

Frequently asked questions and answers

About insolvency processes of FERN Group, UAB group companies

07-11-2025

FERN Group, UAB (hereinafter, FERN Group), taking into account that it and its subsidiaries – UAB “FERN EPC”, UAB “FERN PRODUCTION” and UAB “MONTUOTOJAS” (hereinafter collectively, the “Subsidiaries”) are insolvent, that insolvency processes are complex and stakeholders have questions about them, seeking to ensure accessibility of the relevant information, herein below presents a summary of the most frequently asked questions and answers.

FERN Group presents the information below such as it is on the date of announcing the information and has no obligation to update it later and will not do so, unless applicable legal acts provide for a duty to announce (changes in) certain information that is presented below.

- **What has happened?**

As the management of FERN Group determined that group companies of FERN Group faced significant financial difficulties which could no longer be overcome in the course of normal business activities either short term or long term, relevant insolvency processes were initiated. After the start of these processes, group companies of FERN Group continue to operate and strive to protect the interests of their employees, creditors, clients and other stakeholders.

- **Why the decisions have been taken namely now?**

Managers of relevant group companies of FERN Group took timely decisions to initiate insolvency processes as soon as it became clear that the relevant companies faced significant financial difficulties which, as indicated above, cannot be overcome in the course of normal business activities either short term or long term. The decisions have been taken to protect the interests of employees, creditors, clients and other stakeholders.

- **How will the processes take place? How long are they going to take?**

Actions to initiate UAB “MONTUOTOJAS” and UAB “FERN EPC” bankruptcy procedures have been taken. On 5 November 2025, creditors’ meetings of these companies were held for the approval for their bankruptcy processes to be performed out of court. However, as there are legal proceedings started by their creditors in court, the statutory condition that there must be no legal proceedings with property claims pending in court was not met on the date of the creditors’ meetings. Therefore, the creditor’s meetings could not adopt decisions on the out-of-court performance of the bankruptcy processes.

Taking that into account, the managements of UAB “MONTUOTOJAS” and “UAB FERN EPC” adopted decisions to start bankruptcy processes in court and will soon approach the court for their initiation.

At first, the management of UAB “FERN PRODUCTION” thought it possible to overcome financial difficulties by continuing activities and reorganising them by way of restructuring. However, after initial consultations with stakeholders about further performance of projects of this company, it

was concluded that activities of UAB “FERN PRODUCTION” may soon also become non-viable, therefore, the management decided to start a bankruptcy process in court and the court will soon be approached for initiation of this process.

Meanwhile, the management of FERN Group itself, taking into account the above-indicated recent developments, continues with detailed assessment of the possibilities of its insolvency (possible restructuring or bankruptcy) process, seeking the best possible outcome in the interests of FERN Group, its employees, creditors, clients and other stakeholders.

As announced earlier, it is sought that FERN Group's subsidiary “Ardynas” would continue to operate as usual.

- **Why earlier announcements dealt with bankruptcies of only 2 group companies of FERN Group?**

The managements of individual group companies of FERN Group took their respective decisions upon assessment of the individual situation of each individual company at the time of the decision. Bankruptcy processes were initiated for UAB MONTUOTOJAS” and UAB “FERN EPC”, as their financial situation no longer allowed to continue their usual activities and to restore solvency. The assets of these companies will be realised in order to settle accounts with creditors, as provided for by the applicable legal acts.

Meanwhile, the primary purpose related to the activities of FERN Group and UAB “FERN PRODUCTION” was to stabilise the financial situation of these companies through restructuring, to keep them operative and to avoid bankruptcy by cooperation with creditors and using various economic and organisational measures, seeking the best possible outcome for employees, creditors and other stakeholders.

However, after initial consultations with stakeholders about further performance of projects of these companies, the management of UAB “FERN PRODUCTION” decided to initiate a bankruptcy process as well.

Meanwhile, the management of FERN Group itself, as mentioned above, continues with detailed assessment of the possibilities of its insolvency (possible restructuring or bankruptcy) process, seeking the best possible outcome in the interests of FERN Group, its employees, creditors, clients and other stakeholders.

As announced earlier, it is sought that FERN Group's subsidiary “Ardynas” would continue to operate as usual.

- **What is the average duration of bankruptcy processes?**

On average, bankruptcy processes take 18 to 36 months.

