



CAPITAL MARKETS | INVESTMENT BANKING



**Integre
Trans**



*Integre Trans, UAB public placement of bonds
International transport and logistics services company*

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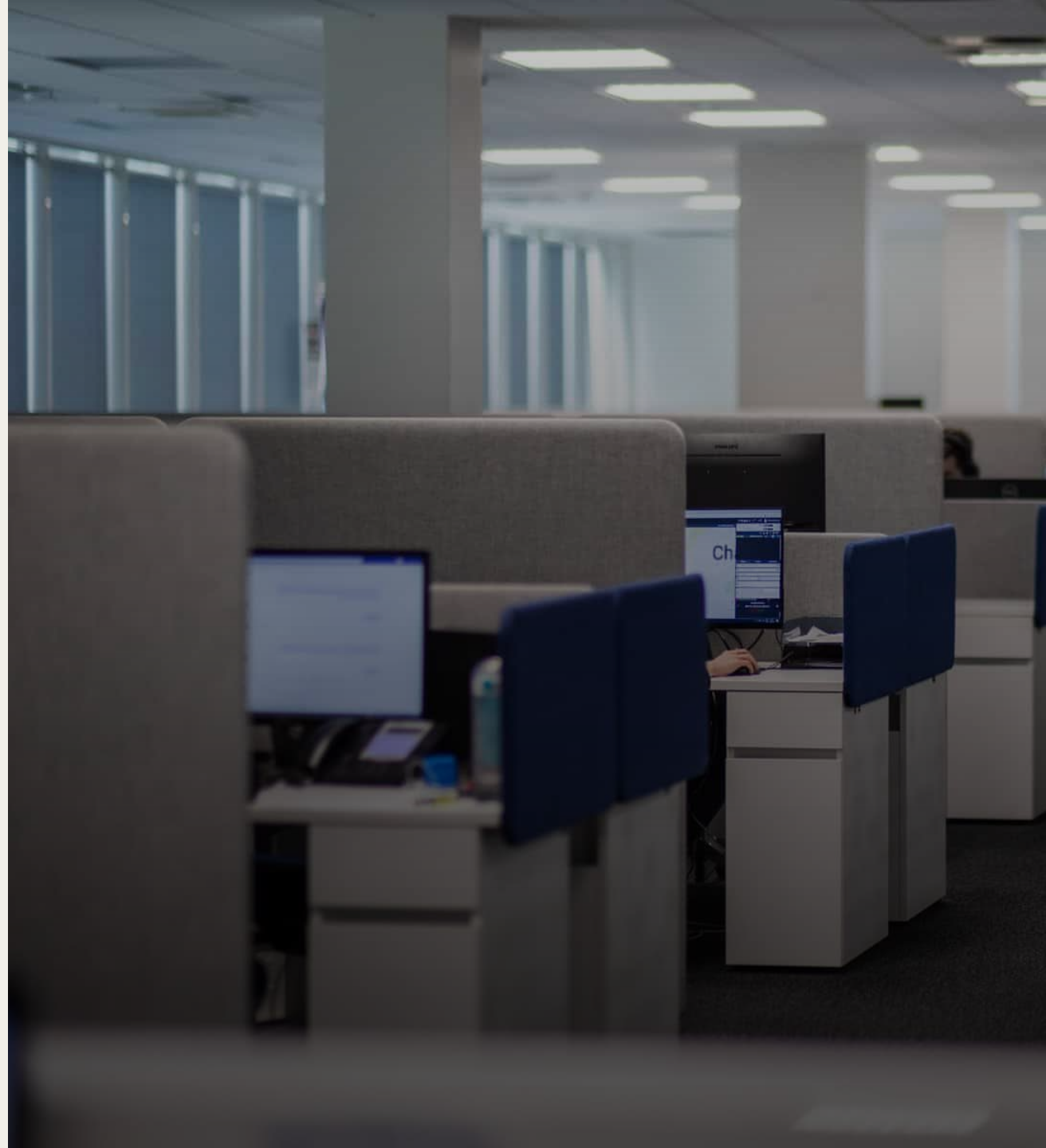
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Table of Content

Summary of the investment proposal	4
Company's overview	11
Impact of external events on business	19
Company's structure	22
Consolidated financials	25
Bond issue details	30
Appendices	35





Summary of the investment proposal

The issue

Public placement of **Integre Trans UAB** **3-year unsecured bonds**

The Issue

- Unsecured bond issue
- Issue size – up to **8 mEUR**
- Size of the first tranche – **4 mEUR**
- Annual coupon size – **[10-12]% + 6 month EURIBOR**
- Coupon payments – **semi-annual**
- Term of the issue – 3 years
- Use of the proceeds – financing the **working capital** of the Issuer and the **expansion** of the Group's operations
- Listing – the issue be listed on the **alternative First North** market within 6 months at latest following the issue of the first tranche



Company overview

Lithuanian logistics company operating in Western Europe

About the Company

- International transport and logistics services company with offices in Lithuania, Poland, France and Germany
- Company has two main revenue generating business models:
 - Contractual
 - SPOT

1400
Employees

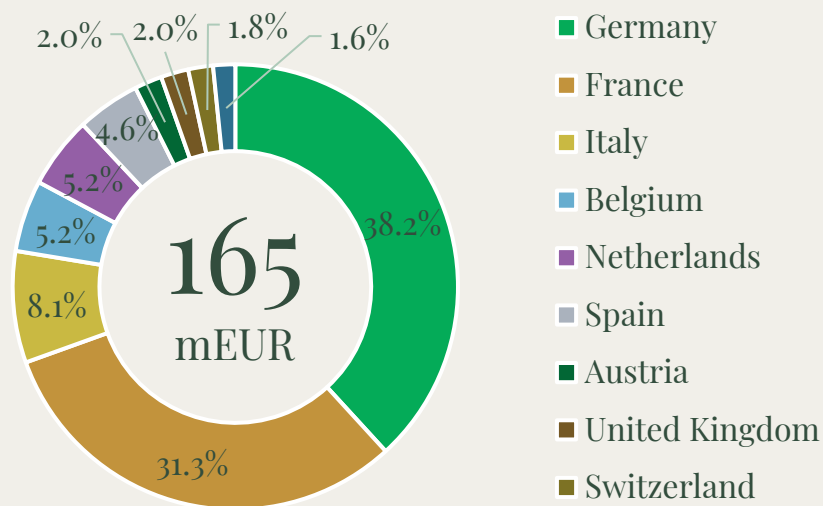
~1200
Own trucks

>200
Strategic clients

Customers

- Wide range of sectors in which the Company's clients operate
- The largest customer accounts for only about 5% of total sales.
- The company has debtor insurance for its debtor portfolio

Revenue by country



Summary of the consolidated financials

kEUR	2020	2021	2022
Sales revenues	75,170	103,955	165,285
<i>Growth</i>		38.3%	59.0%
Gross profit	8,719	15,841	25,619
<i>GP margin</i>	11.6%	15.2%	15.5%
EBITDA	6,146	12,431	18,500
<i>EBITDA margin</i>	8.2%	12.0%	11.2%
EBT	1,797	6,004	9,286
<i>EBT margin</i>	2.4%	5.8%	5.6%
Net profit	1,688	5,214	7,780
<i>NP margin</i>	2.2%	5.0%	4.7%

Assets	32,359	57,164	114,320
Non-current assets	17,155	29,947	72,017
Current assets	11,505	21,009	33,825
Cash	897	3,366	1,568
Liabilities	25,890	43,897	92,322
Non-current liabilities	12,145	18,831	48,523
Financial debt	12,141	18,831	48,523
Current liabilities	13,745	25,067	43,799
Financial debt	5,427	10,269	21,575
Shareholder equity	5,801	12,046	19,908

