



CAPITAL MARKETS | INVESTMENT BANKING



Consilium optimum UAB public bond issue

Provider of internet, smart TV and other innovative IT services

Limitation of liability

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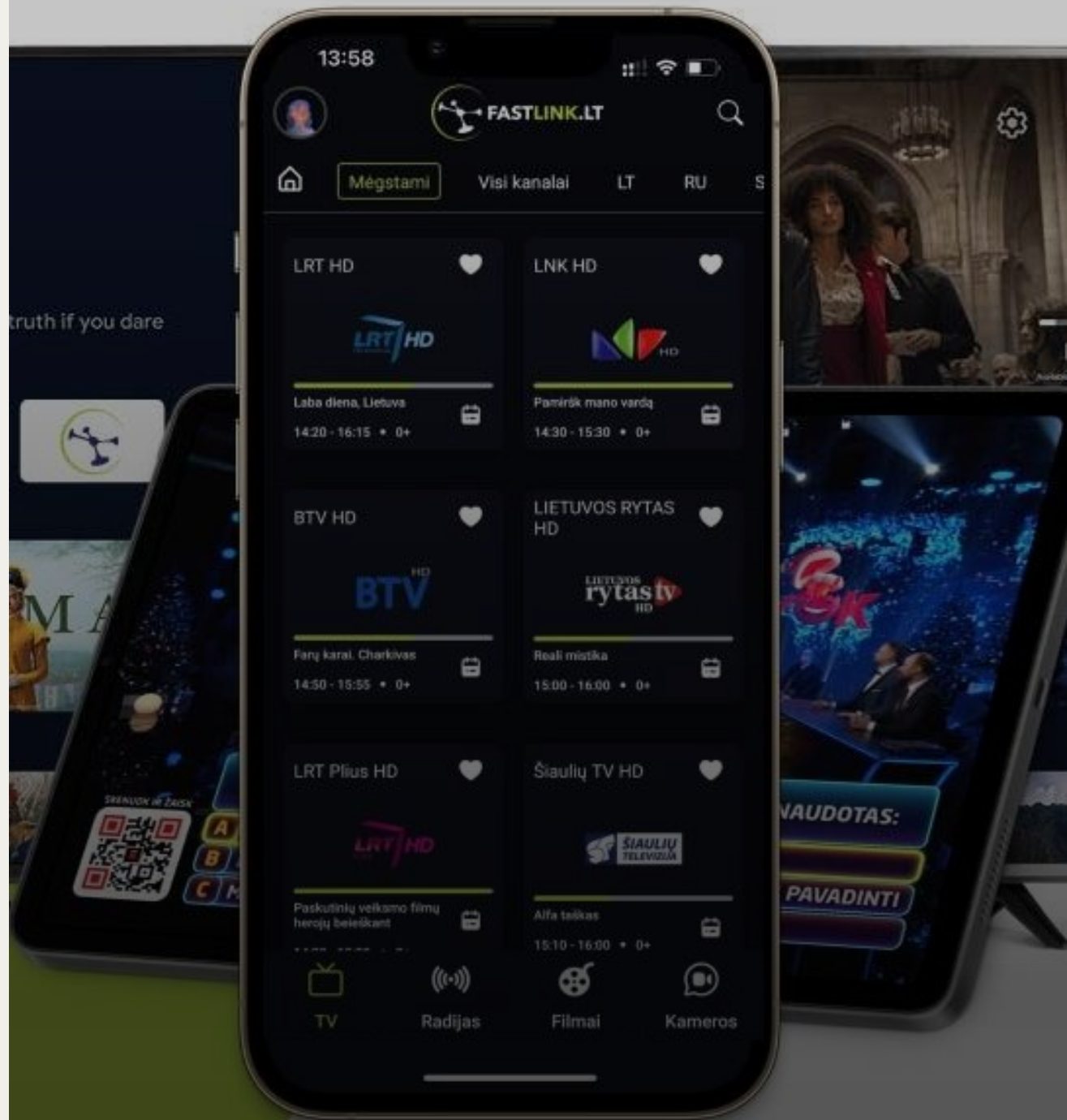
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A person is holding a smartphone in their hands, displaying a bar chart on the screen. The background is a blurred crowd of people, suggesting a public event or gathering. The lighting is warm and slightly dim, creating a focused atmosphere on the phone's display. Two vertical gold lines are positioned on either side of the text, framing it.

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 - **EUR 3 million**
- Annual coupon rate - **9%**
- Coupon payments - quarterly
- Term - 3 years
- Use of proceeds - financing **expansion** of operations
- Additional guarantee – fulfillment of obligations to bondholders is secured by a guarantee issued by ILTE for an amount of EUR 1 500 000
- Listing - the issue will be listed on the **alternative First North** market no later than 6 months after the second issue 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

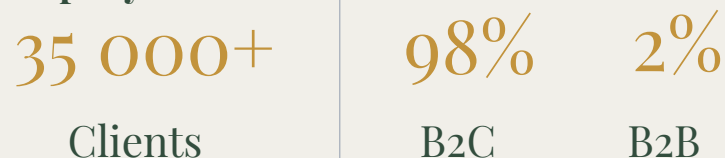
97% of customers – renew their contracts

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



Company's partners



Financial summary

kEUR	2022	2023	2023 1-3Q	2024 1-3Q
Sales revenue	3 691	4 733	3 010	4 246
<i>Growth</i>	22,9%	28,2%		41,08%
Gross profit	2 613	3 225	2 125	3 122
<i>Gross profit margin</i>	70,8%	68,1%	70,62%	73,55%
EBITDA	1 940	2 485	1 412	2 341
<i>EBITDA margin</i>	52,6%	52,5%	46,93%	55,13%
EBT	932	1 073	460	934,33
<i>EBT margin</i>	25,3%	22,7%	15,29%	22,01%
Net profit	932	1 073	460	934,33
<i>Net profit margin</i>	25,3%	22,7%	15,29%	22,01%
Assets	6 204	7 582	7 300	12 586
Non-current assets	4 722	5 586	5 411	7 773
Current assets	1 357	1 881	1 761	4 727
Cash	22	158	93	1 408
Liabilities	3 634	3 971	4 269	8 061
Non-current liabilities	2 379	2 274	3 137	7 410
Financial debt	1 812	1 748	2 598	6 748
Current liabilities	1 255	1 697	1 132	810
Financial debt	407	888	95	228
Shareholders' equity	2 518	3 590	2 978	4 525
D/E ratio	0,88	0,73	0,90	1,54
ROE	37,0%	29,9%	15,45%	34,8%*
ROA	15,0%	14,1%	6,30%	12,5%*
Net Debt/EBITDA	1,14	1,00	1,91	1,61*

