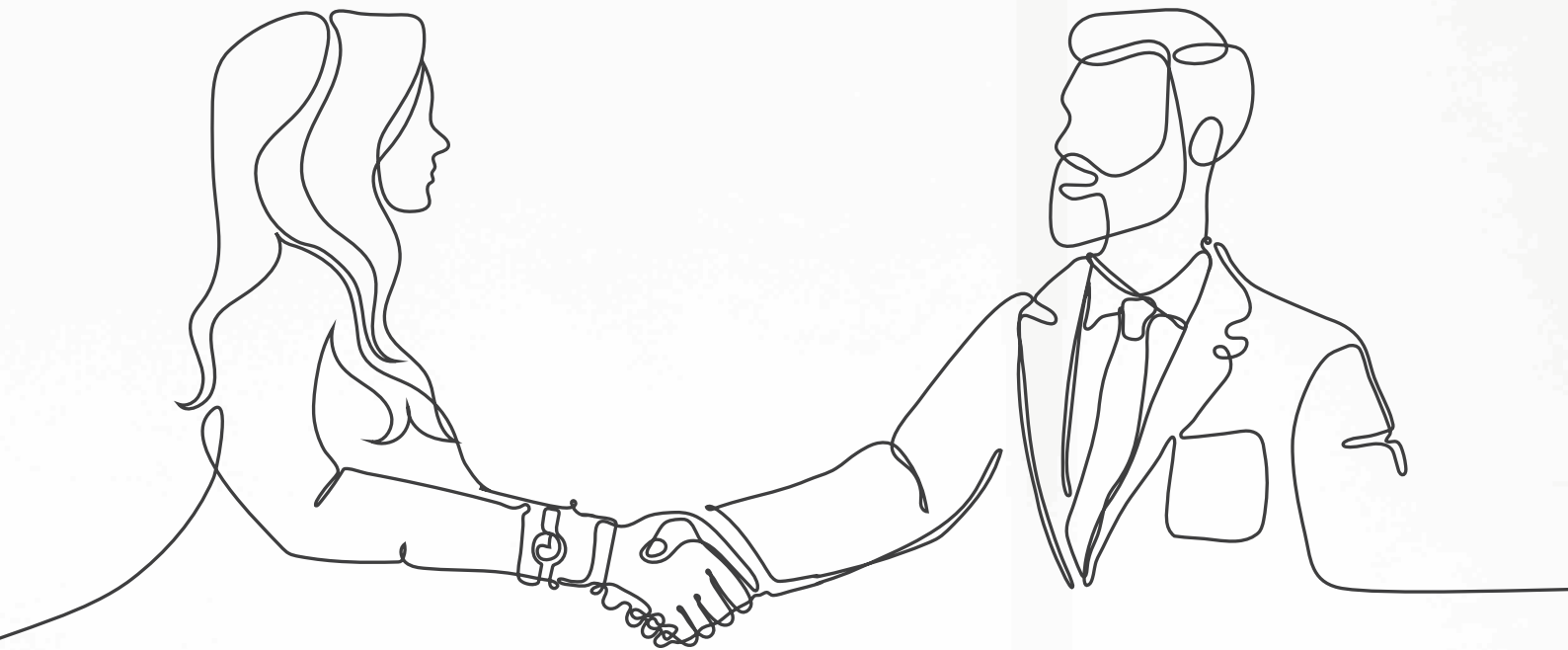




'18

ANNUAL REPORT





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Contact: [wecare@girteka.eu](mailto:wecare@girteka.eu)

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# REDEFINING THE TRUCKING INDUSTRY

Girteka Logistics focus is on international full truck load transportation (FTL) in Europe, Scandinavia and Russia. We also offer domestic FTL transportation in a few key markets, including Germany.

Road transport is challenged by many small and a few large asset-based transport companies, with the big five global freight forwarders typically preferring an asset-light model. Freight moving from production to consumption must be moved by an asset, meaning that if everyone chooses asset light models nothing will be transported.

When truck owners are small companies with 10, 100 or in rare cases more than 1 000 trucks, then the potential and appetite to invest in growth, new technology, new business models and environmental improvements remains limited.

## **Organic growth is our goal**

Girteka Logistics sees a strong opportunity for continuous, sustainable organic growth. We have a vision to own and operate a fleet of 10 000 trucks by late 2021.

