

# ANNUAL REPORT

2019





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# CEO LETTER

“

**Smooth transportation of goods is a vital part of our everyday life. Especially when it comes to delivering food, medicine and other necessities essential to keep Europe going, even when confronted with crisis.**

”



[>> Read the letter from our CEO](#)

*Edvardas Liachovičius, CEO*



# CEO LETTER

In today's vibrant and rapidly developing world, Girteka Logistics is a well-established and internationally recognised company, known for its exceptional quality and high standards. Over the years we have grown from strength to strength, setting an example within the logistics industry and our community.

Smooth transportation of goods is a vital part of our everyday life. Especially when it comes to delivering food, medicine and other necessities essential to keep Europe going even when confronted with crisis.

In Girteka Logistics we recognise that freight moving from production to consumption must be moved by an asset, meaning that if everyone chooses an asset-light approach, nothing will be transported.

“ **Smooth transportation of goods is a vital part of our everyday life. Especially when it comes to delivering food, medicine and other necessities essential to keep Europe going, even when confronted with crisis.** ”

Less than five years ago we had only 2 900 trucks and 3 000 trailers. Today, with more than 7 400 trucks, 7 800 trailers and over 18 000 employees, we are a clear leader in FTL road transportation.

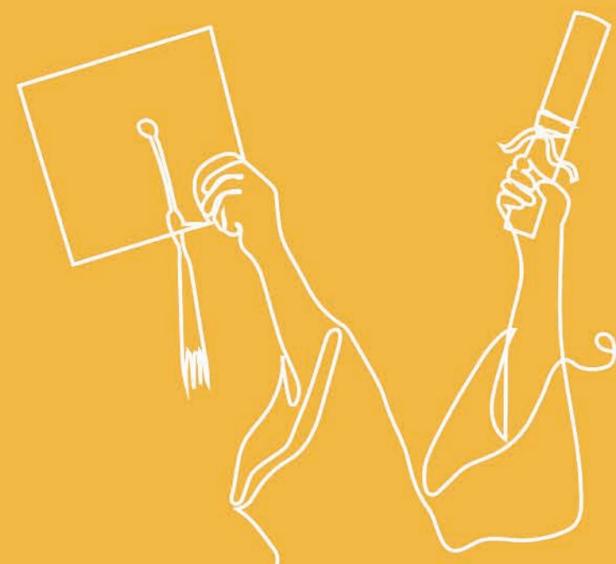
In a highly fragmented market, where more than 90% of companies operate with less than 10 trucks and only 1% of companies operate with more than 50 trucks, the potential and appetite to invest in scalable growth, innovative technology, new business models and environmental improvements remains limited. We recognise an opportunity for continuous and sustainable organic growth, driven by end-to-end digitalisation and increasing transparency of our operations to our clients.

Starting in 2020 with a large SAP strategic partnership and leading up to 2025 we want to develop Girteka Logistics to be the most technologically advanced asset-based FTL road transport company in the world; using the latest technologies and our own modern fleet to deliver best-in-class transportation solutions to our clients and their end customers. By 2025 we see ourselves as second to none when it comes to operating a digitally managed fleet of trucks, providing real-time visibility to our clients and delivering goods in a sustainable manner.

We are very proud of our employee's achievements and the resulting business growth throughout 2019 and we look forward to celebrating Girteka Logistics 25th anniversary in 2021 together with all our stakeholders.



*Edvardas Liachovičius, CEO*



# BEHIND

GIRTEKA LOGISTICS



# BEHIND GIRTEKA LOGISTICS

Girteka Logistics foundation is neither trucks, nor trailers, but rather our brilliant people. Our colleagues are the main driving force behind Girteka Logistics' success. As such, we give special attention to our employees' development and the improvement of their working conditions. Last year alone, our office staff had over 3 000 internal and 600 external trainings. These trainings involved INSEAD, BMI, ISM University and more institutions.

We are a unique company in a specialised industry, making long term employees and their valuable experience a must-have foundation for continuing our development. With this foundation we constantly add new specialists from other industries in order to advance our development and gain new knowledge.

Around 90% of our executives today are the same employees that joined Girteka Logistics years ago as specialists and junior managers. Developing employees and shaping them into the future leaders of Girteka Logistics is the cornerstone of our business.

We cherish our employees, including our drivers, as they are the engine that drives our organization forward. Usually they are the first-line ambassadors of our brand, the face of our organization and the link between us and our customers.



**DRIVERS ACADEMY**  
45 000 TRAININGS  
IN 2019



**ISM GRADUATES**  
59 GRADUATES  
IN 2019



**PROFESIONAL DEVELOPMENT**  
3 600+ TRAININGS  
FOR OFFICE  
STAFF IN 2019





FIRST EVER

# CLIENT DAY

IN COPENHAGEN



# FIRST EVER **CLIENT DAY** IN COPENHAGEN

In May 2019, Girteka Logistics had its first ever Client Day in Copenhagen, where industry experts gathered together with more than 80 of our largest customers.

“Logistics, supply chain and transportation will, in the next few years, face unprecedented changes due to rapid digitalisation and growing customer needs. In order to maintain customer confidence, market participants need to quickly adapt by proactively reviewing and changing their business models and processes,” says Edvardas Liachovičius, Girteka Logistics CEO.

