UAB "Integre Trans" GROUP

Independent Auditor‘s Report, consolidated
Financial Statements for the year
ended 31 December 2021

CONTENT

BDO auditas ir apskaita, Lithuanian UAB, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Integre Trans UAB

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Integre Trans UAB and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2021, and the consolidated profit and loss statement, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and (of) its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Business Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the requirements of the Law on Audit of Financial Statements of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters – Previous Auditors

Consolidated Financial statements of the Group for the year ended 31 December 2020 were audited by another auditor, who has issued an unqualified audit opinion on the 21st of July 2021.

Other Information

The other information comprises the information included in the Group's annual report, but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as specified below.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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INDEPENDENT AUDITOR'S REPORT (continued)

Other Information (continued)

In addition, our responsibility is to consider whether information included in the Group's annual report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements and whether annual report has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of consolidated financial statements, in our opinion, in all material respects:

- The information given in the Group's annual report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements; and
- The Group's annual report has been prepared in accordance with the requirements of the Law on Financial Reporting by Undertakings of the Republic of Lithuania.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Business Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We shall communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO auditas ir apskaita, UAB
Audit Company Certificate No.001496

Rūta Jokimaitienė
Certified auditor of the Republic of Lithuania
Auditor Certificate No. 000524

R. Jokim

Kaunas, the Republic of Lithuania
September 13, 2022

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UAB Integre Trans, company code 301888546

(the legal form, the name, the code of the parent entity)

Sporto str. 18, Vilnius, Data on a legal entity are collected and stored in the registration of legal entities of the Republic of Lithuania

(address, register where data about the entity is collected and kept)

(legal status, if the parent entity is in liquidation, reorganization or is bankrupt)

(Approved)

CONSOLIDATED BALANCE SHEET as at December 31, 2021

13/09/2022 No. 2022-01
(reporting date)

01/01/2021 - 31/12/2021
(reporting period)

EUR
(Reporting currency, specify degree of accuracy)

Article No.	Article	Notes No.	Reporting period	Previous reporting period
	ASSETS			
A.	**FIXED ASSETS**		**29 947 473**	**17 154 767**
1.	INTANGIBLE ASSETS	1	758 554	286 214
1.1.	Assets arising from development			
1.2.	Goodwill		8 866	12 089
1.3.	Software		628 776	269 086
1.4.	Concessions, patents, licences, trade marks and similar rights			
1.5.	Other intangible assets		120 912	5 039
1.6.	Advance payments			
2.	TANGIBLE ASSETS	2	28 159 962	15 676 013
2.1.	Land		1 045 900	13 000
2.2.	Buildings and structures			
2.3.	Machinery and plant			
2.4.	Vehicles		26 819 516	15 509 329
2.5.	Other equipment, fittings and tools		252 061	153 685
2.6.	Investment property			
2.6.1.	Land			
2.6.2.	Buildings			
2.7.	Advance payments and tangible assets under construction (production)		42 485	
3.	FINANCIAL ASSETS			3 854
3.1.	Shares in entities of the entities group			
3.2.	Loans to entities of the entities group			
3.3.	Amounts receivable from entities of the entities group			
3.4.	Shares in associated entities			
3.5.	Loans to associated entities			
3.6.	Amounts receivable from the associated entities			
3.7.	Long-term investments			
3.8.	Amounts receivable after one year			
3.9.	Other financial assets			3 854
4.	OTHER FIXED ASSETS		1 028 957	1 188 686
4.1.	Assets of the deferred tax on profit	17	325 539	207 729
4.2.	Biological assets			
4.3.	Other assets	3	703 418	980 957
B.	**CURRENT ASSETS**		**21 009 119**	**11 504 904**
1.	STOCKS	4	2 468 422	1 129 200
1.1.	Raw materials, materials ir consumables		923 578	491 956
1.2.	Production and work in progress			
1.3.	Finished goods			
1.4.	Goods for resale		8 831	85 490
1.5.	Biological assets			

1.6.	Fixed tangible assets held for sale			
1.7.	Advance payments		1 536 013	551 754
2.	AMOUNTS RECEIVABLE WITHIN ONE YEAR	5	15 174 743	9 478 820
2.1.	Trade debtors		10 129 042	6 546 467
2.2.	Amounts owed by entities of the entities group			
2.3.	Amounts owed by associates entities			
2.4.	Other debtors		5 045 701	2 932 354
3.	SHORT-TERM INVESTMENTS			
3.1.	Shares in entities of the entities group			
3.2.	Other investments			
4.	CASH AND CASH EQUIVALENTS	6	3 365 954	896 884
C.	**PREPAYMENTS AND ACCRUED INCOME**	7	**6 207 855**	**3 699 173**
	TOTAL ASSETS		**57 164 447**	**32 358 844**
	EQUITY AND LIABILITIES			
D.	**EQUITY**		**12 046 179**	**5 800 922**
1.	CAPITAL		2 034 990	1 000 018
1.1.	Authorised (subscribed) or primary capital	8	2 034 990	1 000 018
1.2.	Subscribed capital unpaid (–)			
1.3.	Own shares (–)			
2.	SHARE PREMIUM ACCOUNT			
3.	REVALUATION RESERVE			
4.	RESERVES		100 002	100 002
4.1.	Compulsory reserve		100 002	100 002
4.2.	Reserve for acquiring own shares			
4.3.	Other reserves			
5.	RETAINED PROFIT (LOSS)		9 913 506	4 699 931
5.1.	Profit (loss) for the reporting year		5 213 575	1 687 642
5.2.	Profit (loss) brought forward		4 699 931	3 012 289
6.	ADJUSTMENTS DUE TO EXCHANGE RATE CHANGE		**(2 319)**	**971**
7.	MINORITY INTEREST			
E.	**GRANTS, SUBSIDIES**		**15 747**	**26 245**
F.	**PROVISIONS**			**2 119**
1.	Provisions for pensions and similar obligations			
2.	Provisions for taxation			2 119
3.	Other provisions			
G.	**AMOUNTS PAYABLE AND OTHER LIABILITIES**		**43 897 125**	**25 889 751**
1.	AMOUNTS PAYABLE AFTER ONE YEAR AND OTHER LONG-TERM LIABILITIES	9	18 830 589	12 144 753
1.1.	Debenture loans		16 911 260	9 695 413
1.2.	Amounts owed to credit institutions		1 919 329	2 445 455
1.3.	Payments received on account			3 885
1.4.	Trade creditors			
1.5.	Amounts payable under the bills and checks			
1.6.	Amounts payable to the entities of the entities group			
1.7.	Amounts payable to the associated entities			
1.8.	Other amounts payable and long-term liabilities			
2.	AMOUNTS PAYABLE WITHIN ONE YEAR AND OTHER SHORT-TERM LIABILITIES	10	25 066 536	13 744 998
2.1.	Debenture loans		6 729 269	3 841 519
2.2.	Amounts owed to credit institutions		3 539 460	1 585 239
2.3.	Payments received on account		41 745	77 069
2.4.	Trade creditors		11 335 161	6 499 467
2.5.	Amounts payable under the bills and checks			
2.6.	Amounts payable to the entities of the entities group			
2.7.	Amounts payable to the associated entities			
2.8.	Liabilities of tax on profit		559 440	8 943
2.9.	Liabilities related to employment relations		1 848 094	1 282 152
2.10.	Other amounts payable and short-term liabilities		1 013 367	450 609
H.	**ACCRUALS AND DEFERRED INCOME**	11	**1 205 396**	**639 807**
	TOTAL EQUITY AND LIABILITIES		**57 164 447**	**32 358 844**

Director		Žana Kel
(title of the head of entity administration)	(signature)	(name, surname)
Chief Financial Officer		Eigintas Vedrickas
(title of the chief accountant (accountant) or of other person responsible for accounting)	(signature)	(name, surname)

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(Approved)

CONSOLIDATED PROFIT AND LOSS ACCOUNT as at December 31, 2021

13/09/2022 No. 2022-01
(reporting date)

01/01/2021 - 31/12/2021
(reporting period)

EUR
(Reporting currency, specify degree of

Article No.	Article	Notes No.	Reporting period	Previous reporting period
1.	Net turnover	12	103 955 191	75 170 134
2.	Cost of sales	13	(88 113 989)	(66 451 627)
3.	Fair value adjustments of the biological assets			
4.	**GROSS PROFIT (LOSS)**		**15 841 202**	**8 718 506**
5.	Selling expenses	14	(4 441 059)	(3 138 834)
6.	General and administrative expenses	14	(4 394 200)	(2 939 813)
7.	Other operating results	15	388 049	324 751
8.	Income from investments to the shares of parent, subsidiaries and associated entities			
9.	Income from other long-term investments and loans			
10.	Other interest and similar income	16	93 375	34 223
11.	The impairment of the financial assets and short-term investments			
12.	Interest and other similar expenses	16	(1 483 348)	(1 202 328)
13.	PROFIT (LOSS) BEFORE TAXATION		6 004 019	1 796 504
14.	Tax on profit	17	(790 444)	(108 862)
15.	**PROFIT (LOSS) BEFORE MINORITY INTEREST SEPARATION**		**5 213 575**	**1 687 642**
16.	MINORITY INTEREST			
17.	**NET PROFIT (LOSS)**		**5 213 575**	**1 687 642**

Director
(title of the head of entity administration)

(signature)

Žana Kel
(name, surname)

Chief Financial Officer
(title of the chief accountant (accountant) or of other person responsible for accounting)

(signature)

Eigintas Vedrickas
(name, surname)

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(Approved)

STATEMENT OF CONSOLIDATED CHANGES IN EQUITY as at December 31, 2021

13/09/2022 No. 2022-01

(reporting date)

01/01/2021 - 31/12/2021

(reporting period)

EUR

(Reporting currency, specify degree of accuracy)

