

UAB Modus Grupė

Independent Auditor's Report,
Consolidated Annual Management Report and
Consolidated Financial Statements for the Year
Ended 31 December 2022, Prepared in Accordance
with International Financial Reporting Standards as
Adopted by the European Union

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Independent Auditor's Report

To the Shareholders of UAB Modus Grupė

■ Opinion

We have audited the consolidated financial statements of UAB Modus Grupė and its subsidiaries ("the Group"). The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022,
- the consolidated statement of profit or loss and other comprehensive income for the year then ended,
- the consolidated statement of changes in equity for the year then ended,
- the consolidated statement of cash flows for the year then ended, and
- the notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

■ Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the requirements of the Law on Audit of Financial Statements of the Republic of Lithuania that are relevant to 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 Group's consolidated annual management report, but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

In addition, our responsibility is to consider whether information included in the Group's consolidated annual management report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements and whether consolidated annual management report has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of consolidated financial statements, in our opinion, in all material respects:

- The information given in the Group's consolidated annual management report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements; and
- The consolidated annual management report has been prepared in accordance with the requirements of the Law of the Republic of Lithuania on Consolidated Financial Reporting by Groups of Undertakings.

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

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

■ Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

On behalf of KPMG Baltics, UAB

Rokas Kasperavičius
Partner
Certified Auditor

Vilnius, the Republic of Lithuania
20 April 2023

UAB Modus Grupė

Company code: 302719143, address: Ozo St. 10A, LT-08200 Vilnius

Consolidated Annual Management Report for the Year Ended 31 December 2022

Consolidated annual management report

General information about the Group:

Name	UAB Modus Grupė
Legal form	Limited liability company
Code	302719143
VAT payer's code	LT100007287918
Authorised capital	Authorised capital of EUR 22,939,783 is divided into 79,102,700 ordinary registered shares with the par value of EUR 0.29 each.
Shareholder (100%)	MG NL holding B.V. (Company code 58978976, address: Fred. Roeskestraat 115, 1076 EE Amsterdam, the Netherlands)
Registered address:	Ozo St. 10A, LT-08200 Vilnius
Telephone	+370 5 235 6080
Fax	+370 5 235 6089
E-mail	info@modus.group
Website	www.modus.group
Date and place of registration	30 January 2012, Vilnius branch of the State Enterprise Centre of Registers
Register where the data about the Company is filed and stored	Register of Legal Entities
Type of main activities	Consulting management activities

I. Objective overview of the position, activity and development of the group of companies, characterisation of the main types of risks and uncertainties faced by the Company

Priority activity areas of the group of companies

Group of companies (the Group) comprises the Company and its 8 subsidiaries (as of 31 December 2021: 8), 46 secondary subsidiaries (as of 31 December 2021: 43), and 2 associates (as of 31 December 2021: 2). The Group main activities include automotive retailing (managing a network of dealerships for 16 car brands, including Porsche, Bentley, BMW, Fiat, Maserati, etc.), mobility services (CityBee, MyBee) and investment fund management (Modus Asset Management). The Group markets include Lithuania, Latvia, and Estonia; Group operates in 12 European markets.

100% of the shares of UAB Modus Grupė are owned by MG NL Holding B.V., a company incorporated and operating in the Netherlands.

Due to the internal structural changes implemented within the Group, the financial results of the companies operating in the renewable energy business, as well as of the companies (not) directly controlled by MG NL holding B.V., are not consolidated at the level of UAB Modus Grupė as of January 2020 and are not reflected in the annual management report and financial statements.

In 2022, the EBITDA of the Group amounted to EUR 34,233 thousand (2021: EUR 26,628 thousand) and has increased by 28,56%. EBITDA consists of EUR 34,553 thousand (2021: EUR 26,145 thousand) from the operating activities of the entities of the group and EUR -320 thousand (2021: EUR 483 thousand) from other transactions¹.

¹ The common practice of a holding company is sale, acquisition and merger of companies and assets. The results of these transactions are included in the group of *Transactions and other*.

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Main risks of the Group

The Group is (can be) exposed to several significant risks, including (1) the possibility of the introduction of new taxes and legislation, (2) a general downturn in economic conditions in the country, which may affect purchasing power, and volatile interest rates. These factors may adversely affect the demand for and pricing of the Company's products. (3) The EU's implementation of stricter sustainability regulations, such as the EU Green Deal, Taxonomy, and CSRD, alongside evolving demands and expectations from customers and investors for the gradual elimination of fossil fuels, create potential business risks, but, at the same time, provide business opportunities. In addition, (4) the lack of skilled personnel poses additional risks. The Company also must address risks related to (5) fraud, (6) debtor management, (7) disruptions in the automotive market and their impact on vehicle prices, decisions by automotive manufacturers to increase prices, (8) competition, (9) operating costs, and (10) external factors such as pandemics, wars, and other unforeseen events.

Uncertainties facing the Group

The automotive industry has faced various challenges over the last two years, including the COVID-19 pandemic and the restrictions imposed as a result, the semiconductor crisis which has led to disruptions in the supply of new cars worldwide. The war in Ukraine has led to soaring energy prices. Despite these challenges, demand for cars and alternative mobility services continued to grow steadily.

Most significant events

Note 1 in the consolidated financial statements contains the most important information regarding the acquisition and disposal of subsidiaries.

II. Analysis of the financial and non-financial operating results of the Group; information on environmental and personnel issues

During 2022, consolidated sales revenue amounted to EUR 377,892 thousand and was lower by 11.19% than in 2021 (2021: EUR 425,495 thousand). In 2022, the cost of sales amounted to EUR 317,608 thousand (2021: EUR 383,074 thousand), and the gross profit amounted to EUR 60,284 thousand (2021: EUR 42,421 thousand).

Consolidated profit before tax collection amounted to EUR 20,516 thousand in 2022 and was higher than in the previous reporting period when profit before taxation was EUR 19,827 thousand. In 2022, a decrease in consolidated net profit was marked: 2022 – EUR 5,040 thousand, and 2021 – EUR 17,495 thousand.

The Group's consolidated assets amounted to EUR 355,380 thousand as of 31 December 2022 (31 December 2021 – EUR 341,349 thousand).

Information about the impact of coronavirus (COVID-19) on the Group's activity

In response to the situation, the Group implemented immediate cost-saving measures to ensure the Company's liquidity. Additionally, agreements were made with creditors to defer liability settlements and postpone payment terms.

The measures in response to COVID-19 are considered effective and the Group is gradually returning to the level before COVID-19.

Ratios characterising the Group's activities

Ratio	2022	2021
Gross profitability = gross profit/sales	15.95%	9.97%
Net profitability = net profit/sales	1.33%	4.11%
Debt ratio = liabilities/total assets	0.53	0.59
Asset turnover = sales/total assets	1.06	1.25
Current ratio = current assets/current liabilities	1.29	1.24

Employees

In 2022, the average number of employees at the Group was 682 (2021 – 545 employees).

UAB Modus Grupė

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Consolidated Annual Management Report for the Year Ended 31 December 2022

Information on the Head

Other managing positions held by the Director of UAB Modus Grupė Erika Huhtala:

Person	Legal form	Name	Code	Address:	Position
Erika Huhtala²	UAB	Modus Grupė	302719143	Vilnius city municipality, Vilnius, Ozo St. 10A	Director, Board member
Erika Huhtala	UAB	Parkdema	304559196	Vilnius city municipality, Vilnius, Jogailos St. 4	Board member
Erika Huhtala	UAB	Inter Krasta	302693905	Vilnius city municipality, Vilnius, Ozo St. 10A	Board member
Erika Huhtala	UAB	Unimodus	126123769	Vilnius city municipality, Vilnius, Ozo St. 10A	Board member
Erika Huhtala	UAB	Modus Mobility	3024559196	Vilnius city municipality, Vilnius, Ozo St. 10A	Board member
Erika Huhtala	UAB	LM Auto	302784123	Vilnius city municipality, Vilnius, Ozo St. 10A	Board member

Board members of UAB Modus Grupė:

Person	Legal form	Name	Position
Ainė Martinkėnaitė-Martyniuk	UAB	Modus Grupė	Chairwoman of the Board and Board member
Erika Huhtala	UAB	Modus Grupė	Board member
Oleg Martyniuk	UAB	Modus Grupė	Board member
Ruslan Sklepovič	UAB	Modus Grupė	Board member

Other managing positions held by the Board Members of UAB Modus Grupė (excluding Erika Huhtala – provided in the table above):

Person	Legal form	Name	Code	Address	Position
Ainė Martinkėnaitė-Martyniuk	UAB	UAB Mobio Solutions	304837674	Vilnius city municipality, Vilnius, Ozo St. 10A	Head
Ainė Martinkėnaitė-Martyniuk	UAB	Unimodus	126123769	Vilnius city municipality, Vilnius, Ozo St. 10A	Board member
Ainė Martinkėnaitė-Martyniuk²	UAB	Modus grupė	302719143	Vilnius city municipality, Vilnius, Ozo St. 10A	Director for Business Development; Member and Chairman of the Board
Ainė Martinkėnaitė-Martyniuk	UAB	Modus Mobility	302784358	Vilnius city municipality, Vilnius, Ozo St. 10A	Head and Board member
Ainė Martinkėnaitė-Martyniuk	AB	Modus Energy	302693613	Vilnius city municipality, Vilnius, Ozo St. 10A	Power of procuration
Ruslan Sklepovič²	UAB	Green Genius	301557546	Vilnius city municipality, Vilnius, Ozo St. 10A	Director
Ruslan Sklepovič	AB	Modus Energy	302693613	Vilnius city municipality, Vilnius, Ozo St. 10A	Director, Chairman and member of the Board
Ruslan Sklepovič	UAB	Axton Commodities	304917017	Vilnius city municipality Vilnius, Juozo Balčikonio St. 9	Chairman and member of the Board
Ruslan Sklepovič	UAB	Lepita	302854931	Vilnius city municipality, Vilnius, Ozo St. 10A	Director, Chairman and member of the Board
Ruslan Sklepovič	UAB	Sigvilt	302841574	Vilnius city municipality, Vilnius, Ozo St. 10A	Director, Chairman and member of the Board
Ruslan Sklepovič	UAB	Menergija	302850267	Vilnius city municipality, Vilnius, Ozo St. 10A	Chairman and member of the Board

² Highlighted – main workplace.

UAB Modus Grupė

Company code: 302719143, address: Ozo St. 10A, LT-08200 Vilnius

Consolidated Annual Management Report for the Year Ended 31 December 2022

Person	Legal form	Name	Code	Address	Position
Ruslan Sklepovič	UAB	Zenergija	302850121	Vilnius city municipality, Vilnius, Ozo St. 10A	Chairman and member of the Board
Ruslan Sklepovič	UAB	Psenergija	302850071	Vilnius city municipality, Vilnius, Ozo St. 10A	Chairman and member of the Board
Ruslan Sklepovič	UAB	Senergita	302850317	Vilnius city municipality, Vilnius, Ozo St. 10A	Chairman and member of the Board
Ruslan Sklepovič	UAB	Jenergija	302850299	Vilnius city municipality, Vilnius, Ozo St. 10A	Chairman and member of the Board
Ruslan Sklepovič	UAB	Nenergija	302850064	Vilnius city municipality, Vilnius, Ozo St. 10A	Chairman and member of the Board
Ruslan Sklepovič	UAB	Venergija	302850089	Vilnius city municipality, Vilnius, Ozo St. 10A	Chairman and member of the Board
Ruslan Sklepovič	UAB	Lenergija	302850203	Vilnius city municipality, Vilnius, Ozo St. 10A	Chairman and member of the Board
Ruslan Sklepovič	UAB	Modus grupė	302719143	Vilnius city municipality, Vilnius, Ozo St. 10A	Board
Ruslan Sklepovič	UAB	Agapas	304097697	Mokyklos g. 2, Gotlybiškių village, Šakiai district municipality	Director
Ruslan Sklepovič	ŽŪB	Ausieniškų	302751326	Vilnius city municipality, Vilnius, Ozo St. 10A	Head
Ruslan Sklepovič	UAB	Bonalėja	303556891	Želsvelės g. 1, Želsvos village, Marijampolė municipality	Director
Ruslan Sklepovič	UAB	Investiciniai turto projektai	303502954	Grinkiškio g. 24, Kairėnų village, Radviliškis district municipality	Director
Ruslan Sklepovič	UAB	Lifila	304137558	Žilionių village 12, Radviliškis district municipality	Director
Ruslan Sklepovič	UAB	Green Genius Lithuania	302841738	Vilnius city municipality, Vilnius, Ozo St. 10A	Director
Ruslan Sklepovič	UAB	Ginana	302872801	Panevėžio g. 23-1, Smilgių settlement, Panevėžys district municipality	Director
Ruslan Sklepovič	UAB	Modus solar turtas	304824538	Vilnius city municipality, Vilnius, Ozo St. 10A	Director
Ruslan Sklepovič	UAB	Pavilnių saulės slėnis 25	302794021	Vilnius city municipality, Vilnius, Ozo St. 10A	Director
Ruslan Sklepovič	UAB	Helmont Projects	302791057	Vilnius city municipality, Vilnius, Ozo St. 10A	Director
Ruslan Sklepovič	UAB	GG Biogas LTU	302854664	Vilnius city municipality Vilnius, A. Kojelavičiaus g. 3	Director
Ruslan Sklepovič	UAB	GG Biogas PL	305670388	Vilnius city municipality, Vilnius, A. Kojelavičiaus St. 3	Director
Ruslan Sklepovič	UAB	GG Biogas Investments	305670370	Vilnius city municipality, Vilnius, A. Kojelavičiaus St. 3	Director
Ruslan Sklepovič	UAB	Denergija	302791071	Vilnius city municipality, Vilnius, Ozo St. 10A	Director
Ruslan Sklepovič	UAB	ViaModus	302751041	Vilnius city municipality, Vilnius, Ozo St. 10A	Director
Ruslan Sklepovič	UAB	Fotona	302841720	Vilnius city municipality, Vilnius, Ozo St. 10A	Director
Ruslan Sklepovič	UAB	Green Genius Global	304994394	Juozo Balčikonio St. 9, LT-08247 Vilnius	Director
Ruslan Sklepovič	UAB	Alternatyviųjų degalų automobilių asociacija	300872628	Vilnius city municipality, Vilnius, Ozo St. 10A	Board
Ruslan Sklepovič	UAB	Atsinaujinančios energijos gamintojų asociacija	302646396	Vilnius city municipality, Vilnius, Ozo St. 10A	Board, Chairman of the Board
Ruslan Sklepovič	B.V.	Modus Energy International B.V.	36406945	Kabelweg 57, kamer 6.05a, 10i 4BA Amsterdam	Board member
Ruslan Sklepovič	Sp. z o.o.	Modus Energy Asset 6	766092	UL. Ludwika Waryńskiego 3A, 00-645 Warszawa	Board member
Ruslan Sklepovič	Sp. z o.o.	Modus Energy Asset 8	786187	UL. Ludwika Waryńskiego 3A, 00-645 Warszawa	Board member

UAB Modus Grupė

Company code: 302719143, address: Ozo St. 10A, LT-08200 Vilnius

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Person	Legal form	Name	Code	Address	Position
Ruslan Sklepovič	Sp. z o.o.	Modus Energy Asset 9	787372	UL. Ludwika Waryńskiego 3A, 00-645 Warszawa	Board member
Ruslan Sklepovič	Sp. z o.o.	Modus Energy Asset 10 (Freccia)	806694	UL. Ludwika Waryńskiego 3A, 00-645 Warszawa	Board member
Ruslan Sklepovič	Sp. z o.o.	Modus Solar Asset Poland	727539	UL. Ludwika Waryńskiego 3A, 00-645 Warszawa	Board member
Ruslan Sklepovič	CJSC	Kabylovka Biogas	690662468	223043, Minsk district, Papernyansky v/s, v. Tsna, 4 Yubiley naya Steet, room 2-14, Belarus	Board member
Ruslan Sklepovič	CJSC	Severniy Biogas	391003017	231522, Grodno region, Shchuchin district, v/s Vasilishkovsky, Vasilishki agro-town, 26 Sovetskaya Street, Belarus	Board member
Ruslan Sklepovič	CJSC	Parohonskoe Biogas	690658211	225750, Brest region, Pinsk district, Osnezhitsky v/s, Zapolye village, 7 Pinskaya Street, Belarus	Board member
Ruslan Sklepovič	CJSC	Zadneprovskiy Biogas	812003710	231522, Grodno region, Shchuchin district, v/s Vasilishkovsky, Vasilishki agro-town, 26 Sovetskaya Street, Belarus	Board member
Ruslan Sklepovič	CJSC	Mir Biogas	690664723	223043, Minsk district, Papernyansky v/s, v. Tsna, 4 Yubiley naya Street, room 2-15, Belarus	Board member
Ruslan Sklepovič	CJSC	Belovezha Biogas	690664710	225088 Brest region, Kamenets district, Ryasnyansky s / s, ag. Ryasna, st. Anniversary, 1, pom. 32	Board member
Oleg Martyniuk	UAB	UAB Gepaga	110666382	Gamyklų St. 4, LT-68108 Marijampolė	Head
Oleg Martyniuk	UAB	BLF holding, UAB	305656157	Vilnius city municipality, Vilnius, Ozo St. 10A	Director
Oleg Martyniuk	UAB	UAB Autoimex	300662220	Žalgirio g. 112A, LT-09300 Vilnius	Director
Oleg Martyniuk³	UAB	UAB Inter Krasta Luxury	305663917	Vilnius city municipality, Vilnius, Ozo St. 10A	Director general
Oleg Martyniuk	UAB	UAB Inter Krasta Premium	305663899	Vilnius city municipality, Vilnius, Ozo St. 10A	Head
Oleg Martyniuk	UAB	Inter Krasta	302693905	Vilnius city municipality, Vilnius, Ozo St. 10A	Head
Oleg Martyniuk	UAB	LM Auto	302784123	Konstitucijos ave. 21B, Vilnius	Board member
Oleg Martyniuk	UAB	Modus Mobility	302784358	Vilnius city municipality, Vilnius, Ozo St. 10A	Board member
Oleg Martyniuk	UAB	Modus Grupė	302719143	Vilnius city municipality, Vilnius, Ozo St. 10A	Board member
Oleg Martyniuk	UAB	Parkdema	304559196	Vilnius city municipality, Vilnius, Jogailos St. 4	Board member
Oleg Martyniuk	UAB	Viteksa	302651710	Vilnius city municipality, Vilnius, Ozo St. 10A	Head
Oleg Martyniuk	UAB	Tekupa	302842676	Vilnius city municipality, Vilnius, Ozo St. 10A	Head; shareholder

³ Highlighted – main workplace.

