

VLI Timber, UAB

Investor Presentation

EUR 4 M Secured Bond Issue

May, 2025

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Executive Summary



VLI Timber is the largest European manufacturer of certified kiln-dried hardwood firewood in retail packaging, operating since 2009. The company specializes in high-efficiency firewood production using cutting-edge technology and a vertically integrated model.

With over 100,000 m³ of wood processed annually, VLI Timber supplies major retail chains such as LIDL, TOOM/REWE, and B&Q, and exports to more than 10 countries through distributors and local subsidiaries.

In 2024, the company generated EUR 21.4 M in revenue with 2 M EUR EBITDA and stable financial performance. To support further growth, a new production facility is being built in Jonava under a built-to-suit lease agreement.

Bond proceeds will be used to finance working capital for equipment procurement and to support expanded operations. VLI Timber has secured €8 million in EU subsidies for equipment, disbursed upon completion of the facility.

Issuer	UAB VLI Timber
Issuance Size	€8 Million
Interest Rate	9% per annum
Interest Payment	Quarterly
Bond Nominal Value	1 000 EUR
Minimum Investment	1 bond
Issue Price	1 000 EUR
First tranche size	€4 Million
Issue date	30 May 2025
Maturity Date	30 March 2028
Subscription Period	14 May 2025 - 28 May 2025
Listing	Nasdaq First North within 3 months after the Issue date
Collateral	First rank 100% share pledge
Placement Method	Public offering in Lithuania, Latvia and Estonia
ISIN	LT0000134256

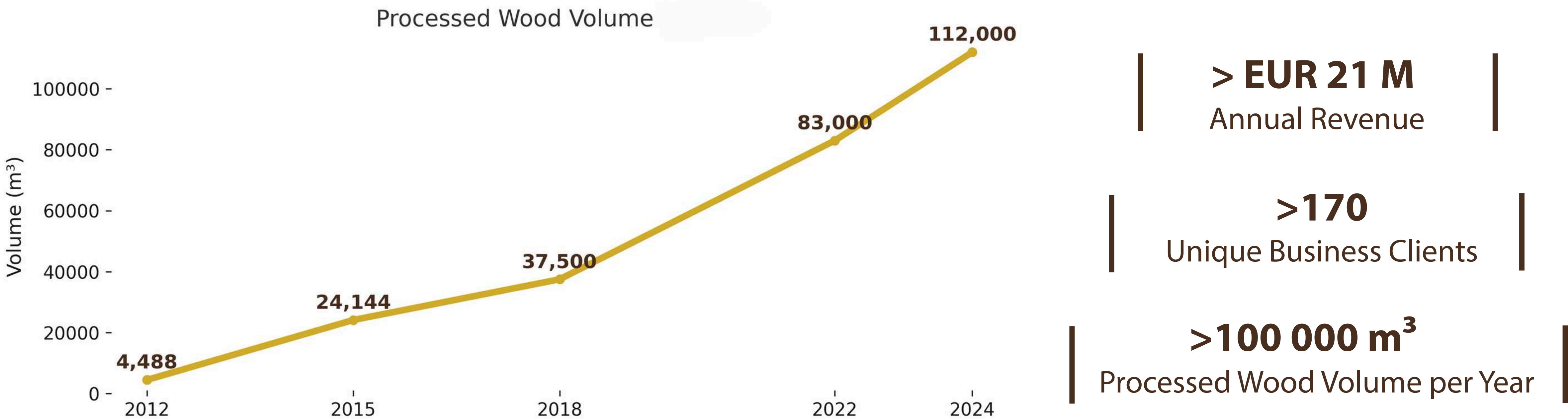
Company Overview and Structure

Company Overview



UAB VLI Timber is the **largest producer of kiln-dried firewood in Europe***, operating since 2009. The Company specializes in the **production of kiln-dried firewood** in small packaging formats. Its products are sold across major European retail chains, both directly and through distributors (including LIDL, ALDI, Gamma, Hagebau, TOOM/REWE, B&Q, and others).

