FERN GROUP UAB

CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS PREPARED ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS, AS ADOPTED BY THE EUROPEAN UNION, PRESENTED TOGETHER WITH INDEPENDENT AUDITOR'S REPORT AND CONSOLIDATED ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (AUDITED)

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FERN GROUP UAB

Report on the Audit of the Company's and Consolidated Financial Statements

Opinion

We have audited the separate financial statement of the FERN Group UAB (hereinafter "the Company") and the consolidated financial statement of FERN Group UAB and its subsidiaries (hereinafter "the Group"), which comprise the consolidated and Company's statements of financial position as at 31 December 2023, and the consolidated and Company's statements of profit or loss and other comprehensive income, the consolidated and Company's statements of changes in equity and the consolidated and Company's statements of cash flows for the year then ended, and notes to the consolidated and Company's financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying Company's and consolidated financial statements present fairly, in all material respects, of the separate and consolidated financial position of the Company and the Group as at 31 December 2023, and their separate and consolidated financial performance and separate and consolidated cash flows for the year then ended in accordance with the 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 Financial Statements" section of our report.

We are independent of the Company's and the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (hereinafter "IESBA Code") together with the requirements of the Law on Audit of Financial Statements and Other Assurance Services of the Republic of Lithuania that are relevant to the audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements and Other Assurance Services of the Republic of Lithuania and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Other information consists of the information included in consolidated and the Company's Annual Report for 2023, other than the Company's and consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

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

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

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

- The information given in consolidated and the Company's Annual Report for the financial year for which the Company's and consolidated financial statements are prepared is consistent with the financial statements; and
- Consolidated and the Company's Annual Report was prepared in accordance with the requirements of the Law of the Republic of Lithuania on Consolidated Reporting by Groups of Undertakings..

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

Management is responsible for the preparation and fair presentation of the Company's and consolidated financial statements 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 the Company's and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Company's and consolidated financial statements, management is responsible for assessing the Company's and 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 Company and the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Company's and 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 and the Company's financial statements.

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

- Identify and assess the risks of material misstatement of the Company's and 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 Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and 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 and the Company's financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Company's and consolidated financial statements, including the disclosures, and whether the Company's and 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 company and the Group to express an opinion on the consolidated financial statements of the Company and the Group. 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.

Auditor
Arvydas Ziziliauskas
Auditor certificate No. 000467
Jonavos str. 60C, Kaunas
August 06, 2024

Grant Thornton Baltic UAB
Audit firm certificate No. 001513

*This is an unofficial translation into English of the Independent Auditors' report and Financial statements issued in Lithuanian language. The financial statements of FERN GROUP UAB originally issued in Lithuanian language have been audited.

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CONSOLIDATED AND THE COMPANY’S STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Group 2023	Group 2022	Company 2023	Company 2022
Revenue from contracts with customers	5	29,942,128	13,948,185	-	-
Cost of sales	6	(26,355,658)	(14,449,853)	-	-
Gross profit		**3,586,470**	**(501,668)**	**-**	**-**
Selling expenses			(2,600)		
General and administrative expenses	7	(3,412,268)	(1,648,658)	(33,914)	(5,366)
Impairment losses on financial assets		-	-	-	-
Other gains/(losses) – net	8	535,332	(119,126)	20	-
Operating profit/(loss)		**709,534**	**(2,272,052)**	**(33,894)**	**(5,366)**
Finance income	9	798	15,203	78,987	-
Finance costs	9	(1,235,667)	(308,031)	(86,574)	-
Finance (costs) – net		**(1,234,869)**	**(292,828)**	**(7,587)**	**-**
Profit/(loss) before income tax		**(525,335)**	**(2,564,880)**	**(41,481)**	**(5,366)**
Income tax	10	71,075	40,899	-	-
Profit/(loss) for the period		**(454,260)**	**(2,523,981)**	**(41,481)**	**(5,366)**
Other comprehensive income					
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods		-	-	-	-
--Revaluation of property, plant and equipment, net of tax		-	-	-	-
Total comprehensive income/(expenses) for the period		**(454,260)**	**(2,523,981)**	**(41,481)**	**(5,366)**
Net profit/(loss) attributable to:					
Shareholders of the Company		(404,933)	(2,223,007)	-	-
Non-controlling interest		(49,327)	(300,974)	-	-
Comprehensive income/(loss) attributable to:					
Shareholders of the Company					
Non-controlling interest					

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

The financial statements were approved and signed on the 6th of August 2024.

Nerijus Eidukevičius
Chief Executive Officer

Ieva Poderienė
Chief Financial Officer

CONSOLIDATED AND THE COMPANY'S STATEMENTS OF FINANCIAL POSITION

	Note	Group	Group	Company	Company
		On the 31st of December 2023	On the 31st of December 2022	On the 31st of December 2023	On the 31st of December 2022
ASSETS					
Non-current assets					
Tangible assets	12	5,013,984	4,007,683	-	-
Intangible assets	13	2,434,966	2,606,413	11,550	-
Right of use Assets under management	11	219,721	379,289	-	-
Other financial assets	14,26	1,294,174	321,102	5,069,565	3,778,000
Trade and other receivables		254,756	955,335	-	-
Deferred tax asset		326,645	267,825	-	-
		9,544,246	**8,537,647**	**5,081,115**	**3,778,000**
Current assets					
Inventories	15	680,489	1,390,736	-	-
Prepayments and deferred expenses	16	1,248,824	626,734	6,726	2,400
Trade and other receivables	17	7,131,289	9,092,331	2,499,762	-
Contract assets	17	655,317	1,180,143	-	-
Other financial assets	14,18,26	1,197,562	1,980,707	60,137	-
Cash and cash equivalents	18	306,824	59,342	27,386	7,308
		11,220,305	**14,329,993**	**2,594,011**	**9,708**
Total assets		**20,764,551**	**22,867,640**	**7,675,126**	**3,787,708**
EQUITY					
Capital and reserves					
Issued capital	20	3,793,000	3,793,000	3,793,000	3,793,000
Own shares (-)		-	-	-	-
Compulsory reserve		-	-	-	-
Reserve for acquiring own shares		-	-	-	-
Other reserves		1,022,284	-	-	-
Retained earnings/(losses)		(2,548,525)	(2,223,007)	(46,847)	(5,366)
Equity attributable to equity holders of the parent		**2,266,759**	**1,569,993**	**3,746,153**	**3,787,634**
Non-controlling interest		107,703	18,287		
Total equity		**2,374,462**	**1,588,280**	**3,746,153**	**3,787,634**
LIABILITIES					
Non-current liabilities					
Loans	22	4,000,000	7,423,904	-	-
Other payables	24	714,199	1,190,323	-	-
Provisions	25	1,136,116	1,136,116	-	-
Deferred income tax liabilities		114,537	-	-	-
Lease liabilities	11	160,820	258,051	-	-
		6,125,672	**10,008,394**	**-**	**-**
Current liabilities					
Loans	23	8,422,383	2,850,000	3,906,739	-
Other payables	24	476,124	476,124	-	-
Lease liabilities	11	66,787	182,861	-	-
Trade payables	23	1,497,816	4,902,169	15,434	21
Contract liabilities	23	-	1,122,288	-	-
Income tax payable		17,822	-	-	-
Employment-related liabilities	23	1,478,758	1,708,629	-	53
Other payables and liabilities	23	304,727	28,895	6,800	-
		12,264,417	**11,270,966**	**3,928,973**	**74**
Total liabilities		**18,390,089**	**21,279,360**	**3,928,973**	**74**
Total equity and liabilities		**20,764,551**	**22,867,640**	**7,675,126**	**3,787,708**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group	Issued capital	Own shares (-)	Legal reserve	Reserve for acquisition of own shares	Other reserves	Retained earnings/(losses)	Equity attributable to equity holders of the parent	Non-controlling interest	Total
Balance on the 31st of December 2021	**-**	**-**	**-**	**-**	**-**	-	-	-	-
Net result	-	-	-	-	-	(2,223,007)	(2,223,007)	(300,974)	(2,523,981)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income /(expenses) for the period	**-**	**-**	**-**	**-**	**-**	**(2,223,007)**	**(2,223,007)**	**(300,974)**	**(2,523,981)**
Increase in/(decrease of) issued capital	3,793,000	-	-	-	-	-	3,793,000	-	3,793,000
Reserves used	-	-	-	-	-	-	-	-	-
Buyback of own shares	-	-	-	-	-	-	-	-	-
Increase (decrease) in the non-controlling interest during the acquisition of shares	-	-	-	-	-	-	-	319,261	319,261
Balance on the 31st of December 2022	**3,793,000**	**-**	**-**	**-**	**-**	**(2,223,007)**	**(1,569,993)**	**18,287**	**1,588,280**
Net result	-	-	-	-	-	(404,933)	(404,933)	(49,327)	(454,260)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income /(expenses) for the period	**-**	**-**	**-**	**-**	**-**	**(404,933)**	**(404,933)**	**(49,327)**	**(454,260)**
Increase in/(decrease of) issued capital	-	-	-	-	-	-	-	-	-
Reserves established	-	-	-	-	1,101,699	-	1,101,699	138,743	1,240,442
Profit (loss) not recognised in the income statement	-	-	-	-	(79,415)	79,415	-	-	-
Buyback of own shares	-	-	-	-	-	-	-	-	-
Increase (decrease) in the non-controlling interest during the acquisition of shares	-	-	-	-	-	-	-	-	-
Balance on the 31st of December 2023	**3,793,000**	**-**	**-**	**-**	**1,022,284**	**(2,548,525)**	**(2,266,759)**	**(107,703)**	**2,374,462**

COMPANY'S STATEMENT OF CHANGES IN EQUITY

Company	Issued capital	Own shares (-)	Legal reserve	Reserve for acquisition of own shares	Other reserves	Retained earnings/ (deficit)	Total
Balance on the 31st of December 2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net result	**-**	**-**	**-**	**-**	**-**	(5,366)	(5,366)
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	-	-
Total comprehensive income /(expenses) for the period	**-**	**-**	**-**	**-**	**-**	**(5,366)**	**(5,366)**
Increase in issued capital	3,793,000	-	-	-	-	-	3,793,000
Reserves established	-	-	-	-	-	-	-
Buyback of own shares	-	-	-	-	-	-	-
Balance on the 31st of December 2022	**3,793,000**	**-**	**-**	**-**	**-**	**(5,366)**	**3,787,634**
Net result	**-**	**-**	**-**	**-**	**-**	(41,481)	(41,481)
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	-	-
Total comprehensive income /(expenses) for the period	**-**	**-**	**-**	**-**	**-**	**(41,481)**	**(41,481)**
Increase in issued capital	-	-	-	-	-	-	-
Reserves established	-	-	-	-	-	-	-
Buyback of own shares	-	-	-	-	-	-	-
Balance on the 31st of December 2023	**3,793,000**	**-**	**-**	**-**	**-**	**(46,847)**	**3,746,153**

