

ANNUAL REPORT 2021



CEO Letter

CEO Letter

As we enter 2022 and look back at over 25 years of our company history, we are incredibly proud of the achievements, progress and positive impact Girteka has made throughout a challenging 2021.

Overall, we managed to continue to grow our business profitably in 2021, but not all our business lines were equally successful because of a challenging operating environment.

I have experienced many different market situations within logistics during 2021. The current situation in 2022 we face is one with unique challenges. Currently, there is a huge demand for transport services, however, the industry is struggling due to the economic conditions post the COVID pandemic in Europe and the consequences of the war in Ukraine.

In 2021 demand for Full Truck Load (FTL) capacity rose and at the same time, transport carriers had to parallel manage the challenges of inflation and rising operating costs.

As a company, we spent much of 2021 preparing for the EC regulatory changes coming in 2022 with the Mobility Package requirements. One of the decisions we made was to expand our operation in Poznan, Poland which should be fully operational by the end of 2022 as a base close to Western Europe and the Nordics.



Edvardas
Liachovičius

CEO Letter

Girteka and its intermodal rail network went from strength to strength. Overall, the company more than doubled the amount of FTLs it carried in 2021 compared to 2020 covering, 5% of our total kilometers via intermodal transportation, this saved 14,4 million kg of CO2 during the year.

Our goal is to carry 20% of long-distance kilometers by 2025 using our intermodal network.

Girteka started with just one truck and its first three employees 25 years ago. Today, Girteka is Europe's leading asset-based Transport Company and deliver more than 880 000+ Full Loads annually with more than 9 000 fully owned trucks and 9 800 trailers operating in Europe, and the Nordics.

With 21 000 professionals supporting Girteka in 2021, it is their expertise that has made us the FTL carrier of choice. We believe that only by taking responsibility for the well-being of our employees, their work conditions, and directly controlling our environmental footprint, is it possible for us to make a real change in the industry.

We continue as a company to focus on

sustainable growth and profitability. Our new strategic dream is to achieve by 2026 a top 10 position amongst Europe's logistics. The company will achieve this by doubling its sales revenue and investing in high-quality business growth – process improvement, personnel management, and digitization. At least EUR 50 million will be invested in our transformation program.

And to achieve sustainable growth, we have already started to evolve as a business, transforming into four client-focused business units: A logistics company; a cost-leading carrier; a full vehicle life-cycle management company; and have started the development of a digital channel to serve SME clients and carriers.

Proactivity, speed in decision making, and constant focus on our competitiveness will ensure we sustain our profitable growth and help us achieve our strategic dream.

The company plans to continue its focus on business development in Europe and Scandinavia, separating its Eastern European business and changing the geography of its transportation operations.

And at the same time, we have been busy changing our organizational structure in preparation for further growth. The changes that have taken place in the group's structure will ensure the sustainable development of the organization, with the management of transport companies concentrated in Girteka Holding, LLC.

While having a very young fleet of trucks means we are more efficient in terms of our costs, we also provide a more comfortable environment for our drivers that eases their stress and workload. We did see in 2021 that the COVID pandemic had worsened the driver shortage in Europe, it also showcased how crucial the profession is to the well-being of everyone in the continent, as our drivers were the ones that kept supply chains from falling apart.

As we begin 2022, we hope to celebrate not just our longevity but also sustainable growth, employee satisfaction, new ways to increase road safety and reduce our impact on the environment.

We need to focus on our costs and the efficiency of our assets while working closely with customers to reflect our pricing with actual cost.

Our Sense of Purpose

Our Sense of Purpose

Over the last 25 years, our Sense of Purpose has defined the Girteka Logistics culture, work values, and the services we provide our clients. It has continually served as a guiding light, establishing the objectives that have driven our business for the last 25 years and will help us sustain our growth momentum for the foreseeable future.

We want to remain the first choice for our communities, clients, colleagues, suppliers, partners, and shareholders. Our Sense of Purpose is the foundation of the Girteka Logistics organization.

Our Sense of Purpose extends to our clients, partners, and the community we serve, which again in 2021 meant us undertaking activities ranging from transporting humanitarian aid to mobilizing our resources for the Arts bringing opera to the community with “Opera on Wheels”.

Girteka Logistics is aware of its ongoing 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 message,

working alongside the Lithuanian Swimming Federation to draw attention to safety in the water and a continued focus on sustainability and customer-centricity.

A responsible logistics company with a focus on safety, sustainability, employee wellbeing and generally improving market standards and conditions.

OUR SENSE OF PURPOSE TO BE THE OBVIOUS FIRST CHOICE

RESPONSIBLE LOGISTICS



CLIENTS

Transportation service reliability and long-lasting partnership



COLLEAGUES

Making a meaningful impact together with a driven team



COMMUNITY

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



SHAREHOLDERS

Profitable growth and cost-consciousness



PARTNERS

Sustainable collaboration and mutual benefit

Clients

Clients:

Girteka Logistics will always be a customer-focused company.

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

Girteka Europe West

Girteka Europe West

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

says Pavel Kveten,
COO, Girteka
Europe West.

After dealing with COVID, Brexit, and the knock-on disruption to the supply chain, Girteka found momentum as the market became more stable. The focus now is on business growth through improving processes, the progress of our digitalization program, and a motivated workforce.

The post-COVID pandemic period continued to impact transportation and supply chain networks in 2021 with varying levels of delays, restrictions, and workforce capacity issues.

Like other trucking companies, in 2021 we saw an industry affected by the increase in operating costs, driver shortages, inflation, and limited availability of new and used vehicles. All of which meant a huge amount of pressure on the global transportation supply chain.

In addition, higher demand and limited availability have pushed up the prices for new and subsequently used trucks, as manufacturers have struggled to finish enough vehicles to satisfy the needs of European road freight companies. Meaning that there have been delays in delivering trucks from manufacturers.

While the most obvious item whose price has risen over the past year is the fuel which can on average account for over 30% of the total operational costs for a road freight transport company.

In addition, other operating expenses have gone up as well, ranging from salaries, and administrative costs, to prices for repairing trucks and trailers, all adding pressure to maintain performance.



Using technology and innovation to stay one step ahead of the market

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

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

Our use of the AI (artificial intelligence) 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

With supply chains disrupted globally, we had to constantly adapt plans and business strategy to the fluctuations of costs, capacity, and the changing patterns of buyer behavior of our customers.

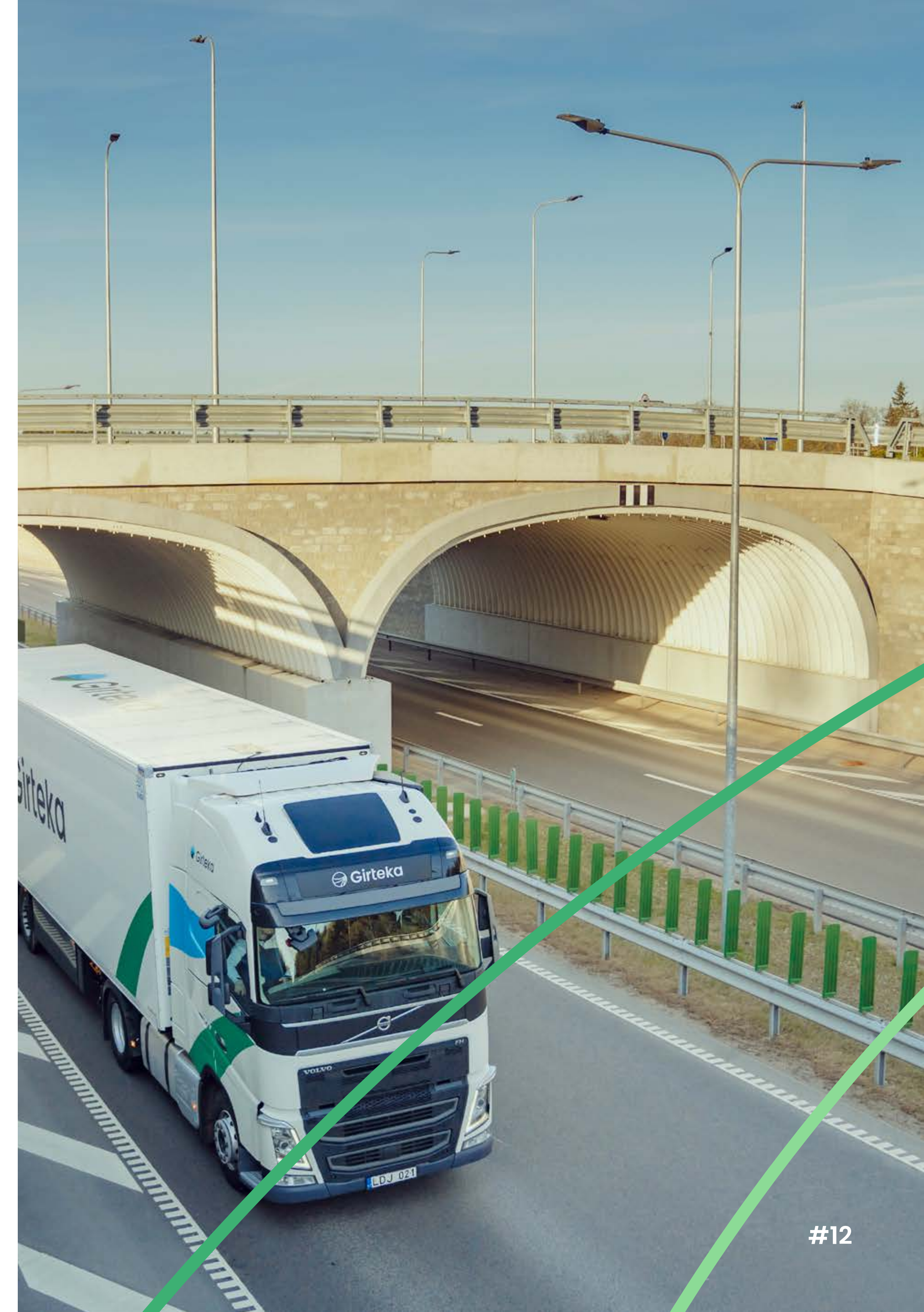
Remaining agile to be able to exploit opportunities

In 2021 we had expanded our fleet of trucks with an emphasis on refrigerated cargo transportation. At Girteka 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.

In 2021 we leveraged our AI Planner and AI Operator tools to effectively reduce the level of empty kilometers driven.

The AI Operator allowed us to map the optimal route for each order delivery providing real-time data for the AI Planner to plan the next delivery. All of which made the transportation process more environmentally friendly and allowed us to scale capacity and sustain quality.