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Company code: 302719143, address: Ozo St. 10A, LT-08200 Vilnius

Consolidated Annual Management Report for the Year Ended 31 December 2022

Person	Legal form	Name	Code	Address	Position
Oleg Martyniuk	UAB	Statybiniai projektai	303090397	Vilnius city municipality, Vilnius, A. Kojelavičiaus St. 3	Director; shareholder
Oleg Martyniuk	UAB	Luxury Automotive Services 1	305703735	Vilnius city municipality, Vilnius, Ozo St. 10A	Head
Oleg Martyniuk	UAB	Luxury Automotive Services 2	305704431	Vilnius city municipality, Vilnius, Ozo St. 10A	Head
Oleg Martyniuk	UAB	Modus Asset Management	302790959	Vilnius city municipality, Vilnius, Ozo St. 10A	Board member, Chairman
Oleg Martyniuk	UAB	Unimodus	126123769	Vilnius city municipality, Vilnius, Ozo St. 10A	Board member
Oleg Martyniuk		Young Presidents' Organization Lithuania Chapter	304756507	Vilnius, Konstitucijos ave. 20A	Chairman of the Board, Head

Members of the Supervisory Council of UAB Modus Grupė:

Person	Legal form	Name	Position
Kęstutis Bagdonavičius	UAB	Modus Grupė	Chairman and independent member
Kęstutis Martinkėnas	UAB	Modus Grupė	Member
Jolanta Martinkėnienė	UAB	Modus Grupė	Member
Saulius Umbrasas	UAB	Modus Grupė	Independent member

Other managing positions held by the members of the Supervisory Council of UAB Modus Grupė:

Person	Legal form	Name	Code	Address	Position
Kęstutis Martinkėnas⁴	UAB	Modus Grupė	302719143	Vilnius city municipality, Vilnius, Ozo St. 10A	Director for Strategic Planning
Kęstutis Martinkėnas	UAB	Viteksa	302651710	Vilnius city municipality, Vilnius, Ozo St. 10A	Shareholder
Kęstutis Martinkėnas	UAB	BLF holding	305656157	Vilnius city municipality Vilnius, Ozo St. 10A	Shareholder
Jolanta Martinkėnienė⁴	UAB	Modus Grupė	302719143	Vilnius city municipality, Vilnius, Ozo St. 10A	Design Advisor
Saulius Umbrasas⁴	LLC	E-Band Communications	95-2140062	17034 Camino San Bernardo, San Diego, CA 92127, USA	Senior Vice-president for Sales and Marketing
Saulius Umbrasas	UAB	Astrolight UAB	305341880	Savanorių ave. 235, LT-02300 Vilnius	Board member (Board Director)
Kęstutis Bagdonavičius	UAB	birkle IT Lithuania UAB	305839105	Vilniaus St. 28-201, LT-01402 Vilnius	Director
Kęstutis Bagdonavičius	VŠĮ	VŠĮ Global Lithuanian Leaders	302484453	Krokuvos St. 9A-29, LT-09314 Vilnius, Lithuania	Patron
Kęstutis Bagdonavičius	e.V.	Deutsch-Baltische Handelskammer in Estland, Lettland, Litauen, representative office in Lithuania	300102428	Vinco Kudirkos St. 6, LT-03105 Vilnius, Lithuania	Chairman of the Board

Environmental protection and sustainability management

The Group considers Environmental Social Governance (ESG) a strategic priority and applies it across all business activities, going beyond compliance with local legislation and regular internal audits on environmental risks and opportunities.

⁴ Highlighted – main workplace

UAB Modus Grupė

Company code: 302719143, address: Ozo St. 10A, LT-08200 Vilnius

Consolidated Annual Management Report for the Year Ended 31 December 2022

The Group companies operate in three areas directly related to sustainability: renewable energy, the development of the circular economy, and the promotion of the sharing economy. Group's goal is to promote sustainable urban development by encouraging a shift in people's attitudes towards property ownership, prioritizing the principles of the sharing economy. An example of this is combining multiple alternative modes of transportation for individual journeys instead of relying solely on one car. Choosing different travel alternatives contributes to lower per capita emissions. The Group has also initiated greenhouse gas (GHG) calculations using the GHG Protocol methodology in order to determine its environmental impact across the entire chain of activities (Scope 1, 2, 3). The emissions calculated in 2022 will be considered a benchmark for emission reductions in the Group's future activities. Further data-based climate change mitigation targets are planned.

In 2022, the Group assessed the main areas of ESG importance, involving stakeholders and evaluating the Group's impact on society across economic, environmental, and social factors. Following the assessment of ESG materiality, the Group is developing its long-term ESG strategy, objectives, and practices.

As a member of the Global Compact, the Group reports annually on its ESG achievements in the Group's annual Communication on Progress. The Global Reporting Initiative (GRI) methodology, launched in 2023, will enable unified progress tracking across all Group companies.

The Corporate Affairs, Finance, and Legal departments coordinate ESG initiatives and are responsible for specific ESG topics. They are accountable to the highest governance body. The Corporate Affairs Department oversees the implementation of this area at the Group level.

The Group is subject to the following standards of environmental protection:

- Order No 493 of 8 October 2003 of the Minister of the Environment of the Republic of Lithuania "Information of Fuel Efficiency and Procedure for Informing Users of CO2 Gas Emissions upon Sales of New Passenger Cars".
- Order No 710 of 24 December 2003 of the Minister of the Environment of the Republic of Lithuania on Approval of Rules for Handling of Vehicles not Suitable for Exploitation.
- Management of waste (including hazardous waste) from car servicing and maintenance following the requirements of the Law on Waste Management and Rules of Waste Management.

III. Information on significant events after the end of the financial year

After the end of the reporting period and up until the date of these financial statements, there were no subsequent events that would impact these financial statements or require additional disclosure, except the those described in Note 35 of the consolidated financial statements explanatory notes.

IV. Operating plans and forecasts of the Group of companies' activities

In recent years, the Group has consistently increased its investment in renewable energy and mobility development. The Group plans to continue to focus its investments in these areas, reflecting the long-term strategic priorities of the Group. In addition, the Group will continue to operate in the automotive and real estate sectors consistently.

V. Information about the research and development activity of the Group of companies

The Group conducts market research to justify its projects. The frequency of research is determined by need, rather than a fixed annual budget.

VI. The number and nominal value of the shares of the parent company controlled by the company itself, its subsidiaries or other persons authorised but acting on their own behalf

The Company has no own shares.

VII. Information on the objectives of the financial risk management, its policy for hedging major types of foretasted transactions for which hedge accounting is used, and the Group of companies employs financial instruments and when it is important for the valuation of the Group of companies' assets, equity, liabilities, income and costs

The Group uses derivative financial instruments (forward contracts) to hedge against fluctuations in foreign exchange rates.

Fluctuations in energy, labor and other variable costs can affect the Company's financial results.

Although the Group does not currently use financial instruments to hedge interest rate risk, the situation is carefully analysed to determine whether additional interest rate risk management tools are necessary. To mitigate the risk, the Group continuously reviews the prices of its services and applies price indexation strategies in response to market fluctuations due to rising interest rates. These measures help to ensure the Group's financial stability and resilience to potential risks.

Erika Huhtala
Director
UAB Modus Grupė

Vilnius, the Republic of Lithuania
20 April 2023

UAB Modus Grupė

Company code 302719143, Ozo St. 10A, LT-08200 Vilnius

Consolidated statement of financial position as at 31 December 2022

(In EUR thousand, unless otherwise stated)

Consolidated statement of financial position

ASSETS	Notes	As at 31 December 2022	As at 31 December 2021
Non-current assets			
Property, plant and equipment	5	82,812	69,942
Investment property	5	8,134	7,300
Goodwill	6	27	27
Intangible assets	6	3,642	3,073
Granted loans and term deposits	7	35	6,045
Other investments	10	107,246	99,162
Trade and other receivables	8	495	1,000
Deferred income tax asset	29	76	390
Total non-current assets		202,467	186,939
Current assets			
Loans granted and term deposits	7	45,723	42,706
Inventories	9	62,162	59,867
Trade and other receivables	8	28,397	31,455
Derivatives		72	133
Prepayments, deferred costs and accrued income	11	7,556	8,516
Advance corporate income tax		24	296
Current assets held for sale		128	72
Cash and cash equivalents	12	8,851	11,365
Total current assets		152,913	154,410
TOTAL ASSETS		355,380	341,349

(continued on the next page)

UAB Modus Grupė

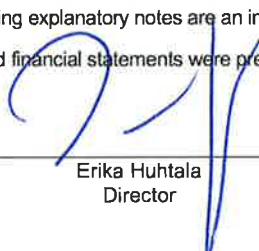
Company code 302719143, Ozo St. 10A, LT-08200 Vilnius
 Consolidated statement of financial position as at 31 December 2022
 (In EUR thousand, unless otherwise stated)

Consolidated statement of financial position (cont'd)

	Notes	As at 31 December 2022	As at 31 December 2021
EQUITY AND LIABILITIES			
Authorised capital	13	22,940	22,940
Share premium	13	7,879	7,879
Legal reserve	13	2,294	2,294
Revaluation reserve	13	21,891	3,220
Currency exchange translation reserve		(127)	133
Hedging reserve		224	-
Retained earnings (loss)	13	110,134	105,008
Equity attributable to shareholders of the parent company		165,235	141,474
Non-controlling interest		239	152
Total equity		165,474	141,626
Non-current liabilities			
Bank loans and lease liabilities	14	49,557	35,892
Other borrowings	15	14,122	30,050
Deferred tax liabilities	29	66	76
Advances received	19	523	299
Employee benefits	16	102	52
Grants and subsidies	17	1,840	1,512
Trade and other payables	21	4,751	448
Provisions	18	153	119
Total non-current liabilities		71,114	75,048
Current liabilities			
Bank loans and lease liabilities	14	39,084	27,668
Other borrowings	15	36,599	23,262
Corporate income tax liabilities		775	971
Prepayments received, accrued liabilities and deferred income	19	20,470	16,662
Employment related liabilities	20	3,931	3,398
Trade and other payables	21	17,933	52,714
Total current liabilities		118,792	124,675
Total liabilities		189,906	199,723
TOTAL EQUITY AND LIABILITIES		355,380	341,349

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

The consolidated financial statements were prepared and signed on 20 April 2023:


 Erika Huhtala
 Director


 Mantas Piliponis
 Group Senior Finance Controller

UAB Modus Grupė

Company code 302719143, Ozo St. 10A, LT-08200 Vilnius

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022

(In EUR thousand, unless otherwise stated)

Consolidated statement of profit or loss and other comprehensive income

	Notes	2022	2021
Revenue	22	377,892	425,495
Cost of sales	23	(317,608)	(383,074)
Gross profit		60,284	42,421
Other activity income	24	1,274	742
Other activity expenses	24	(607)	(835)
Selling expenses	25	(17,785)	(12,427)
Administrative expenses	26	(18,911)	(12,590)
Impairment loss on trade receivables and contract assets	8	(232)	(104)
Operating profit (loss)		24,023	17,207
Profit on disposal of investments into subsidiaries	27	(320)	483
Finance income	28	3,841	3,565
Finance costs	28	(6,900)	(7,178)
Result from financing activities		(3,059)	(3,613)
Share of profit of associated or jointly controlled entities	10	(128)	5,750
Profit (loss) before tax		20,516	19,827
Corporate income tax	29	(3,400)	(2,332)
Net profit (loss) from continued operations		17,116	17,495
Net profit (loss) from discontinued operations		(12,076)	-
Other comprehensive income			
<i>Items that will be reclassified subsequently to profit or loss:</i>			
Effect of currency rate changes		(264)	(74)
Effect of hedging transactions		224	-
Items that will be reclassified subsequently to profit or loss:		(40)	(74)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Employee benefits (accrual)	16	(48)	11
Revaluation of property, plant and equipment, net of tax	13	19,002	(379)
Items that will not be reclassified subsequently to profit or loss:		18,954	(368)
Total comprehensive income		23,954	17,053
Net profit (loss) attributable to:			
Shareholders of the parent company		4,953	17,534
Non-controlling interests		87	(39)
Total comprehensive income attributable to:			
Shareholders of the parent company		23,867	17,092
Non-controlling interests		87	(39)

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

The consolidated financial statements were prepared and signed on 20 April 2023:



Erika Huhtala
Director



Mantas Piliponis
Group Senior Finance Controller

UAB Modus Grupė

Company code 302719143, Ozo St. 10A, LT-08200 Vilnius

Consolidated statement of changes in equity for the year ended 31 December 2022

(In EUR thousand, unless otherwise stated)

Consolidated statement of changes in equity

	Authorised capital	Share premium	Legal reserve	Revaluation reserve	Currency exchange translation reserve	Hedging reserve	Retained earnings (losses)	Attributable to shareholders of the parent company	Non-controlling interests	Total
1 January 2021	22,940	7,879	431	3,734	181	-	89,757	89,566	191	124,922
Net profit (loss) for the reporting period	-	-	-	-	-	-	17,495	17,534	(39)	17,495
Other comprehensive income for the reporting period	-	-	-	(379)	(74)	-	11	11	-	(442)
Total comprehensive income for the reporting period	-	-	-	(379)	(74)	-	17,506	17,545	(39)	17,053
Transfers to legal reserve	-	-	1,863	-	-	-	(1,729)	(1,729)	-	134
Revaluation reserve used	-	-	-	(135)	-	-	-	-	-	(135)
Decrease in capital due to transfer of subsidiaries	-	-	-	-	26	-	26	26	-	52
Increase (decrease) in non-controlling interests	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	(400)	(400)	-	(400)
31 December 2021	22,940	7,879	2,294	3,220	133	-	105,160	105,008	152	141,626
Net profit (loss) for the reporting period	-	-	-	-	-	-	5,040	4,953	87	5,040
Other comprehensive income for the reporting period	-	-	-	19,002	(264)	224	(48)	(48)	-	18,914
Total comprehensive income for the reporting period	-	-	-	19,002	(264)	224	4,992	4,905	87	23,954
Transfers to legal reserve	-	-	-	-	-	-	-	-	-	-
Revaluation reserve used	-	-	-	(331)	-	-	331	331	-	-
Decrease in capital due to transfer of subsidiaries	-	-	-	-	4	-	10	10	-	14
Increase (decrease) in non-controlling interests	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	(120)	(120)	-	(120)
31 December 2022	22,940	7,879	2,294	21,891	(127)	224	110,373	110,134	239	165,474

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

The consolidated financial statements were prepared and signed on 20 April 2023:


 Erika Huhtala
 Director


 Mantas Piliponis
 Group Senior Finance Controller

Consolidated statement of cash flows

	Notes	2022	2021
Cash flows from operating activities			
Net profit (loss)		5,040	17,495
Elimination of non-monetary transactions:			
Depreciation expenses	5	9,736	8,166
Amortisation expenses	6	1,030	953
Share of profit of associated and jointly controlled entities	10	12,204	(5,750)
Impairment (reversal) of trade and other receivables	8	232	104
Write down (reversal of write down) of inventories to net realisable value	26	429	263
Impairment (reversal) of loans granted	7	317	1,944
Impairment of financial assets at fair value (gain on increase)	5;10	(1,112)	(696)
Change in fair value of derivative financial instruments		(159)	(12)
Change in provisions	18	34	(118)
Revaluation reserve formed	5	615	462
Finance (income) costs	28	3,523	1,310
Effect of currency exchange		490	175
Loss (profit) on disposal of property, plant and equipment, and intangible assets	24	(5,768)	(62)
Loss (profit) on disposal of investments into subsidiaries	27	320	(483)
Income tax expenses (income)	29	3,400	2,332
Amortisation of grants	17	(204)	(172)
Elimination of other non-monetary transactions		(767)	(864)
Effect of changes in working capital:			
(Increase) decrease in inventories	5; 9	(15,444)	28,977
(Increase) decrease in trade and other receivables	8	3,243	(5,556)
Decrease (increase) in prepayments, deferred costs and accrued income	11	941	(4,777)
Increase (decrease) in trade, other payables and current liabilities	21	(30,480)	(63,900)
Increase (decrease) in prepayments received, accrued liabilities and deferred income	19	4,124	6,025
Increase (decrease) in employment related liabilities	20	534	509
Paid income tax		(3,134)	(3,012)
Net cash from operating activities		(10,856)	(16,687)

(continued on the next page)

Consolidated statement of cash flows (cont'd)

	Notes	2022	2021
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets	5; 6	(13,671)	(23,031)
Disposal of property, plant and equipment and intangible assets	5; 6	37,346	16,444
Grants received	17	532	590
Acquisition of bonds		-	-
Redemption of bonds		-	-
Acquisition of other long-term investments	10	(1)	(2,168)
Acquisition of associated entities		-	-
Acquisition of subsidiaries	27	(9)	-
Disposal of subsidiaries	27	(335)	(37)
Term deposit payments	7	-	(306)
Redemption of term deposits	7	1862	1,000
Loans granted	7	(2,327)	(14,392)
Loans recovered	7	1,884	6,652
Dividends received	28	236	125
Interest received	7	1,253	1,837
Other increase (decrease) in cash flows from (to) investing activities	10	272	835
Net cash used in investing activities		27,042	(12,451)
Cash flows from financing activities			
Loans received	14; 15	16,579	35,119
Loans repayment	14; 15	(18,732)	(15,180)
Emission of bonds	15	3,172	15,182
Repurchase of bonds	15	(6,558)	(3,623)
Interest paid and transaction costs	14; 15	(5,180)	(3,347)
Lease payments	14	(18,967)	(20,020)
Dividend paid to non-controlling interests		-	-
Change in non-controlling interests		-	-
Other increase (decrease) in cash flows from (to) financing activities	14	10,986	5,630
Net cash generated from/(used in) financing activities		(18,700)	13,761
Effect of exchange rate changes on cash and cash equivalents		-	-
Increase (decrease) in net cash flows		(2,514)	(15,377)
Cash and cash equivalents at the beginning of the period		11,365	26,742
Cash and cash equivalents at the end of the period		8,851	11,365

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

The consolidated financial statements were prepared and signed on 20 April 2023:

Erika Huhtala
Director

Mantas Piliponis
Group Senior Finance Controller

UAB Modus Grupė

Company code 302719143, Ozo St. 10A, LT-08200 Vilnius

Explanatory notes to the consolidated financial statements for the year ended 31 December 2022

(In EUR thousand, unless otherwise stated)

Explanatory notes

1. General information

UAB Modus Grupė (hereinafter "the Company") is a joint stock company registered with the Register of Legal Entities on 30 January 2012 under the Law on Register of Companies of the Republic of Lithuania, company code 302719143, legal address: Ozo g. 10A, LT-08200 Vilnius. Activities of the company – consulting management activities.

The ultimate parent company is MG NL Holding B.V., legal address Fred. Roeskestraat 115, 1076 EE Amsterdam, the Netherlands, company code: 58978976. Activities of the company – consulting on business management and other issues.

The Group consists of the Company and its 8 subsidiaries (31 December 2021 – 8), 46 secondary subsidiaries (31 December 2021 – 43), and 2 associated companies (31 December 2021 – 2).