CONSOLIDATED AND COMPANY'S STATEMENTS OF CASH FLOWS

	Note	Group 2023	Group 2022	Company 2023	Company 2022
Operating activities					
Profit/(loss) for the period		(454,260)	(2,523,981)	(41,481)	(5,366)
Eliminations:					
Income tax expenses/(losses) recognised in profit or loss		(71,075)	(40,899)	-	-
Depreciation and amortisation		741,262	264,715	-	-
Loss (gain) on sale and write-down of tangible fixed assets		-	83,926	-	-
Change in impairment of inventories		-	(101,450)	-	-
Change in provisions		114,537	-	-	-
Impairment of financial assets		-	199,556	-	-
Decrease (increase) in deferred income tax assets		(58,820)	-	-	-
Elimination of non-monetary items(+,-)		(228,769)	-	448,275	-
Finance costs		1,235,667	300,562	86,574	-
		1,278,542	**(1,817,570)**	**493,368**	**(5,366)**
Changes in working capital:					
Change in inventories		710,247	1,119,307	-	-
Change in prepayments and deferred expenses		(622,090)	(175,359)	(4,326)	(2,400)
Change in trade and other receivables		2,661,621	(2,185,290)	(2,499,762)	-
Change in contract assets		524,826	4,193,810	(1,351,702)	-
Change in other financial assets		-	(901,978)	-	-
Change in trade payables		(3,404,353)	(1,571,217)	15,413	21
Change in contract liabilities		(1,122,288)	228,044	6,800	-
Change in employment-related liabilities		(229,871)	(5,865)	(53)	53
Change in other amounts payables and liabilities		275,832	(13,480)	-	-
Increase (decrease) in income tax liabilities		17,822	-	-	-
Change in other payables		(476,124)	(739,792)	-	-
Cash flows from operating activities		**385,836**	**(1,869,391)**	**(3,340,262)**	**(7,692)**
Income tax paid				-	-
Net cash flows from operating activities		**385,836**	**(1,869,391)**	**(3,340,262)**	**(7,692)**
Investing activities					
Acquisition of tangible and intangible fixed asset		(187,625)	(21,161)	(11,550)	-
Disposal of tangible and intangible fixed assets			5,289	-	-
Acquisition of investments, net of cash acquired and minority interest				-	-
Proceeds from the sale of investments		254,757		-	-
Net cash flows used in investing activities		**67,132**	**(15,872)**	**(11,550)**	**-**

CONSOLIDATED AND COMPANY'S STATEMENTS OF CASH FLOWS

(continued)

	Note	Group 2023	Group 2022	Company 2023	Company 2022
Financing activities					
Increase in issued capital		-	15,000	-	15,000
Buyback of own shares		-	-		-
Obtaining loans		3,771,890	3,000,000	3,371,890	-
Loan repayments		(1,900,000)	(1,000,000)	-	-
Interest paid		(1,235,667)	(300,562)	-	-
Payments of lease liabilities		(70,037)	(55,738)	-	-
Other increase/(decrease) in cash flows from financing activities			-	-	-
Net cash flows from/used in financing activities		**566,186**	**1,658,700**	**3,371,890**	**15,000**
Net increase/(decrease) in cash flows		**247,482**	**(226,563)**	**20,078**	**7,308**
Cash and cash equivalents at the beginning of the period		**59,342**	**285,905**	**7,308**	**0**
Cash and cash equivalents at the end of the period		**306,824**	**59,342**	**27,386**	**7,308**

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

NOTES TO THE CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS

1. General information

FERN Group UAB (hereinafter the Company) is registered with the State Enterprise Centre of Registers of the Republic of Lithuania on the 5th of July 2022. In carrying out its activities, the Company is guided by the Constitution of the Republic of Lithuania, the Law on Joint-Stock Companies of the Republic of Lithuania and other legal acts in force in the Republic of Lithuania.

The Company is a legal entity with independent organisation of economic, financial, operational and legal activities. The Company is an equity company with its shareholder being INVL Baltic Sea Growth Fund, a closed-end private equity fund intended for professional investors. The Company's registration code is 306110392, VAT payer's code is LT100015604417, legal (registered) office at: Granito str. 3-101, LT-02241 Vilnius.

Main activity of FERN Group UAB (hereinafter "the Group") is development, manufacturing and installation of solutions in the areas of industrial construction, special installation works, technological equipment, pipework parts, tanks and reservoirs, pressurised vessels, and steel structures.

The Company's principal activities are administrative, office and other business support service activities, As well as the development and implementation of operational strategies, guidelines, policies for group of companies, coordination and control of the activities of group companies, their expansion and development.

On the 31st of December 2023, the Company's main shareholder was:

Name	Company code	Interest held as at 31 December 2023 (%)	Interest held as at 31 December 2022 (%)	Registered address
closed-ended type investment fund intended for professional investors INVL Baltic Sea Growth Fund	126263073	100	100	Gynėjų st. 14, 01109, Vilnius

The Group is comprised of the Company (parent company) and the company, as indicated below:

Subsidiary:

Name	Company code	Interest held as at 31 December 2023 (%)	Interest held as at 31 December 2022 (%)	Registered address
Montuotojas UAB	121520069	88.05%	88.05%	Granito str. 3-101, LT-02241 Vilnius
Fern EPC UAB	306209472	88.05%	-	Granito str. 3-101, LT-02241 Vilnius
Fern Production UAB	306208064	88.05%	-	Granito str. 3-101, LT-02241 Vilnius

On the 26th of May 2022 The General Meeting of Shareholders of UAB Montuotojas has decided to initiate a reorganisation by way of a division or a spin-off, whereby, following the reorganisation or spin-off, UAB Montuotojas will be divided into two or more legal entities, each of which will be entrusted with a part of the activities carried out by it. Pursuant to Article 71 of the Law on Joint Stock Companies, part of the assets, rights and obligations of UAB Montuotojas are separated and on the basis of these separated assets, rights and obligations, two new companies with the same legal form, UAB FERN EPC and UAB FERN PRODUCTION, are created and operate as independent legal entities. The legal separation took place on the 4th of January 2023.

Activities of newly established companies:

FERN EPC UAB - industrial construction, special installation works.

FERN PRODUCTION UAB - development and production of technological equipment, pipelines, tanks, pressure vessels, steel construction solutions.

UAB "Montuotojas" is a developer and installer of solutions for industrial construction, special assembly works, technological equipment, pipelines, tanks, pressure vessels, steel structures.

The Company's authorised capital on the 31st of December 2023 consisted of 3 793 000 ordinary registered shares. Each share has a nominal value of EUR 1.0. The Company's authorised capital on the 31st of December 2022 was EUR 3 793 000. The Company had no treasury shares.

On the 31st of December 2023, the actual number of the Group's and the Company's was 352 and 2 employees.

These financial statements comprise the consolidated financial statements of the Group and the separate financial statements of the Company.

The management of the Company has approved these financial statements on the12th of June 2024. The Company's shareholders have the statutory right to approve or disapprove these financial statements and to require management to prepare a new set of financial statements.

2. Accounting policies

The principal accounting policies applied in the preparation of the Group's and the Company's financial statements for the year ended 31 December 2023 (the "financial statements") are set out below:

2.1. Basis for reporting

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

The Group's and the Company's financial statements for the year ended of the 31st of December 2023 have been prepared on a going concern basis and under the historical cost convention, except for certain categories of property, plant and equipment stated at revalued amounts.

The presentation currency of the financial statements is the euro, which is a functional currency of the Group and the Company, unless otherwise specified. The Group's and the Company's financial statements include comparative figures of the previous reporting period.

The Group's and the Company's financial year coincides with a calendar year.

2.2. Going concern

The financial statements have been prepared based on the assumption that the Group and the Company will continue its activities in the foreseeable future.

2.3. Consolidated Financial Statements

The consolidated financial statements include the financial statements of the Company and its controlled entities (its subsidiaries). Control is obtained when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits. Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date of acquisition to the date of disposal. The total comprehensive income of the subsidiaries is attributable to the owners and non-controlling interests of the Company, even if the results of the non-controlling interests are negative. Where necessary, the financial statements of subsidiaries are adjusted to bring their accounting policies into line with those used by the Group. All intercompany transactions, balances, income and expenses between Group companies are eliminated on consolidation. FERN Group UAB controls investees of the Group when it has the ability or right to earn variable returns from its relationship with the investee and can affect those returns by exercising its power to govern the investee in accordance with IFRS 10 'Consolidated Financial Statements', the objective of which is to prescribe the principles governing the presentation and preparation of consolidated financial statements for entities that control one or more other entities.

2.4. Critical accounting estimates

The preparation of the financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Percentage recognition of income

Revenue from contracts in progress is recognised based on the percentage-of-completion method of estimating completion, which requires that the level of completion of contracts in progress can be measured reliably. To determine the level of contract completion, accurate, systematic cost calculations and estimates are made, and the amounts of revenue and costs are forecast and reported. The expected end result of each pending contract project is continuously monitored, deviations from budget are analysed and, if necessary, the estimated profit is adjusted.

Valuation of buildings stated at revalued amount

Useful lives of the Group's and the Company's property, plant and equipment and intangible assets are estimated once a year. Buildings are stated at revalued amount based on regular property valuations performed at least every five years to ensure that the carrying amount of buildings does not materially differ from their fair value at the reporting date. When preparing the financial statements the management referred to conclusions from consultations of the independent property valuers stating that on the 31st of December 2023 there were no internal or external indications with respect to the buildings recognised at revalued amount showing significant changes in their fair value.

Impairment of receivables and contract assets

Impairment losses are determined on the basis of management's estimates of the recoverability and recovery terms of these amounts in respect of amounts that will not be recovered in accordance with the original estimated terms. These estimates are made taking into account the financial difficulties of the debtor or group of debtors, the likelihood of bankruptcy or financial reorganisation of the debtor, and defaults or delays in payments or services.

Impairment of non-current assets

At each financial statement date, the Group and the Company review the residual values of property, plant and equipment, intangible assets and right-of-use assets to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company estimate the recoverable amount of those assets in order to assess impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the income-generating asset group to which the asset belongs is calculated. When a reliable and consistent basis of allocation can be established, the asset is allocated to the individual units of the income-producing asset; otherwise, the asset is allocated to smaller groups of units of the income-producing asset for which a reliable and consistent basis of allocation can be established.

Impairment tests are performed for intangible assets with indefinite useful lives, goodwill and intangible assets that are not yet ready for use at the date of each financial statements and when indicators of impairment exist.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the expected future net cash flows are discounted to their present value using a discount rate that takes into account current market conditions, the present time value of money and the risks associated with the asset that have not been taken into account in the assessment of the future net cash flows.

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

If an asset becomes impaired after the recognition of an impairment loss, the asset's (or CGU's) residual value is increased to the asset's newly estimated recoverable amount, but so that the increase does not exceed the asset's (or CGU's) residual value if the impairment loss would not have been recognised in the prior year. A reversal of an impairment loss is recognised immediately in profit or loss.