We have reached a size where we are the clear leader in our segment, yet have a very small market share. We are in a strong position to listen and understand the top minds of our customers. When our customers think “How do I gain efficiency and transparency during FTL shipments”, we start to think what kind of investments we should make in order to provide this efficiency and transparency.

Imagine if e-commerce or global taxi apps had to manually facilitate everything behind the scenes. Today this is reality for the trucking industry; our focus is on process maturity and creating our own e-Transport platform in the coming years.

“

**We have a vision to own and operate a fleet of 10 000 trucks by late 2021.**

”

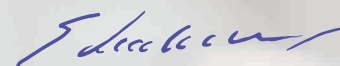
## **Mission driven organization**

During 2018 we continually implemented our mission, We Care. One of many activities was our first ever Supplier Day, something that is followed by a Client Day in 2019. We Care has had a significantly positive impact on our relationship with all colleagues, and especially our drivers. During 2018 we managed to reduce the turnover of our drivers and at the same time grow from 8 000 drivers in January to 11 500 in December, a trend that will continue in 2019.

To reach our ambitious goals we need a talented and highly engaged team, a growing team we will not be able to host in our current HQ in Vilnius. In view of this, Girteka Campus – our new global HQ – will be opening in 2021 ready for our 25th anniversary.

On behalf of the management team, I would like to thank our colleagues at Girteka Logistics for their commitment, collaboration and enthusiasm during 2018. I would also like to thank our clients, suppliers and community for their continued trust and support.