	Paid up authorised capital	Share premium account	Own shares (-)	Revaluation reserve		Legal reserve		Other reserve	Retained profit (loss)	Adjustments due to exchange rate change	Minority interest	Total
				Fixed tangible assets	Financial assets	Compulsory reserve	Reserve for acquiring own shares					
1. Balance at the end of the reporting (yearly) period before previous	**1 000 018**							**100 002**	**3 012 289**	**187**		**4 112 496**
2. Result of changes in accounting policies												
3. Result of correcting material errors												
4. Recalculated balance at the end of the reporting (yearly) period before previous	**1 000 018**							**100 002**	**3 012 289**	**187**		**4 112 496**
5. Increase (decrease) in the value of fixed tangible assets												
6. Increase (decrease) in the value of effective hedging instruments												
7. Acquisition (sale) of own shares												
8. Profit (loss) not recognised in the profit (loss) account												

	Paid up authorised capital	Share premium account	Own shares (-)	Revaluation reserve		Legal reserve		Other reserve	Retained profit (loss)	Adjustments due to exchange rate change	Minority interest	Total
				Fixed tangible assets	Financial assets	Compulsory reserve	Reserve for acquiring own shares					
9. Net profit (loss) of the reporting period									1 687 642			**1 687 642**
10. Dividends												
11. Other payments												
12. Formed reserves												
13. Used reserves												
14. Increase (decrease) of authorised capital												
15. Contributions to cover losses												
16. Exchange rate change on										784		**784**
17. Increase (decrease) of minority interest												
18. Balance at the end of the previous reporting (yearly) period	**1 000 018**							**100 002**	**4 699 931**	**971**		**5 800 922**
19. Increase (decrease) in the value of fixed tangible assets												
20. Increase (decrease) in the value of effective hedging instruments	1 034 972											**1 034 972**
21. Acquisition (sale) of own shares												
22. Profit (loss) not recognised in the profit (loss) account												
23. Net profit (loss) of the reporting period									5 213 575			**5 213 575**
24. Dividends												
25. Other payments												
26. Formed reserves												
27. Used reserves												
28. Increase (decrease) of authorised capital												
29. Contributions to cover losses										(3 290)		**(3 290)**
30. Exchange rate change on												
31. Increase (decrease) of minority interest												
32. Balance at the end of the reporting period	**2 034 990**							**100 002**	**9 913 506**	**(2 319)**		**12 046 179**

Director
(title of the head of entity administration)
(signature)
Žana Kel
(name, surname)

Chief Financial Officer
(title of the chief accountant (accountant) or of other person responsible for accounting)
(signature)
Eigintas Vedrickas
(name, surname)

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CONSOLIDATED CASH FLOW STATEMENT as at December 31, 2021

13/09/2022 No. 2022-01

(reporting date)

01/01/2021 - 31/12/2021

(reporting period)

EUR

(Reporting currency, specify degree of accuracy)

Article No.	Article	Notes No.	Reporting period	Previous reporting period
1.	**Cash flows from operating activities**			
1.1.	Net profit (loss)		5 213 575	1 687 642
1.2.	Minority interest			
1.3.	Depreciation and amortisation expenses		4 943 808	3 147 053
1.4.	Elimination of results of disposals of fixed tangible and intangible assets		(27 627)	(156 655)
1.5.	Elimination of results of financing and investing activities		1 506 574	1 115 311
1.6.	Elimination of results of other non-cash transactions		(10 498)	
1.7.	Decrease (increase) in amounts receivable from entities of the entities group and the associated entities			
1.8.	Decrease (increase) in other amounts receivable after one year		277 539	1 696
1.9.	Decrease (increase) in assets of the deferred tax on profit		(117 810)	(106 452)
1.10.	Decrease (increase) in stocks, except advance payments		(354 963)	(187 960)
1.11.	Decrease (increase) in advance payments		(984 258)	(270 146)
1.12.	Decrease (increase) in trade debtors		(3 582 576)	(295 954)
1.13.	Decrease (increase) in amounts owed by entities of the entities group and associated entities			
1.14.	Decrease (increase) in other debtors		(2 113 347)	(305 628)
1.15.	Decrease (increase) in short-term investments			
1.16.	Decrease (increase) in prepayments and accrued income		(2 508 683)	(2 066 204)
1.17.	Increase (decrease) in provisions		(2 140)	
1.18.	Increase (decrease) in trade of long-term creditors and prepayments received on account		(3 885)	
1.19.	Increase (decrease) in amounts payable under the bills and checks after one year			
1.20.	Increase (decrease) in long-term amounts payable for entities of the entities group and associated entities			
1.21.	Increase (decrease) in trade with short-term creditors and prepayments received on account		4 800 371	(829 003)
1.22.	Increase (decrease) in amounts payable under the bills and checks within one year			
1.23.	Increase (decrease) in short-term amounts payable for entities of the entities group and associated entities			220
1.24.	Increase (decrease) in liabilities of tax on profit		550 497	5 385

Article No.	Article	Notes No.	Reporting period	Previous reporting period
1.25.	Increase (decrease) in liabilities related to employment relations		565 942	578 445
1.26.	Increase (decrease) in other amounts payable and liabilities		562 759	84 561
1.27.	Increase (decrease) in accruals and deferred income		565 589	(158 751)
	Net cash flows from operating activities		**9 280 867**	**2 243 561**
2.	**Cash flows from investing activities**			
2.1.	Acquisition of fixed assets (excluding investments)		(2 272 750)	(636 263)
2.2.	Disposal of fixed assets (excluding investments)		226 558	529 980
2.3.	Acquisition of long-term investments (excluding investments in subsidiaries)			
2.4.	Disposal of long-term investments (excluding investments in subsidiaries)			
2.5.	Acquisition of investments in subsidiaries			
2.6.	Disposal of investments in subsidiaries			
2.7.	Loans granted			
2.8.	Loans recovered			
2.9.	Dividends and interest received		36 419	35 879
2.10.	Other increases in cash flows from investing activities			
2.11.	Other decreases in cash flows from investing activities		5 926	(74 384)
	Net cash flows from investing activities		**(2 003 847)**	**(144 788)**
3.	**Cash flows from financing activities**			
3.1.	Cash flows related to entity's owners			
3.1.1.	Issue of shares			
3.1.2.	Owner's contributions to cover losses			
3.1.3.	Purchase of own shares			
3.1.4.	Dividends paid			
3.2.	Cash flows related to other financing sources		(4 804 676)	(1 581 373)
3.2.1.	Increase in financial debts		4 383 622	3 615 031
3.2.1.1.	Loans received		4 383 622	3 615 031
3.2.1.2.	Issue of bonds			
3.2.2.	Decrease in financial debts		(9 188 298)	(5 491 943)
3.2.2.1.	Loans returned		(2 955 526)	(1 394 271)
3.2.2.2.	Redemption of bonds			
3.2.2.3.	Interest paid		(1 542 993)	(1 196 195)
3.2.2.4.	Finance leases payments		(4 689 779)	(2 901 478)
3.2.3.	Increase in other liabilities of the entity			
3.2.4.	Decrease in other liabilities of the entity			
3.2.5.	Other increases in cash flows from financing activities			
3.2.6.	Other decreases in cash flows from financing activities			295 539
	Net cash flows from financing activities		**(4 804 676)**	**(1 581 373)**
4.	**Adjustments due to exchange rates on the balance of cash and cash equivalents**		**(3 274)**	**1 654**
5.	**Increase (decrease) of net's cash flows**		**2 469 070**	**519 054**
6.	**Cash and cash equivalents at the beginning of the period**		**896 884**	**377 830**
7.	**Cash and cash equivalents at the end of the period**		**3 365 954**	**896 884**

Director
(title of the head of entity administration)

(signature)

Žana Kel
(name, surname)

Chief Financial Officer
(title of the chief accountant (accountant) or of other person responsible for accounting)

(signature)

Eigintas Vedrickas
(name, surname)

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

Registration date
The parent of the group Integre Trans UAB (hereinafter – the Group) has been registered on 29 September 2008.
Financial year
The Group's financial year starts on 01 January and ends on 31 December.
Group activities
The main activity of the Group is the provision of forwarding and transport services.
Currency
The consolidated financial statements are presented in euros.
Shareholders
On 31 December 2021 the main parent of the Group is Integre Trans UAB. The main and only person controlling the Group is a natural person
Subsidiaries
On 31 December 2021 the Group consisted of the 100% owned subsidiaries listed below:

Title	Registration date	Registered office address	Main activity	Authorized capital	Integre Trans ownership
Integre Trans GmbH	28/04/2017	Einsteinstraße 59 89077 Ulm, Germany	Forwarding and transport services	25 000	100%
Sarl Integre Trans France	01/06/2018	10 Boulevard Georges Marie Guynemer 78210 Saint-Cyr-L'ecole, France	Forwarding and transport services	25 000	100%
Integre Trans Polska Spółka z ograniczoną odpowiedzialnością	13/06/2019	ul. Stawki 2A/1 00-193 Warsaw, Poland	Forwarding and transport services	1 200	100%
Integre Logistics Sarl	17/02/2020	10 boulevard Georges Marie Guynemer, 78210 Saint-Cyr-l'Ecole, Prancūzija	Warehousing services	25 000	100%
Vz property UAB	24/09/2021	Klevinės g. 34 - 4, Klevinė, Avižienai Eldership, Vilnius District Municipality	Real property activities	1 035 400	100%

The company has no associates or divisions on 31 December 2021.