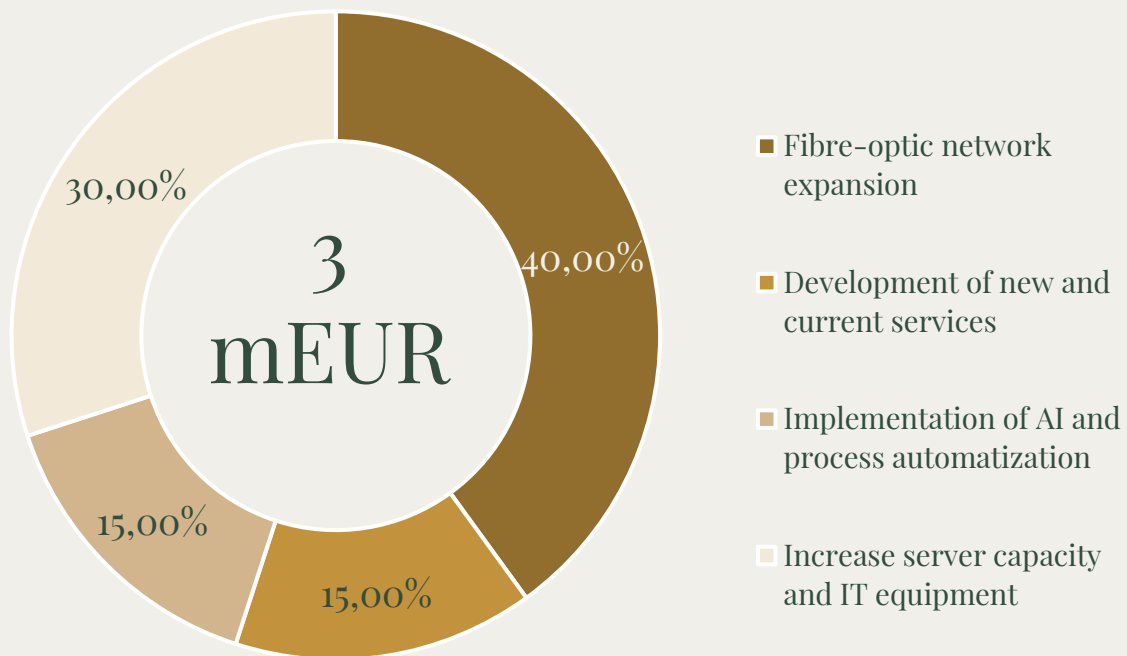
*- indicators calculated using trailing 12-month results

Terms and conditions of the bond issue

Issuer:	Consilium optimum, UAB
Bond issue currency:	EUR
Bond issue type:	Public bond issue
Second tranche size:	EUR 3 000 000
Annual coupon size:	9%
Coupon payment:	Quarterly
Term:	3 years
Planned issue date:	20 December, 2024
Collateral:	First rank pledge of amounts receivable from signed contracts with customers
Bond redemption:	The bonds are scheduled to be redeemed on the maturity date at 100% of their nominal value plus accrued interest
Nominal value of one bond:	EUR 1 000
Interest accrual method:	Actual/Actual ICMA
Source of funds for redemption:	Refinancing at a bank, operating cash flow
Bondholder trustee:	UAB Audifina
Use of issue proceeds:	Financing expansion of operations
Financial covenants:	<ul style="list-style-type: none"> • Pledge. The Issuer undertakes to procure that, no later than 30 days after the Issue Date of the second Tranche of the Bonds, the first-rank maximum pledge of the Company's assets, consisting of the Company's right of claim arising from contracts concluded with the Company's customers, is revised by the Issuer, by way of an increase in the value of the assets to be pledged, an increase in the amount of the obligation to be secured, and any other relevant amendments (to the extent necessary). • Company status. 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. • Reporting. 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. • Non-payment of dividends. The Issuer undertakes not to distribute dividends to shareholders until the maturity of the bonds. • Net debt/EBITDA ratio will not exceed 4x (ratio recalculated at six-monthly intervals using interim and annual financial statements)
Additional guarantees (second issue):	Fulfillment of obligations to bondholders is secured by a guarantee issued by ILTE for an amount of EUR 1 500 000
Events of default:	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.
Early redemption (call-option):	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 1,5% and 0,75%, respectively, based on the nominal value of the bonds.

Use of issue proceeds

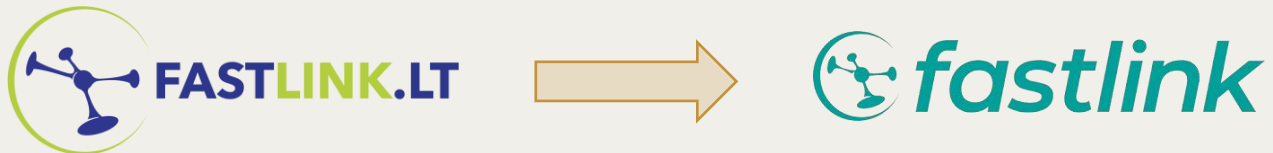
The funds raised will be used to further expand business segments, improve systems and develop new services