Girteka Europe East

Girteka Europe East

“Our focus now is on the health, safety, and income of the families of our colleagues. Furthermore, since the first day of aggression, we provide financial and other assistance to our colleagues, who were affected by this aggression,”

says Zigmās Mikoliūnas,
COO Girteka Europe East.

Girteka plans to separate its Eastern European business and change the geography of its transportation operations. The independent business will focus on cargo transportation between other Asian countries (China, Kazakhstan, etc.) and Europe.

The main activity of the group of companies in the Europe East region – transportation of full loads, accounted for 20% of the company’s revenue in 2021.





Investing in digitalization to be able to exploit new market opportunities with innovative solutions

Opening new markets and adding services does increase opportunities “and at the same time” present some unique challenges, such as long distances to cover, permits, fleet utilization, maintenance, fuel prices, etc. – all of which add pressure on maintaining performance.

Before 2021, the waiting time at the border was 2–3 days max, and in 2021 it increased to 2 weeks and was a big challenge for the logistics market, impacting transportation costs. By being flexible and adapting our operations to reflect changing market conditions and demand, we continue to surpass customer expectations.

What did we learn in 2021?

As we expand beyond routes between cities in the Russian Federation in 2021, we had our first successful test transportation to the Central Asia markets (Kazakhstan, China, etc.).

Our strategic plans and actions continue to focus on ensuring long-term collaboration, creating mutual value for our colleagues, clients, partners, and the organization to become the first choice amongst our stakeholders.

Our aim has always been to improve the understanding of our client's needs to support long-term client collaboration, build an understanding of their behavior, and react quickly to their demands.

By successfully implementing a SAP ERP that integrates finance, pricing, planning, cargo management, client servicing, and consulting it allowed us to save time, work more effectively, reduce workloads and focus on the customer experience.

A key focus has been that we fully utilize our trucks. By adding LTL services in warehousing and forwarding, it allows us to develop opportunities outside of the FTL season in new markets across Europe and Asia.



Girteka Nordic

Girteka Nordic

“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,
COO Girteka Nordic.

The Nordic area comprises of transportation between Norway, Denmark, Sweden, and Finland to Europe and transport within these countries.

Girteka Logistics provides expert transportation services in Scandinavian countries, with a specialized fleet, drivers trained to work in cold weather conditions and in-depth understanding of operational regulations in each country.



Business strategy

We continued to serve the Scandinavia customer base in 2021 via our current three strategic brands, each maintaining its unique position in the marketplace.

- **Girteka logistics**
- **Thermo Transit**
- **Thermomax**

Our focus is to build on existing capabilities and grow market share across all of Scandinavia, mainly in industries such as Fish, Retail – Fresh Produce and Frozen, Pharma, and strategic alignment with other 3PLs.

Our main cargo segments are fresh fish, vegetables, and fruit transported using our refrigerated trailers.

As a business, we will continue to play a key role in transporting essential goods across Scandinavia, working closely with our clients to meet their needs.

The growth in 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 2021 we invested in and developed various intermodal options, which brought challenges when transporting perishable produce. So, we will continue to look at how we can develop this as a viable alternative transportation option.

What did we learn in 2021?

The change in 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.

Using innovation and technology to help us grow

We continued in 2021 to invest in digitalization to improve our transportation processes and how we work with partners. And continued to develop how we work together with customers as a more competent, trusting, and collaborative company.

Thermomax Trondheim AS

Despite 2021 being a turbulent and unsettling year for the logistics business, there have been some highlights.

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

Girteka Logistics invested in new terminals at Padborg, Denmark, and Oslo which are already contributing to the operation in 2021.

Girteka Fleet

Girteka Fleet

“Despite the challenges of 2021, we are more than ever a business that is united and focused on growth and progress.”

says Sigitas Meilūnas,
COO Girteka Fleet.

Girteka Fleet has been offering since 2016 a dedicated fleet of trucks and trailers along with professionally qualified drivers.

Girteka Fleet is transforming its brand and henceforth will be known as TNDM Trucking, as the new name and visual identity will better reflect the value proposition of the unique dedicated trucking business model.

We enable companies to develop their own FTL network, remaining asset-light while we take care of the operational setup. All our trucks and trailers are without logos and the options offered 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 opting for a single or double driver.





Growing through a combination of digitalization and focusing on staff competencies

Utilising specialists for each region who could focus on regional clients and leverage their local knowledge, our Key Accounts strategy proved to be an effective channel to support and work with clients.

We also now have 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 2021?

Sales growth, our fleet, and customer-centricity became the Girteka Fleet focus, continuing with digitalization, automation, and our regional sales and business development strategy.

During 2021 we further developed our managers' core competencies and continued to work on refining our approach to clients to become their first-choice transportation company.

Classtrucks

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.

Ensuring a cost-effective and proficient fleet management cycle

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

Founded in 2010 our goal has always been to maintain and sell at the right time a fleet of young trucks and trailers from the Girteka Logistics fleet, fulfilling all safety, environmental, and driver requirements.

Despite the challenges that 2021 brought, we managed to grow our team, modernise, and digitalize our systems. All of which

contributed to a growth in sales and generated impressive results – all due to our readiness to adapt to a new market reality.

One of the main aspects distinguishing our company from most of our competitors is undoubtedly the best value for money ratio on the market. Plus, we have an extensive network of sales locations across Europe in Lithuania, Poland, the Netherlands, and Spain, along with further European partners who sell our used fleet.

Managing the uncertainties of 2021 by focusing on the customer

At ClassTrucks the customer is always at the core of everything that we do. To engage effectively with our customers, we have utilised our new CRM system to manage client relations.

And 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 is helping us with improving fleet management, servicing, digital marketing, and finding clients.



Partners

Digitalization & AI (Artificial Intelligence)

PARTNERS: Digitalization & AI (Artificial Intelligence)

“The breakthrough of information technology is currently the main tool for business to develop successfully and move forward”

says Martynas Sarapinas, Chief Information Officer at Girteka.

Girteka Logistics has made digitalization a top business priority

There are several challenges that we want to address through digitalization, for example, the length of time our tractors wait for loading and unloading, utilizing our assets more effectively by cutting the number of empty kilometers and therefore reducing their environmental impact. To help deliver the high-profile digitalization projects across the organization, Girteka Logistics formed a strategic partnership with

SAP to accelerate the pace of our digitization roll-out for customer and supply-chain interactions and internal processes. Since 2020 the focus has been to develop a modernization program of our organization's internal processes, the touch points across every employee, and customer interaction.

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

Over the past two years IT Modernization & ENABLE Roadshows have successfully presented the Organization by Transformation leaders program from Martynas Sarapinas and Aušra Gustainienė. With the objective of showing the value that the modernization journey can bring to Girteka as an organization.

We assembled a Core Transformation Team made up of full-time dedicated staff and part-time resources, supporting the roll-out of 4 active projects under the ENABLE umbrella.

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



Using AI

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

“The basis of the integration of AI-based technologies into our process has been our work behind the scenes, as together with our partners, we firstly looked at our back garden, before we decorated the front of our house, so to speak,” commented Pavel Kveten, the Chief Operating Officer of Girteka Logistics European Business Unit.

Having the AI Operator, for example, helps efficiency companywide, as we can fine-tune every journey and delivery, including the most optimal route with precision, including fuel stations, secure parking, etc. with an execution timeline.

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

The AI Planner is another software solution that has been implemented into the company’s daily operations, as the planning application helps

to oversee that the trucks are connected with loads efficiently, timely, and most importantly, adhering to the customer’s requirements.

If a customer requires a two-driver truck for their delivery, the AI Planner can manage that requirement – but only if the requirement is visible by the system itself, affirming how important it is to input the correct data into the software.

“While we have begun to utilize AI-based software for our operations relatively recently, we saw an immediate positive impact on our efficiency. After all, we have to manage several thousand trucks daily, with a single decision potentially affecting our whole fleet of vehicles, thus, we have to be very meticulous in how we approach planning and operating our 9,000 trucks,” stated Kveten.

The AI Planner is currently being piloted in the European region with a companywide implementation expected in 2022.

The AI Planner in real-time assigns the most suitable truck for each order. 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 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, lifting the utilization of our assets.

Reduced empty kilometers make the transportation process more economical, environmentally friendly and reduce greenhouse gas emissions.

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

From the driver’s perspective, doing everything in our Transics transport management system (TMS) eases their workload, as they do not have to input addresses across several navigation providers, and they do not have to look for parking locations manually,” continued Kveten.

SAP and digitalization of the transportation industry

“Together we are accelerating the digitalization journey of the entire transportation industry”,

says Martynas Sarapinas, CIO,
Girteka Logistics.

In 2020 Girteka Logistics had announced a partnership with SAP to implement a complete end-to-end, fully integrated transportation management solution.

The world's leading business software vendor announced that Girteka Logistics had chosen the SAP Business Technology Platform in order to take an important step into the era of sustainable and digital logistics and to utilize business data more efficiently.

More than a year ago, Girteka Logistics started implementing an ambitious business development vision and aims to fully digitize its logistics business and all operations by 2025 using the SAP Business Technology Platform.

Phase 1 went live in 2021 with 6 CC and 108

“We are on the path of digital transformation, and Girteka Logistics has chosen SAP as a partner for this journey. We aim to become a data-driven logistics company, and we believe that SAP offers the best tools to help us achieve this,”

says Vytenis Šuklys, Chief Financial
Officer at Girteka Logistics.

customers, Phase 2 planning and execution started in Q4, 2021.

Together with SAP we are working to increase business productivity and simplify internal processes through digitalization. The aim with digitalization is to enable our employees to work more effectively, to be more productive, and increase job satisfaction.

According to Vytenis Šuklys, the company's main goal is to reduce the volume of manual work by at least 20%, increase the efficiency of reporting delivery by 40%, speed up decision-making

processes, and accelerate the achievement of the set strategic sustainability goals.

“We were looking for a data analytics platform that would give us opportunity for improvement many years forward. It is essential that updates to the chosen solution are in the manufacturer's strategic roadmap. Another important criterion is business self-service opportunities. In our fast-changing business, we want data analysis reports to be available to employees without IT involvement”

says Vytenis Šuklys.



With the SAP project our aim is to:

1. Leverage our digitalization to remain a market leader.
2. Implement SAP best practices in our transport management processes.
3. Optimize and digitize our business to reduce costs, grow revenue, and improve overall performance.

Why are we moving to a new ERP?

Our business agility has been somewhat restricted by disparate technology platforms, end-of-life, overly complex, and duplicated IT infrastructures that we have amassed over the last 25 years.

The implementation of a modern ERP Solution (SAP S/4HANA) – is a unique opportunity for us

to review and analyze our business model with TietoEVRY our selected implementation partner.

