



CAPITAL MARKETS | INVESTMENT BANKING



**FASTLINK.LT**

*Consilium optimum UAB public bond issue*

*Provider of internet, smart TV and other innovative IT services*

2024 April - May

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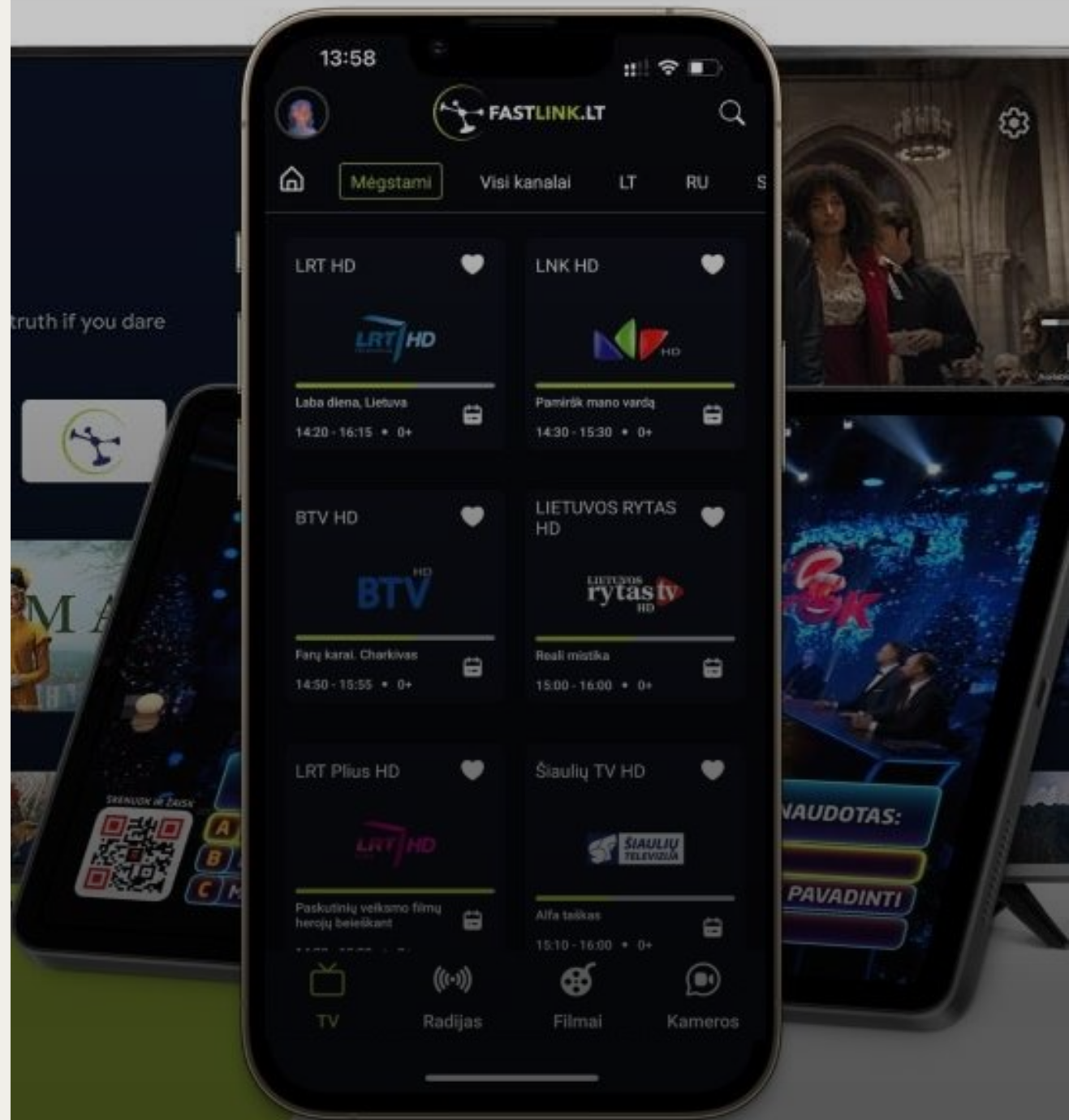
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A person is holding a smartphone, displaying a line graph on the screen. The background is a blurred crowd of people, suggesting a public event or gathering. The overall lighting is dim and warm, with a focus on the phone and the person's hands. Two vertical gold lines are positioned on either side of the text.

# Investment summary

# Issue

## UAB Consilium Optimum public 3-year secured bond issue

- Collateral – first rank pledge of amounts receivable from signed contracts with customers to investors
- Issue size - up to **EUR 8 million**
- First tranche – **EUR 5 million**
- Annual coupon rate - **12%**
- Coupon payments - quarterly
- Term - 3 years
- Use of proceeds - financing **expansion** of operations
  - The Issuer also retains the option to use part of the amounts raised to refinance an existing bank loan.
- Listing - the issue will be listed on the **alternative First North** market no later than 6 months after the first tranche is issued.



# Company overview

Telecommunications services company in Lithuania

## About the Issuer

- Provider of internet, smart TV, mobile connectivity, video surveillance and other innovative IT services
- Company provides its services to both private customers and businesses. Offered services are divided into 6 segments:
  1. Fibre-optic internet
  2. Smart TV
  3. Mobile connectivity
  4. 4G/5G internet
  5. Video surveillance
  6. Other IT/IP services

Average contract duration – 35 months

97% of customers – renew their contracts

Lithuania – target market

## Competitive advantages of the company

- Services throughout all of Lithuania
- Provides 4K (UHD) content
- Owns TV, OTT applications, owns telecommunications, CDN network, owns TV and other video content creation equipment
- Developed automated customer processing system
- Fully independent provider of telecommunications services

## Company's clients

29 000+

Clients

98% 2%

B2C

B2B

## Company's partners

**Avitela**

**Elektro@Markt**

**Mobili linija**

**Kerista**

**LIGHT  
CONVERSION**

## Financial summary

kEUR	2020	2021	2022	2023
<b>Sales revenue</b>	<b>2 332</b>	<b>3 004</b>	<b>3 691</b>	<b>4 775</b>
<i>Growth</i>		28,9%	22,9%	30,2%
<b>Gross profit</b>	<b>1 502</b>	<b>2 142</b>	<b>2 613</b>	<b>3 240</b>
<i>Gross profit margin</i>	64,4%	71,3%	70,8%	67,8%
<b>EBITDA</b>	<b>515</b>	<b>1 344</b>	<b>1 940</b>	<b>2 485</b>
<i>EBITDA margin</i>	22,1%	44,8%	52,6%	52,0%
<b>EBT</b>	<b>203</b>	<b>607</b>	<b>932</b>	<b>1 101</b>
<i>EBT margin</i>	8,7%	20,2%	25,3%	23,1%
<b>Net profit</b>	<b>177</b>	<b>607</b>	<b>932</b>	<b>1 101</b>
<i>Net profit margin</i>	7,6%	20,2%	25,3%	23,1%