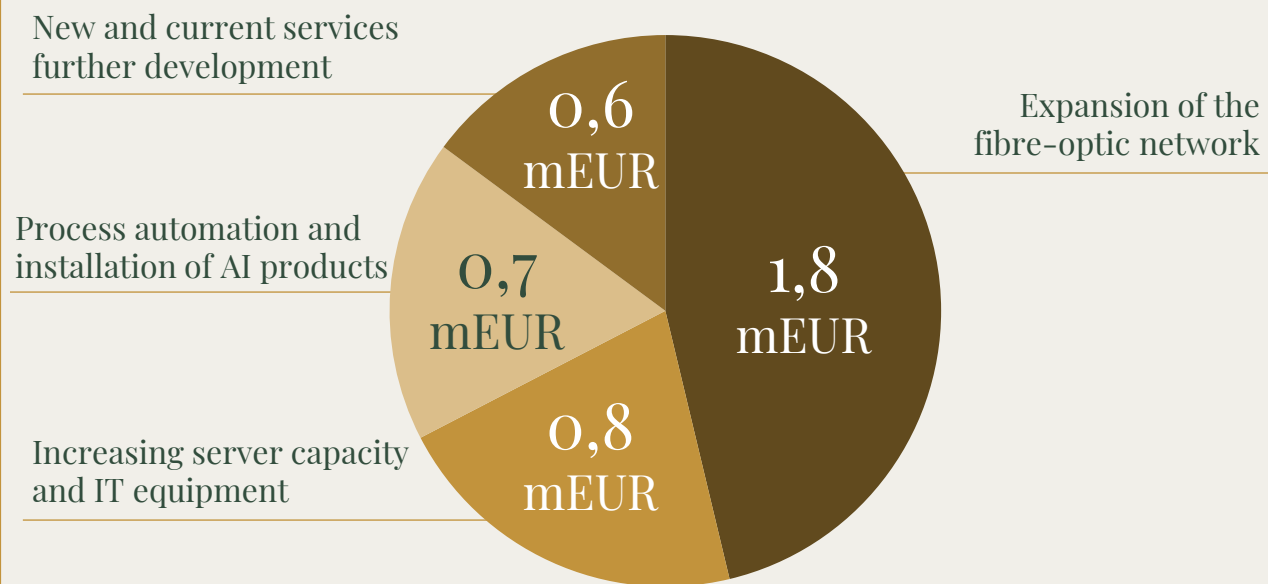
First tranche

Use of the funds raised

New brand



Funds used for investments

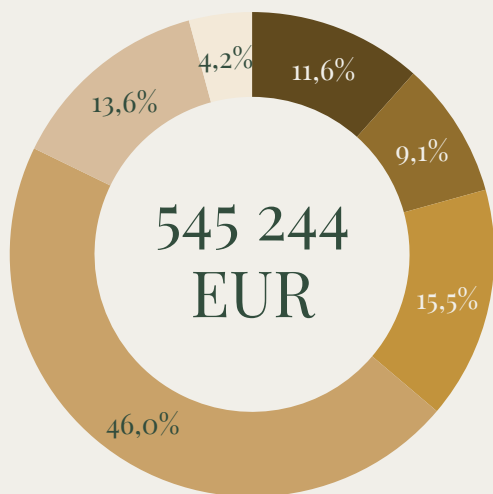


Collateral

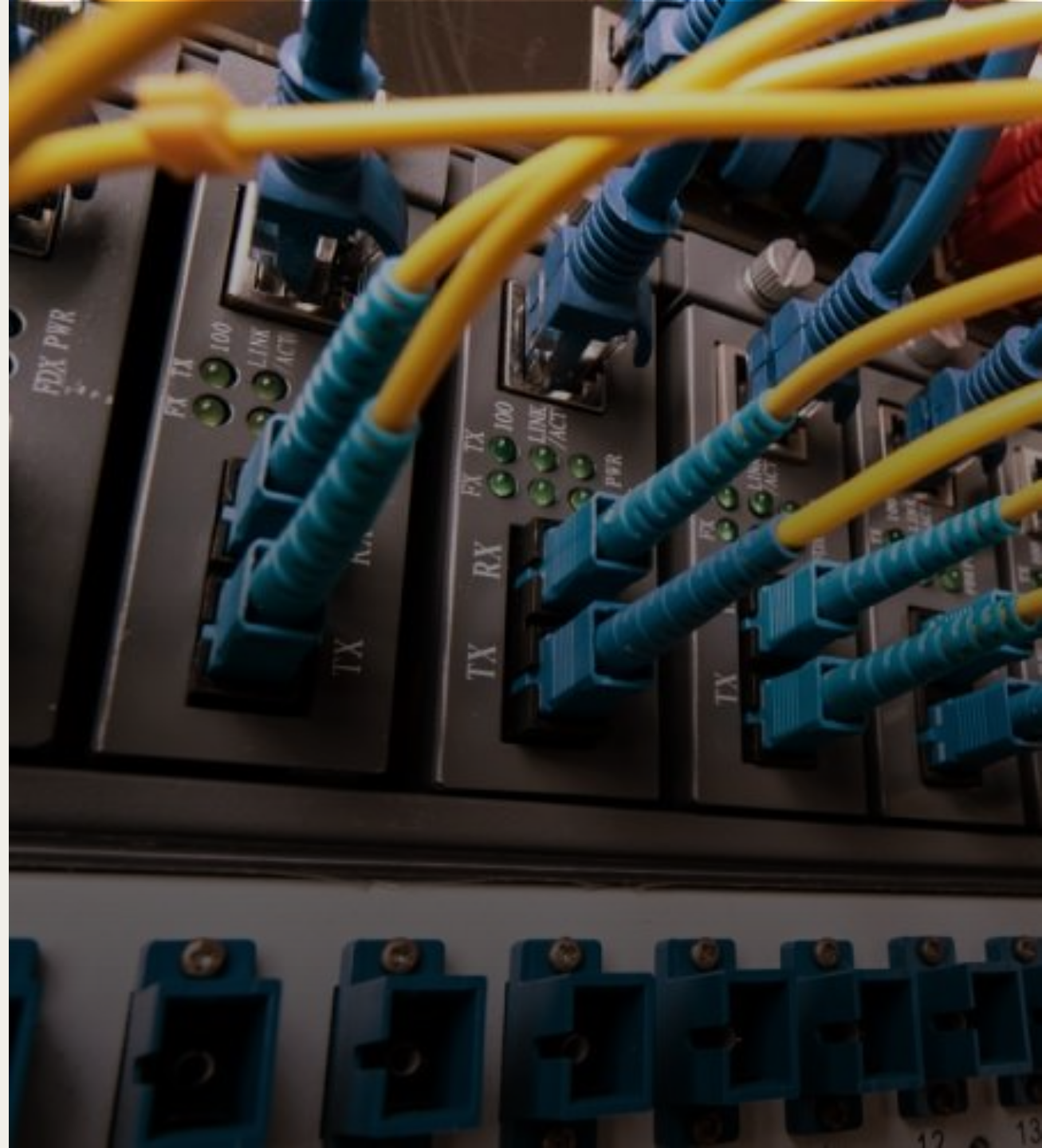
The Issuer will pledge to bond investors the receivables from signed contracts with customers (first-rank pledge).

