



ANNUAL REPORT 2020



DELIVERING ON OUR
CLIENTS' PROMISES
FOR 25 YEARS





CONTENT

- 3** **CEO LETTER**
- 5** **OUR SENSE OF PURPOSE**
- 7** **CLIENTS**
 - EUROPEAN BUSINESS
 - RUSSIAN BUSINESS
 - SCANDINAVIAN BUSINESS
 - GIRTEKA FLEET
 - CLASSTRUCKS
- 16** **PARTNERS**
- 21** **COLLEAGUES**
- 24** **OUR COMMUNITY**
 - CSR
 - SUSTAINABILITY
- 29** **KEY FACTS OF THE YEAR**
- 31** **FINANCIAL STATEMENT 2020**





CEO LETTER

“ An exceptional year in many ways, 2020 ends with a big thank you to the hardworking and loyal Girteka Logistics colleagues who were the driving force throughout these difficult times. Delivering food, medicine, and other goods that are essential to keep the economy running. ”



[Read the letter from our CEO](#)

Edvardas Liachovičius



CEO LETTER

As we enter 2021 and the 25th anniversary of our company, we are incredibly proud of the achievements, progress and positive impact Girteka Logistics has made throughout a memorable 2020.

“ **An exceptional year in many ways, 2020 ends with a big thank you to the hardworking and loyal Girteka Logistics colleagues who were the driving force throughout these difficult times. Delivering food, medicine, and other goods that are essential to keep the economy running.** ”

2020 was also the year for Girteka Logistics to elevate and accelerate the pace of digitalization. We see it as the way forward to fuel continuous, sustainable, and organic growth in our industry.

Using the latest technologies and our own dedicated truck and trailer fleet we have become a Digital Trucking company, providing a high-quality transport logistics solution driven by end-to-end digitalization.

In addition, we continue our investment in our community and our commitment to road safety and the UN Global Compact. Our partnership with the Lithuanian police force has been a contribution to making roads safer.

Girteka Logistics started with just one truck and its first three employees 25 years ago. Today, Girteka Logistics is Europe's leading asset-based Transport Company, as we deliver more than 820,000 Full Loads annually with more than 8,000 trucks and 8,400 trailers operating in Europe, Scandinavia, Russia, CIS and Central Asia countries.

With over 18,000 professionals supporting Girteka Logistics, it is their expertise that has made us the FTL (Full Truck Load) carrier of choice. We focus on long-term investments in people, performance, and partnerships to offer the best-in-class and sustainable transportation solution.

Even though 2020 was a tough year, we are extremely proud of our employees and our performance that saw a revenue growth of 5 percent compared to 2019.

As we begin our 25th anniversary, we hope to celebrate not just our longevity but also sustainable growth, employee satisfaction, new ways to increase road safety and to reduce our impact on the environment.



Edvardas Liachovičius, CEO



OUR SENSE OF



PURPOSE



OUR SENSE OF PURPOSE

Although 2020 was a turbulent year, it brought clarity to why we are in the logistics and transportation business and helped us in defining Our Sense of Purpose.

As we enter our 25th anniversary Our Sense of Purpose serves as a guiding light, establishing the objectives that have driven our business day in, day out over the last 25 years.

Every day our international team is committed to deliver on our clients' promises to their end customers, truckload by truckload serving their best interests, driving between factories and consumers throughout Europe, Scandinavia, and the CIS.

Our Sense of Purpose extends to our clients, partners, and the community we serve, which in 2020 meant activities ranging from transporting humanitarian aid to mobilizing our resources for the Arts.

Girteka Logistics is aware of its increasing accountability for the social well-being of the population it serves as customers, colleagues, partners, and the community. Leading by example with our key road safety, focus on sustainability and customer centricity messages.

Our colleagues are all acutely aware of the lessons learned at work and in the community in 2020. And, how with every team member's hard work, together we have contributed to the success of the entire company.

We strive to be the obvious first choice for our clients, colleagues, partners, community and shareholders.

We are driven by Our Sense of Purpose, that defines our culture, the services we provide and how we work. It is the foundation of the Girteka Logistics organization.

OUR SENSE OF PURPOSE

DELIVERING ON OUR CLIENTS' PROMISES

TO BE THE OBVIOUS FIRST CHOICE



CLIENTS

Transportation service reliability and long-lasting partnership



COLLEAGUES

Making a meaningful impact together with a driven team



OUR COMMUNITY

Road safety and environmental protection, contribution to community well-being



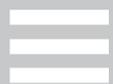
SHAREHOLDERS

Profitable growth and cost-consciousness



PARTNERS

Sustainable collaboration and mutual benefit



CLIENTS

Girteka Logistics will always be a customer-focused company.

We continually track and measure both customer and employee engagement and remain committed to improving our performance to the benefit of all our stakeholders.

- EUROPEAN BUSINESS
- RUSSIAN BUSINESS
- SCANDINAVIAN BUSINESS
- GIRTEKA FLEET
- CLASSTRUCKS





CLIENTS

EUROPEAN BUSINESS

“ Working through the pandemic meant changing our behavior, learning to do things differently and embracing the benefits of digitalization in the workplace, ”



says Mantas Litvinavičius,
Chief Operating Officer Europe,
Girteka Logistics.

MANAGING THE COVID-19 AND BREXIT DISRUPTIONS TO THE SUPPLY CHAIN

The 2020 COVID-19 disruption impacted transportation and supply chain networks with varying levels of delays, restrictions, and workforce capacity issues.

We focused on being more efficient by adapting to our clients as they shifted to remote working, finding new ways to communicate up-to-date information, and responding quickly to issues.

As Europe tried to control the spread of COVID-19 by implementing quarantines and travel restrictions it had a major impact on the transportation supply chain.

Goods in transit were delayed, rerouted, or even discharged short of their final destination because of countries imposing closures or restrictions.

The dire situation prompted a review and update of our annual plans, and to align strategies and operations to a new reality where changes happened on a daily basis.

FINDING WAYS TO DEAL WITH THE “NEW NORMAL”

Under these extreme circumstances, we began working much closer with our clients.

We had to learn more about their challenges, finding ways to keep them informed and respond effectively when they needed help or faced obstacles.

We worked hard to deliver a solution that protected our drivers, prioritizing their safety and at the same time to still be able to meet and go beyond our customer’s expectations.