Name	Equity 2021, EUR	Operating results 2021, EUR
Integre Trans GmbH	772 675	383 388
Sarl Integre Trans France	117 354	92 354
Integre Trans Polska Spółka z ograniczoną odpowiedzialnością	284 128	320 459
Integre Logistics Sarl	-697 863	-513 105
Vz property UAB	1 029 985	-5 415

Number of employees

Employees group	Average list number of employees	
	2021	**2020**
CEO	1	1
Middle management and specialists	124	88
Employees	862	509
Total	987	598

ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Normative acts in accordance with which the financial statements have been prepared

The Group maintains accounting and prepares the consolidated financial statements in accordance with these legal acts regulating financial statements:

- Business Accounting Standards;
- Law on Consolidated Financial Reporting of Lithuanian Companies;
- Law on Accounting of the Republic of Lithuania;
- Law on Financial Reporting of Lithuanian Companies;
- Law on Money of the Republic of Lithuania;
- The Law on Foreign Currency of the Republic of Lithuania in the Republic of Lithuania;
- The Law on Companies of the Republic of Lithuania;
- Labor Code of the Republic of Lithuania;
- Civil Code of the Republic of Lithuania;
- Resolution of the Standards Council of the Accounting Institute of the Republic of Lithuania "On Approval of the Sample Chart of Accounts";
- Resolution No. 179 of the Government of the Republic of Lithuania "On the Approval of the Rules for the Organization of the Cashier's Work and the Performance of Cashier's Operations";

Resolution No. 1283 of the Government of the Republic of Lithuania "On Approval of the Procedure for Installation and Use of Cash Registers";

- Resolution No. 370 of the Government of the Republic of Lithuania "On Approval of Inventory Rules";
- Order No. V-87 of the Lithuanian Archives Department under the Government of the Republic of Lithuania "On Approval of Rules for Preparation, Management and Accounting of Documents of Non-Governmental Organizations and Private Legal Entities".

The Group's uses a double entry in its accounting.

The Group maintains its accounting records and records using the currency of the Republic of Lithuania, the euro, and, if necessary, the euro and foreign currency.

Economic events and transactions, the existence and performance of which or the formalization of results are related to foreign currency in accordance with the procedure established by the legal acts of the Republic of Lithuania, are translated into EUR according to the foreign exchange rate set by the Bank of Lithuania valid on the day of the event.

The Group follows the following accounting principles in maintaining its accounting and compiling the set of the financial statements: entity, going concern, periodicity, consistency, monetary measure, accumulation, comparison, prudence, neutrality and substance over form.

Within the Group, the information is material if its omission or misstatement could influence the decisions of users of the consolidated financial statements. An item in the consolidated financial statements of the Group is considered significant when its amount is more than 0.5% sales revenue reported in the consolidated financial statements.

Intangible fixed assets

Intangible assets are non-monetary assets at the disposal of the Group, the use of which it expects to receive direct and / or indirect economic benefits from, and the value of which is not less than the minimum value of intangible assets set by the Group.

An intangible asset is recognized if the costs incurred meet the definition of an intangible asset and the following recognition criteria: it is reasonably probable that the future economic benefits associated with the asset will flow to the Group; the prime cost of acquisition (production) of an asset can be measured reliably and separated from the value of other assets; the group may dispose of the property, control it or restrict the right of others to use it.

One of the most important criteria for recognizing an intangible asset is its control. The Group controls an asset if it has the right to obtain future economic benefits from it and to prohibit others from using it. The right of the Group to control an intangible asset and its economic benefits may be established by law.

Examples of intangible assets include: trademarks; patents and licenses; copyright and related rights; development works; computer programs; prestige; permits for integrated pollution prevention and control.

Acquired intangible assets are initially recognized at acquisition cost. If an intangible asset is acquired from an external source, its acquisition cost can be measured reliably when settled in cash or another asset.

Intangible assets produced (created) are initially recognized at production cost.

Operating costs of intangible assets are expensed in the period in which they are incurred.

(all amounts are expressed in euros unless otherwise indicated)

In the balance sheet, intangible assets are stated at residual value.

Amortization of intangible assets is calculated based on the annual amortization rate determined by the Group, taking into account: the expected useful life of the asset; the ability to use these assets effectively if the Group is managed by another management team; information about the useful life of similar and similarly used assets; technical, technological and other aging; the stability of the business in which the assets are used, changes in the market demand for the products and services derived from the assets; likely or potential actions of competitors; the period of control of the property, legal and other factors that shorten the useful life; the dependence of the useful life of the asset on the useful life of other assets of the enterprise.

Intangible assets are amortized using the straight-line method.

The amortization period shall be reviewed at the end of each financial year. If the expected useful life of an asset differs materially from previous estimates, the amortization period shall be adjusted.

Intangible asset group	**Minimum acquisition (production) cost, from which the acquired intangible assets are classified as non-current assets, EUR**	**Depreciation calculation method**	**Normative (in years)**
Development works	*600*	*Straight-line*	*3*
Prestige	*600*	*Straight-line*	*5*
Patents, licenses	*600*	*Straight-line*	*3*
Software	*600*	*Straight-line*	*3*
Other intangible assets	*600*	*Straight-line*	*4*

Tangible fixed assets

Tangible fixed assets are tangible assets that:

- ✓ intended for the production of goods, the provision of services, rental or administrative purposes;
- ✓ intended to be used for more than one year;
- ✓ the acquisition (production) cost is not less than the minimum unit value set by the Group.

Tangible fixed assets are recognized and accounted for if they meet all of the following criteria:

- ✓ The Group intends to use it for more than one year;
- ✓ The Group has a reasonable expectation that the asset will generate economic benefits in future periods;
- ✓ The cost of an asset can be measured reliably;
- ✓ The acquisition cost of an asset is not less than the set minimum acquisition cost of a specific group of tangible fixed assets;
- ✓ All risks associated with tangible assets are transferred to the Group.

The following assets are considered to be property, plant and equipment in the Group: land, buildings and structures, vehicles, other equipment, devices, tools and installations, machinery and equipment, construction in progress, other tangible assets, investment assets (assets are used only to earn rental income).

The Group applies the acquisition cost method to all classes of tangible fixed assets.

Under the cost method, acquired or produced assets are recorded at acquisition cost and in the consolidated financial statements are carried at balance sheet value, which is calculated by deducting from the acquisition cost (including repair costs) any accumulated depreciation and impairment losses, if any.

The acquisition cost of a foreign currency asset is measured in the balance sheet at the exchange rate ruling at the date of the transaction.

Tangible asset group	**Minimum acquisition (production) cost from which the acquired tangible assets are classified as non-current assets, EUR**	**Depreciation calculation method**	**Normative (in years)**
Buildings and structures	*600*	*Straight-line*	*8-15*
Vehicles	*600*	*Straight-line*	*4-10*
Other equipment, tools and devices	*600*	*Straight-line*	*3-8*
Machinery and equipment	*600*	*Straight-line*	*5*
Other tangible assets	*600*	*Straight-line*	*4*

Depreciation of assets used under a lease agreement is calculated in the same way as for own assets.

When an item of property, plant and equipment is revalued or its value is adjusted due to repairs or renovations, depreciation is calculated from the newly determined value.

Depreciation of tangible fixed assets starts on the 1st of the next month after the assets are used in the Group's operations and is no longer calculated on the 1st of the following month asset write-off or transfer, or otherwise transfer all or some of the value assigned to the cost.

The estimated depreciation costs of tangible fixed assets are recorded in an accounting certificate.

Financial assets

In the Group financial asset comprise asset that consists of cash, cash equivalents, a contractual right to receive cash or another financial asset, or securities issued by another Group. Receivables include financial assets that arise from the sale of goods or other assets or the provision of services.

In the Group, financial assets are divided into non-current and current financial assets.

Non-current financial assets include financial assets that the Group plans to hold for more than one year:

- Long-term investments in associates and subsidiaries;
- Long-term loans to associates and subsidiaries;
- Receivables after one year;
- Other financial assets (other investments, financial bills received, long-term deposits, etc.)

Financial assets are recorded only when the Group receives or acquires the right to receive cash or another financial asset under an existing contract.

When recognizing a financial asset for the first time, the Group measures it at acquisition cost, i.e. the value of the consideration paid for it. The acquisition cost of financial assets includes direct transaction costs. The acquisition cost of a financial asset is determined by reference to the amount of cash paid or payable for the financial asset or the value of the other asset transferred.

If a financial asset is acquired in installments over a period of more than 12 months and the interest rate is not specified in the contract or differs significantly from the market interest rate, the acquisition cost is calculated by discounting the total amount payable to the present value using the market interest rate. The difference is recognized as interest expense over the reporting period.

The acquisition cost of a financial asset received in an exchange is determined by adding to the value of the exchange contract all the costs associated with the exchange of that asset. If the value of the asset is not specified in the exchange agreement, the acquired financial asset is measured and recorded at fair value.

The valuation of financial assets depends on the purpose for which the assets were acquired. For valuation purposes, financial assets in an enterprise are divided into three groups:

- Held for sale;
- Held to maturity;
- Loans and receivables.

In preparing the consolidated financial statements, held for sale financial assets are remeasured at fair value. Fair value measurement is used when the fair value of a financial asset can be measured reliably. Gains and losses arising from changes in the fair value of the financial assets are included in the consolidated income statement for the period.

Financial assets that are not measured at fair value and have a fixed maturity are measured at amortized prime cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial asset or, until the next revaluation date. The amortization of financial assets measured at amortized cost over the reporting period is recognized in the income statement as income from financing activities.

If the carrying amount of a non-current financial asset is greater than its recoverable amount (economic benefit), the financial asset shall be decreased. After the reduction of the carrying amount of financial assets, the recognized impairment loss is recorded in the account "Investment impairment expenses".

Investments in securities that are not quoted in an active market and whose fair value cannot be determined are measured in the consolidated financial statements at acquisition cost less impairment.

Shares acquired for the purpose of long-term investment and the Group has the right to exercise significant influence over the Group that issued the shares are recorded at acquisition cost and presented in the separate consolidated financial statements using the cost method. Under the acquisition cost method, the value of an investment is adjusted if there is evidence that the initial value of the investment is steadily declining. In this case, an impairment loss is recognized for the investment and recognized in the investment impairment account.

