

"K2 LT"
(Public Limited Liability Company)
INDEPENDENT AUDITOR'S REPORT,
FINANCIAL STATEMENTS AND ANNUAL REPORT
As at 31 December 2021

CONTENTS:

Company information	3
Annual report	4
Independent auditor's report	7
Balance sheet	9
Income statement	12
Statement of changes in equity	13
Cash flow statement	15
Explanatory notes	17

Company information
K2 LT, AB

Phone: +370 613 30996
Company code: 301950535
Registered: 2008 m. spalio 7 d.

Board

Vidas Andrikis
Tadas Mankevičius
Redas Kristanavičius
Aidas Mackevičius
Raimondas Gintautas Kriūnas

Management

Director Bernardas Vilkelis

Audit company

Moore Mackonis, UAB

Banks

Luminor Bank AS

SEB bankas, AB

"Swedbank", AB

Šiaulių bankas, AB



**K2 LT, AB ANNUAL REPORT
FOR A TWELVE-MONTH PERIOD ENDED ON DECEMBER 31, 2021**

General information

Name	K2 LT, AB
Legal form	Public limited liability company
Date of registration and register	May 19, 2015, Register of Legal Entities (from 07/10/2008 to 19/05/2015 the legal form was private limited liability company)
Legal person identification code	301950535
Manager of register for legal entities	Centre of registers, SE
Authorised capital	EUR 311.822
Address of headquarters	Metalistų g. 3, Kėdainiai
Tel.no.	+ 370 613 30996
E-mail address	info@k2lt.lt
Website	www.k2lt.lt

K2 LT, UAB was registered on October 7, 2008. Until 14/04/2015 the registered address of the Company was M. Počobuto g. 4, Vilnius. As of 14/04/2015 the address was changed to Metalistų g. 3, Kėdainiai.

Shareholders of the Company include both natural and legal persons. The Company has subsidiary Rekviem LT, UAB.

At the end of 2021 the Company employed 12 people and as at December 31, 2020 – 10 people. Financial year of the Company coincides with the calendar year.

On May 19, 2015 private limited liability company K2 LT was reregistered as a public limited liability company K2 LT. Following the decision of the general shareholders' meeting of March 30, 2015, the authorised capital of the Company was converted into euros and increased from EUR 226 222 to EUR 226 519. Following the decision of the general shareholders' meeting of April 22, 2015, the authorised capital was increased from EUR 226 519 to EUR 278 827 by issuing 52.308 new units of shares with nominal value of EUR 1 and an emission price of EUR 23 each. On February 12, 2019 the board approved a new share issue. With the total number of newly issued 32.995 ordinary registered shares, the company's authorized capital has been increased from EUR 278 827 to EUR 311 822.

Operations of the Company in 2020

Operating activity of the Company is crematorium services. In 2021 K2 LT, AB generated EUR 2 526 124 of revenue, i.e. 24 % more than in 2020, and executed 9 081 cremations, which is 23 % more than in 2020. Of all the cremations performed in 2021, 1 436 are associated with COVID-19, i.e., these individuals either had coronavirus or were suspected of having the disease prior to death, but no COVID-19 study has been performed.

At the beginning of 2021, the construction of a farewell house in Kaunas was completed. The subsidiary UAB Rekviem LT, which leases the building from the Company, started the activity of organizing funeral ceremonies in them. This is one of the completed stages of a coherent and long-term strategy of the K2 LT group of companies. In 2021 UAB Rekviem LT generated EUR 491 thousand of revenue and EUR 18,3 thousand of net profit.

Net financial year result – net profit – is EUR 1 155 944 (EUR 950 483 the previous year). The growth of income and profit was mainly influenced by a 24 percent increase in the number of cremations, which was influenced by a 10% increase in mortality and increase in the popularity of the respectful ritual cremation service at the Lithuanian Crematorium.

Business Environment

The Company holds an exclusionary position in the market of cremation services in the territory of Lithuania. This market has high entrance barriers:

- **Legal**
Pursuing cremation activities requires a licence, which is issued only to crematoriums that are already built. Operations have to correspond to all environmental protection requirements in Lithuania and EU. As of 2015 such constructions are only permitted in a land plot of commercial purpose.
- **Environmental**
Lithuanian environment protection laws are one of the strictest in the EU. Technology of the crematorium has to correspond to all environmental pollution and emission requirements. To be able to follow these requirements a larger initial investment into a project is required.
- **Psychological**
This is still the toughest barrier to overcome. The society is still highly hostile with regard to cremation services being provided in a close distance to residential environment. It is very difficult to find a land plot that would not be subject to any conflicts of interest.
- **Administrative**
So far as cremation is not considered a regular way of burial, receiving permission for building a crematorium from the local authority is complicated. By providing permissions to community-sensitive projects authorities risk losing their popularity.

It would take approximately 2 years to build a crematorium, considering that the project is developed in accordance with a plan and with all required permissions, as well as support from authorities and community.

Staff

As at December 31, 2021 the Company employed 12 people, including the director Bernardas Vilkelis.

Annual Financial Statements

Financial statements for the period January – December 2021 were audited by Moore Mackonis UAB.

Significant Transactions

During the reporting period, the construction of a farewell house in Kaunas was completed.

Acquisition and Transfer of the Company's Shares

As of May 11, 2015 shares of K2 LT, AB are traded in the securities market *NASDAQ OMX Vilnius*, electronic trade system *First North*.

At the end of reporting period the Company had over 200 shareholders, both natural and legal persons.

Acquired and Transferred Shares

The Company did not acquire shares of other companies during the reporting period of 2021.

Subsidiaries

The Company established a subsidiary UAB Rekviem LT, the main activity of which is the organization of funeral ceremonies throughout Lithuania, from 2021 also works as a farewell home operator in Kaunas.