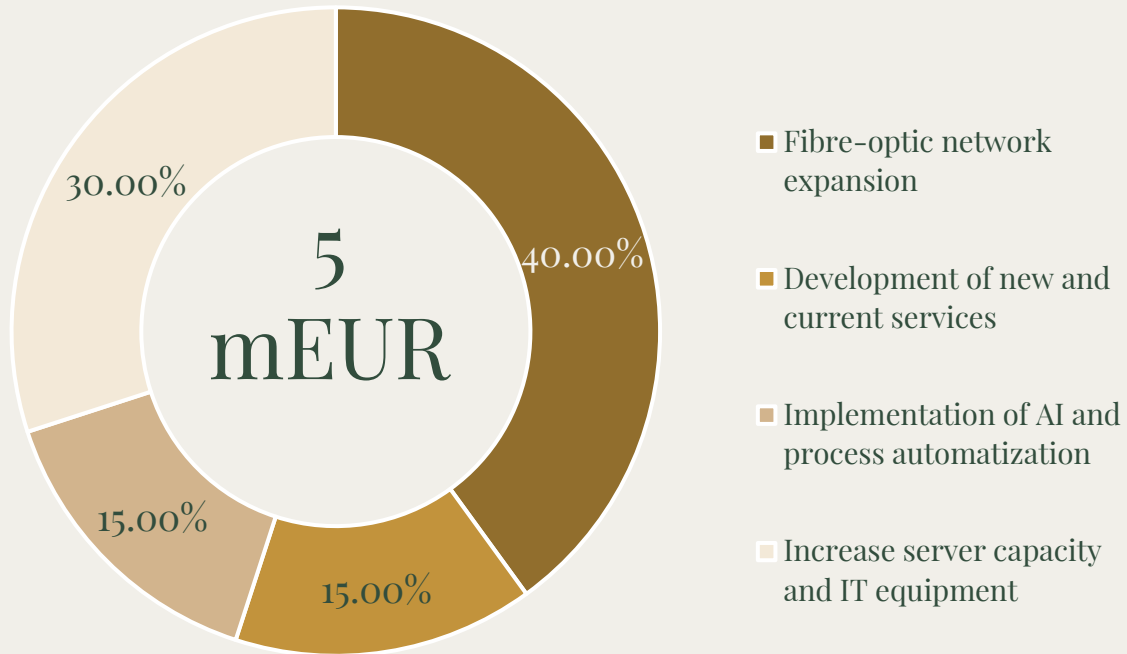
<b>Assets</b>	<b>2,751</b>	<b>4 970</b>	<b>6 204</b>	<b>7 719</b>
Non-current assets	1,610	3 422	4 722	5 586
Current assets	1,021	1 425	1 357	2 009
Cash	126	10	22	158
<b>Liabilities</b>	<b>1,834</b>	<b>3 446</b>	<b>3 634</b>	<b>4 082</b>
Non-current liabilities	1,027	2 065	2 379	2 304
Financial debt	705	1 476	1 812	1 770
Current liabilities	807	1 380	1 255	1 778
Financial debt	353	472	407	892
<b>Shareholders' equity</b>	<b>917</b>	<b>1 525</b>	<b>2 518</b>	<b>3 619</b>
D/E ratio	1,15	1,28	0,88	0,74
ROE	19,3%	39,8%	37,0%	30,4%
ROA	11,0%	12,2%	15,0%	14,3%
Net Debt/EBITDA	2,05	1,45	1,14	1,07

# Terms and conditions of the bond issue

<b>Issuer:</b>	Consilium optimum, UAB
<b>Bond issue currency:</b>	EUR
<b>Bond issue type:</b>	Public bond issue
<b>Issue size:</b>	Up to EUR 8 000 000
<b>First tranche size:</b>	EUR 5 000 000
<b>Annual coupon size:</b>	12%
<b>Coupon payment:</b>	Quarterly
<b>Term:</b>	3 years
<b>Planned issue date:</b>	20 May, 2024
<b>Collateral:</b>	First rank pledge of amounts receivable from signed contracts with customers
<b>Bond redemption:</b>	The bonds are scheduled to be redeemed on the maturity date at 100% of their nominal value plus accrued interest
<b>Nominal value of one bond:</b>	EUR 1 000
<b>Interest accrual method:</b>	Actual/Actual ICMA
<b>Source of funds for redemption:</b>	Refinancing at a bank, operating cash flow
<b>Bondholder trustee:</b>	UAB Audifina
<b>Use of issue proceeds:</b>	Financing expansion of operations (The Issuer also retains the option to use part of the amounts raised (up to EUR 2,510,000) to refinance an existing bank loan)
<b>Financial covenants:</b>	<ul style="list-style-type: none"> <li>• <b>Pledge.</b> The Issuer undertakes to ensure that no later than 2 months after the Issue Date of the first Tranche of the Bonds, a first ranking maximum pledge of the Company's assets consisting of the Company's claims arising from contracts concluded with the Company's customers shall be created, validly maintained and registered.</li> <li>• <b>Company status.</b> Until the Bonds are redeemed in full, the Issuer will not change its form or state of incorporation, nor will it undertake any merger or other business combination or reorganisation involving the assets and liabilities of the Issuer, nor will it change its principal activities as described in this Information Document.</li> <li>• <b>Reporting.</b> The Issuer undertakes to provide the Trustee with the Issuer's interim (semi-annual, unaudited) and annual financial statements prior to the redemption of the Bonds in full. The interim financial statements shall be submitted no later than 90 days after the end of the reporting period and the annual audited financial statements no later than 31 May of the following calendar year.</li> <li>• <b>Non-payment of dividends.</b> The Issuer undertakes not to distribute dividends to shareholders until the maturity of the bonds.</li> <li>• <b>Net debt/EBITDA ratio</b> will not exceed 4x (ratio recalculated at six-monthly intervals using interim and annual financial statements)</li> </ul>
<b>Events of default:</b>	The Bondholders' Meeting shall have the right, in accordance with the procedures set out below, to resolve that the Bonds shall be redeemed prior to the Final Redemption Date if any of the following events (an "Event of Default") occurs: non-payment; default; breach of security; insolvency; insolvency proceedings; impossibility or illegality.
<b>Early redemption (call-option):</b>	The issuer has the option to redeem all or part of the bonds after 1 and 2 years from the maturity date by paying an early redemption premium of 2% and 1%, respectively, based on the nominal value of the bonds.