Subsidiaries directly controlled by the Company, controlled share 100% (equity and net profit (loss) from consolidated financial statements, except for UAB Modus Group Services, UAB Modus Asset Management and UAB Axton Commodities):

Subsidiary company	Address	Company code	Country	As at 31 December 2022			As at 31 December 2021			Short description of activity
				Carrying amount of investments	Equity	Net profit (loss)	Carrying amount of investments	Equity	Net profit (loss)	
UAB Inter Krasta	Vilnius city municipality, Vilnius, Ozo St. 10A	302693613	Lithuania	92	11,002	1,294	92	9,708	1,823	Consulting on business management and other issues
UAB Inter Krasta Luxury	Vilnius city municipality, Vilnius, Ozo St. 10A	305663917	Lithuania	2,348	19,629	6,334	2,348	18,208	4,062	Consulting on business management and other issues
UAB Inter Krasta Premium	Vilnius city municipality, Vilnius, Ozo St. 10A	305663899	Lithuania	12,764	24,410	6,310	12,764	22,600	6,170	Consulting on business management and other issues
UAB Unimodus	Vilnius city municipality, Vilnius, Ozo St. 10A	126123769	Lithuania	11,400	10,209	(2,717)	11,400	12,639	(238)	Lase of premises, administration of real estate
UAB Modus Mobility	Vilnius city municipality, Vilnius, Ozo St. 10A	302784358	Lithuania	5,003	124	5,496	5,003	(5,496)	1,297	Consulting on business management and other issues
UAB Modus Group Services	Vilnius city municipality, Vilnius, Ozo St. 10A	302784365	Lithuania	-	(367)	31	-	(397)	16	Consulting on business management and other issues
UAB Modus Asset Management	Vilnius city municipality, Vilnius, Ozo St. 10A	302790959	Lithuania	349	284	(245)	295	349	(175)	Management of investment funds, consulting
UAB Axton Commodities	Vilnius city municipality, Vilnius, Ozo St. 10A	304917017	Lithuania	-	128	(3)	-	131	(19)	Currently not engaged in economic activity

UAB Modus Grupė

Company code 302719143, Ozo St. 10A, LT-08200 Vilnius

Explanatory notes to the consolidated financial statements for the year ended 31 December 2022

(In EUR thousand, unless otherwise stated)

1. General information (cont'd)

Subsidiaries indirectly controlled by the Company, controlled share 100%:

Subsidiary company	Address	Company code	Country	As at 31 December 2022			As at 31 December 2021			Short description of activity
				Carrying amount of investments	Equity	Net profit (loss)	Carrying amount of investments	Equity	Net profit (loss)	
Other										
Energy Transition Investments UAB	Ozo St. 10A, Vilnius	305950301	Lithuania	20	(26)	(46)	20	20	-	Advisory activity of business and other management.
Daverio sp. z o.o.	Tytusa Chalubińskiego 8, 00-613 Warsaw	521703994	Poland	3	(23)	(24)	-	-	-	Currently not engaged in economic activity
Mobility business										
UAB Prime Leasing	Vilnius city municipality, Vilnius city Ozo St. 10A	302565318	Lithuania	1,950	(1,084)	77	1,950	(1,161)	(277)	Car sharing service CityBee
UAB Miesto Bitė	Vilnius city municipality, Vilnius city Ozo St. 10A	302793236	Lithuania	102	365	321	2	(56)	(53)	Long-term car rent service MyBee
UAB Pavilnių saulės slėnis 15	Vilnius city municipality, Vilnius city Ozo St. 10A	302791114	Lithuania	2	(41)	129	2	(170)	(168)	Lease of cars
UAB CityBee Solutions	Vilnius city municipality, Vilnius city Ozo St. 10A	302833691	Lithuania	2,400	4,689	1,858	2,400	2,831	877	Car sharing service CityBee.
UAB MyBee Fleet	Vilnius city municipality, Vilnius city Ozo St. 10A	302791089	Lithuania	303	373	156	303	218	(33)	Long-term car rent service MyBee
MyBee Estonia OU	Harju maakond, Tallinn, Kesklinna linnaosa, Toom-Kuninga tn 15-60, 10122	16462004	Estonia	303	136	(167)	-	-	-	Long-term car rent service MyBee
MyBee Latvia SIA	Zemitāna iela 9 k-1, Rīga, LV-1012, Latvia	40203431136	Latvia	3	(1)	(4)	-	-	-	Long-term car rent service MyBee
UAB Valunta	Vilnius city municipality, Vilnius city Ozo St. 10A	302854778	Lithuania	1,362	323	(86)	1,362	409	(82)	Lease of cars
SIA CityBee Latvija	Piestatnes iela 11A, Jurmala, LV-2015, Latvia	50203191721	Latvia	603	(88)	1,033	603	(1,121)	(630)	Car sharing service CityBee
CityBee Eesti OU	Toom-Kuninga 15-60, 10122 Tallinn	14646800	Estonia	1,548	981	594	1,548	387	(183)	Car sharing service CityBee
CityBee Polska Sp. z o.o.	ul. Ludwika Waryńskiego 3a, 00-645 Warszawa	0000739033	Poland	-	(1,300)	2,167	1	(3,549)	(187)	Sale of spare parts
UAB Mobility Fleet Solutions	Vilnius city municipality, Vilnius city Ozo St. 10A	302735731	Lithuania	30	3,335	1,163	30	2,167	1,328	Wholesale trade in new and used cars
Mobility Fleet Solutions, S.R.O.	Počernická 272/96, Malešice (Praha 10), 108 00 Praha, Czech Republic	8805555	Czech Republic	10	1,003	513	10	448	463	Wholesale trade in new and used cars
Mobility Fleet Solutions Sp. z o.o.	ul. Ludwika Waryńskiego 3a, 00-645 Warsaw, Poland	0000908291	Poland	1	34	89	1	(56)	(57)	Wholesale trade in new and used cars

UAB Modus Grupė

Company code 302719143, Ozo St. 10A, LT-08200 Vilnius

Explanatory notes to the consolidated financial statements for the year ended 31 December 2022

(In EUR thousand, unless otherwise stated)

1. General information (cont'd)

Subsidiaries indirectly controlled by the Company, controlled share 100% (cont'd):

Subsidiary company	Address	Company code	Country	As at 31 December 2022			As at 31 December 2021			Short description of activity
				Carrying amount of investments	Equity	Net profit (loss)	Carrying amount of investments	Equity	Net profit (loss)	
Mobility Fleet Solutions Slovakia s.r.o.	Werferova 6, Košice- mestská časť Juh 040 11, Slovakia	54090164	Slovakia	7	(48)	(53)	-	-	-	Wholesale trade in new and used cars
Mobility Fleet Solutions SIA	Zemitāna iela 9 k-1, Rīga, LV-1012, Latvia	40203438990	Latvia	50	50	-	-	-	-	Wholesale trade in new and used cars
UAB Mobility services	Vilnius city municipality Vilnius, Ozo St. 10A	305926663	Lithuania	3	-	(3)	3	3	-	Currently not engaged in economic activity
Mobility Fleet Solutions, S.R.L.	Bucuresti Sectoral 1, Strada G-RAL Constantin Budisteanu, Nr. 28C, Etaj 2 SI 5	42118037	Romania	10	344	68	10	274	168	Wholesale trade in new and used cars
Cars										
UAB Autobrava	Žalgirio St. 112A, Vilnius	125481247	Lithuania	2,818	17,792	481	2,818	17,310	1,811	Trade of new and used cars and spare parts
UAB Autoimex	Žalgirio St. 112A, Vilnius	300662220	Lithuania	4,382	7,207	3,010	4,382	7,197	2,560	Trade of new and used cars and spare parts
UAB Interviga	Vilnius city municipality Vilnius, Ozo St. 10A	302651678	Lithuania	227	4	-	227	4	-	Currently not engaged in economic activity
SIA Autobrava	Rīga, Bīķernieku St. 145	40103325594	Latvia	-	(2,761)	772	-	(3,533)	(156)	Trade of new and used cars and spare parts, car repair services.
SIA Baltijas Sporta Auto	Rīga, Krasta St. 54	40103655093	Latvia	3	3,687	2,029	3	2,158	576	Trade of new and used cars and spare parts, car repair services.
UAB „Prime Auto“	Darius ir Girėno St. 15, Vilnius	302841713	Lithuania	3	6,790	4,684	3	6,106	2,989	Trade of new and used cars and spare parts, car repair services.
OOO Avtoideya	Zakharova 9-7H, Minsk	190829939	Belarus	7,003	8,827	3,762	7,003	5,065	2,535	Trade of new and used cars and spare parts, car repair services.
UAB Neoparta	Vilnius city municipality Vilnius, Ozo St. 10A	302784493	Lithuania	3	2,007	876	3	1,830	825	Trade of car spare parts

UAB Modus Grupė

Company code 302719143, Ozo St. 10A, LT-08200 Vilnius

Explanatory notes to the consolidated financial statements for the year ended 31 December 2022

(In EUR thousand, unless otherwise stated)

1. General information (cont'd)

Subsidiaries indirectly controlled by the Company, controlled share 100% (cont'd):

Subsidiary company	Address	Company code	Country	As at 31 December 2022			As at 31 December 2021			Short description of activity
				Carrying amount of investments	Equity	Net profit (loss)	Carrying amount of investments	Equity	Net profit (loss)	
UAB Autobrava Motors	Žalgirio St. 112A, Vilnius	302792561	Lithuania	1,902	550	97	1,902	454	(168)	Trade of new and used cars, motor cycles, other vehicles, their spare parts; garage activity; activity related to rent of vehicles and other assets
UAB Luxury Motors	Konstitucijos ave. 21B, Vilnius	302793243	Lithuania	502	(59)	(227)	502	168	(23)	Trade of new and used cars, motor cycles, other vehicles, their spare parts; garage activity; activity related to rent of vehicles and other assets
UAB Exclusive Luxury Auto	Konstitucijos ave. 21B, Vilnius	302784148	Lithuania	7	(607)	(356)	7	(251)	(251)	Trade of new and used cars and spare parts, car repair services
UAB Luxury Automotive Services 1	Ozo St. 10A, Vilnius	305703735	Lithuania	3	2	-	3	2	-	Currently not engaged in economic activity
UAB Luxury Automotive Services 2	Ozo St. 10A, Vilnius	305704431	Lithuania	3	2	-	3	2	-	Currently not engaged in economic activity
Luxury Motors Latvia SIA	Rīga, Krasta iela 42, LV-1003, Latvia	40203371477	Latvia	3	(169)	(171)	-	-	-	Trade of new and used cars and spare parts, car repair services
Luxury Motors OU	Kai 1, Talinas, Harjumaa	16407844	Estonia	3	71	(232)	3	3	-	Trade of new and used cars and spare parts, car repair services
OOO Autoimax	Kulman str. 9-604, Minsk	193292793	Belarus	5	1,066	646	5	1,685	902	Trade of new and used cars and spare parts
Real estate										
UAB Askela	A. Kojelavičiaus St. 3, Vilnius	110858226	Lithuania	1,057	3,145	40	1,057	894	92	Real estate rent, operation and development, electricity production and sale
UAB Kret	Vilnius city municipality Vilnius city Ozo St. 10A	120895543	Lithuania	3,517	802	47	3,517	3,531	102	Hotels and similar accommodation, real estate management and lease, construction, electricity generation
SIA Unimodus	Rīga, Krasta St. 54	50103911801	Latvia	3	(380)	(42)	3	(416)	(36)	Established for development of real estate projects in Latvia; currently no commercial activity.

UAB Modus Grupė

Company code 302719143, Ozo St. 10A, LT-08200 Vilnius

Explanatory notes to the consolidated financial statements for the year ended 31 December 2022

(In EUR thousand, unless otherwise stated)

1. General information (cont'd)

Subsidiaries indirectly controlled by the Company, controlled share 100% (cont'd):

Subsidiary company	Address	Company code	Country	As at 31 December 2022			As at 31 December 2020			Short description of activity
				Carrying amount of investments	Equity	Net profit (loss)	Carrying amount of investments	Equity	Net profit (loss)	
UAB Nekilnojamojo turto prekyba	Vilnius city municipality, Vilnius city Ozo St. 10A	304168443	Lithuania	3	1	(1)	3	(3)	(2)	Currently not engaged in economic activity
UAB Nuomos sprendimai	Vilnius city municipality, Vilnius city Ozo St. 10A	304168938	Lithuania	3	1	(1)	3	(2)	(1)	Currently not engaged in economic activity
UAB Plėtros sprendimai	Vilnius city municipality, Vilnius city Ozo St. 10A	304169901	Lithuania	3	(124)	(108)	3	(16)	(15)	Construction, management and lease of real estate
UAB Nekilnojamojo turto konsultacijos	Vilnius city municipality, Vilnius city Ozo St. 10A	304168895	Lithuania	3	-	(1)	3	(2)	(1)	Currently not engaged in economic activity
UAB Modus Estate Services	Vilnius city municipality, Vilnius city Ozo St. 10A	302790998	Lithuania	2	-	(1)	2	(6)	(2)	Currently not engaged in economic activity
UAB Pavilnių saulės slėnis 22	Vilnius city municipality, Vilnius city Ozo St. 10A	302790973	Lithuania	2	(5)	(2)	2	(3)	(1)	Currently not engaged in economic activity

Subsidiaries indirectly controlled by the Company, controlled share 50% and more:

Subsidiary and controlled share, %	Address:	Company code	Country	As at 31 December 2022			As at 31 December 2021			Short description of activity
				Carrying amount of investments	Equity	Net profit (loss)	Carrying amount of investments	Equity	Net profit (loss)	
UAB LM Auto, 50%	Konstitucijos pr. 21B, Vilnius	302784123	Lithuania	401	486	173	401	313	(77)	Trade of new and used cars, motorcycles, other vehicles, their spare parts; car repair services, activity related to lease of vehicles and other assets.

UAB Modus Grupė

Company code 302719143, Ozo St. 10A, LT-08200 Vilnius

Explanatory notes to the consolidated financial statements for the year ended 31 December 2022

(In EUR thousand, unless otherwise stated)

1. General information (cont'd)

The Company's directly owned associates, controlled share 50% or less (the equity and net profit (loss) of Modus Energy International B.V. are from the consolidated financial statements):

Subsidiary and controlled share %	Address:	Company code	Country	As at 31 December 2022			As at 31 December 2021			Short description of activity
				Carrying amount of investments	Equity	Net profit (loss)	Carrying amount of investments	Equity	Net profit (loss)	
UAB Gepaga, 50%	Marijampolė municipality Marijampolė town Gamyklų St. 4	110666382	Lithuania	-	(3,765)	(80)	-	(3,686)	(69)	Real estate lease, operation and development
Modus Energy International B.V., 15%	Fred. Roeskestraat 115, 1076 EE, Amsterdam	66202213	The Netherlands	83,225	111,642	14,224	76,089	72,286	292	Advisory activity of business and other matters

Sales of the Group companies

In 2022, the Group sold 100% of ordinary registered uncertificated shares of the indirectly controlled subsidiary UAB Pavilnių saulės slėnis 17. At the same time, 100% of the shares in the subsidiaries OOO Unimodus and OOO Unimodus Gomel of UAB Pavilnių saulės slėnis 17 were sold.

Acquisitions/establishments of Group companies

In 2022, an indirectly controlled subsidiary, Luxury Motors Latvia SIA, was established, in which UAB Inter Krasta Luxury owns 100% of shares.

In 2022, the indirectly controlled subsidiary Mobility Fleet Solutions Slovakia s.r.o., where 100% of shares are owned by UAB Mobility Fleet Solutions, was acquired and the indirectly controlled subsidiaries MyBee Estonia OU, MyBee Latvia SIA and Mobility Fleet Solutions SIA, where 100% of shares are owned by UAB Modus Mobility, were established.

Other general information

In 2022, the average number of employees at the Group was 682 (2021 – 545 employees).

2. New standards, amendments and interpretations

In 2022, the Group consistently applied the accounting policies for all the periods presented in these financial statements.

Standards and amendments thereof which came into effect in 2022 are presented below. Such changes did not have effect on preparation of the Group's financial statements for 2022:

- Tangible Non-Current Assets: Revenue Before its Intended Use (Amendments to IAS 16);
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37);
- Annual improvements to IFRS standards 2018-2020;
- References to the Conceptual Framework for Financial Reporting.

Standards and Interpretations in issue not yet adopted

A number of new standards, their amendments and interpretations have been announced which will be approved for later periods of the financial statements, or have not yet been adopted in the European Union. Such standards were not applied in preparation of these financial statements. The Group does not plan an earlier application of these standards. The following reviewed standards are not expected to have a material effect on the Group's financial statements:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12);
- Amendments to IAS 1 'Presentation of Financial Statements' related to the classification of liabilities as current and non-current;
- IFRS 17 'Insurance Contracts' (expected to become effective as of 1 January 2023);
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8);
- Amendments to IFRS 16 Leases. Measurement of the Lease Liability for Sale and Leaseback Transactions.

3. Accounting policies

3.1. Compliance with standards

These consolidated financial statements (hereinafter – financial statements) have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS), as set by the Law on Financial Reporting by Undertakings of the Republic of Lithuania.

The Group's management prepared and signed these financial statements on 20 April 2023. The shareholders of the Group have a statutory right to either approve these financial statements or not approve them and require the management to prepare a new set of financial statements.

The financial statements are prepared under the assumption that in the near future the Group will continue as a going concern.

3.2. Basis of preparation of the financial statements

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter – IFRS) as adopted by the European Union (hereinafter – EU).

Basis of measurement

The financial statements have been prepared on the acquisition cost basis, except for property, plant and equipment – the asset groups of buildings and pipes as well as machinery and equipment of the solar and biogas power plants at a revalued value, the investment property – the group of buildings at fair value, and the investments at fair value.

All amounts in these financial statements are presented in the legal currency of Lithuania – the euro (EUR).

Significant accounting policies applied are presented below.

3.3. Currency

All amounts in these financial statements are presented in the common currency of the European Union adopted for payments in Lithuanian – the euro (EUR) which is the functional currency of Group companies operating in Lithuania and other European Union countries. The functional currencies of the entities operating in the European Union countries which have not adopted the euro, are their local currencies.

3.4. Basis of consolidation and investments in subsidiaries and associates

The Group's consolidated financial statements include the Company, its subsidiaries and associates. The financial statements of subsidiaries are prepared for the same reporting year, using consistent accounting policies.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. All intercompany transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Equity and net income attributable to non-controlling shareholders are treated separately in the statements of financial position and profit or loss.

Investments in associates, i.e. those which are significantly affected by the Group, are accounted for using equity method in the Group's consolidated financial statements. Investments in associates are tested for impairment when there is an indication that the asset may be impaired or the impairment recognised in prior years no longer exists.

Goodwill acquired in a business combination is recognised at acquisition cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired, liabilities and contingent liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill value is reviewed annually or more frequently in case of any events or circumstances indicating that the carrying amount is impaired.

The amount at which the fair value of the recognised assets acquired, liabilities and contingent liabilities assumed is still in excess of the acquisition cost of investment after a second measurement of the assets acquired, liabilities and contingent liabilities assumed and assessment of the acquisition cost, is immediately recognised in profit or loss.

Goodwill acquired in a business combination for the purpose of measuring impairment is, from the acquisition date, allocated to each of the acquirer's cash-generating units, that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

3. Accounting policies (cont'd)

3.4. Basis of consolidation and investments in subsidiaries and associates (cont'd)

Impairment is measured through assessment of the recoverable amount of the cash-generating unit to which the goodwill is related. Where the recoverable amount of a cash-generating unit is lower than the balance value, impairment loss is recognised. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Losses of subsidiaries are attributed to non-controlling interest even if that results in a deficit balance of the non-controlling interest. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of non-controlling interests, if any;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Investments in subsidiaries and associates in the separate financial statements of Group entities are carried at acquisitions cost, less impairment. Expenses directly related to the acquisition of subsidiaries and associates are recognised in profit or loss when incurred. Impairment testing is performed when there is an indication that the asset may be impaired or the impairment recognised in prior years no longer exists.

3.5. Business combinations, goodwill and discontinued activities

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 9 in profit or loss. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed.

If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Income and expenses from discontinued operations in the consolidated statement of profit or loss for the reporting and previous reporting period are presented separately from income and expenses from continued operations and profit (loss) from discontinued operations after tax even if after sales the Group retains a non-controlling interest in the consolidated subsidiary, e.g. when consolidated subsidiary becomes an associated entity.

When preparing the consolidated statement of profit or loss, all intra-Group transactions between discontinued and continued operations, which the Group will continue after discontinuation, are presented in continued operations without elimination; i.e. as if they were concluded with third parties. In this case, eliminations are made in discontinued operations.

All intra-Group transactions between discontinued and continued operations, which will be discontinued after the discontinuation are eliminated from continued operations.

3. Accounting policies (cont'd)

3.6. Statement of Cash Flows

The statement of cash flows presents the Group's cash inflows and outflows during the year, and its financial position at the end of the year. Following requirements of the standards, cash flows are attributed to three groups: cash flows from (to) operating activities, cash flows from (to) investing activities, and cash flows from (to) financing activities.

Cash flows from (to) operating activities are presented indirectly, i.e. as net profit adjusted to the non-cash amounts from activities, changes in working capital, changes in the fair value of derivative financial instruments, interest paid from the Group's loans allocated to finance activities, non-characteristic operational amounts and corporate income tax paid.