The Company's Operational Plans and Forecasts

In 2022, the goal of AB K2 LT is to continue the development of the group of companies, to increase the market share of the target funeral services and to ensure the availability and growth of the cremation service. Also invest in further steps of the strategy - increasing cremation capacity at the Lithuanian Crematorium, new Farewell farewell house projects in other cities.

The goal of the Lithuanian Crematorium is to ensure the sustainable operation of the company while working in conditions of high employment, to increase capacity and thus meet the needs of the growing cremation market, and to perform over 8 000 cremations in 2022.

The main goal of AB K2 LT is to ensure sustainable growth of the company by exploiting its competitive advantages, increasing popularity of services, experience and awareness in the field of cremation and burial. The main focus remains to provide high-quality ritual cremation services in Lithuania and, in view of the ongoing changes in the funeral services sector, to offer a farewell service in Lithuania to meet customer needs.

Bernardas Vilkelis
Director of K2 LT, AB

Independent auditor's report
To the Shareholders of K2 LT, AB

Opinion

We have audited the financial statements of K2 LT, AB (the Company), which comprise the balance sheet at 31 December 2021, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with the Business Accounting Standards.

Basis for Opinion

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

Other Information

The other information comprises the [information included in the annual report but does not include the financial statements and our auditor's report thereon. Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except for what is indicated hereafter.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 are also obligated to assess whether the financial information in the Company's annual report corresponds to the financial statements of the same financial year and whether the annual report was prepared following the applicable legal requirements. In our opinion, based on the work completed in the course of the financial statement audit, in all material respects:

- Financial information in the Company's annual report corresponds to the information in the financial statements of the same financial year; and
- The annual report of the Company was prepared in accordance with the requirements of the Law on Financial Statements of Entities 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 financial statements in accordance with the Business Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the 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 related 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 scepticism 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 shall communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Moore Mackonis UAB

Sigita Pranckėnaitė

Certified auditor

March 9, 2022

J.Kubilias, Vilnius

K2 LT, AB

Company code 301950535; Address: Metalistų g. 3, Kėdainiai
 Data stored in Centre of Registers, SE, Register of Legal Entities

Financial statements for the year ended on 31 December 2021

(All amounts are presented in Euros, unless indicated otherwise)

BALANCE SHEET

ASSETS		Notes No.	31.12.2021	31.12.2020
A.	NON-CURRENT ASSETS		3 957 021	4 090 780
1.	INTANGIBLE ASSETS			
1.1.	Development works			
1.2.	Prestige			
1.3.	Software			
1.4.	Concessions, patents, licenses, trademarks and similar rights			
1.5.	Other intangible assets			
1.6.	Paid advance payments			
2.	TANGIBLE ASSETS	1.	3 604 364	3 718 156
2.1.	Land		440 000	440 000
2.2.	Buildings and constructions		2 250 095	1 211 356
2.3.	Machinery and equipment		724 673	775 826
2.4.	Vehicles		2	2
2.5.	Other devices, equipment and tools		183 294	58 814
2.6.	Investment property			
2.6.1.	Land			
2.6.2.	Buildings			
	Paid advance payments and carried out construction of tangible assets (manufacturing works)		6 300	1 232 158
2.7.				
3.	FINANCIAL ASSETS		352 500	372 500
3.1.	Company shares of group of companies		2 500	2 500
3.2.	Loans to the companies of the group of companies	3.	350 000	370 000
3.3.	Amounts receivable from the companies of the group of companies			
3.4.	Associated companies shares			
3.5.	Loans to the associated companies			
3.6.	Amounts receivable from the associated companies			
3.7.	Long-term investments			
3.8.	Amounts receivable after a one-year			
3.9.	Other financial assets			
4.	OTHER NON-CURRENT ASSETS		157	124
4.1.	Deferred income tax assets	14.	157	124
4.2.	Biological assets			
4.3.	Other assets			

K2 LT, AB

Company code 301950535; Address: Metalistų g. 3, Kėdainiai
 Data stored in Centre of Registers, SE, Register of Legal Entities

Financial statements for the year ended on 31 December 2021

(All amounts are presented in Euros, unless indicated otherwise)

ASSETS		Notes No.	31.12.2021	31.12.2020
B.	CURRENT ASSETS		1 440 253	749 077
1.	INVENTORIES	2.	45 058	59 138
1.1.	Raw materials, materials and mounting details			
1.2.	Unfinished products and works in execution			
1.3.	Production			
1.4.	Goods purchased for resale		34 942	31 603
1.5.	Biological assets			
1.6.	Long-term tangible assets for resale			
1.7.	Paid advance payments		10 116	27 535
2.	AMOUNTS RECEIVABLE WITHIN ONE YEAR	3.	76 164	65 085
2.1.	Trade receivables		75 631	64 233
2.2.	Debts of companies of the group of companies			
2.3.	Debts of associated companies			
2.4.	Other receivable amounts		533	852
3.	SHORT-TERM INVESTMENTS			
3.1.	Shares of companies of the group of companies			
3.2.	Other investments			
4.	CASH AND CASH EQUIVALENTS	4.	1 319 031	624 854
C.	DEFERED COSTS AND ACCRUED INCOME FOR FUTURE PERIODS	5.	8 510	7 439
	TOTAL ASSETS		5 405 784	4 847 296
EQUITY AND LIABILITIES		Notes No.	31.12.2021	31.12.2020
D.	EQUITY CAPITAL		4 607 388	3 451 455
1.	CAPITAL		311 822	311 822
1.1.	Authorized (subscribed) or core capital	6.	311 822	311 822
1.2.	Subscribed unpaid capital (–)			
1.3.	Own shares, participatory interests (–)			
2.	ADDITIVES TO THE SHARES		1 514 760	1 514 760
3.	REVALUATION RESERVE			
4.	RESERVES		31 183	31 183
4.1.	Legal reserve or stock (reserve) capital		31 183	31 183
4.2.	For the acquisition of own shares			
4.3.	Other reserves			
5.	RETAINED PROFIT (LOSS)	7.	2 749 623	1 593 690
5.1.	Profit (loss) for the reporting year		1 155 933	950 483
5.2.	Profit (loss) for the previous year		1 593 690	643 207