On the 31st of December 2023, there were no indications of impairment of tangible and intangible fixed assets.

Assessment of the term of lease contracts

The Group and the Company define the lease term as the irrevocable period that includes the periods covered by the option to extend the lease if it is reasonably certain that the option will be exercised or the periods covered by the option to terminate the lease if it is reasonably certain that the option will not be exercised. The Group and the Company have leases with renewal or termination options. The Group and the Company make a judgement in determining whether it is reasonably certain that the option to extend the lease will be exercised or the option to terminate the lease will not be exercised. It shall consider all relevant factors that create an economic incentive to exercise the option to extend the lease or not to exercise the option to terminate the lease. After the commencement date, the Group and the Company shall reassess whether it has reasonable certainty that it will exercise the option to extend the lease or not exercise the option to terminate the lease when a significant event or material change in circumstances (eg a major improvement to the leased asset or a major modification to the leased asset) occurs.

Lease – calculation of the incremental borrowing rate

The Group and the Company cannot readily determine the interest rate provided for in the lease agreements and therefore uses the imputed borrowing rate (IBR) to measure the lease liabilities. The APR is the interest rate that the Group and the Company would be required to pay to borrow, with similar security, for a similar period of time, the funds necessary to acquire an asset with a value similar to that of the freehold asset under similar economic conditions. The APR is the amount that the Group and the Company are 'expected to pay' and that must be calculated when observable interest rates are not available (for example, for subsidiaries that do not enter into financing transactions), or must be adjusted for lease terms. The Group and the Company calculate the APR using observable inputs (such as market interest rates) when they are available and when the Group and the Company are required to make entity-specific or party-specific judgements.

Provisions

The Group and the Company assess at each balance sheet date the amount of provisions for legal proceedings and for warranty obligations.

Future events may change the assumptions underlying these estimates. The result of such changes will be recorded in the financial statements when determined. At the date of these financial statements, there was no significant risk that the carrying amounts of assets and liabilities would have to be materially adjusted within the next financial year as a result of a change in management's assumptions and related estimates.

2.5. Application of new and revised International Financial Reporting Standards

During the reporting year, the Company adopted all new or revised standards and interpretations that are relevant to its operations and effective for reporting periods beginning after the 1st of January 2023.

Standards, amendments and interpretations effective on or after the 1st of January 2023

New standards, amendments and interpretations that are not effective for the period beginning on the 1st of January 2023 and that have not been previously adopted in the preparation of these financial statements are set out below:

Amendments to IFRS 17 and IFRS 4: Deferral of the effective date of IFRS 17 and IFRS 9 for insurers (published on the 25th of June 2020, valid from the 1st of January 2023).

The amendments to IFRS 17 shall be applied retrospectively for financial years beginning on or after the 1st of January 2023, although earlier application is permitted. The amendments are intended to assist entities in applying this standard. In particular, the amendments are designed to reduce costs by simplifying the application of some of the requirements of the standard, simplifying the interpretation of financial results and the transition to the application of the standard by delaying the effective date to 2023 and by providing an additional exemption that can be used for the first-time application of IFRS 17.

The amendments to IFRS 4 change the expiry date of the temporary exemption from IFRS 9 Financial Instruments in IFRS 4 Insurance Contracts, after which entities would be required to apply IFRS 9 in financial years beginning on or after the 1st of January 2023.

Management has assessed that the application of these amendments will have no impact on the Company's financial statements.

IFRS 17 Insurance Contracts (issued on the 18th of May 2017, effective from the 1st of January 2023).

The standard applies to annual periods beginning on or after the 1st of January 2021, although earlier application is permitted if IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments are also applied. At its March 2020 meeting, the Board decided to defer the effective date to 2023. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts entered into. It also requires similar principles to be applied to existing reinsurance contracts and investment contracts with discretionary participation features. The objective is to ensure that entities present relevant information in a way that gives a fair presentation of those transactions. On the basis of that information, users of financial statements can assess the impact of those transactions on the entity's financial position, financial performance and cash flows when applying IFRS 17.

This Standard will not affect the financial position or performance of the Company because the Company does not provide insurance services.

Amendments to IAS 12 Income Taxes - Deferred Tax on Assets and Liabilities Arising from a Single Transaction (issued on the 7th of May 2021, effective from the 1st of January 2023)

The amendments require entities to recognise deferred tax on transactions that create equal amounts of taxable and deductible temporary differences at the time of initial recognition. The amendments are effective for financial years beginning on or after the 1st of January 2023.

Amendments to IAS 1 Presentation of Financial Statements and IFRS 2 Statement of Practice Disclosure of Accounting Policies (Amendments) (issued on the 12th of February 2021, effective from the 1st of January 2023).

The amendments are effective for annual periods beginning on or after the 1st of January 2023. The Amendments provide guidance for making significant accounting policy disclosure decisions. It should be noted that the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. In addition, the Statement of Practice provides guidance and an example to support the application of the concept of materiality in the decision to disclose an accounting policy.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates (issued on the 12th of February 2021, effective from the 1st of January 2023)

The Amendments introduce a new definition of accounting estimates, which are defined as monetary amounts reported in the financial statements that are subject to measurement uncertainty. The Amendments also clarify which and how changes in accounting estimates differ from changes in accounting policies and corrections of errors. The amendments, which are effective for financial years beginning on or after the 1st of January 2023, apply to changes in accounting policies and accounting estimates that occur in that period or later.

Standards and amendments to standards approved but not yet in force and not yet applied in advance

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current (issued on the 23rd of January 2020, effective from the 1st of January 2024).

The amendments aim to promote consistent application of the requirements by helping companies to decide whether debts and other liabilities with an uncertain settlement date should be classified as current or non-current in the statement of financial position. The amendments affect the presentation of liabilities in the statement of financial position and do not change the existing requirements relating to the measurement or recognition of assets, liabilities, income or expenses and the information that entities disclose about those items. The amendments also clarify the requirement to classify debts when an entity may settle such debts using its own equity instruments. Management has not yet assessed the impact of applying these amendments.

Amendments to IAS 1 on non-current liabilities with additional requirements (issued on the 31st of October 2022, effective from the 1st of January 2024):

Changes in the requirements for classifying liabilities as current or non-current, and in the way in which the Company classifies debt and other financial liabilities as current or non-current, or in certain circumstances: only the additional requirements that the Company is required to comply with at or before the date of the financial statements have an impact on the classification of a liability as current or non-current. In addition, an entity shall disclose in the notes information that enables users of the financial statements to understand the risk that non-current liabilities with additional requirements may become repayable within twelve months. The amendments are effective for financial years beginning on or after the 1st of January 2024. The amendments shall be applied retrospectively in accordance with IAS 8; earlier application is also permitted. Management has not yet assessed the impact of applying these amendments.

Amendments to IFRS 16 Lease Obligations on Sale and Leaseback, as amended, which clarifies how a seller-lessee subsequently measures sale and leaseback transactions that meet the requirements of IFRS 15 to be accounted for as a sale (issued on the 22nd of September 2022, effective from the 1st of January 2024).

The amendment to IFRS 16 on sale and leaseback of a lease liability, which requires the seller-lessee to subsequently measure the lease liability arising from the leaseback so that it does not recognise any amount of gain or loss on its right-of-use remains. The new requirements do not preclude a vendor-lessee from recognising in profit or loss any gain or loss on the partial or complete termination of a lease. The amendments are effective for financial years beginning on or after the 1st of January 2024. Earlier application is also permitted. For sale and leaseback transactions entered into after the date of initial application, a seller-lessee shall apply the amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Management has not yet assessed the impact of applying these amendments.

Amendments to IAS 7 and IFRS 7 - Vendor Financing Arrangements (issued in May 2023, effective from the 1st of January 2024, possible early adoption):

Supplier financing arrangements supplement IAS 7 Statement of Cash Flows by requiring an entity to disclose additional information about supplier financing arrangements. The amendments also add supplier financing arrangements as a model liquidity risk disclosure requirement in IFRS 7 Financial Instruments: Disclosures. The EU has not yet endorsed these amendments. Management has not yet assessed the impact of applying these amendments.

Amendments to IAS 21 - Temporary non-interchangeability of currencies (issued in August 2023, effective from the 1st of January 2025, early adoption possible):

Cases where the exchange of one currency for another is temporarily not possible complements IAS 21 The Effects of Changes in Foreign Exchange Rates and requires an entity to use a consistent approach to assess whether a currency is exchangeable for another currency, and, when the exchange of one currency for another is temporarily not possible, to determine the exchange rate to be used and to disclose the information. The EU has not yet endorsed these amendments. Management has not yet assessed the impact of applying these amendments.

2.6. Foreign currency translation

Functional and presentation currency

All amounts in the Group's and the Company's financial statements are presented in the euros, which is the Group's and the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary balances of assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

2.7. Revenue and expense recognition

Revenue consists of the amounts invoiced for goods and services sold, excluding value added tax, less discounts.

Revenue from contracts in progress is recognised in the period in which services are rendered. The Group and the Company conclude fixed price contracts.

Revenue and expenses are recognised as revenue and expense, respectively, over the life of the contract. The Group and the Company use the percentage-of-completion method to determine the appropriate amount of revenue to recognise in the period. The level of contract completion is assessed by determining the proportion of the total estimated cost of each contract that is attributable to contract costs actually incurred up to the reporting date and by estimating deferred costs. The total estimated cost is reassessed when circumstances change and any increase or decrease in recognised revenue is accounted for in the period in which the Group and the Company become aware of the change in circumstances.

When it is probable that total estimated contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract costs are recognised as expenses in the period in which they are incurred.

The amount of revenue recognised for each contract is compared with the invoices submitted at the last day of the reporting period. If the amount of revenue recognised exceeds the amount of invoices presented, the difference is recorded as a contract asset. Where the amount of invoices submitted exceeds the amount of recognised revenue incurred, the difference is recorded as a contract liabilities.

Recognition of expenses. Expenses are recognised on an accruals and comparative basis in the period in which the related income is earned, irrespective of the timing of cash outflows. Where an expense incurred during the period cannot be directly attributed to the generation of specific revenue and will not generate revenue in future periods, the expense is recognised as an expense in the period in which it is incurred.

The amount of the cost is usually measured in terms of the amount of money paid or payable, excluding VAT. In cases where a long settlement period is foreseen and interest is not earned, the cost is estimated by discounting the settlement amount at the market interest rate.

Contract assets and contract liabilities

A contract asset is a right to consideration in exchange for goods or services that have been transferred to a customer, provided that the right to consideration is not dependent on the passage of time. If the Group and the Company execute a contract by transferring goods or services to the customer before the customer pays the consideration or before it becomes payable, a contract asset is recognised for the portion of the consideration earned that is contingent.