- As of October 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 October 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



Guarantee for a second bond issue

The fulfilment of the obligations to the bondholders is secured by a guarantee issued by ILTE for an amount of EUR 1 500 000



ilte

Main dates (second 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 35 000 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

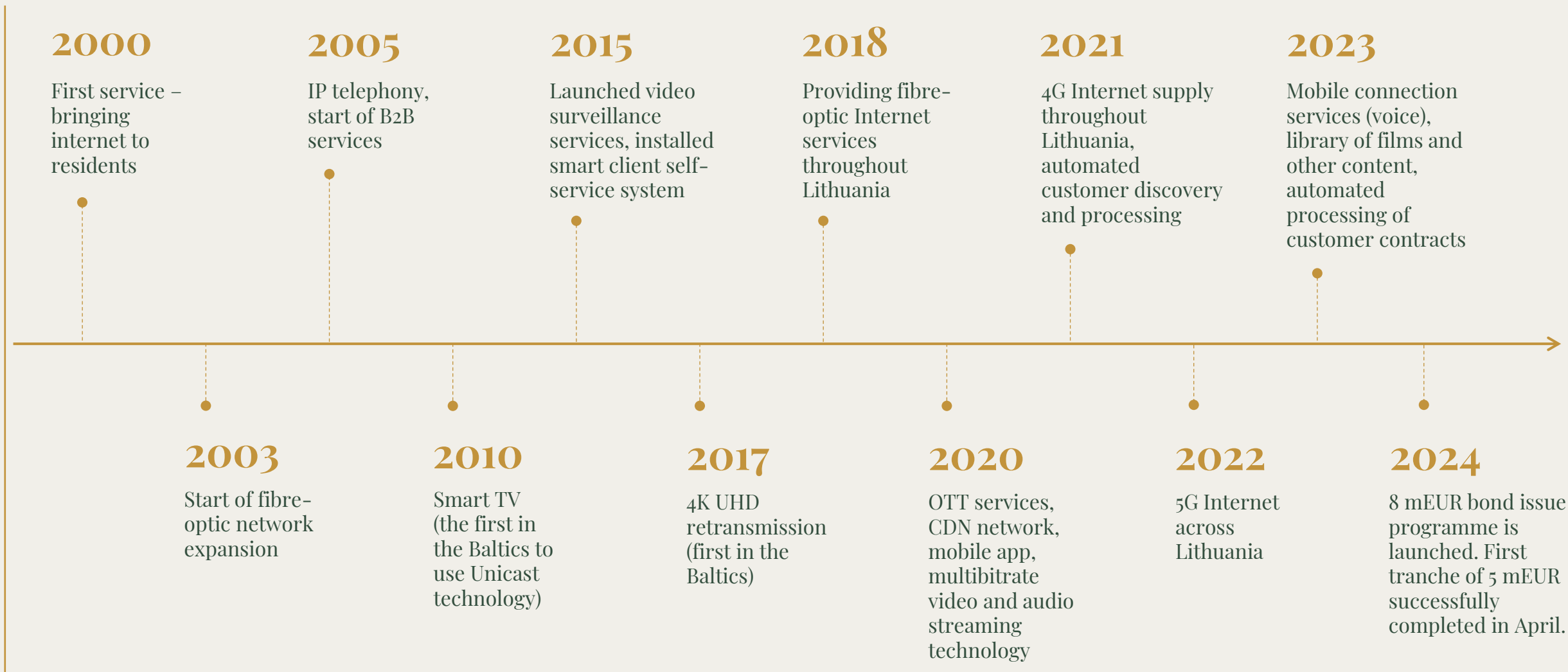
Strong financial position

- Company has showed very strong financial results in the first 9 months of 2024 compared to the first 9 months of 2023:
 - Revenue increased by 41%
 - EBITDA increased by 66%

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/IPTV)



Mobile connectivity



4G/5G internet



Film library (VOD)



Video surveillance

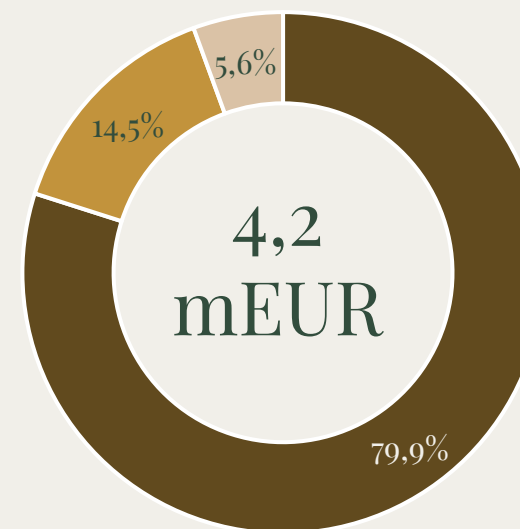


Access control solutions



Other IT services

Breakdown of Issuer's revenue in first 9 months of 2024



- Internet, TV, video surveillance and other IP services
- Renting equipment, facilities and space
- Other income