K2 LT, AB

Company code 301950535; Address: Metalistų g. 3, Kėdainiai
Data stored in Centre of Registers, SE, Register of Legal Entities

Financial statements for the year ended on 31 December 2021

(All amounts are presented in Euros, unless indicated otherwise)

EQUITY AND LIABILITIES		Notes No.	31.12.2021	31.12.2020
E.	GRANTS AND SUBSIDIES			
F.	RESERVES			
1.	Reserves for pensions and similar obligations			
2.	Reserves for taxes			
3.	Other reserves			
G.	AMOUNTS PAYABLE AND OTHER LIABILITIES		759 396	1 359 909
1.	AMOUNTS PAYABLE AFTER A ONE-YEAR AND OTHER LONG-TERM LIABILITIES		203 731	464 506
1.1.	Debt liabilities			
1.2.	Debts to credit institutions	8.	203 731	464 506
1.3.	Received advance payments			
1.4.	Trade payables			
1.5.	Amounts payable under the bills and checks			
1.6.	Amounts payable to the companies of the group of companies			
1.7.	Amounts payable to the associated companies			
1.8.	Other payable amounts and long-term liabilities			
2.	AMOUNTS PAYABLE WITHIN A ONE-YEAR AND OTHER SHORT-TERM LIABILITIES		555 665	895 403
2.1.	Debt liabilities	8.	7 171	15 821
2.2.	Debts to credit institutions	8.	260 775	488 001
2.3.	Received advance payments	9.	23 487	20 820
2.4.	Debts to suppliers	9.	67 538	100 385
2.5.	Amounts payable under the bills and checks			
2.6.	Amounts payable to the companies of the group of companies			
2.7.	Amounts payable to the associated companies			
2.8.	Income tax liabilities	9.	113 535	167 990
2.9.	Liabilities related to employment	9.	75 306	59 662
2.10.	Other payable amounts and short-term liabilities	9.	7 853	42 724
H.	ACCRUED COSTS AND DEFERRED INCOMES	10.	39 000	35 932
TOTAL EQUITY AND LIABILITIES			5 405 784	4 847 296

Director Bernardas Vilkelis

Chief Accountant UAB "Audikom" atstovė Jelena Sergejeva

09.03.2022

K2 LT, AB

Company code 301950535; Address: Metalistų g. 3, Kėdainiai
 Data stored in Centre of Registers, SE, Register of Legal Entities

Financial statements for the year ended on 31 December 2021

(All amounts are presented in Euros, unless indicated otherwise)

INCOME STATEMENT

Line No.	Items	Notes No.	2021	2020
1.	SALES REVENUE	11.	2 526 124	2 044 121
2.	COST OF SALES	12.	(365 354)	(270 862)
3.	Change of the fair value of biological assets			
4.	GROSS PROFIT (LOSSES)		2 160 770	1 773 259
5.	Operating sales costs	12.	(38 819)	(17 743)
6.	General and administrative costs	12.	(769 493)	(646 896)
7.	Results of other activity	11., 12.	28 074	30 307
8.	Incomes from investment in the shares of parent, subsidiaries and associated companies			
9.	Incomes of other long-term investments and loans			
10.	Interest and other similar incomes	13.		1 511
11.	Decrease of the value of financial assets and short-term investments			
12.	Interest and other similar costs	13.	(19 855)	(21 970)
13.	PROFIT (LOSS) BEFORE TAX		1 360 677	1 118 468
14.	INCOME TAX	14.	(204 744)	(167 985)
15.	NET PROFIT (LOSS)		1 155 933	950 483

Director Bernardas Vilkelis

Chief Accountant UAB "Audikom" atstovė Jelena Sergejeva

09.03.2022

K2 LT, AB

Company code 301950535; Address: Metalistų g. 3, Kėdainiai
 Data stored in Centre of Registers, SE, Register of Legal Entities

Financial statements for the year ended on 31 December 2021

(All amounts are presented in Euros, unless indicated otherwise)

STATEMENT OF CHANGES IN EQUITY

	Paid authorized or core capital	Additives to the shares	Own shares (–)	Revaluation reserve		Legal reserves		Other reserves	Retained profit (loss)	Total
				of the long- term tangible assets	of the financial assets	Legal reserve or stock (reserve) capital	For the acquisitio n of own shares			
1 Remaining balance as at 31 December 2019	311 822	1 514 760				27 883			646 507	2 500 972
2 Result of changes in accounting policies										
3 Result of the correction of essential errors										
4 Recalculated remaining balance as at 31 December 2019	311 822	1 514 760				27 883			646 507	2 500 972
5 Increase (decrease) of the value of long-term tangible assets										
6 Increase (decrease) of the value of effective hedging instrument										
7 Acquisition of own shares (sale)										
8 Profit (loss) not recognized at the profit (loss) statement									950 483	950 483
9 Net profit (loss) for the reporting period										
10 Dividends										
11 Other payments										
12 Formed reserves						3 300			(3 300)	
13 Used reserves										
14 Increase (decrease) of authorized capital or shareholders' contributions (contributions repayment)										
15 Other increase (decrease) of the authorized or core capital										
16 Contributions to cover losses										
17 Remaining balance as at 31 December 2020	311 822	1 514 760				31 183			1 593 690	3 451 455

K2 LT, AB

Company code 301950535; Address: Metalistų g. 3, Kėdainiai
Data stored in Centre of Registers, SE, Register of Legal Entities

Financial statements for the year ended on 31 December 2021

(All amounts are presented in Euros, unless indicated otherwise)