According to him “When the market changes as rapidly as it does today, it is important to have a common understanding with our customers as to exactly where we are now, where to we are moving, and what will help us adapt to these changes even faster and more efficiently”.

Eight experts from leading international companies, as well as Girteka Logistics, shared their experiences and insights and gave presentations on a range of themes within transport and logistics.

Three reports were delivered by the representatives of Girteka Logistics, the event organizer. Edvardas Liachovičius presented the changes in the logistics sector and the company’s strategy for 2021. Donatas Načajus, Chief Transport Officer, delivered a report on what it really means for the company to develop an ambitious vision of

becoming the best European logistics company leading to 2021 and how to maintain the same high quality of service while pursuing the aspiration. Kristian Kaas Mortensen, Director of Strategic Partnerships, presented the underlying philosophy of Girteka Logistics, with a strong focus on being customer centric.





# PARTNERING

WITH SAP



# PARTNERING WITH SAP

We have announced that Girteka Logistics is partnering with SAP, the market leader in enterprise application software, to implement a complete end-to-end transportation management solution. Based on SAP's core and industry-specific business technology platform and solutions, Girteka Logistics aims to fully digitise its business and operations in support of its ambitious growth vision leading towards 2025.

“**Girteka Logistics aims to fully digitise its business and operations in support of its ambitious growth vision.**”

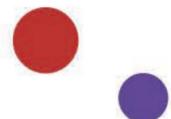
The SAP solutions will establish a complete digital framework at Girteka Logistics, reaching all 18 000 of Girteka Logistics employees and all business areas across Europe, Russia and CIS. These include, but are not limited to, solutions for finance, pricing, contract and order management, subcontracting, planning, warehouse management, dispatch scheduling, load matching and customer service and support. The standardised and fully integrated solution will simplify

and automate the complex logistics processes, accelerate accuracy and efficiency of Girteka Logistics transportation services.

“Our customers want to maximise their return on transportation spend by consolidating with bigger and more advanced logistics providers. Girteka Logistics is stepping up to meet the growing demand for high transparency and efficiency in transporting big volumes of goods at a competitive cost, while at the same time supporting our customers to deliver an excellent experience to their end customers”, says Edvardas Liachovičius, CEO, Girteka Logistics.

“Girteka Logistics redefines the trucking industry. Together with SAP as a strategic partner we can increase our business productivity and streamline our internal processes while laying the foundation for an unrivalled quality of transportation management to our customers. Together we are accelerating the digitalisation journey of the entire transportation industry”, says Martynas Sarapinas, CIO, Girteka Logistics.

“SAP wants to pave the future of logistics with innovation and technology and become a catalyst to meet market demand for strategic digital transportation services in Europe. In the experience economy, simply moving things from point A to point B will no longer be enough. Transportation companies have a critical role to play as data integrators, connecting the dots along the supply chain. Together, we can lead the way.” says Brian Duffy, President, EMEA North, SAP.





2019 YEAR IN

# REVIEW



# 2019 YEAR IN REVIEW



## A NEW TRANSPORT BRANCH IN POLAND

We have opened a new transport branch in the city of Poznan in Poland. It is another important step towards our company's quality and growth targets.



## PARTNERING WITH SAP TO DIGITALIZE TRANSPORTATION INDUSTRY

We have announced that Girteka Logistics is partnering with SAP, the market leader in enterprise application software, to implement a complete end-to-end transportation management solution. Based on SAP's core and industry-specific business technology platform and solutions, Girteka Logistics aims to fully digitise its business and operations in support of its ambitious growth vision leading towards 2025.



## INVESTING IN SUSTAINABLE TRANSPORTATION

We announced a signed contract for the purchase of 1 800 Volvo FH trucks, including a record-breaking 900 units of Volvo FH with I-Save, Volvo Trucks' latest innovative fuel saving technology.



## BEST RESULT OF THE YEAR AT THE BALTIC LEAN FORUM

At the Baltic Lean Forum, the largest conference in Baltics the topic of Lean which attracts over 300 participants every year, Girteka Logistics was recognised as the winner in the Result of the Year category.



### **OUR FIRST CLIENTS DAY WAS HELD IN COPENHAGEN**

It was the first strategic full-day event of such scale – a conference for our largest clients.



### **EXPANDED SPACE AT GIRTEKA LOGISTICS HEADQUARTERS BY ADDITIONAL 3 800 SQ. M.**

At our company headquarters in Račių St., Vilnius, we opened a new additional space of 3 800 sq. m., creating over 540 new workplaces.



### **GIRTEKA LOGISTICS GROUP – THE FASTEST-GROWING EMPLOYER**

Seven companies owned by Girteka Logistics group have made it among the Top 20 companies that created the most new jobs in Lithuania, according to the daily news portal Verslo Žinios.



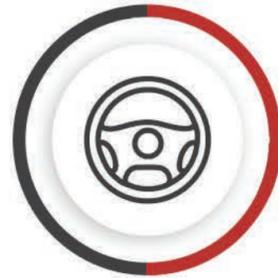
### **THE STRONGEST IN LITHUANIAN TRANSPORT AND LOGISTICS**

A daily business news portal Verslo Žinios analyzed 127 Lithuanian transport and logistics companies, ranking Girteka Logistics at the top of the list, as the strongest in this category in 2019.