Contracts with customers

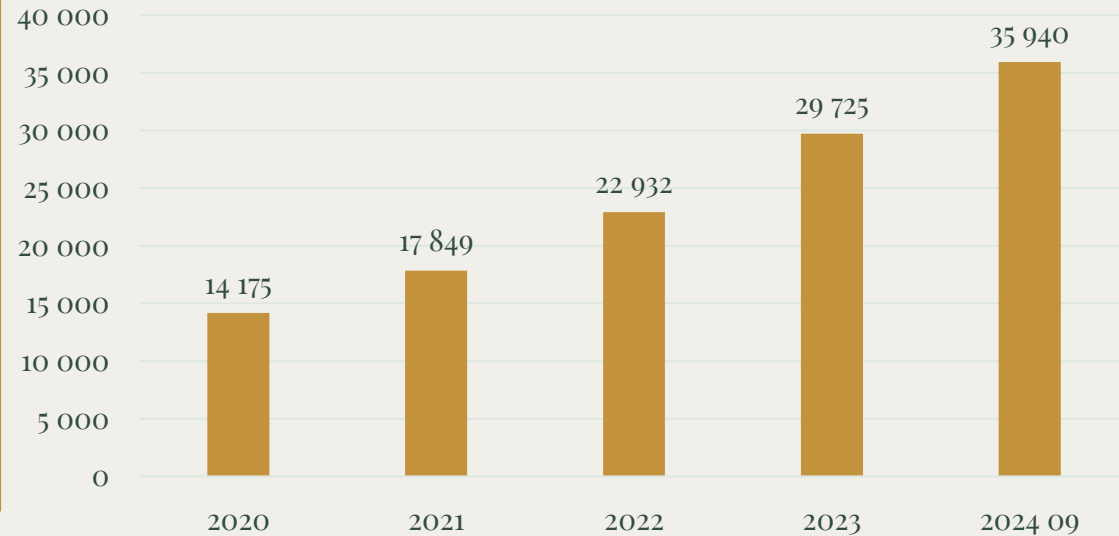
Main Company's clients

- 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

154 EUR

Growth in contracts/client portfolio

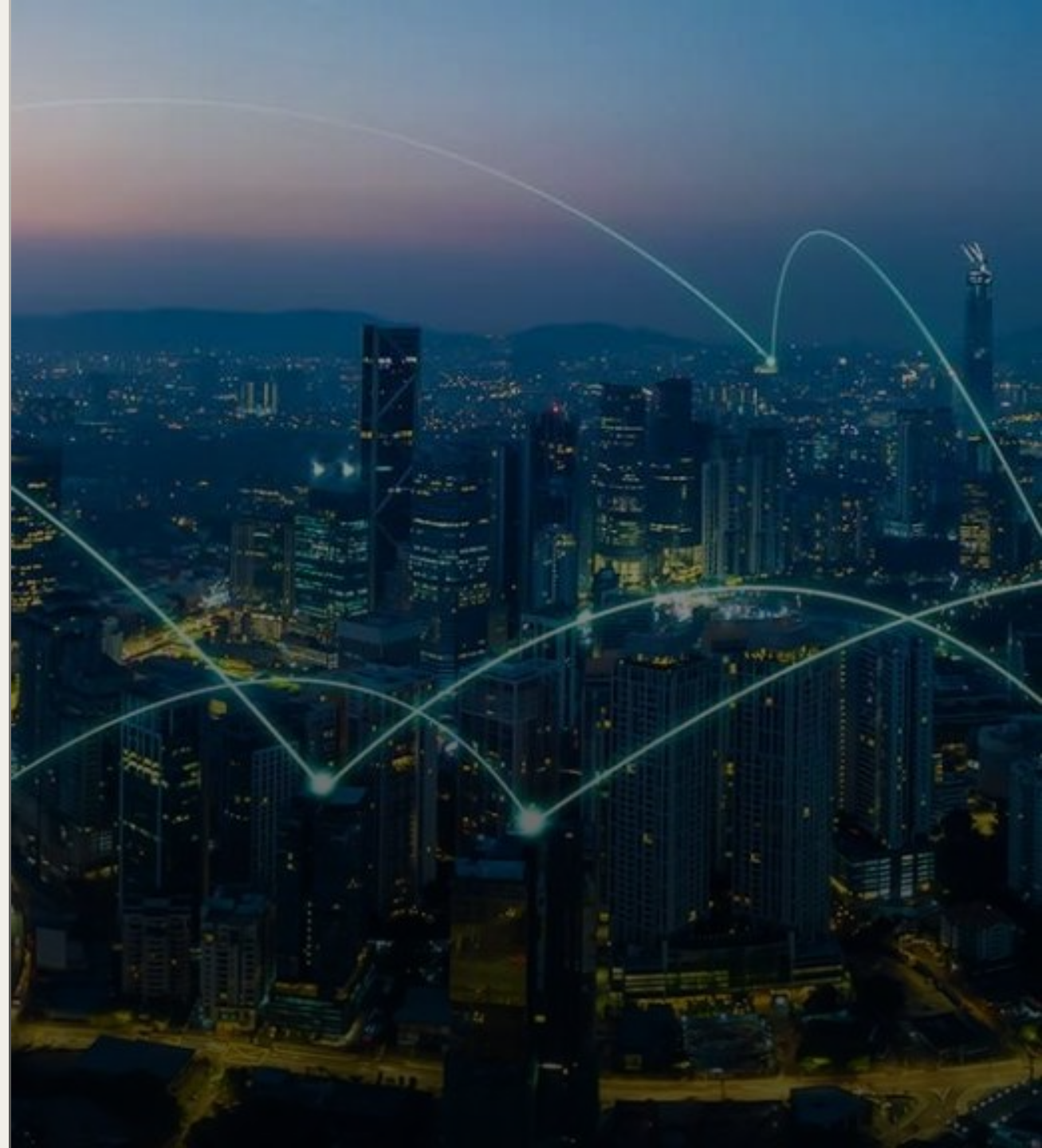
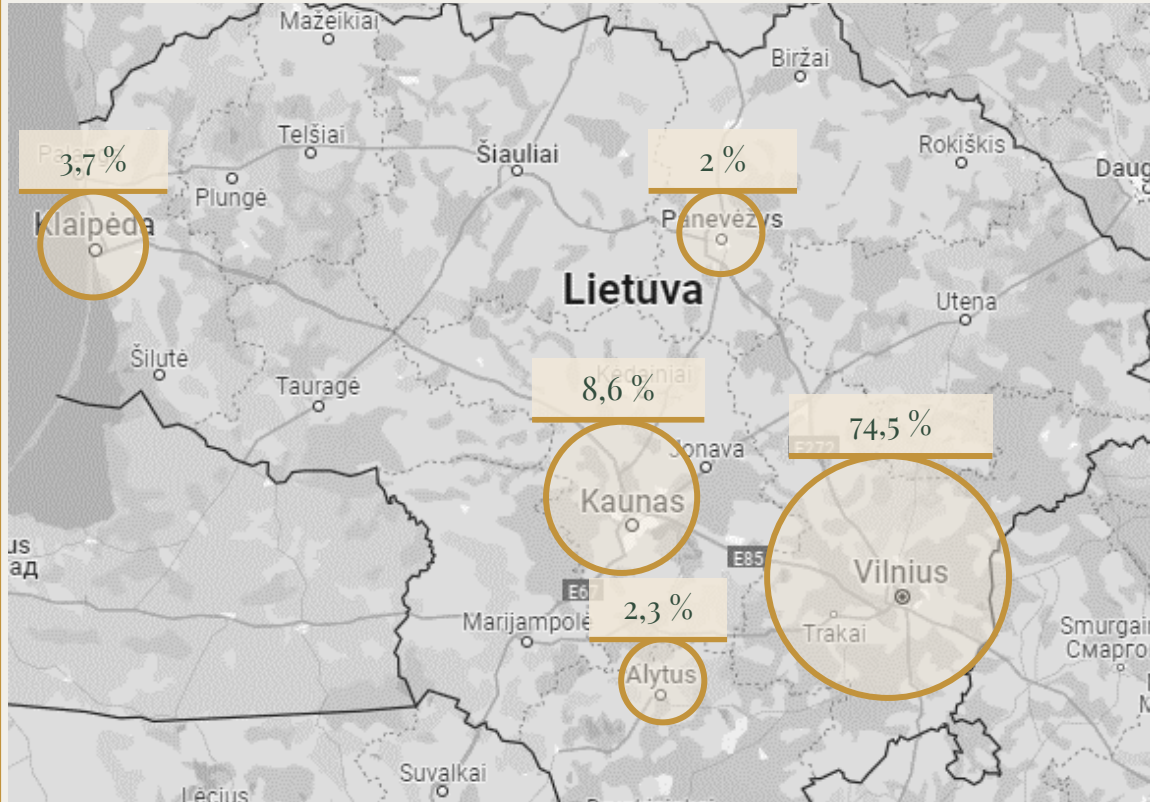