# Use of issue proceeds

The funds raised will be used to further expand business segments, improve systems and develop new services



**The Issuer also retains the option to use part of the amounts raised (up to EUR 2,510,000) to refinance an existing bank loan.**

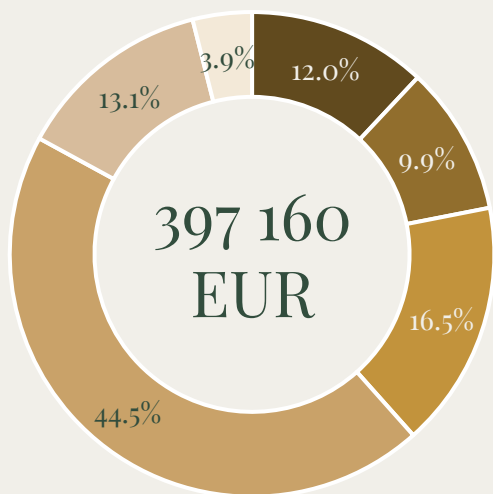


# Collateral

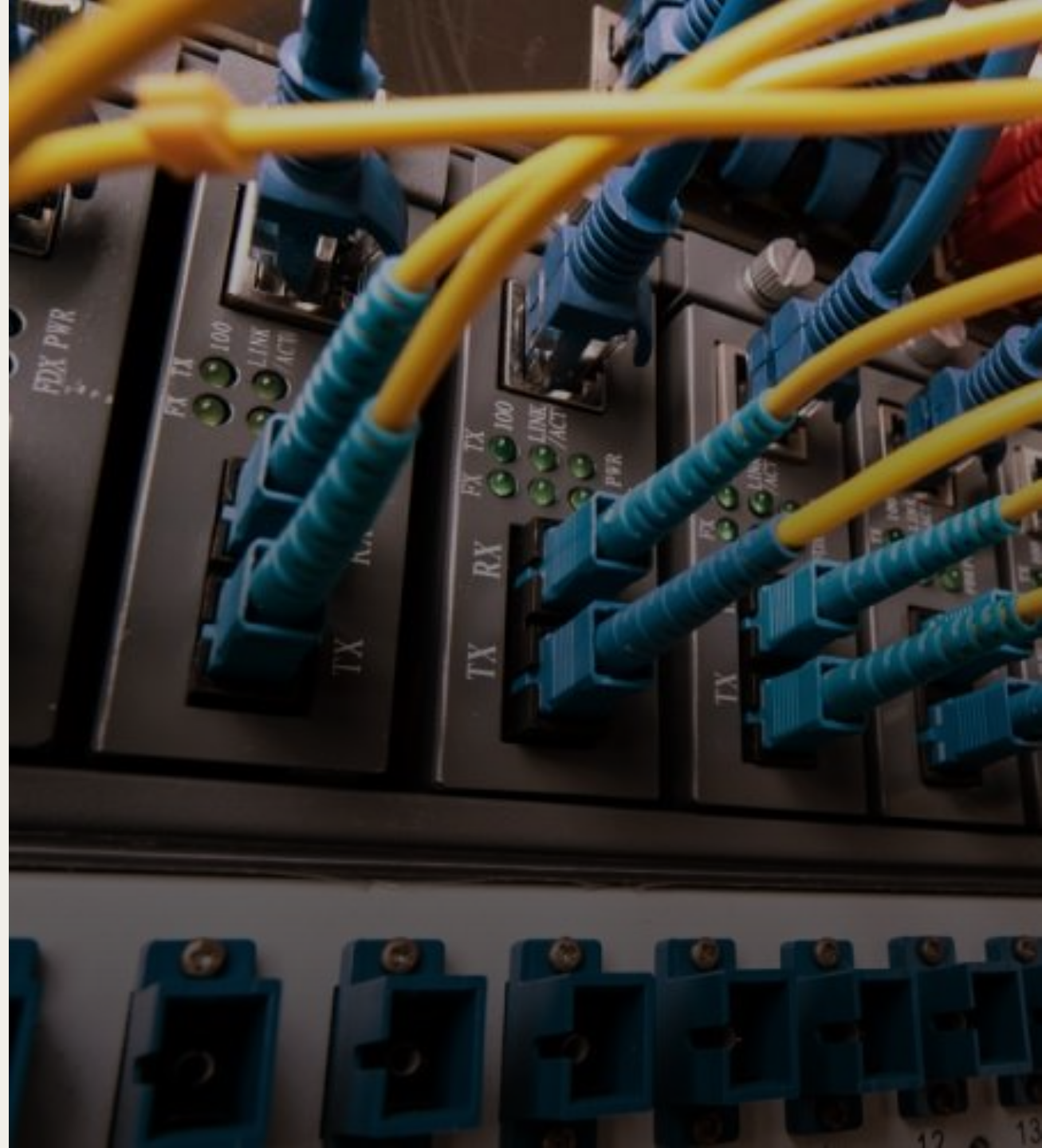
**The Issuer will pledge to bond investors the receivables from signed contracts with customers (first-rank pledge).**

- As of February 2024, more than 60% of the Company's revenue is generated from contracts with a remaining term of more than 12 months.
- Statistically, 97% of customers extend their contracts beyond the initial contract.
- Customers' contractual obligations to the company are increasing every month.

**Structure of February 2024 revenues by type of contract maturity**



- Without commitment
- With a 1-6 month commitment
- With a 7-12 month commitment
- With a 13-24 month commitment
- With a commitment of 25-36 months
- With a 37+ month commitment



# Main dates (first tranche)

Dates of bonds issue, interest payments and redemption of bonds



# Investment highlights

# 1

## **Broadly diversified and loyal customer base**

- 98% of the Company's customer base is made up of widely distributed B2C customers
- The Issuer currently has more than 29,000 customers
- 97% of customers renew at the end of their contract, with an average contract duration of 35 months

# 2

## **Issuer provides technologically advanced services**

- High-capacity in-house content delivery network
- One of the fastest video retransmission response time on the market
- One of the most advanced Internet Protocol (IP) networks in Lithuania, designed to handle the highest data volumes
- Opportunity to provide services abroad

# 3

## **Favourable regulatory environment**

- Legal framework regulating market competition creates favourable growth opportunities for the company by taking market share from oligopolistic competitors providing similar services