**Edvardas Liachovičius**  
CEO



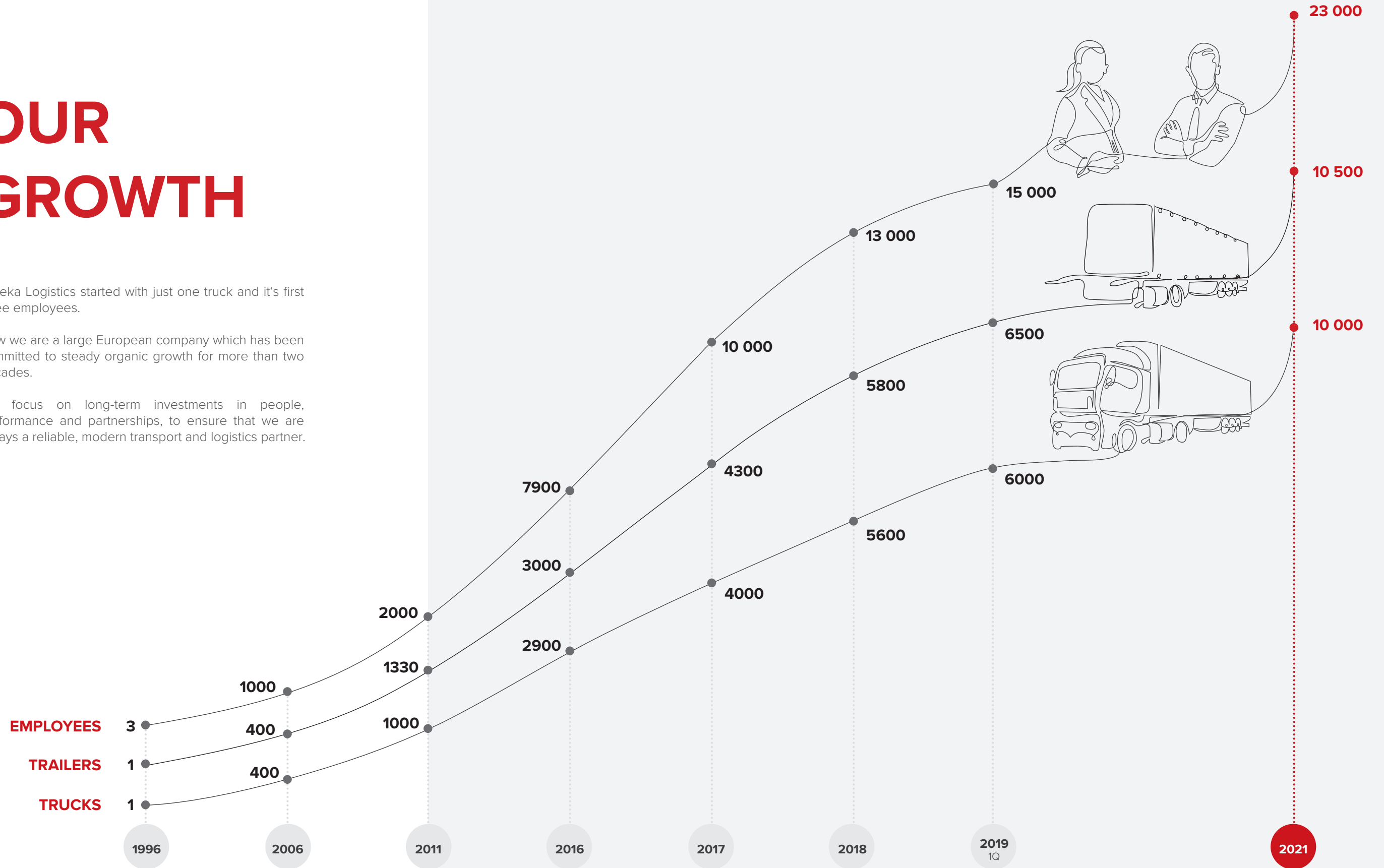


# OUR GROWTH

Girteka Logistics started with just one truck and its first three employees.

Now we are a large European company which has been committed to steady organic growth for more than two decades.

We focus on long-term investments in people, performance and partnerships, to ensure that we are always a reliable, modern transport and logistics partner.





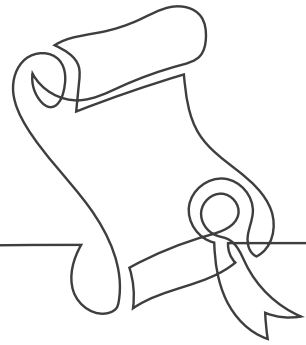
# ANNUAL MANAGEMENT CONFERENCE

In the traditional Annual Girteka Logistics Leadership Summit 2019, with 180+ managers present, the CEO Edvardas Liachovičius noted that in order to continue growing, we all as managers need to grow even faster.

We work as a team, we share a common belief in the same core values and principles of success - this is the greatest strength of Girteka Logistics.







# WE ARE MORE THAN QUANTITY AND QUALITY

Girteka Logistics is more than a big fleet of trucks and trailers.

We target excellence in all areas of our business. To ensure that cargo always gets to its final destination safely, on time and intact, Girteka Logistics constantly invests in the latest equipment and in trainings, and seeks certification for all its processes.

Each and every client gets the best solutions for their needs.

While working together we take responsibility and achieve what we promised and more.



## OUR CERTIFICATES



## UN GLOBAL COMPACT

Joined in 2015



## LEAN AWARD

**BEST RESULT OF THE YEAR**  
LEAN implementations since 2015



**FINANCIAL TIMES**  
NAMED US AS  
**ONE OF EUROPE'S**  
**TOP 100 DIGITAL CHAMPIONS**



**80 MANAGERS**  
**STUDYING IN ISM UNIVERSITY**  
(International School  
of Management)



**SUPPLIER DAY**  
2018

**CLIENT DAY**  
2019



**30 TRAINING**  
**PROGRAMMES FOR EMPLOYEES**



**19 500 DRIVERS'**  
**TRAININGS IN 2018**  
(Each driver takes 1-3 courses per year)

# DRIVING PROGRESS AND STRATEGIC PARTNERSHIP WITH VOLVO TRUCKS

Volvo Trucks has its roots in a small, sparsely populated country with a harsh climate. Living conditions here have shaped a culture that values durable, functional, authentic and reliable things.

Volvo Trucks is one of the largest heavy-duty truck brands in the world. More than 95% of the trucks built are over 16 tonnes. Volvo Trucks makes vehicles that are sold and serviced in more than 130 countries all over the world.

Through the entire organisation the Volvo Trucks focus is on its core values: Quality, Safety and Environmental care. At Volvo Trucks, the people strive for satisfied customers and to be an attractive employer.

One of Volvo Trucks' biggest and as well satisfied customers is Girteka Logistics. It was founded in 1996 and had its eye on Volvo Trucks from day one. In the early days, Girteka Logistics could only afford used Volvo trucks. Later on, it started to buy brand new Volvo trucks directly from the manufacturer.

"We see Volvo Trucks as a total solution provider working with us strategically. Our continuing investments in Volvo trucks provides us with access to important safety, fuel and emissions saving technologies. The choice of trucks we operate is crucial since it reveals our commitment of quality towards our customers, of comfort and safety to our drivers and finally of respect for the environment with fuel efficient engines", said Mindaugas Raila, Chairman, Girteka Logistics.