Debt/Equity	3.03	2.42	3.52
ROE	29.1%	43.3%	39.1%
ROA	5.2%	9.1%	6.8%
Net Debt/EBITDA	2.71	2.07	3.70

Terms of the bond issue

Issuer:	UAB Integre Trans
Currency:	EUR
Issue type:	Unsecured Bond issue
Form of issue:	Public placement of ordinary registered bonds in the Republic of Lithuania
Issue size:	Up to EUR 8,000,000
Size of the first tranche:	EUR 4,000,000
The proposed coupon of the Bonds:	[10-12]% + 6 months EURIBOR
Yield to maturity of the first tranche:	[10-12]% + 6 months EURIBOR
Coupon payments:	Semi-annual
Maturity:	2026.05.05
Amortization:	Repaid in full at maturity date at 100% par value, plus accrued interest for the last period
Nominal value of one bond:	EUR 1,000
Issue price of the first tranche of one bond:	EUR 1,000
Interest accrual method:	ACT/ACT ICMA
Admission to trading:	To be listed on the alternative First North market within 6 months at latest following the issue of the first tranche
Source of repayment:	1) Operating cash flows 2) Refinancing by a bank loan

Covenants:	<ul style="list-style-type: none"> • Corporate status; • Change of control; • Dividends; • Reporting obligations; • Issuer's Company level Net Debt/EBITDA ratio < 4; • Issuer's Company level Capital ratio > 15%
Subscription period of the first tranche:	2023.04.12 – 2023.04.28
Issue date of the first tranche:	2023.05.05
Use of proceeds:	Financing the working capital of the Issuer and the expansion of the Group's operations
Trustee of Bondholders:	Audifina, UAB
Events of default:	<ul style="list-style-type: none"> • Delay in payment of interest or redemption for more than 20 working days • The Issuer is subject to bankruptcy or liquidation proceedings • Breach of covenants and failure to remedy the breach within 20 business days
Early redemption (call option):	The Issuer shall have the right, at its unilateral option, to redeem the Bonds two and one years prior to the scheduled redemption date by paying to the Investors the nominal value of the Bonds and accrued interest as well as an early redemption premium on the nominal value of the Bonds in the amount of 2% (two years prior to the date of the redemption) or 1% (one year prior to the scheduled redemption) respectively

Use of proceeds

The money raised from the bonds would go to finance the new working capital needs arising from the fleet expansion:

1. Financing entire cost of transport operations (fuel, roads, drivers' salaries, insurance, hotels and so on) until newly added trucks reach full revenue generation capacity.
2. Partial financing of advance payments for future trucks that are newly ordered for the coming year.



First tranche | key dates

Bond issue, coupon payment and redemption dates



Investment highlights

1

Activities concentrated in Western Europe

- All sales are generated in Western Europe
- Only about 5% of overall revenue come from the biggest client.

2

Moderate level of financial debt

- The creditors have implemented tight covenants for new debt for the company
- Sustainable indebtedness ratios at consolidated level:
 - Debt-to-equity ratio (D/E) - 3.52
 - Net Debt/EBITDA ratio - 3.7

3

Fast growing truck fleet

- The Group added around 600 new trucks in 2022
- By 2024, Integre Trans is planning to have more than 2 100 owned trucks in its fleet.

4

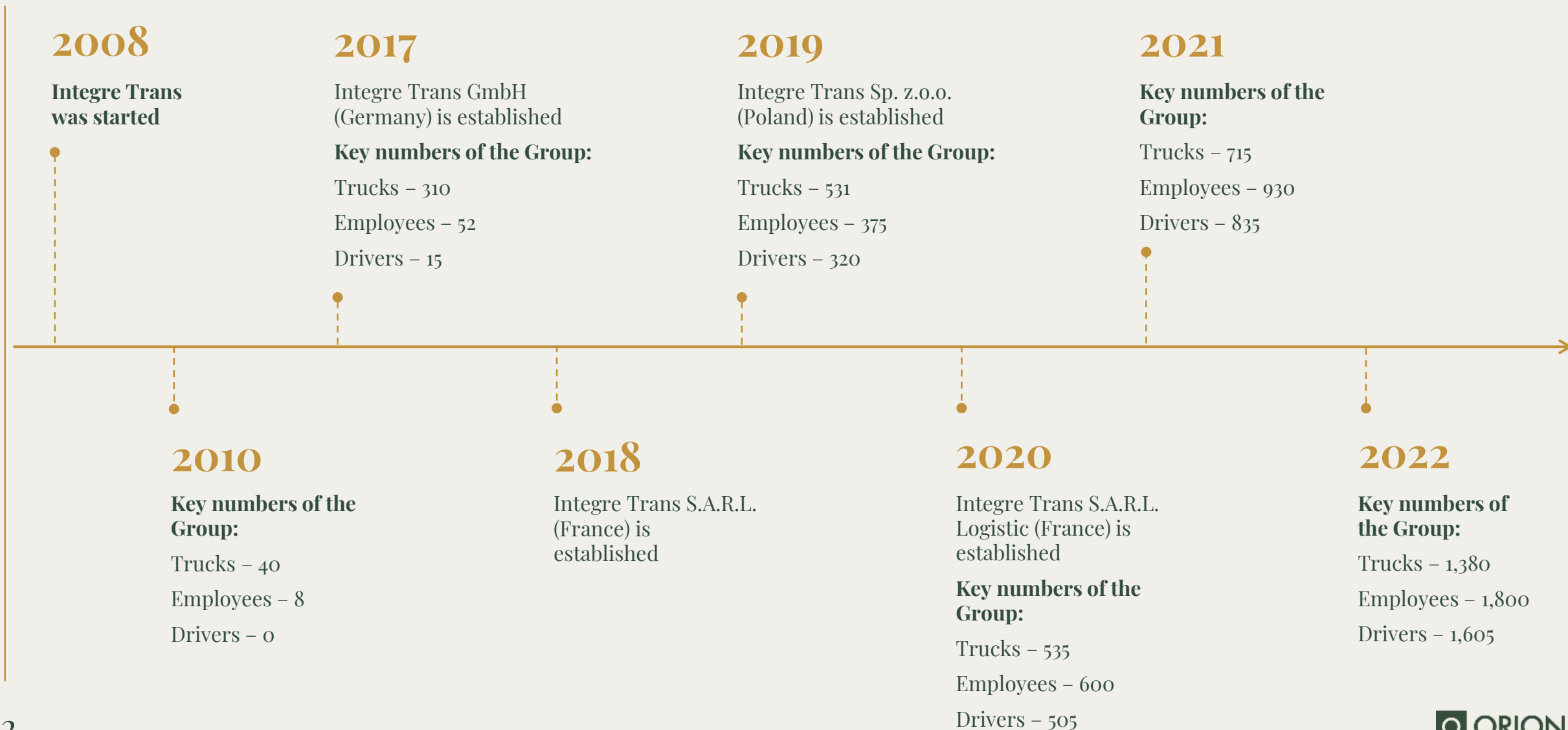
Steadily growing revenues and EBITDA

- The Group has demonstrated an improved revenue and EBITDA performance in 2022 compared to 2021:
 - Revenue grew by 59 %
 - EBITDA grew by 49 %



Company's overview

History



Services

The main logistics and transportation services provided by the **Integre Trans** group of companies