CLIENTS

EUROPEAN BUSINESS

USING TECHNOLOGY AND INNOVATION TO STAY ONE STEP AHEAD OF THE MARKET

At the end of 2020, like many companies in Europe, we also faced the uncertainties of a post-Brexit trade agreement with the United Kingdom.

Our duty was to support our clients and keep their goods moving as smoothly as possible between the UK and the EU. Helping them to manage all the new checks and paperwork to accommodate the new customs procedures and declarations.

In addition, we offered new intermodal transportation options and the possibility to deliver goods with trucks powered by alternative fossil-free fuels to reduce CO₂ emissions.

The European region has been leading the installation and testing of Artificial Intelligence (AI) tools to automate everyday operations, with a subsequent roll-out planned across the rest of the Girtoka Logistics network.

Our use of the AI Planner tool has reduced the number of planning errors, increased asset utilization and ultimately saved costs by decreasing the number of empty kilometers driven.

LESSONS LEARNED FROM A DIFFICULT YEAR

No surprise that COVID-19 has shown how we as a company can adapt no matter the challenges. Whether that be disruptions to the supply chain, European borders closing, or unpredicted capacity fluctuations in the market.

With supply chains disrupted globally, we had to constantly adapt plans and our business strategy to respond to the fluctuations of the crisis and the changing patterns of customer demands.

We recognize that the COVID-19 pandemic affected trade more profoundly than any other recent crisis, which means we are in a better position now for long-term business success.

REMAINING AGILE TO BE ABLE TO EXPLOIT OPPORTUNITIES

In 2021 we plan to expand our fleet of trucks and put an even greater emphasis on refrigerated cargo transportation. At Girtoka Logistics we are unique because we handle the entire cold chain from end-to-end.



Along with digitalization, we will continue to invest in technology to improve our internal processes and the overall quality and delivery of customer services.

By reducing empty kilometers the AI Planner not only makes the transportation process more environmentally friendly, but it allows us to scale capacity and sustain quality.

In 2021, we also plan to run a pilot AI Operator for itinerary planning and monitoring. Mapping the optimal route for each order delivery with up to date driver information and truck availability, which would provide real-time data for the AI Planner to plan the next delivery.



CLIENTS

RUSSIAN BUSINESS

“ Russian Business Unit – it is a constant search of opportunities and new ideas, process improvement and digitalization, ensuring high quality services and becoming the obvious first choice for clients, while our professional and united team inspires and motivates to not stop, achieving more and better every day,



says Pavel Kveten,
Chief Operating Officer Russia,
Girteka Logistics.



INVESTING IN DIGITALIZATION TO WORK MORE EFFECTIVELY AND IMPROVE OUR CLIENTS' EXPERIENCE

Girteka Logistics has been growing organically and successfully from the very beginning, precisely because it has moved in one direction with the

changing market, constantly improving and making its operations more effective, and the changing needs of customers have always been taken into account.

The growth of any business is not possible without qualitative changes, and we are not an exception. We fuel our business by applying innovative solutions, investing in digitalization, enhancing the quality of our processes and services, and expanding into new markets.

When talking about Russian Business Unit, there is a need to look more broadly, as the Russian Business Unit has not been limited to one direction to/from the cities of the Russian Federation for a very long time. It covers many other CIS countries, and this year we plan to expand into new markets – Balkan countries, Central Asia and China.

As the market returns to normal after a protracted pandemic, we see 2021 as a time of expansion and opportunities.

We can offer our clients a full range of warehouse services including Chestny ZNAK mandatory marking and non-alcoholic goods labelling, intermodal transportation (marine freight) and LTL services, and ensure a high quality cargo transportation processes.



Providing services in different markets has many advantages and at the same time some challenges, such as long distances, lack of permits, fleet utilization, maintenance, fuel prices, etc. However, when faced with them, together with a professional team, we reorient and look for better, more efficient and innovative solutions.

The most important thing is not only to achieve the set goals and meet the expectations of clients, colleagues, partners, shareholders, but also to fully improve and purposefully continue the work started.





CLIENTS

RUSSIAN BUSINESS

PROMOTING CUSTOMER-CENTRICITY AND ADAPTING TO CLIENTS' DEMANDS

2020 was an unusual and difficult year for major players in the logistics market as well as for Russian Business Unit.

Russian Business Unit reviewed and updated development and action plans to reflect changes as they happened.

This period and the lessons learned have opened up opportunities for us to change and improve, adjusting to changing market conditions and the needs of clients, partners and colleagues.

Alongside the important changes in the organization - we started living with Our Sense of Purpose that we embraced recently - the Russian Business Unit began to deepen into the improvement of customer experience - we reviewed all stages of the customer's journey with us to understand client's needs to provide services that fit.

Moreover, by introducing a CRM software we are able to establish long-term cooperation with customers.

To continue our development, we expanded into new markets by offering current and new

logistics services to clients in Kazakhstan, China, and the Balkans (Romania, Hungary, Czech, Slovakia, Bulgaria).

To optimize the functionality of warehouses, we installed a WMS (Warehouse Management System) to make our work and processes more effective, allowing us to meet our clients and colleagues' expectations.

We are going to streamline our sales process by using SAP ERP to shift from only a sales-oriented to a customer experience based process. A standardized and fully integrated solution will simplify and automate complex logistics processes, optimizing the accuracy and efficiency of logistics services.

By using a new generation of trucks among our own fleet we are able to take care of the environment and further reduce CO₂ emissions, as well as to ensure road safety through innovative integrated systems.

WHAT DID WE LEARN IN 2020?

Throughout its history, the organization has faced and overcome a number of challenges. Challenges and crises are cyclical, but the consequences remain for a long time. While COVID-19 is not over yet, the whole world has already felt very strong consequences since the beginning of the pandemic.



Russian Business Unit is not an exception, and one of the main lessons learned is to have not only one scenario and an action plan, but also the scenarios and action plans B and C.

In the near future, we will focus on adding LTL services in our operational portfolio. In warehousing and spedition areas we will focus on labelling goods of other segments and expanding into new markets to be closer to the customer and offering unique services and innovative solutions.

As for sales development, we plan to expand our customer base and own fleet, utilizing it more efficiently.