Cash flows from investing activities comprise payments related to acquisition/sale of non-current assets and investments, receipt of dividends and interest.

Cash flows from financing activities comprise amounts received and paid related to shareholders, proceeds from borrowings and repayment of borrowings, interest payments not related to Group loans allocated to finance working capital, long-term and short-term borrowings not related to primary activities.

3.7. Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

Primary or the most favourable market must be made available for the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The fair value of a non-financial asset is measured by taking into account the ability of a market participant to generate the economic benefit by using an asset in the most efficient and optimal way or by selling the same to another market participant, who would use such asset in the most efficient and optimal way.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 inputs are unobservable inputs for the asset or liability that are significant in measuring the fair value.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Valuations are performed by the Group's management at each reporting date. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of asset or liability and the level of the fair value hierarchy as explained above (Note 31).

3.8. Property, plant and equipment

Property, plant and equipment are assets that are controlled by the Group and from which it expects to receive future economic benefits, and the useful life of which is longer than one year. Property, plant and equipment, except for buildings, pipelines and machinery and equipment of solar and biogas power plants, are accounted for at acquisition cost reduced by subsequently accumulated depreciation and subsequently impairment losses. Buildings, pipelines and machinery and equipment of solar and biogas power plants are carried at a revalued value, reduced by subsequently accumulated depreciation and subsequently impairment losses, based on periodically performed evaluations by independent appraisers.

The initial cost of property, plant and equipment comprises its purchase price, including non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment are ready for their intended use, such as repair and maintenance costs, are normally charged to the statement of profit or loss in the period the costs are incurred.

3. Accounting policies (cont'd)

3.8. Property, plant and equipment (cont'd)

Subsequent expenditure is included in the carrying amount of the property, plant and equipment or is recognised as a separate item only if it is probable that the Group will receive future economic benefits and the cost of the item can be reliably estimated. The carrying amount of the replaced part is written off. All other repair and maintenance expenditure is recognised in the statement of profit or loss and other comprehensive income in the period in which it was incurred.

An increase in the carrying amount of buildings, pipelines and machinery and equipment of solar and biogas power plants after the revaluation is credited to the revaluation reserve under equity and to deferred tax liabilities. Impairment losses that cover the previous increase in the value of the same asset, are recognised directly in equity by reducing the revaluation reserve, any other decrease in the value is recognised in profit or loss.

Gain or loss on disposal of the property is calculated by deducting the carrying amount of the disposed asset from the proceeds received and is recognised in the statement of profit or loss. Subsequent to the sale of the revalued asset, a respective share of the revaluation reserve is transferred to the retained earnings.

Depreciation is provided on a straight-line basis over the following estimated useful lives:

Group of property, plant and equipment	Useful life time (in years)	Minimum capitalisation value, EUR
Buildings and pipelines	15 – 35	300
Structures	8 – 35	300
Machinery and equipment of solar and biogas power plants	10 – 25	300
Other machinery and equipment	5 – 16	300
Vehicles	2 – 10	300
Other fixtures, fittings and tools	3 – 6	100-300

The useful lives, depreciation method and residual values are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from items of property, plant and equipment. The residual value of vehicles used in long-term car rental activities is determined on the basis of the repurchase price after 5 years.

Construction in progress is stated at acquisition cost less accumulated impairment. This includes the cost of construction, plant and equipment and other directly attributable costs. Construction in progress is not depreciated until the construction is not finished and the relevant assets are not started to be used.

Borrowing costs which are directly attributable to acquisition of assets that require time to prepare for an intended use or sale, construction or production, are capitalised in the cost of a respective asset. All other borrowing costs are expensed in the period they occur.

3.9. Investment property

Investment property is initially measured at acquisition cost, including the transaction-related costs. After initial recognition, buildings are stated at fair value and depreciation is not calculated. The fair value of investment property - buildings - is adjusted on an annual basis during the preparation of the financial statements, recording the change in the value in the statement of profit or loss. Land is stated at acquisition cost less impairment losses, if any.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or losses on the disposal or sale of investment property are recognised in the statement of profit or loss in the year of the disposal or sale for the period in which it was sold.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sell.

3.10. Intangible assets other than goodwill

Intangible assets are initially measured at acquisition cost. Acquisition cost of intangible assets acquired on business combination is equal to their fair value at the day of business combination. Intangible assets are recognised if it is probable that future economic benefits that are attributable to the asset will flow to the Group and the cost of asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets with finite lives are amortised over the useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation periods and methods for intangible assets with finite useful lives are reviewed at least at each financial year-end.

3. Accounting policies (cont'd)

3.10. Intangible assets other than goodwill (cont'd)

The estimated useful lives of intangible assets with finite useful lives are set out below:

Group of intangible non-current assets	Useful life time (in years)	Minimum capitalisation value, EUR
Software	3	300
Concessions, patents, licenses, trademarks and similar rights	3	300
Other intangible assets	4	300

Intangible assets with indefinite lives are not amortised but assessed for impairment at the end of each reporting period.

The useful lives, residual values and amortisation method are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from items in intangible assets other than goodwill.

3.11. Financial instruments

3.11.1. Recognition and the initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3.11.2. Classification and subsequent measurement

Financial assets. Accounting policies.

On initial recognition, a financial asset is classified as measured at: amortised cost; at fair value through other comprehensive income (FVOCI) – debt investment; as fair value through other comprehensive income (FVOCI) – equity investment; or at fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets. Business model assessment.

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

3. Accounting policies (cont'd)

3.11. Financial instruments (cont'd)

3.11.2. Classification and subsequent measurement (cont'd)

- how managers of the company are compensated - e.g. whether the compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of the sale of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets. Assessment whether contractual cash flows are solely payments of principal and interest.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative expenses) as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers the following factors:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the group's claim to cash flows from specified assets (e.g. irrevocable features).

A prepayment feature is consistent with the solely payments of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets. Subsequent measurement and gains and losses.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced due by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss, unless the dividends clearly reflect the portion of the investment cost recovered. The remaining net profit and loss are recognised in other comprehensive income and are never reclassified to profit or loss.

Financial assets. Subsequent measurement and gains and losses.

Financial assets at FVTPL. Measured at fair value and changes therein, including any interest or dividend income, were recognised in profit or loss.

Loans and other receivables are measured at amortised cost using the effective interest method.

Financial liabilities. Classification, subsequent measurement and gains and losses.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3. Accounting policies (cont'd)

3.11. Financial instruments (cont'd)

3.11.3. Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in the statement of financial position, but retains all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.11.4. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends to either settle them or to realise the asset and the liability simultaneously.

3.11.5. Derivative financial instruments and hedge accounting

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments to hedge against foreign currency and interest rate risks. Embedded derivatives are separated from the host contract and accounted for separately when the host contract is not a financial asset and when certain criteria are met.

Derivatives are initially measured at fair value. Subsequently, derivative financial instruments are carried at fair value and its changes are usually recognised in profit or loss.

The Group defines certain derivative financial instruments as hedging instruments for hedging against volatility in cash flows associated with highly probable forecasted transactions arising from changes in foreign currency and interest rates and certain derivative financial instruments and non-derivative financial liabilities as hedges of foreign exchange risk arising from net investment in a foreign operation.

At the beginning of a defined hedging relationship, the Group documents the entity's risk management objective and hedging strategy. The Group also records economic relationships between the hedged item and the hedging instrument, including whether the changes in the hedged item and the cash flows of the hedging instrument are expected to be offset against each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve.

The effective portion of changes in the fair value of a derivative financial instrument recognised in other comprehensive income has been restricted from the inception of the hedge to the cumulative change in the fair value of the hedged item calculated on the basis of the present value. An ineffective portion of the fair value change of a derivative is recognised immediately in profit or loss.

The Group defines a hedging instrument in a cash flow hedge relationship only as an instant currency swap element. The change in the fair value of the forward element of the forward transaction ("forward points") is accounted for separately as a hedging cost and is recognised in the cost of the hedging reserve in equity.

Where, in the case of a forecasted hedge transaction, a non-financial item, such as inventory, is subsequently recognised, the amount accumulated in the hedging reserve and the cost of the hedging reserve are included directly in the cost of the non-financial item when it is recognised.

3. Accounting policies (cont'd)

3.11. Financial instruments (cont'd)

3.11.5. Derivative financial instruments and hedge accounting (cont'd)

For all other hedged hedges, the amount accrued in the hedging reserve and the cost of the hedging reserve is reclassified to profit or loss for the same period or periods in which the estimated future cash flows of the hedge affect profit or loss.

If the hedge does not meet the hedge accounting criteria or the hedge is sold, it expires, is cancelled or used, hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount accrued in the hedging reserve remains in equity until it is included in the cost of acquisition of non-financial transactions in the event of a hedge of a non-financial transaction or, in the case of other cash flow hedges, is reclassified to profit or loss for the same period or periods during which the estimated cash flows of the hedge affect profit or loss.

If the expected cash flow hedges are no longer probable, the accumulated amounts and the cost of the hedge reserve are reclassified immediately to profit or loss.

3.12. Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost is calculated under the FIFO method. The cost of finished goods and work in progress includes the applicable allocation of fixed (raw materials, packaging, direct remuneration, etc.) and variable overhead (depreciation, indirect remuneration, utilities, etc.) costs based on a normal operating capacity. The inventories that may not be realised are fully written off.

3.13. Cash and cash equivalents

Cash comprises cash in hand and cash at bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits in bank and other short-term highly liquid investments and surpluses of bank accounts.

3.14. Assets held for potential sale

Non-current assets or disposal groups including assets and liabilities are accounted for as assets held for sale when and only when benefit is more likely to be gained from disposal rather than their continued use in the Group.

Such assets or disposal groups are measured at the lower of their carrying amount or fair value, less selling expenses. Impairment loss of disposal groups are initially attributed to goodwill and subsequently attributed proportionally to the remaining assets and liabilities, except that loss is not recognised for inventories, financial assets, deferred tax assets, employee benefit assets, investment property or other assets which continue to be measured in accordance with other accounting policies of the Group. Impairment loss is initially accounted for in the statement of profit or loss.

When intangible assets and property plant and equipment are accounted for as held for potential sale, their depreciation is no longer calculated.

3.15. Lease

Leases in which the Group is a lessee

The Group evaluates each lease for possible lease items. If the contract is a lease or includes a lease, the Group accounts for each lease component of the lease separately from the non-lease (service) components of the lease.

The Group does not apply lease recognition provisions to short-term leases (of up to one year) and leases with low value of leased assets (computers, telephones, printers, furniture, etc.). In deciding whether an asset is of low value, the Group assesses each asset individually. In determining whether an asset is of low value, rents are not assessed over the lease term. Low value assets are assets with a value of up to EUR 5 thousand. Payments related to short-term leases and leases of low-value assets are recognised directly as costs in the statement of profit or loss and other comprehensive income. The Group does not apply the lease recognition provisions to all intangible assets. To such assets, the Group applies the provisions of IAS 38 *Intangible Assets*.

3. Accounting policies (cont'd)

3.15. Lease (cont'd)

The Group recognises the right-of-use assets and the lease liability in the statement of financial position at the inception of the lease.

At the commencement date, the Group measures the right-of-use assets at cost. After the commencement date the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses, and any adjustment due to reassessment of any liability.

At the inception date the Group measures a lease liability at the present value of the lease payments outstanding at that date. Lease payments should be discounted using the interest rate specified in the lease contract, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the borrowing rate charged by the lessee. The Group fixes the lessee's borrowing interest rate at the beginning of each year and uses it for all newly signed contracts and contracts the conditions of which (not all, but only for which the lease obligation needs to be reassessed) have changed during that year. A reassessment of a lease liability occurs when the cash flows change from the original terms of the lease, for example, when changes in the lease term or lease payments change based on an index or interest rate. Changes that were not a term of the original lease contract are changes to the lease.

Leases in which the Group is a lessor

Finance lease

At the inception date, the Group recognises assets held under finance leases in the statement of financial position and presents them as a receivable equal to the amount of the net investment in the lease. The Group uses the interest rate set out in the lease contract to estimate the net investment in the lease. In the case of a sublease, if the interest rate specified in the sublease contract cannot be readily determined, the Group, as an intermediate lessor, uses the discount rate used for the host contract (adjusted for any initial direct costs associated with the sublease) to measure the net investment in the sublease. Primary direct costs are included in the initial measurement of net investment in the lease and reduce the amount of revenue recognised over the lease term. The interest rate stipulated in the lease contract is determined in such a way that the initial direct costs are automatically included in the amount of the net investment in the lease; they are not added separately. The Group recognises finance income over the lease term on the basis of a method that reflects a constant periodic rate of return on the Group's net investment in the finance lease. The Group deducts period-related lease fees from gross investment in the lease to gradually reduce both principal and unearned finance income.

Operating lease

The Group recognises lease fees related to operating leases as income on a straight-line basis. Expenses (including depreciation) incurred in earning the lease income are recognised as costs by the Group. Initial direct costs incurred in obtaining an operating lease are included in the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. The Group accounts for a change in an operating lease as a new lease from the date the change takes effect, and the lease payments prepaid or accrued in connection with the initial lease.

3.16. Grants and subsidies

Grants received in the form of non-current assets or intended for the purchase, construction or other acquisition of non-current assets. Assets received free of charge are also allocated to this group of grants. The amount of the asset related grants is recognised in the financial statements gradually according to the depreciation rate of the assets associated with this grant. In profit or loss, a relevant expense account is reduced by the amount of grant amortisation.

Subsidies received as a compensation for the expenses or unearned income of the current or previous reporting period, also, all the subsidies, which are not subsidies related to assets, are considered as subsidies related to income. The income related subsidies are recognised by amounts used to the extent of the costs incurred or the calculated income not received during the period, for compensation of which the subsidy is received.

3.17. Provisions

Provisions are recognised when and only when the Group has a present obligation (legal or constructive) as a result of past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Group re-evaluates provisions at each date of the statement of financial position and adjust them in order to present the most reasonable current estimate. If the effect of the time value of money is material, the amount of provision is equal to the present value of the expenses which are expected to be incurred to settle the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest.

3. Accounting policies (cont'd)

3.18. Corporate income tax

Income tax assets and liabilities of the reporting and previous periods are stated at the amount which is expected to be recovered from or paid to a tax administration authority. Income tax is calculated applying tax rates effective as at the last day of the reporting period. Income tax charge is based on profit for the year and considers deferred taxation. The Group's income tax is calculated based on the Lithuanian tax legislation.

In 2022 and 2021, the corporate income tax rate in the Republic of Lithuania was 15%.

Tax losses in the Republic of Lithuania can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments. Operating losses carry forward is disrupted if the Group changes its activities that resulted in the losses, unless the Group changes its activities due to reasons beyond the entity. Losses from a transfer of securities and/or derivatives can be deferred for 5 years and covered only from the profit of the same type of transactions. With effect from 1 January 2014, tax losses available for carry forward can be used to reduce taxable income of the current tax year by maximum 70%.

Income tax for the subsidiaries operating in foreign countries is calculated in line with the requirements of local tax legislation. Standard income tax rates in foreign countries where the Group entities operate in 2022 and 2021 are as follows:

Country	Rate, %
Poland	19
Latvia*	20
Estonia*	20
Spain	25
Belarus	20
Czech Republic	19
Romania	16

**As of 1 January 2018, taxation of the income of the subsidiaries operating in Estonia and Latvia has been postponed until the moment of profit appropriation, i.e. until the payment of dividends.*

Deferred taxes are calculated using the balance sheet liability method. Deferred taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured at the tax rate that is expected to be applied to the period in which the asset will be disposed of or the liability settled, subject to the tax rates that were adopted or substantially adopted at the date of the statement of financial position.

Deferred tax assets are recognised in the statement of financial position to the extent the Group's management believes they will be realised in the foreseeable future, based on taxable profit forecasts. When it is probable that a portion of deferred tax will not be utilised, this portion of deferred tax is not recognised in the financial statements.

Tax profit or loss in Lithuania may be transferred between Group companies. Based on the Law on Corporate Income Tax, losses may be transferred both for or without consideration. Group entities willing to transfer tax profit or loss must meet certain conditions:

- on the day of transfer of the tax losses, the parent entity in the Group of entities holds, directly or indirectly, at least 2/3 of shares of each of the subsidiaries taking part in the transfer of the tax losses;
- tax losses are transferred between the entities within a Group of entities which have been part of that Group for an uninterrupted period of at least two years calculating until the day of transfer of the tax losses;
- tax losses are transferred or taken over by the entity (entities) of the Group of entities which have been part of the Group since the date of the entity's / entities' registration and will be part of the Group of entities for an uninterrupted period of at least two years calculating from the date of the entity's/entities' registration.

3.19. Revenue recognition

As of 1 January 2018, revenue of the Group is recognised in accordance with IFRS 15, i. e. the Group recognises income at the time and to such an extent that the transfer of committed goods or services to customers would represent an amount that corresponds to the consideration that the Group expects to obtain in exchange for those goods or services. In applying this Standard, the Group takes into account the terms of the contract and all relevant facts and circumstances. Revenue is recognised in the Group using the five-step model. Information regarding the Group's accounting policies related to the contracts with clients is provided under Note 22.

3. Accounting policies (cont'd)

3.19. Revenue recognition (cont'd)

Step 1 - Identify Customer Agreements.

Agreement between two and/or more parties (depending on the conditions of purchase or sale), which creates implemented rights and liabilities, is recognised as contract. A contract subject to IFRS 15 is recognised only if the following criteria are met:

- the parties have approved the contract (in writing, orally or in accordance with other usual business practices) and are bound by the obligations under the contract;
- there is a possibility to identify the rights of each party regarding the transferable goods and/or services;
- there is a possibility to identify the payment terms provided for the transferable goods and/or services;
- the contract is of a commercial nature;
- there is a chance of getting a reward in return for the goods and / or services that will be passed on to the customer.

Contracts with the customer may be aggregated or disaggregated into several contracts, while retaining the criteria of the former contracts. Such aggregation or disaggregation is considered a change of contract.

Step 2 - Identify performance obligations in the contract.

The contract establishes a commitment to deliver goods and/or services to the customer. When goods and/or services can be distinguished, the commitments are recognised separately. Each commitment is identified in one of two ways:

- the product and/or service is separate; or
- a set of individual goods and/or services that are essentially the same and passed on to the customer in a uniform model.

Step 3 - Determining the transaction price.

Under the new IFRS 15, the transaction price may be fixed, variable or both.

Transactions concluded by the Group are subject to fixed prices for both ongoing services and services performed at a given moment. The Company applies the following sales price calculation methods: adjusted market valuation method, expected cost and profit margin method and residual value method. Similar transactions are measured equally.

Step 4 - Allocate the transaction price to each performance obligation.

Normally, the Group attributes the transaction price to each operating liability, based on relative separate sales prices of each contractually committed to transfer good or service. If data on separate sales prices is not observed in the market, an entity performs its assessment.

Step 5 - Recognition of revenue when performance obligations are fulfilled by the Group.

The Group recognises revenue when it implements operational commitment by transferring committed goods or services to the customer (i.e. when the customer obtains control of the mentioned goods or services). The recognised amount of revenue is equal to the amount of implemented performance obligation. Operational commitment may be implemented at the point of time or over a certain period of time.

Revenue after sale of goods are recognised based on INCOTERMS.

Revenue is recognised when the amount of revenue can be measured reliably and when it is probable that the economic benefits associated with the transaction will flow to the Group, and when specific criteria have been met for each type of income, as described below. The Company relies on historical results, taking into account the customer type, the transaction type and the terms of each agreement.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Revenue from sales is recognised net of VAT and discounts, including accrued expected discounts for the year.