LTL and FTL shipments



Dangerous goods



Contract Logistics



Express delivery



GPP transportation



Logistics consulting



JIT and JIS transportation

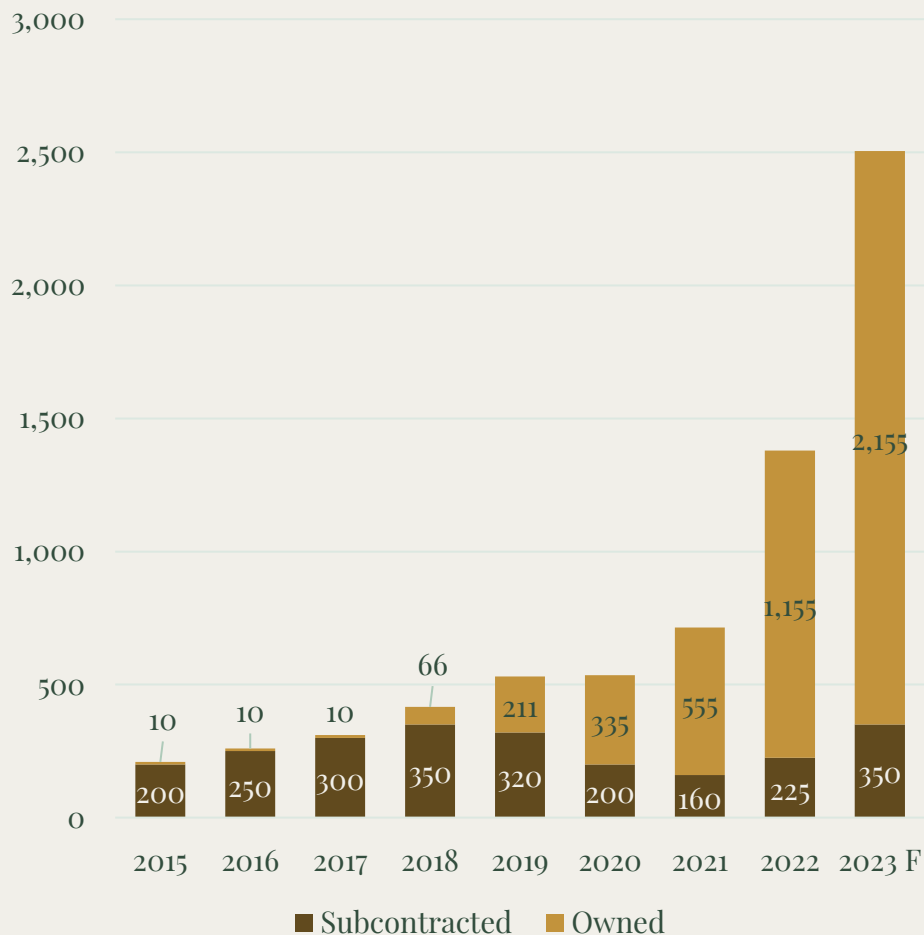


Reverse logistics



Fleet

Fleet dynamics and projection



Key numbers of 2022

~600

New trucks added to the fleet

~1,155

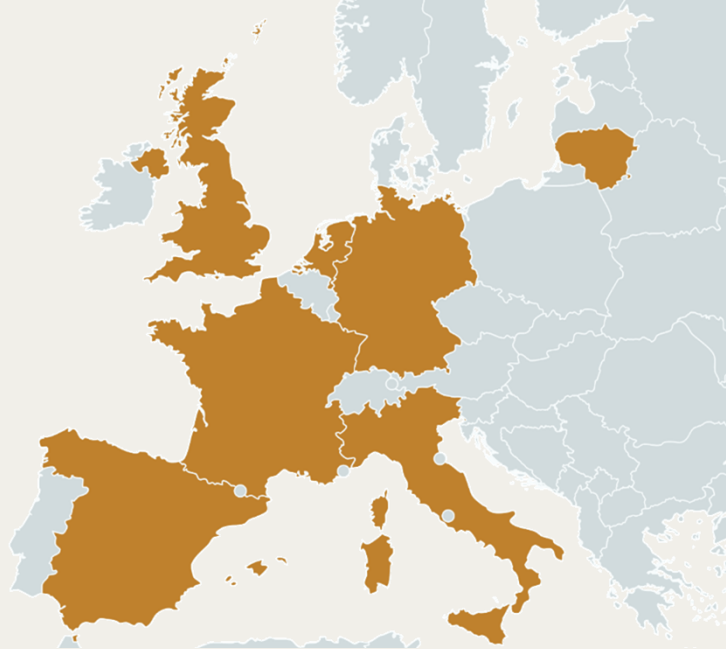
Total number of owned trucks

Comments

- It is a strategy of Integre Trans Group to continuously invest in acquisition of new trucks and semi-trailers. This allows to achieve two goals – grow the fleet and maintain its young age. Fleet growth is important as it has direct correlation with growth in sales and revenues.
- In 2022 Integre Trans Group has added about 600 new trucks to its fleet which constituted about 108% in fleet growth.
- In 2023 Integre Trans Group will continue to grow its own fleet to more than 2,000 trucks.
- To accommodate truck fleet expansion, there will also be acquisition of around 1000 semi-trailers that are needed to form a full set required to service clients.
- 200-400 trucks should continue to be managed under subcontracting relationships.

Clientele

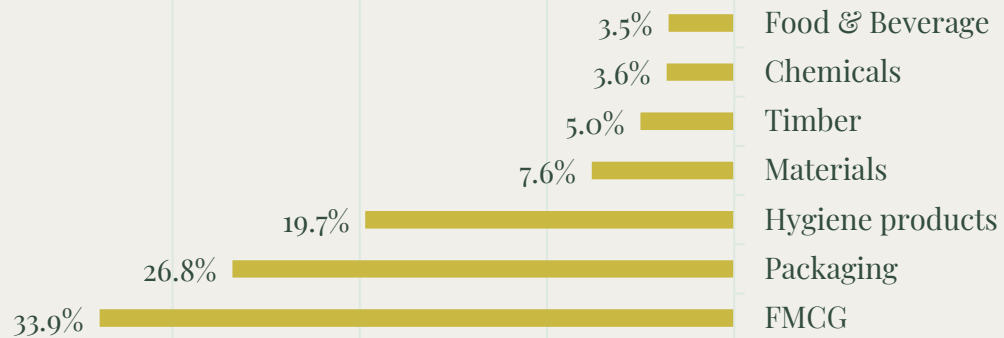
The largest customer accounts for only about 5% of total sales



Comments

- All sales are generated in Western Europe.
- Germany and France are the two main markets, accounting for around 70-75% of total sales
- Some industries that clients operate in are cyclical and some are counter-cyclical, which helps to regulate sales and order volumes at different economic times.
- The company has debtor insurance for its debtor portfolio - agreement with Coface.
 - In addition to reducing the solvency risks of customers, customer insurance allows factoring to be used as a working capital management/financing instrument.

Goods delivered (top 25 customers)*



Logistics services serve a wide range of industries

- | | |
|--|--|
| <input checked="" type="checkbox"/> Retail Goods | <input checked="" type="checkbox"/> Agriculture |
| <input checked="" type="checkbox"/> Healthcare & Pharmaceuticals | <input checked="" type="checkbox"/> Chemicals |
| <input checked="" type="checkbox"/> Information & Technology | <input checked="" type="checkbox"/> Automotive |
| <input checked="" type="checkbox"/> Paper & Packaging | <input checked="" type="checkbox"/> Steel & Industrial |
| <input checked="" type="checkbox"/> FMCG | <input checked="" type="checkbox"/> Manufacturing |