### **AMONG THE LARGEST COMPANIES**

Verslo Žinios presented its ranking of the 10 largest Lithuanian companies in terms of revenue in 2018. The largest Lithuanian transportation company Girteka Logistics ranked third on this list.



### OUR TEAM NOW CONSISTS OF **13 000 DRIVERS!**

We welcomed the 13 000th driver of Girteka Logistics in Smolensk. It was the very first event held at our Smolensk base.



### POLISH BUSINESS AWARDS: **BEST MARKET NEWCOMER OF THE YEAR**

At the Embassy of Poland, we received the Market Newcomer of the Year award for the successful expansion of a newly opened transport base at Poznan.



### **7 000 OF OUR TRUCKS ON EUROPEAN ROADS**

We announced that the number of the trucks we own reached 7 000. Although the European freight transportation market remains highly fragmented, we continue to grow by investing in our employees, technologies, eco-friendly vehicles and sustainable development.



### WE BECAME A **MEMBER OF TAPA!**

Another step forward in ensuring our leadership in the secure transportation of high-value freight.



### **OPEN DOOR DAY ATTRACTED 150 GUESTS!**

We held an Open Door Day for potential employees at our main headquarters in Račių St. in Vilnius. 150 visitors of the event saw a presentation on Girteka Logistics, had a tour around the company and even participated in job interviews. 30 of our colleagues from different areas of the company organized the tours and welcomed the visitors.





DRIVEN BY

# STRENGTH



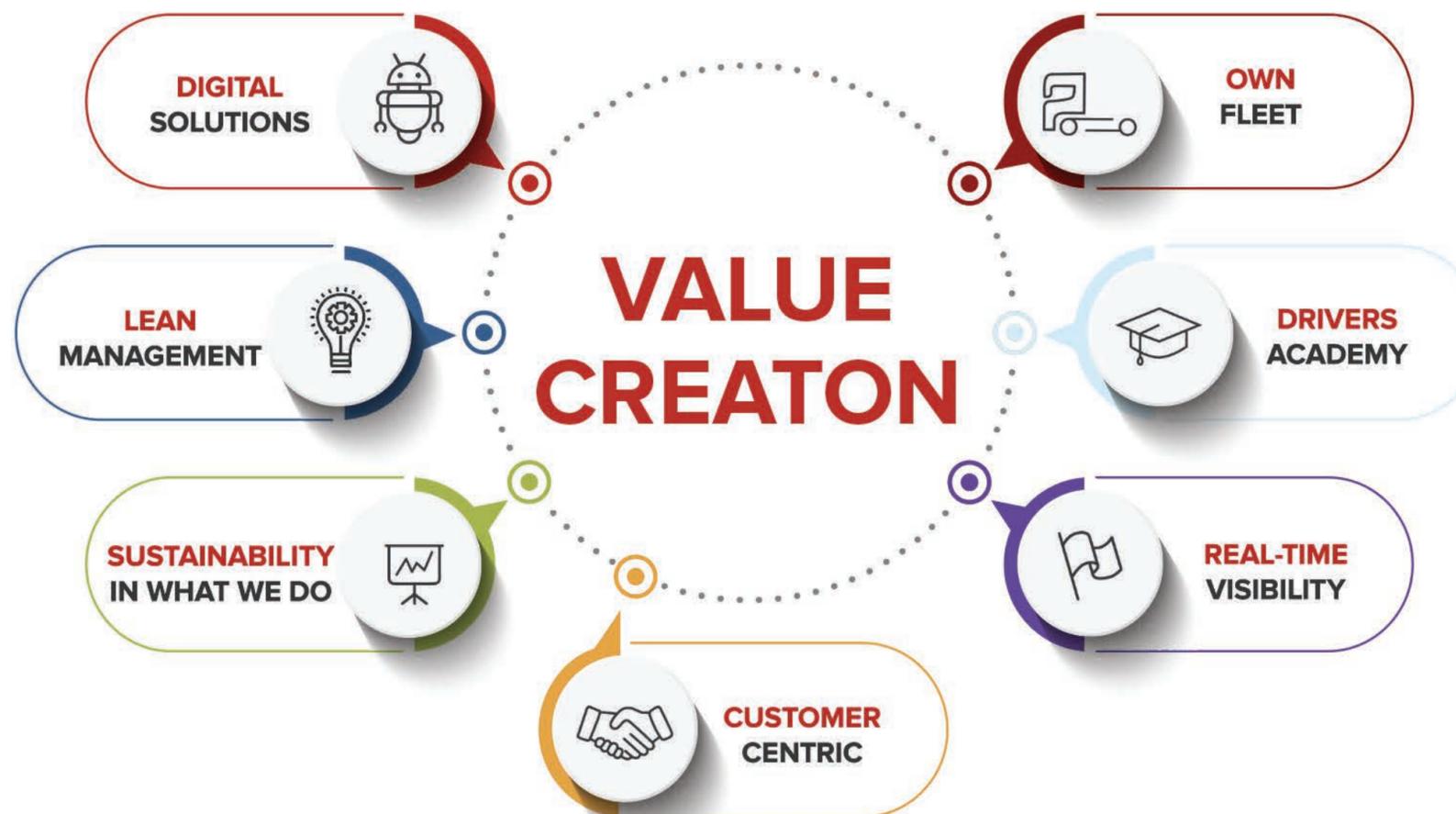


# DRIVEN BY **STRENGTH**

Girteka Logistics own its trucks and trailers, ensuring we can provide complete end-to-end transportation management solutions in Europe.