The improvement and digitalization of internal processes will allow us to save time, work more effectively, reduce workloads and focus our resources on improving the client experience.



CLIENTS

SCANDINAVIAN BUSINESS

“ What did stand out for us in 2020 was the significance of owning our own fleet. Being able to tap into and manage the supply chain by providing our clients with quick, accurate and timely information was a highly valued service,



says Jens Romer Sode, Chief Operating Officer Scandinavia, Girteka Logistics.

Our Scandinavian business comprises of transportation between Norway, Denmark, Sweden and Finland to Europe and domestic transport lanes within these countries.

Our main cargo segments are fresh fish, vegetables and fruit, transported using our refrigerated trailers. In 2020 we celebrated a record operating profit, growing by 51 percent compared to 2019.

CHANGING BUSINESS STRATEGY TO ADDRESS A DROP IN INTERNATIONAL DELIVERIES

The COVID-19 pandemic had, without doubt, an enormous impact across Scandinavia in 2020. As a business, we had to quickly address a significant drop in demand for international transportation and focus on domestic routes, especially in Norway.

As a business we played a key role in transporting essential goods across Scandinavia, working closely with our clients to overcome the challenges they faced with the pandemic restrictions in place.

The growth of the e-commerce business across Scandinavia has prompted those in the forefront to push for digitalization in logistics.

For us, that means expanding our capacity to meet this growing demand, whilst at the same time focusing on sustainability and reducing CO₂ emissions.

During 2020 we invested in and developed various intermodal options, which brought challenges when transporting perishable products. We will continue to look at how we can develop this as a viable alternative transportation option.





CLIENTS

SCANDINAVIAN BUSINESS

WHAT DID WE LEARN IN 2020?

The changing market dynamics prompted us to review our strategic direction, to reflect and plan on how to further develop our domestic capabilities across the four Scandinavian countries.

We also aim to expand our fleet in 2021 and invest in digitalization to improve our transportation processes and how we work with partners.

During 2020 we have had to become more innovative to overcome the challenges faced by our clients, including a remote working environment.

As a result, we have improved our own internal communication processes, enhanced our health and safety practices, and involved every colleague to keep finding creative solutions.

A team that has adapted well to working virtually, allowed us to develop into a more competent, trusting, and collaborative company.

USING INNOVATION AND TECHNOLOGY TO HELP US GROW

As Girtaka Logistics celebrates its 25th anniversary we will continue developing our digital platform in Scandinavia. We want to use digitalization to scale our services to meet the demand for extra capacity and become more efficient in our processes.

To deliver on our business plan, it is key that we listen to and engage with our employees and take on board their input and ideas.

THERMOMAX TRONDHEIM AS

Despite 2020 being a turbulent and unsettling year for the logistics business, there have been some highlights for Girtaka Logistics.

We saw an increase in demand for domestic transportation in Norway, received a Fair Transport certificate and have taken the decision to gradually renew the entire fleet in the future.

THERMO-TRANSIT

Girtaka Logistics has invested in new terminals in Padborg, Denmark and Oslo which will be ready and operational in 2021.

THERMO  **TRANSIT**
miles ahead

THERMOMAX
Part of Girtaka Logistics



CLIENTS

GIRTEKA FLEET

“ Despite the challenges of 2020 we are more than ever a business that is united and focused on growth and will continue to deliver on our clients’ promises,



says Sigitas Meilūnas,
Chief Operating Officer, Girteka Fleet.

Since 2017, Girteka Fleet has been offering a dedicated fleet of trucks and trailers along with professionally qualified drivers.

We enable companies to develop their own FTL network while remaining asset light, as we take care of the operational setup.

All our trucks and trailers are without logos and the options we offer allow customers to select a fleet that meets their specific needs.

As well as providing 24/7 real-time visibility and operational support, options include choosing trucks registered in Germany, Poland, or Lithuania, having a tilt, mega or reefer trailer and the choice to operate with a single or double driver.

GROWING THROUGH A COMBINATION OF DIGITALIZATION AND FOCUSING ON STAFF COMPETENCIES

Although like any business, we faced a difficult market in 2020 we recognized that to continue to flourish we need to commit to digitalization and at the same time build the competencies of our employees.

As a company, we made strategic changes in 2020 based on the experience of working through the COVID-19 pandemic.

We were forced to review our strategy, moving away from mega trailers and redefining target markets and opportunities for future growth.

We redefined our sales strategy, having a specialist for each region who could focus more attention on regional clients but also leverage their local knowledge. And our Key Account strategy provided an effective channel to support and work with our clients.

To be able to respond quicker and to be more effective in our communication, we are increasingly working with our clients’ APP and installing an EDI.

We have now a new transport base in Poznan, Poland, where we have a separate team of dispatchers and will look to renew and expand our fleet.

WHAT DID WE LEARN IN 2020?

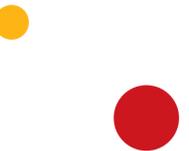
As a company we had to rapidly adapt to a new environment, shifting to remote working, learning how to remain in constant contact with clients while still maintaining a high-quality service.

As a result of COVID-19 and Brexit, we had to quickly respond to disruptions in the supply chain by redirecting trucks – the trucks that were stopped due to borders closures were used for other clients and regions.

FOCUSING ON SALES, OUR FLEET AND CUSTOMER-CENTRICITY TO BE THE OBVIOUS FIRST CHOICE

The focus of Girteka Fleet is to continue with digitalization, automation and the constant evolution of our regional sales and business development strategy.

In 2021, we will further develop our managers’ core competencies and use the NPS survey to define the requirements of each of our clients to become their first choice transportation company.





CLIENTS CLASSTRUCKS

“ **What stood out for us during these unpredictable times was the support and flexibility of our colleagues. Mobilizing resources to respond immediately to changes in business conditions, adopting new working practices and leveraging digitalization to flatten out the peaks and troughs of the ever-changing market forces,** ”



says Mindaugas Pasilauskas,
Transport Asset Management Director,
Girteka Logistics.

ENSURING A COST-EFFECTIVE AND PROFICIENT FLEET MANAGEMENT CYCLE

The ClassTrucks team manages the Girteka Logistics fleet of trucks and trailers, from procurement, managing our vehicles to selling them.

