

AS CleanR Grupa bond issue

Opportunity to invest in 3-year bond issue of the leading Latvian environmental services Group with 6-7% + 3M EURIBOR coupon rate



About CleanR Grupa

- With its history dating back as far as to 1944, CleanR Grupa is the market leader in Latvia, mainly providing waste management and sorting services.
- CleanR Grupa has around 50 000 customers and its main segments are: waste management (household, industrial and commercial sector), building and maintenance of roads, cleaning territories and premises as well as property management.
- CleanR Grupa is owned by Guntars Kokorevičs, former CEO of Riga Stock Exchange and Dalkia Latvia (part of Veolia Group), who in 2014 acquired the business from Finnish waste management Group L&T. Guntars is Chairman of Council of the Group.
- Under Guntars Kokorevičs ownership CleanR Grupa has expanded its operations and scale through acquisitions and organic growth.

Business overview

- Since 2014 CleanR Grupa has acquired and integrated eight entities involved in the Group's key business segments, strengthening its position in the market and expanding its services.
- The Group is the largest and most experienced operator offering the widest range of waste management services in Latvia, with an estimated 28% market share. Waste management being the main Group's service (54% of revenue for 6M 2022), the Group also operates the largest household waste sorting center in the region. In 2020 the Group gained the right to provide waste management services for the next 7 years in 2 areas of Riga, covering 53% of Riga municipality, thus, Riga is the Group's largest market.
- In 2020 the Group established the construction waste sorting and processing center «Nomales», thus becoming one of the largest construction and bulky waste collection service providers, which is also the fastest growing segment of the Group. The Group's market share in Riga region is 44%.
- The Group also is one of the largest service providers offering innovative cleaning solutions (robotic technologies, nanotechnologies, spray wash equipment, etc.) in offices, shopping centres and production areas operating in more than 500 facilities with 750 employees. The Group is in top-3 largest cleaning services provider in Latvia.
- The Group's aim for the next five years is to expand the scale of the business and further strengthen its position in waste management and sorting as well as in other environmental services and plans to achieve this through acquisitions and capital investments.

Financial highlights

- After a growth phase from 2014 to 2018, since 2019 the Group's revenue has been relatively stable, experiencing some negative effect due to Covid-19. The Group's revenue during 6M 2022 showed a good growth and it is on the track to exceed the pre-Covid level.
- Despite the Covid effect on revenue, the Group's profitability improved thanks to cost cutting initiatives. In 2020 and 2021 EBITDA margin was around 20% (up from 14% in 2019), and while the margin has experienced some downwards pressure this year due to rising costs, it still remains above pre-Covid levels at a healthy 17% mark (as of 6M 2022). CleanR has the right to pass on historic inflation to its customers through annual tariff reviews, and, thus, has increased the prices of its services, starting from 1 July 2022.
- Over the years, the Group has gradually reduced the debt levels and has a conservative financing policy, maintaining a low leverage with Net Debt / EBITDA ratio of 0.1x as of 6M 2022. In 2020-2021 the Group's cash position exceeded the amount of financial borrowings.
- CleanR has a strong equity base with Equity ratio of 65% as of 6M 2022, as over the years most of the Group's earnings have been reinvested into the Group's development, demonstrating strong shareholder support.

Source: Financial reports and information provided by management

Financial highlights, EUR m

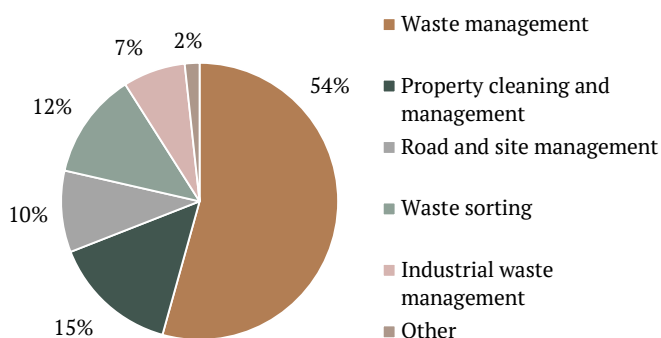
	FY 2019	FY 2020	FY 2021	6M 2022
Revenue	55.5	52.1	53.8	33.2
EBITDA¹	7.8	10.4	10.1	5.5
EBITDA Margin	14%	20%	19%	17%
Net profit	3.6	5.7	5.9	2.5
Total assets	49.1	50.7	57.0	60.4
Property, plant and equipment	20.7	20.0	21.8	23.4
Cash	3.2	8.9	7.5	4.6
Total equity	27.4	32.7	37.3	39.1
Net Debt	5.4	-1.8	-1.3	0.9
Equity ratio²	56%	64%	66%	65%
Net Debt / EBITDA³	0.7x	-0.2x	-0.1x	0.1x