The Company's operations are built on a clear strategy: **maximum process efficiency, consistent product quality, and long-term commitment to partners.** With production capacity exceeding **100,000 m³ of processed wood per year**, VLI Timber serves a broad network of clients across Europe and beyond — currently **exporting to more than 10 countries.**

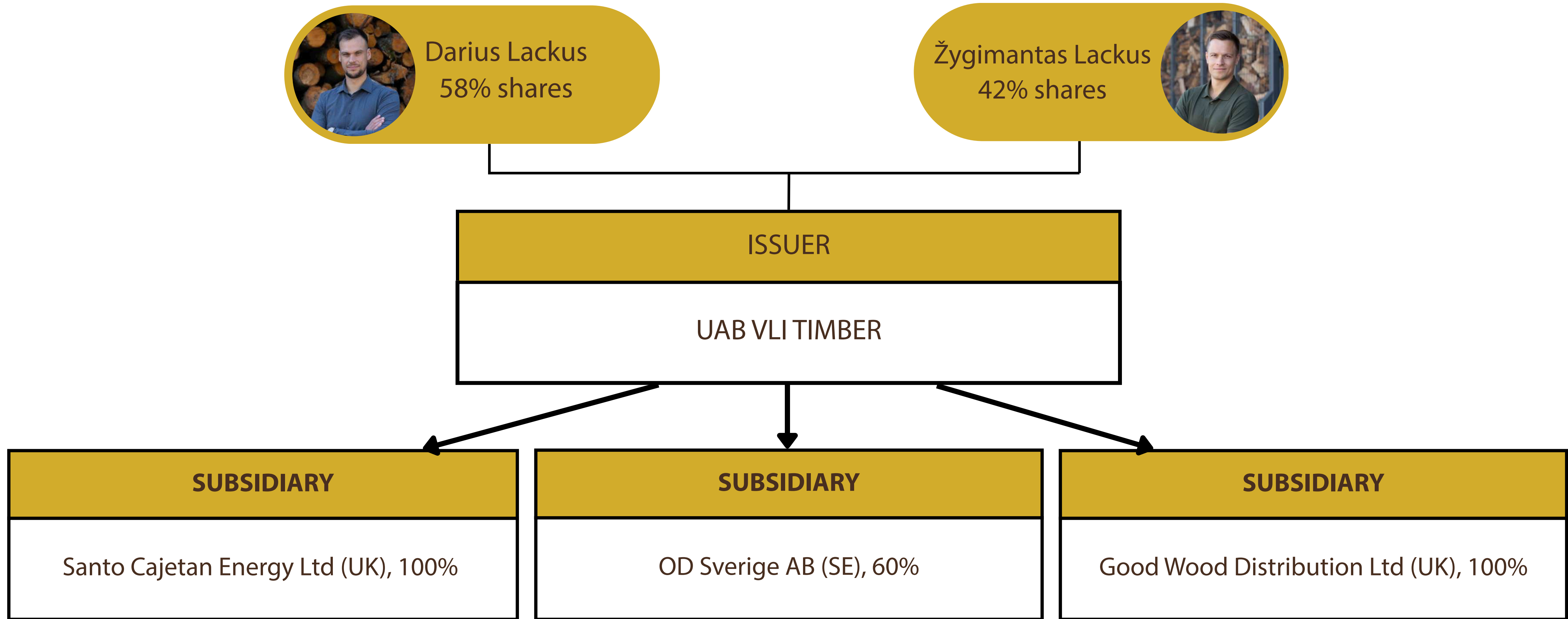


VLI Timber consistently invests in technology, human resources, and export expansion, enabling the company to maintain stable growth and implement production capacity expansion projects. The European firewood market, with an estimated potential size of **€10 to €15 billion**, allows the company to pursue ambitious growth plans without the need to capture a significant market share.

*management estimate

Structure of the Issuer

The Issuer is the parent company of a group engaged in the production and distribution of kiln-dried firewood and other biofuel products. The Group operates across several European markets through directly owned subsidiaries engaged in wholesale, distribution, and e-commerce activities.



Subsidiary companies operate as sales channels in foreign markets.