Founded in 2010, our goal has always been to maintain a fleet of modern trucks and trailers, fulfilling all safety, environmental and driver comfort requirements. Finally, to sell our carefully selected second-hand trucks and semi-trailers at the appropriate time.

Despite the challenges that 2020 brought upon us, we managed to grow our team, modernize, and digitalize our systems and increase sales by 8 percent.

We have an extensive network of sales locations across Europe in Lithuania, Poland, the Netherlands, and Spain, along with a further 20 partners who sell our second-hand fleet. We also have sales locations in Russia, in Moscow, Saint Petersburg and Yekaterinburg.

MANAGING THE UNCERTAINTIES OF 2020 BY FOCUSING ON THE CUSTOMER

The mobility package, Brexit, the weakening of the Russian rouble, and, of course, the devastating effects of the COVID-19 pandemic affected our business.

At ClassTrucks, the customer is always at the core of everything that we do. So, to engage more effectively with our customers, we invested in a new CRM system to manage client relations.

At the same time, we are using digitalization to help us make better decisions, by integrating internal information, client management data, and market trends.

This new business intelligence system is helping us with improving fleet management, servicing, digital marketing and finding clients.

As a company, we learned how to grow and develop during numerous challenges, personally as a team and as an organization.

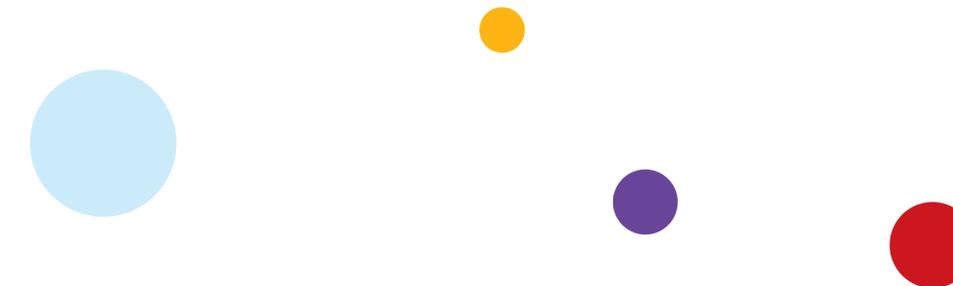
We learned that we had to respond quickly and sometimes come up with unconventional solutions because of the issues we faced during these difficult times.

After the ups and downs of 2020, we now see that we have adopted a more robust approach to our work, supported by digitalization. In a relatively short time, we gained a lot of experience and knowledge that has made us stronger than ever before.

GROWING OUR FLEET TO MEET A GROWTH IN DEMAND

We look forward to speeding up our digitalization processes that we started in 2020.

We have ambitious plans to continue growing our new fleet and further expanding our business development and our sales network by attracting new partners across Europe and Russia.





PARTNERS



PARTNERS

DIGITALIZATION & AI (ARTIFICIAL INTELLIGENCE)

“ Our customers want to maximize their return on transportation costs by consolidating with bigger and more advanced logistics providers,



says Martynas Sarapinas,
Chief Information Officer, Girteka Logistics.

GIRTEKA LOGISTICS HAS MADE DIGITALIZATION A TOP BUSINESS PRIORITY

To help deliver the high-profile digitalization projects across the organization, Girteka Logistics has formed a strategic partnership with SAP. Because of COVID-19, we have accelerated the pace of our digitization process roll-out for customer and supply-chain interactions and internal processes.

For example, managing the fleet requires intensive work not only from our drivers, but also from our professional teams that manage operations 24/7, 365 days a year. In 2020, we began investing in AI technology to automate some of the tasks that take a lot of manual work.

There are several challenges that we want to address through digitalization. For example, the length of time our trucks have to wait for loading and unloading, in addition to a more efficient utilization of our assets, by cutting the number of empty kilometers and reducing their environmental impact.

In 2020, we accelerated our digital focus. As a result, we strengthened our position as The Digital Trucking Company, taking quality, efficiency, and sustainability of our operations to the next level through digitalization.

We know that as a company we must make these changes to stay competitive in a dynamic business and economic environment, which requires new strategies and digital practices.

During 2020, we:

- Streamlined core strategic partnerships, employing AI and planning optimization technologies across all operational areas.
- Sped up Girteka Logistics’ adoption of enterprise technology with the implementation of industry-leading ERP SAP S/4 HANA and specialized core systems.

Through system integrations, our digitally initiated order numbers reached more than 200,000 units by the end of 2020, with further growth expected.

We continue to use technology to focus on providing our clients with more transparency and control, with real-time visibility and self-service functionality.





PARTNERS

DIGITALIZATION & AI (ARTIFICIAL INTELLIGENCE)

THE FIRST DIGITAL TRUCKING COMPANY

Over the next three years, we plan to modernize 80% of our organization's internal processes, which will affect every employee and customer interaction with Girteka Logistics.

ENABLE is the name of our digital transformation program, a single application that combines multiple strategic projects utilizing SAP business technology.

The program is primed to cover the following key digital activities:

1. Re-platform and digitize Core Business Processes
2. Implement the SAP S/4 HANA platform
3. Establish a real-time data hub

Girteka Logistics aims to lead the industry by blending traditional trucking with technology to automate and optimize day-to-day processes and operations.

Although these are the early days in the project, we are on the right track as our fleet is equipped with an advanced telematics system, a tablet in every cab that connects the driver's smartphone and the operations center, allowing remote monitoring and real-time visibility.

USING AI

We currently use two AI tools, both of which were developed by Nexogen, referred to as the AI Planner and the AI Operator.

Launched in June 2020, the AI Planner is currently being piloted in the European region with a company-wide implementation expected in late-2021. We also plan to roll out the tool in other business areas in 2022.

For example, the AI Planner assigns the most suitable truck for each order in real-time. It can precisely estimate the delivery time based on PTV maps and a driver's rest times, resulting in improved loading/unloading KPIs.

We connect our customer orders with the AI Planning tool and driver information all in a single ecosystem, to ensure we deliver a best-in-class transportation service.

By using machine learning it reduces the chance of human error in planning, which increases speed and accuracy, increasing the utilization of our assets.

Reduced empty kilometers make the transportation process more cost-efficient and reduces greenhouse gas emissions.



More efficient fleet utilization and higher capacity make our business more resilient and future-proof and allows scaling while maintaining quality and sustainability as per Our Sense of Purpose.

