

Timbro Group public bond offering

Opportunity to invest in the secured bonds of the leading full-service forestry Group in Latvia



About Timbro Group

- Founded in 2024 and headquartered in Cēsis, SIA Timbro Group (Group) is a full-service Latvian forestry group covering timber and energy wood trading, logging and timber logistics, forest and agricultural land trading, and forest property auctions. The Group employs 50+ people.
- The Group holds an estimated 15%+ share of the Latvian private timber market, delivering 16 700+ truckloads of timber in H1 2026.
- The Group is led by Co-CEOs Raimonds Cipe (founder, Growth & External; 9+ years in forestry) and Ringolds Grāpis (Performance & Internal; 18+ years in large multinational organizations, joined 2024).
- The Group's controlling shareholders comprise an affiliated investor group - SIA Curiosity Capital (40% A¹ / 77% B¹), SIA Merito Capital (14% A), and SIA BFIN and SIA EMK Ventures (8% A / 11% B each) - alongside the founding management team: Co-CEO Raimonds Cipe and co-founders Kristaps and Jānis Stūriška (9% A each), and Co-CEO Ringolds Grāpis (3% A).
- Since 2024, the Group has completed 3 acquisitions in 3 years, adding complementary businesses to its core forestry and timber trading operations: SIA E-Silva, an online auction platform for forest land and felling rights; SIA SELKO, a sawmill producing pallets and packaging boards; and SIA Kokvedēji, a timber trading and logistics entity.

Business Overview

- Timbro operates as a volume consolidator, buying from a network of 400+ timber suppliers, including third-party loggers and forest owners through roadside purchases and 6 collection points across Latvia, and selling to 250+ clients (sawmills, pulp mills, pellet producers, energy wood buyers) across the Baltics, Nordics and Central Europe.
- Timber trading is the core of the business, at ~86% of LTM revenue. Supplier value proposition rests on 24h payment terms, assortment optimization, and cross-border routing to the highest-price market.
- Logging is performed on owned forest land and on purchased logging rights, with a hybrid in-house and outsourced model (40+ service partners) that flexes capacity without full fleet ownership (In-house fleet: 3 harvesters / 5 forwarders / 7 trucks).
- The land trading segment acquires forest and agricultural properties, harvests timber during the hold period, and applies value enhancement (physical improvement, legal restructuring) before exit to institutional land aggregators. The Group's land portfolio as of June 2026 stood at 1 131 ha.
- Energy wood, briquettes and pellets are sourced from own forestry, third-party loggers and local processors, and sold to large energy buyers across the Baltics, Nordics and Central Europe.
- Supplier and customer diversification is among the top priorities of the Group, with the Top 10 suppliers accounting for 26% of purchases and the Top 10 clients for 36% of revenue. Fast payment terms, measurement act documentation and quality control position the Group as a preferred counterparty for sellers, while partner diversification and trade credit insurance limit counterparty risk.

Financial highlights

- LTM June 2026 revenue reached EUR 76.6m. Timber trading contributed ~86%, forest property sales ~8% and wood products ~5%, with external transportation services making up the balance.
- H1 2026 revenue of EUR 48.8m grew by 127.0% versus H1 2025 (EUR 21.5m), driven by higher trading volumes (+139% YoY).
- The gross margin has remained stable within a 4–5% corridor (LTM 4.3%; FY2025 5.0%), consistent with the trading model. Variance is driven by product mix.
- EBITDA for LTM June 2026 was EUR 5.8m, reflecting a 7.4% increase versus FY 2025.
- As a trading-driven business, the Group's asset base (EUR 25.7m as of 30 June 2026) is dominated by working capital that scales with trading volumes. Inventory of timber stock and forest properties (EUR 9.9m, 39% of assets) and trade-driven receivables (EUR 6.8m, 26%) lead, while non-current assets (EUR 7.2m) consist mainly of land, machinery and forest properties.
- Despite the high-leverage nature of the industry, the Group has maintained a solid financial position, with Net Debt / EBITDA of 2.8x and the Equity ratio of 23.1% as of June 30 2026, respectively.