The goal is to modernize, optimize and shift from siloed processes to an integrated enterprise-wide view for achieving scale efficiencies. In 2021 we saw significant milestones achieved, the To-Be process design workshops helped complete and prioritize the process design and GAPS analysis.

SAP and digitalization of the transportation industry

The Business Intelligence (BI) Project covers the data warehousing (DWH) support for a BI analytics platform across the organization. The goal is to bring together the various business units to support a data driven decision-making process to improve results.

In addition to regular data, the company collects truck sensor data and plans to use other external data, the real-time analysis of which can provide valuable insights for the company's specialists, and help optimize and plan various business processes.

In 2021 the KPI discovery internal preparation was finished and IBM as a partner was selected, and the contract signed.

With this project, we aim to:

- Implement a centralized analytics repository a DWH to collate data from many sources.
- Provide employees with advanced and self-service analytics.
- Increase the power and speed of data analytics (saves time, boosts efficiency).
- Enhance the quality and consistency of our data analytics output.
- Reduce the amount of manual work required to prepare reports today.

The goals of the project are:

- Provide consistent and reconciled BI, which is based on operational data, decision support data, and external data.
- Business advantage of having a DWH that offers a significant increase in competitive strategy by enabling smarter, metric-based decisions on everything from product releases to inventory levels to key sales levels, and cost reduction.
- Enable business users to access and explore data sets, and create reports even if they don't have a technology background in BI or related functions like data mining and statistical analysis.

Partners

Process improvement

PARTNERS: Process improvement

Operational excellence as a strategic partner helps build best-in-class quality, efficient operations and maintain customer-centric thinking across the organization. Girteka is implementing probably the largest digitalization of any business in Lithuania.

To deliver on a commitment to improve overall process efficiency and effectiveness, we have several objectives that we have been working towards in 2021:

- Customer-centric logistics – design and shift core organization processes to become customer-centric.
- Establishing strong quality management to ensure we satisfy client and partner requirements.
- Designing a CI methodology eco-system and engaging the organization to effectively use it and get the desired result.
- Inspire the organization to use tools or methods that potentially achieve better results.
- Introduce cutting-edge BPM practices and build capabilities that would allow us to successfully exploit, monitor, and automate core business processes.

- Become a key hands-on professional partner for our business units to guide how to focus on quality.

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 over 1000 people trained in Lean, Sales techniques, Professional customer care, and process mapping.

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

Colleagues

Colleagues

“The driver satisfaction survey which was created and conducted by Girteka Logistics was the first survey of its kind in our company’s 25 year history.”

Chief People Officer
Jens Hovgaard Jensen

We internally identified and introduced to the company during our Colleagues Summit conference in 2021 a new set of five company values along with value-based behavior. To support the rollout of these 5 Leadership competencies we have created video training material, distributed internally.

In terms of staff development, we have set out a roadmap for encouraging our employees to be Open & Respectful, Create the Best Customer Experience, Foster a Team Spirit, Take Ownership and Strive for Continuous Improvement.

The PRAISE tool was also launched in 2021 allowing staff to give praise to colleagues on value-based behavior.

With high numbers of recruitment expected to continue over the next few years, we must ensure continued support and development of the recruitment process. In 2021 we managed to hire almost 1000 new colleagues.

A top priority to keep drivers in the profession is to make them feel as comfortable as they can be while they are far away from home on the road. A shortage of drivers exacerbated by the COVID pandemic means we have had to look at their earnings and raise them to remain competitive and attractive employer.

We have worked very hard in this area of employee relations, and we can proudly say that 70% of our current colleagues have recommended working at Girteka Logistics for their friends and their relatives.

For Girteka – so far, none of our trucks are sitting idle at our transport bases and are continuing to move daily, recognition that we are retaining and recruiting drivers successfully, as well as being able to find the right solutions for our customers.

Colleagues

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

Our Leadership Roadmap started onboarding training for 36 new managers that joined during in 2021. Girteka has also created a Mentorship platform and is searching for participants in the Pilot Mentorship Program, along with enrolling 168 group leaders into the My Leadership Journey training.

Today, the company has a diverse range of nationalities in its workforce, and we must work hard to stress the importance of cultural inclusiveness and diversity.

We encourage leadership, personal development, and actively look for ways to grow and develop our employees internally. We fully supported our managers with their 3S Dialogues, achieving a completion rate of 96% of those participating.

More than 2400 Girteka Logistics administrative employees will move to Girteka Park early in 2022 which will become the new head office location for Girteka in Vilnius.

The new office covers 14,000 sq. m, in a six-story A+ energy class building, which already has a BREEAM Very Good certificate for the technical design of the building. Once the building is completed, solar panels will be installed on the roof of the building, which will produce about 10 percent of the annual electricity demand of the entire business center.

Drivers Academy

Girteka Logistics in-house Drivers Academy supports our drivers in their professional development. The Drivers Academy continues to be a great source of pride for Girteka Logistics with over 60 000 trainings completed in 2021.

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

The main goal in 2021, and in the coming years, is to keep raising the quality standards for training courses. Teaching drivers not just practical skills but also safety and social responsibility.

The Eco Driving training is of particular importance to Girteka Logistics because it can help reduce fuel consumption significantly. Every driver completes 33 compulsory courses, with additional courses available for increased specialization, including:

- Industry-specific training, including GDP
- Safe driving in winter conditions
- Driving in the United Kingdom (UK)
- Forklift certification training
- Cargo documentation & customs procedures

We also provide individual driver consultations and refresher courses to make sure we increase qualifications and competencies. All of which provide Girteka Logistics with a significant market advantage.

Improving communication

SPEAK UP is the employee engagement survey that provides admin staff a channel to share their thoughts on the company and organization structure.

We successfully provided managers with guidance on results analysis, workshops, and action plans to improve employee engagement based on their input to SPEAK UP. This feedback will continue to be reviewed and integrated into our overall strategic planning.

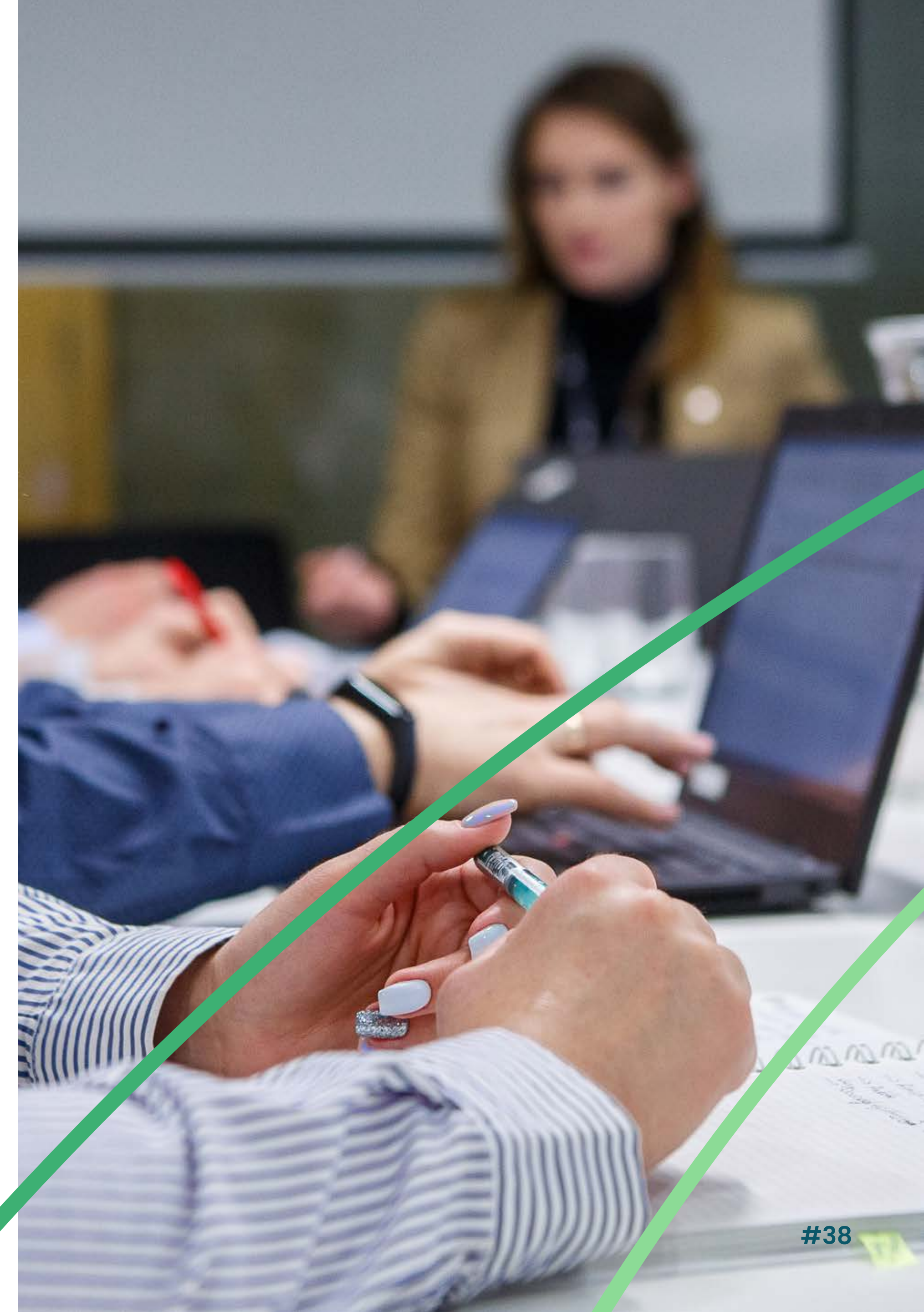
In terms of supporting staff with regards to office space and a flexible working environment, we organized an Open Forum event to proactively answer employee questions and the Pulse survey to measure the progress of implemented actions aimed at increasing people engagement.

E-learning

During in 2021 our employees successfully completed 53 e-learning programs. In 2021 our employees participated and completed over 626 e-learning sessions and spent 47247 hours in training.

External training

A total of 827 employees participated in 47 external courses and conferences, ranging from ISM University, language courses, and negotiation training.



Community

Community: CSR

Simonas Bartkus, Head of Marketing and Communications said:

“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. Being members of ECTA (European Clean Trucking Alliance) brings a strong and united voice to our common goal of having zero-emission trucks.”

Girteka Logistics wants to create long-term value for our stakeholders: our community, clients, colleagues, shareholders, and partners by doing business in an environmentally and socially responsible way.

We joined the UN Global Compact in early 2015 and have published public CSR reports annually ever since. Incorporating the Ten Principles and producing an annual CSR report has become an automatic commitment and is already part of the company's DNA.