Dividends or other direct payments received under the cost method are recognized as income from financial and investing activities and recorded in the Dividend income account.

The Group writes off a financial asset when it loses the contractual right to control the financial asset.

Other fixed assets

Other non-current assets of the Group include deferred tax assets, amounts of prepayments under lease insurance or similar long-term contracts that will be recognized as an expense later than 12 months from the balance sheet date, and other non-current assets not shown under other non-current assets.

Inventories

Inventories are current assets of the Group that are used to earn income within one year or during one business cycle of the Group.

The Group distinguishes the following groups of current assets: raw materials and consumables, purchased goods for resale, tangible and intangible assets are not used in operations.

When inventories are recorded, they are valued in the accounts at acquisition (production) cost. The acquisition cost of inventories comprises:

- Purchase price, after deduction of discounts received during purchase;
- Purchase-related taxes and fees (excluding those that will be recovered later);
- Significant delivery costs;
- Costs of preparing inventories for use;
- Significant other costs directly attributable to the acquisition of the inventories.

Insignificant costs of transporting, storing and other costs directly attributable to the acquisition of inventories are recognized as an expense in the period in which they are incurred.

The acquisition cost of inventories acquired in foreign currency is calculated according to the official exchange rate of the national currency of the Republic of Lithuania valid on the day of purchase, regardless of the settlement date. The date of purchase is determined by the terms of the contract.

Inventory consumption accounting methods:

- The inventory method is applied in accounting for all groups of the Group's inventories.
- The method of periodically accounted for inventories is not applied in the Group.

The Group uses the FIFO method to calculate the cost of inventories sold.

Inventories are written down to net realizable value for each item of inventory. If the amount of the write-down of inventories to net realizable value is significant, the difference between the net realizable value and the cost of inventories is recognized as operating expenses in the period in which the write-down is made.

The Group's inventories received from third parties are recorded in the off-balance sheet accounts.

Fuel consumption and reimbursement rates for vehicles operated by the Group are determined on the basis of a certificate from the Group that sold them or on the basis of actual consumption. Different fuel consumption rates for vehicles are set during the winter season and the summer season, in the urban cycle and on the highway.

Actual fuel consumption is accounted for according to set rates and actual distance traveled, which is determined based on completed fuel consumption reports.

Receivables

Receivables include the right to receive cash or another financial asset from another entity. These are receivables from products sold to third parties, services or loans provided, prepayments for financial assets receivable and other debts to the Group recorded under the contract.

Receivables do not include prepayments for non-financial assets.

Foreign currency receivables are initially recognized in euros at the exchange rate applicable at the date of the transaction. Differences arising on the settlement of amounts recognized in foreign currency at the exchange rate other than the date of initial recognition or the last reporting date are recognized in profit or loss.

Receivables are revalued at least once every 12 months and always at the end of the financial year.

Receivables are written off only when the right to control the asset is lost. The right to control the asset is lost when all the benefits provided for in the contract are received, the rights expire or these rights are transferred to other companies.

Monetary assets

Cash and cash equivalents include all cash and cash equivalents held by the Group at the cash desk and at the bank. The latter include short-term liquid investments.

Foreign currency transactions are initially measured in euros at the exchange rate ruling at the date of the transaction.

In the Group's accounting, monetary assets are registered in the national currency - euros.

Monetary items in foreign currency in the balance sheet are translated into euros using the exchange rates prevailing at the balance sheet date.

Equity

The Group's equity includes:

- Paid-in share of the authorized capital;
- Revaluation reserves;
- Compulsory reserve;
- Other reserves;
- Retained earnings.

The amount of the authorized capital is equal to the sum of the nominal values of all shares subscribed in the Articles of Association of the parent company. If the shareholders make a decision to increase (decrease) the authorized capital, its increase (decrease) must be registered in the accounting when the amended articles of association are registered in accordance with the procedure established by law.

In accordance with the general Group's accounting policy, non-current assets are recorded in the accounting and accounted for in the consolidated financial statements at the acquisition value, therefore the revaluation reserve account is not used.

The compulsory reserve is made up of a distributable profit and is used only to cover the Group's losses. If the compulsory reserve is less than 1/10 of the authorized capital, deductions to this reserve are mandatory and may not be less than 1/20 of the net profit, until 1/10 of the Group's authorized capital is reached.

Other reserves are formed in accordance with the procedure established by the law and upon the decision of the shareholders. Reserves are increased and decreased in accordance with the Group's Articles of Association. When the shareholders decide to create or cancel reserves, an increase in the reserve is recorded in the accounts, reducing retained earnings by the same amount.

Consolidated retained earnings:

- Increased by recording the net profit for the reporting period;
- Increases (decreases) by recording the results of correction of material errors and changes in accounting policies;
- Increased when revalued assets are written off, transferred or transferred free of charge;
- The amount of the revaluation reserve, which is included in the depreciated part of the revalued assets, is increased;
- Increased following a decision to reduce or cancel previously established reserves;
- Reduced when owners decide to distribute profits.
- Reduced by recording losses for the reporting period.

Consolidated undistributed losses:

- Increased by recording losses for the reporting period;
- Increased (decreased) by recording the results of correction of material errors and changes in accounting policies;
- Increased by registering the part of the amount of expenses directly attributable to the issue of shares that exceeds the amount of the share premium item;
- Reduced by recording net profit for the reporting period;
- Reduced upon receipt of owners' contributions to cover losses;
- Reduced by the decision to cover losses in the number of reserves;
- The amount of the revaluation reserve, which is included in the depreciated part of the revalued assets, is reduced;
- Reduced when revalued assets are written off, transferred or transferred free of charge;
- Reduced by reducing the authorized capital.

Grants and subsidies

Two types of grants are recognized in the accounts:

- Grants (subsidies) related to assets include grants (subsidies) received in the form of fixed assets or for the acquisition of fixed assets, as well as grants (subsidies) for the purchase of current assets or short-term assets, if significant unused balance of grants (subsidies) remain at the end of the reporting period;

- Grants (subsidies) related to income, including grants (grants) intended to compensate for expenses of the current or previous period and income foregone, as well as all other grants (subsidies) not classified as grants related to assets (subsidies).

Grants are accounted for when they meet two recognition criteria:

- The Group complies with the conditions for granting a grant (subsidy);
- There is documented evidence that the grant (subsidy) will be received.

A grant that meets the recognition criteria is accounted for as a grant receivable. A grant (subsidy) or part of a grant that does not meet the recognition criteria is recorded only when it is actually received as a grant (subsidy).

Non-repayable loans are recognized as grants when the Group has reasonable assurance that all the terms of the loan will be met and will not be repaid.

The grant (subsidy) received or part of it is recognized as used in the periods in which the costs related to the grant (subsidy) are incurred.

A grant related to an asset is recognized as used to the extent that it is probable that an asset will be depreciated over the reporting period. Depreciation expense item in the income statement and balance sheet item "Grants, subsidies" are reduced.

The grant to compensate for the loss of income is recognized as used to the extent that the loss of income is accrued during the reporting period. The compensatory income in the income statement is increased and the balance sheet item "Grants, subsidies" is reduced.

A grant to offset costs incurred is recognized as used to the extent that costs are incurred during the reporting period. The item of compensable expenses in the income statement and the item "Grants, subsidies" in the balance sheet are reduced.

A grant that cannot be related to incurred or future expenses or income foregone is recognized as used in the period for which it was granted or received.

A grant received as an unconditional financial contribution or as compensation for expenses incurred or income foregone in prior periods is recognized as used immediately.

The balance sheet shows the unused part of the grant (subsidy).

Provisions

Some liabilities may be determined by calculation using certain estimates. Such liabilities are called provisions, liabilities for which the final amount or timing of settlement cannot be determined precisely, but can be measured reliably.

Provisions are recognized if they are the result of past events and they exist at the consolidated balance sheet date, i.e. if all three general recognition criteria are met.

- The Group has a legal obligation or an irrevocable promise resulting from past actions: contracts entered into, court decisions made, laws issued, publicly announced obligations of the Group;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the legal obligation or irrevocable commitment;
- The amount of the liability can be measured reliably - there is sufficient evidence to estimate the amount of the provision. The amount of the provision is determined on the basis of experience from similar activities, expert opinions, post-balance sheet events, etc.

Liabilities that do not qualify for recognition as liabilities or provisions are classified as contingent liabilities.

Liabilities are grouped according to their obligation to meet:

- Long-term liabilities - those liabilities that the Group will have to meet later than one year;
- Current liabilities are those liabilities that are expected to be settled within one business cycle or within twelve months.

Provisions are recognized if they are the result of past events and they exist at the balance sheet date. Provisions may be made in the Group:

- To pay probable fines;
- To fulfill warranty obligations;
- To compensate for nature damage;
- Remedy the environment after production has stopped;
- To reimburse the costs of performing existing loss-making contracts;
- Restructuring activities if there is sufficient evidence that they will be carried out.

The amount of the provision indicates the amount of the reliably estimated expense at the balance sheet date that would cover the legal obligation or irrevocable commitment. In the Group, the number of provisions is determined based on post-balance sheet events and expert opinions.

Provisions are reviewed and adjusted for new events and circumstances each time the consolidated financial statements are prepared. When it becomes apparent that the liabilities will not be required to be covered by assets, the provision is reversed by reducing the balance sheet item "Provisions" and the cost of provisions in the income statement.

In the Group, each provision is used only for the purposes for which it was made.

Liabilities

Obligations arising from past events that are expected to be settled and the amount of which can be objectively determined are considered to be liabilities of the Group.

Financial liabilities include contractual obligations to pay cash or settle other financial assets. Financial liabilities are recognized only when the Group commits to pay cash or another financial asset.