AI OPERATOR

The AI Operator was launched in December 2020 and will be piloted in 2021 with a goal to have it operational in Europe in late-2021.

It can map out the most optimal route with precision, including fuel stations, secure parking, etc. within the required timeline.

It is continually updated with real-time information, including the availability of the driver and the status of the truck, integrating seamlessly with the AI Planner to plan the next delivery.



PARTNERS

PROCESS IMPROVEMENT

THE FIRST DIGITAL TRUCKING COMPANY

Operational excellence as a strategic partner helps build the best-in-class quality and most efficient operations and maintain a customer-centric approach across the organization.

To deliver on a commitment to improve process efficiency and effectiveness, we have several objectives in place:

- Customer-centric logistics to design and shift core organization processes to become customer-centric.
- Establish strong quality management to ensure we satisfy our client and partner requirements.
- Design a valuable CI methodology eco-system and engage the organization to effectively use it and get the desired result.
- Inspire the organization to effectively use any tools or methods to achieve results.
- Introduce cutting-edge BPM practices and build capabilities that would allow us to successfully utilize, monitor and automate core business processes.
- Become a key hands-on professional partner for our business units to guide how to focus on quality.

A SUMMARY OF OUR OPERATIONAL EXCELLENCE ACHIEVEMENTS IN 2020 WERE:

- Recertification of all major standards: ISO9001/ISO14001, SQAS, GDP
- Certified IFS standard in 2021 Q1
- Reviewed and mapped all of organization's sales processes, transformed operations into process-based sales to be more effective and achieve higher quality
- Designed the concept and a framework for process architecture and new knowledge management systems (both to be launched in 2021)
- To receive input on customer needs through a monthly CSAT survey and to deal with negative feedback in the management system
- Designed and launched a sales quality management system and prepare a Customer Care quality standard framework (launched in 2021 Q1)
- Launched a Partners portal which allows us to communicate digitally with our partners
- Launched Customer Satisfaction surveys in all commerce units





PARTNERS PROCESS IMPROVEMENT

LEAN MANAGEMENT PRACTICES

Lean aims to shorten the time of order execution, reduce costs and improve work safety and quality.

The Lean methods we use with our employees are day-to-day improvement activities, helping them to develop autonomy, responsibility, and teamwork.

Within Girteka Logistics we have are over 1,000 people trained in Lean, sales techniques, professional customer care and process mapping.

Key topics have been continuous improvement, using Lean to increase our effectiveness and to enable innovation in internal processes to improve our service quality.

Kaizen, a Lean method for encouraging employees to voice and implement their ideas is a principle involving all employees for continual improvement. Through this approach to continuous improvement, we implemented changes worth 35 million EUR.

Lean Gemba refers to where value is created, e.g., in the warehouse. The Gemba walk, a physical assessment of processes shows what kind of actions should be taken to implement Lean principles. Our colleagues completed on average more than 60 Gembas per day with all levels of management.

In 2020, we completed:

- 3,000 Gemba tours for optimizing internal processes
- 800 Kaizen submissions by our colleagues identifying continuous improvement opportunities
- 60,000 ASAICHI meetings for KPI monitoring and real-time issue resolving
- In the past four years 3,500 Kaizens were submitted and 53% of them were implemented.

THE LEAN COMMUNITY

Girteka Logistics hosted the first Lean community meeting. We used this opportunity to discuss how we use the Lean methods, tools and to contemplate new ideas with other companies.

During this event, we also showed how we use Lean both internally and within our community. Girteka Logistics CEO Edvardas Liachovičius spoke at the LEAN'20 conference, sharing his thoughts on the Lean philosophy, its benefits and challenges.





COLLEAGUES



COLLEAGUES

“ I am proud of how much **Girteka Logistics** has grown as a team over the past 25 years, and I look forward to furthering our progress. Striving to become the obvious first choice for our **Colleagues**, **Girteka Logistics** continues investing in opportunities, for individual development and career,



says Aušra Bijaminienė,
Chief People Officer, Girteka Logistics.

CAREER DEVELOPMENT

Along with our company growth plans over the next few years, our international team of colleagues will continue to grow as well.

In addition, with initiatives led by senior management, we continue to provide opportunities to all our colleagues to promote internal career development.

We encourage our colleagues to discover their strengths with both vertical and horizontal career opportunities within Girteka Logistics.

LEARNING OPPORTUNITIES

In 2020, our employees successfully completed 49 e-learning programs.

We also trained 1,345 employees in 2020 who participated and completed over 140 training sessions.

A total of 567 employees participated in 72 external courses and conferences, ranging from BMI Business School, ISM University, language courses and a leading digital marketing strategy course.

Determined to continue to train our employees during the pandemic, we switched from the classroom to remote learning.

We also started a video initiative for best practice sharing, called Win Learn Share where employees shared their best practices and achievements allowing us to learn from each other while uniting our community.

In addition, training programs for managers such as Step UP and My Leadership Journey, both of which were started in 2019, have been successful.

In 2020, managers, representing different Business areas had the opportunity to participate in Accelerate program which contributed to strengthening our organizational culture.

Three project streams were working on defining company KPIs, Leadership behaviours and Values, needed for living Our Sense of Purpose.

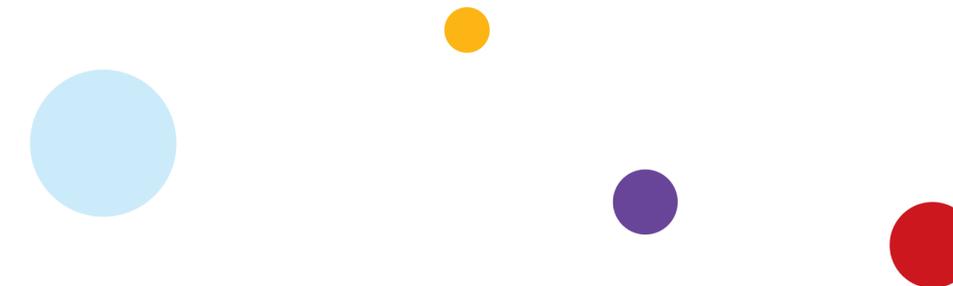
In defining the Girteka Logistics organizational values through the Accelerate program, the research project team received more 17,000 responses from colleagues across all parts of the organization to analyze – the responses were used to define our core company values that will support Living Our Sense of Purpose best.