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



Community: CSR

We are part of an initiative from the largest news portal in Lithuania “Delfi” where 10 businesses and state institutions have come together to promote the idea of a “Sustainable Lithuania”.

A major focus for us continues to be to raise the awareness of road safety so that everybody can do their part to reduce road accidents. We actively invest in and participate in events and campaigns throughout the year at a local and national level.

By working with local communities and partners it helps us with outreach, with initiatives such as Būk Saugus Kelyje (Be Safe on the Road), we continue to educate and inform road users and pedestrians on how to stay safe around trucks.

For many years, the Lithuanian Swimming Federation (LSF) has been implementing the project “Learn how to Swim and Behave Safely in the Water”. Working with the LSF we are supporting their efforts to draw attention to an important issue – the lack of swimming skills – and encourage parents to teach their children how to swim

The Lithuanian National Opera and Ballet Theatre, together with Girteka Logistics, expanded their joint project to bring opera for the second year running into the community.

With 14 free performances across Lithuania, an audience of more than 10 thousand spectators watched and listened to the opera ‘The Maid Lady’ on a stage installed in the truck trailer.

“From major cities to small, remote towns the opera performances from the stage installed in the trailer gave world-class artists the opportunity to be heard”

said Simonas Bartkus Head of Marketing and Communications at Girteka Logistics.

Community: Sustainability

As one of the founding members of ECTA, Girteka Logistics joined together with more than 150 other business leaders to urge EU heads of state to set higher 2030 emissions reduction targets. As set out in the European Green Deal and reduce greenhouse gas emissions by at least 55% by 2030.

Girteka Logistics, together with other ECTA members, welcomes the 'Fit for 55' legislative package from the European Commission (EC), which aims to reduce the bloc's emissions by at least 55% by 2030 compared to the 1990 levels.

“As an international road freight carrier, Girteka Logistics has looked for ways to reduce its greenhouse gas emissions, including the adoption of HVO and the expansion of the company's intermodal rail network. The new 'Fit-for-55' package only confirms that we have been on the right path in terms of our approach to slashing our emissions,”

comments Edvardas Liachovičius,
the Chief Executive Officer (CEO)
of Girteka Logistics.



Community: sustainability Policy

<https://www.girteka.eu/sustainability-policy/>

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.

Girteka 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 for bettering our environment.

Reduce CO2 own fleet

- Increase alternative fuel using;
- Increase intermodal transportation;
- Reduce empty mileage;
Reduce fuel consumption;
- Modernizing the vehicle fleet.

Measure and to create GHG emissions reduce strategy

- Sorting/Recycling waste and reducing the amount of waste going to landfill;
- To use electricity from renewable resources;
- To apply green criteria for purchasing;
- To comply with environmental legislation;
- To prevent potential environmental incidents and be ready to address any that might occur;
- To build awareness by involving employees and partners in efforts to protect the environment.

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.

UAB Girteka Holding

Consolidated financial statements
prepared according to business accounting standards
for the year ended 31 december 2021 presented together
with consolidated annual report and
independent auditor's report



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Juridinio asmens kodas 110878442
PVM mokėtojo kodas LT108784411
Juridinių asmenų registras

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Code of legal entity 110878442
VAT payer code LT108784411
Register of Legal Entities

INDEPENDENT AUDITOR’S REPORT

To the Shareholder of UAB Girteka Holding

Opinion

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

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

Basis for Opinion

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

Other Information

Other information consists of the information included in the Group’s 2021 Consolidated Annual Report, other than the consolidated financial statements and our auditor’s report thereon. Management is responsible for the other information.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

We also have to evaluate, if the financial information included in the Consolidated Annual Report corresponds to the consolidated financial statements for the same financial year and if the Consolidated Annual Report was prepared in accordance with the relevant legal requirements. In our opinion, based on the work performed in the course of the audit of consolidated financial statements, in all material respects:

- The financial information included in the Consolidated Annual Report corresponds to the financial information included in the consolidated financial statements for the same year; and
- Consolidated Annual Report was prepared in accordance with the requirements of the Law on Consolidated Financial Reporting by Undertakings of the Republic of Lithuania.

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

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

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

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



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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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

16 June 2022



UAB Girteka Holding

Company's code 304869444, Laisvės ave. 36, Vilnius, Lithuania

CONSOLIDATED ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

UAB Girteka Holding (hereinafter - the Company), identification code - 304869444, the Company's registration address is Laisvės ave. 36, Vilnius, Lithuania, LT- 13279, VAT payer code LT100005406711.

The company's activities are investments in subsidiaries and other companies. The company's subsidiaries are engaged in freight transportation on international routes and provide other logistics, vehicle rental, truck repair and maintenance services.

In 2021 UAB Girteka Holding implemented structural changes of the group by acquiring subsidiary companies from its’ parent company UAB ME Investicija. A new group companies was separated from the UAB ME Investicija and was formed in UAB Girteka Holding. The renewed organizational structure will ensure more efficient operation and further growth of companies.

As of 31 December 2021 UAB Girteka Holding group consisted of UAB Girteka Holding company and its subsidiaries listed in Note 1 of these financial statements.

In 2021 the Group had a profit. In the companies of the Group there are always conducted cost-saving and efficiency policies.

In 2021 the Group renewed its fleet and conducted real estate development projects. For the development of these projects, there was ensured sufficient long term financing from lease companies and banks.

As of 31 December 2021 the Group's equity was 274 million EUR.

As of 31 December 2021 the Group employed 19.335 employees.

As of 31 December 2021 Group’s share capital amounted to 93.556 thousand EUR shares with a nominal value of 1 EUR each.

As of 31 December 2021 the Group did not acquire or transfer its own shares and did not implement research and development activity.

The Group operates in compliance with all the environmental requirements.

The Group does not have branches and representative offices.

After the end of 2021 till the date of signing these financial statements there were no material events that would affect the financial results of these financial statements, , except for those, which are disclosed in the financial statements.

In 2022 UAB Girteka Holding and its subsidiaries plan to continue the development of its core activities, invest in fleet expansion projects.

General Director of UAB Girteka Holding company is Edvardas Liachovičius.

Edvardas Liachovičius is also employed as Director in UAB Girteka Cargo (company code: 302579200), UAB Girteka Fleet (company code: 302817897), UAB Girteka Holding (company code: 304869444) and UAB Girteka Logistics (company code: 300569015) and is a member of the board in UAB ME Investicija (company code: 302489393).

Director

Edvardas Liachovičius

UAB Girteka Holding

Company's code 304869444, Laisvės ave. 36, Vilnius, Lithuania

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2021
(all amounts are in thousand euros, unless otherwise stated)

ASSETS	Note	31.12.2021	31.12.2020
NON-CURRENT ASSETS			
INTANGIBLE ASSETS			
Development works		-	-
Goodwill		-	-
Software		124	-
Concessions, patents, licenses, trademarks and similar rights		5.272	-
Other intangible assets		2	-
Prepayments made		-	-
		5.398	-
TANGIBLE ASSETS			
	3		
Land		-	-
Buildings and structures		12.830	-
Machinery and equipment		1.270	-
Vehicles		568.987	-
Other fixtures, fittings, tools and equipment		1.789	-
		584.876	-
INVESTMENT PROPERTY			
	3		
Land		14	-
Buildings		-	-
		14	-
TOTAL TANGIBLE ASSETS			
		585.254	-
FINANCIAL ASSETS			
Shares in group companies		-	-
Loans granted to group companies		-	-
Amounts receivable from group companies		-	-
Shares in associated companies		101	-
Loans granted to associated companies		-	-
Amounts receivable from associated companies		-	-
Non-current investments		-	-
Amounts receivable after one year		1.421	-
Other financial assets		-	-
		1.522	-
OTHER NON-CURRENT ASSETS			
	19		
Deferred tax assets		3.408	-
Biological assets		-	-
Other assets		1.338	-
		4.746	-
TOTAL NON-CURRENT ASSETS			
		596.920	-

(Continued)

UAB Girteka Holding

Company's code 304869444, Laisvės ave. 36, Vilnius, Lithuania

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2021
(all amounts are in thousand euros, unless otherwise stated)

	Note	31.12.2021	31.12.2020
CURRENT ASSETS			
INVENTORIES			
Raw materials and mounting parts		8.865	-
Work in progress		-	-
Finished goods		4.139	-
Goods purchased for resale		-	-
Biological assets		-	-
Non-current assets held for sale		10.555	-
Prepayments made		7.205	-
		30.764	-
AMOUNTS RECEIVABLE WITHIN ONE YEAR			
Trade receivables	4	224.795	-
Receivables from group companies	19	33.033	-
Receivables from associated companies	19	12.902	-
Other amounts receivable	5	67.345	-
		338.075	-
CURRENT INVESTMENTS			
Shares of group companies		-	-
Other investments		-	-
		-	-
CASH AND CASH EQUIVALENTS			
	6	23.877	1
DEFERRED EXPENSES AND ACCRUED INCOME			
	7	31.577	-
TOTAL CURRENT ASSETS			
		424.293	1
TOTAL ASSETS			
		1.021.213	1

(Continued)

UAB Girteka Holding

Company's code 304869444, Laisvės ave. 36, Vilnius, Lithuania

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2021
(all amounts are in thousand euros, unless otherwise stated)

	Note	31.12.2021	31.12.2020
EQUITY AND LIABILITIES			
EQUITY			
CAPITAL			
Authorized (subscribed) capital	8	93.556	3
Subscribed unpaid capital (-)		-	-
Own shares (-)		-	-
		93.556	3
SHARE PREMIUM	8	681.238	-
REVALUATION RESERVE		-	-
RESERVES			
Legal reserve	8	-	-
Reserve for acquisitions of own shares		-	-
Other reserves		-	-
		-	-
RETAINED EARNINGS (LOSS)			
Profit (loss) of the current year		(500.255)	(3)
Profit (loss) of the previous years		(3)	-
		(500.258)	(3)
EFFECT OF EXCHANGE RATE CHANGES		(176)	-
MINORITY		-	-
TOTAL EQUITY		274.360	-

(Continued)

UAB Girteka Holding

Company's code 304869444, Laisvės ave. 36, Vilnius, Lithuania

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2021
(all amounts are in thousand euros, unless otherwise stated)