	Paid authorized or core capital	Additives to the shares	Own shares (–)	Revaluation reserve		Legal reserves		Other reserves	Retained profit (loss)	Total
				of the long- term tangible assets	of the financial assets	Legal reserve or stock (reserve) capital	For the acquisitio n of own shares			
18 Increase (decrease) of the value of long-term tangible assets										
19 Increase (decrease) of the value of effective hedging instrument										
20 Acquisition of own shares (sale)										
21 Profit (loss) not recognized at the profit (loss) statement										
22 Net profit (loss) for the reporting period									1 155 933	1 155 933
23 Dividends										
24 Other payments										
25 Formed reserves										
26 Used reserves										
27 Increase (decrease) of authorized capital or shareholders' contributions (contributions repayment)										
28 Other increase (decrease) of the authorized or core capital										
29 Contributions to cover losses										
30 Remaining balance as at 31 December 2021	311 822	1 514 760				31 183			2 749 623	4 607 388

Director Bernardas Vilkelis

Chief Accountant UAB "Audikom" atstovė Jelena Sergejeva

09.03.2022

CASH FLOW STATEMENT

Line No.	Items	Notes No.	2021	2020
1.	Cash flows of the main activity			
1.1.	Cash inflows for the reporting period (with VAT)		2 577 336	2 737 717
1.1.1.	Cash inflows from clients		2 577 336	2 737 717
1.1.2.	Other inflows			
1.2.	Cash payments for the reporting period		(1 295 232)	(1 407 539)
1.2.1.	Cash paid to suppliers of raw materials, goods and services (with VAT)		(584 218)	(698 764)
1.2.2.	Cash payments related to employment relations		(263 044)	(191 467)
1.2.3.	Taxes paid to budget		(446 426)	(515 726)
1.2.4.	Other payments		(1 544)	(1 582)
	Net cash flows of the main activity		1 282 104	1 330 178
2.	Cash flows of investment activity			
2.1.	Acquisition of the long-term assets, except of investments		(91 433)	(937 828)
2.2.	Transfer of the long-term assets, except of investments			37 791
2.3.	Acquisition of long-term investments			
2.4.	Transfer of long-term investments			
2.5.	Granting of loans		(50 000)	(57 395)
2.6.	Returning of loans		70 000	
2.7.	Received dividends, interests			
2.8.	Other increase of the cash flows of investments activity			
2.9.	Other decrease of the cash flows of investments activity			
	Net cash flows of investment activity		(71 433)	(957 432)
3.	Cash flows of financial activity			
3.1.	Cash flows related to the owners of company			
3.1.1.	Issue of shares			
3.1.2.	Contributions of owners to cover losses			
3.1.3.	Purchase of own shares			
3.1.4.	Payment of dividends			
3.2.	Cash flows related to other sources of funding		(516 494)	50 863
3.2.1.	Increase of financial debts			448 629
3.2.1.1.	Receipt of loans			448 629
3.2.1.2.	Issue of bonds			
3.2.2.	Decrease of financial debts		(516 494)	(397 766)
3.2.2.1.	Loan repayment		(488 001)	(365 552)
3.2.2.2.	Bond purchase			

K2 LT, AB

Company code 301950535; Address: Metalistų g. 3, Kėdainiai
 Data stored in Centre of Registers, SE, Register of Legal Entities

Financial statements for the year ended on 31 December 2021

(All amounts are presented in Euros, unless indicated otherwise)

Eil. Nr.	Straipsniai	Past. Nr.	2021	2020
3.2.2.3.	Paid interests		(19 613)	(21 538)
3.2.2.4.	Leasing (financial lease) payments		(8 880)	(10 676)
3.2.3.	Increase of other liabilities of the company			
3.2.4.	Decrease of other liabilities of the company			
3.2.5.	Other increase of the cash flows of financial activity			
3.2.6.	Other decrease of the cash flows of financial activity			
	Net cash flows of financial activity		(516 494)	50 863
4.	Influence of the changes in exchange rates on cash and cash equivalents remaining balance			
5.	Increase (decrease) of net cash flow		694 177	423 609
6.	Cash and cash equivalents at the beginning of period		624 854	201 245
7.	Cash and cash equivalents at the end of period		1 319 031	624 854

Director Bernardas Vilkelis

Chief Accountant UAB "Audikom" atstovė Jelena Sergejeva

09.03.2022

K2 LT, AB

Company code 301950535; Address: Metalistų g. 3, Kėdainiai
Data stored in Centre of Registers, SE, Register of Legal Entities
Financial statements for the year ended on 31 December 2021
(All amounts are presented in Euros, unless indicated otherwise)

EXPLANATORY NOTES

General Information

K2 LT, AB was registered on October 7, 2008. Up until April 14, 2015 the registered address of the Company was M. Počobuto str. 4, Vilnius. As April 14 of 2015 it was changed to Metalistų str. 3, Kėdainiai.

Operating activity of the Company is the crematorium services.

Shareholders of the Company include both legal and natural persons.

Average number of Company's employees was 12 in 2021 and in 2020 10.

Financial year of the Company coincides with the calendar year.

The authorized capital of the company as of 31 December 2021 amounted to EUR 311,822 and was divided into 311 822 shares. The nominal value of each share was EUR 1. Since 2015 May 11 all the Company's shares are included in the Baltic First North share list.

In 2018 AB K2 LT has established (2018-09-03) subsidiary - Rekviam LT UAB (code 304910332) with authorized capital 2.500 EUR, number of shares - 100. During the reporting year, UAB Rekviam LT had revenue of EUR 491.096, which is 19.44% of the parent company's income. Rekviam operates a modern farewell home in Kaunas and a system for organizing funeral ceremonies throughout Lithuania, accessible by short number 19211.

ACCOUNTING POLICY

Basis for Accounting

Financial statements of the Company are prepared in accordance with the Law of the Republic of Lithuania on accounting and financial reporting and Business Accounting Standards, valid on 01-01-2021.