# 4

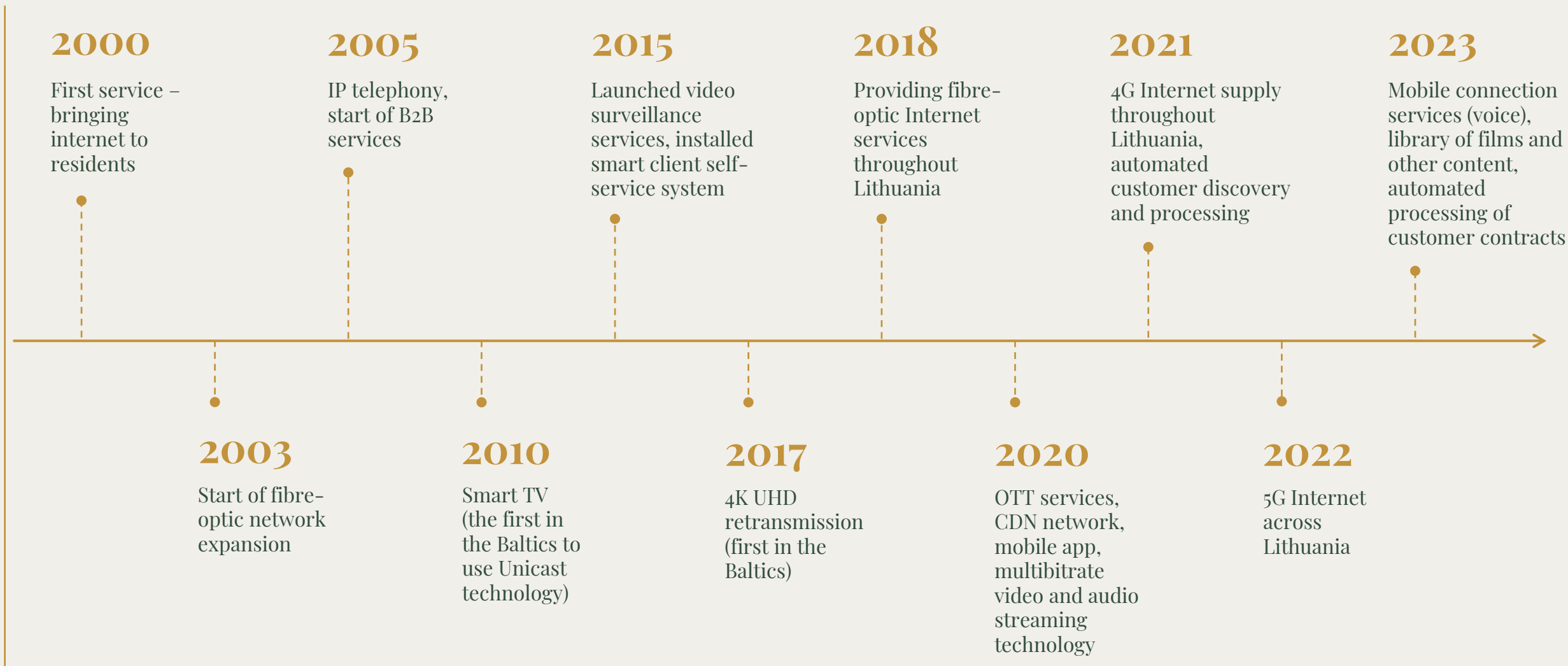
## **Strong financial position**

- Company increased revenue and EBITDA in 2023 compared to 2022:
  - Revenue increased by 30%.
  - EBITDA increased by 29%.
- Debt-to-equity ratio (D/E) - 0,74

A person in a red and black plaid shirt is holding a smartphone, showing a document or data on the screen. The background is a blurred crowd of people. The text "Company overview" is overlaid in the center in a white serif font, flanked by two vertical gold lines.

# Company overview

# History



# Revenue breakdown

Wide range of services

## Main provided services by Fastlink



Fibre-optic internet



Smart TV (OTT)



Mobile connectivity



4G/5G internet



Film library (VOD)



Video surveillance

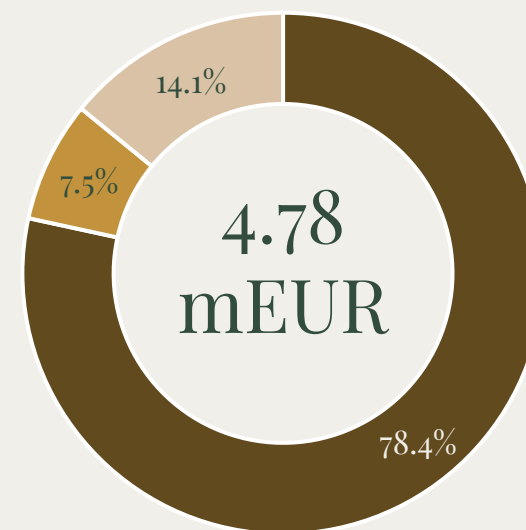


Access control solutions



Other IT services

## Breakdown of Issuer's revenue in 2023



- Internet, TV, video surveillance and other IP services
- Equipment, facilities and space rent
- Other revenue

# Contracts with customers

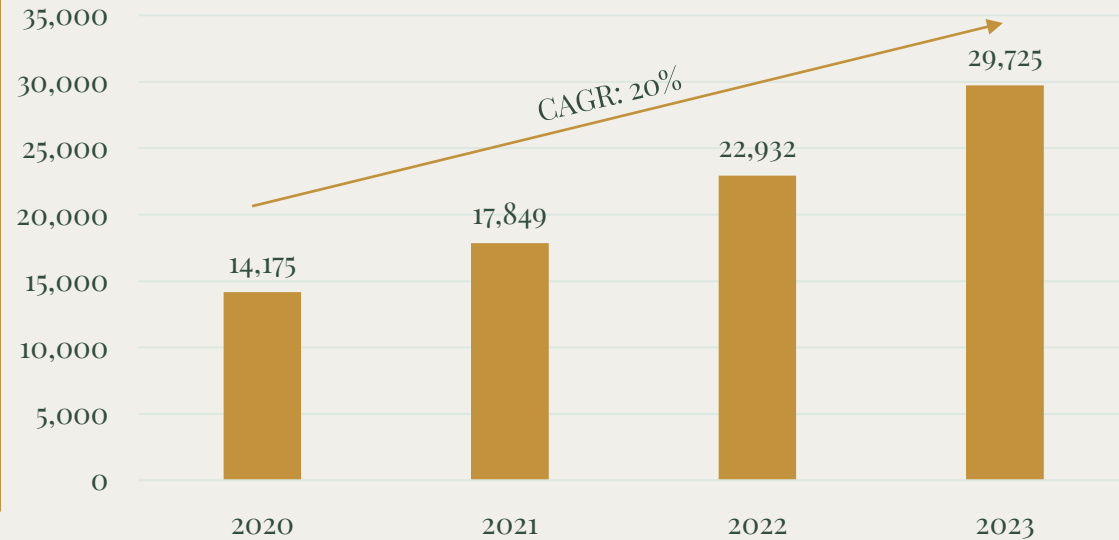
## Main Company's clients

- Customers enter into long-term contracts with the Company
  - Average duration of contracts - 35 months
- Contract price is fixed for the full term, but Company has an option to unilaterally change prices