	Note	31.12.2021	31.12.2020
GRANTS AND SUBSIDIES			
		-	-
PROVISIONS			
Pension and other similar provisions		-	-
Tax provisions	18	11.479	-
Other provisions		-	-
		11.479	-
AMOUNTS PAYABLE AND OTHER LIABILITIES			
AMOUNTS PAYABLE AFTER ONE YEAR AND OTHER NON-CURRENT LIABILITIES			
Debt obligations	9	251.506	-
Borrowings from credit institutions	10	39.694	-
Advances received		9	-
Trade amounts payable		427	-
Payable amounts under bills of exchange and cheques		-	-
Payables to group companies	19	25.184	-
Payables to associated companies		-	-
Other amounts payable amount and non-current liabilities	11	-	-
		316.820	-
ACCOUNTS PAYABLE WITHIN ONE YEAR AND CURRENT LIABILITIES			
Debt obligations	9	166.073	-
Borrowings from credit institutions	10	48.411	-
Advances received		1.743	1
Trade payables		124.388	-
Payable amounts under bills of exchange and cheques		-	-
Payables to group companies		22	-
Payables to associated companies	19	1.596	-
Income tax payable		8.189	-
Employment related liabilities		23.743	-
Other amounts payable and current liabilities	11	18.924	-
		393.089	1
ACCRUED EXPENSES AND DEFERRED INCOME	12	25.465	-
TOTAL LIABILITIES		746.853	1
TOTAL EQUITY AND LIABILITIES		1.021.213	1

The accompanying explanatory notes are an integral part of these consolidated financial statements

These consolidated financial statements were approved on 16 June 2022 and signed by:

Edvardas Liachovičius
Director

Milda Kazlauskienė
Chief accountant

UAB Girteka Holding

Company's code 304869444, Laisvės ave. 36, Vilnius, Lithuania

CONSOLIDATED INCOME STATEMENT FOR THE YEAR, ENDED 31 DECEMBER 2021
(all amounts are in thousand euros, unless otherwise stated)

	Note	2021	2020
SALES			
	13	1.437.430	5
COST OF SALES			
	14	(1.273.539)	(4)
CHANGE IN FAIR VALUE OF BIOLOGICAL ASSETS			
		-	-
GROSS PROFIT (LOSS)		163.891	1
SELLING EXPENSES			
		(1.000)	-
GENERAL AND ADMINISTRATIVE EXPENSES			
	15	(100.287)	(1)
RESULTS FROM OTHER ACTIVITY			
	16	21.349	-
INCOME FROM INVESTMENTS INTO SHARES OF PARENT, SUBSIDIARIES AND ASSOCIATED COMPANIES			
		-	-
INCOME FROM OTHER LONG-TERM INVESTMENTS AND LOANS			
		-	-
OTHER INTEREST AND SIMILAR INCOME			
	17	5.004	-
IMPAIRMENT OF FINANCIAL ASSETS AND SHORT-TERM INVESTMENTS			
		-	-
INTEREST AND OTHER SIMILAR EXPENSES			
	17	(11.057)	-
PROFIT (LOSS) BEFORE TAXATION		77.900	-
INCOME TAX			
	18	(10.862)	-
PROFIT (LOSS) BEFORE MINORITY SEPARATION		67.038	-
MINORITY			
		-	-
NET PROFIT (LOSS)		67.038	-

The accompanying explanatory notes are an integral part of these consolidated financial statements

These consolidated financial statements were approved on 16 June 2022 and signed by:

Edvardas Liachovičius
Director

Milda Kazlauskienė
Chief accountant

UAB Girteka Holding
Company's code 304869444, Laisvės ave. 36, Vilnius, Lithuania

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR, ENDED 31 DECEMBER 2021
(all amounts are in thousand euros, unless otherwise stated)

Group	Revaluation reserve					Legal reserves			Retained earnings (loss)	Effect of exchange rates	Minority share	Total
	Authorized (subscribed) capital	Share premium	Own shares (-)	Non-current tangible assets	Financial assets	Legal reserve	For acquisition of own shares	Other reserves				
1. Balance at the end of period before the previous reporting period	-	-	-	-	-	-	-	-	-	-	-	-
2. Result of changes in accounting policy	-	-	-	-	-	-	-	-	-	-	-	-
3. Result of correction of material errors	-	-	-	-	-	-	-	-	-	-	-	-
4. Recalculated balance at the end of period before the previous reporting period	3	-	-	-	-	-	-	-	(3)	-	-	-
5. Increase (decrease) in value of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-
6. Increase (decrease) in value of effective hedging instrument	-	-	-	-	-	-	-	-	-	-	-	-
7. Acquisition (disposal) of own shares	-	-	-	-	-	-	-	-	-	-	-	-
8. Profit (loss) unrecognised in the income statement	-	-	-	-	-	-	-	-	-	-	-	-
9. Net profit (loss) for a reporting period	-	-	-	-	-	-	-	-	-	-	-	-
10. Dividends	-	-	-	-	-	-	-	-	-	-	-	-
11. Other payouts	-	-	-	-	-	-	-	-	-	-	-	-
12. Reserves formed	-	-	-	-	-	-	-	-	-	-	-	-
13. Reserves used	-	-	-	-	-	-	-	-	-	-	-	-
14. Increase (decrease) in share capital	-	-	-	-	-	-	-	-	-	-	-	-
15. Contributions to cover losses	-	-	-	-	-	-	-	-	-	-	-	-
16. Effect of exchange rates	-	-	-	-	-	-	-	-	-	-	-	-
17. Increase (decrease) of minority share	-	-	-	-	-	-	-	-	-	-	-	-

(Continued)

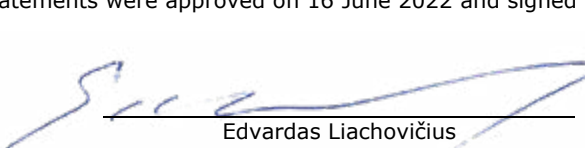
UAB Girteka Holding
Company's code 304869444, Laisvės ave. 36, Vilnius, Lithuania


CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR, ENDED 31 DECEMBER 2021
(all amounts are in thousand euros, unless otherwise stated)

Notes	Revaluation reserve					Legal reserves			Retained earnings (loss)	Effect of exchange rates	Minority share	Total
	Authorized (subscribed) capital	Share premium	Own shares (-)	Non-current tangible assets	Financial assets	Legal reserve	For acquisition of own shares	Other reserves				
18. Balance at the end of the previous reporting period	3	-	-	-	-	-	-	-	(3)	-	-	-
19. Increase (decrease) in value of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-
20. Increase (decrease) in value of effective hedging instrument	-	-	-	-	-	-	-	-	-	-	-	-
21. Acquisition (disposal) of own shares	-	-	-	-	-	-	-	-	-	-	-	-
22. Profit (loss) unrecognised in the income statement	1, 8	-	-	-	-	-	-	-	(567.293)	-	-	(567.293)
23. Net profit (loss) for a reporting period	-	-	-	-	-	-	-	-	67.038	-	-	67.038
24. Dividends	-	-	-	-	-	-	-	-	-	-	-	-
25. Other payouts	-	-	-	-	-	-	-	-	-	-	-	-
26. Reserves formed	-	-	-	-	-	-	-	-	-	-	-	-
27. Reserves used	-	-	-	-	-	-	-	-	-	-	-	-
28. Increase (decrease) in share capital	93.553	681.238	-	-	-	-	-	-	-	-	-	774.791
29. Contributions to cover losses	-	-	-	-	-	-	-	-	-	-	-	-
30. Effect of exchange rates	-	-	-	-	-	-	-	-	-	(176)	-	(176)
31. Increase (decrease) of minority share	-	-	-	-	-	-	-	-	-	-	-	-
32. Balance at the end of the reporting period	93.556	681.238	-	-	-	-	-	-	(500.258)	(176)	-	274.360

The accompanying explanatory notes are an integral part of these consolidated financial statements

These consolidated financial statements were approved on 16 June 2022 and signed by:


Edvardas Liachovičius
Director


Milda Kazlauskienė
Chief accountant

UAB Girteka Holding

Company's code 304869444, Laisvės ave. 36, Vilnius, Lithuania

CONSOLIDATED CASH FLOWS STATEMENT FOR THE YEAR, ENDED 31 DECEMBER 2021
(all amounts are in thousand euros, unless otherwise stated)

	2021	2020
1. Cash flow from (to) operating activities		
1.1. Net profit (loss)	67.038	-
1.2. Minority interest	-	-
1.3. Depreciation and amortization expenses	143.861	-
1.4. Elimination of tangible and intangible non-current asset sales results	(52.528)	-
1.5. Elimination of financial and investing activities	6.053	-
1.6. Elimination of results of other non-cash activities	(9.257)	-
1.7. Decrease (increase) in receivables from group companies and associated companies	-	-
1.8. Decrease (increase) in other accounts receivable after one year	(1.126)	-
1.9. Decrease (increase) in deferred income tax asset	(1.517)	-
1.10. Decrease (increase) in inventories, except for prepayments made	(7.749)	-
1.11. Decrease (increase) in prepayments made	(5.449)	-
1.12. Decrease (increase) in trade receivables	(52.684)	-
1.13. Decrease (increase) in receivables from group companies and associated companies	(3.440)	-
1.14. Decrease (increase) in other accounts receivable	(17.065)	-
1.15. Decrease (increase) in current investments	-	-
1.16. Decrease (increase) in deferred expenses and accrued income	(4.196)	-
1.17. Increase (decrease) in provisions	11.479	-
1.18. Increase (decrease) in non-current trade payables and advances received	9	-
1.19. Increase (decrease) in accounts payables after one year under bills of exchange and cheques	-	-
1.20. Increase (decrease) in non-current payables to group companies and associated companies	25.184	-
1.21. Increase (decrease) in current trade payables and advances received	36.073	1
1.22. Increase (decrease) in accounts payables within one year under bills of exchange and cheques	-	-
1.23. Increase (decrease) in current payables to group companies and associated companies	18.415	-
1.24. Increase (decrease) in income tax payable	3.165	-
1.25. Increase (decrease) in employment related liabilities	9.696	-
1.26. Increase (decrease) in other accounts payable and current liabilities	(9.232)	-
1.27. Increase (decrease) in accrued expenses and deferred income	30.430	-
Net cash flows from (to) operating activities	187.145	1
2. Cash flows from (to) investing activities		
2.1. Acquisition of non-current assets (except investments)	(87.165)	-
2.2. Disposal of non-current assets (except investments)	139.240	-
2.3. Acquisition of non-current investments (except investments in subsidiaries)	-	-
2.4. Disposal of non-current investments (except investments in subsidiaries)	-	-
2.5. Acquisition of investments in subsidiaries	-	-
2.6. Disposal of investments in subsidiaries	-	-
2.7. Loans granted	(46.494)	-
2.8. Recovery of loans granted	-	-
2.9. Dividends, interest received	1.066	-
2.10. Other cash flow increase from investing activities	17.717	-
2.11. Other cash flow decrease from investing activities	(51.635)	-
Net cash flows from (to) investing activities	(27.271)	-

(Continued)