When managing the accounting records and preparing the financial statements the Company follows general accounting principles – entity, going concern, periodicity, consistency, monetary measure, accrual, comparison, prudence, neutrality and content materiality.

Financial statements are prepared on the basis of accrual and going concern principles. According to the accrual principle the impact of transactions and other events is acknowledged when it occurs and is registered in accounting records and presented in the financial statements of the related period. Additionally, financial statements are prepared assuming that Company has no intentions or necessity to liquidate or reduce the scope of activity significantly.

Non-current Intangible Assets

Non-current intangible assets are identified as non-monetary assets without physical form and are used for over one year. The Company expects to obtain direct and (or) indirect economic benefit from these assets. Acquisition (production) cost of this asset is at least EUR 500.

In the accounting records intangible assets are registered at acquisition (production) cost. Acquisition cost of intangible asset includes amount of money paid or payable upon acquisition, including customs fees and other non-refundable taxes. Asset acquisition cost also includes other direct expenses of preparation for use. Expenses on intangible asset's update and improvement, incurred after its acquisition or production, are recognized as costs of the period they were incurred in.

Intangible assets presented in the balance sheet are stated at balance value, i.e. acquisition (production) cost less accumulated amortization and impairment in value plus any reversals of impairment.

Amortization of intangible assets is calculated applying directly proportional (straight-line) method during the period of useful life:

Computer software	3 metai
Licences, patents, other acquired rights	3 metai

Non-current Tangible Assets

Non-current tangible assets in the Company are the ones, which are expected to bring direct and (or) indirect economic benefit for a period longer than one year and their acquisition (production) cost is at least EUR 500. The risks attached to the tangible assets are transferred to the Company.

Non-current tangible assets are registered in the accounting records at acquisition (production) cost which comprises cash amount paid or payable upon the acquisition of assets, transportation expenses, paid non-refundable taxes, cost of planning works, mounting costs, installation costs and other costs related to asset acquisition and preparation for use. Non-refundable VAT is not included in the acquisition cost of non-current tangible assets. It is recognized as operating costs of the period these assets were acquired in.

Costs from reconstruction and repair of non-current tangible assets are recognized at the period when these costs were incurred.

Non-current tangible assets presented in the financial statements are stated at the actual acquisition (production) cost less accumulated depreciation and impairment in value plus any reversals of impairment.

The Company applies the directly proportional (straight-line) method for depreciating non-current tangible assets.

Different depreciation rates are set for separate groups of non-current tangible assets:

Asset Group	Average useful life period (in years)
Buildings and constructions	25
Machinery and equipment	6
Transport means	6
Other fixtures, fitting, tools and equipment	4
Other tangible assets (computers)	3

Non-current tangible asset depreciation is calculated from the first day of the following month after the exploitation was started. Calculation of depreciation is discontinued on the first day of the following month after the asset is written-off, transferred or otherwise disposed of. Depreciable asset value is estimated by subtracting liquidation value, which is equal to EUR 1 for all non-current tangible asset objects, from asset acquisition (production) cost. Lease is recognized as financial lease (lease), when following the lease terms basically all risks and benefits related to the ownership of the asset is transferred to the Company. Accounting for leased assets is the same as for owned assets. Interest and other borrowing costs are recognized as financial costs of the period during which they are incurred.

Profit or loss, which occurs after the transfer of non-current tangible assets, is calculated comparing the income with the balance value of assets. Result of the transaction is recognized in the income statement in the item of income or expenses from other activities. Depreciated assets, which are no longer used in the Company, are written off. Non-current tangible assets are recognized as inventories on the balance sheet if these assets are no longer used and kept for resale.

By the end of each reporting year the Company carries out the stocktaking of non-current tangible assets. Balance value of each asset item is reviewed to determine the impairment. If impairment is detected, the value of return on asset is calculated. The value of return on asset is calculated as the higher one of two values: net realisable value or value of asset in use. Losses due to asset impairment are accounted for when the book value of one asset unit exceeds the value of return on asset. All losses incurred due to impairment are presented in the income statement.

Financial Assets

Financial assets include cash and cash equivalents, amounts receivable, provided loans and investments intended for sale.

Financial assets are registered in the accounting records when the Company receives or, on the basis of an executed contract, acquires the right to receive cash or other financial asset. Amounts receivable are recognised at acquisition cost less the losses of impairment in value. Cash and cash equivalents are recognised at acquisition cost. Provided loans are initially recognised at acquisition cost and are subsequently registered at acquisition cost. Investments intended for sale are investments that the Company acquired with intention to sell or in seeking to benefit from short-term fluctuations in investment price. Investments intended for sale are measured at acquisition cost upon their acquisition, subsequently at each financial statement date they are recognised at fair value. If it is likely that the Company will not be able to recover amounts receivable, a loss of impairment in value is recognised and it is calculated as a difference between asset value and current value of future cash flows discounted applying the effective interest rate.

Inventories

In the financial statements inventories are measured at acquisition (production) cost or net realizable value, depending on which one is lower. Net cost is calculated following the FIFO method. Net cost of inventories includes purchase price, adjusted by amounts of inventory devaluation and received discounts, related charges, fees, transportation, preparation for use and other expenses directly related to acquisition of inventories. Net realizable value is an estimated sales price under regular business conditions less the estimated production completion and possible sales costs.

Expenses incurred when pursuing the order of a client are capitalised and reflected in the item of work in progress until the related income is recognised.

Losses of impairment in the value of inventories are recognised as operating costs and the reversal of losses of impairment in the value of inventories reduces the operating costs of the reporting period.

Amounts Receivable

Amounts receivable are initially measured at acquisition cost. Subsequently current amounts receivable are recognised after assessing their impairment in value. A debt that has a payment term overdue for over four months is considered doubtful until the procedure of its recovery is in course. Doubtful debts are recognised as operating costs of the reporting period. Recovery of previously recognised doubtful debts reduces the doubtful debt costs of the reporting period.