3.20. Recognition of expenses

Expenses are recognised on the basis of accrual principle in the reporting period when the income related to these expenses was earned, irrespective of the time the money was spent. In those cases when the costs incurred cannot be directly attributed to the specific income and they will not bring income during the future periods, they are expensed as incurred.

The amount of expenses is usually accounted for as the amount paid or payable, excluding VAT. When settlement term is long and interest not specified, the amount of costs is valued at the amount of settlement discounted by the market interest rate.

3.21. Foreign currency

Transactions in foreign currency are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses from such transactions and from revaluation of assets and liabilities denominated in foreign currencies as at the reporting date are stated in profit or loss. Such balances are translated at period-end exchange rates.

3. Accounting policies (cont'd)

3.21. Foreign currency (cont'd)

The accounting of subsidiaries is kept in a corresponding local currency, which is their functional currency. Balance items in the consolidated financial statements of consolidated foreign subsidiaries are translated into euro at year-end exchange rates, and their items of the statements of profit or loss are translated at the average exchange rates for the period. Currency exchange gains or losses occurring on translation are directly included in the statement of other comprehensive income. Upon disposal of the corresponding investment, the accumulated translation reserve is transferred to profit or loss in the same period when the gain or loss on disposal is recognised.

Goodwill and fair value adjustments arising on acquisition of a foreign subsidiary are recognised at net assets of the acquired entity and accounted for using the exchange rate as at the last day of the reporting period.

For the preparation of the statement of financial position as at 31 December, the following main exchange rates were applied:

2022	2021
1 EUR = 1.0666 USD	1 EUR = 1.1334 USD
1 EUR = 2.68933 BYN	1 EUR = 2.89016 BYN
1 EUR = 4.6808 PLN	1 EUR = 4.596 PLN
1 EUR = 4.9495 RON	1 EUR = 4.9494 RON
1 EUR = 24.116 CZK	1 EUR = 24.917 CZK
	1 EUR = 370.15 HUF

3.22. Impairment of assets

3.22.1. Non-derivative financial assets

Financial instruments and contract assets

The Group recognises loss allowances for ECLs (expected credit losses) on:

- financial assets measured at amortised cost;
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group holds that a financial asset is a default event when financial asset is past due for over 180 days.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

3. Accounting policies (cont'd)

3.22. Impairment of assets (cont'd)

3.22.1. Non-derivative financial assets (cont'd)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or another financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-offs

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual and business customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

3.22.2. Non-derivative financial assets

The Group recognises an impairment loss which is estimated as a difference between the carrying amount of an asset and current amount of deferred cash flows discounted by applying the effective interest rate, if it is probable that the Group will not recover all amounts receivable.

3.22.3. Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than biological assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs (cash-generating unit).

The recoverable amount is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

3.23. Use of estimates in the preparation of financial statements

The preparation of financial statements according to International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and costs and contingencies. Significant areas in these financial statements that require estimates include impairment of property, plant and equipment and investment property (Note 5), intangible assets and goodwill (Note 6), long-term and short-term loans granted (Note 7), impairment of trade and other receivables (Note 8) and revaluation of inventories (Note 9); depreciation and amortisation (Notes 5, 6), classification and fair value of assets held for sale (Note 10), recognition of deferred tax asset (Note 29). Future events may cause the assumptions used in arriving at the estimates to change. The effect of such changes in the estimates will be recorded in the financial statements when determined.

As to the management, at the date of preparation of these financial statements, the underlying assumptions and estimates were not subject to a significant risk that from today's point of view it is likely that the carrying amounts of assets and liabilities will have to be adjusted significantly in the subsequent periods.

3.24. Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognised in the financial statements but disclosed when an inflow or economic benefits is probable.

3. Accounting policies (cont'd)

3.25. Non-current employee benefits

In accordance with the requirements of the Labour Code of the Republic of Lithuania, each employee leaving the Group operating in the Republic of Lithuania on retirement is eligible to a one-off payment of 2-month salary, and if employment relations have lasted less than one year – a severance pay equal to one average salary.

Several Group entities pay their employees jubilee bonuses and termination benefits in accordance with their internal regulations. The amounts of these termination benefits depend on the number of years worked by an employee, the average salary and minimum monthly salary as determined under legislation.

Current year cost of employee benefits is expensed immediately in profit or loss. The past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. Gain or loss resulting from changes in employee benefits (decrease or increase) is recognised immediately in profit or loss.

The above mentioned employee benefit obligation is calculated based on actuarial assumptions, using the projected unit credit method. Obligation is recognised in the statement of financial position and reflects the present value of these benefits on the preparation date of the statement of financial position. Present value of the non-current obligation to employees is determined by discounting estimated future cash flows using the discount rate which reflects the interest rate of the Government bonds of the same currency and similar maturity as the employment benefits. Actuarial gains and losses are recognised in the statement of other comprehensive income as incurred.

Reassessments comprised of actuarial profit and loss are directly charged to retained earnings through other comprehensive income in the statement of financial position with corresponding debit or credit in the period when they are incurred. Reassessments are not charged to profit or loss in the later periods.

3.26. Subsequent events

Subsequent events that provide additional information about the Group's position on the last day of the reporting period (adjusting events) are reflected in the financial statements. Subsequent events that are not adjusting events are disclosed in the notes when material.

3.27. Related parties

Related parties – legal and (or) natural persons related to an entity. A party is related to an entity if it corresponds to at least of the following characteristics:

- a) the party directly or indirectly controls the entity or is controlled by it;
- b) the party has a significant influence over the entity;
- c) the party has joint control over a joint venture;
- d) the party and another entity are controlled by the same parent or by the same natural person (their group);
- e) the party is an associate or a subsidiary;
- f) the party is a jointly controlled entity;
- g) the party is a member of the key management personnel of the entity or its parent;
- h) the party is a close member of the family of one of the individuals referred to under items a), b), c) or g);
- i) the party is an entity that is controlled, jointly controlled or significantly influenced by either of the individuals referred to under items g) or h); or
- j) the party is an entity accumulating and paying post-employment pensions and other benefits to the employees of the entity or other legal person related to the entity.

3.28. Offsetting

When preparing the financial statements, assets and liabilities, as well as revenue and expenses are not set off, except the cases when a certain International Financial Reporting Standard specifically requires such set-off.

4. Changes in accounting policy and accounting estimates

Investment property – fair value

An independent valuation was carried out in November 2022, in accordance with the International Valuation Standards (IVS) and the related legal acts of the Republic of Lithuania. The fair value of parking lots was calculated as to the comparative method, based on the information presented by property owner and comparative market transactions. The fair value determined by independent appraiser amounted to EUR 3,794 thousand. An increase in value of EUR 880 thousand was recognised in the financial statements.

For determination of the fair value of assets according to an independent external valuation of buildings as to the comparative method, the analysis of transactions presented by the State Enterprise Centre of Registers, in Vilnius City Municipality, S. Nėries Street was performed. The appraiser presents the transactions of the parking lots within the defined value zone, which are most similar by their characteristics to the appraised object. The transactions closest to the valuation date are used in order of priority. The calculation of the adjusted sales prices of comparable objects produces some fluctuations (arithmetic average makes 233 Eur/m²). The analysis of all available comparable transactions revealed that the comparable objects are similar (as far as possible taking into account the individual characteristics of the valued asset) and their arithmetic average sufficiently objectively reflects the market value of the valued asset.

Independent external valuation was performed in November 2022, based on International Valuation Standards (IVS) and related legislation of the Republic of Lithuania. The fair value of buildings was calculated by applying the combination of expenses (costs) and comparative methods, based on the information presented by property owner. The fair value determined by independent appraiser amounted to EUR 1,025 thousand. An increase in value of EUR 60 thousand was recognised in the financial statements.

For determination of the fair value of assets according to an independent external valuation of buildings as on the expenses (costs) method, to calculate the development costs of valued assets, lists of costs registered from similar assets with the VĮ Statybos produkcijos Certification Centre of UAB Sistela (company certified by the Ministry of the Environment of the Republic of Lithuania) were used. Impairment was determined based on average useful life of buildings used by UAB Sistela.

Independent external valuation was performed in October 2022, based on International Valuation Standards (IVS) and related legislation of the Republic of Lithuania. The fair value of the building was estimated using the income approach, based on information provided by the owner of the property. The fair value determined by an external valuer amounted to EUR 219 thousand. An impairment of EUR 106 thousand was recognised in the financial statements.

The following significant assumptions were used to determine the revalued amount of the asset based on an independent external valuation of the building:

- The average one-month lease price of similar properties on the market - EUR 3.10/m² - was used to determine the potential lease income;
- Real estate tax is EUR 600 (1% of the taxable value), insurance costs are EUR 60 (0.1% of the average market value); land rent is EUR 157;
- Current repairs and management costs - 2% of gross annual income, property management costs - 2-3% of gross annual income;
- The standard vacancy rate for the period 2023-2028 is determined on the basis of a valuation model compiled by the State Enterprise Centre of Registers (SE Centre of Registers) using the income approach, in this case 10 %;
- The discount rate (WACC) set by the property valuers is 8.48%.

An independent external valuation was carried out in November 2022 in accordance with International Valuation Standards (IVS) and the relevant legislation of the Republic of Lithuania. The fair value of land plots was calculated based on comparable method, based on the information presented by property owner. The fair value determined by independent appraiser amounted to EUR 4,743 thousand.

For determination of the fair value of assets according to an independent external valuation of land as to the comparative method, the analysis of transactions presented by the State Enterprise Centre of Registers, in Kaunas City Municipality was performed. The appraiser presents the transactions of the land plots within the defined value zone, which are most similar by their characteristics to the appraised object. The transactions closest to the valuation date are used in order of priority. The calculation of the adjusted sales prices of comparable objects produces some fluctuations (arithmetic average makes 41,153 Eur/a). The analysis of all available comparable transactions revealed that the comparable objects are similar (as far as possible taking into account the individual characteristics of the valued asset) and their arithmetic average sufficiently objectively reflects the market value of the valued asset.

For determination of the fair value of assets according to an independent external valuation of land as to the comparative method, the analysis of transactions presented by the State Enterprise Centre of Registers, in Klaipėda District Municipality was performed. The appraiser presents the transactions of the land plots within the defined value zone, which are most similar by their characteristics to the appraised object. The transactions closest to the valuation date are used in order of priority. The calculation of the adjusted sales prices of comparable objects produces some fluctuations (the arithmetic average applied to three land plots under valuation makes 4,018 Eur/a, 4,388 Eur/a and 4,379 Eur/a, respectively). The analysis of all available comparable transactions revealed that the comparable object is similar (as far as possible taking into account the individual characteristics of the valued assets) and their arithmetic average objectively reflects the market value of the valued asset.

4. Changes in accounting policy and accounting estimates (cont'd)

For determination of the fair value of assets according to an independent external valuation of land as to the comparative method, the analysis of transactions in Latvian Marupe district was performed. The appraiser presents the transactions of the land plots within the defined value zone, which are most similar by their characteristics to the appraised object.

The transactions closest to the valuation date are used in order of priority. The calculation of the adjusted sales prices of comparable objects produces some fluctuations (arithmetic average makes 32.80 Eur/m²). The analysis of all available comparable transactions revealed that the comparable objects are similar (as far as possible taking into account the individual characteristics of the valued asset) and their arithmetic average objectively reflects the market value of the valued asset.

5. Property, plant and equipment and investment property

Property, plant and equipment of the Group include:

	Land	Buildings and pipelines	Structures	Machinery and equipment of solar and biogas power plants	Other machinery and equipment	Vehicles	Other equipment, fittings and tools	Prepayments and construction in progress	Total
Acquisition cost									
1 January 2021	240	12,899	15,350	263	3,554	29,945	6,712	959	69,922
Acquisition of a property (+)	-	-	2,456	8	291	38,564	1,372	228	42,919
Revaluation (+)	-	(867)	-	-	405	-	-	-	(462)
Disposal of subsidiaries (-)	-	-	-	-	-	-	-	(29)	(29)
Effect of foreign currency translation (+ / -)	-	-	-	-	-	(9)	-	-	(9)
Disposals and write-offs (-)	(4)	-	(2,648)	-	(4)	(21,008)	(299)	(10)	(23,973)
Reclassifications (+ / -)	-	(2,011)	512	-	2,002	-	9	-	512
Transfers to assets held for sale (-)	-	-	-	-	-	-	-	(521)	(521)
As at 31 December 2021	236	10,021	15,670	271	6,248	47,492	7,794	627	88,359
Acquisition of a property (+)	-	-	1,712	-	294	43,065	1,076	173	46,320
Revaluation (+)	-	(501)	-	-	(114)	-	-	-	(615)
Disposal of subsidiaries (-)	-	(4,839)	-	-	(4,036)	-	(1,277)	-	(10,152)
Effect of foreign currency translation (+ / -)	-	-	-	-	-	-	-	-	-
Disposals and write-offs (-)	(31)	-	(31)	-	(9)	(37,188)	(214)	-	(37,473)
Reclassifications (+ / -)	-	-	283	170	(172)	13,558	(130)	(163)	13,546
Transfers to assets held for sale (-)	-	-	-	-	-	-	-	-	-
As at 31 December 2022	205	4,681	17,634	441	2,211	66,927	7,249	637	99,985
Accumulated depreciation									
1 January 2021	(72)	(497)	(3,636)	(24)	(2,467)	(5,664)	(3,957)	-	(16,317)
Depreciation for the period (-)	(13)	(458)	(1,489)	(51)	(240)	(5,158)	(757)	-	(8,166)
Disposal of subsidiaries (+)	-	-	-	-	-	-	-	-	-
Effect of foreign currency translation (+ / -)	-	-	-	-	-	2	-	-	2
Disposals and write-offs (+)	4	-	1,551	-	4	5,045	251	-	6,855
Reclassifications (+ / -)	-	-	-	-	-	-	-	-	-
As at 31 December 2021	(81)	(955)	(3,574)	(75)	(2,703)	(5,775)	(4,463)	-	(17,626)
Depreciation for the period (-)	(11)	(524)	(1,622)	(23)	(580)	(5,988)	(988)	-	(9,736)
Disposal of subsidiaries (+)	-	1,866	-	-	2,014	-	1,260	-	5,140
Effect of foreign currency translation (+ / -)	-	-	-	-	-	-	-	-	-
Disposals and write-offs (+)	31	-	28	-	8	5,646	165	-	5,878
Reclassifications (+ / -)	-	-	(5)	(150)	150	-	6	-	1
As at 31 December 2022	(61)	387	(5,173)	(248)	(1,111)	(6,117)	(4,020)	-	(16,343)
Impairment									
1 January 2021	-	-	-	-	-	-	(774)	-	(774)
Impairment for the year (-)	-	-	-	-	-	(17)	-	-	(17)
Disposals and write-offs (+)	-	-	-	-	-	-	-	-	-
Transfers to investment property (+)	-	-	-	-	-	-	-	-	-
As at 31 December 2021	-	-	-	-	-	(17)	(774)	-	(791)
Impairment for the year (-)	-	(1,125)	-	-	(830)	(56)	-	-	(2,011)
Disposal of subsidiaries (+)	-	1,125	-	-	830	-	-	-	1,955
Disposals and write-offs (+)	-	-	-	-	-	17	-	-	17
Transfers to investment property (+)	-	-	-	-	-	-	-	-	-
As at 31 December 2022	-	-	-	-	-	(56)	(774)	-	(830)
Carrying amount as at:									
As at 31 December 2021	155	9,066	12,096	196	3,545	41,700	2,557	627	69,942
As at 31 December 2022	144	5,068	12,461	193	1,100	60,754	2,455	637	82,812

5. Property, plant and equipment and investment property (cont'd)

In 2022, EUR 13,588 thousand of cars previously held in inventories were transferred to the Group's property, plant and equipment.

Amortisation of the Group's intangible assets and depreciation of property, plant and equipment was accounted for in the statement of profit or loss and other comprehensive income under cost of sales (Note 23) – EUR 7,908 thousand (2021: EUR : 6,647 thousand), selling expenses – (Note 25) – EUR 100 thousand (2021: EUR 54 thousand), and administrative expenses (Note 26) – EUR 2,554 thousand (2021: EUR 2,238 thousand), of which EUR 32 thousand are accounted for as support. Depreciation and amortisation costs presented in the non-current asset movement tables are higher by EUR 204 thousand (2021: EUR 179 thousand) than in the statement of profit or loss and other comprehensive income due to amortisation of grants – EUR 204 thousand (2021: EUR 172 thousand and leaseback – EUR 7 thousand: by amortizing profit from sale of assets during the leaseback period the depreciation costs are reduced by amounts of amortization).

The acquisition cost of fully depreciated property, plant and equipment of the Group still in use comprised the following:

	As at 31 December	
	2022	2021
Other equipment, fittings and tools	2,029	35
Machinery and equipment	322	304
Buildings and structures	35	1,913
Vehicles	-	64
Total	2,386	2,316

The carrying amounts of property, plant and equipment acquired under lease was as follows (Note 14):

	As at 31 December	
	2022	2021
Vehicles	46,110	24,130
Other equipment, fittings and tools	73	-
Land	-	840
Total	46,183	24,970

The carrying amount of property, plant and equipment leased to third parties (operating lease) was as follows:

	As at 31 December	
	2022	2021
Vehicles	10,511	5,254
Other equipment, fittings and tools	5	-
Buildings and structures	-	6,574
Total	10,516	11,828

During 2022 and 2021, the Group had no capitalised interest.

As at 31 December 2022, the impairment of buildings and structures amounted to EUR 1,125 thousand, of machinery and equipment to EUR 830 thousand, of vehicles to EUR 56 thousand, and as at 31 December 2021 an impairment determined for vehicles amounted to EUR 17 thousand.

5. Property, plant and equipment and investment property (cont'd)

Investment property of the Group comprised the following:

	Land	Buildings	Total
Acquisition cost			
1 January 2021	3,301	3,668	6,969
Additions (+)	-	325	325
Disposals and write-offs (-)	-	(23)	(23)
Changes in fair value (+ / -)	-	234	234
31 December 2021	3,301	4,204	7,505
Additions (+)	-	-	-
Disposals and write-offs (-)	-	-	-
Changes in fair value (+ / -)	-	834	834
31 December 2022	3,301	5,038	8,339
Impairment			
1 January 2021	(419)	-	(419)
Impairment during the period (-)	214	-	214
31 December 2021	(205)	-	(205)
Impairment during the period (-)	-	-	-
31 December 2022	(205)	-	(205)
Carrying amount:			
31 December 2021	3,096	4,204	7,300
31 December 2022	3,096	5,038	8,134

Investment property is attributed to Level 3 at the fair value hierarchy.

As at 31 December 2022, property, plant and equipment and investment property with the total carrying amount of EUR 19,264 thousand (31 December 2021: EUR 20,357 thousand) are pledged to credit institutions to guarantee repayment of the loans; lease liabilities are secured by the leased property. The pledge of property for different contracts ends from July 2023 until June 2025 (Note 14). The methodology for fair value determination is described in Note 4.

Changes in right-of-use assets were as follows:

	Land	Buildings and structures	Vehicles
Carrying amount as at 1 January	154	11,510	27,349
Acquisitions and changes in current contracts	-	1,698	35,568
Derecognition	-	(2)	(12,144)
Depreciation of right-of-use assets	(11)	(1,520)	(4,248)
Carrying amount as at 31 December	143	11,686	46,525

The discount rate used in calculations of IFRS 16 was from 2.65% to 8.78%, depending on the nature and country of assets.