Company Management

Darius Lackus is the founder and CEO of UAB VLI Timber, a company he established over 15 years ago and has successfully led ever since. Under his leadership, VLI Timber has grown into a global leader in kiln-dried firewood production, currently generating an annual turnover of EUR 21 million.

From the outset, Darius has focused on operational efficiency, sustainability, and long-term value creation. VLI Timber was the first company in the firewood industry to implement LEAN manufacturing principles in 2015, resulting in significant gains in productivity and cost effectiveness. Over the years, the company has carried out numerous energy efficiency and process improvement projects, positioning itself as a highly competitive and forward-thinking player in the market.

Recognizing the importance of innovation, Darius established an in-house R&D division, which continues to develop new solutions and enhance production technologies. This strategic focus has helped VLI Timber maintain its leadership position in global markets.



Darius Lackus, CEO

Company Management

Žygimantas Lackus is the COO and a shareholder at UAB VLI Timber. With a technology background and an Executive MBA, he leads his team and makes data-driven decisions using clear KPIs and a clear strategy.

In 2015, Žygimantas brought LEAN manufacturing principles to the company and started to lead the implementation since then. By learning from world's best practices he built most of the key disciplines in the company. That includes HR processes, sales and supply chain management, strategy creation and deployment. Moreover, Žygimantas steers the company through challenging times by deeply understanding each operational step, ensuring rapid growth and maintaining VLI Timber's strategic direction.

In 2021 with no significant investments he built an e-commerce department, which in two years grew to about EUR 3 M per year Direct to Consumer sales channel, selling only kiln-dried firewood across Europe. Now VLI Timber has more than 20 thousand unique customers repeatedly ordering a few times a year. The e-commerce channel serves VLI Timber by not only selling its products, but by helping to understand the market and demand fluctuations at the very moment they occur, as the demand from European households is being monitored daily.

With his industry experience and full understanding of this FMCG product's supply chain, from sourcing the timber to reaching the final customer or store, Žygimantas ensures their supply chain is well-organized to handle the fast growth VLI Timber has experienced since its start.

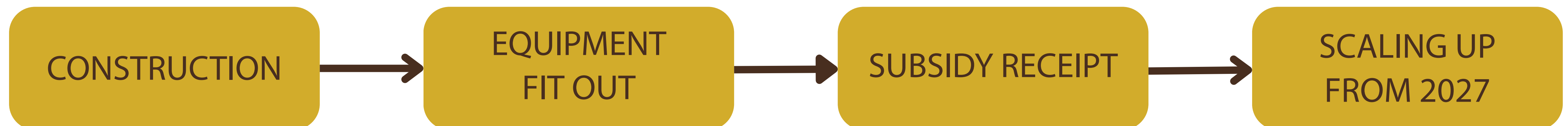


Žygimantas Lackus, COO

Use of Bond Proceeds: The New Production Facility Project

The New Production Facility Project

- VLI Timber is issuing bonds to finance the working capital required for development of the new production facility in Jonava. The new facility will start operating in 2027 and it will employ more than 100 professionals. It is estimated the facility will have the capacity to process up to 200 000 m³ of wood per year, while the existing factory is able to process 120 000 m³ per year.
- The plant will be built by an external partner under a built-to-suit lease model, and will be leased to VLI Timber upon completion.
- The main use of bond proceeds will be to finance equipment procurement, which is essential for the start of operations.
- VLI Timber has secured €8,1 M in government subsidies, which will cover up to 80% of eligible equipment costs; however, these funds are disbursed post-procurement, based on a reimbursement mechanism.
- Therefore, bridge financing in the form of bonds is necessary to complete the investment cycle.