As demand grows for real time visibility and transporting big volumes of goods at a competitive cost, we focus on increasing transparency in the sector, supporting our clients in delivering an excellent experience to their end customers.

We are creating the future of logistics today, as the biggest European FTL (Full Truck Load) transportation company, leading in innovation and technology to provide strategic digital transportation services.





# CORPORATE SOCIAL RESPONSIBILITY

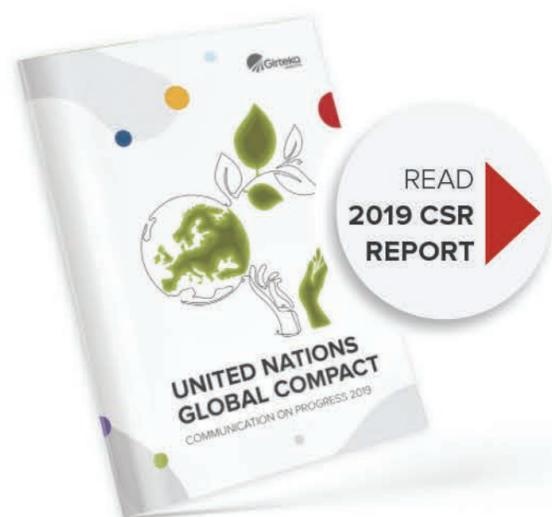




# CORPORATE SOCIAL RESPONSIBILITY

Social and environmental responsibility is an integral part of Girteka Logistics, as we are a proud member of the UN Global Compact. As such, we focus our efforts towards reducing our environmental impact, strengthening our social commitments, and ensuring that our business is growing in an environmentally sustainable manner.

For a company of our size it is essential that we consider our social and environmental impact, and continuously look for means to reduce our carbon footprint.



➤➤ Commitment to road safety and our employees

➤➤ Commitment to our communities and environment



## COMMITMENT TO ROAD SAFETY

In 2019 we completed our fourth year of successful cooperation with the Lithuanian Police Department in Vilnius and worked with them to promote our Safer Roads: Saving Lives campaign, one of the cornerstones of our social responsibility commitments. As part of this commitment and cooperation, we provided police patrols with 5 000 reflectors to be given away to pedestrians. In Vilnius, more than half of road fatalities occur during the dark hours. Similarly, Girteka Logistics handed out over 1 000 reflectors during the Be Visible Be Safe event in October. These were given to all visitors at our interactive educational reflector zone at Vilnius Cathedral Square.

In August, Girteka Logistics also had a Road Safety Day in Šiauliai dedicated to its employees and their families. The day is chosen to educate children just before they start school on September 1st and the event has already been a tradition for many years. This year the Šiauliai office was full of the employees' children, who watched educational videos and practiced different ways of ensuring their safety on and near roads. The core strength of Girteka Logistics is our employees; the people who make everything happen. We therefore make sure that we do all we can to encourage a healthy workplace environment and in doing so, promote the wellbeing of our employees.

## COMMITMENT TO OUR EMPLOYEES

We have always sponsored and encouraged a range of sports activities inside and outside the company such as yoga, basketball, running and more. Vilnius city organises several highly competitive marathons and city runs each year, and Girteka Logistics is always well represented in these. We have enthusiasts who have been running competitively for many years and are keen to improve their personal best times. Others take part for the fun of it and the feeling of personal achievement once they cross the finish line.

We believe that a healthy body is a healthy mind and that providing our employees with every possible opportunity to stay healthy and active will benefit them, as well as the company and its clients.





## COMMITMENT TO OUR COMMUNITIES

Every year Girteka Logistics contributes to a number of educational and cultural initiatives. One of these is to support UNICEF's sponsored run For Every Child that takes place in June. This year, the event was dedicated to the 30th anniversary of the UN Convention on the Rights of the Child.

In 2019, we had a record number of community activities, charity fund raises and community events. Below are few of those mentions:

- Donating blood – we have received more than 140 donors, some of whom already donated blood 30 times!
- Good Vibes challenge – running an initiative that engages employees across the organisation to carrying out activities that spread positive vibes across the organization and the wider community. The idea was initially launched in March 2018.
- Cake Day fundraiser – employees brought homemade cakes and pastries to share among the colleagues, as well as to collect donations. During the day more than 2 000 EUR have been collected for the Mamų Unija (Mothers' Union) charity.
- Summer & Winter celebration – during the annual summer and winter festivals we have collected altogether almost 8 000 EUR that have been donated to three selected charities.

## COMMITMENT TO ENVIRONMENT

Our fleet of trucks are now all EURO 6 diesels with the exception of a small number of LNG vehicles, making this a highly energy efficient fleet of trucks and trailers in Europe. Our drivers are all automatically trained in the very latest Eco-Driving programmes, allowing us to get the highest environmental efficiency out of our trucks. Out on the road, we started to make reductions in our CO2 emissions through a more effective use of intermodal options in the transportation of cargo.