"The world is changing at an increasingly rapid pace. However, one thing always stays the same: the need for a safe and efficient supply of goods to households and companies. The demand for transport will grow. It will certainly take new forms and exist under different conditions. But the basic need will remain - and we'll be there to take on the challenges with Girteka Logistics", said Roger Alm, President of Volvo Trucks.

Demand for transportation across Europe is growing and trucks are covering increasingly longer distances. At the same time, transport operators like Girteka Logistics are faced with rising diesel prices putting pressure on profitability.

"Volvo FH with I-Save is our answer to this challenge. It is a complete solution that combines our latest technology to substantially bring down fuel consumption in long-haul operations for Girteka Logistics", said Roger Alm, President of Volvo Trucks.

“  
**We see Volvo Trucks  
as a total solution  
provider working with  
us strategically**  
”

Volvo Trucks and Girteka Logistics share a strong commitment to social, environmental and economic responsibility. Corporate social responsibility is a core part of both companies and is a basis for the confidence and credibility the strategic partnership enjoys.

"Our Corporate Social Responsibility (CSR) creates value for our customers, employees, shareholders, suppliers and society. And contributes to our long-term sustainable development. Our CSR activities are based on three key pillars: Economic Responsibility, Social Responsibility and Environmental Responsibility", said Mindaugas Raila, Chairman, Girteka Logistics.



Mindaugas Raila, Chairman, Girteka Logistics and Roger Alm, President of Volvo Trucks



# WE CARE: CORPORATE SOCIAL RESPONSIBILITY

Social and environmental responsibility remains an integral part of who we are and the way we work. We remain focused on constantly improving our social and environmental impact on the planet, and by doing so, reducing our carbon footprint. Sustainability is essential to the way we do business, and a core principle that is led within the company by our board of directors and the company's executive leaders, and regularly communicated to our employees, clients and suppliers. Business reliability is what drives our growth and development. Maintaining our strong commitment to CSR through the UN Global Compact corporate

governance principles on human rights, better labour practices, environmental protection and anti-corruption ensures that we remain focused on providing our clients, suppliers and employees with a record of care, trust, and reliability.

#### Children's Education with the Police

Traffic and road safety are of the utmost importance to the way we operate as a multi-national company working across many national borders. So much so, that we invest heavily in initiatives that educate and support the protection of people and especially children. Our continuous partnership with the Lithuanian

Police helps us to make a real impact in raising road safety awareness through a series of joint cooperation activities. In-house, we established a new ECO League motivational programme for all drivers to encourage safe and economical driving. Through this, our drivers learn to reduce the risk of errors and accidents and in doing so, substantially lessen the chances of traffic accidents.

#### Road Safety Commitment

Our permanent commitment to promoting road safety awareness has resulted in providing a transformed trailer that functions as an educational reflection zone. We took this around the country this year providing local communities with road safety facts and figures and tips and advice on how to be safe on or near the road at night. Five key events we supported and participated in were the: 'Be Visible' campaign; 'Būtent' ('Makes Sense') Festival; Lithuanian Police 100 year Anniversary; National Road Safety Day; and the 'Vision Zero' conference that was also sponsored by Girteka Logistics. This latter event highlighted best practice examples of road safety cooperation between the Scandinavian countries and Lithuania.

#### Company Employee Engagement

Aside from our achievements in road safety initiatives, we have supported, and cooperated with, external partners in a number of employee initiatives to encourage greater understanding of the company CSR ethos. These included local projects such as a UNICEF children's charity event; sports and wellness week; an environmental clean-up campaign; and a summer festival. The training and educational programmes developed by the Girteka Logistics Drivers Academy, along with the company's Code of Conduct, ensures that all our employees are knowledgeable on all aspects of our strategic commitment to CSR.

#### CO2 Reduction with ECO-Fleet

Within our UN Global Compact framework, we continue to monitor and improve our environmental performance and client reliability through the delivery of the EMAS and ISO 14001:2015. Our fleet of over 6 000 trucks has an average age of just two-years, and all meet Euro 6 emission standards. To match our clients' high environmental expectations, we road tested a number of liquefied natural gas (LNG) trucks this year, and will continue to do so next year.



# 10 000th driver



# WOMEN LEADERSHIP IN LOGISTICS

Girteka Logistics has 15 000+ employees, who contribute to our results and create their own success stories every day.