When a financial liability is recognized for the first time, it is measured at cost, i.e. the value of the assets or services received. Transaction costs are recognized as an expense in the income statement in the period in which they are incurred.

If the Group commits to pay cash or another financial asset over a period of more than twelve months, unless interest is specified in the contract or the interest rate differs materially from the market rate, the cost of the liability is calculated by discounting the full amount payable using the market rate. The undiscounted difference is recognized as interest expense or income over the period of the liability.

Financial liabilities denominated in foreign currencies are initially recognized in euros at the exchange rate ruling at the date of the transaction.

The value of financial liabilities in the accounting and the consolidated financial statements depends on their nature and the valuation method chosen.

The Group's financial liabilities (other than current ones that are not related to market price) are reassessed each time when the consolidated financial statements are prepared.

Liabilities payable in foreign currencies are translated into EUR in the consolidated financial statements.

The Group writes off a financial liability (or part of the liability) only when the liability is settled or expires.

The Group has a temporary remuneration system.

The content of the work performed by the employees of the Group, its characteristics, mandatory qualification requirements for the employees are established in the job descriptions of the employees.

Specific hourly rates, monthly salaries, various bonuses and allowances, other forms and conditions of remuneration, employment rates are set out in employment contracts.

An entity shall recognize the cost and liability of bonuses or other bonuses and premiums if it has a legal obligation or an irrevocable commitment to provide such remuneration to the employee and can measure the liability reliably.

Insurance premiums paid by the Group per employee under life, health or accident insurance contracts are recognized as an expense in the period in which they are incurred.

Revenue

The Group recognizes revenue on an accrual basis, i.e. in the accounting they are recorded when earned, regardless of the receipt of cash.

Only an increase in the Group's economic benefits is considered revenue. Amounts collected on behalf of third parties, as well as value added tax, are not recognized as revenue because they are not economic benefits to the enterprise and do not increase equity.

Revenue is measured at fair value.

The consolidated financial statements include net sales revenue.

The Group's typical operating income is the sale of goods and the provision of services.

The goods are considered sold when all these conditions are met:

- The seller Group has transferred the risks and rewards of ownership of the goods sold;
- The seller no longer owns or controls the goods sold;
- It is probable that the economic benefits associated with the sale of goods will flow to the Group and the amount can be measured reliably;
- The costs associated with a sale of goods can be measured reliably.

Revenue from the rendering of services is recognized in different ways depending on whether or not the outcome of the service can be measured reliably. The result can be accurately estimated when all these conditions are met:

- The amount of revenue can be measured reliably;
- The transaction is complete or its stage of completion can be measured reliably at the balance sheet date;
- The economic benefits associated with the service transaction are likely to be obtained;
- The costs associated with the service transaction and its termination can be measured reliably.

When services are provided for more than one reporting period, the degree of service provision at the end of the reporting period is determined in accordance with the provisions of IAS 25 in order to distribute the revenue in proportion to the service periods.

Other operating income of the Group is:

- Gains on disposal and liquidation of non-current assets;
- Other operating income.

The Group's financial and investment income includes:

- Penalties and default interest for missed customer arrears;
- Interest income;
- The positive effect of exchange rate differences on change;
- Other financial - investment income.

When selling goods, providing services to companies, institutions and organizations, the sale is formalized by an invoice / VAT invoice.

Revenue from fines and periodic penalty payments, if no other accounting document is drawn up, shall be formalized by drawing up an accounting certificate.

Revaluation income on receivables and payables denominated in foreign currencies is recognized by drawing up an accounting certificate.

Expenses

Expenses are recognized only to the extent of expenses incurred in prior and current periods that relate to revenue earned during the current period. Expenses that are not related to the earning of income in the current period, but are intended to earn income in future periods, are accounted for as assets.

Where expenses incurred during the reporting period cannot be directly related to the earning of specific income and those expenses will not generate income in future reporting periods, they are recognized as an expense in the Group for the same period as incurred.

When expenses are recognized in the accounts, they are recognized on an accrual and comparative basis in the reporting period in which the related revenue is earned, regardless of the time of disbursement.

Costs are measured reliably at fair value.

Expenses in the Group are divided into the following groups:

- Cost of goods sold;
- Service costs;
- Operating costs;
- Selling expenses;
- General and administrative expenses;
- Other operating expenses;
- Financial and investment expenses.

The cost of goods sold / services rendered includes all costs associated with the sale of goods and the rendering of services that are directly or indirectly attributable to the sale of specific goods or the rendering of services.

Operating expenses include expenses related to all typical activities of the Group during the reporting period, regardless of sales volume.

Other operating expenses include losses due to disposal, liquidation, write-off of assets and accounting for other atypical and ordinary operating expenses, debt-related expenses.

Financial and investing expenses include: exchange losses; interest paid and payable on the acquisition of property by means of leasing (financial lease); interest expense on loans; penalties and interest for late payments.

Financial risk management policy

The following key financial risk management procedures apply to the Group's operations:

Credit risk

The Group's credit risk is mainly related to trade receivables. Receivables are presented in the balance sheet less impairment of doubtful receivables, which is assessed by the Group's management based on past experience and the current economic environment. The Group has procedures in place to ensure that goods are sold to trusted customers and that sales do not exceed the approved credit limit.

Credit risk related to bank balances is limited as the Group conducts transactions with banks with sufficiently high credit ratings issued by foreign rating agencies.

Interest rate risk

The Group's loans consist of loans with fixed and variable interest rates that are linked to EURIBOR. During the reporting period, the Group did not have any derivative financial instruments intended to manage interest rate risk.

Foreign currency exchange risk

The main currency risk faced by the Group arises from the fact that the Company has subsidiaries in Poland whose currency is different from the Group's functional currency. The Group's policy is to match cash flows from highly probable future sales with purchases in each foreign currency. The Group does not currently use any derivative financial instruments to manage foreign exchange risk.

Liquidity risk

The Group's policy is to maintain sufficient liquid assets or secure loan financing to meet the obligations set out in its strategic plans.

Use of estimates in preparing financial statements

In preparing financial statements in accordance with Lithuanian Business Accounting Standards, management is required to make certain assumptions and estimates that affect the reported amounts of assets, liabilities, income and expenses and the disclosure of uncertainties. Significant areas of these financial statements in which estimates are used include depreciation and impairment estimates. Future events may change the assumptions used in making the estimates. The effect of changes in such estimates will be recognized in the financial statements when determined.

Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the financial statements but are disclosed when it is probable that future economic benefits or service potential will flow to the entity.

Post-balance sheet events

All significant adjusting events that have occurred between the date of the financial statements and the date of its publication are reflected as the adjustments to the financial statements. Significant non-adjusting events are disclosed in the notes.

Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and other decisions. Shareholders, employees, members of the supervisory board or board of directors, their close relatives and companies that directly or indirectly control the Group through an intermediary or are controlled individually or jointly with another party that is also recognized as a related party are recognized as related parties.

(all amounts are expressed in euros unless otherwise indicated)

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Intangible assets

Changes in the Group's non-current intangible assets during 2021

Intangible assets group	Software	Other intangible assets	Advance payments	Prestige	Total
Residual value as of 1 January, 2020	**173 632**	**116**	**7 126**	**2 683**	**183 557**
Residual value as of 31 December, 2020	**269 086**	**5 039**	**-**	**12 088**	**286 214**
Acquisition (production) cost at the beginning of the period	332 783	13 394	-	16 115	362 292
Accumulated amortization at the beginning of the reporting period	63 697	8 355	-	4 026	76 078
Residual value at the beginning of the reporting period	**269 086**	**5 039**	**-**	**12 088**	**286 214**
Value of assets sold during the reporting period	-	-	-	-	-
Accumulated depreciation of assets sold	-	-	-	-	-
Value of assets acquired during the reporting period	442 620	25 076	94 542	-	562 238
Acquisition cost of written - off assets	-	-	-	-	-
Accumulated depreciation of written - off assets	-	-	-	-	-
Reclassification	-	-	-	-	-
Impairment loss	-	-	-	-	-
Depreciation calculated during the reporting period	82 930	3 745	-	3 223	89 898
Acquisition (production) cost at the end of the period	775 403	38 470	94 542	16 115	924 530
Accumulated amortization at the end of the reporting period	146 627	12 100	-	7 249	165 976
Residual value at the end of the reporting period	**628 776**	**26 370**	**94 542**	**8 866**	**758 554**

Changes in the Group's non-current intangible assets during 2020

Intangible assets group	Software	Other intangible assets	Advance payments	Prestige	Total
Residual value as of 1 January, 2019	**111 135**	**583**	**-**	**1 262**	**112 980**
Residual value as of 31 December, 2019	**173 632**	**116**	**7 126**	**2 683**	**183 557**

(all amounts are expressed in euros unless otherwise indicated)

Acquisition (production) cost at the beginning of the period	202 469	7 894	7 126	3 894	221 383
Accumulated amortization at the beginning of the reporting period	28 837	7 778	-	1 211	37 826
Residual value at the beginning of the reporting period	**173 632**	**116**	**7 126**	**2 683**	**183 557**
Value of assets sold during the reporting period	-	-	-	-	-
Accumulated depreciation of assets sold	-	-	-	-	-
Value of assets acquired during the reporting period	130 314	5 500		12 220	148 034
Acquisition cost of written - off assets	-	-	-	-	-
Accumulated depreciation of written - off assets	-	-	-	-	-
Reclassification	-	-	-7 126	-	-7 126
Impairment loss	-	-	-	-	-
Depreciation calculated during the reporting period	34 860	577	-	2 815	38 252
Acquisition (production) cost at the end of the period	332 783	13 394	-	16 115	362 292
Accumulated amortization at the end of the reporting period	63 697	8 355	-	4 026	76 078
Residual value at the end of the reporting period	**269 086**	**5 039**	-	**12 089**	**286 214**

As of 31 December 2021, software acquisition cost is assigned to Oracle Netsuite, Integretrans.com system, TEXUS program, stolen vehicle search system. Depreciation costs are included in the operating expenses.