More so, we have launched a number of initiatives to reduce our carbon footprint across our offices - our employees no longer use plastic cups in the offices and they also have access to a larger number of newly installed recycling points. E-invoicing now represents more than 60% of all our invoicing – an increase of 7% from the 2018 figures.

With this in mind, we take measures across the company and our supply chain, to minimise the adverse effects on human health and the environment. This includes reducing pollution and its impact, promoting an efficient and sustainable use of resources, such as energy, fuel and water, and minimising transportation CO2 emissions.

More so, each year we greatly invest in alternative transportation methods, including the use of intermodal, as well as purchasing new SCANIA R 410 LNG trucks to operate in Western Europe. In 2019, Girteka Logistics reduced its carbon footprint by 2 500 tons of CO2 by using intermodal transportation services. In 2020 our goal is to reduce it four times as much.





# FINANCIAL

STATEMENT 2019



UAB Girteka Logistics

SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2019  
PRESENTED TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT



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Register of Legal Entities

## INDEPENDENT AUDITOR'S REPORT

### To the management of Girteka Logistics, UAB

#### Opinion

We have audited the special purpose financial statements of Girteka Logistics, UAB (hereinafter – the Company), which comprise the balance sheet as at 31 December 2019, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the special purpose accompanying financial statements of the Company for the year ended 31 December 2019 are prepared, in all material respects, in accordance with the accounting principles described in Note 2 to these financial statements.

#### 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 Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the requirements of the Law on Audit of the financial statements of the Republic of Lithuania that are relevant to the audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of the 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.

#### Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 1 to the special purpose financial statements, which describes the basis of accounting. The special purpose financial statements are prepared to assist the Company in presenting certain financial information in the annual report of the parent company. As a result, these financial statements may not be suitable for another purpose. Our report is intended solely for the Company and the parent company and should not be distributed to or used by parties other than them. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of the special purpose financial statements in accordance with the accounting principles described in Note 2 to the special purpose financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the 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 financial statements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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.
- 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We 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.

UAB ERNST & YOUNG BALTIC  
Audit company's license No. 001335

Jonas Akelis  
Auditor's license  
No. 000003

18 May 2020

A member firm of Ernst & Young Global Limited



GIRTEKA LOGISTICS, UAB  
Company code 300569015 / Račių st. 1, LT-03154 Vilnius, Lithuania

Special purpose financial statements  
AS OF 31 DECEMBER 2019 (thousand EUR, unless otherwise stated)

## BALANCE SHEET

AS OF 31 DECEMBER 2019 (thousand EUR, unless otherwise stated)

ASSETS	NOTES	2019.12.31
<b>NON-CURRENT ASSETS</b>		
INTANGIBLE ASSETS		
Software		42
Concessions, patents, licenses, trademarks and similar rights		1 527
Other intangible assets		7
	3	<b>1 576</b>
TANGIBLE ASSETS		
Other fixtures, fittings, tools and equipment		1 208
	4	<b>1 208</b>
OTHER NON CURRENT ASSETS		
Deferred tax assets		171
		<b>171</b>
<b>TOTAL NON-CURRENT ASSETS</b>		
		<b>2 955</b>
<b>CURRENT ASSETS</b>		
INVENTORIES		
Raw materials and mounting parts		1
Prepayments		1 136
		<b>1 137</b>
AMOUNTS RECEIVABLE WITHIN ONE YEAR		
Trade receivables	5	159 296
Receivables from Group companies		48 201
Receivables from associated companies		3 779
Other amounts receivable	6	12 324
		<b>223 600</b>
CASH AND CASH EQUIVALENTS		
	7	1 378
DEFERRED EXPENSES AND ACCRUED INCOME		
	8	15 800
<b>TOTAL CURRENT ASSETS</b>		
		<b>241 915</b>
<b>TOTAL ASSETS</b>		<b>244 870</b>

EQUITY AND LIABILITIES	NOTES	2019.12.31
EQUITY AND LIABILITIES		
EQUITY		
CAPITAL		
Authorized (subscribed) capital or main capital	9	10
		<b>10</b>
RESERVES		
Legal reserve	9	1
		<b>1</b>
RETAINED EARNINGS (LOSS)		
Profit (Loss) of the reporting year		9 169
Profit (Loss) of the previous years		38 842
		<b>48 011</b>
<b>TOTAL EQUITY</b>		
		<b>48 022</b>
AMOUNTS PAYABLE AND OTHER LIABILITIES		
AMOUNTS PAYABLE AFTER ONE YEAR AND OTHER NON-CURRENT LIABILITIES		
Debt obligations		101
		<b>101</b>
AMOUNTS PAYABLE WITHIN ONE YEAR AND CURRENT LIABILITIES		
Debt obligations		87
Borrowings from credit institutions	10	64 514
Advances received		165
Trade accounts payable		5 973
Payable to Group companies		119 137
Payable to associated companies		80
Income tax liabilities		-
Employment related liabilities		2 260
Other amounts payable and current liabilities		232
		<b>192 448</b>
ACCRUED EXPENSES AND DEFERRED INCOME		
	11	4 299
<b>TOTAL AMOUNTS PAYABLE AND OTHER LIABILITIES</b>		
		<b>196 848</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>244 870</b>

The accompanying explanatory notes are an integral part of these special purpose financial statements.