Transaction of transfer of amount receivable (debt) (factoring without regress right) is considered a sale of debts and they are written off at once. If the debt transfer does not foresee transfer of risks and the debt buyer can waive the transaction, it is registered as a borrowing guaranteed by pledge.

Cash and Cash Equivalents

Cash comprises cash on hand and in bank accounts. Cash equivalents are liquid investments readily convertible into a known amount of cash. The term of these investments is usually up to three months and they are subject to insignificant risk of changes in value.

In the cash flow statement cash and cash equivalents include cash on hand and cash in current bank account as well as short term deposits. Received dividends in the cash flow statement are classified as investment activities, paid dividends – as financial activities. Paid interests for the loans and lease are classified as financial activities. Received interests for the short term deposits are presented as investment activities.

Future Costs

Future costs are accrued when during the reporting and previous reporting periods the Company pays for services of continuous nature to be provided in the future periods and the amounts paid shall be proportionally recognised as costs in the future reporting periods when incurred.

Equity Capital and Reserves

Equity capital of the Company includes paid-up part of the authorised capital, share premium, legal reserve, revaluation reserve and retained profit (loss).

Ordinary registered shares are measured at their par value. Amount received for sold shares in excess of their par value is presented as share premium. Additional costs related to new share emission reduce share premium. Any profit or loss related to sale, emission or annulment of own shares is not recognised in the income statement. According to the Law on Entities of the Republic of Lithuania, a legal reserve must conclude to the amount equal to 1/10 of the authorised capital. Until the determined amount of legal reserve is reached the Company's deductions that go into it must amount to at least 1/20 of net profit. A part of a legal reserve that exceeds the determined amount may be redistributed with the Company's profit appropriation. Legal reserve that was used to cover Company's losses must be reformed.

The account of retained profit (loss) includes accumulated and not yet distributed profit or not yet covered losses for the current and previous reporting periods.

Profit appropriation is registered in the accounting records of the Company when the owners pass a respective decision to distribute the profit, i.e. at the date of the shareholder meeting regardless of the profit earning period.

Financial Liabilities

Financial liabilities are registered in the accounting records when the Company undertakes a liability to pay in cash or repay in other financial assets. Amounts payable for goods and services are measured at acquisition cost, i.e. the value of received assets or services. Initially loans are recognised at acquisition cost and subsequently they are recognised at amortised cost. Accumulated interest is recognised in the account of other amounts payable.

Financial liabilities include amounts payable for received goods and services, loans, financial lease liabilities and bonds.

Current liabilities are considered obligations that must be met within one year of the balance sheet date.

Provisions

Provisions are recognised as liabilities when the Company has a legal obligation or an irrevocable commitment as a result of actions in the past, and it is also likely that fulfilling a legal obligation or irrevocable commitment shall require using assets at hand, and the amount of the liability can be reliably measured.

Sales Revenue

Sales revenue is recognised following the accrual principle. Income amount is recognised at fair value considering provided and foreseen discounts, returns and write-downs of sold goods. Income from sold goods is recognised when the goods are sold and the amount of income can be reliably measured.

Income from other activities includes profit from transferred used non-current assets, also other income that is not related to operating activity of the Company, but received from third parties, except for income from financing activities and extraordinary gains.

Income from financing activities includes positive effect of changes in currency rate, received interest, fines and charges on overdue payments paid by the buyers, received dividends, reversal of impairment in the value of investments.

Costs

Costs are recognised in the accounting records following accrual and comparison principles in the reporting period, during which the related income is earned, irrespective of the time the money was spent. Expenses, which are not related to the income earned in the reporting period, but intended for income earning in the future periods, are registered in the accounting records and presented in the financial statements as the assets.

Cost of sales comprises expenses incurred during the current reporting period and related to goods sold and services rendered during the current period. This account includes only that part of costs, which is related to products, goods sold and services rendered during the reporting period.

General and administrative costs comprise expenses incurred during the current period and related to the operating activities of the Company and providing the basis for reporting period income earning, but they do not depend on the amount of sold products, goods and services. These costs are recognized, registered in the accounting records and presented in the financial statements of the reporting period they are incurred in.

Costs from other activities include losses from sold used non-current assets and other costs that are not related to operating activity of the Company but are incurred to earn the income from other activities.

Costs from financing activities include negative result of changes in currency rate, paid fines and charges on overdue, interest and liability charges related to financial payables, impairment in the value of investments.

Pelno mokestis

Calculation of income tax is based on the requirements of Income Tax Law of the Republic of Lithuania. During the reporting year, the corporate income tax rate is 15%.

Foreign Currency

In the balance sheet currency entries are registered in accordance with the official exchange rate on the balance sheet date. The acquisition value of assets purchased in the foreign currency is recognized in the balance sheet measured in euro by using exchange rates of the date of purchase. Transactions in foreign currency are rated euro by transaction date exchange rate. Changes in currency entries that occurred when performing currency transactions in foreign currency are recognised as income or costs of the related reporting period.

Use of Estimates when Preparing the Financial Statements

When preparing the financial statements, management has to make certain assumptions and estimates, which influence the presented amounts of assets, liabilities, income and expenses and disclosures of uncertainties.

Significant areas of these financial statements, in which the estimates are used, include depreciation, impairment in value measurements, provisions and possible income tax recalculations. State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania may review accounting records of the Company and its subsidiaries and associates anytime within five consecutive years after reporting yearend and attribute additional taxes and fines. The management of the Company is not aware of the circumstances, which could lead to significant liabilities in this respect.

Future events may influence assumptions used in making the estimates. Results of such changes in estimates are recognized in the financial statements when they are identified.

Correction of Errors and Reclassifications

Errors of previous reporting periods detected in current reporting period are corrected in the financial statements of current period, if they are not material. Correction of an error is included in the same profit (loss) statement line, where the error was made. Material errors are corrected retrospectively and the error correction is presented in the financial statements of the reporting period by adjusting results of the previous year. Information on correction of such error is presented in the notes.