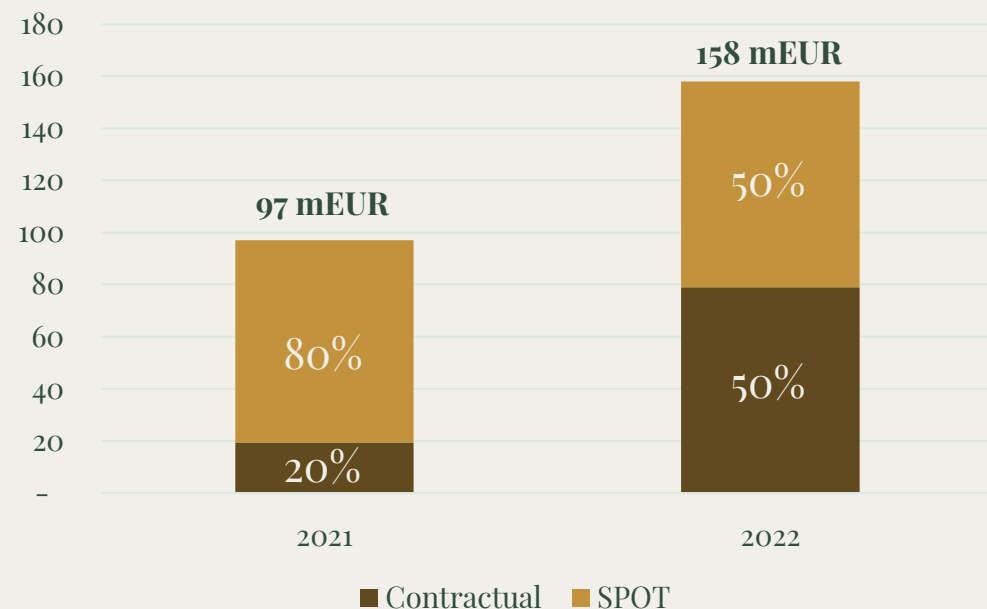
* Breakdown by transportation services revenue received

Business overview (1)

Company works with key revenue generating clients on two principles

Integre Trans organizes its revenue mix between contract and SPOT business according to economic trends and a certain logic.

Breakdown of transport services revenue by contract type



As the economic conditions improves, the Company expects to increase the share of contractual business as it provides more stable and recurring revenue stream



Business overview (2)

Contractual agreements

- Clients regularly issue tenders in which the Company participates as their trusted supplier
- A number of common criteria are agreed on the basis of the successful tender:
 - the price of the trip
 - minimum number of trips over a given period of time.
- In the case of contracts, the fuel price is also indexed, i.e. the price of a trip can vary according to a formula, which is usually recalculated once a month, according to the way the fuel price fluctuates.
- Contracts are usually for a period of 12-18 months.
- The share of contractual business in the Group grows every year



Business overview (3)

SPOT agreements

- Every day, the company's sales management communicates with the logistics management of strategic customers to negotiate business for the following days and weeks.
- When a customer has a need for a trip a few days from now, they call the company's sales manager, and discuss the price at which such a deal can be done.
- These arrangements allow Integre Trans to react quickly to e.g., a rising cost base, as has been the case throughout 2021.
- It should be stressed that when we talk about SPOT business, we are talking about sales with our existing, stable and strategic customers, with whom we know the principles of working, their solvency capacity, our knowledge, etc.





Impact of external events on business

EU regulatory changes

- EU regulatory changes had virtually no financial effect on the Company's financial performance.
- The Company have a plan in place and ready to go if they need to take concrete, serious action on the mobility package, i.e. they have a Polish company (**Integre Trans Sp. z.o.o.**), which was established a few years ago, and which is successfully growing, developing, expanding its fleet, its customer base and so on.
- Integre Trans, UAB have permissions from their current lessors to re-register their trucks with the Polish company if necessary.
- There are about 200 trucks and 300 drivers registered/employed on Integre Trans Sp. z.o.o. By the end of 2023, there should be about 500 trucks and 800 drivers registered/employed in this enterprise.
- There are all needed partnerships in place, that might be needed for Integre Trans Sp. z.o.o to further expand – grow its customers base and fleet truck. That includes strategic partnerships with recruitment companies to higher drivers in large numbers.



Russia – Ukraine war impact

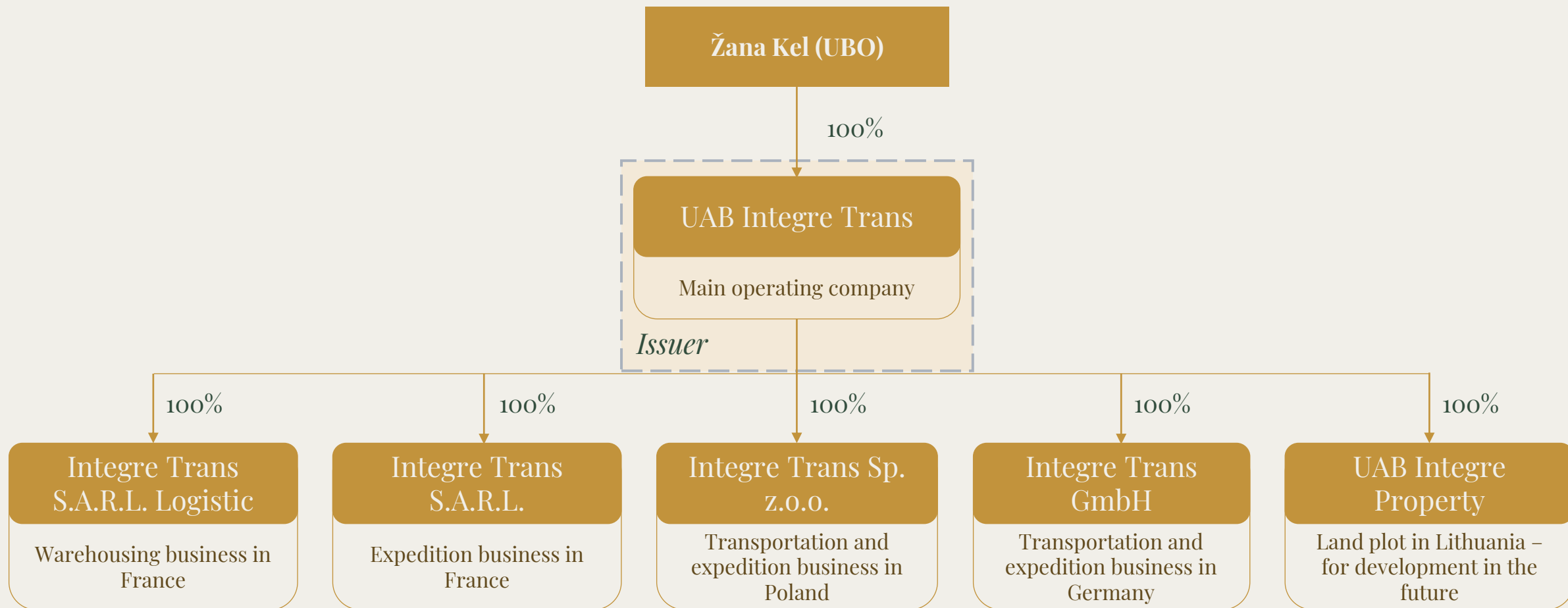
- The war in Ukraine did not have a negative impact on the Group in a direct way.
- The Group does not have and has not had any customers in Russia or Ukraine.
- The Group also does not have/had no routes to Russia and/or Ukraine. Therefore, a direct impact has been avoided.
- The indirect influence is that one can discuss that it is because of the war that we now have rising interest rates, the European energy price crisis, inflation, etc.