¹ EBITDA for period

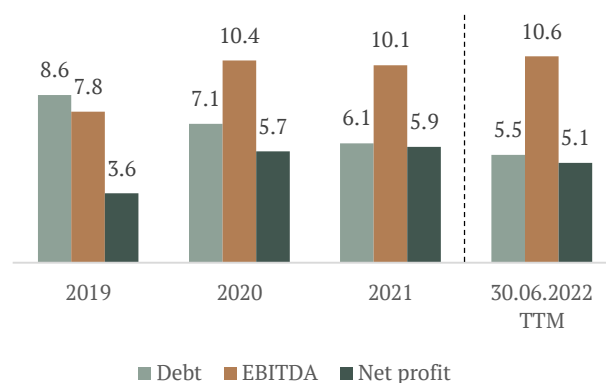
² Total equity / Assets

³ EBITDA for last twelve months

Revenue split for 6M 2022, EUR m



Group's Debt, EBITDA and Net profit, EUR m*



* EBITDA and Net profit for last twelve months

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Term Sheet

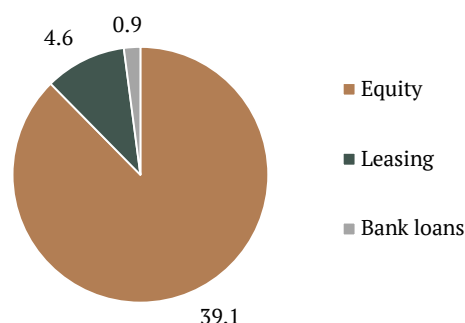
Issuer	AS CleanR Grupa
Security type	Secured bonds
Offer type	Private placement
Use of proceeds	Financing of investment program
Collateral	Commercial pledge on the shares of Material Subsidiaries
Issue size	Up to EUR 15 000 000
Coupon rate	6-7% + 3M EURIBOR
Coupon frequency	Quarterly
Maturity	3 years
Principal repayment	Maturity date, <i>bullet</i>
Call Option	@102% after 2 nd year, @100.5% 3 months before maturity
Put Option	Change of Control put option @101%
Nominal value	EUR 1 000
Minimum subscription	EUR 100 000
Listing	Nasdaq Baltic First North within 12 months after the Issue Date
Covenants¹	<ul style="list-style-type: none"> • ICR min 3x • Equity ratio min 30% • Net Debt / EBITDA max 3.5x
Arranger	Signet Bank AS
Legal Advisor/ Collateral Agent	ZAB Eversheds Sutherland Bitāns SIA

¹ Full list of covenants can be found in the Terms of the Issue.

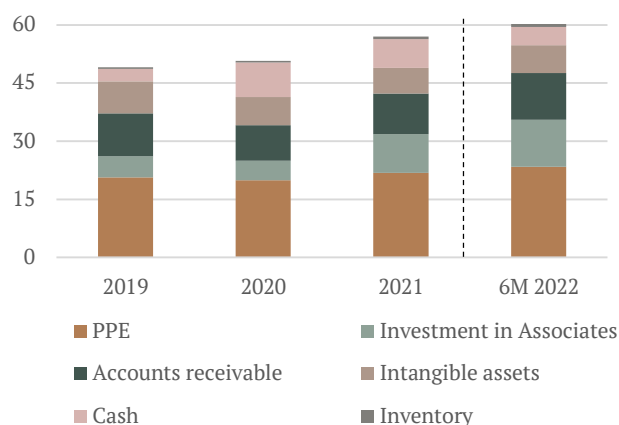
Funding profile and the bond issue

- The Group finances its growth mainly with own funds reflected in the Group's high Equity ratio of 65% as of end of 6M 2022.
- The Group's leverage is low with cash on hand exceeding its borrowings as of YE 2021.
- As of end of 6M 2022 the Group had borrowings in the amount of EUR 5.5m consisting of leasing liabilities (vehicles and machinery financing) in the amount of EUR 4.6m and EUR 0.9m of bank loans and overdrafts.
- Proceeds from the inaugural bond issue will be directed to finance the Group's planned investments and M&A transactions.
- The bonds will be secured with commercial pledge on the shares of Group's Material Subsidiaries.

Funding structure as of 6M 2022, EUR m



Group's assets, EUR m



Group's machinery



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Risk factors

When making an investment in bonds, investors undertake certain financial risks. The main risk factors that influence AS CleanR Grupa are risks arising from macroeconomic risk, the ongoing global pandemic risk, geopolitical risk, regulatory risk, environmental and hygiene regulations risk, taxation risk, risk that certain municipalities could decide to take over services, government approval obtaining or renewal risk, long-term contract risk, decreases in waste collection risk, risk of energy price fluctuations, technological developments risk, risks associated with any acquisitions of businesses, financial leverage risk, retention of key personnel risk, employee risk, operational risks, counterparty credit risk.

When investing funds in bonds, investors undertake the following risks related to debt securities: repayment risk, no limitation on issuing additional debt risk, liquidity risk, delisting risk, price risk, early redemption risk, tax risk, resolutions of investors risk, risk that some investors might have more preferential terms than others.

The risks indicated in this section may reduce AS CleanR Grupa ability to fulfil its obligations and cause its insolvency in the worst-case scenario. This section may not feature all the potential risks, which may affect AS CleanR Grupa.