If information in the reporting year is classified in a different way, previous comparative year is reclassified in order for the numbers to be comparable. The Company assumes an error to be significant, if it involves the amount higher than 5% of sales income of the reporting period.

Contingent Liabilities and Assets

Contingent liabilities are future obligations, which may arise from past events and the existence of which may be confirmed or denied by the contingent future events, which the Company has no control over; or current obligations that arise from past events. They are not recognised in the balance sheet as the amount of these obligations cannot be measured reliably and (or) it is not probable that they will have to be settled. Information on them is presented in the explanatory notes.

Contingent assets may belong to the Company and bring economic benefit as a result of future events not within the control of the Company. Information on probable assets is presented in the explanatory notes.

Events after the Balance Sheet Date

Events after the balance sheet date are economic events that take place between the balance sheet date and the date, on which the financial statements are prepared, presented for confirmation and signed by the head of the Company.

Events after the balance sheet date, which provide additional information about the condition of the Company at the balance sheet date (events leading to adjustment), are reflected in the financial statements. Events after the balance sheet date that are not leading to adjustment are described in the notes if they are significant.

Fair value measurement

The fair value measurement standard is applied in accordance with other business accounting standards, which required or allowed to set plant and equipment, investment, biological, financial assets for a sale, derivative financial instruments and financial liabilities in fair value or disclose information on the fair value set, perform estimates based on fair value.

Fair value is the amount on the valuation date of the transaction between the parties, which can sell the asset or liability or transfer other obligations under normal market conditions.

K2 LT, AB

Company code 301950535; Address: Metalistų g. 3, Kėdainiai
 Data stored in Centre of Registers, SE, Register of Legal Entities
Financial statements for the year ended on 31 December 2021
 (All amounts are presented in Euros, unless indicated otherwise)

1. Non-current Tangible Assets

Items	Land	Buildings and constructions	Machinery and equipment	Vehicles	Other devices, equipment and tools	Paid advance payments and carried out construction of tangible assets (manufacturing) works	Total
Acquisition value							
31 December 2019	621 819	1 834 217	1 023 068	80 250	91 975	152 745	3 804 074
Acquired		43 572			28 258	1 079 413	1 151 243
Written-off (-)	(181 819)			(42 516)			(224 335)
Reclassifications							
31 December 2020	440 000	1 877 789	1 023 068	37 734	120 233	1 232 158	4 730 982
Acquired		1 153 052			164 240	19 727	1 337 019
Written-off (-)						(1 245 585)	(1 245 585)
Reclassifications							
31 December 2021	440 000	3 030 841	1 023 068	37 734	284 473	6 300	4 822 416
Accumulated depreciation							
31 December 2019		593 064	196 088	61 581	47 073		897 806
Calculated for the period		73 369	51 154	13 942	14 721		153 186
Written-off (-)				(37 791)	(375)		(38 166)
Reclassifications							
31 December 2020		666 433	247 242	37 732	61 419		1 012 826
Calculated for the period		114 313	51 153		39 760		205 226
Written-off (-)							
Reclassifications							
31 December 2021		780 746	298 395	37 732	101 179		1 218 052
Balance value							
31 December 2019	621 819	1 241 153	826 980	18 669	44 902	152 745	2 906 268
31 December 2020	440 000	1 211 356	775 826	2	58 814	1 232 158	3 718 156
31 December 2021	440 000	2 250 095	724 673	2	183 294	6 300	3 604 364

No indicators for the impairment in the value of non-current tangible assets were determined.

K2 LT, AB

Company code 301950535; Address: Metalistų g. 3, Kėdainiai
Data stored in Centre of Registers, SE, Register of Legal Entities

Financial statements for the year ended on 31 December 2021

(All amounts are presented in Euros, unless indicated otherwise)

Pledge of fixed assets

Asset Group	Balance value 2021	Pledge end date	Balance value 2020
Crematorium building with equipment	2 974 768	45 673	1 987 182
Total	2 974 768		1 987 182

No fully depreciated assets that are still in use exist. Buildings are constructed on the land leased for the following 99 years and the land lease rights are presented to SEB bank as collateral.

K2 LT, AB

Company code 301950535; Address: Metalistų g. 3, Kėdainiai
 Data stored in Centre of Registers, SE, Register of Legal Entities

Financial statements for the year ended on 31 December 2021

(All amounts are presented in Euros, unless indicated otherwise)

2. Inventories

Items	31.12.2021	31.12.2020
Inventories for sale	34 942	31 603
Advances paid	10 116	27 535
Total	45 058	59 138

There are no depreciated or obsolete inventories among the inventories.

3. Amounts Receivable

Amounts Receivable after one year	31.12.2021	31.12.2020
Loans and receivables (from 2 to 5 years)	350 000	370 000
Loans granted	350 000	370 000

One year receivable - 100% loan to the subsidiary UAB "Rekviem".

Amounts Receivable within one year	31.12.2021	31.12.2020
Trade receivables	75 631	64 233
VAT receivable		
Income tax receivable from the budget	533	852
Doubtful debts (-)		
Total	76 164	65 085

Trade receivables serve as collateral to SEB (12 note)

4. Cash

	31.12.2021	31.12.2020
Cash in bank	1 319 025	623 136
Cash on hand	6	1 718
Total	1 319 031	624 854

All funds in the bank and future income serve as collateral to SEB (12 note).

5. Dffered Costs

	31.12.2021	31.12.2020
Insurance	5 762	7 391
Press subscription	2 748	48
Total	8 510	7 439

Financial statements for the year ended on 31 December 2021

(All amounts are presented in Euros, unless indicated otherwise)

6. Authorised Capital Structure

Items	Number of Shares	Amount
Share capital structure at the end of financial year		
1. On the basis of share type		
1.1. Ordinary shares	311 822	311 822
1.2. Preference shares		
1.3. Employee shares		
1.4. Special shares		
1.5. Other shares		
Total	311 822	311 822
2. State or municipal capital		
Own shares held by the company		
Shares held by subsidiaries		

On December 31, 2021 all shares were paid up.