Company's structure

Integre Trans Group structure



Key management



Žana Kel
Sole Shareholder,
CEO

Experience

- Žana founded Integre Trans in 2008 and has been heading the company since day one, accumulating 15 years of experience in the transportation industry. Prior to founding Integre Trans, she was heading her own accounting and financial services company Integre.
- Žana holds management and accounting degrees from ISM University of Management and Economics, Vilnius University, and Vilnius University of Applied Sciences



Eigintas Vedrickas
CFO

Experience

- Eigintas has 15 years of experience in finance industry and has been heading Integre Trans finances since 2019. Prior to joining Integre Trans, he was Head of SME Vilnius region at SEB.
- Eigintas holds Bachelor's and Master's degrees in Accounting and Finance from Marquette University (USA)



Sergej Blinov
COO

Experience

- Sergej has been working with Integre Trans for more than 13 years. He was Head of Commercial Department from 2010 to 2021. Since 2021, he is the COO of Integre Trans.
- Sergej holds a Bachelor's degree in Business Administration and Management from Vilnius University



Laurynas Burauskas
Head of Business Development

Experience

- Laurynas has held various business development and transport management roles in Integre Trans for the last 14 years. Since 2020, he is Head of Business Development department at the company.
- Laurynas holds a Bachelor's degree in Law from Mykolas Romeris University



Consolidated financials

Consolidated financial data

Income statement

Euros	2020	2021	2022
Revenue	75,170,134	103,955,191	165,285,019
<i>Growth</i>		38.3%	59.0%
COGS	-66,451,627	-88,113,989	-139,665,549
Change in fair value of biological assets	0	0	0
GROSS PROFIT (LOSS)	8,718,506	15,841,202	25,619,471
<i>GP Margin</i>	11.6%	15.2%	15.5%
Cost of sales	-3,138,834	-4,441,059	-8,103,963
General and administrative expenses	-2,939,813	-4,394,200	-6,526,095
Other operating results	324,751	388,049	538,636
Income from investments in shares of parent, subsidiaries and associates	0	0	
Income from other long-term investments and loans	0	0	
Other interest and similar income	34,223	93,375	33,918
Impairment of financial assets and short-term investments	0	0	
Interest and other similar charges	-1,202,328	-1,483,348	-2,276,075
PROFIT (LOSS) BEFORE TAX	1,796,504	6,004,020	9,285,891
Income tax	-108,862	-790,444	-1,506,150
NET PROFIT (LOSS)	1,687,642	5,213,576	7,779,741
<i>NP Margin</i>	2.2%	5.0%	4.7%
EBITDA	6,145,885	12,431,176	18,500,000
<i>EBITDA margin</i>	8.2%	12%	11.2%

Comments

- The Group showed major growth in 2022
- The Group's margins showed a positive trend throughout the given period (2020-2022):
 - Gross profit margin grew from 11.6% to 15.5%
 - Net profit margin increased from 2.2% to 4.7%
 - EBITDA margin increased from 8.2% to 11.2%
 - Such trend could be explained by a fast growth of the Group's owned truck fleet compared to trucks under subcontracting agreements

Consolidated financial data

Assets

Euros	2020	2021	2022
FIXED ASSETS	17,154,767	29,947,473	72,017,004
INTANGIBLE ASSETS	286,214	758,554	1,148,727
Goodwill	12,089	8,866	2,839
Software	269,086	628,776	1,130,124
Other intangible assets	5,039	120,912	15,764
Advances paid			
TANGIBLE ASSETS	15,676,013	28,159,962	70,406,697
Land	13,000	1,045,900	715,000
Buildings and structures			24,537
Vehicles	15,509,329	26,819,516	67,301,377
Other equipment, fittings and tools	153,685	252,061	474,537
Advances paid and construction/production work in progress for tangible assets		42,485	1,891,246
FINANCIAL ASSETS	3,854	0	0
OTHER FIXED ASSETS	1,188,686	1,028,957	461,580
Deferred income tax assets	207,729	325,539	325,539
Other assets	980,957	703,418	136,041

Comments

- Until the 1st January 2022 the Group applied a 4-year depreciation normative to its own fleet of trucks, hence the book value of all the trucks bought in 2018-2019 is much lower than the real value that these trucks could be worth when sold.

CURRENT ASSETS	11,504,904	21,009,119	33,824,950
STOCKS	1,129,200	2,468,422	5,546,648
Raw materials, supplies and consumables	491,956	923,578	2,415,781
Production and work in progress			636,605
Finished goods			
Goods for sale	85,490	8,831	84,122
Biological assets			
Tangible fixed assets held for sale			
Advances paid	551,754	1,536,013	2,410,140
AMOUNTS RECEIVABLE WITHIN ONE YEAR	9,478,820	15,174,743	26,710,638
Trade debtors	6,546,467	10,129,042	17,133,017
Debts of group companies			
Debts of associates			
Other receivables	2,932,354	5,045,701	9,577,621
SHORT-TERM INVESTMENTS	0	0	0
Shares in group companies			
Other investments			
CASH AND CASH EQUIVALENTS	896,884	3,365,954	1,567,664
DEFERRED CHARGES AND ACCRUED INCOME	3,699,173	6,207,855	8,477,612
TOTAL ASSETS	32,358,844	57,164,447	114,319,566

Consolidated financial data

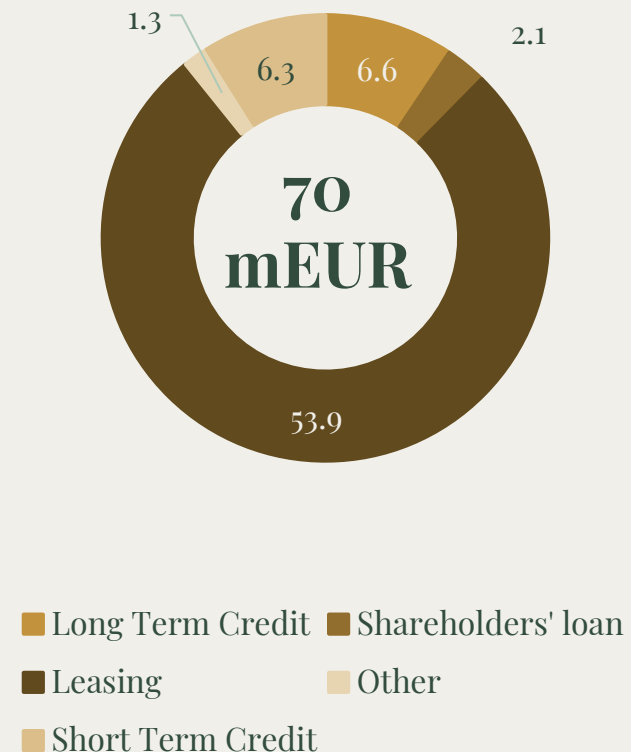
Equity and liabilities

Euros	2020	2021	2022
EQUITY	5,800,922	12,046,179	19,907,981
CAPITAL	1,000,018	2,034,990	2,034,990
Authorised (subscribed) or primary capital	1,000,018	2,034,990	2,034,990
Subscribed capital unpaid (-)			
Own shares (-)			
SHARE PREMIUM ACCOUNT			
REVALUATION RESERVE			
RESERVES	100,002	100,002	203,499
Compulsory reserve	100,002	100,002	203,499
Reserve for acquiring own shares			
Other reserves			
RETAINED EARNINGS (LOSSES)	4,699,931	9,913,506	17,676,285
Profit (loss) for the year under review	1,687,642	5,213,575	7,779,741
Profit/(loss) for previous years	3,012,289	4,699,931	9,896,544
ADJUSTMENTS DUE TO EXCHANGE RATE CHANGE	971	-2,319	-6,793
MINORITY INTEREST			
GRANTS, SUBSIDIES	26,245	15,747	586,770
PROVISIONS	2,119	0	0
Provisions for pensions and similar liabilities			
Provisions for taxes	2,119		
Other provisions			