Financial highlights

EUR million	FY 2024 (audited)	FY 2025 (audited)	6M 2025 (unaudited)	6M 2026 (unaudited)
Revenue	8.3	49.2	21.5	48.8
EBITDA	0.5	5.2	1.0	1.4
EBITDA Margin	6.4%	10.7%	4.7%	2.9%
Net profit	0.3	3.1	0.1	-0.1
Total Assets	13.9	26.2	20.3	25.7
Inventory	5.6	8.6	9.5	9.9
Trade receivables	2.8	10.3	4.0	6.8
Cash	0.8	0.4	0.4	1.8
Total Equity ¹	4.8	8.5	5.8	5.9
Net Debt	6.9	14.9	11.5	14.3
Equity ratio ²	34.8%	32.5%	29.3%	23.1%
Interest Coverage Ratio	3.1x	4.1x	2.3x	3.8x
Net Debt / EBITDA	15.6x	2.8x	7.0x	2.7x

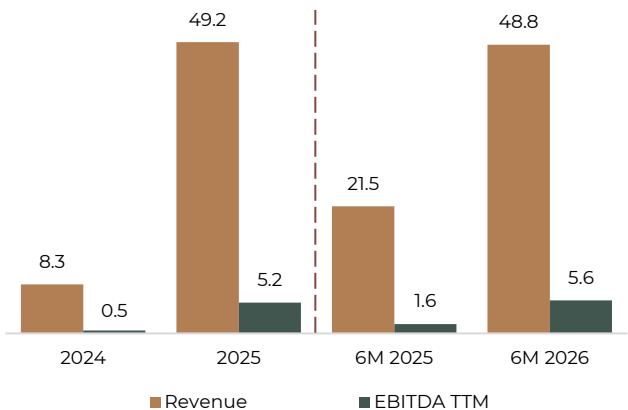
¹ Equity + Subordinated Debt

² Total Equity / Total Assets

Timbro Group in the forestry value chain



Financial development, EUR million



¹ Refers to A shares. Timbro Group A shares carry voting rights, B shares are non-voting and carry similar return profile to preferred shares
Source: Timbro Group financial reports and presentations

Term Sheet

Issuer	SIA Timbro Group (Latvia)
Security type	Secured bonds
Collateral	1st ranking commercial pledge on the assets of the Issuer
Offer type	Public offer in Latvia, Estonia and Lithuania
Issue size ¹	Up to EUR 8 000 000
Coupon rate	10.0%, fixed
Coupon frequency	Paid monthly
Nominal value / min. investment	EUR 1 000
Term / Maturity	3 years (22.10.2029)
Principal repayment	Maturity date, bullet
Exchange offer	Offer to LV0000850360 and LV0000112118 bondholders for exchanging their existing bonds (1:1 exchange ratio)
Call Option	@101% after 1Y @100% 6 months before maturity
Put Option	In case of Change of Control, Listing Failure or De-listing @101%
Covenants ²	- Equity Ratio ≥ 25% - Interest Coverage Ratio ≥ 1.8x +0.5pp coupon step-up if Net Debt / EBITDA ≥ 5.0x
Use of proceeds	- Refinancing of existing bonds - General corporate purposes
Listing	Listing on Nasdaq Riga First North Market within 12 months after the Issue Date
Arranger	Signet Bank AS
Legal Adviser	Sorainen ZAB SIA
Collateral Agent & Trustee	ZAB Eversheds Sutherland Bitāns SIA

¹ Can be increased to EUR 12 million if applicable regulatory threshold is lifted
² Full list of covenants and undertakings can be found in the Information Document

Group’s core harvesting machinery



Source: Financial reports and information provided by the management

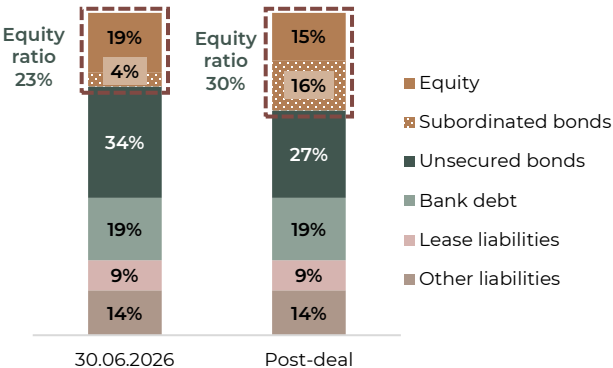
Key investment highlights

- 1. **Diversified supplier and customer network**, sourcing from 400+ timber suppliers and selling to 250+ clients, supported by 40+ service partners
- 2. **Significant market scale**, holding an estimated 15%+ share of the Latvian private timber market and delivering 16 700+ truckloads of timber in H1 2026
- 3. **Rapid growth on an integrated platform**, with timber sales up 139% year-on-year in H1 2026 across a vertically integrated forestry, trading and logistics model
- 4. **Experienced, full-service leadership team**, spanning forestry operations, timber and by-product trading, logistics and finance