Our ever growing team in transport and logistics consists of people who are connected by the same values and code of conduct, contributing towards developing the company, with many of them excelling in

**Aušra Bijaminienė**  
Head of HR

I love the speed, passion and energy of our colleagues who are focused on creating value for our clients in a rapidly changing world. We have to be equipped with superb communication, teamwork, critical thinking, and fast and effective problem solving skills. It's in the heart of logistics.



**Regina Jakulevičienė**  
Spedition Division Manager  
Scandinavia

In the logistics business I can never know what tomorrow will bring, but I must have a solution for all the challenges that lie ahead. I like that I can learn a lot of things everyday.

positions that are helping to break professional stereotypes.

We asked our women colleagues a single question:

## WHY DO YOU LIKE WORKING IN LOGISTICS?



**Viktorija Butkienė**  
Head of Spedition &  
Coordination Europe

In this business every day can bring a surprise. That's why I have to be prepared and constantly think of the best solution for any problem. In logistics I get opportunities for self improvement and I use them in order to create value for the company.



**Neringa Rimšeliene**  
Marketing and Communication  
Division Manager

Working for the leading transport and logistics company is an exceptional experience. Here the growth is based on empowering people, evaluating unexpected ideas and appreciating extra efforts. Every extra move we make is transformed into a successful milestone for the company.



**Milda Mikalauskiene**  
Chief Accountant

For the 10 years that I have been working in Girteka Logistics, each day has been full of challenges that encourage continuous improvement. Everything is possible with such an amazing team.



**Gražina Ladziato**  
Division Manager, Sea Freight  
Exised Cargo Department Russia

My job is dynamic, busy, fun and different every day. It brings me new experiences, challenges and responsibilities. I love to be a part of this team.



**Jolanta Rotmanienė**  
Administration Division Manager

All my days are full of opportunities to communicate with many different people and constantly learn new things. I can state with pride that I am a happy member of this team for 19 years already.

OFFICE: 830 OR 42%  
2019 m. Q1



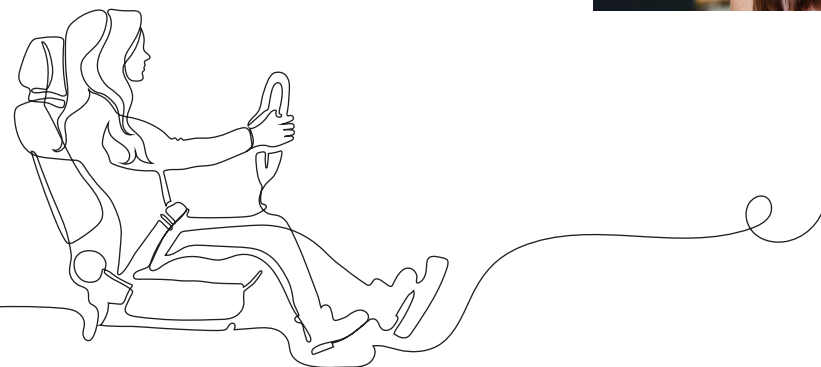


**Dr. Jūratė Venckauskaitė**  
**IT Project Manager**

The logistics industry is a big business with a huge role in our economy and it's showing no sign of slowing down. A constantly changing environment requires puzzle-solving skills. I like that logistics and variety go hand in hand. Opportunities in this industry are abundant and they will grow in the future.

**Alina Venckutė**  
**Senior Transport Manager**

Logistics is an endless process, where new challenges arise and require new solutions. It inspires me to grow and to seek perfection in my work, my team and in all the company.



The profession of the truck driver is full of challenges. It's a hard job that is usually done alone and far from home.

As a company we also have challenges in attracting women to this job. We have

some women ambassadors who are happy to talk about their chosen profession of truck driver and to inspire others to believe that everything is possible!



**Erinta Kojelienė**  
**Truck driver**

Working in one of the leading logistics companies presents a big opportunity for my professional development. It also allows me to travel across Europe and communicate with people from different countries. That's why I love this job.

# UAB Girteka Logistics

SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2018  
PRESENTED TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT





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Register of Legal Entities

## INDEPENDENT AUDITOR'S REPORT To the management of Girteka Logistics, UAB

### Opinion

We have audited the special purpose financial statements of Girteka Logistics, UAB (hereinafter – the Company), which comprise the balance sheet as at 31 December 2018, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the special purpose accompanying financial statements of the Company for the year ended 31 December 2018 are prepared, in all material respects, in accordance with the accounting principles described in Note 2 to these financial statements.