## Average annual value of one contract

153 EUR

## Growth in contracts/client portfolio

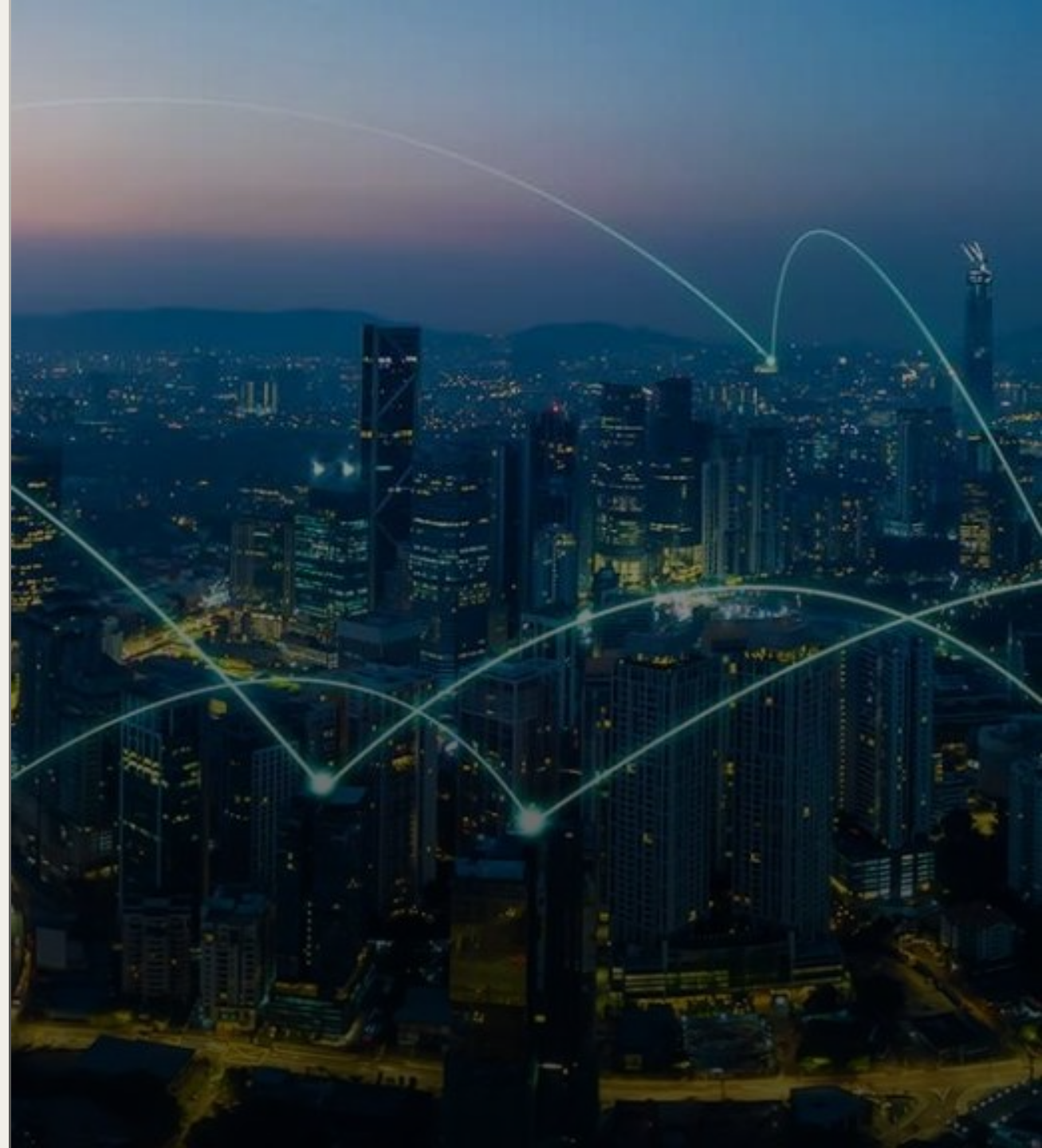
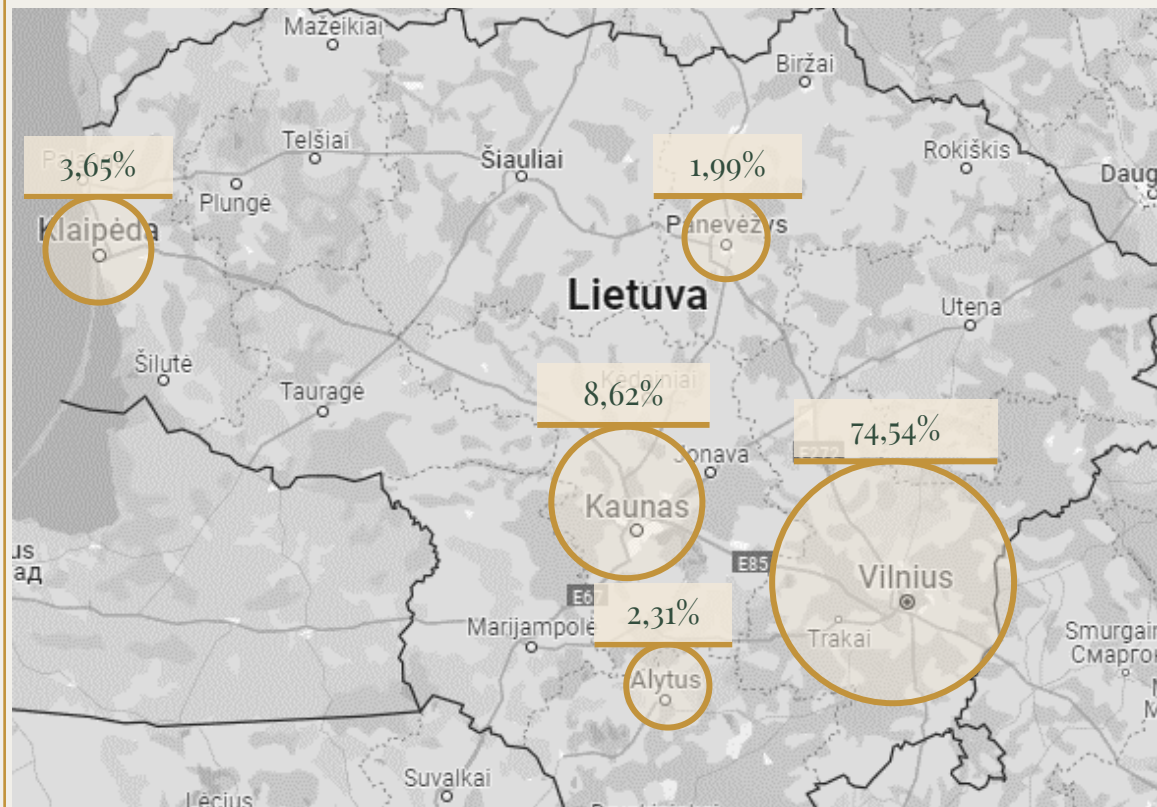


# Client distribution

Company's main clients are located in Vilnius

## Distribution of customers

- 91,11% of all customers are based in 5 regions of the country
- 8,89% of the remaining customers are spread across Lithuania



# Expansion strategy

Developing existing and new services

## Achievable results from investments in 2024

1. Own fibre-optic network coverage in Vilnius to reach ~27%
  - Currently 21%
2. The fibre-optic network infrastructure will be ready for 10 Gbps internet provision
  - Currently at 2 Gbps
3. Server capacity will be ready to serve ~85,000 customers
  - Current capacity ~55 000
4. Customers will be able to conclude a contract independently online
5. Implementing AI
6. TV application update
7. Process automation



# Regulatory environment

## Favourable regulatory environment

- 7 March 2002 European Parliament and Council directive 2002/19/EB 4 article part 1 states that, in order to ensure provision of services and interoperability throughout the European Union, operators of public communications have the right and are obliged to negotiate interconnection for publicly available electronic communications services at the request of other undertakings, including authorised undertakings.
  - This has been transposed into national law.
- Republic of Lithuania electronic communications law (further – ECL) 23 article part 1 imposes a duty of fair negotiation on economic operators engaged in electronic communications.
- Also control of fair competition (ECL article 23 part 2, Republic of Lithuania competition law 17 article) also obliges operators not to abuse limited access to essential resources.

### Meaning for Company's growth

The legal framework regulating market competition creates favourable growth opportunities for the company by taking market share from oligopolistic competitors providing similar services.



A close-up photograph of a person's hands holding a smartphone. The person is wearing a red and black plaid shirt. The background is a blurred crowd of people, suggesting a public event or conference. The text "Company structure" is overlaid in the center in a white serif font, flanked by two vertical gold lines.