Contractual obligations are obligations to provide goods or services to a customer for which the Group and the Company have received consideration from the customer (or the amount becomes payable). If the customer pays the consideration before the Group and the Company transfers the goods or services to the customer, a contract liability is recognised when the payment is made or becomes payable, whichever is earlier. Contract liabilities are recognised as revenue when the Group and the Company settle the performance obligation under the contract.

The Group and the Company receive advances under construction contracts which are accounted for as contract liabilities. If a transfer and acceptance deed is signed for a contract in progress, but no sales invoice is issued, the amount of the proceeds is recorded as a contract asset.

2.8. Current and deferred income tax

The Group's and the Company's profits are taxed at a corporate income tax rate of 15% in accordance with the Law on Corporate Income Tax of the Republic of Lithuania. The tax expense recorded in these financial statements is based on management's calculations in accordance with the tax laws of the Republic of Lithuania.

Tax losses can be reversed indefinitely, except for losses arising from the disposal of securities and/or derivatives. Such carryforwards shall cease if the Group and the Company cease to carry on the activities giving rise to the losses, unless the Group and the Company cease to carry on the activities for reasons beyond their control. Losses on the disposal of securities and/or derivatives may be incurred for a period of 5 years and shall be recovered only from gains on transactions of the same nature. As of the 1st of January 2014, tax loss carry-forwards can be used to cover a maximum of 70% of current tax profits.

Deferred income tax is accounted for using the liability method for all temporary differences that arise between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The calculation of deferred income tax is based on the income tax rates (and laws) enacted or substantively enacted at the balance sheet date that are expected to apply to the realisation of deferred income tax assets or the settlement of deferred income tax liabilities.

Deferred income tax is provided at a tax rate of 15% on all temporary differences that will reverse.

The main temporary differences arise from differences in the tax and financial recognition of income and expenses related to construction contracts and accrued costs and provisions. Deferred income tax is calculated using tax rates enacted or substantively enacted at the balance sheet date.

Deferred income tax assets are recognised only when it is probable that future taxable profit will be available against which the temporary differences can be utilised. If it is probable that part of the deferred tax will not be realised, that part of the deferred tax is not recognised in the financial statements.

2.9. Leases – where the Group and the Company are lessees

The Group and the Company recognise a right-of-use asset and a corresponding lease liability at the commencement date of the lease, which is the date on which the Group and the Company are able to start using the leased asset. Assets held for use are initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for the remeasurement of the lease liability.

The lease liability is initially measured at the present value of the rentals outstanding at the commencement date, discounted at the interest rate provided for in the lease agreement or, if such interest rate is not readily determinable, at the rate of the borrowing charge. The Group and the Company normally use the imputed borrowing rate as the discount rate.

The lease liability is subsequently measured using the effective interest rate method. The lease term is an irrevocable term; periods subject to renewal and termination options (if any) are included in the lease term only if it is reasonably probable that the lease will be renewed or not terminated.

Subsequently, the lease liability is increased by the amount of interest paid on the lease liability and decreased by the amount of lease payments made. It is remeasured when there is a change in future lease payments due to a change in the index or interest rate, a change in the amounts payable under the guaranteed residual value (On the 31st of December 2023. there were no guaranteed residual values), the accounting valuation or, as the case may be, a change in the assessment of whether it is reasonably probable that a purchase or lease renewal option will be exercised or whether it is reasonably probable that a lease cancellation option will not be exercised (on the 31st of December 2023, there were no renewal options recorded for lease contracts due to uncertainty).

Assets held under right-of-use are measured at cost, which is the amount of the lease liability at the time of initial measurement. On the 31st of December 2023 The Group and the Company have not recognised any lease incentives, initial direct costs, renewal costs or other costs for leased assets.

The depreciation period for an asset held under a right-of-use basis is normally the shorter of the asset's useful life or the lease term. Depreciation is calculated using the straight-line method. On the 31st of December 2023 The straight-line method has been applied to the Group's and the Company's leasehold assets held under right-of-use.

The Group and the Company apply the recognition exemption to their current assets consisting of property, plant and equipment (i.e. leases with a term of less than 12 months at the commencement date that do not include an option to purchase the asset). It applies this exception to the recognition of leases of minority interests, which consist of office inventory and are considered to be of low value. Lease payments for short-term and minor lease assets are recognised as an expense on a straight-line basis over the lease term.

2.10. Intangible assets

Intangible assets expected to provide economic benefit to the Group and the Company in future periods are stated at acquisition cost less subsequent accumulated amortisation. Amortisation is calculated on the straight-line method over their estimated useful lives (3–10 years). Depreciation is started to be calculated when the asset is brought into operation, i.e. to the location and condition necessary for it be capable of operating in the manner intended by management.

Intangible assets (the trademark) acquired during business combinations initially are accounted for at fair value at the acquisition date (which is treated as its cost) and presented separately from goodwill in the financial statements. Subsequently, non-current intangible assets acquired during business combinations are stated at acquisition cost less accumulated amortisation and impairment on the same basis as separately acquired intangible assets. Such intangible assets are amortised over the period of 10 years.

Goodwill is determined as the excess of the consideration transferred, i.e. as the amount of ownership interest in any acquiree and the fair value of the acquirer's previously held ownership interest (if any), less the amounts of the identifiable assets acquired and liabilities assumed at the acquisition date. Goodwill is not amortised. The Group and the Company test goodwill for impairment annually.

2.11. Property, plant and equipment

Tangible fixed assets other than buildings, trucks and cars are carried at cost less accumulated depreciation and impairment losses.

Depreciation is calculated using the straight-line method over the estimated useful life of the asset.

Buildings, trucks and cars are carried at revalued amounts, being their fair value at the date of revaluation less accumulated depreciation and impairment losses. Revaluations are carried out to ensure that the carrying amount of buildings is not materially different from their fair value at the date of the financial statements. The fair value measurement of buildings is carried out by chartered independent valuers. The revaluation reserve for buildings is reduced each year by the amount of the difference between the depreciation calculated on the revalued carrying amount and the original cost of the buildings and is taken directly to retained profit or loss.

In the case of a revaluation where the estimated fair value of an asset is greater than its residual value, the residual value is increased to the fair value and the amount of the increase is credited as other comprehensive income to the revaluation reserve account for property, plant and equipment within equity. However, such a revaluation increase is recognised as income to the extent that it does not exceed the previous revaluation decrease recognised in profit or loss. Thereafter, depreciation until the next revaluation is calculated on the amount of depreciation equal to the revalued amount less the asset's residual value.

Accumulated depreciation at the revaluation date is eliminated from the gross carrying amount of the asset and the new value of the asset is the revalued amount. On disposal of the asset, or on the annual recognition of depreciation on the asset, any revaluation surplus relating to the depreciation or sale of the asset is transferred to the retained earnings balance.

Cost is the cost directly attributable to the acquisition of an asset. The cost of assets produced by the Group and the Company comprises the cost of raw materials, direct labour and other costs that are directly attributable to the production of the asset before it is brought into use, as well as the costs of dismantling and removing the asset and of tidying up the site of the asset.

The cost of replacing a component of plant and equipment is capitalised only if it is probable that economic benefits will flow from the component and the cost of the new component can be measured reliably. Costs associated with servicing plant and equipment are charged to profit or loss as incurred.

Depreciation is provided on a straight-line basis over the estimated useful lives of the individual components of property, plant and equipment. Assets acquired under a lease (finance lease) are depreciated over the shorter of the lease term or the estimated useful life, unless the transfer of ownership at the end of the lease term is reasonably assured.

The estimated useful lives of assets:

Buildings	15–60 years
Structures and equipment	5–60 years
Plant and machinery	3–20 years
Vehicles	4–10 years
Other PP&E	3–10 years

Depreciation methods, residual values and useful lives are reviewed at each reporting date.

Gains or losses on disposals are calculated by deducting the residual value from the disposal price and are recorded net in other income or expense. When a revalued asset is disposed of, the portion of the revaluation reserve attributable to that asset is transferred to retained earnings.

Construction in progress is reclassified to the appropriate property, plant and equipment group when it is completed and the asset is ready for its intended use.

2.12. Impairment of non-financial assets

Amortising and depreciable assets are tested for impairment when events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognised to the extent that the carrying amount of an asset exceeds its recoverable amount, which is determined as the higher of the asset's fair value less costs to sell and its value in use. The impairment calculation is based on the lowest value of the asset at which discrete cash flows (cash-generating units) can be identified.

2.13. Financial assets and financial liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement:

On initial recognition, financial assets are classified as subsequently measured at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss.

The designation of financial assets at initial recognition depends on the contractual cash flow characteristics of the financial assets and the Group's and Company's business model for managing financial assets. Except for trade receivables and contract assets, which do not have a significant financing component, the Group and the Company measure financial assets at fair value at initial recognition, plus transaction costs when the financial asset is not carried at fair value through profit or loss. Trade receivables and contract assets that do not include a significant financing component are measured using the transaction price as defined in IFRS 15.

For a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, the cash flows arising from the financial asset need to be limited to payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is known as the SPPI test and is performed for each financial instrument.

The Group's and Company's financial asset management model describes how the Group and Company manage their financial assets to generate cash flows. The business model determines whether the cash flows will be generated by collecting contractual cash flows, by selling those financial assets, or both.

A normal purchase or sale of a financial asset is recognised on the trade date, which is the date on which the Group and the Company commit to purchase or sell the financial asset.

Subsequent measurement

After initial recognition, the Group and the Company measure financial assets at:

(a) amortised cost (debt financial instruments);

(b) fair value through other comprehensive income when accumulated profit or loss is transferred to profit or loss on derecognition (debt financial instruments). On the 31st of December 2023, the Group and the Company had no such financial instruments;

(c) fair value through other comprehensive income when accumulated profit or loss is not transferred to profit or loss upon derecognition (equity instruments). On the 31st of December 2023, the Group and the Company had no such financial instruments;

(d) fair value through profit or loss. The Group and the Company had no such financial instruments.

Financial assets measured at amortised cost (debt financial instruments)

The Group and the Company measure financial assets at amortised cost provided that both of the following conditions are met:

i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost are subsequently recorded using the effective interest rate (EIR) method less impairment losses. Gains or losses are recognised in the statement of profit or loss and comprehensive income when the asset is derecognised, replaced or impaired.

The Group's and the Company's financial assets measured at amortised cost include trade receivables, other current and non-current receivables, loans granted and assets arising from contracts with customers (if any).

Impairment of financial assets

According to IFRS 9, the Group and the Company generally recognises expected credit losses (ECL) for all debt financial instruments that are not measured at fair value through profit or loss. ECL are based on the difference between the contractual cash flows receivable and cash flows expected to be received by the Group and the Company discounted at an approximate original effective interest rate. ECL are recognised in two stages. For credit exposures whose credit risk has not increased significantly since initial recognition, ECL are calculated for credit losses arising from default events that may occur within the next 12 months (12-month ECL). Credit exposures for which there has been a significant increase in credit risk since initial recognition, impairment is provided for the amount of credit losses expected to occur within the remaining life of the credit exposure, irrespective of the timing of default (lifetime ECL).