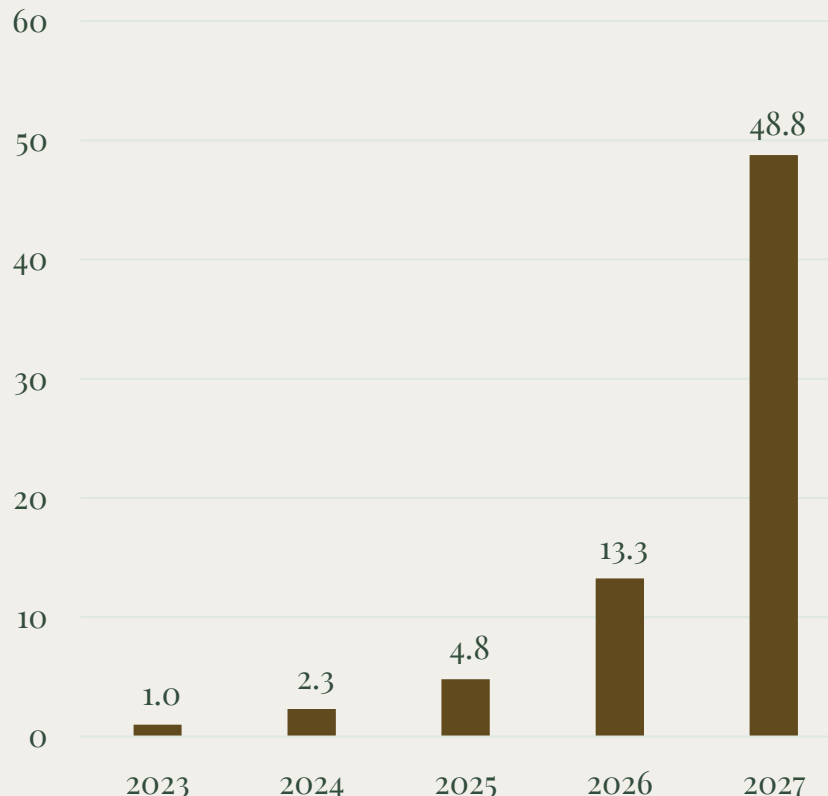
ACCOUNTS PAYABLE AND OTHER LIABILITIES	25,889,751	43,897,125	93,280,955
AMOUNTS PAYABLE AFTER ONE YEAR AND OTHER NON-CURRENT LIABILITIES	12,144,753	18,830,589	48,523,238
Debt liabilities	9,695,413	16,911,260	45,057,913
Debts to credit institutions	2,445,455	1,919,329	3,465,325
Advances received	3,885		
Amounts due to suppliers			
AMOUNTS PAYABLE WITHIN ONE YEAR AND OTHER CURRENT LIABILITIES	13,744,998	25,066,536	44,757,717
Debt liabilities	3,841,519	6,729,269	16,340,119
Debts to credit institutions	1,585,239	3,539,460	5,234,974
Advances received	77,069	41,745	227,607
Amounts due to suppliers	6,499,467	11,335,161	17,548,720
Income tax liabilities	8,943	559,440	959,084
Employment-related liabilities	1,282,152	1,848,094	3,053,801
Other payables and current liabilities	450,609	1,013,367	1,393,412
ACCRUED EXPENSES AND DEFERRED INCOME	639,807	1,205,396	543,860
TOTAL EQUITY AND TOTAL LIABILITIES	32,358,844	57,164,447	114,319,566

Consolidated financial debt structure

Interest bearing liabilities, mEUR



Debt maturing profile, mEUR



Comments

- Leasing comprises the majority of all financial liabilities. These liabilities have no security pledged other than the underlying assets that are financed.
- Besides leasing exposure, long term credit is the main source of financing for Integre Trans (9.4% of the total)
- Leasing payments are mostly arranged in a 5 years-down to 0 schedule
- 2.1 mEUR shareholders loan, subordinated to all the creditors (interest is accrued)
- Most of the liabilities mature in 2026 and 2027



Bond issue details

Terms of the bond issue

Issuer:	UAB Integre Trans
Currency:	EUR
Issue type:	Unsecured Bond issue
Form of issue:	Public placement of ordinary registered bonds in the Republic of Lithuania
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Coupon payments:	Semi-annual
Maturity:	2026.05.05
Amortization:	Repaid in full at maturity date at 100% par value, plus accrued interest for the last period
Nominal value of one bond:	EUR 1,000
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Admission to trading:	To be listed on the alternative First North market within 6 months at latest following the issue of the first tranche
Source of repayment:	1) Operating cash flows 2) Refinancing by a bank loan

Covenants:	<ul style="list-style-type: none"> • Corporate status; • Change of control; • Dividends; • Reporting obligations; • Issuer's Company level Net Debt/EBITDA ratio < 4; • Issuer's Company level Capital ratio > 15%
Subscription period of the first tranche:	2023.04.12 - 2023.04.28
Issue date of the first tranche:	2023.05.05
Use of proceeds:	Financing the working capital of the Issuer and the expansion of the Group's operations
Trustee of Bondholders:	Audifina, UAB
Events of default:	<ul style="list-style-type: none"> • Delay in payment of interest or redemption for more than 20 working days • The Issuer is subject to bankruptcy or liquidation proceedings • Breach of covenants and failure to remedy the breach within 20 business days
Early redemption (call option):	The Issuer shall have the right, at its unilateral option, to redeem the Bonds two and one years prior to the scheduled redemption date by paying to the Investors the nominal value of the Bonds and accrued interest as well as an early redemption premium on the nominal value of the Bonds in the amount of 2% (two years prior to the date of the redemption) or 1% (one year prior to the scheduled redemption) respectively

Risk factors 1/3

General provisions

Investing in bonds of Integre Trans, UAB (the "Company") involves inherent risks. Prospective investors should consider, inter alia, the following risk factors before making an investment decision. The risks described below are not the only risks associated with the Company. Additional risks of which the Company is currently unaware or which the Company currently deems to be insignificant may also be detrimental to the Company's business. The information contained herein is given as of the date hereof and is subject to change, addition or editing without notice.

1. Financial risks

1.1 Economic environment (both domestic and international) and insolvency risk

The Issuer's activities and results depend on the economic processes in Western Europe and internationally. Even if currently, there is no material economic downturn both in Europe and internationally, in the event of its occurrence, the demand for the Issuer's services may decrease, the risk of insolvency of the Issuer's contractors may increase, which may have a negative impact on the implementation and results of the Issuer's business strategy. These factors individually, or in combination might influence the Company's financial standing and results, might cause the insolvency of the Issuer.

1.2 Liquidity risk

Liquidity risk is the risk that the Issuer is unable to maintain a sufficient reserve of cash and other liquid financial assets that can be used to meet its payment obligations as they fall due and to redeem the Bonds. The availability of liquidity for business activities and the ability to access long-term financing are necessary to enable the Issuer to meet its payment obligations in cash, whether scheduled or unscheduled. The Sole Shareholder is ensuring the needed capital availability to the Issuer. Although the Issuer monitors its liquidity position and follows procedures to manage liquidity risk, a reduction in the Issuer's liquidity position could have a material adverse effect on the Issuer's business, financial condition, results of operations or prospects, as well as ability to redeem the Bonds at their maturity.

1.3 Interest rate risk

The operations of the Group are inherently exposed to interest rate risk. Considerable increases in interest rates (including EURIBOR) at which funding is available to the Group may negatively impact the profitability of the Group. Interest rates are affected by numerous factors beyond the control of the Group Companies, which may not be estimated adequately. Such factors include the changes in the overall economic environment, level of inflation, monetary policies of the central banks, etc. Further, the ongoing war in Ukraine may also further increase the inflationary pressure and market volatility and therefore also contribute to rising interest rate levels. Therefore, interest rate risk may have a material adverse effect on the Group's business, financial condition, and results of operations.