These special purpose financial statements were approved on 18 May 2020 and signed by:

Edvardas Liachovičius

General Director

Milda Mikalauskiene

Chief accountant



GIRTEKA LOGISTICS, UAB  
Company code 300569015 / Račių st. 1, LT-03154 Vilnius, Lithuania

Special purpose financial statements  
AS OF 31 DECEMBER 2019 (thousand EUR, unless otherwise stated)

## INCOME STATEMENT

AS OF 31 DECEMBER 2019 (thousand EUR, unless otherwise stated)

	NOTES	2019.12.31
SALES REVENUE		945 324
COST OF SALES		(914 292)
<b>GROSS PROFIT</b>		<b>31 032</b>
SELLING EXPENSES		(240)
GENERAL AND ADMINISTRATIVE EXPENSES		(32 415)
INCOME (EXPENSES) FROM OTHER ACTIVITY	12	11 263
OTHER INTEREST AND SIMILAR INCOME	13	1 225
INTEREST AND SIMILAR EXPENSES	13	(1 394)
<b>PROFIT BEFORE INCOME TAX</b>		<b>9 471</b>
INCOME TAX	14	(302)
<b>NET PROFIT</b>		<b>9 169</b>

## STATEMENT OF CHANGES IN EQUITY

AS OF 31 DECEMBER 2019 (thousand EUR, unless otherwise stated)

Group	Share or main capital (paid)	Legal or reserve capital	Retained earnings (loss)	Total
As of 31 December, 2018	10	1	48 343	48 354
Profit (loss) for a reporting year	-	-	9 169	9 169
Dividends	-	-	(9 501)	(9 501)
<b>As of 31 December 2019</b>	<b>10</b>	<b>1</b>	<b>48 011</b>	<b>48 022</b>

The accompanying explanatory notes are an integral part of these special purpose financial statements.

These special purpose financial statements were approved on 18 May 2020 and signed by:

**Edvardas Liachovičius**

General Director

**Milda Mikalauskiene**

Chief accountant

GIRTEKA LOGISTICS, UAB  
Company code 300569015 / Račių st. 1, LT-03154 Vilnius, Lithuania

Special purpose financial statements  
AS OF 31 DECEMBER 2019 (thousand EUR, unless otherwise stated)

## CASH FLOW STATEMENT

AS OF 31 DECEMBER 2019 (thousand EUR, unless otherwise stated)

	2019		
<b>Cash flows from (to) operating activities</b>		<b>Cash flows from (to) financing activities</b>	
Net profit	9 169	The net change in credit lines	6 229
Depreciation and amortization expenses	542	Interest paid	(1 249)
Elimination of financial and investing activities	169	Financial lease payments	(59)
Elimination of results other non-cash activities	(135)		
Decrease in deferred income tax asset	41	<b>Net cash flow from (to) financing activities</b>	<b>4 921</b>
(Increase) in prepayments made	(174)		
(Increase) in trade receivables	(23 564)	Impact of currency exchange on the balance of cash and cash equivalents	186
Decrease in receivables from group companies and associates	120		
(Increase) in other accounts receivable	(3 041)	<b>NET INCREASE (DECREASE) IN CASH FLOWS</b>	<b>461</b>
(Increase) in deferred expenses and accrued income	(6 283)	<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>917</b>
Increase in current trade payables and advances received	384		
Increase in current payables to group companies and associates	19 502	<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>1 378</b>
(Decrease) in income tax payable	(192)		
(Decrease) in employment related liabilities	(14)		
(Decrease) in other accounts payable and current liabilities	(54)		
Increase in accrued expenses and deferred income	(1 554)		
<b>Net cash flows from (to) operating activities</b>	<b>(1 976)</b>		
<b>Cash flows from (to) investing activities</b>			
Acquisition of non-current assets (except investments)	(2 246)		
The net change in loans granted	(1 108)		
Interest received	561		
Other cash flow increase from investing activities	123		
<b>Net cash flows from (to) investing activities</b>	<b>(2 670)</b>		

The accompanying explanatory notes are an integral part of these special purpose financial statements.

These special purpose financial statements were approved on 18 May 2020 and signed by:



**Edvardas Liachovičius**

General Director



**Milda Mikalauskiene**

Chief accountant



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## 1. Basis of preparation

These special purpose financial statements of Girteka Logistics, UAB (hereinafter – the Company) for the year ended 31 December 2019 are prepared solely based on the decision of the Management of the Company to assist the Company in presenting certain financial information in the annual report of the parent company. As a result, the financial statements may not be suitable for another purpose. The special purpose financial statements comprise the balance sheet as at 31 December 2019, and the income statement, statement of changes in equity and cash flows statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. Comparatives are not presented.

The complete audited consolidated financial statements of the Group (which consists of UAB ME Investicija and its subsidiaries provided in the complete set of financial statements of the Group) have been prepared in accordance with the Law on Accounting of the Republic of Lithuania, the Law on Consolidated Financial Statements of Entities of the Republic of Lithuania and Lithuanian Business Accounting Standards (BAS), which include standards and interpretations prepared and approved by the Authority of Audit, Accounting, Valuation and Insolvency management, effective as at 31 December 2019. The complete set of audited financial statements of the Group for the year ended 31 December 2019 are being made available at the Company's premises, located Račių str. 1, Vilnius, Lithuania.