UAB Girteka Holding

Company's code 304869444, Laisvės ave. 36, Vilnius, Lithuania

CONSOLIDATED CASH FLOWS STATEMENT FOR THE YEAR, ENDED 31 DECEMBER 2021
(all amounts are in thousand euros, unless otherwise stated)

	2021	2020
3. Cash flows from (to) financing activities		
3.1. Cash flows related to shareholders of the Company	-	-
3.1.1. Emission of shares	-	-
3.1.2. Shareholders' contribution to cover losses accrued	-	-
3.1.3. Acquisition of own shares	-	-
3.1.4. Dividend payments	-	-
3.2. Cash flows related to other financing sources	(136.978)	-
3.2.1. Increase in financial debts	9.697	-
3.2.1.1. Loans received	9.697	-
3.2.1.2. Emission of bonds	-	-
3.2.2. Decrease in financial debt	(227.165)	-
3.2.2.1. Loans repaid	(1.716)	-
3.2.2.2. Bonds repaid	-	-
3.2.2.3. Interest paid	(8.444)	-
3.2.2.4. Financial lease payments	(217.005)	-
3.2.3. Increase in other liabilities of the Group	-	-
3.2.4. Decrease in other liabilities of the Group	80.490	-
3.2.5. Increase in cash flows from other financing activities	-	-
3.2.6. Decrease in cash flows from other financing activities	-	-
Net cash flow from (to) financing activities	(136.978)	-
4. Impact of currency exchange on the balance of cash and cash equivalents	980	-
5. Net increase (decrease) in cash flows	23.876	1
6. Cash and cash equivalents at the beginning of the year	1	-
7. Cash and cash equivalents at the end of the year	23.877	1

The accompanying explanatory notes are an integral part of these consolidated financial statements

These consolidated financial statements were approved on 16 June 2022 and signed by:

Edvardas Liachovičius
Director

Milda Kazlauskienė
Chief accountant

UAB Girteka Holding

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EXPALANTORY NOTES FOR THE YEAR, ENDED 31 DECEMBER 2021
(all amounts are in thousand euros, unless otherwise stated)

1. GENERAL INFORMATION

UAB Girteka Holding (hereinafter - the Company) Company's code 304869444 is in Republic of Lithuania registered private limited liability company. The address of the headquarters is Laisvės ave. 36, Vilnius, Lithuania.

The business profile of the Company – investment into subsidiaries and other companies. Company's subsidiary companies are engaged in the international transportation activity and provide other logistics, leasing of vehicles, repair and maintenance of vehicles services.

In 2021 UAB Girteka Holding and its sole shareholder UAB ME Investicija carried out structural changes in the group by forming subholding companies and made acquisitions/sales of companies. For this reason, the group of companies was formed and started its activity only in 2021. As of 31 December 2020 the comparative financial information in these financial statements includes only the figures of the Company.

All the shares with a nominal value of 1 EUR each are ordinary. As of 31 of December 2021 and 2020 all of the shares were fully paid. As of 31 of December 2021 and 2020 the legal reserve was not formed. Subsidiaries and associated companies as of 31 December 2021 did not have Company's shares and the Company did not have its own shares.

The Group consists of UAB Girteka Holding, its subsidiary companies (hereinafter - the Group).

The Group does not have branches and representative offices.

As of 31 December 2021 there were 19.335 employees in the Group (2020: 2).

Information about the Company's directly and indirectly controlled subsidiaries as of 31 December 2021:

Company	Headquarter address	Investments	Owned shares (effective) 2020/2021	Equity (100 %)	Current period results (100 %)	Main activity
<i>Subsidiaries:</i>						
UAB Girteka logistics	Laisvės ave. 36, Vilnius, Lithuania	585.002	- / 100%	59.312	2.189	Freight forwarding services
UAB Girteka Cargo	Laisvės av. 36, Vilnius, Lithuania	2.141	- / 100%	3.661	1.563	Freight forwarding services
UAB Girteka	Laisvės av. 36, Vilnius, Lithuania	320	- / 100%	4.213	3.990	Transportation services
UAB ME transportas	Metalo str. 12, Vilnius, Lithuania	9.725	- / 100%	7.120	2.007	Transportation services
UAB Trasis	Pročiūnų str. 18, Šiauliai, Lithuania	6.591	- / 100%	5.038	1.056	Transportation services
UAB KLP Transport	Pročiūnų str. 18, Šiauliai, Lithuania	6.066	- / 100%	4.467	1.217	Transportation services
UAB Termolita	Pročiūnų str. 18, Šiauliai, Lithuania	6.635	- / 100%	3.768	83	Transportation services
UAB Termo trans	Metalo str. 12, Vilnius, Lithuania	3.619	- / 100%	3.395	445	Transportation services
AS Thermomax Trondheim	Heggstadmoen 18, 7080 Heimdal, 1601 Trondheim, Norvegija	5.156	- / 100%	3.996	1.334	Transportation services
UAB Girmeta	Metalo str. 12, Vilnius, Lithuania	8.985	- / 100%	5.949	1.233	Transportation services
UAB Girtrans	Pročiūnų str. 18, Šiauliai, Lithuania	4.650	- / 100%	3.806	926	Transportation services
UAB ME Trailers	Laisvės av. 36, Vilnius, Lithuania	70.840	- / 100%	120.748	44.878	Rent of vehicles
UAB Girteka Transport	Metalo str. 12, Vilnius, Lithuania	6.756	- / 100%	34.807	28.052	Holding activities
UAB Autoimpulsas	Metalo str. 12, Vilnius, Lithuania	424	- / 100%	673	643	Repair and maintenance of vehicle
UAB Mireli	Pročiūnų str. 18, Šiauliai, Lithuania	306	- / 100%	418	390	Repair and maintenance of vehicle
UAB Girteka Fleet	Laisvės av. 36, Vilnius, Lithuania	46.886	- / 100%	4.427	3.990	Freight forwarding services
BV Narvest	Hazeldonk 6258 4836 LG Breda, The Kingdom of the Netherlands	204	- / 100%	365	154	Transportation and maintenance services
PolSERVICE Sp.z.o.o*	Sw. Rocha str. 3, Komorniki, Poland	1	- / 100%	-214	-215	Repair and maintenance of vehicle
UAB LT Logic	Terminilo str. 8, Kuprioniškių vlg., Vilnius region, Lithuania	506	- / 100%	1.114	1.061	Logistics services
SIA Girtekos logistika	Šarlotes, Grenes, Olaines pag., Rigas region., Latvia	2.667	- / 100%	1.703	102	Logistics services
UAB Autotechnika	Laisse's av. 36, Vilnius, Lithuania	7.775	- / 100%	541	355	Trade activity of vehicles

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GirPolTrans Sp.z.o.o	Sw. Rocha str. 3, Komorniki, Poland	2.726	- / 100%	3.371	2.123	Transportation services
ME Trailers Poland Sp.z.o.o	Mszczonowska str. 35, Rawa Mazowiecka, Poland	12.981	- / 100%	15.982	-512	Rent of vehicles
Eupoltrans Sp. z.o.o.	Sw. Rocha str. 3, Komorniki, Poland	3.442	- / 100%	3.456	95	Transportation services
Scanpotrans Sp.z.o.o.	Sw. Rocha str. 3, Komorniki, Poland	587	- / 100%	679	132	Transportation services
Gotrans Poland Sp.z.o.o	Sw. Rocha str. 3, Komorniki, Poland	-	- / 100%	1	-87	Transportation services
TransEU Poland Sp.z.o.o.	Sw. Rocha str. 3, Komorniki, Poland	-	- / 100%	910	45	Transportation services
UAB Premium servisas	Metalo str. 12, Vilnius, Lithuania	80	- / 100%	-89	-13	Repair and maintenance of vehicle
UAB Nord Trans	Metalo str. 12, Vilnius, Lithuania	1.521	- / 100%	1.102	69	Transportation services
Truck Center Poland SP Z.O.O	Szkolna str. 60, Gądki, Poland	6.449	- / 100%	1.830	661	Trade activity of vehicles
Truck & Trailer Center BV	Weerbroek 46, 6666 MN Heteren, Netherlands	7.187	- / 100%	1.539	1.026	Trade activity of vehicles
ClassTrucks	Ludwig-Erhard-Str. 102, Crailsheim, Germany	-	- / 100%	16	-6	Trade activity of vehicles
Autohaus GmbH	Ludwig-Erhard-Str. 102, Crailsheim, Germany	1.080	- / 100%	405	327	Transportation services
GirDeTrans GmbH	El Oliveral, Ribarroja de Turia, Ispanija	-	- / 100%	-234	390	Trade activity of vehicles
Class Trucks Iberia						
Transheim GmbH	Werkstrase 10A, Handewitt, Germany	25	- / 100%	23	-2	Transportation services
AGORISA Holding Limited**	Michalakopoulou str. 12, Nikosija, Cyprus	7.760	- / 100%	-2.216	1.799	Holding activities
A/S af 18. februar 1993, Middelfart**	Omfartsvejen str. 1, Padborg, Denmark	25.087	- / 100%	22.447	5.499	Holding activities
Thermo-Transit Danmark A/S**	Omfartsvejen str. 1, Padborg, Denmark	22.407	- / 100%	22.372	5.500	Freight forwarding services
TTDK-Ejendomme ApS**	Omfartsvejen str. 1, Padborg, Denmark	7	- / 100%	401	84	Development of real estate/rent
TTDK-Ejendomme2 ApS**	Omfartsvejen str. 1, Padborg, Denmark	7	- / 100%	41	38	Development of real estate/rent
TTN Trucking AS**	Humleveien 9, Alta, Norvegija	15	- / 100%	387	178	Transportation services
TT Trucking GmbH**	Werkstrase 10A, Handewitt, Germany	155	- / 100%	688	34	Transportation services
Barsoe GmbH**	Werkstrase 10A, Handewitt, Germany	106	- / 100%	298	56	Transportation services
Thermo-Transit Norge AS**	Flatholmen 2, Alesund, Norway	69	- / 100%	7.473	2.117	Freight forwarding services
Thermo-Transit Finland OY**	Keskusväylä 10, Rovaniemi, Finland	493	- / 100%	-1.394	76	Transportation services
Thermo-Transit Sverige AB**	Flintvägen 1, Östra Karup, Sweden	11	- / 100%	55	5	Transportation services
Thermo-Transit Holland B.V.**	Transportweg 15, Waddinxveen, Netherlands	10	- / 100%	23	13	Transportation services
Thermo-Transit Poland Sp. z o.o.**	Szosa do Lipian str. 24, Barlinek, Poland	1	- / 100%	817	319	Transportation services
TTDK Hermesvej 6 ApS**	Omfartsvejen str. 1, Padborg, Denmark	7	- / 100%	13	6	Transportation services
TTDK Thorsvej 10 ApS **	Omfartsvejen str. 1, Padborg, Denmark	7	- / 100%	8	2	Transportation services

*- established new company.
** - On 28 September 2021, the acquisition of group of companies under common control, which comprise of Agorisa Holding Limited and its Danish Thermo Transit group companies, was completed. The transaction amounted to a total of 7.76 million EUR, whose value has been determined by independent valuator. 40% of the shares of Agorisa Holding Limited were directly acquired for EUR 3.1 million, and the remaining 60% of the shares were contributed in kind by the parent company UAB ME Investicija increasing authorized capital of UAB Girteka Holding. Later, by the decision of the shareholders, the share capital of UAB Girteka Holding was increased, which was later paid in the form of contribution in kind (with shares of Agorisa Holding Limited). Both transactions and acquisitions of other subsidiaries listed in the table above are considered as a single transaction related to an acquisition of subsidiary from the entities under common control.
The acquired group provides forwarding, transportation, vehicle and real estate rental services.
The "pooling-of-interest" method has been used to account this acquisition of group under common control in the consolidated financial statements.