(a) Assessment of impairment of trade receivables

The Group and the Company use the simplified method for calculating ECL for trade receivables and assets arising from contracts with customers. Therefore, the Group and the Company do not observe changes in credit risk, but recognise impairment at each reporting date on the basis of lifetime ECL. The Group and the Company use a matrix of expected loss rates, which is based on the historical credit loss analysis and adjusted to reflect future factors specific to debtors and economic environment. The Group and the Company consider that the debtor failed to meet his/her obligations related to financial assets when contractual payments are past due or when indications exist that the debtor or a group of debtors is experiencing significant financial difficulty, defaults in interest or principal payments, the probability occurs that they will enter bankruptcy or reorganisation procedures and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group and the Company calculate impairment on an individual basis as well by assessing the state of debts separately for each debtor, particularly in respect of more significant debts.

Financial liabilities

Initial recognition and measurement:

On initial recognition, financial liabilities are classified as financial liabilities measured at fair value through profit or loss, borrowings and payables. All financial liabilities are initially recognised at fair value and, in case of borrowings and payables, net of directly attributable transaction costs. The Group's and the Company's financial liabilities include trade and other payables, borrowings, including overdrafts and finance lease liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and financial liabilities classified as measured at fair value through profit or loss on initial recognition. Financial liabilities are classified as held for trading if they are incurred with a repurchase purpose in the near future.

Loans received and other payables

After initial recognition, loans and other payables are carried at amortised cost using the effective interest rate method (EIR). Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are written off or amortised. Amortised cost is calculated by taking into account the discount or premium at acquisition, as well as any taxes or expenses that are an integral part of the EIR. The amortisation of EIRs is included as a financial expense in the statement of profit or loss and other comprehensive income.

Off-setting of financial instruments

Financial assets and financial liabilities are set off and the net amount is presented in the statement of financial position when there is an enforceable right to set off the recognised amounts and when there is intention to settle on a net basis, i.e. to realise the asset and settle the liability simultaneously.

Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised (i.e. it is derecognised from the statement of financial position of the Group or the Company) when:

(i) the contractual rights to receive cash flows from the financial asset have expired; or

(ii) the Group or the Company retain the right to receive cash flows from financial assets, however assume a liability to pay all cash flows received to the third party under the transfer agreement without a significant delay; or

(iii) the Group and the Company have transferred the contractual rights to receive cash flows from financial assets; and (a) the Group and the Company have transferred substantially all the risks and rewards of ownership of the transferred financial asset; or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but have transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is settled, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

Fair value measurement

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. A fair value measurement assumes 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.

The principal or the most advantageous market must be available to the Company.

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 economic best interest.

The fair value of financial assets and financial liabilities is based on quoted market prices, discounted cash flow models or option pricing models, depending on the circumstances.

The Group and the Company use valuation methodologies that are appropriate in the circumstances and for which there are sufficient observable inputs to determine fair value, using as much relevant observable inputs as possible and as little unobservable inputs as possible.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised according to the fair value hierarchy described below, which is based on the most significant inputs used to measure fair value:

Level 1 – quoted (unadjusted) prices in active markets for the same assets or liabilities;

Level 2 – valuation methodologies that observe, directly or indirectly in markets, the lowest level of inputs that are significant to the measurement of fair value;

Level 3 – valuation methodologies that do not observe the lowest level of inputs in the markets that are significant to the fair value measurement.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company reassess the allocation by deciding whether the amounts transferred have been between the levels of the hierarchy (based on the lowest level of inputs that are significant to the measurement of fair value overall) at the end of each reporting period.

The assessments are performed by management at each reporting date. For the purpose of fair value disclosures, the Group and the Company have identified classes of assets and liabilities based on the nature, characteristics and risks of the assets and liabilities and the level of the fair value hierarchy described above.

On the 31st of December 2023, the Group and the Company did not have any significant assets or liabilities measured at fair value on a recurring or nonrecurring basis.

Assets and liabilities whose fair value is disclosed in the financial statements comprise trade and other receivables, trade and other debts and loans received and granted. Management has estimated that the fair value of loans receivable and loans granted approximated their carrying amount at 31 December 2023 due to the fact that they bore interest at variable or fixed rates in line with market conditions, while the fair value of the other aforementioned financial assets and liabilities approximates their carrying amount mainly due to the short-term maturity of these instruments at 31 December 2023.

2.14. Inventories

Inventories in the Group and the Company include current assets that are used by the Group and the Company to generate revenue within one year or within one operating cycle of the Group and the Company and that are not related to the completion of long-term construction contracts Inventories are recognised at the lower of cost or net realisable value. Cost is calculated using the FIFO method. The cost of inventories comprises the purchase price and related taxes (which are not subsequently recoverable by the Group and the Company from tax authorities), transportation and other costs directly attributable to the acquisition of the inventories. Net realisable value is estimated at the selling price in the ordinary course of business, less variable selling costs. Inventories that can no longer be disposed of are written off.

2.15. Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank.

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in current bank accounts.

2.16. Short-term lease and lease of low-value assets

The Group and the Company apply the short-term lease recognition exemption (i.e. for leases expiring within 12 months of the commencement of the lease with no option to purchase). The recognition exception for leases that are considered to be of low value is also applied. Lease payments for short-term leases and leases of low-value assets are recognised as an expense on a pro rata basis over the lease term.

2.17. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year or less. If the payment period is longer, they are classified as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

2.18. Loans

Loans are initially recorded at fair value less transaction costs incurred. Subsequently, loans are carried at amortised cost; any difference between the proceeds received (net of transaction costs incurred) and the redemption value is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowing, using the imputed interest rate method.

2.19. Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.20. Provisions

Provisions for liabilities are recognised in the statement of financial position when it is probable that future expenditure will be required to settle the obligation as a result of past events and the amount of the obligation can be measured reliably. Provisions for liabilities are calculated by discounting the estimated future cash flows to their present value using a pre-tax discount rate that reflects realistic market assumptions about the time value of money and the risks associated with those liabilities.

Provisions for warranty repairs are recognised when the related construction services are sold, i.e. a provision of a collateral nature, as the Group and the Company do not provide additional guarantees to customers. The amount of the provision is based on historical warranty repair data and probabilities.

2.21. Employee benefits

Social security contributions

The Group and the Company pay social security contributions to the state Social Security Fund (the Fund) on behalf of their employees based on the defined contribution plan in accordance with the local legal requirements. A defined contribution is a plan under which the Group and the Company pay fixed contributions into the Fund and will have no legal or constructive obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior period. Social security contributions are recognised as an expense on an accrual basis and are included in employee costs. Each year social security contributions are allocated by the Fund for pension, health, sickness, maternity and unemployment payments.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Company recognise termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

Long-term employee benefits

Each employee leaving the Group and the Company at retirement age is entitled to a 2-month salary benefit in accordance with the laws of the Republic of Lithuania. The long-term employee benefit obligation is estimated at the reporting date based on the actuarial calculations and using the projected unit credit method.

Bonus plans

The Group and the Company recognise a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

2.22. Grants and subsidies

Grants and subsidies are recognised at fair value where there is sufficient evidence that the grant or subsidy will be received and the Group and the Company will comply with all conditions attached.

Government and the EU asset-related grants comprise grants received in the form of non-current assets or cash and intended for the acquisition of non-current assets. Grants are initially recorded at the fair value of the asset received and subsequently recognised in the statement of profit or loss and other comprehensive income by reducing the depreciation charge of the assets over the useful life of the underling non-current assets. Liabilities arising from asset-related grants are reported in 'Grants and subsidies' under non-current liabilities in the statement of financial position.

Government grants and EU grants received as a compensation for the expenses or unearned income of the current or previous reporting period, also all grants other than asset-related grants are considered as grants related to income. Income-related grants are recognised as used in parts to the extent of the expenses incurred during the reporting period or unearned income to be compensated by that grant. Income-related grants are recognised in the statement of profit or loss and other comprehensive income.

2.23. Issued capital

Ordinary registered shares are stated at nominal value. Consideration received for the shares sold in excess over their nominal value is shown as share premium. Incremental external costs directly attributable to the issue of new shares are accounted for as a deduction from share premium.

Own shares. Where the Group and the Company or their subsidiaries purchase the Group's and the Company's equity share capital, the consideration paid including any attributed incremental external costs is deducted from shareholders' equity as treasury shares until they are sold, reissued, or cancelled. No gain or loss is recognised in the statement of profit or loss on the sale, issuance, or cancellation of treasury shares.

2.24. Reserves

Other reserves are established based on the decision of annual general meeting of shareholders on profit to be appropriated. This reserve may be used only for the purposes approved by annual general meeting of shareholders.

A legal reserve is a compulsory reserve under the Lithuanian legislation. Annual transfers of 5% of net profit are required until the reserve reaches 10% of the share capital. The legal reserve cannot be used for the payment of dividends; however, it may be used to cover future losses.

Reserve for acquisition of own shares. This reserve is maintained as long as the Group and the Company are involved in acquisition/disposal of its treasury shares. This reserve is compulsory under the Lithuanian regulatory legislation and should not be lower than the acquisition cost of treasury shares acquired.

2.25. Related parties

Related parties are defined as shareholders, key management personnel, their close family members and companies that are directly or indirectly (through the intermediary) controlled by the Group and the Company or are under common control with another company of the Group. Such relation empowers one of the parties to exercise control or make significant influence over the other party in making financial and management decisions.

2.26. Contingent assets and liabilities

A contingent liability is not recognised in the financial statements. It is 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 of income or economic benefits is probable.

2.27. Events after the reporting period

All subsequent events after the end of the reporting period (adjusting events) are accounted for in the financial statements if they relate to the reporting period and have significant impact on the financial statements. All subsequent events that are significant but not adjusting events are disclosed in notes to the financial statements.

2.28. Intercompany offsetting

For the purpose of the financial statements, assets and liabilities, income and expenses are not offset, except when it such offsetting is allowed or required under the specific standard.

3. Financial risk management

In its activities, the Group and the Company are exposed to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk), credit risk, and liquidity risk. The Group's and the Company's risk management programme focuses on the unpredictability of financial markets and seeks to mitigate the potential adverse effects on the financial performance.

Risk management is carried out by the Group's and the Company's management. The Group and the Company do not use any derivatives to hedge financial risks, however, risks are managed through continuous market monitoring and the most appropriate solutions. Risk management includes actions aimed at mitigating foreign exchange risk, interest rate risk and credit risk.

3.1. Credit risk

Credit risk is a risk of counterparty defaulting on its obligations arising from financial instrument or a contract with a customer and incurring financial losses.

The Group and the Company do not have significant credit concentration risk related to receivable amounts, including the loans granted. The Group's and the Company's exposure to credit risk arises from operating activities (trade and other receivables) and from financing activities (loans granted, finance lease). The Group's and the Company's credit risk relating to cash balances is limited since the Group and the Company are dealing only with well-established financial institutions.