# Company structure

# Management and company structure



Vitalijus Romualdas Andrijauskas  
Shareholder,  
CEO

### Experience

- More than 20 years of experience in business management and telecommunications
- Master's degree in Computer Science from Vilnius University, Faculty of Mathematics and Computer Science



Denis Savrackij  
Deputy CEO

### Experience

- More than 10 years of experience in banking, financial services and business management
- More than 4 years' experience in the telecommunications sector
- Master's degree in Management and Business Administration from the Faculty of Economics, Vilnius University



## Number of employees by responsibilities



A close-up photograph of a person's hands holding a smartphone. The person is wearing a red and black plaid shirt. The background is a blurred crowd of people, suggesting a public event or gathering. The lighting is warm and slightly dim. The text "Financial information" is overlaid in a white serif font, centered horizontally and partially overlapping the phone and the person's hands. Two thin vertical gold lines are positioned on either side of the text, extending from the top to the bottom of the text area.

Financial information

# Financial information

## Profit and loss account

Profit and loss account, EUR	2020	2021	2022	2023
<b>Sales revenue</b>	<b>2 331 530</b>	<b>3 004 231</b>	<b>3 691 215</b>	<b>4 775 411</b>
Cost of goods sold	-829 535	-861 806	-1 078 206	-1 535 464
<b>GROSS PROFIT (LOSS)</b>	<b>1 501 995</b>	<b>2 142 425</b>	<b>2 613 009</b>	<b>3 239 947</b>
Cost of sales	-484 418	-556 892	-470 057	-613 262
General and administrative costs	-800 151	-937 810	-1 229 591	-1 459 193
Results of other activities	2 969	4 627	9 536	24 171
Other interest and similar income	90	1 653	70 159	76 416
Interest and other similar expenses	-17 256	-46 663	-60 969	-166 973
PROFIT (LOSS) BEFORE TAX	203 231	607 340	932 087	1 101 106
Corporate income tax	26 175			0
<b>NET PROFIT (LOSS)</b>	<b>177 056</b>	<b>607 340</b>	<b>932 087</b>	<b>1 101 106</b>
<b>EBITDA</b>	<b>515 262</b>	<b>1 344 411</b>	<b>1 939 888</b>	<b>2 485 026</b>

### Comments

Results in Company's key financial indicators in 2023:

- Profitability indicators
  - Sales revenue grew by 30%
  - Gross profit margin remained at a similar level, around 68%.
  - EBITDA margin remained at a similar level of 70%
  - Net profit margin remained at a high level of 23%
- Costs
  - Cost of goods sold - the bulk of the cost of goods sold consists of payments for the fibre optic network infrastructure rent and charges for the retransmission of TV channels
  - Cost of sales - the bulk of cost of sales are staff salaries, advertising costs and third-party commissions

# Financial information

## Balance sheet – assets

<b>Balance sheet, EUR</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>NON-CURRENT ASSETS</b>	<b>1 609 705</b>	<b>3 422 219</b>	<b>4 721 839</b>	<b>5 585 967</b>
INTANGIBLE ASSETS	71 970	44 733	18 483	73 484
Software	27 607	14 616	1 642	546
Concessions, patents, licences, trademarks and similar rights	7 563	4 325	2 058	1 594
Other intangible assets	36 800	25 792	14 784	71 345
TANGIBLE ASSETS	1 537 735	3 377 486	4 703 356	5 512 483
Land		52 970	52 970	52 970
Buildings and structures		143 869	136 319	128 770
Machinery and equipment	24 263	26 559	20 275	25 983
Vehicles			52 725	47 025
Other equipment, appliances and tools	1 284 001	2 784 566	4 434 318	5 251 173
Advances paid and construction/production of tangible assets in progress	229 471	369 522	6 748	6 562
FINANCIAL ASSETS		0	0	0
OTHER NON-CURRENT ASSETS		0	0	0
<b>CURRENT ASSETS</b>	<b>1 020 670</b>	<b>1 425 309</b>	<b>1 357 414</b>	<b>2 009 217</b>
INVENTORY	377 122	186 384	257 057	715 146
Raw materials, supplies and assemblies	55 666	826	8 038	7 319
Purchased goods for resale	257 405	146 105	86 644	408 208
Advances paid	64 051	39 453	162 376	299 619
AMOUNTS RECEIVABLE WITHIN ONE YEAR	517 845	1 228 768	1 078 295	1 135 631
SHORT-TERM INVESTMENTS		0	0	0
CASH AND CASH EQUIVALENTS	125 703	10 157	22 062	158 440
DEFERRED CHARGES AND ACCRUED INCOME	120 885	122 820	125 177	123 427
<b>TOTAL ASSETS</b>	<b>2 751 260</b>	<b>4 970 348</b>	<b>6 204 430</b>	<b>7 718 611</b>

### Comments

- Company's real estate consists of an office building and a warehouse
- Network infrastructure equipment makes up the majority of tangible assets
- Amounts receivable within one year – Company gives its customers one month to pay their invoice after it is issued.

# Financial information

## Balance sheet – shareholders' equity and liabilities

Balance sheet, EUR	2020	2021	2022	2023
<b>SHAREHOLDERS' EQUITY</b>	<b>917 304</b>	<b>1 524 645</b>	<b>2 517 916</b>	<b>3 619 022</b>
CAPITAL	60 000	60 000	60 000	60 000
Authorised (subscribed) or share capital	60 000	60 000	60 000	60 000
Subscribed capital outstanding (-)		0	0	0
RESERVES	6 000	6 000	6 000	6 000
Compulsory reserve or reserve capital	6 000	6 000	6 000	6 000
RETAINED EARNINGS (LOSSES)	851 304	1 458 645	2 451 916	3 553 022
Profit (loss) for the year under review	177 056	607 340	932 087	1 101 106
Profit (loss) from previous years	674 248	851 305	1 519 829	2 451 916
GRANTS, SUBSIDIES	0	0	0	0
PROVISIONS	0	0	0	0
<b>ACCOUNTS PAYABLE AND OTHER LIABILITIES</b>	<b>1 833 956</b>	<b>3 445 703</b>	<b>3 634 432</b>	<b>4 081 785</b>
PAYABLES AND OTHER NON-CURRENT LIABILITIES DUE AFTER ONE YEAR	1 027 196	2 065 364	2 379 183	2 303 822
Debt obligations	520	114 109	0	0
Debts to credit institutions	704 013	1 361 851	1 811 733	1 769 988
Advances received	112 091			
Other payables and long-term liabilities	210 572	589 404	567 450	533 834
PAYABLES AND OTHER CURRENT LIABILITIES DUE WITHIN ONE YEAR	806 760	1 380 339	1 255 249	1 777 963
Debt obligations	11 771	65 053	15 955	0
Debts to credit institutions	340 769	407 369	391 059	892 039
Advances received	13 586	155 050	144 137	152 077
Amounts payable to suppliers	148 560	416 653	420 367	430 439
Income tax liabilities	28 907	11 844	0	0
Employment-related liabilities	121 774	164 800	171 550	181 127
Other payables and current liabilities	141 393	159 570	112 181	122 281
ACCRUED EXPENSES AND DEFERRED INCOME	0	0	52 082	17 804
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>2 751 260</b>	<b>4 970 348</b>	<b>6 204 430</b>	<b>7 718 611</b>

### Comments

- The company has built up significant shareholders equity
- Amounts owed to credit institutions consist of a bank loan from LUMINOR
  - The loan balance, which as of 21/03/2024 was EUR 2,508,350, may be refinanced with the funds raised through the bonds issue
- Issuer has not historically paid dividends - all profits have been used to finance the further development of the Company

A person in a red and black plaid shirt is holding a smartphone, looking at the screen. The background is a blurred crowd of people. The text "Information about the bond issue" is overlaid in white serif font, centered on the phone's screen. Two thin vertical gold lines are positioned on either side of the text.