Client distribution

Company's main clients are located in Vilnius

Distribution of customers

- 91 % of all customers are based in 5 regions of the country
- 9 % of the remaining customers are spread across Lithuania



Expansion strategy

Developing existing and new services

Results achieved through 2024 investments

1. Own fibre-optic network coverage in Vilnius to reach ~27%
 - Currently - 22%
2. The fibre-optic network infrastructure will be prepared from 2 Gbps to 10 Gbps for internet provision
 - Currently - *10 Gbps is partially ready*
3. Server capacity will be ready to serve ~85 000 customers
 - Currently ~63 000 and is furtherly expanding
4. Customers will be able to conclude a contract independently online
 - Project is started
5. Installation of AI
 - Started customer service robot development
6. TV app update
 - The app is up-to-date and future updates are planned on a regular/periodic basis
7. Process automation
 - Project is started and currently carried out



Market position

Fastest growing fibre service provider

According to the CRA's Electronic Communications Market Report Q2 2024, Fastlink is the fastest growing provider in the fibre market, comparing Q2 2024 and Q1 2024, and comparing year-on-year change.

Structure of service providers by fibre users, % and changes in % points

Service providers	2022 II	2022 III	2022 IV	2023 I	2023 II	2023 III	2023 IV	2024 I	2024 II	Change per quarter	Change per year
„Telia Lietuva“, AB	49,2	49,4	49,3	49,4	49,6	49,5	49,5	49,4	49,3	-0,1	-0,3
UAB „Cgates“	17,7	17,6	17,6	17,6	17,6	17,6	17,6	17,5	17,5	-0,1	-0,1
UAB „Splius“	6,2	6,3	6,2	6,2	6,2	6,3	6,3	6,4	6,4	0,0	0,1
UAB „Init“	4,7	4,7	4,7	4,7	4,7	4,7	4,7	4,7	4,7	0,0	0,0
UAB „Balticum TV“	4,7	4,7	4,7	4,7	4,7	4,7	4,6	4,6	4,6	0,0	-0,1
UAB „Penkių kontinentų komunikacijų centras“	4,1	4,0	4,1	4,0	3,8	3,8	3,8	3,8	3,8	0,0	0,0
UAB „Consilium Optimum“	-	-	-	2,0	2,1	2,2	2,2	2,3	2,4	0,1	0,3
UAB „Kauno interneto sistemos“	2,1	2,1	2,0	-	-	-	-	-	-	-	-
Other providers	11,2	11,2	11,3	11,3	11,2	11,2	11,2	11,2	11,3	0,0	0,1

Source: The Communications Regulatory Authority of the Republic of Lithuania (CRA)

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 social gathering or event. The lighting is warm and slightly dim. The text "Company structure" is overlaid in the center in a white, serif font. Two thin, vertical gold lines are positioned on either side of the text, extending from the top to the bottom of the text area.

Company structure

Management and company structure



Vitalijus Romualdas Andrijauskas
Shareholder,
CEO

Experience

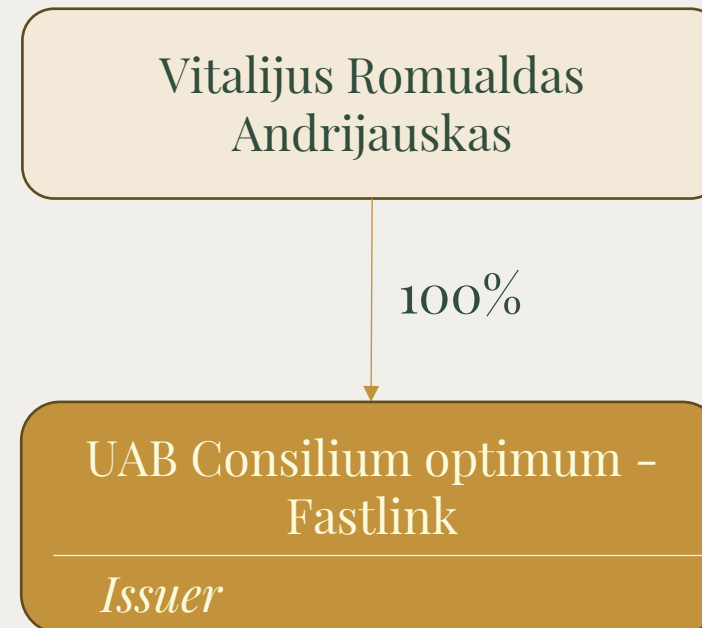
- More than 20 years of experience in business management and telecommunications
- Master's degree in Computer Science from Vilnius University, Faculty of Mathematics and Computer Science