1.4 Inflation

Lithuania and other European economies have faced an excessive inflation in year 2022. Though expected to subside in the upcoming years, in 2023 inflation still could be significantly higher than historic average levels. Relevant expenses of the Group, e. g., investment to equipment and workforce, are closely related to the general price level. Though historically the Group has successfully managed inflation related risks, growing inflation in the future may prevent the Group from changing the prices of its services respectively to preserve the existing profit margin or may lead to higher losses. Thus, the Group's expenditures would increase considerably due to inflation and the Issuer would have to cover its increased costs from internal resources, unless the Issuer manages to increase its prices. Thus, strong inflation may have a considerable adverse influence on the Issuer's financial situation and business results.

2. Business activities and industry risks

2.1 Competition risks

The Group operates in highly competitive markets. The highly competitive business environment of the transportation, logistics, shipments and other sectors where the Issuer operates may have adverse effect on the results of operations and profitability of the Issuer and the Group.

The Issuer's improper reaction to the actions of competitors or changes in the environment could decrease demand for the Issuer's (Group Companies') services and may impact profitability of the Issuer (Group) and result in worse financial performance of the Issuer (Group).

2.2 Success of investment projects

The Company has implemented and may implement in the future investment projects of a large scope, including those related to expansion of the Issuer's (Group's) services and/or entrance into new markets. Although the employees invoke all available information and analytical resources when planning investments, there is no guarantee, that all information on which the investments planned were based was true and exhaustive. Furthermore, there is no guarantee that the investment plans and the investments made will generate anticipated or planned return on investment; there is no guarantee that investment will not cost more than it was anticipated.

Failure of anticipated investment projects, where return on investment from these projects is lower than it was expected or prices of such investments are higher than it was planned, may have a significant adverse effect on the Company's and Group's activities, financial situation and business results.

2.3 Credit risk insurance related risk

As the Group uses one of the largest debtor insurance providers in the world, decision of such provider to establish lower insurance limits would reduce the ability of the Group Companies to use factoring services, which means the reduction of working capital within the Group.

Risk factors 2/3

2.4 Counterparty risk

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

2.5 Industry regulatory risks

The Group operates in road freight transportation industry which in recent years has seen a changing regulatory environment. In 2022 EU has implemented a main EU Mobility Package I which introduced legislation that aims to create consistent and easily enforceable standards supporting driver safety, fair competition, sustainable business practices and other improvements to the transport industry throughout the EU. The Group's operations are adjusted to the new regulations and the Group is fully complying to the EU Mobility Package I. However, there is a possibility that new regulations governing business operations of the Group will be introduced in the future, which could have a possible negative effect to the business and financial position of the Group.

3. Governance risks

3.1 Management and human resources risk

The Issuer's results largely depend on the Issuer's employees, including the Key Executives, and their decisions, and on the competence and experience of the team members.

The Issuer success and its ability to manage growth initiatives depend on qualified Key Executives and other employees having special expertise in the Issuer's and Group's operations, development, financing, operation and maintenance of investment and/or other projects. Given their expertise in the industry, their knowledge of the Issuer's and Group's business processes and their relationships with the business partners, the loss of one or more of these individuals could have a material adverse effect on the Issuer's (Group's) business, financial condition, results of operations or prospects.

Additionally, from time to time, the Key executives and/or other employees with technical or industry expertise may leave the Issuer. The Issuer's failure to promptly appoint qualified and effective successors for such individuals or inability to effectively manage temporary gaps in expertise or other disruption created by such departures, could have a material adverse effect on the Issuer's business, financial condition, results of operations or prospects.

3.2 Employee shortage risk

Road transportation business heavily relies on workforce availability. Specifically, as the Company and the Group grow, there is a significant need to higher large numbers of drivers and office staff. There is a very material shortage of drivers across the EU. To ensure enough drivers needed for planned growth, the Group will have to devote major financial and human capital resources towards it. However, there is a risk that even with all necessary resources devoted by the Group the Group will not be able to attract additional workforce and/or maintain the existing, therefore it is possible that there will be an insufficient number of drivers, thus slowing down the pace of growth of the Group.

4. General Bonds' risks

4.1 Inflation risk

Inflation reduces the purchasing power of a Bond's future coupons and principal. Inflation may lead to higher interest rates which could negatively affect the Bond price in the secondary market. In addition to that, at the time of this Document high inflation is viewed globally as one of the main macroeconomic factors posing significant risk to global economic growth and consequentially to the value of both equity and debt securities.

4.2 Credit and default risk

Bondholders are subject to the risk of a partial or total failure of the Issuer to make interest and/or redemption payments that the Issuer is obliged to make under the Bonds.

The worse the creditworthiness of the Issuer, the higher the risk of loss. A materialization of the credit risk may result in partial or total failure of the Issuer to make interest and/or redemption payments.

The Issuer is not guaranteeing that no default under this Document will occur until the Final Maturity Date, therefore the Investors shall independently assess the Issuer's creditworthiness before investing into the Bonds.

4.3 Early redemption risk

According to the terms of the Offering established in this Document, the Bonds may be redeemed prematurely on the initiative of the Issuer. If the early redemption right is exercised by the Issuer, the rate of return from an investment into the Bonds may be lower than initially anticipated by the Investor. Moreover, there is no guarantee by the Issuer that Extraordinary Early Redemption Event will not occur, therefore in case of the occurrence of the Extraordinary Early Redemption Event the Bonds will have to be redeemed by the Issuer in accordance with the procedure established in this Document and the rate of return from an investment into the Bonds may be lower than initially anticipated by the Investor.

Risk factors 3/3

4.4 Refinancing risk

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

4.5 Unsecured Issue risk

The Issue is unsecured. Accordingly, any claims against the Issuer under the Bonds would be unsecured claims. The Issuer's ability to satisfy such claims will depend upon among other factors, its liquidity, overall financial strength and its ability to generate cash flows, which could be affected by, inter alia, the circumstances described in this Section II Risk Factors. Any such factors could affect the Issuer's ability to make payment of interest and principal under the Bonds.

5. Offering and Admission related risks

5.1 Liquidity, listing and inactive secondary market risk

The Bonds constitute a new issue of securities by the Issuer. There is no public market for the Bonds and other securities of the Issuer. The liquidity of the Bonds cannot be guaranteed even the Bonds would be admitted to trading on the First North. The Bondholders might bear a loss due to not being able to sell the Bond or having to sell them at an unfavourable price.

5.2 Not suitability of the Bonds to some Investors

The Bonds may be not suitable investment to some Investors. Each prospective Investor into the Bonds should assess suitability of the investment taking into account all relevant personal circumstances. Potential Investor should not invest into the Bonds unless the Investor has sufficient personal experience or with the advice of professional financial advisors, can evaluate the impact on the value of the Bonds upon changes in market and economic 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.