6. Intangible assets

Intangible assets of the Group comprised the following:

	Goodwill	Software	Concessions, trademarks and similar rights	Other intangible assets	Advance payments	Total
Acquisition cost						
1 January 2021	27	3,765	68	509	36	4,405
Additions (+)	-	1,177	127	67	-	1,371
Sales of subsidiaries (-)	-	-	-	-	-	-
Currency exchange effect (+ / -)	-	-	-	-	-	-
Transfers and write-offs (-)	-	(1)	(1)	(4)	(36)	(42)
Reclassifications (+ / -)	-	-	-	-	-	-
31 December 2021	27	4,941	194	572	-	5,734
Additions (+)	-	1,416	73	48	62	1,599
Sales of subsidiaries (-)	-	-	(2)	-	-	(2)
Acquisition of subsidiaries (+)	4	-	-	-	-	4
Currency exchange effect (+ / -)	-	-	-	-	-	-
Transfers and write-offs (-)	-	(45)	(8)	(112)	-	(165)
Reclassifications (+ / -)	-	-	-	-	-	-
31 December 2022	31	6,312	257	508	62	7,170
Amortization						
1 January 2021	-	(1,469)	(43)	(174)	-	(1,686)
Amortization during the period (-)	-	(783)	(27)	(143)	-	(953)
Sales of subsidiaries (+)	-	-	-	-	-	-
Currency exchange effect (+ / -)	-	-	-	-	-	-
Transfers and write-offs (+)	-	-	1	4	-	5
Reclassifications (+ / -)	-	-	-	-	-	-
31 December 2021	-	(2,252)	(69)	(313)	-	(2,634)
Amortization during the period (-)	-	(812)	(48)	(170)	-	(1,030)
Sales of subsidiaries (+)	-	-	2	-	-	2
Currency exchange effect (+ / -)	-	-	-	-	-	-
Transfers and write-offs (+)	-	45	8	112	-	165
Reclassifications (+ / -)	-	-	-	-	-	-
31 December 2022	-	(3,019)	(107)	(371)	-	(3,497)
Impairment						
1 January 2021	-	-	-	-	-	-
Impairment within the period (-)	-	-	-	-	-	-
31 December 2021	-	-	-	-	-	-
Impairment within the period (-)	(4)	-	-	-	-	(4)
31 December 2022	(4)	-	-	-	-	(4)
Carrying amount as at:						
31 December 2021	27	2,689	125	259	-	3,100
31 December 2022	27	3,293	150	137	62	3,669

As at 31 December 2022 and 2021, the Group did not have any intangible assets the control of which would be limited by legislation or certain agreements, or pledged intangible assets.

The acquisition cost of fully amortised intangible non-current assets of the Group still in use comprised the following:

	As at 31 December	
	2022	2021
Software	1,148	402
Other intangible assets	21	69
Concessions, patents, licenses, trademarks and similar rights	6	4
Total	1,175	475

6. Intangible assets (cont'd)

Amortisation of the Group's intangible non-current assets was accounted for in the statement of profit or loss and other comprehensive income under cost of sales (Note 23) – EUR 586 thousand (2021: EUR 619 thousand), and administrative expenses (Note 26) – EUR 240 thousand (2021: EUR 162 thousand). Total amount of amortization costs in the statement of profit or loss and other comprehensive income amounted to EUR 826 thousand (2021: EUR 781 thousand) and was lower by EUR 204 thousand (2021: EUR 172 thousand) than in the table of movement of intangible assets due to amortization of grants.

Value of goodwill related to subsidiaries:

	As at 31 December	
	2022	2021
SIA Baltijas Sporta Auto	27	27
Total	27	27

Impairment tests were carried out as at 31 December 2022. To determine whether the value of goodwill is impaired, net assets method was used. No impairment of goodwill was determined as at 31 December 2022.

7. Loans granted and term deposits

The Group's long-term loans granted and term deposits comprised the following:

	As at 31 December	
	2022	2021
Loans to related parties (Note 32)	15	6,015
Accrued interest receivable from related parties (Note 32)	-	-
Loans to other companies	1,205	978
Accrued receivable interest from other companies	61	61
	<u>1,281</u>	<u>7,054</u>
Less: impairment (related parties, Note 32)	-	-
Less: impairment (other companies)	(1,246)	(1,009)
Total loans granted	<u>35</u>	<u>6,045</u>
Non-current term deposits and accrued interest receivable	-	-
Total	35	6,045

Short-term loans granted by the Group and term deposits comprised the following:

	As at 31 December	
	2022	2021
Loans to related parties (Note 32)	47,629	41,589
Accrued interest receivable from related parties (Note 32)	1,722	1,827
Loans to other entities	150	150
Accrued interest receivable from other entities	2	1
	<u>49,503</u>	<u>43,567</u>
Less: impairment (from related parties, Note 32)	(4,629)	(4,549)
Less: impairment (from other companies)	(151)	(151)
Total loans granted	<u>44,723</u>	<u>38,867</u>
Current term deposits and accrued interest receivable	1,000	3,839
Total	45,723	42,706

As at 31 December 2022 and 2021, the Group's loans were granted to parties related to directly and indirectly controlled subsidiaries and parties related to shareholders.

Term deposits consist of interest-free term deposit, the payment term whereof is on 31 May 2023, for the amount of EUR 1,000 thousand.

7. Loans granted and term deposits (cont'd)

Changes in the loans granted by the Group and term deposits during the year were as follows:

	2022	2021
Balance of the loans granted and term deposits in the beginning of the year	48,751	43,360
Loans granted	2,327	14,392
Repaid loans	(1,884)	(6,652)
Interest calculated on loans	1,114	1,034
Interest received	(1,204)	(1,837)
Calculated impairment	(317)	(1,944)
Subsidiaries sold	-	810
Effect of foreign currency translation	22	-
Term deposits	-	306
Offsetting	(1,189)	282
Redeemed term deposits	(1,862)	(1,000)
Balance of the loans granted and term deposits at the end of the year	45,758	48,751

Loans granted and term deposits are denominated in the following currencies:

	As at 31 December	
	2022	2021
EUR	45,758	48,751
Total	45,758	48,751

The loans bear fixed interest rates from 2% to 5% and are in line with the market conditions.

8. Trade and other receivables

The Group's trade and other receivables comprised the following:

	As at 31 December	
	2022	2021
Trade receivables	5,504	4,980
Receivable finance lease amounts	651	1,236
Receivables from related parties (Note 32)	21,214	24,434
	27,369	30,650
Less: impairment allowance for receivables	(891)	(778)
Less: impairment allowance for receivables from related parties (Note 32)	(850)	(866)
Less: non-current trade receivables	-	(34)
Less: non-current leasing receivables	(273)	(735)
Less: non-current receivables from related parties	-	(178)
Trade receivables, net	25,355	28,059
Receivable VAT	1,414	981
Overpayment of other taxes and prepaid taxes	766	1,531
Collaterals and other receivables	1,084	937
	3,264	3,449
Less: impairment allowance for receivables from other companies	-	-
Less: other non-current receivables	(222)	(53)
Other receivables, net	3,042	3,396
Total	28,397	31,455

The Group's impairment allowance for non-current trade and other receivables are accounted for in the statement of profit or loss and other comprehensive income under impairment of trade debtors and contractual assets.

Fair values of trade and other receivables approximate their carrying amounts.

8. Trade and other receivables (cont'd)

Changes in impairment allowance for the Group's trade receivables for the year were the following:

	2022	2021
Impairment of receivables at the beginning of the period	(1,644)	(1,598)
Impairment (reversal) is accounted for in the statement of profit or loss and other comprehensive income	(232)	(104)
Written-off bad receivables	134	56
Other adjustments	1	2
Impairment allowance for receivables at the end of the period	(1,741)	(1,644)

Ageing of the Group's trade receivables, before impairment, from third parties can be specified as follows:

	As at 31 December	
	2022	2021
Amounts not past due	2,972	3,575
Overdue up to 1 month	1,510	955
Overdue 1 to 3 months	154	472
Overdue 3 to 6 months	283	482
Overdue 6 to 12 months	356	117
Overdue more than 12 months	880	615
Total	6,155	6,216

Ageing of the Group's trade receivables, before impairment from related parties can be specified as follows:

	As at 31 December	
	2022	2021
Amounts not past due	919	1,574
Overdue up to 1 month	1,346	1,747
Overdue 1 to 3 months	1,177	4,585
Overdue 3 to 6 months	1,055	13,721
Overdue 6 to 12 months	12,330	1,932
Overdue more than 12 months	4,387	875
Total	21,214	24,434

In the opinion of the management, as at the date of the statement of financial position there were no indications for trade and other receivables not overdue and for which impairment was not stated that debtors would not be able to discharge their payment obligations. Following an impairment analysis as at 31 December 2022, the Group determined that there were no significant impairment losses (Note 31).

Impairment allowance for trade receivables from the third parties more than 12 months overdue is not formed, if by the issue date of these consolidated financial statements the amount was recovered.

As at 31 December 2022, trade and other receivables with the value of EUR 38,472 thousand (31 December 2021 – EUR 35,452 thousand) are pledged to credit institutions to guarantee repayment of the loans. The pledge of property under different contracts expires from May 2023 to June 2023 (Note 14).

9. Inventories

The Group's inventories comprised:

	As at 31 December	
	2022	2021
Goods for resale	64,003	61,271
Less: write-down to net realisable value	(1,974)	(1,573)
Goods for resale	62,029	59,698
Raw materials, materials and consumables	119	165
Unfinished goods and work in progress	14	4
Total	62,162	59,867

As at 31 December 2022, goods in transit amounted to EUR 2,680 thousand (at 31 December 2021: EUR 172 thousand).

As at 31 December 2022, inventories with the value of EUR 29,313 thousand (at 31 December 2021: EUR 34,121 thousand) were held at warehouses of third parties.

In 2022, inventories amounting to EUR 283,770 thousand (2021: EUR 355,186 thousand) were recognised as costs incurred during the year and included in the cost of sales.

As at 31 December 2022, inventories with the value of EUR 18,764 thousand (at 31 December 2021: EUR 34,012 thousand) are pledged to credit institutions to guarantee repayment of the loans. The pledge of property for different contracts ends from May 2023 to June 2023 (Note 14).

10. Other investments

Other long-term investments of the Group comprised the following:

- Investments in associates, accounted for using the equity method:

	As at 31 December	
	2022	2021
Modus Energy International B.V.	83,225	76,089
Total	83,225	76,089

Changes in the Group's investments in associates, stated at equity method, during the year were the follows:

	2022	2021
The Group's investments in associates at the beginning of the period	76,089	70,339
Increase (decrease) due to share of net profit (loss)	(12,204)	5,750
Increase (decrease) due to other comprehensive income part	19,340	-
The Group's investments in associates at the end of the period	83,225	76,089

15% of shares of Modus Energy International B.V. held by the Group grant a right to 100% of net profit (loss) of AB Modus Energy, therefore an increase (decrease) in investment during the reporting period is accounted for according to the net profit (loss) and other comprehensive income of AB Modus Energy. In 2022, the consolidated net loss of AB Modus Energy, having eliminated intra-group transactions, was EUR 12,204 thousand (in 2021: net profit – EUR 5,750 thousand).

As at 31 December 2022, consolidated equity of Modus Energy International B.V. amounted to EUR 111,642 thousand (as at 31 December 2021 – 72,286 thousand). In 2022, net profit was EUR 14,224 thousand (in 2021 net profit – EUR 292 thousand).

Increase (decrease) in the Group's investments in associates due to profit (loss) is accounted for in the statement of profit or loss and other comprehensive income under share of profit of associates and joint ventures, and net profit (loss) from discontinued operations.

Information on associated entities is presented in the general information part of the consolidated explanatory notes.

10. Other investments (cont'd)

2) Debt securities (Note 32):

	As at 31 December	
	2022	2021
Bonds	15,043	15,033
Accrued receivable interest	2,720	1,815
Total	17,763	16,848

The interest rate of debt securities is 6%, the maturity date - January 2026.

3) Investments in shares:

	As at 31 December	
	2022	2021
UAB Parkdema	2,370	2,130
Air Lituanica Club - 2% of shares	25	25
Wise Guys Batch 9 OU - 1% of shares	4	5
Other	5	2
Total	2,404	2,162

4) Investments in investment units:

	As at 31 December	
	2022	2021
Modus Remote Solar Fund I	1,885	2,077
Modus Renewable Energy Lithuanian Investments	1,556	1,621
Stichting First Energie Fonds	363	315
Wise Guys Cyber Fund 1	50	50
Total	3,854	4,063
Total (1+2+3+4)	107,246	99,162

Investments in shares

Investments in shares mainly comprise an investment in UAB Parkdema. The fair value of the investment was estimated according to the asset-based and discounted cash flow methods. The fair value that belongs to the Group as determined by an external appraiser amounted to EUR 2,370 thousand (2021: EUR 2,130 thousand). The change in the fair value is accounted for in the statement of profit or loss and other comprehensive income under finance income (expenses) (Note 28).

Investments in investment units

The fair value of the investments units was calculated by estimating the net asset value of the fund and calculating the market value of the fund's unit, which is equal to the net asset value of the fund divided by the number of fund's units. Accordingly, the Group's share is equal to the number of fund's units held by the Group, measured at the determined market value. The net asset value of the fund consists mainly of loans granted (in one fund) and investments in operating photovoltaic solar projects in Lithuania (in other funds), the fair value of which has been determined by independent external appraisers.

11. Prepayments, deferred costs and accrued income

The Group's prepayments, deferred costs and accrued income comprised the following:

	As at 31 December	
	2022	2021
Prepayments	4,997	7,089
Prepayments to related parties (Note 32)	220	84
Accrued income	719	311
Deferred costs	1,620	1,032
Total	7,556	8,516

12. Cash and cash equivalents

The Group's cash and cash equivalents comprised the following:

	As at 31 December	
	2022	2021
Cash in banks	8,669	11,297
Cash in transit	86	43
Cash in hand	96	25
Total	8,851	11,365

Cash and cash equivalents are denominated in the following currencies:

	As at 31 December	
	2022	2021
EUR	6,732	10,908
BYN	1,725	56
CZK	240	111
RON	104	190
PLN	28	55
USD	13	2
RUB	9	-
HUF	-	43
Total	8,851	11,365

The Group has measured cash and cash equivalents as at 31 December 2022 and 31 December 2021 as required by IFRS 9 and no material impairment has been identified - carrying amount of the Group's cash and cash equivalents approximates their fair value.

As at 31 December 2022 and 2021, cash and cash equivalents were not pledged to institutions to guarantee repayment of loans (Note 14).

13. Equity

Authorised capital

As at 31 December 2022 and 2021, the Company's authorised capital comprised 79,102,700 ordinary shares with the nominal value of EUR 0.29 each. All the shares are fully paid in.

In 2022 and 2021, the Group did not acquire or transfer any of its own shares.

As at 31 December 2022 and 2021, the Group's shareholders were as follows:

	Number of shares 2022	Number of shares 2021	Ownership interest (%)	Shares with voting rights (%)
MG NL holding B.V.	79,102,700	79,102,700	100%	100%
Total	79,102,700	79,102,700	100%	100%

Share premium

Share premium was recognised as a difference between the emission price and the nominal value of the shares.

Legal reserve

Legal reserve is a compulsory reserve under Lithuanian legislation. Annual contributions of at least 5% of the net profit must be allocated to the reserve up to the extent equal to 10 per cent of the authorised capital. The reserve can only be used to cover future losses.

13. Equity (cont'd)

Revaluation reserve

Revaluation reserve is an increase in the value of property, plant and equipment resulting from revaluation of assets. The reserve cannot be used to cover the losses. Changes in the revaluation reserve are presented below.

	31 December 2022		
	Revaluation	Deferred tax	Revaluation reserve, after taxes
Balance at the beginning of the period	3,838	(618)	3,220
Impairment of revaluation amount of non-current assets due to disposal of subsidiaries	-	-	-
Revaluation of non-current assets during the period	(615)	121	(494)
Depreciation of the revaluation of non-current assets	(400)	69	(331)
	2,823	(428)	2,395
Share of associated companies	-	-	19,496
Non-controlling interest	-	-	-
Balance at the end of the period	2,823	(428)	21,891

	31 December 2021		
	Revaluation	Deferred tax	Revaluation reserve, after taxes
Balance at the beginning of the period	4,459	(725)	3,734
Impairment of revaluation amount of non-current assets due to disposal of subsidiaries	-	-	-
Revaluation of non-current assets during the period	(462)	83	(379)
Depreciation of the revaluation of non-current assets	(158)	24	(135)
	3,839	(618)	3,220
Non-controlling interest	-	-	-
Balance at the end of the period	3,839	(618)	3,220

Draft appropriation of profit

The draft appropriation of profit was not prepared as at the date of approval of these consolidated financial statements.

14. Bank loans and lease liabilities

Bank loans and lease liabilities of the Group comprised the following:

	As at 31 December	
	2022	2021
Non-current portion		
Bank loans and interest payable	3,000	1,471
Lease liabilities	46,557	34,421
Total non-current portion	<u>49,557</u>	<u>35,892</u>
Current portion		
Bank loans and interest payable	14,489	15,485
Liabilities arising from derivative financial instruments	3	65
Lease liabilities	24,592	12,118
Total current portion	<u>39,084</u>	<u>27,668</u>
Total	<u>88,641</u>	<u>63,560</u>

The following are the contractual maturities for the Group's non-current bank loans and lease liabilities:

	As at 31 December	
	2022	2021
In 2 to 5 years	45,103	30,275
After five years	4,454	5,617
Total	<u>49,557</u>	<u>35,892</u>

14. Bank loans and lease liabilities (cont'd)

The Group's non-current and current bank loans and lease liabilities were denominated in the following currencies:

	As at 31 December	
	2022	2021
EUR	88,523	63,543
CZK	102	-
RON	14	-
PLN	2	-
BYN	-	11
USD	-	6
Total	88,641	63,560

The following are the changes in the bank loans and lease liabilities of the Group during the year:

	2022	2021
Balance of bank loans and lease liabilities at the beginning of the period	63,560	49,326
Loans received	16,099	16,404
Increase in lease liabilities	77,000	36,011
Loans repaid	(14,121)	(8,761)
Lease payments	(51,799)	(29,488)
Interest calculated	2,977	2,085
Interest paid	(2,999)	(2,060)
Transaction costs	(36)	-
Amortisation of transaction costs	25	2
Effect of currency exchange rate	1	(7)
Increase (decrease) in liabilities arising from derivative financial instruments	(62)	48
Offsetting	(1,000)	-
Subsidiaries sold	(1,004)	-
Balance of bank loans and lease liabilities at the end of the period	88,641	63,560

As at 31 December 2022 and 2021, the bank loans bore variable interest rates depending on various maturities of EURIBOR plus margins in compliance with market conditions.

As at 31 December 2022 and 2021, finance lease liabilities bore variable interest rates depending on various maturities of EURIBOR plus margins in compliance with market conditions.

As at 31 December 2022, property, plant and equipment and investment property with the carrying amount of EUR 19,264 thousand (31 December 2021 – EUR 20,357 thousand) are pledged to credit institutions to guarantee repayment of the loans, leasing liabilities are secured by assets under lease. The end dates of pledges for different agreements are from July 2023 until June 2025 (Note 5).

As at 31 December 2022, trade and other receivables with the value of EUR 38,472 thousand (31 December 2021 – EUR 35,452 thousand) are pledged to credit institutions to guarantee repayment of the loans. The end date of pledge for different agreements is from May 2023 to June 2023 (Note 8).

As at 31 December 2022, inventories with the carrying amount of EUR 18,764 thousand (31 December 2021 – EUR 34,012 thousand) are pledged to credit institutions to guarantee repayment of loans. The end dates of pledges for different agreements are from May 2023 to June 2023 (Note 9).

As at 31 December 2022 and 2021, cash and cash equivalents were not pledged to institutions to guarantee repayment of loans (Note 12).