Credit risks or the risks of counterparties defaulting, are controlled by the application of credit terms and monitoring procedures. The risk arising from trade receivables is managed by monitoring settlement terms.

The primary objective of the Group's and the Company's treasury management is to ensure security of funds. Credit risk of a counterparty is managed by entering into transactions only with reliable financial institutions (or subsidiaries of such institutions) that have been awarded a long-term credit rating (in foreign currency) not lower than A- by Fitch Ratings (or an equivalent of other international credit rating agency).

(a) Maximum exposure to credit risk before collateral held and other credit enhancements (credit risk exposures relating to on-balance sheet assets net of provisions):

Company	**On the 31st of December 2023**	**On the 31st of December 2022**
Cash and cash equivalents	27,386	7,308
Trade and other receivables	2,499,762	-
Contract assets	-	-
	2,527,148	**7,308**

Group	**On the 31st of December 2023**	**On the 31st of December 2022**
Cash and cash equivalents	306,824	59,342
Trade and other receivables	7,386,045	10,047,666
Contract assets	655,317	1,180,143
	8,348,186	**11,287,151**

The Group and the Company do not classify receivables and other financial assets exposed to credit risk according to credit quality, because the Group's and the Company's clients are related to different industrial sectors.

Collaterals

For certain trade receivables, the Group and the Company obtain guarantees under which the Group and the Company can obtain payment from third parties in the event of default by the counterparty.

Impairment of financial assets

The Group and the Company use the simplified approach to estimate lifetime expected credit losses for all trade receivables and contract assets. For the purpose of estimating expected credit losses, trade receivables and contract assets are grouped by similar credit characteristics and by number of days past due. Contract assets relate to recognised revenue that has not yet been invoiced and therefore contract assets are considered to have substantially the same risk characteristics as trade receivables under the same contracts. Therefore, the Group and the Company consider that the expected credit loss on trade receivables is similar to the expected credit loss on contract assets. The expected credit loss is calculated on the basis of the last few years of payment history. The historical percentage of impairment loss is adjusted to take into account current and future macroeconomic indicators that affect the ability of customers to meet their obligations. The Group and the Company also take into account payments received after the balance sheet date in estimating the expected credit loss. For individually significant customers, management makes an individual assessment of the expected credit loss taking into account the credit history of the customer, future factors and subjective risk factors associated with the borrower.

Information on the Company's trade receivables and contract assets is presented in the table below:

	On the 31st of December 2023	**On the 31st of December 2022**
Receivables not past due	78,987	-
Receivables past due	2,420,775	-
Past due up to 62 days	*2,420,775*	-
Past due from 63 to 92 days	-	-
Past due from 93 to 360 days	-	-
Past due more than 361 days	-	-
Contract assets	-	-
Total	2,499,762	-
Expected credit loss allowance	-	-

Information on the Group's trade receivables and contract assets is presented in the table below:

	On the 31st of December 2023	**On the 31st of December 2022**
Receivables not past due	1,398,908	6,645,767
Receivables past due	7,313,220	5,121,125
Past due up to 62 days	*3,462,553*	*2,505,968*
Past due from 63 to 92 days	*576,783*	*0*
Past due from 93 to 360 days	-	*86,335*
Past due more than 361 days	*3,273,884*	*2,528,821*
Contract assets	655,317	1,180,143
Total	9,367,445	12,947,035
Expected credit loss allowance	(1,326,083)	(1,389,377)

(b) Cash and cash equivalents

The credit risk relating to bank balances is not significant as the Group and the Company conduct transactions with banks that have high credit ratings assigned by the international credit rating agencies. On the 31st of December 2023, Swedbank AB was assigned the following credit ratings: Fitch AA-, Moody's Aa2, S&P AA. There is no risk of loss or depreciation of cash on the 31st of December 2023.

3.2. Market risk

Market risk is a risk of fluctuations in the fair value of financial instruments or future cash flows as a result of changes in market prices. There are two types of market risk – foreign exchange risk and interest rate risk.

3.2.1 Foreign exchange risk

Foreign exchange risk is a risk of fluctuations in the position or future cash flows as a result of changes in exchange rates.

The Group and the Company conduct transactions of sale and purchases in the euros, and accordingly, the overall Group's and Company's risk remains low.

3.2.2 Interest rate risk

Interest rate risk is a risk of fluctuations in the fair value of financial instruments or future cash flows as a result of changes in market interest rates.

Some of the Group's and the Company's financial assets and financial liabilities bear a variable interest rate linked with EURIBOR and expose the Group and the Company to the interest rate risk.

On the 31st of December 2023, the Group and the Company had no financial instruments designated to hedge against the interest rate risk.

The following table demonstrates the sensitivity of the Group's and the Company's pre-tax profit to a reasonably possible shift in interest rate with all other variables held constant (for assets and liabilities with a variable interest rate). There is no impact on the Group's and the Company's equity, than the impact of the current year's profit.

	Increase/decrease, percentage points	Impact on profit before tax
2023	+0.5%	842
	-0.5%	(842)

3.3. Liquidity risk

The Group's and the Company's policy is to maintain an adequate amount of cash and cash equivalents or to ensure funding through available credit lines in order to be able to settle the liabilities set forth in the strategic plans. The Group's and the Company's current liquidity (total current assets / total current payables and current liabilities) and quick ratios ((total current assets – inventories) / total current payables and current liabilities) on the 31st of December 2023 were 0.91 and 0.86, respectively.

The current level of debt allows the Company to optimise its capital structure by financing its operations through long-term borrowing solutions – long-term loans or bond transfer agreements.

Having assessed positive cash flows from operating activities in the upcoming years and possibilities to extend the settlement of current payables, the Group's and the Company's management believes that the Group and the Company will be able to continue on a going concern basis in 2023 and the years beyond.

Undiscounted cash flows from financial liabilities

The table below analyses the Company's expected undiscounted cash flows from liabilities at their nominal values plus future finance charges.

On the 31st of December 2023 Liabilities	Up to 6 months	Between 6 and 12 months	Between 1 and 5 years	After 5 years	Total
Loans	-	3,906,739	-	-	3,906,739
Trade payables	15,434	-	-	-	15,434
Total liabilities	15,434	3,906,739	-	-	3,922,173

The table below analyses the Group's expected undiscounted cash flows from liabilities at their nominal values plus future finance charges.

On the 31st of December 2023 Liabilities	Up to 6 months	Between 6 and 12 months	Between 1 and 5 years	After 5 years	Total
Bonds*	-	2,600,000	4,000,000	-	6,600,000
Loans	-	5,822,383	-	-	5,822,383
Lease liabilities	33,393	33,394	160,820	-	227,607
Trade payables	1,497,816	-	-	-	1,497,816
Total liabilities	1,531,209	8,455,776	4,160,821	-	14,147,806

* Under the pledge/mortgage agreement, UAB Montuotojas has pledged to the creditor, Komanditine ūkine bendrija "Pagalbos verslui fondas“:, all its present and future fixed and current assets for the issue of the bonds, including, but not limited to, all of the following, movable and immovable property, property rights, funds and other assets other than fixed and current assets, movable and immovable property, property rights, funds and other assets which are or will be pledged to the Creditor pursuant to separate pledge/mortgage agreements. By agreement of the Parties, the total value of the mortgaged objects is EUR 14,398,000.00.

3.4. Capital risk management

Management uses equity reported in the statement of financial position for capital risk management purposes.

The Group's and the Company's key objectives when managing capital are to ensure their ability to continue on a going concern basis, return on investments for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

Pursuant to the Lithuanian Law on Companies, the Group's and the Company's issued capital must not be lower than EUR 25 thousand, and equity must not be lower than 50% of the Group's and the Company's issued capital.

The Group and the Company establish their capital structure by considering the internal factors of its operating activities, planned investments and development, and by taking into account the Group's and the Company's business strategies, external significant existing or expected factors affecting the market, regulatory and economic environment.

4. Assessment of the impact of Russia's invasion of Ukraine on the Group's and the Company's financial statements

The Group and the Company have assessed the operational and, to the extent practicable, the likely impact of the Russian invasion of Ukraine on the Company's financial position, results of operations, cash flows and the material risks and uncertainties that are relevant to the Company. As the Group and the Company do not have any material transactions in the affected markets and do not have any subsidiaries in the affected markets, the management of the Group and the Company has stated:

(a) no adjustments should be made in the measurement of expected credit losses as the Group and the Company have no balances with affected markets;

(b) no adjustments should be made to the carrying amounts of assets or liabilities;

(c) the situation does not affect the going concern status of the Group and the Company;

(d) general potential influences related to the Group's and the Company's activities include increases in electricity and gas prices, potential disruptions in supply chains, as well as increased inflation and rising prices of other raw materials.

As noted above, there was no material impact of the Russian invasion of Ukraine on the financial statements of the Group and the Company. However, it should be noted that due to the continuing uncertainty, the ultimate impact of the Russian invasion of Ukraine on the Group's and the Company's operations is subject to ongoing assessment.

5. Revenue from contracts with customers

Information relating to each disclosed segment is presented below. Segment sales revenue is used to measure segment performance. Segment information is prepared in accordance with the same accounting principles as those used in the Group's and Company's statements of operations.

During 2022 and 2023, the Company did not earn any revenue from contracts with customers.

Breakdown of the Group's revenue by type:

	2023	2022
Revenue from installation projects	25,667,122	5,644,287
Revenue from manufacturing projects	1,703,307	5,772,316
Revenue from thermal route projects	490	1,141,076
Other revenue from operating activities	293,161	351,308
Revenue under contracts in progress	2,278,048	1,039,198
Total	**29,942,128**	**13,948,185**

All revenue of the Group and the Company is recognised over time.

6. Cost of sales

The Company did not incur any cost of sales expenses during 2022 and 2023.

The Group's cost of sale on the 31st of December 2023 was as follows:

	2023	2022
Construction subcontractors	3,321,652	2,436,486
Raw materials and consumables	9,096,040	4,264,722
Wages and salaries and related taxes	8,002,013	2,246,747
Staff leasing	3,553,653	2,174,826
Depreciation	-	51,144
Transportation expenses	812,093	111,678
Accommodation expenses	-	334,915
Premises and grounds maintenance costs	128,173	-
Expenses for the lease of equipment and machinery	786,419	609,267
Utility expenses	251,917	324,293
Tools expenses	212,735	62,187
Inventory allowances	-	(101,450)
Other expenses	190,963	1,935,038
Total	**26,355,658**	**14,449,853**

7. General and administrative expenses

The Company's general and administrative expenses include:

	2023	2022
Wages and salaries and related taxes	508	239
Programme expenses	14,280	2,686
Consulting services	17,844	2,420
Other	1,282	21
Total	**33,914**	**5,366**

The Group's general and administrative expenses include:

	2023	2022
Wages and salaries and related taxes	1,522,444	836,283
Fuel and car maintenance expenses	113,236	58,307
Insurance expenses	1,424	5,203
Tax expenses	69,846	73,189
Utility expenses	-	16,451
Repair expenses	-	2,103
Consulting services	329,999	23,680
Lease expenses	74,825	53,165
Depreciation expenses	690,540	213,571
Amortisation expenses	183,000	76,250
Programme maintenance expenses	201,425	48,119
Facilities and grounds maintenance costs	158,856	-
Telecommunications	22,651	3,168
Training costs	-	5,300
Reversal of impairment of receivables	(63,293)	(5,280)
Other	107,315	239,149
Total	**3,412,268**	**1,648,658**

8. Other gains/(losses) – net

In 2023, the Company generated €20 in other operating profit.