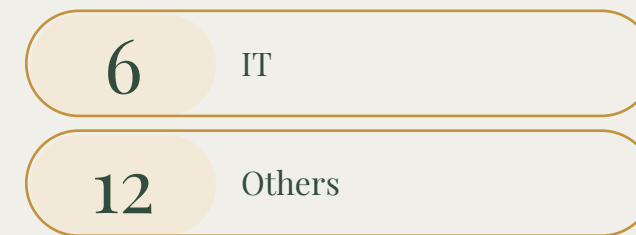
Denis Savrackij
Deputy CEO

Experience

- More than 10 years of experience in banking, financial services and business management
- More than 5 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 the center in a white, serif font. 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	2021	2022	2023 1-3Q	2023	2024 1-3Q
Sales revenue	3 004 231	3 691 215	3 009 565	4 733 473	4 245 520
Cost of goods sold	-861 806	-1 078 206	-884 218	-1 508 829	-1 123 052
GROSS PROFIT (LOSS)	2 142 425	2 613 009	2 125 347	3 224 644	3 122 468
Cost of sales	-556 892	-470 057	-467 016	-493 143	-511 146
General and administrative costs	-937 810	-1 229 591	-1 197 454	-1 618 598	-1 365 093
Results of other activities	4 627	9 536	65 238	77 460	31 449
Other interest and similar income	1 653	70 159	54 154	77 746	75 977
Interest and other similar expenses	-46 663	-60 969	-120 118	-195 586	-419 327
PROFIT (LOSS) BEFORE TAX	607 340	932 087	460 151	1 072 523	934 328
Corporate income tax	0	0	0	0	0
NET PROFIT (LOSS)	607 340	932 087	460 151	1 072 523	934 328
EBITDA	1 344 411	1 939 888	1 412 441	2 485 026	2 340 559

Comments

Company's key financial indicators results in first 9 months of 2024:

- Profitability indicators
 - Gross profit margin reached 74%, the highest level in the Company's history
 - EBITDA margin reached 55%, also the highest level in the Company's history
 - Net profit margin remained at a high level of 22%
- Growth in comparison with 2023 first 9 months
 - Revenue grew by 41%
 - Compared to the same period a year ago EBITDA grew close to 66%
 - Net profit margin increased by 7%, from 15% to 22%

Financial information

Balance sheet – assets

Balance sheet, EUR	2021	2022	2023 1-3Q	2023	2024 1-3Q
NON-CURRENT ASSETS	3 422 219	4 721 839	5 410 546	5 585 967	7 773 260
INTANGIBLE ASSETS	44 733	18 483	81 162	73 366	227 162
Software	14 616	1 641	443	427	174 397
Concessions, patents, licences, trademarks and similar rights	4 325	2 058	1 594	1 594	109
Other intangible assets	25 792	14 784	79 125	71 345	52 656
TANGIBLE ASSETS	3 377 486	4 703 356	5 329 384	5 544 446	7 546 098
Land	52 970	52 970	52 970	52 970	52 970
Buildings and structures	143 869	136 319	130 657	128 770	123 107
Machinery and equipment	26 559	20 275	28 283	25 773	28 350
Vehicles		52 725	48 450	47 025	42 750
Other equipment, appliances and tools	2 784 566	4 434 319	5 062 462	5 283 346	7 292 359
Advances paid and construction/production of tangible assets in progress	369 522	6 748	6 562	6 562	6 562
FINANCIAL ASSETS	0	0	0	0	0
OTHER NON-CURRENT ASSETS	0	0	0	0	0
CURRENT ASSETS	1 425 309	1 357 414	1 761 150	1 881 170	4 727 352
INVENTORY	186 384	257 058	654 945	600 815	973 327
Raw materials, supplies and assemblies	826	8 038	7 475	7 351	
Purchased goods for resale	146 105	86 644	402 994	414 882	365 409
Advances paid	39 453	162 376	244 476	178 582	607 918
AMOUNTS RECEIVABLE WITHIN ONE YEAR	1 228 768	1 078 294	1 012 710	1 121 928	2 256 418
SHORT-TERM INVESTMENTS	0	0	0	0	0
CASH AND CASH EQUIVALENTS	10 157	22 062	93 495	158 427	1 497 607
DEFERRED CHARGES AND ACCRUED INCOME	122 820	125 177	127 943	83 073	85 351
TOTAL ASSETS	4 970 348	6 204 430	7 299 639	7 582 055	12 585 963

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.
- Significantly increased cash amount due to successful first tranche of the bond issue

Financial information

Balance sheet – shareholders' equity and liabilities

Balance sheet, EUR	2021	2022	2023 1-3Q	2023	2024 1-3Q
SHAREHOLDERS' EQUITY	1 524 645	2 517 916	2 978 067	3 590 439	4 524 767
CAPITAL	60 000	60 000	60 000	60 000	60 000
Authorised (subscribed) or share capital	60 000	60 000	60 000	60 000	60 000
Subscribed capital outstanding (-)	0	0	0	0	0
RESERVES	6 000	6 000	6 000	6 000	6 000
Compulsory reserve or reserve capital	6 000	6 000	6 000	6 000	6 000
RETAINED EARNINGS (LOSSES)	1 458 645	2 451 916	2 912 067	3 524 439	4 458 767
Profit (loss) for the year under review	607 340	932 087	460 151	1 072 523	934 328
Profit (loss) from previous years	851 305	1 519 829	2 451 916	2 451 916	3 524 439
GRANTS, SUBSIDIES	0	0	0	0	0
PROVISIONS	0	0	0	0	0
ACCOUNTS PAYABLE AND OTHER LIABILITIES	3 445 703	3 634 432	4 268 920	3 970 780	8 060 971
PAYABLES AND OTHER NON-CURRENT LIABILITIES DUE AFTER ONE YEAR	2 065 364	2 379 183	3 136 949	2 273 872	7 250 589
Debt obligations	114 109	0	0	0	5 000 000
Debts to credit institutions	1 361 851	1 811 733	2 598 497	1 747 708	1 747 708
Advances received	0	0	0	0	0
Other payables and long-term liabilities	589 404	567 450	538 452	526 164	502 881
PAYABLES AND OTHER CURRENT LIABILITIES DUE WITHIN ONE YEAR	1 380 339	1 255 249	1 131 971	1 696 908	810 382
Debt obligations	65 053	15 955	0	24 613	0
Debts to credit institutions	407 369	391 059	95 487	862 990	228 192
Advances received	155 050	144 137	347 638	148 870	158 260
Amounts payable to suppliers	416 653	420 367	466 552	352 526	205 713
Income tax liabilities	11 844	0	0	0	0
Employment-related liabilities	164 800	171 550	190 150	190 271	203 935
Other payables and current liabilities	159 570	112 181	32 144	117 638	14 282
ACCRUED EXPENSES AND DEFERRED INCOME	0	52 082	52 652	20 836	225
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	4 970 348	6 204 430	7 299 639	7 582 055	12 585 963