### Basis for Opinion

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Jonas Akelis  
Auditor's license  
No. 000003

2 May 2019

A member firm of Ernst & Young Global Limited

## BALANCE SHEET

AS OF 31 DECEMBER 2018 (thousand EUR, unless otherwise stated)

ASSETS	NOTES	2018.12.31
<b>NON-CURRENT ASSETS</b>		
INTANGIBLE ASSETS		
Software		78
Concessions, patents, licenses, trademarks and similar rights		147
Other intangible assets		9
	3	<b>234</b>
TANGIBLE ASSETS		
Other fixtures, fittings, tools and equipment		644
	4	<b>644</b>
OTHER NON CURRENT ASSETS		
Deferred tax assets		212
		<b>212</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1 090</b>
<b>CURRENT ASSETS</b>		
INVENTORIES		
Raw materials and mounting parts		1
Prepayments		961
		<b>962</b>
AMOUNTS RECEIVABLE WITHIN ONE YEAR		
Trade receivables		135 505
Receivables from Group companies	5	56 419
Receivables from associated companies		3 811
Other amounts receivable		9 283
	6	<b>205 018</b>
CASH AND CASH EQUIVALENTS		
	7	917
DEFERRED EXPENSES AND ACCRUED INCOME		
	8	9 518
<b>TOTAL CURRENT ASSETS</b>		<b>216 415</b>
<b>TOTAL ASSETS</b>		<b>217 505</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
CAPITAL		
Authorized (subscribed) capital or main capital	9	10
		<b>10</b>
RESERVES		
Legal reserve	9	1
		<b>1</b>
RETAINED EARNINGS (LOSS)		
Profit (Loss) of the reporting year		19 072
Profit (Loss) of the previous years		29 271
		<b>48 343</b>
<b>TOTAL EQUITY</b>		<b>48 354</b>

(continued)

## BALANCE SHEET

AS OF 31 DECEMBER 2018 (thousand EUR, unless otherwise stated)

EQUITY AND LIABILITIES	NOTES	2018.12.31
AMOUNTS PAYABLE AND OTHER LIABILITIES		
AMOUNTS PAYABLE AFTER ONE YEAR AND OTHER NON-CURRENT LIABILITIES		
Debt obligations		26
		<b>26</b>
AMOUNTS PAYABLE WITHIN ONE YEAR AND CURRENT LIABILITIES		
Debt obligations		20
Borrowings from credit institutions	10	58 284
Advances received		457
Trade accounts payable		5 297
Payable to Group companies		99 341
Payable to associated companies		230
Income tax liabilities		192
Employment related liabilities		2 273
Other amounts payable and current liabilities		286
		<b>166 380</b>
ACCRUED EXPENSES AND DEFERRED INCOME		
	11	2 745
<b>TOTAL AMOUNTS PAYABLE AND OTHER LIABILITIES</b>		<b>169 151</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>217 505</b>

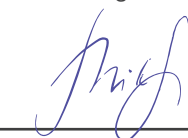
The accompanying explanatory notes are an integral part of these special purpose financial statements.

These special purpose financial statements were approved on 2 May 2019 and signed by::



**Edvardas Liachovičius**

General Director



**Milda Mikalauskiene**

Chief accountant



## INCOME STATEMENT

AS OF 31 DECEMBER 2018 (thousand EUR, unless otherwise stated)

	NOTES	2018.12.31
SALES REVENUE		764 023
COST OF SALES		(726 229)
<b>GROSS PROFIT</b>		<b>37 794</b>
SELLING EXPENSES		(160)
GENERAL AND ADMINISTRATIVE EXPENSES		(25 025)
INCOME (EXPENSES) FROM OTHER ACTIVITY	12	8 212
INTEREST AND SIMILAR INCOME	13	798
INTEREST AND SIMILAR EXPENSES	13	(912)
<b>PROFIT BEFORE INCOME TAX</b>		<b>20 707</b>
INCOME TAX	14	(1 635)
<b>NET PROFIT</b>		<b>19 072</b>

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

These special purpose financial statements were approved on 2 May 2019 and signed by:



**Edvardas Liachovičius**  
General Director



**Milda Mikalauskiene**  
Chief accountant

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018 (thousand EUR, unless otherwise stated)