The Project of a New Production Facility





Key Terms and Conditions I

Issuer	UAB VLI Timber
ISIN	LT0000134256
Type of bonds	Secured Fixed Rate Bonds
1st Tranche Target Size	€4 Million
Type of placement	Public offering in Lithuania, Latvia and Estonia
Total issue size	€8 million
Nominal Amount	1 000 EUR
Minimum subscription amount	1 000 EUR
Subscription Period	14 May 2025 - 28 May 2025
Interest rate	9% per annum
Interest payment frequency	Quarterly
Issue Date	30 May 2025
Maturity Date	30 March 2028

Status of Bonds	The Bonds constitute direct, secured, unconditional, and unsubordinated obligations of the Issuer which will at all times rank pari passu among themselves. The payment obligations of the Issuer under the Bonds together with interest and premium (if applicable) thereon, in as much as such payment obligations have not been settled in due time and from the value of the established collateral shall rank at least pari passu with all other present and future obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
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Key Terms and Conditions II

Early Redemption (Call Option)

After 6 months after the Issue Date, the Issuer may redeem the Bonds (in whole or in part) at the price equal to (i) 101.00% of the principal amount of the Bonds together with the accrued Interest, if redeemed between 6 and 12 months after the Issue Date or (ii) 100.00% (i.e. with no premium) if redeemed 12 months after the Issue Date. For early redemptions the Issuer must provide a 14 days’ notice.

Use of Proceeds

The Issuer intends to utilise the net proceeds for the acquisition of equipment for a new wood processing factory in the Jonava district as well as for general working capital needs related to the launch and operation of the facility

Financial covenants

Equity ratio (including any subordinated loans) $\geq$ 20% tested on quarterly basis, ICR $\geq$ 2.00, tested on quarterly basis based on last 12 months results

Special Undertakings

Restriction on change of control, financial reporting, and other undertakings as described in Information Document (as updated by the supplement)

Listing

Nasdaq First North within 3 months after the Issue date

Lead manager

AB Artea Bankas

Trustee

UAB Audifina

Registrar

Nasdaq CSD

Legal advisor

Norkus ir partneriai COBALT

Governing law

General 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

Documentation language

English

Collateral

First rank 100% share pledge

Standards for financial statements

Local financial reporting standards

Risks Related to Issuer and Bonds

The following discloses certain risk factors that may affect UAB VLI Timber's, as the Issuer's ability to meet its obligations under the Bonds. All of these factors are contingencies which may or may not occur and the Issuer cannot express any opinion as to the likelihood of the occurrence of any of these contingencies. In addition, the following describes the factors that are relevant for assessing the risks associated with the Bonds. The risks outlined below may adversely affect the Issuer and, in severe instances, may result in the Issuer's insolvency and a violation of the covenants established under the Bonds.

Investors should carefully review and consider the following risk factors and other information contained in this presentation before making a decision to purchase/subscribe for the Bonds. If one or more of the risks described were to occur, it could have a material adverse effect on the Issuer's business and prospects. In addition, if any of these risks were to occur, the market value of the Bonds and the likelihood that the Issuer will be able to meet its monetary obligations under the Bonds could decline, in which case the Bondholders could lose all or part of their investment. Additional risks and uncertainties that are not currently known to the Issuer, or that the Issuer currently considers to be immaterial, could also impair the Issuer's business and have a material adverse effect on its cash flows, financial performance, and financial position. 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 Issuer's cash flows, financial performance, and financial condition.