IMPROVING COMMUNICATION

Ensuring the dissemination of information to colleagues during the pandemic has been critical. Keeping employees and customers updated on the latest news and procedures warranted a consistent company-wide approach.

Digital initiatives such as the Weekly Pulse were created to share updates, whether on the road, in the office, or working remotely allowing us to stay connected virtually.

SPEAK UP is an employee engagement survey that gave a voice to administration colleagues to share their thoughts about the company. This feedback has been reviewed and integrated into our strategic planning.





COLLEAGUES

“ As we deliver on our promises to our customers, our drivers are the people who make it possible to fulfill our Sense of Purpose. Focusing on communication and feedback, we continue supporting our drivers through education and modernization,



says Mindaugas Paulauskas,
Chief Transport Officer, Girteka Logistics.

FIRST-EVER DRIVERS SURVEY

Girteka Logistics launched and completed its first driver satisfaction and feedback survey with over 3,400 drivers participating.

The survey focused on safety, job satisfaction, job incentives, salary satisfaction, and drivers' relationship with their managers.

More than half of our new drivers are attracted through our current drivers' recommendations and 40% of drivers return to us after taking a break or working for an alternative company.

DRIVERS ACADEMY

The Drivers Academy continues to be a great source of pride for Girteka Logistics with over 50,000 trainings completed in 2020.

As well as updating the training curriculum, the programs have been transferred onto a new e-platform to satisfy the requirements for remote learning.

To meet the challenges of teaching virtually we continued to expand topics involved in the course and improved interactivity to keep our drivers engaged.

The main goal in 2021, and in the coming years, is to keep raising the quality of our training courses. We strive to teach our drivers not only practical skills, but also safety and social responsibility.

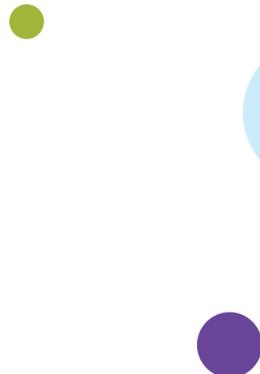
The Eco Driving training course is of particular importance to Girteka Logistics because it can help reduce fuel consumption and significantly contribute to reducing the negative impact on our environment.

We also provide individual driver consultations and refresher courses to make sure our drivers remain on top of their qualifications and competencies. All of which provides Girteka Logistics with a significant market advantage.



The world road transport organization International Road Union (IRU) recognized 11 Girteka Logistics drivers for their outstanding contribution to the profession.

The award is based on strict criteria reflecting the driver's integrity, road safety record, a career that must span at least 20 years of professional driving and have driven more than 1 million kilometers.





OUR COMMUNITY



OUR COMMUNITY CSR

“ Today trucks account for only 2% of vehicles on the road. Yet they are responsible for 22% of road transport CO₂ emissions in the EU. We cannot meet the Paris agreement without decarbonising road freight. Replacing our 7 400 Euro 6 trucks with zero-emission vehicles is a must. Joining ECTA (European Clean Trucking Alliance) brings a strong and united voice to our common goal of having zero-emission trucks,



says Edvardas Liachovičius,
CEO, Girteka Logistics.

As a business, we continue to go from strength to strength. Setting ourselves a tough sustainability agenda, one that sets an example within the transport and logistics industry.



We believe corporate sustainability starts with a company’s value system and a principles-based approach when doing business.

For a company of our size - in terms of the number of employees and our geographical spread – it is essential that we consider our social and environmental impact on the community that works and lives around us.

Girteka Logistics is aware of its increasing accountability for the social well-being of the people it serves as customers, colleagues, partners, and the community-at-large.



Girteka Logistics participated at the 2020 Lithuanian Road Administration road safety annual event “Protect myself and protect you“. Working alongside other professional organizations and public institutions to educate fellow road users on how to remain safe, smart and aware.

The Lithuanian National Opera and Ballet Theater, together with Girteka Logistics, joined forces in a project to bring opera to the community.

An extraordinary performance took place not just of “La Serva Padrona” at the palace of the Grand Dukes, but for the first time, an opera performance was shown from inside a Girteka Logistics trailer.



OUR COMMUNITY SUSTAINABILITY

Compared to 2019, in 2020 we reduced our CO₂ emissions by 4%, whilst doubling our intermodal capacity, covering 5% of our total kilometers via intermodal transportation. This saved 8,000,000 kg of CO₂ during the year.

As one of the founding members of European Clean Trucking Alliance (ECTA), Girtoka Logistics joined more than 150 other business leaders to urge heads of states within the European Union (EU) to set higher 2030 emissions reduction targets, as set out in the European Green Deal to reduce greenhouse gas emissions by at least 55% by 2030.



The need for sustainable growth and development is ever-increasing, and together, as individuals and as companies, we have an enormous responsibility in protecting the planet and its resources.

Girtoka Logistics' Sustainability Policy outlines 7 key focus areas for reducing emissions both in transportation and supporting activities. As we strive to move towards greener transportation and more sustainable growth, the Policy guides our strategy to improve our environment.

1. Modernizing the vehicle fleet to achieve the lowest possible greenhouse gas (GHG) emissions.
2. Digitalizing our operations to reduce empty kilometres driving
3. Increasing the use of alternative fuels, with a particular focus on HVO for CO₂ reduction
4. Increasing intermodal transportation
5. Educating our truck drivers on eco-driving practices to maximise engine efficiency and increase road safety
6. Ensuring our own responsible consumption.
7. Supporting all of our partners and colleagues in the drive towards sustainability.



Through collective action, we can ensure more impactful and wide-reaching decisions. Partnering with our clients, suppliers, and industry colleagues, working towards the same goal.

As we move forward on this road to sustainability, we must do so coherently and in the spirit of mutual agreement that is essential if we are to make the world a better place for ourselves and the generations that will follow us.