(all amounts are expressed in euros unless otherwise indicated)

2. Non-current tangible assets

Changes in the Group's non-current tangible assets during 2021

Tangible assets group	Vehicles	Other equipment, fittings and tools	Other tangible assets	Advances paid	Total
Residual value as of 1 January, 2020	**11 098 155**	**62 125**	**92 346**		**11 252 626**
Residual value as of 31 December, 2020	**15 508 039**	**59 730**	**93 955**		**15 661 724**
Acquisition (production) cost at the beginning of the period	21 071 661	204 474	177 763		21 453 898
Accumulated depreciation at the beginning of the reporting period	5 563 622	144 744	83 808		5 792 174
Residual value at the beginning of the reporting period	**15 508 039**	**59 730**	**93 955**		**15 661 724**
Value of assets sold during the reporting period	386 682	-	-		386 682
Accumulated depreciation of assets sold	187 751	-	-		187 751
Value of assets acquired during the reporting period	16 291 813	46 726	127 120	42 485	16 508 144
Acquisition cost of written - off assets	-	-	-		-
Accumulated depreciation of written - off assets	-	-	-		-
Reclassifications					-
Impairment loos	3 181	-	-		3 181
Depreciation calculated during the reporting period	4 778 439	40 118	35 352		4 853 909
Acquisition (production) cost at the end of the period	36 973 611	251 200	304 883	42 485	37 572 179
Accumulated depreciation at the end of the reporting period	10 154 310	184 862	119 160		10 458 332
Residual value at the end of the reporting period	**26 819 301**	**66 338**	**185 723**	**42 485**	**27 113 847**

In 2021, the company purchased land, the value of which amounted to EUR 1 032 900. In 2019, the company purchased land, the acquisition value of which amounted to EUR 13 000.

As at 31 December 2021, the balance of vehicles being prepared for use is EUR 215. In 2022, licenses for purchased and used vehicles.

(all amounts are expressed in euros unless otherwise indicated)

Changes in the Group's non-current tangible assets during 2020

Tangible assets group	**Vehicles**	**Other equipment, fittings and tools**	**Other tangible assets**	**Total**
Residual value as of 1 January, 2019	**4 906 985**	**42 639**	**108 407**	**5 089 031**
Residual value as of 31 December, 2019	**11 098 155**	**62 125**	**92 346**	**11 252 626**
Acquisition (production) cost at the beginning of the period	13 615 566	170 797	149 636	13 935 999
Accumulated depreciation at the beginning of the reporting period	2 517 411	108 672	57 290	2 683 373
Residual value at the beginning of the reporting period	**11 098 155**	**62 125**	**92 346**	**11 252 626**
Value of assets sold during the reporting period	772 750	-	-	772 750
Accumulated depreciation of assets sold	399 425	-	-	399 425
Value of assets acquired during the reporting period	7 829 420	33 677	28 127	7 891 224
Acquisition cost of written - off assets	-	-	-	-
Accumulated depreciation of written - off assets	-	-	-	-
Reclassifications	-	-	-	
Impairment	-	-	-	-
Depreciation calculated during the reporting period	3 046 211	36 072	26 518	3 108 801
Acquisition (production) cost at the end of the period	21 071 661	204 474	177 763	21 453 898
Accumulated depreciation at the end of the reporting period	5 563 622	144 744	83 808	5 792 174
Residual value at the end of the reporting period	**15 508 039**	**59 730**	**93 955**	**15 661 724**

There are no changes in the accounting estimates of tangible fixed assets made by the Group. Tangible assets received free of charge that are used in the Group's activities - none. In 2021 and 2020 fully depreciated tangible assets include computer equipment and communication equipment. The cost of their acquisition is EUR 552,915. Depreciation costs are included in cost of services and operating costs.

In 2021 the Group purchased 221 new trucks and 1 truck for learning purposes with an acquisition value of EUR 16 201 250. The property is leased for 4 years.

In 2020 the Group purchased 105 new trucks and 1 truck for learning purposes with an acquisition value of EUR 7 296 703 and 25 new semi-trailers with an acquisition value of EUR 516 250.
The property is leased for 4 years.

(all amounts are expressed in euros unless otherwise indicated)

Residual value of assets used under finance leases as of 31 December 2021 and 2020

Asset group	Reporting period, EUR	Previous reporting period, EUR
Vehicles	26 680 002	15 470 750
Other equipment, devices and tools	41 211	-
Total:	**26 721 213**	**15 470 750**

3. Financial assets

As at 31 December 2021, the Group does not have financial assets.

(all amounts are expressed in euros unless otherwise indicated)

4. Other non-current assets

As at 31st of December, 2021 the Company's other non-current assets consist of prepayments under premises and passenger vehicle - EUR 703 418. As at 31st of December, 2020 – EUR 980 957.

5. Stocks and advance payments

Indicators	Financial year	Previous financial year
Stocks:	932 409	577 446
Advance payments:	1 536 013	551 754
Total:	**2 468 422**	**1 129 200**

In 2020 advance payments comparing 2020 with 2021 increased. Inventories increased comparing 2020 with 2021 as the number of trucks increased.

6. Amounts receivable within one year

Indicators	Financial year	Previous financial year (adjusted)	Changes comparing 2020 with 2021
Trade debtors	10 129 042	6 546 468	3 582 574
VAT from EU countries, excise duty	3772447	2 140 686	1 631 761
Exhibition financing	15 747	26 245	(10 498)
Other receivables	1 257 507	765 422	492 085
Total:	**15 174 743**	**9 478 821**	**5 695 922**

7. Cash and cash equivalents

Indicators	Financial year	Previous financial year
Bank accounts	3 365 954	895 214
Cash register	-	1 670
Total:	**3 365 954**	**896 884**

8. Prepayments and accrued income

As of 31 December 2021, prepayments comprised EUR 1,443,097 and accrued income EUR 4 764 757. As of 31 December 2020: EUR 3 699 173.

9. Authorized capital

Composition of the Group's authorized capital:

Number of shares, pcs.	Nominal value of shares, Eur	Number of issued and paid shares, pcs.	Number of shares issued and outstanding	Rights and restrictions attached to the shares
70 269	28,96	70 269	-	Ordinary intangibles

As of 31 December 2020, the authorized capital comprised EUR 1 000 018. In 2021, the number of shares increased to 35 738 units, the authorized capital amounted to EUR 2 034 990.

(all amounts are expressed in euros unless otherwise indicated)

10. Draft distribution of profit

Undistributed profit (loss) of the previous financial year at the end of the reporting year: EUR 4 699 931
Net profit (loss) for the reporting financial year: EUR 5 213 575
Transfers from reserves:-
Shareholders' contributions to cover losses, if the shareholders decided to cover all or part of the losses:
Distributable profit (loss) in total: EUR 9 913 506
Profit share allocated to the legal reserve: -
Profit share allocated to other reserves: -
Profit share allocated for payment of dividends:-
Profit share allocated for annual payments to the members of the board and supervisory board, employee bonuses and other purposes:-
Profit (loss) is transferred to the next financial year. EUR 9 913 506

11. Grants and subsidies

As at 31 December 2021, the amount of grants received and not used by the Group comprised EUR - 15747. Accordingly, as at 31 December 2020 – EUR 26 245.

Grants received are related to income.

Indicators	Total
The value of grants, subsidies at the beginning of the reporting period	26 245
- grants, subsidies received during the reporting period	
- grants, subsidies used during the reporting period	10 498
The value of grants, subsidies at the end of the reporting period	15 747

12. Amounts payable after one year and other short-term liabilities

Indicators	Debts or parts thereof, payable, 2021		
Breakdown of outstanding debts by type	**Within one financial year**	**After one financial years, however no later than within five years**	**In five years**
1. Leasing (financial lease) or similar obligations	6 729 269	16 911 260	0
2. Credit institutions	2 239 460	1 417 454	421 875
3. Other debts	1 300 000	80 000	0
TOTAL	**10 268 729**	**18 408 714**	**421 875**

Financial liabilities increased due to the new lease agreements for the purchase of trucks. Debt obligations will be met during 2021-2025.

(all amounts are expressed in euros unless otherwise indicated)

13. Amounts payable within after one year and other short-term liabilities

Indicators	Financial year	Previous financial year
Amounts payable within one year and other short-term liabilities:		
1. Financial debts:	10 268 729	5 426 758
2. Payments received on account	41 745	77 069
3. Trade creditors	11 335 161	6 499 467
4. Amounts payable to group companies	-	-
5. Liabilities of tax on profit	559 440	8 943
6. Liabilities related to employment relations	1 848 094	1 282 152
7. Other amounts payable and short-term liabilities	1 013 367	450 608
Total:	**25 066 536**	**13 744 998**

Indicators	Financial year	Previous financial year
Salaries payable	624 151	477 914
Personal income tax payable	471 225	292 464
Social insurance payable	277 504	203 405
Provisions for holiday savings	475 214	308 369
Total:	**1 848 094**	**1 282 152**

14. Accruals and differed income

As at 31 December 2021, the amount of accumulated costs amounted to EUR 1 205 396, as at 31 December 2020 – EUR 639 807.

15. Sales revenue

Indicators	Financial year	Previous financial year
Republic of Lithuania	-	-
EU countries	103 955 191	75 170 134
Total:	**103 955 191**	**75 170 134**

16. Cost of sales

Indicators	Financial year	Previous financial year
Cost of goods, services sold	88 112 129	66 460 716
Discounts, returns	1 860	-9 089
Total:	**88 113 989**	**66 451 627**

(all amounts are expressed in euros unless otherwise indicated)

17. Operating costs

Cost of sales consists of costs directly related to the provision of services, wage costs and related taxes, advertising and promotion costs, and other sales costs. In 2021, sales costs amounted to EUR 4 441 059; in 2020 – EUR - 3 138 834.