	Group	Share or main capital (paid)	Legal or reserve capital	Retained earnings (loss)	Total
As of 31 December, 2017	10	1	35 084	35 095	
Profit (loss) for a reporting year	-	-	19 072	19 072	
Dividends	-	-	(5 813)	(5 1813)	
<b>As of 31 December 2018</b>	<b>10</b>	<b>1</b>	<b>48 343</b>	<b>48 354</b>	

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

These special purpose financial statements were approved on 2 May 2019 and signed by:



**Edvardas Liachovičius**  
General Director



**Milda Mikalauskiene**  
Chief accountant

## CASH FLOW STATEMENT

AS OF 31 DECEMBER 2018 (thousand EUR, unless otherwise stated)

2018

	2018
<b>Cash flows from (to) operating activities</b>	
Net profit	19 072
Depreciation and amortization expenses	259
Elimination of financial and investing activities	114
Elimination of results other non-cash activities	(153)
Decrease in receivables from group companies and associates	50
Decrease in deferred income tax asset	10
(Increase) in prepayments made	(865)
(Increase) in trade receivables	(26 659)
(Increase) in receivables from group companies and associates	(935)
(Increase) in other accounts receivable	(3 177)
(Increase) in deferred expenses and accrued income	(5 649)
Increase in current trade payables and advances received	3 137
Increase in current payables to group companies and associates	14 665
(Decrease) in income tax payable	(522)
Increase in employment related liabilities	638
Increase in other accounts payable and current liabilities	164
(Decrease) in accrued expenses and deferred income	(1 702)
<b>Net cash flows from (to) operating activities</b>	<b>(1 553)</b>
<b>Cash flows from (to) investing activities</b>	
Acquisition of non-current assets (except investments)	(874)
Disposal of non-current assets (except for investments)	4
The net change in loans granted	(25 837)
Interest received	644
Other cash flow increase from investing activities	103
<b>Net cash flows from (to) investing activities</b>	<b>(25 960)</b>
<b>Cash flows from (to) financing activities</b>	
Dividend payments	(5 813)
The net change in credit lines	33 505
Interest paid	(679)
<b>Net cash flow from (to) financing activities</b>	<b>27 013</b>
Impact of currency exchange on the balance of cash and cash equivalents	(41)
<b>NET INCREASE (DECREASE) IN CASH FLOWS</b>	<b>(541)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>1 458</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>917</b>

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

These special purpose financial statements were approved on 2 May 2019 and signed by:



**Edvardas Liachovičius**

General Director



**Milda Mikalauskiene**

Chief accountant

## EXPLANATORY NOTES

### 1. Basis of preparation

These special purpose financial statements of Girteka Logistics, UAB (hereinafter – the Company) for the year ended 31 December 2018 are prepared solely based on the decision of the Management of the Company to assist the Company in presenting certain financial information in the annual report of the parent company. As a result, the financial statements may not be suitable for another purpose. The special purpose financial statements comprise the balance sheet as at 31 December 2018, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. Comparatives are not presented.

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

### 2. Accounting principles

#### Non-current tangible and intangible assets

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

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

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

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

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

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

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

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

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

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



## EXPLANATORY NOTES

### Impairment of assets

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

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

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

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

### Inventories

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

### Financial assets

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

#### Loans granted and accounts receivable

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

#### Cash and cash equivalents

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

#### Impairment of financial assets

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

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

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

## EXPLANATORY NOTES

### Financial liabilities

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

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

#### Financial liabilities linked to market prices

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

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

#### Financial liabilities not linked to market price

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

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

### Effective interest method

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

### Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

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

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

#### Rendering of services

Revenues of services are recognized as services are rendered.

#### Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### Accrual and deferred amounts

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

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

### Expenses recognition

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

## EXPLANATORY NOTES

### Foreign currencies

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

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

### Income tax

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

### Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Income tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. In 2018 the income tax applied to the Company is 15%.

### Deferred tax

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

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

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

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

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

### Current and deferred tax for the period

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

## EXPLANATORY NOTES

### Provisions

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

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

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



## EXPLANATORY NOTES

### 3. Intangible assets

	Software	Concessions, patents, licenses, trademarks and similar rights	Other intangible assets	Total
<b>ACQUISITION COST</b>				
<b>AS OF 31 DECEMBER, 2017</b>	<b>97</b>	<b>177</b>	<b>-</b>	<b>274</b>
- ADDITIONS	69	116	10	195
<b>AS OF 31 DECEMBER, 2018</b>	<b>166</b>	<b>293</b>	<b>10</b>	<b>469</b>
<b>ACCUMULATED AMORTIZATION</b>				
<b>AS OF 31 DECEMBER, 2017</b>	<b>40</b>	<b>68</b>	<b>-</b>	<b>108</b>
- AMORTIZATION	48	78	1	127
<b>AS OF 31 DECEMBER, 2018</b>	<b>88</b>	<b>146</b>	<b>1</b>	<b>235</b>
<b>CARRYING AMOUNT:</b>				
<b>AS OF 31 DECEMBER, 2017</b>	<b>57</b>	<b>109</b>	<b>-</b>	<b>166</b>
<b>AS OF 31 DECEMBER, 2018</b>	<b>78</b>	<b>147</b>	<b>9</b>	<b>234</b>