15. Other borrowings

Other borrowings of the Group comprised the following:

	As at 31 December	
	2022	2021
Non-current portion		
Non-current loans and accrued interest payable to related parties (Note 32)	14,122	16,474
Debts under debt securities and accrued interest payable to related parties (Note 32)	-	5,576
Debts under debt securities and accrued interest payable	-	14,600
	14,122	36,650
Current portion		
Current loans and accrued interest payable to related parties (Note 32)	3,889	3,947
Debts under debt securities and accrued interest payable to related parties (Note 32)	5,925	-
Debts under debt securities and accrued interest payable	16,216	5,005
Other borrowings	10,569	14,310
	36,599	23,262
Total	50,721	59,912

The following are the changes in the Group's other borrowings during the year:

	2022	2021
Balance of other borrowings at the beginning of the period	59,912	37,695
Redeemed bonds	(6,558)	(3,623)
Bonds issued	3,172	15,182
Loans received	480	18,383
Loans repaid	(4,611)	(6,419)
Interest calculated	2,216	1,666
Interest paid	(1,781)	(1,287)
Disposal of subsidiaries	(2,149)	-
Effect of currency exchange rate	40	195
Change in other financial liabilities	-	(1,880)
Balance of other borrowings at the end of the period	50,721	59,912

As at 31 December 2022 and 2021, other financial liabilities of the Group are denominated in EUR. Loans from related parties bear fixed interest rates that are in line with the market conditions.

Borrowings under debt securities

	2022	2021
AB Šiaulių bankas (individual and institutional investors)	8,030	8,030
Shareholder	5,925	5,576
VIVA	5,014	6,617
UAB Mundus	3,172	4,958
Total	22,141	25,181

	Number of bonds	Nominal value, EUR	Interest rate (%)	Maturity date
AB Šiaulių bankas*	80,000	100	5%	12/2023
VIVA	50,000	100	6%	07/2023
Ultimate shareholder	150,000	29	8%	06/2023
UAB Mundus	3,458	1,000	0%	06/2023
Total	283,458			

*Publicly distributable bond emission was issued on 4 December 2020. Accounting of financial instruments is carried out by AB Šiaulių bankas. As of 29 March 2021, bonds were listed in the Nasdaq Baltics First North alternative market. The bonds were acquired by individual and institutional investors. The Group has received a guarantee for the emission of bonds of the company MG NL holding B.V., as at 31 December 2022 the amount of the guarantee is EUR 8,000 thousand. The guarantee expires in 2023.

The other bonds were not publicly traded.

16. Non-current employee benefits

According to the legislative requirements of the Republic of Lithuania, each employee at the age of retirement is entitled to a one-off payment in the amount of 2-month salary.

The Group's employee benefits comprised of the following:

	2022	2021
Employee benefits in the beginning of the period	52	64
Formed	50	(12)
Disposal of subsidiaries	-	-
Employee benefits at the end of the period	102	52

For calculation of the employee benefits, the Group evaluated an impact of the mortality level in Lithuania, the discount rate, the retirement age, age and turnover of employees, growth of remuneration and other factors. Actuarial loss related to the above mentioned liabilities are presented in the Group's statement of profit or loss and other comprehensive income under employee benefits (accrual).

17. Grants and subsidies

The grants and subsidies of the Group consisted of the following:

	2022	2021
Grants and subsidies in the beginning of the period	1,512	1,094
Grants and subsidies received during the period	532	590
Amortisation	(204)	(172)
Grants and subsidies at the end of the period	1,840	1,512

On 22 December 2010, the Group entered into a financing and administration agreement with the Ministry of Economy of the Republic of Lithuania and Public Enterprise Lithuanian Business Support Agency regarding construction of a motel with a camp-site and the development of tourism services in the Vilnius city municipality.

In 2018, a grant was received from the project 'Development of Solution for Innovative Management of Car-Sharing Service' co-financed by the EU Structural Funds. The grant was received for development of non-current assets. The grant is recognized as used when assets are amortized and compensated costs are incurred.

In 2022 and 2021, a grant was received from the Climate Change Programme of Environmental Projects Management Agency of Ministry of Environment of the Republic of Lithuania. The grant was received for expansion of the car fleet by implementing environmentally-friendly measures. The grant is recognized as used when assets are depreciated and compensated costs are incurred.

18. Provisions

Provisions of the Group included the following:

	2022	2021
Provisions for technical maintenance package	153	118
Provision for repurchased cars	-	1
Total	153	119

19. Prepayments received, accrued liabilities and deferred income

The Group's prepayments received, accrued liabilities and deferred income comprised the following:

	2022	2021
Advances received	17,901	15,235
Prepayments received from related parties (Note 32)	222	51
Accrued expenses	1,063	1,155
Contractual liabilities	186	-
Deferred income	1,081	520
Total	20,993	16,961
Less: non-current advances received	(523)	(299)
Total	20,470	16,662

20. Employment related liabilities

The Group's liabilities related to employment relations comprised the following:

	2022	2021
Vacation reserve	1,784	1,228
Accrued annual bonuses	1,062	964
Payable remuneration	594	511
Payable taxes related to remuneration	488	694
Other employment related liabilities	3	1
Total	3,931	3,398

21. Trade, other payables and current liabilities

As at 31 December, Group's trade, other amounts payable and current liabilities comprised the following:

	2022	2021
Trade payables	12,243	32,181
Trade payables to related parties (Note 32)	32	3,204
Payable VAT	1,715	2,547
Other taxes payable (excluding corporate income tax)	8,635	14,678
Other amounts payable	59	552
Total	22,684	53,162
Less: non-current other amounts payable	(4,751)	(448)
Total	17,933	52,714

Other payable taxes mainly comprise interest-free tax loan balances with the State Tax Inspectorate and the State Social Security Fund Board. The repayment deadline of the loans is 31 December 2024.

The remaining above mentioned trade, other amounts payable and current liabilities are interest-free and they are usually assigned a payment term of up to 60 days.

22. Revenue

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition.

For the year ended 31 December, the Group's revenue comprised the following:

	2022	2021
Primary geographic markets		
Lithuania	140,782	211,005
Latvia	58,615	42,672
Belarus	42,670	50,186
Germany	35,994	29,492
Estonia	27,821	20,207
France	27,395	24,683
Belgium	15,536	15,839
Netherlands	6,184	3,378
Romania	5,329	10,618
Italy	3,835	3,652
Switzerland	3,163	117
Austria	1,714	150
Other countries	8,854	13,496
Total	377,892	425,495

22. Revenue (cont'd)

	2022	2021
Major product and service lines		
Revenue from sale of cars	271,938	334,863
Revenue from sale of parts	61,171	55,986
Revenue from lease of cars	30,863	22,152
Revenue from car service	9,347	7,591
Other	4,573	4,903
Total	377,892	425,495
Timing of revenue recognition		
At a point of time	374,700	425,495
Over a certain period	3,192	-
Total	377,892	425,495

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over goods or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the revenue recognition policies.

Type of product / service	Nature and timing of the satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Income from sale of cars and spare parts	The Group sells new and used cars and spare parts both to individuals and to legal persons. Invoices are issued under contractual terms and are usually payable immediately or within 15 days.	Revenue is recognised when a car or parts are delivered to the customer – i.e. when the customer assumes all the risks and rewards for the goods.
Income from car service	The Group provides car services both to individuals and to legal persons. Invoices are issued under contractual terms and are usually payable immediately or within 15 days.	Income is recognised after actual delivery of the service.
Income from long-term lease of cars	The Group provides long-term lease services of vehicles. Invoices are issued for each month of the lease period and must be settled on the day of the current calendar month on which the rental agreement comes into force.	Revenue is recognised in the period in which the operational obligations are settled.
Income from short-term lease of cars	The Group provides short-term lease of vehicles. Accounting (reporting) period – one calendar month. Invoices are issued and revenue recognised at a particular point in time – on the last day of each reporting period for the previous month. Settlement term for legal persons - 30 days. Individuals pay for the services immediately after they are rendered.	Income is recognised after actual delivery of the service.

The following table provides information on the Group's receivables, contractual assets and contractual obligations arising from contracts with customers:

	Note	2022	2021
Receivables included in Trade receivables	8	54	12
Contractual assets		-	-
Contractual liabilities	19	(186)	-

Contractual assets are related to the Group's right to receive payment for long-term car rental services rendered and not yet invoiced to customers at the end of the reporting period. A contractual asset is transferred to trade receivables when the right becomes unconditional. This generally occurs when the Group issues an invoice the customer.

Contractual liabilities are related to prepayments received from customers for long-term car rental services.

23. Cost of sales

For the year ended 31 December, the Group's cost of sales comprised the following:

	2022	2021
Cost of sales of cars*	233,499	307,188
Cost of sales of spare parts*	50,271	47,998
Depreciation and amortisation	7,908	6,647
Salaries and related taxes	6,235	4,738
Fuel	5,734	3,684
Repair and servicing costs of cars and other equipment	3,548	2,777
Parking services	1,897	1,745
Cost of warranty works	1,785	1,677
Insurance	917	691
Other	5,814	5,929
Total	317,608	383,074

*In 2022, inventories amounting to EUR 283,770 thousand (2021 – EUR 355,186 thousand) were recognised as costs incurred during the year and were included in the cost of sales.

24. Other activity results

For the year ended 31 December, other activity income (expenses) comprised the following:

	2022	2021
OTHER ACTIVITY INCOME		
Received penalties and covering of damages	557	150
Received payments and compensations for covering repair costs and penalties	255	152
Gain from disposal of property, plant and equipment	164	-
Other income	298	440
	1,274	742
OTHER ACTIVITY EXPENSES		
Loss from resold services	(326)	(260)
Compensated costs of repair of assets and covering of penalties	(138)	(80)
Loss from disposal of non-current assets	-	(297)
Other expenses	(142)	(198)
	(607)	(835)
Other operating results	667	(93)

25. Selling expenses

For the year ended 31 December, selling expenses comprised the following:

	2022	2021
Salaries and related expenses	10,933	7,345
Advertising and promotional costs	3,029	2,491
Transportation and short-term insurance costs	618	457
Intermediary costs	486	280
Representation expenses	467	304
Warehousing expenses	460	268
Trainings and secondments	329	132
Customer service	326	369
Fuel and lease of cars	287	129
Demo and exposition car maintenance	171	118
Legal and other consulting services	141	175
Depreciation and amortisation	100	54
Other	438	305
Total	17,785	12,427

26. Administrative expenses

For the year ended 31 December, administrative expenses consisted of the following:

	2022	2021
Salaries and related expenses	6,318	4,542
Depreciation and amortisation	2,522	2,238
Impairment (reversal) of property, plant and equipment	2,054	(28)
Legal and consulting expenses	1,491	1,385
Accounting and audit expenses	1,384	966
Taxes	913	559
IS lease and maintenance expenses	946	603
Maintenance of premises, repair and maintenance of equipment	869	715
Write-down of inventories	429	263
Fuel, car lease and maintenance	354	182
Support	218	182
Communication services	216	184
Bank services	191	121
Business trip expenses	168	48
Other	838	630
Total	18,911	12,590

27. Business acquisitions, disposals

Profit from disposal of investments into subsidiaries for the year ended 31 December, included the following:

	2022	2021
Profit on disposal of investments into subsidiaries engaged in real estate business	(320)	-
Profit on disposal of investments into subsidiaries engaged in mobility business	-	475
Profit on disposal of other investments into subsidiaries	-	8
Total	(320)	483

Profit on disposal of investments into subsidiaries engaged in real estate business

In 2022, the Group sold the indirectly controlled subsidiary UAB Pavilnių saulės slėnis 17 together with its subsidiaries OOO Unimodus and OOO Unimodus Gomel.

The sale of companies shall not be assumed as discontinued operations, as the activity in which the sold companies were engaged continues to be conducted or the sold companies did not form a significant individual activity segment.

27. Business acquisitions, disposals (cont'd)

The table below shows sale transactions (it is considered that values as at the date of sale and carrying amounts, and carrying amounts from fair values did not differ significantly):

	Real estate business companies	
Non-current assets		
Property, plant and equipment	3,057	
Total non-current assets	3,057	
Current assets		
Inventories	1	
Trade and other receivables	152	
Prepayments, deferred costs and accrued income	19	
Prepaid income tax	55	
Total current assets	227	
Total assets	3,284	
Non-current liabilities		
Bank loans and lease liabilities	616	
Other financial liabilities	2,149	
Total non-current liabilities	2,765	
Current liabilities		
Bank loans and lease liabilities	388	
Income tax liabilities	1	
Prepayments, accrued liabilities and deferred income	92	
Employment related liabilities	1	
Trade and other payables	52	
Total current liabilities	534	
Total liabilities	3,299	
Net assets at the time of disposal	(15)	
Net assets at the time of disposal, owned by non-controlling interest	-	
Net assets at the time of disposal, owned by shareholders of the parent company	(15)	
Disposed share capital, %	100	
Sale price	-	
Cash and cash equivalents	(335)	
Cash flows from disposal	(335)	
Profit from disposal of investments in subsidiaries	(320)	
Company name	Date of disposal	Data of carrying amounts
UAB Pavilnių saulės slėnis 17	27/12/2022	27/12/2022
OOO Unimodus	27/12/2022	27/12/2022
OOO Unimodus Gomel	27/12/2022	27/12/2022

Acquisitions

In 2022, the Group acquired Mobility Fleet Solutions Slovakia s.r.o. The net assets of the company at the time of acquisition were EUR 5 thousand and the purchase price of the shares was EUR 7 thousand. Goodwill was impaired in 2022 by a full impairment of EUR 2 thousand, which was recognised in the profit and loss account.

The Group also acquired Daverio sp. z o.o. The net assets of the company at the time of acquisition amounted to EUR 1 thousand and the purchase price was EUR 3 thousand. A full impairment loss of EUR 2 thousand was recognised for goodwill in 2022, which was recognised in the income statement.

Gain from disposal of investments in subsidiaries engaged in mobility business in 2021.

Mobility business: The Group sold its indirectly controlled subsidiary UAB Pavilnių saulės slėnis 14 together with its subsidiary OOO Modus Park. The gain on disposal was EUR 475 thousand, recognised in the income statement.

Other companies: the Group sold its directly owned subsidiaries UAB Remote Solar Investments and LLC Axton Energija. The gain on disposal was EUR 8 thousand, recognised in the income statement.

28. Finance income and finance costs

For the year ended 31 December, finance income (expenses) comprised the following:

	2022	2021
FINANCE INCOME		
Interest income	2,118	2,102
Increase in financial assets at fair value	1,297	779
Dividend income	236	125
Penalties and fines	8	4
Gain on liquidation of subsidiaries	-	554
Other income from financing and investing activities	182	1
	3,841	3,565
FINANCE EXPENSES		
Interest expenses	(5,586)	(4,359)
Currency exchange loss	(490)	(252)
Impairment of loans granted	(317)	(1,944)
Impairment of financial assets measured at fair value	(185)	(106)
Guarantee commitment and commission fees	(112)	(201)
Penalties and fines	(35)	(45)
Loss arising on derivative financial instrument	-	(60)
Impairment of investments	-	(6)
Other expenses from financing and investing activities	(175)	(205)
	(6,900)	(7,178)
Financing activity result	(3,059)	(3,613)

29. Corporate income tax

In 2022 and 2021, corporate income tax in the Group and subsidiaries operating in Lithuania is calculated by applying a 15% income tax rate for the estimated taxable profit of the period. Income tax in other countries is calculated using income tax rates applicable in those countries.

As at 31 December, the Group's income tax expenses (income) recognised in the statement of profit or loss comprised the following:

	2022	2021
Current tax expense	3,472	2,059
Deferred tax expense (income)	254	331
Fee paid for tax loss carry-forwards from Group companies	192	-
Corrections of corporate income tax of previous reporting periods	(508)	(58)
Income tax expense (income) recognised in the statement of profit or loss and other comprehensive income	3,410	2,332

Changes in the Group's deferred income tax assets and liabilities were the following:

	2022	2021
Income (expenses) recognised in the statement of profit or loss	244	331
Gain (loss) on revaluation of property, plant and equipment not recognised in the income statement	50	-
Income (expenses) recognised in other comprehensive income (including change due to currency exchange rate fluctuations)	10	(74)
Change due to exchange rate changes	-	(9)
Transfers of (asset) liabilities in connection with transfers of subsidiaries	-	4
Change in deferred income tax, net	304	252

29. Corporate income tax (cont'd)

The following is a reconciliation of the Group's corporate income tax:

	2022	2021
Profit (loss) before tax	20,516	19,827
Corporate income tax applying a standard income tax rate of 15%	3,077	2,974
Tax effect of non-taxable income	(582)	(2,634)
Non-deductible (deductible) expenses	718	1,897
Tax effect of tax losses and other temporary differences for which no deferred tax asset was recognised	41	(267)
Tax losses transferred to group companies	-	309
Tax losses carried forward from Group companies	(192)	-
Corrections of corporate income tax of previous reporting periods	(508)	(58)
Effect of different income tax rates applicable to foreign subsidiaries	666	111
Adaptation of an investment allowance	(12)	-
Total corporate income tax expense (income)	3,208	2,332

Changes in temporary differences of the Group before and after tax effect were as follows:

	Temporary differences		Deferred tax	
	As at 31 December		As at 31 December	
	2022	2021	2022	2021
Deferred income tax asset				
Tax losses	7,642	8,245	1,146	1,237
Write-down of inventories	1,547	895	232	134
Impact of IFRS 16 on deferred income tax	505	401	76	60
Impairment of amounts receivable	394	187	59	28
Bonus reserve	388	338	58	51
Vacation reserve	194	180	29	27
Accrued costs	169	150	25	23
Total deferred tax asset	10,839	10,396	1,625	1,560
Deferred tax liability				
Differences between financial and tax reporting of non-current assets	(9,974)	(8,205)	(1,496)	(1,231)
Accrued income	(709)	-	(106)	-
Derivative financial instruments	(53)	-	(8)	-
Impact of different corporate tax rates for foreign subsidiaries	(34)	(100)	(5)	(15)
Total deferred tax liabilities	(10,770)	(8,305)	(1,615)	(1,246)
Deferred income tax, net	69	2 091	10	314

The Group has the right to aggregate recognised deferred income tax assets and deferred income tax liabilities on a jurisdictional basis, i.e. when they relate to the same tax authority. In the table above, deferred income tax assets and liabilities are shown before netting and are aggregated in the consolidated statement of financial position to present a more accurate view of the financial position.

Deferred tax assets arising from tax losses are recognised because the Group's management expects them to be realised in the foreseeable future, taking into account taxable profit forecasts.

Deferred tax assets and liabilities are offset if they are realised in net value and over those periods, and are related to the same tax administration authority. Each Group company pays income tax at net value; i.e. offsets temporary differences; therefore, deferred tax liabilities of each Group company are offset against deferred income tax assets of that company. Deferred income tax assets and liabilities of different Group entities are offset. Deferred income tax assets and liabilities arising on consolidation entries are also offset if they are related with the same tax administration authority.

29. Corporate income tax (cont'd)

The deferred income tax of the Group as at 31 December in different tax jurisdictions:

	As at 31 December	
	2022	2021
Deferred income tax asset		
Lithuania	60	380
Latvia	15	10
Estonia	1	-
Total deferred tax asset	76	390
Deferred tax liability		
Lithuania	43	-
Belarus	13	76
Czech Republic	10	-
Total deferred tax liability	66	76
Total	10	314

As at 31 December 2022, temporary differences and tax losses for which deferred tax assets were not recognised as they are not expected to be realised amounted to EUR 603 thousand (31 December 2021: EUR 1 728 thousand).

30. Contingent liabilities

In 2022 and 2021, the Group was not involved in any legal proceedings that could, in the opinion of the management, have significant influence on the Group's consolidated financial position.