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2. ACCOUNTING PRINCIPLES

Basis of financial statements
The consolidated financial statements have been prepared in accordance with the Republic of Lithuania Law on Accounting, Law of consolidated financial statements and Business Accounting Standards (BAS).

These consolidated financial statements have been prepared on the historical cost basis, except for the investment property, investments held for sale and derivatives, which are evaluated at fair value.

Amounts shown in these financial statements are presented in the local currency, Euro (EUR). Due to rounding of individual amounts to whole euro the numbers in the tables might not coincide, such errors of rounding in these financial statements are insignificant.

Below there are presented main accounting principles.

The principles of consolidation
The consolidated financial statements include UAB Girteka Holding, the companies that it controls and companies that are controlled jointly. The control is normally evidenced when the Group owns, either directly or indirectly, more than 50% of the voting rights of a company's share capital and/or is able to govern the financial and operating policies of an enterprise so as to benefit from its activities. The equity and net income attributable to non-controlling interest shareholders' interests are shown separately in the consolidated balance sheet and consolidated income statement respectively.

The acquisition method of accounting is used for acquired businesses. The Company accounts for the acquired identifiable assets and liabilities of another company at their fair value at acquisition date. Difference between the acquisition cost and the fair value of the net assets at acquisition date is considered to be goodwill (negative goodwill). The goodwill (negative goodwill) is presented in the financial statements at cost less its amortization and impairment. The goodwill (negative goodwill) is presented in separate financial statements of the Company in the same line as the investment into the acquired company. In the consolidated financial statements goodwill (negative goodwill) related to consolidated subsidiaries is presented in the intangible assets caption.

For entities acquired from companies under common control (companies under common control – companies ultimately controlled by the same party or parties both before and after the acquisition) the "pooling-of interest" method is applied while preparing consolidated financial statements. The entities balance sheets are combined at the carrying value, i.e. no fair value valuation is performed – the acquired entities assets and liabilities carrying amounts are added to the acquiree entities assets and liabilities carrying amounts. The results, assets and liabilities of the subsidiary are included in the consolidated financial statements from the date that the parent has a control, therefore comparative information until acquisition is not adjusted. In preparing the consolidated financial statements, the Group's share of the equity of subsidiaries at the acquisition date and the carrying amount of the investment in those subsidiaries are eliminated, with the difference being recognized in retained earnings. Subsidiaries are consolidated from the date from which effective control is transferred to the Company and cease to be consolidated from the date on which control is transferred out of the Group.

Financial statements of subsidiaries are adjusted according to the Group accounting policies, if they were different.

All material intercompany transactions, balances and unrealized profits and losses are eliminated on consolidation.

Foreign Group companies
Income statements and cash flow statements of the foreign companies are translated into EUR using the average annual exchange rate, and their balance sheets are translated at the balance sheet date exchange rate. Exchange differences arising on translation of the net investment in foreign entities are taken to equity. Such exchange differences are recognized in the income statement when the investments are sold.

Offsetting and comparative figures
In the preparation of financial statements, assets and liabilities, income and expenses are not set-off, except cases, when separate business accounting standard requires such set-off.

Non-current intangible assets (except for goodwill)
Intangible assets acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The groups of intangible assets and their useful lives are:

Group of intangible fixed asset	Useful lives
Patent and licenses	3 years
Software	3 years
Other intangible assets	3 years

Internally-generated intangible assets - research and development expenditure
Expenditure on research activities is recognized as an expense in the period in which it is incurred.

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An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Non-current tangible assets (except investment property)
Non-current tangible assets are such assets, which are under the Group'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 assets, except land, are stated at historical cost, less accumulated depreciation and impairment losses, if any.

Land is stated at historical cost, less impairment losses.

Depreciation is computed using the straight-line method over the estimated useful lives of the related asset.

Non-current tangible assets with an acquisition value of over 500 EUR are capitalized.

Property, plant and equipment depreciation periods:

Group of tangible fixed asset	Useful lives
Buildings and construction	20 years
Equipment and machinery	3-8 years
Vehicles	5-6 years

At the end of every year the Group reviews the estimated useful life, carrying amount and depreciation method of the tangible assets and the changes in accounting estimates and judgments, if any, is recognized on a prospective basis.

Subsequent repair costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group 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.

The costs of repairs of assets that are leased and/or used under loan-for-use agreements are distributed over the rest lease period and are recognized as expenses on a monthly basis, provide that the repairs extend the useful life of the asset.

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

Gains and losses on disposal of property, plant and equipment are recognized in the income statement during the year of disposal.

Non-current assets held for sale

Non-current assets held for sale that are used in the Company's activity and which the Company intends to sell are accounted under current assets.

Impairment of assets
At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment, intangible assets and investment property 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 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.

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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 inventories is based on FIFO principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. The cost of inventories is net of volume discounts and rebates received from suppliers during the reporting period but applicable to the inventories still held in stock.

Financial assets

All financial assets are recognized and derecognized 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 receivables

Trade accounts receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and accounts receivables".

Loans and receivables are measured at initial recognition at cost, and subsequently measured at amortized 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.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

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 impairment 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 recognized 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 recognized, the previously recognized 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 amortized cost would have been had the impairment not been recognized.

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.

The Group accounts for accrued income by estimating the extent to which the transportation services have been provided to customers by the end of the reporting period and for which invoices have not been issued yet. The amount of accrued income is calculated on the basis of contractual obligations for the provision of services.

Financial liabilities

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

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

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

Borrowings are accounted at cost using the effective interest rate method. Borrowing costs are recognized as expenses when incurred. Loans are classified as non-current, if the financing agreement concluded prior to the approval of the financial statements proves that the liability at the balance sheet date was, by nature, non-current.

Effective interest method

The effective interest method is a method of calculating the amortized 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.

Provisions

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

The amount recognized 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 recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

The Group as lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

Revenue recognition

Revenue is recognized 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 of freight transportation, logistics, commercial real estate (logistics warehouse) renting services, rent and sales of vehicles are recognized when they are provided or asset is sold.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Interest income is included in the result of financial and investing activities in the income statement.

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.

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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.

As of 31 December applicable rates used for principal currencies were as follows:

	2021		2020
1 USD	= 0,8823 EUR	1 USD	= 0,8143 EUR
1 RUB	= 0,0118 EUR	1 RUB	= 0,0109 EUR
1 NOK	= 0,1003 EUR	1 NOK	= 0,0948 EUR
1 PLN	= 0,2176 EUR	1 PLN	= 0,2195 EUR

Income tax

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the 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 2021 and 2020 the income tax rate applied to the companies in the Republic of Lithuania was 15 %. The income tax rate in 2021 and 2020 was 20 % in Russia, in Norway was 22 %, the Netherlands and Poland was 25 % and 19 % respectively.

Deferred tax

Deferred tax is recognized 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 realized, 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 Group 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 Group 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%, calculated on the basis of income less tax-free income, allowed deductions and allowed deductions of limited amounts.

As the object of taxation in Latvia (starting from 1 January 2019) is dividends, not profit, there are no differences between the carrying amounts and tax bases of assets and liabilities which could give rise to deferred tax assets or liabilities. In the consolidated financial statements the Group makes provision for the taxes payable on the estimated dividend to be distributed in the foreseeable future from the retained earnings of Latvian subsidiaries.

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.

Subsequent events

Subsequent events that provide additional information about the Group's position at the balance sheet date (adjusting events) are reflected in the financial statements. Post balance sheet events that are not adjusting events are disclosed in the notes when material.

Related parties

Related parties are defined as shareholders, employees, members of the management board, their close relatives and companies that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Group, provided the listed relationship empowers one of the parties to exercise the control or significant influence over the other party in making financial and operating decisions.

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Contingencies

Contingent liabilities are not recognised in the financial statements, except for contingent liabilities associated with acquisitions. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow or economic benefits is probable.

Estimates

Business Accounting Standards require management to make certain estimates and assumptions, while preparing financial statements, that have an effect of disclosed assets, liabilities, income and expenses amounts and disclosure of contingencies. Significant areas of estimation used in these financial statements include depreciation, recoverability and classification of loans granted, estimates of accrued income, accrued expenses, deferred expenses and deferred income and impairment. Future events may change the assumptions used in the estimates. Such changes will be recorded in the financial statements when they appear.

As mentioned in Subsequent events (Note 21), the EU and rest of the world, including global bodies, are taking measures to respond to the military aggression of the Russian Federation against the Republic of Ukraine. The management of the Group has assessed that these restrictive measures will not have a significant impact on the Group ability to continue as a going concern, since the restrictive measures imposed are currently not having an adverse effect on the Group.

In addition, the management has concluded that these events are non-adjusting subsequent events and therefore their potential impact was not considered when making estimates and. However, this matter might have a significant impact on these estimates in the next financial period. At the date of authorisation of these financial statements, the management is not yet able to reasonably quantify the extent of potential changes in accounting estimates in 2022 due to the rapidly changing situation, great level of uncertainty and the possible overall negative economic effect.