Group Other gains (losses), net:

	2023	2022
Gain (loss) on disposal of property, plant and equipment	-	3,478
Other income	535,332	(122,604)
Other gains/(losses) – net	**535,332**	**(119,126)**

9. Results of financing activities

During 2023, the Company incurred financial operating expenses of EUR 86,574 and generated income of EUR 78,987.

The Group's financial operating expenses were:

	2023	2022
Interest on late payment and interest income	798	15,203
Total finance income	**798**	**15,203**
Interest expenses	(1,161,051)	(300,562)
Interest on operating lease	(9,643)	(6,243)
Other finance costs	(64,973)	(1,226)
Total finance costs	**(1,235,667)**	**(308,031)**
Finance gains/(losses) – net	**(1,234,869)**	**(292,828)**

10. Income tax

The Company has no income tax during 2023.

The Group's income tax expenses consisted of current year income tax and deferred tax for the reporting period.

	2023	2022
Current year income tax (expenses)	-	-
Change in deferred income tax	71,075	40,899
Total	**71,075**	**40,899**

According to the Law on Corporate Income Tax, taxable profit for 2023 was subject to income tax at a rate of 15%.

Income tax calculated on the Group's profit before tax differs from the final amount that would arise using the tax rate applicable to profit of the Company:

	2023	2022
Profit/(loss) before income tax	**(525,335)**	**(2,559,514)**
Income tax expenses/(benefit) at tax rate of 15%	(78,800)	(383,927)
Non-deductible expenses	8,047	408,211
Non-taxable income	(322)	(65,183)
Deductible amount of sponsorship	-	-
Income tax expenses/(benefit)	**(71,075)**	**(40,899)**

Deferred tax is calculated on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts reported in the financial statements. The calculation of deferred income tax is presented in the table below:

	2023	2022
Provisions	170,417	170,417
Write-downs of inventories to net realisable value	5,436	19,729
Impairment of trade receivables	208,407	208,407
Vacation reserve	114,499	131,691
Revaluation of non-current assets	(140,897)	(91,868)
Trademark	(149,407)	(176,572)
Other	3,653	6,021
Deferred tax asset/(liability) at the end of the period	**212,108**	**267,825**
Deferred tax asset/(liability) at the beginning of the period	267,825	226,926
Change in deferred tax:		
Takeover on business combination	-	-
Recognised in the statement of profit or loss and other comprehensive income	71,075	40,889
Recognised in the statement of changes in equity	-	-
Total movement in deferred tax during the period	**71,075**	**40,889**

11. Right-of-use assets and lease liabilities

The Company has not entered into agreements for lease.

The Group has entered into agreements for the lease of premises and vehicles. The terms and conditions of the lease do not provide for any restrictive covenants on the Group's activities in relation to dividends, additional borrowings or additional long-term lease.

The carrying amount of recognised assets held for the Group's use and their movements during the period:

	Buildings	Vehicles	Tools and other assets	Total
On the 31st of December 2021	**94,112**	**528,172**	**-**	**622,285**
(separate UAB „Montuotojas")				
Additions/disposals	**-**	**-**	**-**	**-**
Adjustments	-	(87,173)	-	(87,173)
Depreciation	(36,274)	(119,549)	-	(155,823)
On the 31st of December 2022 (Group)	**57,839**	**321,450**	**-**	**379,289**
Additions/disposals	-	-	-	-
Adjustments	-	-	-	-
Depreciation	(40,949)	(118,619)	-	(159,568)
On the 31st of December 2023 (Group)	**16,890**	**202,831**	**-**	**219,721**

The carrying amount of lease liabilities and movements during the period:

	Buildings	Vehicles	Tools and other assets	Total
On the 31st of December 2021	**99,897**	**537,812**	**-**	**637,709**
(separate UAB „Montuotojas")				
Additions/disposals	-	-	-	-
Adjustments	-	(42,850)	-	(42,850)
Interest charged	2,355	10,911	-	13,266
Lease payments	(40,983)	(126,230)	-	(167,213)
On the 31st of December 2022 (Group)	**61,269**	**379,643**	**-**	**440,912**
Additions/disposals	-	-	-	-
Adjustments	-	(44,463)	-	(44,463)
Interest charged	1,667	7,856	-	9,523
Lease payments	(39,947)	(138,418)	-	(178,365)
On the 31st of December 2023 (Group)	**22,989**	**204,618**	**-**	**227,607**

In the statement of financial position, lease liabilities are recognised together with finance lease liabilities.

The following amounts are recognised in the statement of profit or loss and other comprehensive income:

	2023	2022
Depreciation expense on assets held under usufruct (included in general operating expenses)	159,568	155,823
Interest expense on lease liabilities (included in finance costs)	9,523	15,704
With the lease of inferior assets or short-term leases		
Costs (included in general operating expenses)	178,365	27,450
Total recognised in profit or loss and other comprehensive income	**347,456**	**198,977**

12. Property, plant and equipment

The Group's tangible fixed assets on December 2023 were:

	Buildings and structures	Plant and machinery	Vehicles	Tools and other assets	Loaders	Cars	Total
Acquisition cost/revalued amount: *(separate UAB „Montuotojas")*							
Balance on the 31st of December 2021	**4,735,450**	**4,863,955**	**781,881**	**423,708**	**-**		**10,804,994**
Additions	-	177,181	-	90,814	-		267,995
Disposals and write-offs	-	(95,071)	(69,106)	(134,793)	-		(298,970)
Reclassified from/to +/-	-	-	-		-		
Balance as at 31 December 2022 (Group)	**4,735,450**	**4,946,065**	**712,775**	**379,729**	**-**		**10,774,019**
Additions	-	144,009	-	32,066	-	-	176,075
Disposals and write-offs	-	(153,281)	(147,187)	(26,908)	-	-	(327,376)
Reclassified from/to +/-	-	(118,287)	(525,343)	-	142,137	501,493	-
Balance as at 31 December 2023 (Group)	**4,735,450**	**4,818,506**	**40,245**	**384,887**	**142,137**	**501,493**	**10,622,718**
Depreciation: *(separate UAB „Montuotojas")*							
Balance on the 31st of December 2021	**1,442,529**	**4,259,799**	**579,185**	**269,357**	**-**		**6,550,870**
Depreciation charge for the year	126,965	218,256	72,174	75,066	-		492,461
Depreciation of assets written off and disposed	-	(85,630)	(60,352)	(131,013)	-		(276,995)
Balance on the 31st of December 2022 (Group)	**1,569,494**	**4,392,425**	**591,007**	**213,410**	**-**		**6,766,336**
Depreciation per year	126,966	187,825	5,114	70,785	120,298	47,274	558,262
Depreciation of assets written off and disposed	-	(150,757)	(91,451)	(19,961)	-		(262,169)
Reclassified from/to +/-	-	(118,285)	(475,422)	-	142,135	451,572	-
Balance on the 31st of December 2023 (Group)	**1,696,460**	**4,311,208**	**29,248**	**264,234**	**262,433**	**498,846**	**7,062,429**
Impairment/recovery:							
Revaluation of PPE (-/+)	-	-	-	-	1,092,300	361,395	1,453,695
Balance on the 31st of December 2023	**-**	**-**	**-**	**-**	**1,092,300**	**361,395**	**1,453,695**
Residual value:							
Balance on the 31st of December 2021	**3,292,920**	**604,155**	**202,696**	**154,351**	**-**	**-**	**4,254,122**
Balance on the 31st of December 2022	**3,165,956**	**553,640**	**121,768**	**166,319**	**-**	**-**	**4,007,683**
Balance on the 31st of December 2023	**3,038,990**	**507,298**	**10,997**	**120,653**	**972,004**	**364,042**	**5,013,984**

The Company had no tangible fixed assets on the 31st of December 2023.

On June 2023, a valuation of the assets - mobile cranes - was carried out. The assets were valued and the valuation report was prepared by "Nepriklausomu vertintoju biuras" UAB, company no. 223472460, registered office at Visoriu str. 2-216, Vilnius.

On the basis of the valuation report, an increase in the value of a separate group of the Company's assets has been recorded in the accounts on the 30th of June 2023, separating the revalued loaders from plant and equipment and cars from vehicles.

On the 31st of December 2023 The Company's assets have been pledged as collateral for debt obligations under mortgage/pledge agreements.

Depreciated tangible fixed assets used by the Group:

Acquisition cost	**As at 31 December 2023**	**As at 31 December 2022**
Buildings, structures	8,689	45,195
Plant and machinery	1,582,336	193,677
Motor vehicles, other fixtures, fittings, tools and equipment	193,492	468,101
Loaders	16,468	-
Total property, plant and equipment	**1,800,985**	**706,973**

13. Intangible fixed assets

The Group's intangible fixed assets as at December 2023 included:

	Computer software	Trademark	Goodwill	Total
Acquisition value:				
Balance on the 31st of December 2021	**10,505**	**1,811,000**		**1,821,505**
Acquisitions in business combinations	-	**-**	1,425,624	**1,425,624**
Assets written off	(4,805)	**-**	**-**	**(4,805)**
Balance on the 31st of December 2022	**5,700**	**1,811,000**	**1,425,624**	**3,242,324**
Acquisitions	11,550	-	-	**11,550**
Disposals and write-offs	-	-	-	-
Impairment	-	-	-	**-**
Balance on the 31st of December 2023	**17,250**	**1,811,000**	**1,425,624**	**3,253,874**
Amortisation:				
Balance on the 31st of December 2021	**4,963**	**452,750**		**457,713**
Amortisation over the year	1,903	181,100	-	183,003
Amortisation of assets written off	(4,805)	-	-	(4,805)
Balance on the 31st of December 2022	**2,061**	**633,850**		**635,911**
Amortisation over the year	1,897	181,100	-	182,997
Amortisation of assets written off	-	**-**	**-**	-
Balance on the 31st of December 2023	**3,958**	**814,950**	**-**	**818,908**
Residual value:				
On the 31st of December 2021	**5,542**	**1,358,250**	**-**	**1,363,792**
On the 31st of December 2022	**3,639**	**1,177,150**	**1,425,624**	**2,606,413**
On the 31st of December 2023	**13,292**	**996,050**	**1,425,624**	**2,434,966**

The Company's intangible fixed assets as at December 2023 included:

	Computer software	Total
Acquisition value:		
Balance on the 31st of December 2022	**-**	**-**
Acquisitions	11,550	11,550
Disposals and write-offs	-	-
Impairment	-	-
Balance on the 31st of December 2023	**11,550**	**11,550**
Amortisation:		
Balance on the 31st of December 2022	**-**	**-**
Amortisation over the year	-	-
Amortisation of assets written off	-	-
Balance on the 31st of December 2023	**-**	**-**
Residual value:		
On the 31st of December 2022	**-**	**-**
On the 31st of December 2023	**11,550**	**11,550**

Intangible assets fully amortised but still in use on the 31st of December 2023 The Group did not have any.