Risks Related to Issuer and Bonds I

Risk	Description
Economic environment risk	The activities and results of the Issuer depend on economic processes taking place both in Lithuania and internationally. During an economic downturn, demand for the Issuer's services may decrease, which may negatively affect the implementation of the business strategy and results of the Issuer.
Environmental regulation / sustainability risk	As forestry is an environmentally sensitive sector, the Issuer may be affected by stricter environmental or sustainability rules introduced by Lithuanian or EU authorities. Such regulations could increase costs, limit access to raw materials, or require changes in how the Issuer operates. Failure to meet environmental expectations may also harm the Issuer's reputation with customers and partners.
Forestry regulation risk	The introduction of significant restrictions on commercial forestry activities in Lithuania could substantially reduce the availability of raw materials, which may, in turn, lead to an increase in raw material prices. A sustained shortage of input materials could negatively affect the Issuer's production capacity, cost base, and overall competitiveness.
Seasonality risk	Demand for kiln-dried firewood is seasonal, with sales typically peaking during the colder months. This cyclical nature of demand may lead to fluctuations in revenue and cash flow throughout the year. Additionally, it may require the Issuer to manage significant inventory levels during low-demand periods, which could impact working capital and operational efficiency.
Competition risk	The kiln dried firewood production market is considered to be quite competitive in Europe. Competitors' actions to increase their market share may negatively impact the profitability of the Issuer. Delayed or inadequate responses to competitors' actions by the Issuer could lead to losses. This may restrict the Issuer's ability to meet its obligations to Bondholders.
Operating cost risk	Due to changing circumstances, the operating expenses of the Issuer may increase, which would reduce their profitability. These expenses may increase due to the need for external specialists, advertising, additional services, or employees. The Issuer expects such expenses to be moderate and controlled; however, their increase may negatively affect the financial position of the Issuer.
Tax risk	The introduction of new taxes relating to the Issuer's activities or changes in applicable taxes may adversely affect the Issuer's performance.
Project-implementation-related risks	The Issuer intends to further expand its activities by operating a new factory in the Jonava district with construction undertaken by a third-party contractor. Risks related to the implementation of this project, including design errors, in-appropriate or faulty equipment acquisition, supplier delays and failures to meet the overall project timeline, may have adverse effects. As a result, the Issuer may encounter delays in commencing operations or operate below planned capacity. In some cases, additional investment may be required to address equipment or design-related issues. The materialisation of these risks may negatively affect the Issuer's business, operating results, or financial position, and could impact its ability to meet obligations to Bondholders.

Risks Related to Issuer and Bonds II

Risk	Description
Counterparty risk	Counterparty risk is inherent in all activities carried out by the Issuer. Due to counterparty risk, the Issuer may incur financial losses. A counterparty's failure to fulfil obligations may affect the completion of projects carried out by the Issuer, the quality of services provided, or damage their reputation. Although the Issuer monitors and manages counterparty risk, the occurrence of any mentioned counterparty risk may negatively impact its business and financial position. Due to this risk, the Issuer may become insolvent, bankrupt, its operations may be suspended or terminated, making it impossible to redeem the Bonds and/or pay accrued interest to Bondholders.
Operational risk	The Issuer may incur losses due to inadequate or failed internal control processes of the Issuer, employee errors and illegal actions, also software and equipment malfunctions.
Management and human resources risk	The Issuer's results heavily depend on the Issuer's employees and their decisions, as well as team members' competence and experience. The loss of key team members, their potential employment with the Issuer's competitors, and inability to attract other qualified specialists may have a significant negative impact on the Issuer's management, operations, results, and financial position.
Unpredictable events	Catastrophic events, terrorist attacks, war or military actions, riots, civil unrest, pandemic diseases, and other similar unpredictable events, as well as responses to these events or actions, may reduce the number of working days, preventing the Issuer, their employees, or contractors from conducting operations and providing services. These events and actions may also create economic and political uncertainty, which may negatively impact the economic conditions of such countries or reduce the demand for the Issuer's services or increase their costs. Unforeseen events may also decrease the revenues of the Issuer or result in additional operating expenses. Insurance coverage against certain unforeseen risks may also be unavailable. The materialisation of these risks may have a significant negative impact on the business, operational results, or financial position of the Issuer.
Changes in the Issuer's financial position	Any adverse change in the Issuer's financial condition or prospects may have a significant adverse effect on the liquidity of the Bonds and may result in a material decrease in the market price of the Bonds.
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.
Inflation risk	There is a risk that, in the event of inflation, the depreciation of money might exceed the yield on the Bonds.