General and administrative expenses:

Indicators	Financial year	Previous financial year
Rental costs (premises, utilities, cars, furniture)	523 297	417 382
Employee wages and related costs	1 627 679	991 924
Accounting services	534 704	500 285
Depreciation costs of fixed assets	198 743	154 131
Other general and administrative costs (bank fees, office supplies and utility goods costs, costs of communications, current asset costs)	266 855	311 383
Other	1 242 922	564 707
Total:	**4 394 200**	**2 939 813**

In 2021, the costs related to the services provided by audit firms amounted to EUR 13 794.

18. Other operating results

Indicators	Financial year	Previous financial year
Other operating income (profit from the transfer of long-term assets, insurance payments, others non - typical operating income)	812 650	455 716
Other operating expenses (loss on transfer of long-term assets, other non-typical operating costs)	(424 601)	(130 965)
Total:	**388 049**	**324 751**

19. Financial and investment activity

Indicators	Financial year	Previous financial year
Financial and investment activities income (interest, positive impact of exchange rate changes)	93 375	34 223
Financial and investment activities expenses (interest, positive impact of exchange rate changes)	(1 483 348)	(1 202 328)
Total:	**(1 389 973)**	**(1 168 105)**

(all amounts are expressed in euros unless otherwise indicated)

20. Income tax

Deferred income tax result

Indicators	Financial year	Tariff, %	Deferred income tax result	Previous financial year	Tariff, %	Deferred income tax result
Accumulated losses	420 751	28%	117 810	380 186	28%	106 452
Doubtful debt reserve	-	15%	-	-	15%	-
Total	**420 751**		**117 810**	**380 186**		**106 452**

As o 31 December 2021, deferred income tax assets amounted to EUR 325 539 and as of 31 December 2020 - EUR 207 729.

Income tax expenses

	Financial year	%		Previous financial year	%
Profit before tax	6 004 019			1 796 504	
Income tax at current rate	908 254	15		309 984	15
Deferred income tax expense (income)	(117 810)	(4)		(106 452)	(4)
Income tax expense	**790 444**	**7**		**108 862**	**7**

21. The Group's management

As of 31 December 2021, the Group had 1 manager.

Indicators	Financial year	Previous financial year
Expenses related to manager payroll and other taxes	115 177	102 529
Average annual number of managers	1	1

22. Management estimates

In preparing the financial statements, management makes assumptions and estimates that affect the reported amounts of assets, liabilities, income and expenses and the disclosure of uncertainties. Significant management estimates were made by determining the depreciation, amortization rates and impairment of receivables.

23. Possible upcoming liabilities

As of 2021 and 2020 31 December Group has not participated in any legal proceedings, which in the opinion of the management, would have significant impact to financial statements.

24. Post-balance events

There were no significant events that would require adjustments to the consolidated financial statements.

About the geopolitical situation

Due to the geopolitical situation related to the events in Ukraine since 02/24/2022, the management has carried out an assessment. In the management's assessment, the geopolitical situation and Russia's war against Ukraine do not and are not expected to have a negative impact on the Group's operations and financial results. All the Group's customers are companies operating in Western Europe. It is important to emphasise that the transportations carried out by the Group are also performed only in the territory of Western Europe, and in the UK.

(all amounts are expressed in euros unless otherwise indicated)

Regarding the Group's suppliers, it should be emphasised that the latter are also companies registered and operating in Europe. The Group has no customers and/or suppliers in Russia and/or Belarus. The main observed factor is rising inflation, fuel and service prices. However, this trend began even before Russia's war against Ukraine – inflationary trends and fuel price increases were recorded already in 2021. Nevertheless, the Group has managed and continues to manage to pass on rising costs, such as higher prices of fuel and tractors, to its customers by increasing the rates of the transportation service. As a result, the Group is able to maintain profitability indicators even when operating in a business environment with rising cost.

About COVID-19 situation

From 1 January 2020, the spread of COVID-19 has had a significant impact on many local economies around the world. In many countries, companies have been forced to close or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closure of non-essential services, have caused major business disruptions around the world, leading to economic slowdowns.

The main activity of the Group is transportation services by road in the territory of Western Europe and other services related to this activity. It can be said that the Group did not feel the strong economic effects of the COVID-19 pandemic. The main reasons for this were:

Very strong diversification of the Group's customer base. The Group has about 200 strategic customers who work in various economic sectors (trade, production, food industry, construction, agriculture, chemistry, etc.). This meant that declining business volumes with the customers most affected by the pandemic crisis were offset by new business opportunities with customers working in industry sectors that had little negative or even positive impact from the pandemic. It is also important to mention that the Group does not have a single customer with whom the volume of business exceeds 5% of the Group's sales.

Quick reaction of the Group's management to the rapidly deteriorating business environment at the onset of the pandemic crisis. The Group's managers very quickly renegotiated the working conditions with the main suppliers, thereby reducing the Group's cost price and protecting the Group's profitability.

The Group has continued to operate throughout the Covid-19 outbreak and has continued to meet all of its obligations to all of its creditors in accordance with its original, i.e. unrevised, payment schedules.

Date: 13/09/2022

Director	(signature)	Žana Kel
Financial director	(signature)	Eigintas Vedrickas

CONSOLIDATED ANNUAL REPORT FOR THE YEAR 2021
13 September 2022

1. Group's activity description

Integre Trans Group of Companies (hereinafter – the Group) – the international Group providing transport and logistics services. This Group comprises of Integre Trans UAB, Integre Trans GmbH, Integre Trans France, Integre Trans POLAND, Integre Logistics and Vz property UAB.

Group's vision – to become Europe's leading organisation rendering logistic services.

Group's mission – to be reliable a partner ensuring quality of the logistic chain.

The Group's fleet consists of about 750 trucks and 800 semi-trailers, which have handled more than 30,000 orders in Western Europe in the last year. Our main markets: Germany, France, Benelux countries, Great Britain, Italy and Spain.

The main logistics and transportation services provided by the Group:

- ✓ LTL and FTL shipments;
- ✓ Contract logistics;
- ✓ GPP transportation;
- ✓ JIT and JIS transportation;
- ✓ Dangerous goods;
- ✓ Express delivery;
- ✓ Reverse logistics.

The Group's transportation and logistics services serve a wide range of industries:

- ✓ Retail;
- ✓ Medical and pharmaceutical;
- ✓ IT;
- ✓ Paper and packaging;
- ✓ Automotive;
- ✓ Food and drink;
- ✓ Agriculture;
- ✓ Chemical;
- ✓ Steel and industry;
- ✓ Production.

The rapid growth of the Group, the growing quality requirements of international customers, the maturing value approach of the company to social responsibility and environmental issues also determine the need to respond by taking concrete actions. The sustainable and responsible operation of the Group of companies is reflected in the systems implemented and the certificates and assessments obtained, including:

- ✓ ISO 9001:2015 Quality Management System;
- ✓ ISO 14001:2015 Environmental Management Systems;
- ✓ ISO 45001:2018 Occupational Safety and Health Management System;
- ✓ ISO 28000:2007 Supply chain security system;
- ✓ SQAS (Carriage of dangerous goods) – Validation of quality, safety, security and environmental performance – Transport property protection certificate;
- ✓ TAPA 3TSR (carriage of high-value cargo) requirements.

2. **Memberships**

- ✓ French Lithuanian Chamber of Commerce / Chambre de Commerce France Lituanie;
- ✓ Vilnius Chamber of Commerce, Industry and Crafts;
- ✓ German-Baltic Chamber of Commerce in Estonia, Latvia, Lithuania / Deutsch-Baltische Handelskammer in Estland, Lettland, Litauen;
- ✓ Lithuanian National Association of Forwarders and Logistics LINEKA;
- ✓ Global Commercial Drive To Zero Program;
- ✓ European Clean Trucking Alliance (ECTA).

3. **Manager**

Žana Kel is a manager in the following companies: Integre Trans UAB, Integre Trans GmbH, Integre Trans France, Integre Trans POLAND, Integre Logistics and Vz property UAB. Žana Kel holds a position on the board of the association Lineka.

4. **Analysis of financial and non-financial performance**

In 2021, the financial indicators of the Group experienced growth: revenue increased by 36% and profit by as much as 193%. During this year, we have begun to pay more attention to the markets of Great Britain and other European countries. This is perfectly reflected in the sales structure by country: 85% of all shipments in 2020 were carried out in Germany and France. Meanwhile, in 2021, this percentage fell to 73%, which means a higher percentage distributed across other markets, the main ones being the Benelux countries, Italy, the United Kingdom and Spain. With sales growing rapidly, it is important to maintain appropriate diversification among customers. During 2021, the largest customer accounted for only about 5% of total annual sales. We will continue to strive to maintain this positive indicator.

Main financial indicators of the Group in 2021:

Indicator	Calculation formula	2021
Return on Assets (ROA)	Profit/Total assets/*100	9.1%
Non-current assets coefficient	Non-current assets/Total assets*100	52.3%
Commitment ratio	Non-current amounts payable/Current amounts payable*100	75.1%

5. **Sustainable and responsible business management**

Sustainable business development and growth have already become an integral part of the Group's strategic and value activities, which we are moving towards by integrating complex factors at all levels and processes of the Group's operations. Business development in the transport sector also obliges us to show leadership in finding the most effective solutions to environmental issues. The approach to sustainability is reflected in the United Nations Sustainable Development Goals, which are integrated into the Group's activities.

The main business principles of the Group – protection of natural resources, quality of services and well-being of customers, and safety and health of employees, ensuring equality – are integrated in all the operating processes of the companies of the Group.