Comments

- The company has built up significant shareholders equity
- Amounts owed to credit institutions consist of a bank loan from LUMINOR
- 5 mEUR bond issue, issued in the first half of 2024 is reflected in the debt obligations
- Issuer has not historically paid dividends - all profits have been used to finance the further development of the Company

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. Overlaid on the image is the text "Information about the bond issue" in a white, serif font. Two thin, vertical gold lines are positioned on either side of the text, framing it.

Information about the bond
issue

Terms and conditions of the bond issue

Issuer:	Consilium optimum, UAB
Bond issue currency:	EUR
Bond issue type:	Public bond issue
Second tranche size:	EUR 3 000 000
Annual coupon size:	9%
Coupon payment:	Quarterly
Term:	3 years
Planned issue date:	20 December, 2024
Collateral:	First rank pledge of amounts receivable from signed contracts with customers
Bond redemption:	The bonds are scheduled to be redeemed on the maturity date at 100% of their nominal value plus accrued interest
Nominal value of one bond:	EUR 1 000
Interest accrual method:	Actual/Actual ICMA
Source of funds for redemption:	Refinancing at a bank, operating cash flow
Bondholder trustee:	UAB Audifina
Use of issue proceeds:	Financing expansion of operations
Financial covenants:	<ul style="list-style-type: none"> • Pledge. The Issuer undertakes to procure that, no later than 30 days after the Issue Date of the second Tranche of the Bonds, the first-rank maximum pledge of the Company's assets, consisting of the Company's right of claim arising from contracts concluded with the Company's customers, is revised by the Issuer, by way of an increase in the value of the assets to be pledged, an increase in the amount of the obligation to be secured, and any other relevant amendments (to the extent necessary). • Company status. 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. • Reporting. 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. • Non-payment of dividends. The Issuer undertakes not to distribute dividends to shareholders until the maturity of the bonds. • Net debt/EBITDA ratio will not exceed 4x (ratio recalculated at six-monthly intervals using interim and annual financial statements)
Additional guarantees (second issue):	Fulfillment of obligations to bondholders is secured by a guarantee issued by ILTE for an amount of EUR 1 500 000
Events of default:	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.
Early redemption (call-option):	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 1,5% and 0,75%, 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
Economic environment risk	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.
Credit risk	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.
Liquidity risk	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.
Competition risk	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.
Supplier risk	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
Dependence on external funding	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.
Management and human resources risks	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.
Information technology risks	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.
Risk of failure to manage development	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.
Risk of data loss	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.
Risk of cyber-attack	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
Risk of force majeure	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.
Reputational risk	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.
Refinancing risk	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.
Regulatory risks	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.
Risk of disputes	The Issuer may be involved in legal disputes in the future as a result of its activities. An adverse resolution of the dispute against the Issuer could potentially impact its business operations, financial status, and reputation in a negative manner. This may affect the Issuer's ability to properly discharge its obligations to the Bondholders, and the attractiveness and liquidity of the Bonds.
Tax risks	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
Inflation risk	There is a risk that, in the event of inflation, the depreciation of money might exceed the yield on the Bonds.
Listing risk	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.
Unsuitability of bonds for some investors	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.
Risk factors related to collateral	The bonds will be secured by a primary pledge of the Issuer's receivables from customers. Apart from the above collateral, there are no other collateral or guarantees for the Issue issued by third parties (except for the ILTE Guarantee in the case of the Second Issue, which is limited to an amount of EUR 1,500,000 and is payable in the event of the Company's insolvency and in the manner provided for in the ILTE Guarantee Terms and Conditions). The security instruments for the issue (pledge and ILTE Guarantee) do not guarantee that, in the event of default by the Issuer, these instruments will be realisable in such a manner or that their value will be sufficiently high to satisfy in full all the claims of the Bondholders.
Changes in the financial position of the Issuer	Any adverse change in the Issuer's financial condition or prospects may have a significant adverse effect on the liquidity of the Bonds and may result in a material decrease in the market price of the Bonds.
Potentially unfavourable decisions of Bondholders' Meetings	The laws applicable to the issue of the Bonds provide for the possibility of resolving certain matters at Bondholders' Meetings. Attendance of all Bondholders at the Meeting or unanimous approval from all Bondholders is not necessary for the decision to be adopted at the Bondholders' Meeting. Accordingly, the decisions made at the Bondholders' Meeting will be binding and effective for all Bondholders, including those who abstained or opposed the decision.
No voting rights	Only shareholders of the Issuer have the right to vote at the Issuer's General Meetings. The Bonds do not confer such voting rights. Therefore, the Bondholders may not influence any decisions of the Issuer's shareholders relating, for example, to the Issuer's capital structure, commitments, or other transactions.
Risk of early redemption of Bonds	Under the terms of the issue, the Bonds may be redeemed prior to the specified maturity date at the discretion of the Issuer. If the Issuer exercises the early redemption right, the return on investment in the Bonds may be lower than originally expected.
Changes in the legal and tax environment	The legal and tax environment relevant to the Bond issue may change. Bondholders may face additional expenses, procedural requirements, and diminished returns on their investment in the Bonds.

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