Risks Related to Issuer and Bonds III

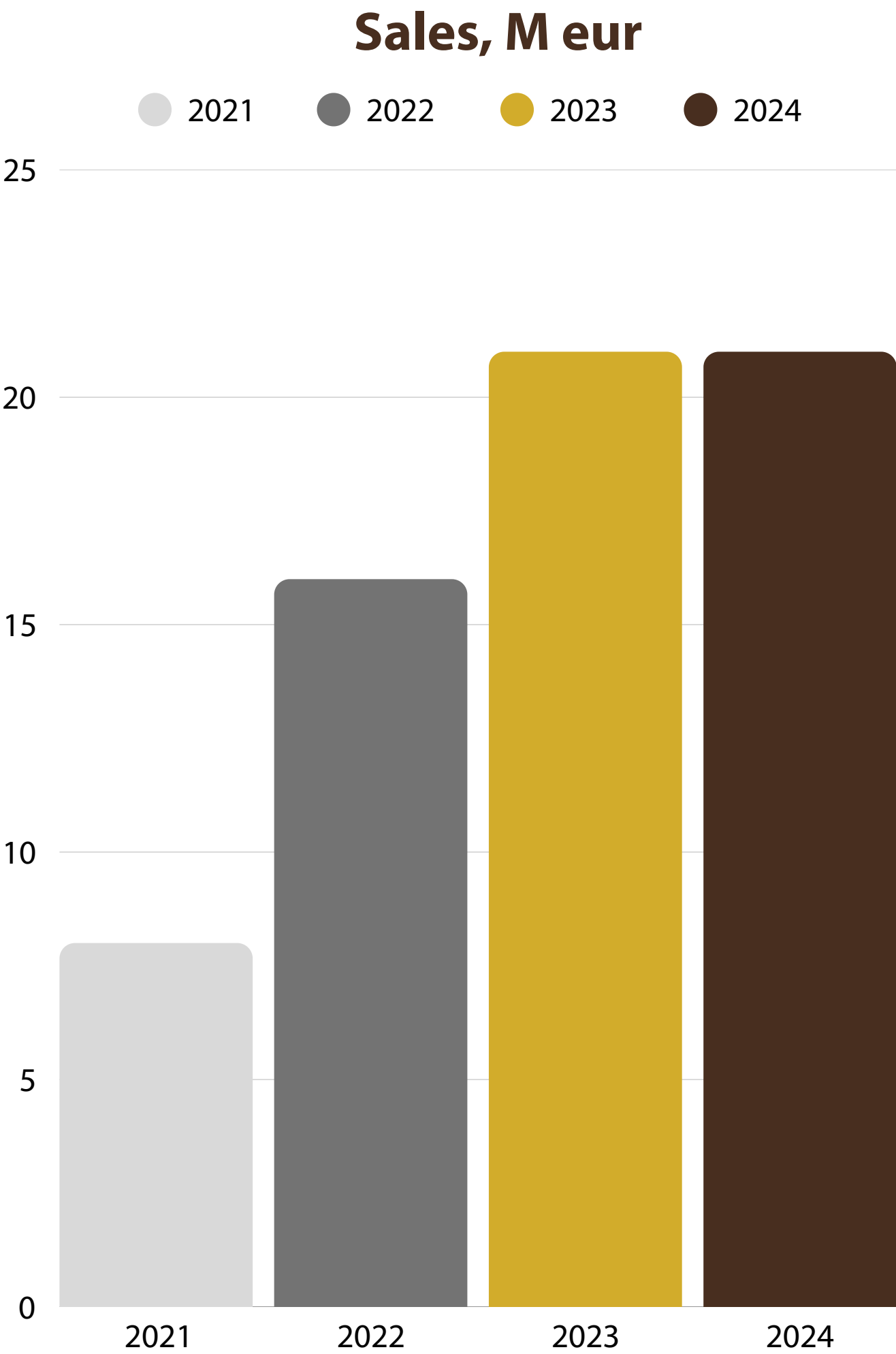
Risk	Description
Refinancing risk	The Issuer may need to refinance its debts, including the Bonds. The Issuer's ability to successfully refinance its debts depends on debt capital market conditions and its financial position at that time. The Issuer's inability to refinance its debts or refinance them on favourable terms may negatively affect the Company's financial position and Bondholders' ability to recover funds under the Bonds.
Risk of litigation	If a dispute is resolved unfavourably for the Issuer, it may negatively affect their operations, financial position, and reputation. All of this may impact the Issuer's ability to properly fulfil its obligations to Bondholders and affect the Bonds' attractiveness and liquidity.
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.
Listing risk. Risk of inactive secondary market	The Bonds constitute a new issue of securities by the Issuer. Prior to admission to trading on alternative market First North of Nasdaq Vilnius, there is no public market for the Bonds and other securities of the Issuer. Although application(s) will be made for the Bonds to be admitted to trading on alternative market First North of Nasdaq Vilnius, 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 Lead Manager is under any obligation to maintain such market. If an active market for the Bonds does not develop or is not maintained, it may result in a material decline in the market price of the Bonds, and the liquidity of the Bonds may be adversely affected. In addition, the liquidity and the market price of the Bonds can be expected to vary with changes in market and economic conditions, the financial condition and the prospects of the Issuer, as well as many other factors that generally influence the market price for securities. Accordingly, due to such factors the Bonds may trade at a discount to the price at which the Bondholders purchased/subscribed the Bonds. Therefore, Investors may be not able to sell their Bonds at all or at a price that will provide them with a yield comparable to similar financial instruments that are traded on a developed and functioning secondary market. Further, if additional and competing financial instruments are introduced on the markets, this may also result in a material decline in the market price and value of the Bonds.
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.
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.