These special purpose financial statements are prepared in accordance with the accounting principles described in Note 2 below.

## 2. Accounting principles

Numbers in tables may not add up due to rounding of individual amounts. Such rounding errors are insignificant in these financial statements.

### Non-current tangible and intangible assets

Non-current tangible and intangible assets are such assets, which are under the Company's ownership and control, which are reasonably expected to generate economic benefits in future periods, which are going to be used longer than one year; which acquisition cost can be reliably measured, and which acquisition value is exceeding the minimum requirements for the assets group.

Non-current tangible and intangible assets are stated at historical cost, less accumulated depreciation (amortization) and impairment losses, if any.

Depreciation (amortization) is computed using the straight-line method over the estimated useful lives of the related asset. Liquidation value is equal to EUR 0.29. Depreciation (amortization) costs are allocated to operating expenses.

Assets with an acquisition value of over EUR 500 and useful life with more than one year are considered as non-current assets.

Non-current tangible and intangible assets depreciation (amortization) periods:

Group of non - current intangible assets	Useful lives
Software	3 years
Group of non - current tangible assets	Useful lives
Other tangible assets	4 years
Vehicles	10 years

At the end of every year the Company reviews the estimated useful life, carrying amount and depreciation (amortization) method of the non-current tangible and intangible assets and the changes in accounting estimates and judgments, if any, is recognized on a prospective basis.

Subsequent repair costs are included in the non-current tangible and intangible asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognized in profit or loss in the period in which they are incurred.

Assets held under finance leases are depreciated (amortized) over their expected useful lives on the same basis as owned assets.

Gains and losses on disposal of non-current tangible and intangible assets are recognized in the income statement during the year of disposal.



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## Impairment of assets

At each balance sheet date, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

## Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price, less the estimated costs of completion and selling expenses. The cost of the inventories is based on FIFO principle. Inventories, illiquid and not to be encashed are dismissed.

## Financial assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned.

### Loans granted and accounts receivable

Loans and receivables are measured at initial recognition at cost, and subsequently measured at amortised cost using the effective interest rate method less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in transit and cash in banks and other short-term with a maturity less than three months (from the inception of agreement) highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

### Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.



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## Financial liabilities

Contractual obligations to pay cash or deliver other financial assets are classified as financial liabilities.

When valuing financial liabilities, the Company classifies them into the following specified categories: Financial liabilities linked to market prices and Financial liabilities not linked to market prices.

### Financial liabilities linked to market prices

Financial liabilities are classified as linked to market prices if a change in their value is linked to fluctuations in the fair value of certain securities or in a market quoted rate that determines the fair value of these securities.

Financial liabilities linked to market prices are initially measured at acquisition cost, net of transaction costs and subsequently measured at fair value.

### Financial liabilities not linked to market price

Financial liabilities not linked to market prices usually comprise loans and trade payables.

Financial liabilities not linked to market prices are initially measured at costs with transactions expenses recognized as expenses in the profit (loss) statement. Subsequently these liabilities are measured at amortised cost using the effective interest rate method. Short term liabilities are subsequently measured at cost as the recognition of interest using the effective interest rate method would be immaterial.

### Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

### Revenue recognition

Revenue is recognised on the basis of the accrual principle of accounting, i.e. it is registered when it is earned, irrespective of when the cash is received.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced by value-added tax and/or discounts.

### Rendering of services

Revenues of services are recognized as services are rendered.

### Interest revenue

Interest revenue is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

## Accrual and deferred amounts

Deferred expenses/income – paid/received amounts during the reporting and prior reporting periods, which are going to be equally recognized as expenses/income in the future accounting periods, when they are incurred/earned.

Accrued income/expenses – it is earned income/incurred expenses amounts during reporting and prior reporting periods, which will be received/paid in the future reporting periods.

## Expenses recognition

Expenses are recognized on an accrual basis and revenue and expense matching principles in the reporting period when the income related to these expenses was earned, irrespective of the time the money was paid.

## Foreign currencies

Transactions denominated in foreign currency other than Euro (EUR) are translated into EUR at the official Bank of Lithuania exchange rate on the date of the transaction, which approximates the prevailing market rates. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign exchange gains and losses resulting from translation at year end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Gains and losses arising on exchange are included in net profit or loss for the period.



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### Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Income tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. In 2019 the income tax applied to the Company is 15%.

#### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

In Lithuania tax losses can be carried forward for an unlimited period except for the losses incurred from transfer of securities. The losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and only be used to reduce the taxable income earned from the transactions of the same nature. Starting from 1 January 2014 tax losses carried forward can be used to reduce the taxable income earned during the reporting year by maximum 70%.

#### Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity.

### Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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	Software	Concessions, patents, licenses, trademarks and similar rights	Other intangible assets	Total
<b>ACQUISITION COST</b>				
<b>AS OF 31 DECEMBER, 2018</b>	<b>166</b>	<b>293</b>	<b>10</b>	<b>469</b>
- ADDITIONS	14	1 473	-	1 484
<b>AS OF 31 DECEMBER, 2019</b>	<b>180</b>	<b>1 763</b>	<b>10</b>	<b>1 953</b>
<b>ACCUMULATED AMORTIZATION</b>				
<b>AS OF 31 DECEMBER, 2018</b>	<b>88</b>	<b>146</b>	<b>1</b>	<b>235</b>
- AMORTIZATION	50	90	2	142
<b>AS OF 31 DECEMBER, 2019</b>	<b>138</b>	<b>236</b>	<b>3</b>	<b>377</b>
<b>CARRYING AMOUNT:</b>				
<b>AS OF 31 DECEMBER, 2018</b>	<b>78</b>	<b>147</b>	<b>9</b>	<b>234</b>
<b>AS OF 31 DECEMBER, 2019</b>	<b>42</b>	<b>1 527</b>	<b>7</b>	<b>1 576</b>

	Other fixtures, fittings, tools and equipment	Total
<b>ACQUISITION COST</b>		
<b>AS OF 31 DECEMBER, 2018</b>	<b>896</b>	<b>896</b>
- ADDITIONS	963	963
- DISPOSALS	(50)	(50)
<b>AS OF 31 DECEMBER, 2019</b>	<b>1 809</b>	<b>1 809</b>
<b>ACCUMULATED DEPRECIATION</b>		
<b>AS OF 31 DECEMBER, 2018</b>	<b>252</b>	<b>252</b>
- DEPRECIATION	399	399
- DISPOSALS	(50)	(50)
<b>AS OF 31 DECEMBER, 2019</b>	<b>601</b>	<b>601</b>
<b>CARRYING AMOUNT:</b>		
<b>AS OF 31 DECEMBER, 2018</b>	<b>644</b>	<b>644</b>
<b>AS OF 31 DECEMBER, 2019</b>	<b>1 208</b>	<b>1 208</b>

### 5. Trade receivables

As of 31 December, trade receivables consisted of the following:

	2019.12.31
Trade amounts receivables	160 414
Less: Impairment of trade receivables	(1 118)
	<b>159 296</b>

### 6. Other amounts receivable

	2019.12.31
VAT receivable	10 714
Short-term loans	100
Advance corporate income tax	1 492
Other amounts receivable	18
	<b>12 234</b>

### 7. Cash and cash equivalents

As of 31 December 2019, Company's cash and cash equivalents consisted of the cash in banks and cash on hand.

### 8. Deferred expenses and accrued income

	2019.12.31
Accrued income	12 763
Deferred expenses	2 960
Deferred insurance expenses	77
	<b>15 800</b>

### 9. Share capital, legal and other reserves

#### a) Share capital

As of 31 December 2019, the authorised capital of the Company consisted of 10 136 ordinary shares, with a par value of 1 EUR each. All of the shares were fully paid.

During 2019 the Company did not acquire or held own shares.

#### b) Legal reserve

The legal reserve is a compulsory reserve under Lithuanian legislation. Annual contributions of 5% of the net profit are required until the legal reserve reach 10% of the statutory capital. The appropriation is restricted to reduction of the accumulated deficit.

As of 31 December 2019, the legal reserve was fully formed and amounted to 1 thousand EUR.

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### 10. Borrowings from credit institutions

The Company's borrowings from credit institutions consisted of bank overdrafts amounting to 64.514 thousand EUR as of 31 December 2019. Used overdraft limit was subject to variable interest rate.

### 11. Accrued expenses and deferred income

	2019.12.31
Deferred income	3 382
Accrued expenses	917
<b>TOTAL</b>	<b>4 299</b>

### 12. Income (expenses) from other activity

For the year ended 31 December other activity consisted of the following:

	2019
OTHER ACTIVITY INCOME	
Net profit from resold ferry services	236
Income from penalties and claims	5 348
Income from fines and charges	2 916
Other income	3 997
	<b>12 497</b>
OTHER ACTIVITY (EXPENSES)	
Penalties and claims expenses	230
Fines and charges	179
Other expenses	825
	<b>1 234</b>
<b>NET RESULT FROM OTHER ACTIVITY</b>	<b>11 263</b>

### 13. Interest and similar activity net income (expenses)

	2019
INTEREST AND SIMILAR INCOME	
Interest income	823
Positive net effect of exchange rate changes	279
Other financial activity	123
	<b>1 225</b>
INTEREST AND SIMILAR (EXPENSES)	
Interest expenses	(1 127)
Foreign currency exchange loss	(145)
Other financial expenses	(122)
	<b>(1 394)</b>
<b>RESULT FROM INTEREST AND OTHER SIMILAR ACTIVITY</b>	<b>(169)</b>

### 14. Income tax

Components of income tax expenses are the following:

	2019
Current income tax expenses	272
Change of deferred tax	41
Income tax adjustments of prior periods	(11)
<b>INCOME TAX EXPENSES REPORTED IN THE INCOME STATEMENT</b>	<b>302</b>

### 15. Subsequent events

The company has assessed the potential effect of COVID-19 pandemic situation, including the quarantine, which was announced in the Republic of Lithuania on 16 March 2020 on these financial statements and the going concern assumption. Management has estimated that this issue will not have a negative impact on the Company's ability to continue as a going concern as it did not have a material impact on the Company's liquidity.

The Company's management has concluded that this event is not a corrective post-reporting event and has no impact on the estimates and assumptions regarding the impairment of assets as of 31 December 2019.

No other significant events occurred between the end of the financial year and the date of the financial statements.



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