Issuer and/or the Lead Manager rejects the Subscription Order due to any other reasons (e.g. oversubscription, violation of legal acts governing anti-money laundering prevention and/or sanctions).

The Exchange Members acting in accordance with internal rules and applicable laws shall inform the investors on rejection of provided Subscription Orders.

An investor shall bear all costs and fees charged by the respective account operator or a custodian accepting the Subscription Order in connection with the submission, cancellation or amendment of a Subscription Order.

### **Change and Withdrawal of the Subscription Orders**

The Subscription Order may be amended, cancel or withdrawn and new Subscription Order placed at any time until the end of the Subscription Period. The Investor wishing to amend, cancel or withdraw placed Subscription Order shall submit a written statement on the subscription cancellation to the entity through which the Subscription Order has been submitted. This may result in costs and fees charged by the by the intermediary through which the Subscription Order is submitted.

### **Payment for the Bonds**

By submitting a Subscription Order each Investor authorises and instructs the Exchange Member through which the Subscription Order is submitted to immediately block the whole subscription amount on the Investor's cash account connected to its/his/her securities account until the settlement is completed or funds are released in accordance with these terms and conditions.

### **Allotment of the Bonds to the Investors**

After expiry of the relevant Subscription Period, the Issuer on its sole discretion together with the Lead Manager shall decide which Investors shall be allotted with the Bonds and to what amount, and which Investors shall not be allotted with the Bonds.

By placing a Subscription Order the Investors shall be considered as have consented to being allotted a lower number of Bonds than the number specified in such Investor's Subscription Order, or to not being allotted any Bonds at all, pursuant to this Information Document.

### **Return of funds to Investors**

If the Offering or a part thereof is cancelled, or if the Investor has not been allotted any Bonds, or allotted a lower number of Bonds than the number specified in such Investor's Subscription Order, or the Subscription Order has been cancelled or rejected, the funds blocked on the Investor's cash account, or the excess part thereof (the amount in excess of payment for the allocated Bonds), will be released by the respective Exchange Member and pursuant to its agreement with the investor.

Regardless of the reason for which funds are released, neither the Issuer nor the Lead Manager shall be responsible for any relationships between the Investor and Exchange Member in connection with any operations happening on the cash account connected to the Investors' Securities Account.

## **Settlement**

The Bonds allocated to the Investors will be transferred to their securities accounts on or about the Settlement Date provided in the Final Terms through the “delivery versus payment” (DVP) method, meaning that the settlement procedure is carried out by Nasdaq CSD and Exchange Members on the Issue Date in accordance with the Auction Rules and title to the Bonds purchased in the subscription process is obtained upon Bonds transfer to respective Securities Account which is done simultaneously with making the cash payment for the purchased Bonds. The title to the Bonds will pass to the relevant investors when the Bonds are recorded to their securities accounts. If an investor has submitted several Subscription Undertakings through several securities accounts, the Bonds allocated to such investor will be transferred to all such securities accounts proportionally to the number of the Bonds indicated in the Subscription Undertakings submitted for each account, rounded up or down as necessary.