Information about the bond  
issue

# Terms and conditions of the bond issue

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<b>Term:</b>	3 years
<b>Planned issue date:</b>	20 May, 2024
<b>Collateral:</b>	First rank pledge of amounts receivable from signed contracts with customers
<b>Bond redemption:</b>	The bonds are scheduled to be redeemed on the maturity date at 100% of their nominal value plus accrued interest
<b>Nominal value of one bond:</b>	EUR 1 000
<b>Interest accrual method:</b>	Actual/Actual ICMA
<b>Source of funds for redemption:</b>	Refinancing at a bank, operating cash flow
<b>Bondholder trustee:</b>	UAB Audifina
<b>Use of issue proceeds:</b>	Financing expansion of operations (The Issuer also retains the option to use part of the amounts raised (up to EUR 2,510,000) to refinance an existing bank loan)
<b>Financial covenants:</b>	<ul style="list-style-type: none"> <li>• <b>Pledge.</b> The Issuer undertakes to ensure that no later than 2 months after the Issue Date of the first Tranche of the Bonds, a first ranking maximum pledge of the Company's assets consisting of the Company's claims arising from contracts concluded with the Company's customers shall be created, validly maintained and registered.</li> <li>• <b>Company status.</b> Until the Bonds are redeemed in full, the Issuer will not change its form or state of incorporation, nor will it undertake any merger or other business combination or reorganisation involving the assets and liabilities of the Issuer, nor will it change its principal activities as described in this Information Document.</li> <li>• <b>Reporting.</b> The Issuer undertakes to provide the Trustee with the Issuer's interim (semi-annual, unaudited) and annual financial statements prior to the redemption of the Bonds in full. The interim financial statements shall be submitted no later than 90 days after the end of the reporting period and the annual audited financial statements no later than 31 May of the following calendar year.</li> <li>• <b>Non-payment of dividends.</b> The Issuer undertakes not to distribute dividends to shareholders until the maturity of the bonds.</li> <li>• <b>Net debt/EBITDA ratio</b> will not exceed 4x (ratio recalculated at six-monthly intervals using interim and annual financial statements)</li> </ul>
<b>Events of default:</b>	The Bondholders' Meeting shall have the right, in accordance with the procedures set out below, to resolve that the Bonds shall be redeemed prior to the Final Redemption Date if any of the following events (an "Event of Default") occurs: non-payment; default; breach of security; insolvency; insolvency proceedings; impossibility or illegality.
<b>Early redemption (call-option):</b>	The issuer has the option to redeem all or part of the bonds after 1 and 2 years from the maturity date by paying an early redemption premium of 2% and 1%, respectively, based on the nominal value of the bonds.

# Risk factors

This section provides information on the risk factors relating to the Issuer and the Bonds issued by the Issuer. The information on risk factors contained in this part should not be considered to be a complete and exhaustive description of the risk factors relating to the Issuer or the Bonds issued by it. The risks described below may adversely affect the Issuer and, in extreme cases, may lead to the insolvency of the Issuer and to a breach of the covenants arising from the Bonds.

The Investor should note that this presentation does not constitute a securities prospectus as defined in Prospectus Regulation 2017/1129, nor an Information Document as defined in the Securities Law of the Republic of Lithuania, nor is it approved by the Bank of Lithuania. The following are the principal risks that the Issuer considers to be associated with the Issuer and the Bonds issued by it.

## Risks related to the Issuer

Risk factor	Description
<b>Economic environment risk</b>	The Issuer's activities and results are contingent upon economic developments both domestically in Lithuania and internationally. In the event of an economic downturn, the demand for the Issuer's services may decrease, the risk of insolvency of the Issuer's customers may increase, which may have a negative impact on the implementation of the Issuer's business strategy and results.
<b>Credit risk</b>	The Issuer's customers may be financially unable to make settlements or may avoid meeting their contractual obligations. This exposes the Issuer to the risk of financial losses and potential revenue shortfalls. The Issuer also uses financial bank loans in its operations – on 31 December 2023, the Issuer's bank loan balance amounted to EUR 2,670,002. The Issuer also envisages using bank loans to finance future operations. The Issuer's fixed assets are pledged as collateral to secure the bank loans, and if unforeseen adverse developments were to hinder the Issuer's ability to meet its obligations under the bank loans, resulting in banks foreclosing on the pledged assets, it could limit the Issuer's capacity to operate its business in full and, accordingly, this could impede the Issuer's ability to redeem the Bonds when due.
<b>Liquidity risk</b>	The Company may not have sufficient cash or other liquid financial resources to meet its financial obligations in a timely manner, may not be able to obtain those liquid financial resources in the short term through borrowings, through the sale of its assets, or may be required to sell the Company's assets, or a portion of the Company's assets, on unfavourable market terms, which could result in a loss. Although on 31 December 2023, the Issuer's current assets exceeded its current liabilities and its liquidity ratio (current assets to current liabilities) was 1.13, it is possible that in the future the Issuer may not be able to fully cover its current liabilities using short-term liquid assets. The liquidity risk is manifested by the temporary or permanent insolvency of the Company and, as a last resort, by the opening of insolvency proceedings against the Company.
<b>Competition risk</b>	There is a risk that increased competition could affect the Issuer's profitability or result in a potential loss due to inadequate response to competitors' actions or environmental changes. The Issuer operates in a competitive market characterised by the dominance of several large market players holding oligopolistic positions. The emergence of new players or the initiation of significant pricing changes by existing market participants may adversely affect the Issuer's ability to grow its sales or to maintain sufficient profitability, which may in turn impede the Issuer's ability to redeem the Bonds when due.
<b>Supplier risk</b>	The main suppliers may change the terms of their cooperation in such a way as to impair the Issuer's financial performance. This risk is controlled by the Issuer as it uses a diversified supplier base and does not use critical equipment or services supplied by a single supplier.