KEY FACTS

OF THE YEAR





KEY FACTS OF THE YEAR - A YEAR IN REVIEW



820 000
FULL TRUCK LOADS



DEFINED OUR SENSE OF PURPOSE



18 600
COLLEAGUES, OUT OF WHICH
15 000 ARE DRIVERS



STARTED OUR PARTNERSHIP WITH SAP, with the 2025 goal



8 000 / 8 700
TRUCKS TRAILERS



30 000
CHILDREN BOOKS ON ROAD SAFETY
partnering with Circle K, Volvo, Save the Children, the Lithuanian Road Police, in a project Būk Saugus Kelyje (Būk Saugus Kelyje)



LAUNCHED ECTA
as one of the founding members (July)



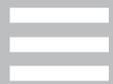
144
MILLION UNITS PASTED, AND 39 000 DECLARATIONS formed by our warehouses in the Baltics



SUSTAINABILITY POLICY
& started working with **HVO FUEL**



INSTALLING PROJECT44
and launching internal training for Colleagues who will use the tool (2021 Feb)



FINANCIAL

STATEMENT 2020



UAB Girteka Logistics

SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2020
PRESENTED TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT



UAB „Ernst & Young Baltic“
Aukštaičių st. 7
LT-11341 Vilnius, Lietuva
Tel.: (8 5) 274 2200
Faks.: (85) 2742333
Vilnius@lt.ey.com
www.ey.com/lt
Juridinio asmens kodas 110878442
PVM mokėtojo kodas LT108784411
Juridinių asmenų registras

Ernst & Young Baltic UAB
Aukštaičių st. 7
LT-11341 Vilnius, Lithuania
Tel.: +370 5 274 2200
Faks.: +370 5 2742333
Vilnius@lt.ey.com
www.ey.com/lt
Code of legal entity 110878442
VAT payer code LT108784411
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 2020, 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 2020 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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (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

21 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 2020 (thousand EUR, unless otherwise stated)

BALANCE SHEET

AS OF 31 DECEMBER 2020 (thousand EUR, unless otherwise stated)

ASSETS	NOTES	2020.12.31
NON-CURRENT ASSETS		
INTANGIBLE ASSETS		
Software		18
Concessions, patents, licenses, trademarks and similar rights		1 777
Other intangible assets		5
	3	1 800
TANGIBLE ASSETS		
Other fixtures, fittings, tools and equipment		922
	4	922
OTHER NON CURRENT ASSETS		
Deferred tax assets		189
		189
TOTAL NON-CURRENT ASSETS		
		2 911
CURRENT ASSETS		
INVENTORIES		
Raw materials and mounting parts		1
Prepayments		412
		413
AMOUNTS RECEIVABLE WITHIN ONE YEAR		
Trade receivables	5	151 840
Receivables from Group companies		28 359
Receivables from associated companies		4 723
Other amounts receivable	6	9 632
		194 554
CASH AND CASH EQUIVALENTS		
	7	11 909
DEFERRED EXPENSES AND ACCRUED INCOME		
	8	13 585
TOTAL CURRENT ASSETS		
		220 461
TOTAL ASSETS		223 372

EQUITY AND LIABILITIES	NOTES	2020.12.31
EQUITY AND LIABILITIES		
EQUITY		
CAPITAL		
Authorized (subscribed) capital or main capital	9	10
		10
RESERVES		
Legal reserve	9	1
		1
RETAINED EARNINGS (LOSS)		
Profit (Loss) of the reporting year		23 600
Profit (Loss) of the previous years		43 512
		67 112
TOTAL EQUITY		
		67 123
AMOUNTS PAYABLE AND OTHER LIABILITIES		
AMOUNTS PAYABLE AFTER ONE YEAR AND OTHER NON-CURRENT LIABILITIES		
Debt obligations		28
		28
AMOUNTS PAYABLE WITHIN ONE YEAR AND CURRENT LIABILITIES		
Debt obligations		73
Advances received		362
Trade amounts payable		6 353
Payables to Group companies		139 133
Payable to associated companies		513
Income tax liabilities		1 257
Employment related liabilities		3 280
Other amounts payable and current liabilities		114
		151 085
ACCRUED EXPENSES AND DEFERRED INCOME		
	10	5 136
TOTAL AMOUNTS PAYABLE AND OTHER LIABILITIES		
		156 249
TOTAL EQUITY AND LIABILITIES		223 372

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

These special purpose financial statements were approved on 21 May 2021 and signed by:



Edvardas Liachovičius

General Director



Milda Kazlauskienė

Chief accountant

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

Special purpose financial statements
AS OF 31 DECEMBER 2020 (thousand EUR, unless otherwise stated)

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020 (thousand EUR, unless otherwise stated)

	NOTES	2020.12.31
SALES REVENUE		996 993
COST OF SALES		(945 300)
GROSS PROFIT		51 693
SELLING EXPENSES		(178)
GENERAL AND ADMINISTRATIVE EXPENSES		(39 742)
INCOME (EXPENSES) FROM OTHER ACTIVITY	11	14 901
OTHER INTEREST AND SIMILAR INCOME	12	837
INTEREST AND SIMILAR EXPENSES	12	(1 570)
PROFIT BEFORE INCOME TAX		25 941
INCOME TAX	13	(2 341)
NET PROFIT		23 600

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020 (thousand EUR, unless otherwise stated)

Group	Authorized capital	Legal reserve	Retained earnings (loss)	Total
As of 31 December, 2019	10	1	48 012	48 023
Net profit	-	-	23 600	23 600
Dividends	-	-	(4 500)	(4 500)
As of 31 December 2020	10	1	67 112	67 123

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

These special purpose financial statements were approved on 21 May 2021 and signed by:



Edvardas Liachovičius

General Director



Milda Kazlauskienė

Chief accountant

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

Special purpose financial statements
AS OF 31 DECEMBER 2020 (thousand EUR, unless otherwise stated)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020 (thousand EUR, unless otherwise stated)