Risks Related to Issuer and Bonds IV

Risk	Description
Unsuitability of the Bonds for some Investors	Each potential Investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential Investor should: - have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Information Document; - have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio; - have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds; - understand thoroughly the terms of the Bonds; and - be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks. A potential Investor should not invest in the Bonds unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential Investor's overall investment portfolio.
Security-related risk	The due performance of the Issuer's obligations to the Bondholders will be secured by the Pledge, which constitutes a security interest over the shares of the Issuer. However, there is a risk that the Pledge may not be sufficient to cover all claims by the Bondholders in the event the Issuer defaults on its obligations. The realisation value of the Pledge may also be lower than expected, and any delays or limitations in enforcing the Pledge may reduce the potential recoveries for Bondholders.
Risk of early redemption of the Bonds	Under the terms of the issue, the Bonds may be redeemed prior to the specified maturity date at the discretion of the Issuer. If the Issuer exercises the early redemption right, the return on investment in the Bonds may be lower than originally expected.
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
Participation in the Public Funding Call	The Issuer is considering participation in the Public Funding Call administered by the Innovation Agency of the Republic of Lithuania. While participation in the call may provide access to financing that supports the Issuer's strategic growth plans, it may also involve certain risks. These include the need to implement corporate or structural changes (such as a reorganization or changes to the shareholder structure). These changes may increase the operational and legal complexity of the Issuer's activities. There is no certainty that the Issuer will participate in the Public Funding Call or receive funding, and if it does, the project implementation may require additional resources, coordination and alignment (including with the terms of the Bonds).

Financial Highlights

Financial Highlights, Eur*



	2021	2022	2023	2024
Sales	7 828 548	16 354 539	20 782 737	21 382 710
Gross Profit	882 991	3 527 992	4 385 894	2 607 534
EBITDA	616 903	2 929 268	3 586 405	1 989 468
Net Profit	169 151	2 160 364	2 315 775	519 338
Total Assets	4 545 892	8 371 559	13 688 280	15 271 290
Debt/ EBITDA	2,94	0,87	1,04	2,18
Net Debt/EBITDA	2,75	0,84	0,99	2,14
Equity Ratio	21%	37%	40%	39%
ICR	6,58	14,52	13	4,65
Equity	964 811	3 125 175	5 413 028	5 932 366

*Detailed financial information can be found in the financial statements and the Information Document.

Environmental, Safety & Quality Commitments

Environmental, Safety & Quality Commitments

The Issuer is committed to high environmental, quality, and safety standards across its operations. It holds the following key certifications:

- **FSC® Chain of Custody Certificate** (Licence Code: FSC – C109548), confirming that the **Issuer's wood supply is sourced from sustainably managed forests** and that **environmental and social responsibility principles are upheld throughout the entire production chain**.
- **Woodsure – Ready to Burn Certificate** (Scheme No. WS223), which verifies that the **Issuer complies with the UK's quality assurance scheme for woodfuel**, ensuring that its products meet moisture and emissions standards and are safe for immediate domestic use.
- **IPPC Certificate**, acknowledging that the **Issuer has appropriate processes in place to prevent the spread of pests in wooden packaging material**, in compliance with international phytosanitary standards.



VLI Timber, UAB

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