The tax administrator has not performed a full-scope tax investigation in the Group. The Tax Authorities have not performed full-scope tax investigations at the Company. The Tax Authorities may inspect accounting, transaction and other documents, accounting records and tax returns for the current and previous 3 calendar years at any time, and where appropriate, for the current and previous 5 or 10 calendar years and impose additional taxes and penalties. Management of the Group is not aware of any circumstances which would cause calculation of additional significant liabilities due to unpaid taxes.

The Group has issued the following guarantees/sureties:

Receiver of guarantee/surety	Type	Maturity term of guarantee/surety	Currency	As at 31 December	
				2022	2021
European Bank for Reconstruction and Development	Surety (for Parachonskoe ZAO)	24/01/2028	EUR	4,386	5,197
European Bank for Reconstruction and Development	Surety (for Severnyj ZAO)	24/01/2028	EUR	2,090	2,494
European Bank for Reconstruction and Development	Surety (for Kabylovka ZAO)	24/01/2028	EUR	1,975	2,357
European Bank for Reconstruction and Development	Surety (for Belovezha ZAO)	04/03/2029	EUR	2,930	3,385
European Bank for Reconstruction and Development	Surety (for BG17 ZAO)	04/03/2029	EUR	4,596	5,391
OP Corporate Bank plc Lithuanian branch	Surety (for UAB Baltijos autonuoma)	06/10/2022	EUR	-	1,000
Luminor Bank AS Lithuanian branch	Surety (for UAB Baltijos autonuoma)	30/05/2023	EUR	-	139
Total				15,977	19,963

All the companies for which the sureties have been issued are related companies. Furthermore, all the companies met the financial ratios if such were prescribed in the loan agreements. Therefore, no provisions for the liabilities related to the sureties issued have been recognised as at 31 December 2022.

30. Contingent liabilities (cont'd)

Provisions for liabilities under other surety agreements were not accounted for as at 31 December 2022 as the Group estimates that the entities for which sureties are provided will continue their activities or start developing new profitable activities; also, no information is available on termination or liquidation of the activities of those entities. Further activities plans of the entities are known to the Group and the risk is managed through active participation in determination of activity plans and continual financial control.

The Group has issued guarantees to suppliers for an amount of EUR 16,051 thousand (2021: EUR 20,099 thousand). The guarantees are effective until July 2024 (2021: July 2024). The value of the guarantees issued by the Group amounts EUR 1,510 thousand (2021: EUR 810 thousand). The guarantees are effective until September 2023 (2021: February 2023).

In 2022, some Group entities were not in compliance with the requirement of the Law on Companies of the Republic of Lithuania, which provides that a company's equity cannot be lower than 1/2 of its authorised capital. The following are the companies which as at 31 December 2022 were not in compliance with the requirement: UAB Modus Mobility, UAB Prime Leasing, UAB Pavilnių saulės slėnis 15, UAB Luxury Motors, UAB Exclusive Luxury Auto, UAB Interviga, UAB Plėtros sprendimai, UAB Nekilnojamo turto prekyba, UAB Nuomos sprendimai, UAB Nekilnojamo turto konsultacijos, UAB Pavilnių saulės slėnis 22, UAB Modus Estate Services, UAB Modus Group Services, UAB Axton Commodities, UAB Energy Transition Investments.

The investment of EUR 2,370 thousand (2021: EUR 2,130 thousand) into UAB Parkdema has been pledged as to the agreement with the creditor. The agreement provides for subordination of the held bonds as well, the value of which amounts to EUR 14,879 thousand (2021: EUR 14,879 thousand). The maturity ends in December 2025.

According to the agreement between the investors and the sub-fund Modus Renewable Energy Lithuanian Investments which is the manager of the closed-ended renewable energy composite investment fund Modus Renewable Energy Fund I, the Group committed to repurchase the investments into the subsidiaries in January 2025 by the total amount of EUR 1,285 thousand, if no other investors are found.

31. Financial instruments – fair values and risk management

Main financial liabilities of the Group comprise loans, lease, other financial debts, trade and other payables. The main objective of these financial liabilities is to increase financing of the Group's activities and to guarantee liquidity.

The Group classifies financial liabilities into three groups:

- Bank loans and lease liabilities (Note 14);
- Other financial debts (Note 15);
- Trade, other payables and current liabilities (Note 21).

The Group has various financial assets: trade and other receivables, loans granted, short-term investments and cash.

The Group classifies financial assets into three groups:

- Cash and cash equivalents (Note 12);
- Other investments (Note 10).
- Trade, other receivables and loans granted stated at amortised cost (Notes 8 and 7 respectively).

Fair value

As at 31 December 2022 and 2021, the Group did not have any significant financial instruments, presented at fair value in the statement of financial position, except for the investments into shares and investment units (Note 10).

The Group's main financial assets and liabilities not carried at fair value are trade and other receivables (including loans granted), non-current and current trade and other debts.

The fair value of the Group's financial assets and liabilities as at 31 December 2022 and 2021, approximates their carrying amount.

Methods and assumptions used for determination of fair values are described below:

- The carrying amount of current trade and other receivables, current trade and other payables and short-term borrowings approximates fair value due to short-term nature of instruments.
- The fair value of long-term liabilities is established on the basis of the market price of the same or similar loan or interest rate applicable at the time for loans with the same maturity term. The fair value of long-term liabilities with variable interest is close to their carrying amount.
- The fair value of the investments into shares and investment units has been determined based on the valuation of independent appraisers.

The main risks arising from financial instruments are credit risk, interest rate risk, liquidity risk, foreign currency risk. The Group is also exposed to capital management and inventories risk. Risks are described below.

31. Financial instruments – fair values and risk management (cont'd)

Credit risk

The Group's credit risk is primarily related to amounts receivable (including loans granted) and arises due to potential default of other contract parties to meet contractual obligations. Amounts receivable in the statement of financial position are stated less doubtful amounts receivable which the Group estimates based on previous experience and current economic environment. Credit risk related to cash is limited since the Group performs transactions with banks having high credit rating issued by foreign agencies.

The amount of maximum exposure to credit risk equals the carrying amount of receivables, contract assets, loans granted and cash and cash equivalents which as at 31 December 2022 in the Group was EUR 83,501 thousand (31 December 2021 – EUR 92,571 thousand).

The Group's credit risk is measured separately for Group entities. Balance of amounts receivable of Group entities and overdue amounts receivable are controlled each month.

The Group's credit risk concentration related to trade amounts receivable is not high. The Group has no significant transactions carried out in a different country to the one in which a respective Group entity operates.

An analysis of not overdue and overdue amounts receivable and loans granted as well as impairment recognised as at 31 December 2022 and 2021 is presented in Notes 7 and 8.

Expected credit loss assessment.

Trade and other receivables

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and available press information about customers). The following segments of credit risk were identified, taking into account the types of customers and the services purchased: 1) lease of movable assets - business clients and private persons; 2) car trading in companies of mobility sector - business clients and private persons; 3) operating lease of cars - business clients and private persons; 4) finance lease of cars - business clients and private persons; 5) hotel operation and lease of real estate – business clients and private persons; 6) sales of energy (electricity, heat, gas) – business clients and 7) sale of cars in automotive sector entities– business clients and private persons. The ECLs rate is estimated for each segment based on actual credit loss experience over the past year. These rates are multiplied by scalar factors to reflect the differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The ECL for trade receivables from related parties is calculated individually assessing the expected credit risk because historically these amounts are recoverable and the credit risk is considered to be minimal.

Trade receivables have no significant element of financing. The Group's credit terms for sales are 30 days from receipt of the invoice.

The Group applies the simplified approach for trade receivables.

The Group has elected to use a provision matrix to calculate ECLs, which is based on:

- historical default rates over expected deadline for trade receivables;
- correction of assessment of future forecasts.

	2022	2021
Balance at 1 January in accordance with IFRS 9	(1,644)	(1,598)
Recalculated net impairment	(232)	(104)
Amounts written off	134	56
Other adjustments	1	2
Balance at 31 December in accordance with IFRS 9	(1,741)	(1,644)

Based on impairment analysis performed as at 31 December 2022 and 2021, the Group determined that there were no significant impairment losses, except for the accounted ones.

Loans granted

The Group uses individual assessment model to determine expected loss of loans granted. The Group uses internal credit rating categories which reflect credit risk on financial assets. Expected economic changes (country and sector risk) are included in the internal rating model. The Group's management reviews the main economic indicators of the markets in which the Group's debtors operate and determine any expected significant changes which could have an impact on the expected credit losses.

31. Financial instruments – fair values and risk management (cont'd)

If the management determines that there are no significant expected economic variables, the expected credit loss based on historic information are used. Following analysis, no significant expected credit losses were determined.

As at 31 December 2022 and 2021, there were no indications that the amounts receivable, the impairment for which was not accounted for, may not be recoverable.

Interest rate risk

The Group is exposed to the risk of changes in interest rate due to bank loans and other financial borrowings with variable interest rates. As at 31 December 2022, such liabilities of the Group amounted to EUR 81,873 thousand (31 December 2021 – EUR 59,534 thousand). In 2022 and 2021, the Group manages the risk by maintaining an appropriate balance of loans with fixed and variable interest rate.

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in interest rates (increase/decrease in basis points is determined based on economic conditions and the Group's experience), with all other variables held constant (through the impact on floating rate borrowings). There is no other impact on the Group's equity, other than the impact of income tax of the current year.

	<u>Increase / decrease, p.p.</u>	<u>Impact on the Group's profit before taxes</u>
2022	0.3	131
2021	0.3	128

Liquidity risk

The objective of short-term liquidity risk management is to control the day to day funds' requirement. Each Group entity independently plans its internal cash flows. The Group's short-term liquidity is controlled by daily assessments of the balances and requirement of cash and cash equivalents.

The risk of long-term liquidity is controlled by analysing the expected future cash flows taking into consideration possible financing sources. The ability to raise required funds and the impact of the investments carried out on the Group's liquidity are assessed before approval of the Group's new investment project.

Foreign exchange risk

Changes in currency exchange rates can have an impact on the Group's financial position due to its activities. During the reporting period the Group used foreign exchange swap transactions to manage foreign currency exchange risk.

The Group is exposed to foreign exchange risk when sales, purchases and borrowings are denominated in other currencies than the Euro.

The Group uses currency exchange swap transaction with credit institutions to manage the currency exchange risk.

31. Financial instruments – fair values and risk management (cont'd)

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in currency exchange rates due to changes in the value of monetary assets and liabilities, with all other variables held constant.

	Foreign exchange rate	Increase / decrease, %	Impact on the Group's profit before taxes
2022	EUR/BYN	+5%	(59)
	EUR/PLN	+5%	(41)
	EUR/RON	+5%	(14)
	EUR/USD	+5%	(1)
	EUR/BYN	+5%	208
	EUR/BYN	-5%	65
	EUR/PLN	-5%	45
	EUR/RON	-5%	16
	EUR/USD	-5%	1
	EUR/BYN	-5%	1
2021	EUR/BYN	+5%	208
	EUR/PLN	+5%	(3)
	EUR/CZK	+5%	(5)
	EUR/RON	+5%	(36)
	EUR/HUF	+5%	(2)
	EUR/BYN	-5%	(230)
	EUR/PLN	-5%	3
	EUR/CZK	-5%	5
	EUR/RON	-5%	39
	EUR/HUF	-5%	2

Capital management

The Group manages its capital to ensure that the capital is sufficient to guarantee the Group's activities. The management of entities controls that the entities are in compliance with capital requirements provided in legislation and loan agreements and provide information to the Group's management. There were no changes in the policies or processes of capital management in 2022 and 2021.

The Law on Companies of Republic of Lithuania requires for the equity of a separate company to comprise no less than 50% of its share capital. In 2022 and 2021, the equity of the Group was in compliance with the legal requirements.

32. Related party transactions

Salaries of the Group's key management personnel and related taxes:

	2022	2021
Employment-related amounts calculated for the year:		
Key remuneration and related taxes	2,215	1,965
Number of the management members	21	23

In 2021, the Group granted a loan of EUR 30 thousand to the Company's Director Erika Huhtala, interest: fixed margin, the loan matures until July 2024. During 2022, the management of the Group was not granted any loans, guarantees, there were no other paid or calculated amounts of disposals of assets.

During 2022 and 2021, the main transactions of the Group entities carried out with related entities were receipt of loans from related parties, issue of loans to related parties and supply of goods.

The related parties of the Group include:

- The ultimate beneficial owner (shareholder) is K. Martinkėnas.
- The ultimate parent company is MG NL Holding B.V.;
- Entities of the entities group – MG NL Holding B.V. group entities;
- Associated entities – the list of entities is provided in the part of general information in the explanatory notes;
- Other related parties – other entities controlled by MG NL Holding BV shareholder, his family members and management of the Group.

32. Related party transactions (cont'd)

The table below provides information on transactions with related entities during the period ended 31 December 2022:

Related party	Amounts and loans receivable	Amounts and loans payable	Sales of goods and services (including interest)	Purchases of goods and services (including interest)
Ultimate beneficial owner	-	6,107	-	359
Parent company	157	-	2	25
Entities of the entities group	44,769	58	2,041	46
Associated entities	7	-	6	-
Other related companies	37,987	18,025	37,785	17,268
Total	82,920	24,190	39,834	17,698

The table below provides information on transactions with related entities during the period ended 31 December 2021:

Related party	Amounts and loans receivable	Amounts and loans payable	Sales of goods and services (including interest)	Purchases of goods and services (including interest)
Ultimate beneficial owner	-	5,748	-	357
Parent company	110	44	1	32
Entities of the entities group	45,104	2,123	1,878	28
Associated entities	3	-	7	-
Other related companies	40,011	21,337	132,082	13,451
Total	85,228	29,252	133,968	13,868

33. Reclassifications

The Group has made the following reclassifications to the 2021 comparative figures in the consolidated statement of profit or loss and other comprehensive income to more accurately reflect operating expenses:

Item of the consolidated statement of profit or loss and other comprehensive income	2021 before reclassification	Reclassification	2021 after reclassification
Other activity expenses	(1,422)	587	(835)
Administrative expenses	(12,003)	(587)	(12,590)
Total	(13,425)	-	(13,425)

The Group has made the following reclassifications to the 2021 comparative figures in the consolidated statement of cash flows in order to more accurately reflect the amounts of lease payments, leaseback finance lease obligations and acquisitions of non-current tangible assets as well as inventories:

Item of the consolidated statement of cash flows	2021 before reclassification	Reclassification	2021 after reclassification
Increase (decrease) in inventories	32,417	(3,440)	28,977
Loss (profit) on disposal of property, plant and equipment, and intangible assets	297	(359)	(62)
Elimination of other non-monetary transactions	(630)	(234)	(864)
Acquisition of property, plant and equipment and intangible assets	(12,042)	(10,989)	(23,031)
Disposal of property, plant and equipment and intangible assets	16,852	(408)	16,444
Loans received	34,787	332	35,119
Lease payments	(29,488)	9,468	(20,020)
Other increase (decrease) in cash flows from financing activities	-	5,630	5 630
Total	42,193	-	42,193

34. War in Ukraine

Activity in Belarus

The Group conducts a part of its activities in the Belarus market, including sales of new cars, parts, warranties, and other services. As a result, the Group is affected by the economic situation in the Belarusian market. Following Russia's war against Ukraine in 2022 and Belarus' involvement into it, countries - including the United States of America, the United Kingdom, and European Union member states - imposed or expanded economic sanctions on legal and natural entities based in Belarus. The sanctions include asset freezes, payment system limitations, trade restrictions, and travel bans. The expansion of sanctions has had a detrimental effect on economic stability in Belarus, and this impact will probably persist in the future. It is related to increased volatility in stock markets, devaluation of the Belarusian rouble, reduced domestic and foreign direct investments, trade flow disruption with companies operating in Belarus, and a significant decline in loan possibilities.

In the spring of 2022, the Group has made and announced the strategic decision to exit the Belarusian market.

The Group is currently working to achieve this objective as soon as possible by fulfilling all outstanding obligations. A team comprising internal Group personnel and external consultants is consistently working towards the completion of this high-priority strategic project. Since no agreements were finalised for the disposal of the automotive business by 31 December 2022, the Group's assets and liabilities associated with the Belarus business were kept on a going concern basis.

Management does not expect that the situation described above will have a direct and material adverse effect on the Group's business, or its going concern, financial condition, or results of operations. However, the above events and market conditions indicate that the uncertainty will adversely affect other markets and the economic environment in which the Group operates. The Group's financial condition and results of operations will also be adversely affected in the medium and long term.

The consolidated balance sheet of the Group's companies operating in Belarus at the Group level as of 31 December 2022 is presented below:

	2022
Intangible non-current assets	81
Tangible non-current assets	183
Other non-current assets	47
Inventories	5,868
Amounts receivable within one year	345
Cash and cash equivalents	2,431
Deferred costs and accrued income	18
Provisions	60
Amounts payable within one year and other current liabilities	1,210

Revenue from the activity in Belarus (Note 22) for the year ended as at 31 December 2022 amounted to EUR 42,670 thousand (31 December 2022: EUR 50,186 thousand).

Activity in Ukraine

The Group did and does not conduct significant activity in Ukraine.

Activity in the Russian Federation

The Group did and does not conduct activity in the Russian Federation.

Investments in energy sector

The Group holds 15% of B class shares of Modus Energy International B.V. which fully grant a right to net profit (loss) of Modus Energy (Note 10). The Group has also granted a loan to Modus Energy International B.V. (Note 7).

Modus Energy International B.V. group

The management of Modus Energy International B.V. Group ("MEI Group") has decided to leave the Belarusian market. The MEI Group is working with all relevant parties to complete the exit as soon as possible. As of the beginning of 2022, the business in Belarus is no longer included in the MEI Group's revenue and operating profit. The Belarusian business is reported as discontinued operations in the MEI Group's consolidated financial statements. MEI expects to complete the sale of its Belarusian subsidiaries in 2023.

The MEI Group was profitable and cash flow positive in 2022. The Group's current assets also exceeded current liabilities. There is no indication that the financial position of the MEI Group will deteriorate significantly in the near future. Given the aforementioned points, it may be stated that there is no risk of loan unrecoverability due to the described events.

35. Subsequent events

On 25 January 2023, 100% of the shares of Axton Commodities UAB, a directly owned subsidiary, were sold.

During 2023, before the date of issue of these financial statements, the Group redeemed a portion of the VIVA bonds amounting to EUR 3,000 thousand (the balance of the VIVA bonds as at 31 December 2022 was EUR 5,000 thousand).

After the end of the financial year until the date of approval of these financial statements, no other subsequent events occurred, except for the ones described above, which would have a material effect on the financial statements or require additional disclosure.

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JOINT STOCK COMPANY MODUS GRUPĖ
CONFIRMATION OF THE RESPONSIBLE PERSONS

20 April 2023

Vilnius

The Company's Director and Finance Director are responsible for fairness and completeness of the annual consolidated financial statements of UAB Modus Grupė, company code 302719143, legal address Ozo St. 10A, Vilnius, the Republic of Lithuania, data is collected and stored at the Register of Legal Entities.

We, Erika Huhtala, Director of UAB Modus Grupė, and Mr. Mantas Piliponis, Group Senior Finance Controller, confirm that, to our knowledge, the consolidated financial statements for the year ended 31 December 2022 prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the Group's consolidated financial position, consolidated operating results and consolidated cash flows for the year then ended. We also confirm that, to our knowledge, the information on business development and overview of activities as well as other information, provided in the consolidated annual management report of UAB Modus Grupė for the year ended 31 December 2022, is correct.

UAB Modus Grupė
Director Erika Huhtala

UAB Modus Grupė
Group Senior Finance Controller Mantas Piliponis