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3. TANGIBLE ASSETS

As of 31 December tangible assets consisted of the following:

	Buildings and structures	Machinery and equipment	Vehicles	Other equipment and tools	Prepayments made and construction (production) of tangible assets in progress	Investment property	Total
Acquisition cost							
As of 31 December 2020	-	-	-	-	-	-	-
- acquisition cost of tangible assets from acquired entities	10.976	2.518	723.446	3.907	15	15	740.877
- additions	2.277	454	341.578	1.142	364	-	345.815
- disposals / retirements	-	-	(186.848)	(15)	-	-	(186.863)
- reclassifications +/(-)	15	-	-	-	(15)	-	-
- reclassification to other balance sheet accounts	-	-	(14.730)	-	-	-	(14.730)
As of 31 December 2021	13.268	2.972	863.446	5.034	364	15	885.099
Revaluation							
As of 31 December 2020	-	-	-	-	-	-	-
- separation, restoration of revaluated part	-	-	-	-	-	-	-
-net gain due to revaluation of assets	-	-	-	-	-	-	-
-Loss due to impairment of the assets	-	-	-	-	-	(1)	(1)
As of 31 December 2021	-	-	-	-	-	(1)	(1)
Depreciation							
As of 31 December 2020	-	-	-	-	-	-	-
- Accumulated depreciation of tangible assets from acquired entities	352	1.584	259.495	2.434	-	-	263.865
- depreciation	86	118	147.686	832	-	-	148.722
- disposals / retirements	-	-	(102.602)	(21)	-	-	(102.623)
- reclassifications +/(-)	-	-	-	-	-	-	-
- reclassification to other balance sheet accounts	-	-	(10.120)	-	-	-	(10.120)
As of 31 December 2021	438	1.702	294.459	3.245	-	-	299.844
Carrying amount							
As of 31 December 2020	-	-	-	-	-	-	-
As of 31 December 2021	12.830	1.270	568.987	1.789	364	14	585.254

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As of 31 December the carrying amount of tangible assets purchased under finance lease was as follows (Note 11):

	2021	2020
Vehicles and equipment	463.152	-
Other equipment and tools	37	-
Total	463.188	-

As of 31 December the acquisition cost of fully depreciated tangible assets that are still in use consisted of the following:

	2021	2020
Vehicles	6.999	-
Other equipment and tools	1.145	-
Machinery and Equipment, other equipment and other assets	419	-
Total	8.563	-

The depreciation expenses of tangible assets for the year ended 31 December 2021 were 143.754 thousand EUR. In 2021 in the income statement of the Group, the amount of 142.785 thousand EUR was included in the costs of sale statement. The amount of 969 thousand EUR was included in the Group's general and administrative expenses of the income statement.

4. TRADE RECEIVABLES

As of 31 December trade receivables consisted of the following:

	2021	2020
Trade receivables	226.444	-
Less: impairment of trade receivables	(1.649)	-
Total	224.795	-

The movement of allowances of doubtful trade receivables were as follows:

	2021	2020
1 January	-	-
Doubtful debts taken over	(1.933)	-
Impairment	282	-
Paid or written-off doubtful trade receivables	2	-
31 December	(1.649)	-

The change of impairment allowance for doubtful trade receivable was accounted for as operating expenses (Note 15).

5. OTHER AMOUNTS RECEIVABLE

As of 31 December other receivables consisted of the following:

	2021	2020
VAT receivable	34.402	-
VAT receivable from foreign countries	27.313	-
Short term loans	100	-
Advance income tax paid	4.280	-
Other amounts receivables	1.250	-
Total	67.345	-

6. CASH AND CASH EQUIVALENTS

As of 31 December 2021 and 2020 the Group's cash and cash equivalents consisted of cash at bank and cash on hand.

As of 31 December 2021 the cash and cash equivalents in the current accounts of the Group's companies were used as a collateral to the banks for the long and short term (Note 10) loans granted to the Group, however there were no restrictions of the usage of the money.

7. DEFERRED EXPENSES AND ACCRUED INCOME

	2021	2020
Accrued income	18.882	-
Deferred insurance expenses	6.394	-
Other deferred expenses	6.301	-
Total	31.577	-

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8. AUTHORIZED (SUBSCRIBED) CAPITAL AND LEGAL RESERVES

Authorized (subscribed) capital and share premium accounts

As at 31 December 2021 the authorized capital of the Company consisted of 93.556.000 EUR (as of 31 December 2020 – 2.500 EUR) ordinary registered shares with a par value of EUR 1 each.

2021 UAB Girteka Holding and its sole shareholder UAB ME Investicija made structural changes in the group by forming subholding companies and made acquisitions / sales of companies.

On 18 February 2021 by the decision of the shareholder, it was decided to increase the share capital of the Company by issuing 13.204.436 ordinary shares, each with a nominal value and issue price of EUR 1, by paying for this issue contribution in kind. A share agreement was concluded with this resolution adopted by the shareholders and the price of the shares amounted to 13.204.436 EUR. In this amount, the value of the Company's shares amounted to EUR 13.204.436.

On 23 June 2021 by the decision of the shareholder, it was decided to increase the share capital of the Company by issuing 75.693.064 ordinary shares with a nominal value of EUR 1 each and an issue price of EUR 10 per share, by paying for this issue netting-off with payable amounts. A share agreement was concluded with this resolution adopted by the shareholders and the price of the shares amounted to 756.930.640 EUR. In this amount, the value of the Company's shares amounted to 75.693.064 EUR and the share premium amounted to 681.237.576 EUR.

On 23 September 2021 by the decision of the shareholder, it was decided to increase the share capital of the Company by issuing 4.656.000 ordinary shares, each with a nominal value and issue price of EUR 1, by paying for this issue contribution in kind. A share agreement was concluded with this resolution passed by the shareholders and the price of the shares amounted to 4.656.000 EUR. In this amount, the value of the Company's shares amounted to 4.656.000 EUR.

During the year of 2021, there were made acquisition and received subsidiaries in the form of contributions in kind in amount of 727,7 million EUR. Subsidiaries and their information are disclosed in Note 1 to these financial statements.

The authorized (subscribed) capital and share premium were paid by asset contribution in kind to the acquired subsidiaries or netted-off with payable amounts for acquired subsidiaries, the value of which was determined by independent valutors.

Legal reserve

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

As of 31 December 2021 the legal reserve wasn't formed.

Other reserve

Other reserves are formed based on decision from annual shareholders decision regarding profit distribution and reserves are provided in the articles of the Company. These reserves might only be used for the objectives set by shareholders meeting. Other reserves are not formed.

9. DEBT OBLIGATIONS

As of 31 December debt obligations consisted of the following:

	2021		2020	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Within one year	171.668	166.073	-	-
In the second to fifth years inclusive	58.242	251.506	-	-
Minimum lease payments	429.910	417.579	-	-
Less: interest	(12.331)	-	-	-
Present value of obligations under finance lease	417.579	417.579	-	-

The currency of lease agreements is euro.

Tangible assets acquired under financial lease consisted of vehicles and equipment (Note 3).

As of 31 December 2021, Group signed lease contracts, which were subject to variable interest rates, that ranged from 1,18% to 2,25%.

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10. BORROWINGS FROM CREDIT INSTITUTIONS

As of 31 December loans consisted of the following:

	2021	2020
Within one year	678	-
In the second to fifth years inclusive	6.969	-
After five years and more	-	-
Total	7.647	-
Short term borrowings from credit institutions	80.458	-
Total borrowings from credit institutions	88.105	-

The interest rate for the financial liabilities fluctuated from 0,4% to 3,5% during 2021. Loans were received in euro, Danish and Norwegians kroner.

Tangible assets (Note 3) and cash and cash equivalents (Note 6) were used as a collateral to ensure repayment of the loans.

There are set certain covenants for the Group loans, which have been complied with as of 31 December of 2021.

As of 31 December 2021 short-term loans consisted of credit lines, overdrafts and short-term credits granted by commercial banks or other third parties, with a maturity of no longer than one year. Credit lines and overdrafts currency – euro, Danish and Norwegians kroner. Interest rates - variable and ranged from 0,4% to 1,7%. Short-term loans were secured by tangible assets (Note 3) and bank accounts (Note 6).

11. OTHER AMOUNTS PAYABLE, CURRENT AND NON-CURRENT OTHER LIABILITIES

As of 31 December other current liabilities consisted of the following:

	2021	2020
Liabilities related to employment relations	9.664	-
VAT payable	8.804	-
Other amounts payable	456	-
Total	18.924	-

12. ACCRUED EXPENSES AND DEFERRED INCOME

As of 31 December accrued expenses and deferred income consisted of the following:

	2021	2020
Deferred income	7.802	-
Accrued expenses	17.663	-
Total	25.465	-

13. SALES

The Group's sales revenue consists of freight transportation on international routes, logistics services, renting and sales of vehicles, repairing of vehicles, maintenance services and rental income from commercial real estate (logistics warehouses).

14. COST OF SALES

The Group's cost of sales consists of expenses directly related to the provision of services, which mostly consists of: costs of third party transportation services, salary expenses and related taxes, fuel costs, depreciation of vehicles, road taxes, cost of sales of vehicles, repairing of vehicles and other costs related to the provision of services.

Depreciation expenses of tangible assets in the amount of 142.785 thousand EUR were included in the costs of sales in the income statement.

15. GENERAL AND ADMINISTRATIVE EXPENSES

For the year ended 31 December operating expenses consisted of the following:

	2021	2020
Depreciation and amortization expenses	865	-
Salaries and social security taxes	76.820	-
Rent of assets and maintenance expenses	5.900	-
Allowance of trade receivables	141	-
Audit expenses of financial statements	111	-
Other	16.450	-
Total	100.287	-

The Group's salary and related tax expenses amounted to 227.978 thousand EUR in 2021.

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19. RELATED PARTY TRANSACTIONS

The table below reflects transactions with related parties during the year ended 31 December:

2020	Purchases	Sales	Prepayments/Trade receivables/Loans granted	Trade payables/Loans
Shareholders of the Group	-	-	-	-
Other related parties	106.741	49.335	45.935	26.803
	106.741	49.335	45.935	26.803

As of 31 December 2021 the amounts receivable from related parties were not impaired.
The information in this note does not include the results of acquisitions disclosed in Note 8.

20. CONTINGENCIES AND COMMITMENTS

As of 31 December 2021 irrevocable future obligations under the rental agreements were 1.641 thousand EUR.

As of 31 December 2021, there were granted guarantees for the related parties by the Group in the amount of 119.034 thousand EUR.

As of 31 December 2021 Group companies did not participate in any legal proceedings, which in the management opinion, may have a material impact on the consolidated financial statements.

21. SUBSEQUENT EVENTS

On 24 February 2022, the Russian Federation launched an invasion of the Republic of Ukraine. Shortly after the invasion, the EU and the rest of the world, including global bodies, imposed a wide-ranging set of restrictive measures against Russia, which is updated and expanded regularly. Until the date of authorization of these financial statements, the restrictive measures imposed had no significant impact on the Group's performance, no operations had been suspended and no significant direct losses related to the restrictive measures had been incurred at the date of the financial statements.

The Group's management has concluded that this event is not an adjusting post-reporting event and has no impact on the estimates and assumptions regarding the impairment of assets as of 31 December 2021.

No other significant subsequent events have been identified.