	2020	
Cash flows from (to) operating activities		
Net profit	23 600	
Depreciation and amortization expenses	661	
Elimination of tangible and intangible non-current asset sales results	(3)	
Elimination of financial and investing activities	733	
Elimination of results of other non-cash activities	112	
Decrease in deferred income tax asset	(18)	
(Increase) in prepayments made	724	
(Increase) in trade receivables	6 668	
Decrease in receivables from Group companies and associates	(619)	
(Increase) in other accounts receivable	2 692	
(Increase) in deferred expenses and accrued income	2 221	
Increase in current trade payables and advances received	578	
Increase in current payables to Group companies and associates	20 287	
(Decrease) in income tax payable	1 257	
(Decrease) in employment related liabilities	1 021	
(Decrease) in other accounts payable and current liabilities	(118)	
Increase in accrued expenses and deferred income	832	
Net cash flows from (to) operating activities	60 628	
Cash flows from (to) investing activities		
Acquisition of non-current assets (except investments)	(613)	
Disposal of non-current assets (except for investments)	16	
The net change in loans granted	19 261	
Interest received	1 116	
Other cash flow increase from investing activities	121	
Net cash flows from (to) investing activities	19 901	
Cash flows from (to) financing activities		
Dividend payments	(4 500)	
The net change in credit lines	(64 514)	
Interest paid	(656)	
Financial lease payments	(87)	
Net cash flow from (to) financing activities	69 757	
Impact of currency exchange on the balance of cash and cash equivalents	(241)	
NET INCREASE (DECREASE) IN CASH FLOWS	10 531	
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1 378	
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	11 909	

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

These special purpose financial statements were approved on 21 May 2021 and signed by:



Edvardas Liachovičius

General Director



Milda Kazlauskienė

Chief accountant



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

Special purpose financial statements
AS OF 31 DECEMBER 2020 (thousand EUR, unless otherwise stated)

EXPLANATORY NOTES

(all amounts are in thousand euros, unless otherwise stated)

1. Basis of preparation

These special purpose financial statements of Girteka Logistics, UAB (hereinafter – the Company) for the year ended 31 December 2020 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 2020, 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. Comparative financial information is 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 2020. The complete set of audited financial statements of the Group for the year ended 31 December 2020 is 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. Residual 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, residual value and depreciation (amortization) method of the non-current tangible and intangible assets and the changes in accounting estimates and judgments, if any, are 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.



EXPLANATORY NOTES

(all amounts are in thousand euros, unless otherwise stated)

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 the 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.



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

Special purpose financial statements
AS OF 31 DECEMBER 2020 (thousand EUR, unless otherwise stated)

EXPLANATORY NOTES

(all amounts are in thousand euros, unless otherwise stated)

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 cost with transactions expenses recognized as expenses in the income 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

Revenue of freight transportation, logistics are recognized when they are provided.

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.



EXPLANATORY NOTES

(all amounts are in thousand euros, unless otherwise stated)

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.

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 2020 the income tax rate 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.



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

Special purpose financial statements
AS OF 31 DECEMBER 2020 (thousand EUR, unless otherwise stated)

EXPLANATORY NOTES

(all amounts are in thousand euros, unless otherwise stated)

3. Intangible assets

	Software	Concessions, patents, licenses, trademarks and similar rights	Other intangible assets	Total
ACQUISITION COST				
AS OF 31 DECEMBER, 2019	180	1763	10	1953
- ADDITIONS	5	312	-	317
AS OF 31 DECEMBER, 2020	185	2 075	10	2 270
ACCUMULATED AMORTIZATION				
AS OF 31 DECEMBER, 2019	138	236	3	377
- AMORTIZATION	29	62	2	93
AS OF 31 DECEMBER, 2020	167	298	5	470
CARRYING AMOUNT:				
AS OF 31 DECEMBER, 2019	42	1527	7	1576
AS OF 31 DECEMBER, 2020	18	1777	5	1800

4. Tangible assets

	Other fixtures, fittings, tools and equipment	Total
ACQUISITION COST		
AS OF 31 DECEMBER, 2019	1 809	1 809
- ADDITIONS	296	296
- DISPOSALS	(31)	(31)
AS OF 31 DECEMBER, 2020	2 074	2 074
ACCUMULATED DEPRECIATION		
AS OF 31 DECEMBER, 2019	601	601
- DEPRECIATION	568	568
- DISPOSALS	(17)	(17)
AS OF 31 DECEMBER, 2020	1 152	1 152
CARRYING AMOUNT:		
AS OF 31 DECEMBER, 2019	1 208	1 208
AS OF 31 DECEMBER, 2020	922	922

5. Trade receivables

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

	2020
Trade amounts receivables	153 071
Less: Impairment of trade receivables	(1 231)
TOTAL	151 840

6. Other amounts receivable

	2020
VAT receivable	9 532
Short-term loans	100
TOTAL	9 632

7. Cash and cash equivalents

As of 31 December 2020, Company's cash and cash equivalents consisted of the cash in banks and cash on hand.

8. Deferred expenses and accrued income

	2020
Accrued income	10 023
Deferred expenses	3 450
Deferred insurance expenses	112
TOTAL	13 585

9. Share capital, legal and other reserves

a) Share capital

As of 31 December 2020, 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 2020 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 2020, the legal reserve was fully formed and amounted to 1 thousand EUR.

EXPLANATORY NOTES

(all amounts are in thousand euros, unless otherwise stated)

10. Accrued expenses and deferred income

	2020
Deferred income	4 071
Accrued expenses	1 065
TOTAL	5 136

11. Income (expenses) from other activity

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

	2020
OTHER ACTIVITY INCOME	
Net profit from resold ferry services	477
Income from downtime and claims	5 870
Income from fines and charges	4 835
Other income	4 938
	16 120
OTHER ACTIVITY (EXPENSES)	
Downtime and claims expenses	834
Fines and charges	164
Other expenses	221
	1 219
NET RESULT FROM OTHER ACTIVITY	14 901

12. Interest and similar activity net income (expenses)

	2020
INTEREST AND SIMILAR INCOME	
Interest income	716
Other financial activity	121
	837
INTEREST AND SIMILAR (EXPENSES)	
Interest expenses	528
Foreign currency exchange loss	914
Other financial expenses	128
	1 570
RESULT FROM INTEREST AND OTHER SIMILAR ACTIVITY	(733)

13. Income tax

Components of income tax expenses are the following:

	2020
Current income tax expenses	2 329
Change of deferred tax	(18)
Income tax adjustments of prior periods	30
INCOME TAX EXPENSES REPORTED IN THE INCOME STATEMENT	2 341

14. Subsequent events

On 4 January 2021, 100% of the Company's shares, owned by the parent company UAB ME Investicija, were sold to other related party UAB Girteka Holding (formerly - UAB Girseta).

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



CONTACT US:



+ 370 5 239 4090



info@girteka.eu



www.girteka.eu