### 4. Tangible assets

	Vehicles	Other fixtures, fittings, tools and equipment	Total
<b>ACQUISITION COST</b>			
<b>AS OF 31 DECEMBER, 2017</b>	<b>7</b>	<b>172</b>	<b>179</b>
- ADDITIONS	-	724	724
- DISPOSALS	(7)	-	(7)
<b>AS OF 31 DECEMBER, 2018</b>	<b>-</b>	<b>896</b>	<b>896</b>
<b>ACCUMULATED DEPRECIATION</b>			
<b>AS OF 31 DECEMBER, 2017</b>	<b>3</b>	<b>121</b>	<b>124</b>
- DEPRECIATION	-	131	131
- DISPOSALS	(3)	-	(3)
<b>AS OF 31 DECEMBER, 2018</b>	<b>-</b>	<b>252</b>	<b>252</b>
<b>CARRYING AMOUNT:</b>			
<b>AS OF 31 DECEMBER, 2017</b>	<b>4</b>	<b>51</b>	<b>55</b>
<b>AS OF 31 DECEMBER, 2018</b>	<b>-</b>	<b>644</b>	<b>644</b>

### 5. Trade receivables

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

	2018.12.31
Trade amounts receivables	136 901
Less: Impairment of trade receivables	(1 396)
	<b>135 505</b>

## EXPLANATORY NOTES

### 6. Other amounts receivable

	2018.12.31
VAT receivable	9 174
Short-term loans	100
Other amounts receivable	9
	<b>9 283</b>

### 7. Cash and cash equivalents

As of 31 December 2018, Company's cash and cash equivalents consisted of the cash in banks and cash on hand.

### 8. Deferred expenses and accrued income

	2018.12.31
Accrued income	7 335
Deferred expenses	2 175
Defered insurance expenses	8
	<b>9 518</b>

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

#### a) Share capital

As of 31 December 2018, the authorised capital of the Company consisted of 10 136 ordinary shares, with a par value of 1 EUR each. All of the shares were fully paid.

During 2018 the Company did not acquire or held own shares.

#### b) Legal reserve

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

As of 31 December 2018, the legal reserve was fully formed and amounted to 1 thousand EUR.

### 10. Borrowings from credit institutions

The Company's borrowings from credit institutions consisted of bank overdrafts that amounted to 58 284 thousand EUR as of 31 December 2018.

### 11. Accrued expenses and deferred income

	2018.12.31
Deferred income	2 399
Accrued expenses	346
<b>TOTAL</b>	<b>2 745</b>

## EXPLANATORY NOTES

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

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

	<b>2018</b>
<b>OTHER ACTIVITY INCOME</b>	
Income from downtime and claims	4 235
Income from fines and charges	1 117
Other income	3 568
	<b>8 920</b>
<b>OTHER ACTIVITY (EXPENSES)</b>	
Downtime and claims expenses	264
Fines and charges	158
Other expenses	286
	<b>708</b>
<b>NET RESULT FROM OTHER ACTIVITY</b>	<b>8 212</b>

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

	<b>2018</b>
<b>INTEREST AND SIMILAR INCOME</b>	
Interest income	694
Other financial activity	104
	<b>798</b>
<b>INTEREST AND SIMILAR (EXPENSES)</b>	
Interest expenses	(655)
Foreign currency exchange loss	(257)
	<b>(912)</b>
<b>RESULT FROM INTEREST AND OTHER SIMILAR ACTIVITY</b>	<b>(114)</b>

### 14. Income tax

Components of income tax expenses are the following:


	<b>2018</b>
Current income tax expenses	1 757
Change of deferred tax	10
Income tax adjustments of prior periods	(132)
<b>INCOME TAX EXPENSES REPORTED IN THE INCOME STATEMENT</b>	<b>1 635</b>




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