Appendices

Company level financial data

Income statement

Euros	2020	2021	2022
Revenue	73,048,860	99,317,711	156,851,612
<i>Growth</i>		<i>36.0%</i>	<i>57.9%</i>
COGS	-65,423,537	-85,903,899	-134,400,493
Change in fair value of biological assets	0	0	0
GROSS PROFIT (LOSS)	7,625,323	13,413,812	22,451,119
<i>GP Margin</i>	<i>10.4%</i>	<i>13.5%</i>	<i>14.3%</i>
Cost of sales	-2,528,331	-3,691,658	-6,334,610
General and administrative expenses	-2,231,023	-3,275,963	-5,440,624
Other operating results	315,899	374,082	1,418,246
Income from investments in shares of parent, subsidiaries and associates	0	0	0
Income from other long-term investments and loans	0	0	0
Other interest and similar income	38,704	55,515	62,141
Impairment of financial assets and short-term investments	0	0	
Interest and other similar charges	-1,154,015	-1,367,121	-2,220,569
PROFIT (LOSS) BEFORE TAX	2,066,557	5,508,667	9,935,703
Income tax	-190,043	-674,649	
NET PROFIT (LOSS)	1,876,514	4,834,018	9,935,703
<i>NP Margin</i>	<i>2.6%</i>	<i>4.9%</i>	<i>6.3%</i>
EBITDA	6,124,083	11,476,916	17,170,051
<i>EBITDA margin</i>	<i>8.4%</i>	<i>11.6%</i>	<i>10.9%</i>

Company level financial data

Assets

Euros	2020	2021	2022
FIXED ASSETS	15,611,835	28,937,939	59,096,335
INTANGIBLE ASSETS	269,086	732,139	1,134,583
Software	269,086	615,167	1,118,819
Other intangible assets		116,972	15,764
TANGIBLE ASSETS	14,265,624	25,864,363	55,917,819
Land	13,000	13,000	13,000
Buildings and structures			24,537
Vehicles	14,113,261	25,619,704	55,440,678
Other equipment, fittings and tools	139,363	231,659	439,604
FINANCIAL ASSETS	96,168	1,638,019	1,638,019
OTHER FIXED ASSETS	980,957	703,418	405,914
Deferred income tax assets			
Other assets	980,957	703,418	405,914

CURRENT ASSETS	10,994,107	18,726,690	30,244,639
STOCKS	926,921	2,341,814	5,213,364
Raw materials, supplies and consumables	479,317	900,971	2,215,296
Production and work in progress			
Finished goods			
Goods for sale	85,490	8,831	81,873
Biological assets			
Tangible fixed assets held for sale			
Advances paid	362,114	1,432,012	2,916,195
AMOUNTS RECEIVABLE WITHIN ONE YEAR	9,246,936	13,950,661	23,827,437
Trade debtors	6,304,547	9,049,504	14,209,766
Debts of group companies	217,765	240,918	692,930
Debts of associates			
Other receivables	2,724,624	4,660,239	8,924,741
SHORT-TERM INVESTMENTS	0	0	0
Shares in group companies			
Other investments			
CASH AND CASH EQUIVALENTS	820,250	2,434,215	1,203,838
DEFERRED CHARGES AND ACCRUED INCOME	3,458,630	5,461,691	9,375,669
TOTAL ASSETS	30,064,572	53,126,320	98,716,643

Company level financial data

Equity and liabilities

Euros	2020	2021	2022
EQUITY	5,993,040	11,862,030	21,797,733
CAPITAL	1,000,018	2,034,990	2,034,990
Authorised (subscribed) or primary capital	1,000,018	2,034,990	2,034,990
Subscribed capital unpaid (-)			
Own shares (-)			
SHARE PREMIUM ACCOUNT			
REVALUATION RESERVE			
RESERVES	100,002	100,002	203,499
Compulsory reserve	100,002	100,002	203,499
Reserve for acquiring own shares			
Other reserves			
RETAINED EARNINGS (LOSSES)	4,893,020	9,727,038	19,559,244
Profit (loss) for the year under review	1,876,514	4,834,018	9,935,703
Profit/(loss) for previous years	3,016,506	4,893,020	9,623,541
ADJUSTMENTS DUE TO EXCHANGE RATE CHANGE			
GRANTS, SUBSIDIES	26,245	15,747	
PROVISIONS	2,140	0	0
Provisions for pensions and similar liabilities			
Provisions for taxes	2,140		
Other provisions			

ACCOUNTS PAYABLE AND OTHER LIABILITIES	23,321,681	40,372,659	75,523,723
AMOUNTS PAYABLE AFTER ONE YEAR AND OTHER NON-CURRENT LIABILITIES	11,138,378	17,384,514	37,451,093
Debt liabilities	8,689,038	16,140,185	34,851,101
Debts to credit institutions	2,445,455	1,244,329	2,499,992
Advances received	3,885		
Amounts due to suppliers			100,000
AMOUNTS PAYABLE WITHIN ONE YEAR AND OTHER CURRENT LIABILITIES	12,183,303	22,988,145	38,072,630
Debt liabilities	3,399,322	6,453,221	12,939,769
Debts to credit institutions	1,585,239	3,539,460	3,639,974
Advances received	77,069	41,745	210,662
Amounts due to suppliers	5,686,881	10,270,949	17,434,070
Income tax liabilities	11,585	509,273	
Employment-related liabilities	1,225,898	1,725,422	2,859,103
Other payables and current liabilities	197,309	448,075	989,052
ACCRUED EXPENSES AND DEFERRED INCOME	721,466	875,884	1,395,187
TOTAL EQUITY AND TOTAL LIABILITIES	30,064,572	53,126,320	98,716,643

Sustainability

Integre Trans Group's strategy is guided by the ESG principles of environmental protection, social responsibility and good governance, ensuring equal opportunities for all employees without discrimination on the basis of race, religion, gender, sexual orientation or gender identity, age, disability or any other factor not directly related to the performance of work.



Group's approach to sustainability is also reflected in the integration of the United Nations Sustainable Development Goals (SDGs) into the Group's operations. They have integrated 11 of the 17 SDGs.

Certificates and assessments

Quality management system



Environmental management system



Supply chain security system



Occupational safety and health management system



Validation of quality, safety, security and environmental performance



Transport property protection certificate



Awards



EcoVadis Gold

In 2021, Integre Trans was awarded the gold medal of the international company EcoVadis.

This assessment indicates that Integre Trans is among the top 5% companies rated in four categories – environment, employee and human rights, ethics, sustainability.



Eco Performance Award 2021

This competition is the initiative of St. Gallen University of Switzerland, which has been running for 13 years, evaluating the sustainability of the participants, the use of innovative technologies, and the ability to successfully combine ecological, economic and social issues in the company's activities.

Illustrative examples of the bidding process (1)

Example of transaction amount to be blocked on the Retail Investor's cash account

Example 1. For illustrative purposes only, assuming the Retail Investor has placed the following Subscription Order:

Preferred Interest Rate (coupon) of the Bonds in a range of 10%-12% + 6 months EURIBOR	Investment amount (EUR) (per each offered Interest Rate)
10.00% + 6 months EURIBOR	80,000
11.00% + 6 months EURIBOR	100,000
12.00% + 6 months EURIBOR	120,000

The Investor selected to subscribe the Bonds on different preferred coupon rate levels, accordingly the amount of EUR 120 000 shall be the transaction amount and it will be blocked on the Retail Investor's cash account until the settlement is completed or funds are released in accordance with the terms set out in Return of funds to Retail Investors.

Illustrative examples of the bidding process (2)

Examples of allocation

Example 2. For illustrative purposes only, assuming the Retail Investor has placed the following Subscription Orders:

Preferred Interest Rate (coupon) of the Bonds in a range of 10%-12% + 6 months EURIBOR	Investment amount (EUR) (per each offered Interest Rate)
10.00% + 6 months EURIBOR	80,000
11.00% + 6 months EURIBOR	-
12.00% + 6 months EURIBOR	-

In case the final Interest Rate (coupon) has been set at 11.00% + 6 month EURIBOR, the Investor will be allocated Bonds for EUR 80,000 if there is no oversubscription and Issuer does not decrease the Issue Amount.

Example 3. For illustrative purposes only, assuming the Retail Investor has placed the following Subscription Order:

Preferred Interest Rate (coupon) of the Bonds in a range of 10%-12% + 6 months EURIBOR	Investment amount (EUR) (per each offered Interest Rate)
10.00% + 6 months EURIBOR	100,000
11.00% + 6 months EURIBOR	80,000
12.00% + 6 months EURIBOR	120,000

In case the final Interest Rate (coupon) has been set at 11.00% + 6 months EURIBOR, the Investor will be allocated Bonds for EUR 100,000 if there is no oversubscription and Issuer does not decrease the Issue Amount.

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