The Group complies with all the requirements of the laws regulating protection of the local environment, which govern the workplace and services provided, protect environment by preventing and reducing negative impact on the environment, takes all available measures to reduce the potential negative impact of environmental state on the company, and provides environmental protection information to all interested parties. The Group has implemented the environmental management system aimed at reducing the environmental impact of the company's operations. Compensation mechanisms are being implemented to reduce the impact on the environment, and communities of employees and partners are being created. All purchases are organised in accordance with sustainability requirements; suppliers are subject to sustainability and environmental requirements. By investing into the newest technologies and acquisition of new towing vehicles, we pursue not only successful organisation of transportation services or compliance with the safety and health requirements, but also aim at contributing to the safety of the surrounding environment and measure the created impact.

The Group declares that during performance of their operations they shall act in a transparent manner, and that ethical conduct shall serve as a standard for a fair competitive environment.

The main document defining these obligations is the Fair Competition and Anti-Corruption Policy, which sets out guidelines and rules for the implementation and supervision of fair competition and the principles and requirements for the prevention of corruption, money laundering and terrorist financing, as well as the guidelines for ensuring compliance therewith, the implementation of which creates preconditions and terms for the implementation of the highest standards of transparent business conduct at throughout the Group.

In 2021, the Group of companies prepared and published an annual sustainability report for the first time.

6. Environmental protection

Reduction of CO_2 emissions. Transport fuel conservation and management.

Reducing carbon dioxide is one of the most effective ways of tackling the greenhouse effect, climate change and other related environmental problems. The CO_2 reduction indicator is also one of the priority parts of the Group's sustainable business development strategy, for the control, management and reduction of which we invest in various areas – from process updates, innovations and technology implementation to education and motivation measures for employees. We have also committed ourselves to tackling CO_2 emissions effectively through the implementation of the UN's 13th Sustainable Development Goal: 'Climate Action', which calls for urgent action to combat climate change and its effects.

During 2021, the Group has taken the following measures to reduce CO_2 emissions and conservation and management of transport fuels:

- ✓ We have installed special ECO SOFT and FLEET programs in our trucks, which help to save fuel and reduce CO_2 emissions accordingly;
- ✓ In all trucks operated by the company, the maximum speed is limited to 85 km/h when driving with the cruise control system and up to 78 km/h – when driving with the accelerator pedal;
- ✓ The Group ended the year with 20 LNG trucks in its own fleet. These trucks emit 15% less CO_2 than diesel vehicles of this type. The development of the LNG truck fleet is a strategic topic for the Group; it is expected that this type of trucks will account for at least 10% of the total fleet before 2025;
- ✓ When ordering new trucks, we chose those featuring power packs that save fuel and reduce fuel consumption (as well as CO_2 emissions). We put into operation only truck tires with a lower resistance index and environmentally friendly tires;
- ✓ The Group has been running the ECO driving academy and a personal driver motivation system based on ECO driving;
- ✓ The Group has created special positions for monitoring, control and management of economic driving;
- ✓ The Group worked on route optimisation solutions and cargo optimisation using technology and cargo tracking system;
- ✓ We sorted waste in the Group's offices, conserved electricity and used electronic documents.

The average age of the truck fleet is 1.3 years. The trucks are replaced every 3 year. All trucks meet the requirements of the Euro 6 Standard and feature the most advanced technologies for CO_2 control and reduction.

7. Social responsibility

The rapid growth of the Group of companies is particularly well reflected in a large increase in the number of employees – the number of newly hired employees in 2021 is more than double than that in 2020, with 742 employees hired in 2021.

The remuneration system of the employees of the Integre Trans group of companies comprises:

- ✓ Basic wage (determined individually and differentiated within the pay structure ranges);
- ✓ Performance bonuses for KPIs achievements;
- ✓ Additional benefits (programmes that create social welfare for employees and promote loyalty).

<u>Occupational safety and health</u>

With the Covid-19 pandemic still dominating the world in 2021, we have focused on ensuring the good physical and psychological well-being of our workers. We have developed and issued new policies related to the occupational safety and health, invited employees to engage in various types of activities that are beneficial to health, and educated them on these issues.

Equality and diversity

The goal and ambition at the Integre Trans Group of companies is to create an organisation based on common values that is efficient, competent and able to make decisions quickly in the face of a changing situation. These ambitions are a strategic part of the development of the Group.

Integre Trans companies have created a group responsible for implementing and ensuring equal opportunities and compliance with the Equal Opportunities and Non-Discrimination Policy within the organisation.

Social initiatives

Integre Trans companies initiate, support and promote implementation of social projects both inside and outside the Group.

8. Risk assessment

Risk is one of the inevitable parts of a business. It covers a wide range of factors, from financial markets to natural disasters or human error. With the rapid growth of business, risk management is becoming not only an important but also a priority task aimed to ensure successful business development and going concern. The Group of companies has established and maintains a procedure for identifying, assessing and managing operational threats, as well as threats and risks related to security management. Risk assessment and management is performed with the help of the "Short Guide to Risk and Threat Identification, Analysis and Assessment", which identifies the necessary management control measurements.

This assessment and management information is used to define the integrated management system (IMS) policy, objectives, IMS security program, objectives and process measurement indicators, for development of processes and procedures, specifications and other requirements, development of employee competencies, training and skills, improvement of performance management, and to manage the basis of IMS operational threats and risk. The identification, review, analysis and assessment of risks and threats are performed periodically, at least once a quarter, as well as immediately upon receipt of information in the event of incidents.

The risks of the activities and services provided and risks related to the processes available in the company: Reputation (services, vision and leadership, work environment, management and operations, social responsibility); Compliance (corporate compliance, operational compliance, behavioural compliance); Operations (human factor risk, process management risk, system malfunction and error risk, security risk).

The Group is focused on the fact that the partners who are most important for the smooth operation of the Group – companies providing cargo transportation services and other suppliers – are satisfied with the existing cooperation. The Group strictly adheres to agreed payment terms, so that suppliers have sufficient working capital and are always ready to accept and fulfil orders. All the Group's efforts to obtain financing from credit institutions (e.g., factoring, overdraft, credit) are made to ensure sufficient working capital for settlements with suppliers. In the long-term perspective, this gives a positive return, since the suppliers with whom the Group cooperates are completely reliable and loyal, the established partnership relations are long-term, which allows for a reliable assessment of the Group's ability to accept new orders from customers, reliably execute them and reliably plan activities.

The Group manages credit risks by financing the acquisition of fixed assets exclusively with long-term loans or long-term leasing products. Moreover, the company successfully diversifies its financial suppliers, thereby reducing the risk of loan refinancing.

The Group manages liquidity risks by constantly maintaining cash reserves in the bank accounts of the Group's companies, employing a factoring service in order to advance the receipt of receivables from customers, and by constantly controlling deferred payment terms granted to customers.

9. About the geopolitical situation

Due to the geopolitical situation related to the events in Ukraine since 02/24/2022, the management has carried out an assessment. In the management's assessment, the geopolitical situation and Russia's war against Ukraine do not and are not expected to have a negative impact on the Group's operations and financial results. All the Group's customers are companies operating in Western Europe. It is important to emphasise that the transportations carried out by the Group are also performed only in the territory of Western Europe, and in the UK. Regarding the Group's suppliers, it should be emphasised that the latter are also companies registered and operating in Europe. The Group has no customers and/or suppliers in Russia and/or Belarus. The main observed factor is rising inflation, fuel and service prices. However, this trend began even before Russia's war against Ukraine – inflationary trends and fuel price increases were recorded already in 2021. Nevertheless, the Group has managed and continues to manage to pass on rising costs, such as higher prices of fuel and tractors, to its customers by increasing the rates of the transportation service. As a result, the Group is able to maintain profitability indicators even when operating in a business environment with rising cost.

10. About COVID-19 situation

From 1 January 2020, the spread of COVID-19 has had a significant impact on many local economies around the world. In many countries, companies have been forced to close or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closure of non-essential services, have caused major business disruptions around the world, leading to economic slowdowns.

The main activity of the Group is transportation services by road in the territory of Western Europe and other services related to this activity. It can be said that the Group did not feel the strong economic effects of the COVID-19 pandemic. The main reasons for this were:

Very strong diversification of the Group's customer base. The Group has about 200 strategic customers who work in various economic sectors (trade, production, food industry, construction, agriculture, chemistry, etc.). This meant that declining business volumes with the customers most affected by the pandemic crisis were offset by new business opportunities with customers working in industry sectors that had little negative or even positive impact from the pandemic. It is also important to mention that the Group does not have a single customer with whom the volume of business exceeds 5% of the Group's sales.

Quick reaction of the Group's management to the rapidly deteriorating business environment at the onset of the pandemic crisis. The Group's managers very quickly renegotiated the working conditions with the main suppliers, thereby reducing the Group's cost price and protecting the Group's profitability.

The Group has continued to operate throughout the Covid-19 outbreak and has continued to meet all of its obligations to all of its creditors in accordance with its original, i.e. unrevised, payment schedules.

11. Business plans and forecasts

Business development plan for 2022:

- ✓ Increasing the total fleet of trucks to 1,000 units;
- ✓ Increasing customer satisfaction;
- ✓ Increasing sales to EUR 130 million;
- ✓ Increasing work productivity and quality by implementing technological solutions;
- ✓ Creating a nurturing, internal career-enhancing and collaborative organisational culture.

The business plan focuses on the following areas: innovation, quality, teamwork (community), development of ESG criteria (environmental protection, social responsibility and good governance), reputation (company, employer, etc.), and efficiency.

12. Subsequent events

There were no significant events that would require adjustments to the consolidated financial statements.

13. Other

As at 31 December 2021 and 31 December 2020, Integre Trans UAB did not acquire its own shares, neither bought nor sold its own shares during the reporting and previous financial years.

As at 31 December 2021 and 31 December 2020, subsidiaries have not acquired, bought or sold shares of the parent company.

In 2021, the Group did not carry out research and development activities.

Director (signature) Žana Kel