# Risk factors

## Risks related to the Issuer

Risk factor	Description
<b>Dependence on external funding</b>	The Issuer needs sufficient resources to finance its normal operations and investments. Additional resources may also be required to expand the Issuer's operations through additional investment in the Issuer's communications network. For these reasons, the inability to secure sufficient short-term and long-term external funding in the form of loans may limit the Issuer's expansion plans and lead to poorer operating results and reduced solvency. In addition, the cost of borrowed capital used by the Issuer fluctuates depending on the market situation for borrowed capital. A significant increase in the cost of borrowed money would have a negative impact on the Issuer's financial performance and ability to redeem the Bonds when due.
<b>Management and human resources risks</b>	The performance of the Issuer will depend, to a large extent, on the Issuer's team of employees, the decisions it makes, and the experience and skills of the individuals who make up the team. There can be no assurance that the Issuer will be able to retain all current key individuals crucial for its successful management, or successfully recruit new professional staff members. The loss of individuals crucial to the successful management of the Issuer, their potential recruitment by competitors of the Issuer, and challenges in attracting new qualified personnel could significantly impact the Issuer's management, business operations, financial results, and overall financial condition and, consequently, could have an adverse effect on the Issuer's ability to redeem the Bonds when due.
<b>Information technology risks</b>	The Issuer's business (the provision of internet and related digital services) is directly dependent on the use of tangible information technology and software. With the continuous development of IT technologies and the emergence of new and more advanced technological solutions, the Issuer must continuously focus on maintaining and updating the state of the managed IT infrastructure. In addition, unforeseen disruptions to the information technology in use may lead to disruptions in the services provided by the Issuer. Such short-term disruptions could have a negative impact on the Issuer's short-term financial results, and the inability to maintain a sufficient level of smoothly functioning IT infrastructure in the long term could also lead to long-term adverse changes in the Issuer's business and financial results. Such developments could adversely affect the Issuer's ability to redeem the Bonds when due.
<b>Risk of failure to manage development</b>	The Issuer plans to significantly expand its activities, both in terms of the number of customers it serves and the range of services it offers. There is a risk that the Issuer's rapid expansion may not allow it to adjust its business processes accordingly, expand capacity or make other changes in a timely manner to ensure effective management of the expanded business. Such inability may result in adverse financial results which may adversely affect the Issuer's ability to redeem the Bonds when due.
<b>Risk of data loss</b>	There is a risk of the loss of operational data and documents stored within the Issuer's systems and shared drive, either in part or in entirety. The data loss may result in prolonged disruption of the Company's operations, the initiation of legal proceedings, the obligation to compensate for third-party damage, and the threat of substantial fines for non-compliance with personal data processing regulations.
<b>Risk of cyber-attack</b>	The Issuer operates in the data transmission and digital services sector, which is exposed to the risk of, and is vulnerable to, cyber-attacks and incidents. The Issuer uses advanced security measures in its operations; however, this does not completely eradicate the possibility of a cyber-attack that could result in damage to its systems or the theft of data belonging to the Issuer or its customers. Such incidents could result in financial losses and adversely affect the Issuer's ability to redeem the Bonds when due.

# Risk factors

## Risks related to the Issuer

Risk factor	Description
<b>Risk of force majeure</b>	The risk of force majeure events poses a threat to the continuity of the Issuer's business, and stems from factors the consequences of which may be wholly beyond the control of agreements or contracts, and which cannot be controlled, reasonably foreseen or prevented from occurring. The risk of force majeure events may arise from natural disasters, disturbances or acts of war. The risk factors of force majeure may have a significant impact on the provision of the Issuer's services and the receipt of payment for them.
<b>Reputational risk</b>	There is a risk that the Issuer or its employees, through inappropriate actions, strategies or communications, could lead to the formation of a negative opinion among the public or a segment thereof regarding the Issuer. The risk of a negative reputation could lead to significant losses of customers and funds.
<b>Refinancing risk</b>	The Issuer may have to refinance its debts, including the Bonds. The Issuer's ability to successfully refinance its debts depends on the conditions of the debt capital markets and its financial position at the time. The Issuer's inability to refinance its debts or to refinance them on favourable terms may adversely affect the Company's financial position and the ability of the Bondholders to recover funds under the Bonds.
<b>Regulatory risks</b>	The Issuer operates in the information transmission and digital services sector, which is heavily regulated by both EU and national legislation. In addition, the Issuer operates in an oligopolistic market, which is subject to additional regulation, enabling the Issuer, as a small player in the market, to smoothly expand its activities and compete successfully. Any adverse regulatory developments may have significant negative consequences for the Issuer's business model, may result in the need for additional investments or a change in the competitive situation, which may have negative financial consequences and may reduce the Issuer's ability to redeem the Bonds in a timely manner.
<b>Risk of disputes</b>	The Issuer may be involved in legal disputes in the future as a result of its activities. An adverse resolution of the dispute against the Issuer could potentially impact its business operations, financial status, and reputation in a negative manner. This may affect the Issuer's ability to properly discharge its obligations to the Bondholders, and the attractiveness and liquidity of the Bonds.
<b>Tax risks</b>	The introduction of new taxes relating to the Issuer's activities or changes in applicable taxes may adversely affect the Issuer's performance.

# Risk factors

## Risks related to securities in issue

Risk factor	Description
<b>Inflation risk</b>	There is a risk that, in the event of inflation, the depreciation of money might exceed the yield on the Bonds.
<b>Listing risk</b>	There is a risk that, due to various factors, the Company may not be able to include the Bonds in the debt securities list of the alternative securities market "First North" in Lithuania administered by AB Nasdaq Vilnius, which may complicate the secondary circulation of the Bonds, and that investors wishing to sell their Bonds may not be able to do so prior to the expiry of the redemption period.
<b>Unsuitability of bonds for some investors</b>	The Bonds may not be the right investment for some investors. Every potential investor in the Bonds must evaluate the appropriateness of the investment based on his or her individual circumstances. An individual considering investment in the Bonds should refrain from doing so unless they possess personal experience, either directly or through qualified financial advisors, to evaluate the effects of market and economic condition changes on the value of the Bonds.
<b>Risk factors related to collateral</b>	The Bonds will be secured by a first ranking pledge of the Issuer's receivables from customers. Apart from the above collateral, there are no other collateral or guarantees of the Issue provided by third parties. The collateral securing the Issue does not ensure that, in the event of a default by the Issuer, the collateral can be realised in such a manner or that its liquidation value is high enough to fully satisfy all claims of the Bondholders.
<b>Changes in the financial position of the Issuer</b>	Any adverse change in the Issuer's financial condition or prospects may have a significant adverse effect on the liquidity of the Bonds and may result in a material decrease in the market price of the Bonds.
<b>Potentially unfavourable decisions of Bondholders' Meetings</b>	The laws applicable to the issue of the Bonds provide for the possibility of resolving certain matters at Bondholders' Meetings. Attendance of all Bondholders at the Meeting or unanimous approval from all Bondholders is not necessary for the decision to be adopted at the Bondholders' Meeting. Accordingly, the decisions made at the Bondholders' Meeting will be binding and effective for all Bondholders, including those who abstained or opposed the decision.
<b>No voting rights</b>	Only shareholders of the Issuer have the right to vote at the Issuer's General Meetings. The Bonds do not confer such voting rights. Therefore, the Bondholders may not influence any decisions of the Issuer's shareholders relating, for example, to the Issuer's capital structure, commitments, or other transactions.
<b>Risk of early redemption of Bonds</b>	Under the terms of the issue, the Bonds may be redeemed prior to the specified maturity date at the discretion of the Issuer. If the Issuer exercises the early redemption right, the return on investment in the Bonds may be lower than originally expected.
<b>Changes in the legal and tax environment</b>	The legal and tax environment relevant to the Bond issue may change. Bondholders may face additional expenses, procedural requirements, and diminished returns on their investment in the Bonds.

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