7. Profit Appropriation Project

Items	Year	Amount
Retained earnings – net earnings (loss)	31.12.2020	1 593 690
Net earnings– Profit (Loss)		1 155 933
Result – profit (loss) – available for appropriation	31.12.2021	2 749 623
Shareholder contributions to cover losses		
Transfers from reserves		
Profit available for appropriation		2 749 623
Distribution of profit:		
the statutory reserves		
other reserves		
dividends		
other		
Retained earnings – net earnings (loss)		2 749 623

8. Loans and leasing liabilities

	31.12.2021	31.12.2020
Long term payables (2 to 5 years)	203 731	464 506
Bank credit lines and loans (b)	203 731	464 506
Current payables	267 946	503 822
Bank credit lines and loans (b)	260 775	488 001
Payables for lease companies (a)	7 171	15 821
Total	471 677	968 328

K2 LT, AB

Company code 301950535; Address: Metalistų g. 3, Kėdainiai
Data stored in Centre of Registers, SE, Register of Legal Entities

Financial statements for the year ended on 31 December 2021

(All amounts are presented in Euros, unless indicated otherwise)

(a) Lease of transport means from Luminor amounting to EUR 6 652, subject to 3-month EURIBOR annual interest and with return date of 20/01/2022 and EUR 519 - telephone leasing.

(b) SEB bank loans: 1) EUR 50 847 subject to 6-month EURIBOR plus 1,6 per cent annual interest and with return date of 01/06/2022, 2) EUR 6 397 subject to 6-month EURIBOR plus 1,6 per cent annual interest and with return date of 31/01/2022, 3) EUR 81 081 subject to 6-month EURIBOR plus 2,52 per cent annual interest and with return date of 01/06/2022. 4) EUR 326 180 subject to 6-month EURIBOR plus 2,5 per cent annual interest and with return date of 02/09/2024.

Information on assets serving as collateral is presented with tangible assets (note 1), cash (note 8) and amounts receivable (note 7).

9. Amounts Payable Within One Year

	31.12.2021	31.12.2020
Advances received	23 487	20 820
Trade payable	67 538	100 386
Vacation payable accrued	60 301	47 555
Social insurance liabilities	6 956	5 059
PIT liabilities	8 049	7 047
Income tax liabilities	113 535	167 990
VAT liabilities	6 644	39 800
Other tax liabilities	1 209	
Other payable amounts		2 924
Total	287 719	391 581

10. Accrued Costs and Future Periods Incomes

The company had accrued expenses at the end of the year as of EUR 39 000 of which EUR 36 000 for annual bonuses for employees and EUR 3 000 for a fee for a member of the board (in 2020: EUR 35 932).

11. Income

	2021	2020
Income from sold services and goods	2 526 124	2 044 121
Sales of goods	71 532	68 838
Services	2 454 592	1 975 283
Income from other activities	28 074	30 307
Rental income	20 382	9 781
Profit on the sale of non-current assets		13 489
Other income	7 692	7 037

K2 LT, AB

Company code 301950535; Address: Metalistų g. 3, Kėdainiai
 Data stored in Centre of Registers, SE, Register of Legal Entities

Financial statements for the year ended on 31 December 2021

(All amounts are presented in Euros, unless indicated otherwise)

12. Costs

	2021	2020
Cost of sales	365 354	270 862
Net cost of inventories	54 455	49 862
Depreciation	184 907	124 522
Gas costs, maintenance of systems	118 731	31 338
Other costs	7 261	65 140
Costs from operating activities	38 819	17 743
Advertising	38 558	17 317
Other expenses	261	426
General and administrative costs	769 493	646 896
Salaries and social insurance	429 150	354 066
Depreciation	20 309	28 287
Audit costs		3 200
Other expenses	320 034	261 343

13. Financing and Investing Activities

	2021	2020
Income		1 511
Interest		1 511
Costs	19 855	21 970
Interest	19 855	20 177
Negative effect of currency exchange		1 793
Results	(19 855)	(20 459)

14. Income Tax Costs

The Company calculated EUR 33 (2020 – EUR 51) of deferred income tax income. Declared income tax is calculated applying the 15 per cent rate and is presented in the income tax costs: EUR 204 777 in 2021, EUR 168 036 in 2020.

15. Transactions with Management and Other Related Persons

Head of administration (1 person) was paid EUR 97 117 of salary during 2021 (EUR 63 637 during 2020). No other income, loans, guarantees or payouts were received by the manager within 2021 and 2020. Supervisory board is not assembled. There is a board of directors consisting of 5 persons, who were paid the total of EUR 28 366 during 2020 (EUR 33 760 during 2020).

16. Rights and Obligations of the Company Not Indicated in the Balance Sheet

Company was not received or issued bank guarantees or sponsorships, was not involved in any legal proceedings, which could have significant influence on the financial statements.

17. Contingent Liabilities

No events took place after the balance sheet date and before the date of financial statement conclusion.

18. Events after the Balance Sheet Date

There were no events after the balance sheet date in the Company until the date of preparation of the financial statements.

2022 February 24 the war in Ukraine began. The Company is currently assessing the increased impact of geopolitical risk on the Company's operations in 2022. No direct significant negative effects are foreseen yet, but there is indirect uncertainty about prices, supply chain, transportation disruptions and receivables that cannot be estimated. The Company is ready to respond to the increased geopolitical risk by implementing possible measures, although the Company does not work directly with the Russian, Belarusian and Ukrainian markets.

Director Bernardas Vilkelis

Chief Accountant UAB "Audikom" atstovė Jelena Sergejeva

09.03.2022