Funding profile and the bond issue

- The funding is anchored by equity (19% of Group funding), subordinated bonds (4%) and unsecured bonds (34%) at Group level, with secured bank debt by Luminor (19%) in the form of term and working capital financing at operating company level. Additional equipment and vehicle lease financing (9%) is provided at subsidiary level by Luminor.
- As of the start of the subscription period, the Group has a total of EUR 5.5m in unsecured bond financing split between two bonds: EUR 1.5m (ISIN: LV0000850360) bonds maturing on November 2026 and EUR 3.9m (ISIN: LV0000112118) bonds maturing in August 2027. Both bonds carry a 12% coupon rate.
- During Q3 2026, the Group issued new subordinated bonds (ISIN: LV0000113256) in the amount of up to EUR 6.0m to support the capitalization of the company. As of the end of September 2026, the subordinated bonds on the Group’s balance sheet amount to c. EUR 4.0m.
- Last 3 years of profitable operations have contributed to a solid equity buffer, reflected by a robust equity ratio of 32.5% as of the end of 2025. The drop in equity ratio to 23.1% in H1 2026 reflects the dividends paid to minority shareholders of SIA Selko, with the ratio expected to recover back to a historical average of c. 30% post-issue, supported by subordinated bonds.
- The Group launches its first public bond issue of up to EUR 8m to refinance the residual amount of the outstanding unsecured bonds and to support further business development. This marks the fifth bond issue of the Group to date.
- The Bonds will be secured by a first-ranking commercial pledge (*komerckīla*) over the Issuer’s assets, principally comprising the Issuer’s receivables under intercompany loans through which the bond proceeds are on-lent to the Group’s operating entities.

Funding profile (30 June 2026 / Post-deal)



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Risk factors

When making an investment in bonds, investors undertake certain financial risks. The main risk factors that influence the Issuer are changes in macroeconomic and political conditions, geopolitical risk related to international conflicts and regional instability, Changes in laws, regulations and enforcement activities may adversely affect the Group's products and services and the markets in which it operates, Public health crises or future pandemics may adversely affect the Group's operations and financial performance, the local tax regime may change, Concentration of operations across forestry-related activities, the Group is exposed to timber price volatility risk, operational risks and reliance on third parties, Related-party and intercompany transactions may give rise to conflicts of interest, Volatility in financial performance and impairment risk may adversely affect the Group's results, land value and trading risk, sustainability and resource depletion risk, counterparty credit risk, Environmental and climate conditions could adversely affect the Group's business, AML and Sanctions compliance risk, technology and data utilization risks, financial leverage risk, Dependence on external funding may expose the Group to refinancing risk, limited access to capital or increased financing costs, The loss of one or more key personnel members of the Group could have an adverse effect on its business, Failure to attract qualified personnel may affect the profitability of the Group's operations, The Group is exposed to operational management team risks, The Group may become involved in disputes or litigations in the future, which could lead to adverse effects on the Group's business, financial condition, and operational results, The Group is exposed to reputation and certification risks, Inadequate insurance coverage may result in uninsured losses.

When investing funds in bonds, investors undertake the following risks related to debt securities: Cancellation of the Offering risk, Cashflow and debt servicing risk, Bonds repayment, ranking and security risk, Foreign exchange risk, Tax risk, Early redemption risk, Resolution of the Bondholders risk, Price risk, Secondary market liquidity risk, Delisting risk, Risk that Investors may not receive proportional allocation of the Bonds, Structural Subordination risk, Insolvency and restructuring risk under Latvian law, Limited enforcement rights, trustee risk.

Risks related to the Collateral: Risks associated with certain limitations relating to the validity and enforceability of the Collateral, Risks associated with Parallel Debt, Risks associated with the market value of the Collateral, Risks associated with the Collateral Agent Agreement, Risks associated with the limitations and procedures concerning enforcement of the Collateral, Risks related to amendments to Applicable Laws, Risks related to actions of the Collateral Agent.

The risks indicated in this section may reduce the Issuer's 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 the Issuer.