Below please find main steps of bankruptcy processes and their approximate duration:

Stage	Bankruptcy in court	Approximate duration
1. Initiation of bankruptcy proceedings	Bankruptcy proceedings are instituted in court under provisions of the Law on Insolvency of Legal Persons (hereinafter referred to as the Insolvency Law). Initiators: a creditor, the CEO, the liquidator.	1 month, during which it is sought to enter into arrangements with creditors for assistance.
2. Appointment of the administrator	The court appoints the bankruptcy administrator in its ruling on the opening of bankruptcy proceedings.	1 month
3. Submission and approval of creditors' claims	1) Creditors submit claims to the administrator; 2) the administrator verifies the claims, presents them to the court for approval and attaches its opinion on the validity of the claims; 3) the court approves the list of creditors.	3 months The period can be longer for 1–3 months in respect of the contested claims, depending on whether or not the ruling is appealed at the appellate court.
4. Creditors' meeting	The first meeting of creditors is mandatory. The creditors' meeting is organised after the court approves the list of creditors.	1.5 month
5. Property valuation and realisation	The administrator provides the first creditors' meeting with an inventory of assets, their value, financial data, the plan for the realisation of assets and other documents provided by the Insolvency Law, and then realises the assets, organises their sale, recovers debts and performs other duties prescribed by law.	6–12 months if no disputes arise.
6. Distribution of funds to creditors	The funds received through the realisation of the assets and recovery of debts during the bankruptcy process are allocated according to priorities set in the Insolvency Law: administration costs, funds due to creditors (mortgagees/pledgees), creditors of the first and the second group according to seniority in the first stage, default interest and penalties in the second stage.	Creditors' claims are satisfied no later than within 14 days after the final bankruptcy report is approved, except for the satisfaction of mortgagee's/pledgee's claims from mortgaged/pledged assets.
7. Completion of the bankruptcy process	1) The creditors receive the last amount credited to their accounts; 2) the court approves the final bankruptcy report; 3) the court gives a decision on the end of the legal entity; 4) the registrar of the Register	4–5 months after the last amount credited to creditors' account.

Stage	Bankruptcy in court	Approximate duration
	of Legal Entities deregisters the company at the administrator's request.	

- **What measures will be taken to protect creditors' interests?**

The bankruptcy processes will be aimed at ensuring that assets of the companies under bankruptcy are realised efficiently and for the highest possible value to enable as good settlement with creditors of the respective companies as possible. Following the Insolvency Law, an independent insolvency administrator will be appointed in these processes, who will be responsible for supervising the realisation of assets and protection of the creditors' interests.

In case a restructuring process of FERN Group is started, it would be aimed at stabilising the financial situation of FERN Group by ensuring that it continues to operate, cooperating with creditors and using various economic, organisational and other measures, seeking the best possible outcome for employees, creditors and other stakeholders.

- **Are there more details about the redemption of FERN Group bonds, when are they going to be redeemed?**

A meeting of holders of FERN Group bonds is to be held on 7 November 2025, where, inter alia, a decision is going to be taken under item 7.15(vii) of the Terms of the Bonds, which are an integral part of the information document of FERN Group, dated 28 August 2024 (Chapter 7; hereinafter, the "Terms of the Bonds"), establishing that an event of default on the obligations related to the bonds has occurred and demanding, for this reason, that FERN Group and/or (where FERN Group is unable to meet its bond-related obligations) the guarantor for the bonds (Closed-End Private Equity Investment Fund for Professional Investors INVL Baltic Sea Growth Fund, hereinafter, the "Fund") immediately redeem the bonds under item 7.15 of the Terms of the Bonds.

<https://www.audifina.lt/paslaugos/konsultacines-paslaugos/obligaciju-savininku-interesu-gynimas-atstovavimas/#viesi-pranesimai>

On 6 November 2025, FERN Group received a letter from the Fund, by which FERN Group was informed that in case the bondholders take the relevant decisions in the meeting of the bondholders to be held on 7 November 2025 (or its repeat meeting if the first meeting does not take place due to a lack of quorum), then on the bonds redemption date the Fund will pay the bondholders the guaranteed amount of EUR 8,000,000, as well as interest on the bonds accrued till their redemption date. Accounts with the bondholders will be settled by the end of 2025.

- **What should creditors do now/later? Wait, approach someone with their claims, etc.? What are the standard steps to be taken by creditors in such situations in general?**

Creditors have a possibility to contact the management of the relevant group company of FERN Group and discuss specific individual situations. However, it is important to know that insolvency processes are strictly regulated by laws and the managers of the relevant companies act and will continue to act in accordance with their provisions. One of the essential statutory requirements

is that all creditors should be treated equally, so there is no and may be no possibility for any creditors to negotiate more favourable decisions.

Please note that when insolvency proceedings are opened against the relevant companies, creditors will be additionally informed of this and given at least 30 calendar days for the submission of their claims. Upon receipt of creditors' claims, the insolvency administrator will assess them and present them to the court for approval.