On August 2022, in accordance with the decision of the sole shareholder, the Company's share capital increase was paid for by a non-cash contribution in the form of shares in UAB Montuotojas, with a value of EUR 3,778 thousand. As a result, the market value of the cost of these shares at the date of acquisition of the business was determined and intangible assets goodwill of EUR 1,426 thousand was recognised.

No impairment of this goodwill was identified at the time of preparation of the Group's financial statements, based on the analysis performed and market value calculations using the income approach.

14. Other financial assets

On the 31st of December 2023 The Company's financial assets consist of shares in other companies and cash deposited under guarantees.

Name of securities	On the 31st of December 2023	On the 31st of December 2022
Shares in other companies	3,778,000	3,778,000
Money deposited under guarantees	1,351,702	-
Total:	**5,129,702**	**3,778,000**

On the 31st of December 2023 The Group's financial assets consist of shares issued by other companies.

Name of securities	On the 31st of December 2023	On the 31st of December 2022
Shares in Rafako SA	-	318, 493
Shares in other companies	2,609	2,609
Money deposited under guarantees	2,489,127	1,980,707
Total	**2,491,736**	**2,301,809**

On February 2023, a sale of the financial asset RAFAKO S.A. shares took place.

15. Inventories

The Company had no inventories on the 31st of December 2023. The Group's inventories consisted of:

	On the 31st of December 2023	On the 31st of December 2022
Raw materials, fuel and low-value assets	683,712	1,490,217
Unfinished goods	-	-
Other inventories	33,016	32,044
Write-down to net realisable value	(36,239)	(131,525)
Total inventories	**680,489**	**1,390,736**

16. Prepayments and deferred expenses

The Company's prepayments and deferred expenses amounted to EUR 6,726.
On the 31st of December 2023 The Group's prepayments and deferred charges comprised:

	On the 31st of December 2023	On the 31st of December 2023
Prepayments	1,130,315	559,551
Deferred expenses	118,509	67,183
Less: impairment	-	-
Total prepayments	**1,248,824**	**626,734**

17. Trade and other receivables, contract assets

The Company's trade and other receivables amounted to EUR 2,499,762 (the value of debts due from associates).
On the 31st of December 2023. The Group's trade, other receivables and contract assets consisted of:

	On the 31st of December 2023	On the 31st of December 2022
Trade receivables (non-current)	254,756	955,335
Impairment of trade receivables (non-current)	(657,843)	(921,137)
Trade receivables (current portion)	8,457,372	10,465,135
Impairment of trade receivables (current portion)	(668,240)	(468,240)
Contract assets (accrued revenue based on the stage of completion)	655,317	1,180,143
Total trade receivables and contract assets – net	**8,041,362**	**11,211,236**

The Group's non-current receivables comprise debt from RAFAKO S.A. The Company is a creditor of RAFAKO S.A. in the latter's restructuring proceedings in the Republic of Poland. The Group's claim against RAFAKO S.A. arises from unpaid contract work amounting to EUR 955,335, of which: trade receivables of EUR 700,579, which will be recoverable by 2027 in accordance with the court order, impairment of the non-current part of the trade receivables amounting to EUR 658,023, and current receivables of EUR 254,756. Trade receivables do not bear interest and have a normal settlement period of 30-60 days.

The movement in the Group's general allowance for impairment of receivables is as follows:

	Assessed impairment
Balance on the 31st of December 2021 *(separate UAB „Montuotojas")*	**(1,394,657)**
Impairment charge for the year	6,024
Impairment, write-off of bad debts	(744)
Balance on the 31st of December 2022 (Group)	**(1,389,377)**
Impairment charge for the year	-
Impairment, write-off of bad debts	63,293
Balance on the 31st of December 2023 (Group)	**(1,326,084)**

Other receivables

	On the 31st of December 2023	On the 31st of December 2022
VAT refundable	-	-
Other receivables	197,465	16,573
Total	**197,465**	**16,573**

18. Cash and cash equivalents, other financial assets

The Company's cash balance on the 31st of December 2023 was EUR 27,386. The Company's cash balance on the 31st of December 2022 was EUR 7,308.

The Group's cash and cash equivalents balance on the 31st of December 2023 was:

	On the 31st of December 2023	On the 31st of December 2022
Cash at bank	306,824	59,342
Other financial assets	1,197,562	1,980,707
Total	**1,504,386**	**2,040,049**

On the 31st of December 2023 The Group and the Company did not have any fixed-term deposits. The Company's other financial assets consist of collateral for the performance of obligations of various maturities, such as performance bonds, guarantees of performance during the guarantee period and other. The guarantees in force are disclosed in note 26.

19. Net debt

Net debt is a non-IFRS liquidity indicator used to measure the ratio of debt to highly liquid assets held by the Group and the Company. For the purpose of calculating net debt, financial debts include only debts due to financial institutions, lease liabilities and other debts related to financing.

	On the 31st of December 2023	On the 31st of December 2022
Cash and cash equivalents	(306,824)	(59,342)
Non-current borrowings	4,000,000	7,423,904
Current borrowings (including overdraft and accrued interest)	8,422,383	2,850,000
Lease liabilities	227,607	440,913
Net debt	**12,343,166**	**10,655,475**

20. Share capital structure

Capital structure of the Company:

Items	Number of shares	Amount
By type of shares		
Ordinary shares	3,793,000	3,793,000
Total		
State-owned or municipal share capital		
Own shares held by the Company		
Shares held by subsidiaries		

The nominal value of the Company's share is EUR 1. All the shares have been paid in full.

21. Legal reserve

Mandatory reserve. The mandatory reserve is required by the legislation of the Republic of Lithuania. At least 5% of net profits must be transferred to it annually until the reserve reaches 10% of the share capital. The statutory reserve cannot be distributed as dividends but can be used to cover future losses. Other reserves on the 31st of December 2023 The Company had no other reserves. On the 31st of December 2023. The Group had a revaluation reserve in the amount of EUR 1,022,284.

No statutory or other reserves were established at the end of the period.

22. Loans

On the 31st of December 2023 The Company's loans consisted of:

	On the 31st of December 2023
Non-current	
Loan from the parent	-
Other loans	-
Accrued interest	-
Current	
Loan from the parent	3,906,739
Other loans	-
Accrued interest	-
Total	**3,906,739**

On the 31st of December 2023 The Group's loans consisted of:

	On the 31st of December 2023	On the 31st of December 2022
Non-current		
Loan from the parent	-	1,500,000
Other loans	4,000,000	5,650,000
Accrued interest	-	273,904
Current		
Loan from the parent	5,822,383	-
Other loans	2,600,000	2,850,000
Accrued interest	-	-
Total	**12,422,383**	**10,273,904**

All of the Group's loans are denominated in euro. The loan agreements contain financial and non-financial covenants with which the Group and the Company are individually bound.

23. Trade and other payables, and other current liabilities

On the 31st of December 2023 The Company's current trade and other payables amounted to EUR 22,234, of which other payables amounted to EUR 6,800 and payables to suppliers amounted to EUR 15,434.

On the 31st of December 2022 The Company's current trade payables amounted to EUR 21.

Group Trade, other payables and other current liabilities:

	On the 31st of December 2023	On the 31st of December 2022
Contract liabilities (payments from buyers on acquisition of inventories, etc.)	-	1,122,288
Trade payables	1,497,816	4,902,169
Accrued vacation pay	754,780	877,939
Wages and salaries and related taxes payable	723,978	830,690
Income tax liabilities	17,822	-
Other payables and accrued expenses	304,727	28,895
Trade and other amounts payable	**3,299,123**	**7,761,981**

Other payables comprised as follows:

	On the 31st of December 2023	On the 31st of December 2022
Non-current liabilities:		
Other payables	714,199	1,190,323
Current liabilities:		
Other payables	476,124	476,124
Total other payables	**1,190,323**	**1,666,447**

In 2022, the Group used VMI and Sodra measures to help taxpayers who were negatively impacted by the spread of COVID-19: tax loan agreements, deferred and staggered payments of tax arrears to the budget for up to 5 years, without interest. On the 31st of December 2023, the total amount of the liability is EUR 1,190,323, of which: non-current: EUR 714,199. The debt of the STI was settled within 2022.

24. Financial relationships with Group and Company directors and other related parties

Company	Current financial year
Employment-related payments to management personnel	95
Average number of management personnel per year	1

Group	Current financial year
Employment-related payments to management personnel	447,772
Average number of management personnel per year	6

During the financial years ended 31st of December 2023 and 31st of December 2022, there were no other disbursements or transfers of assets or accruals to/from management and no other loans or guarantees were received/given.

25. Provisions

	2023	2022
Provisions		
Opening balance	1,136,116	1,136,116
Increase (provisions established)	-	-
Decrease (provisions utilised)	-	-
Closing balance	**1,136,116**	**1,136,116**

Provisions for warranty repairs. The amount of the provision for warranty repairs is estimated on the basis of historical data, i.e. how much the company has historically incurred for warranty repairs, defects and the like in each year. The Group also considers the period for which the entity provides a warranty and is committed to repairing defects in making the provision.

Provisions for claims received. Provisions for claims are recorded on the basis of claims received. Management assesses the validity of claims received and estimates the potential costs to be incurred.

The Group has made provisions of EUR 987,070 for potential losses related to possible breaches of the construction contract for the construction of the Vilnius multifunctional Lazdynai health centre, Erfurto str. 13 (the "Lazdynai pool contract"). On the 5th of June 2017, a group of economic operators (the 'Joint Operating Partners'), including UAB Montuotojas, signed the Lazdynai Pool Contract, which at the time of signing was valued at EUR 21.7 million including VAT. In 2019, it became known that the main partner of the Joint Operating Partnership had become insolvent, and the client of the Lazdynai Pool Contract, the Vilnius City Municipality Administration, demanded that the contract should be completed by the remaining Joint Operating Partners. The Group and the Company, together with the remaining Joint Operating Partners, assessed the costs of terminating the contract and made a provision of EUR 750 thousand at the end of 2019 in respect of their share of potential future losses. At the beginning of 2020, Vilnius City Municipality unilaterally terminated the construction contract for the Lazdynai swimming pool. The joint venture partners, disagreeing with this decision, filed a lawsuit against Vilnius City Municipality, which was rejected by the courts of first instance.

26. Off-balance sheet rights and commitments

Liabilities for investments in fixed assets

There were no purchase commitments for investments in fixed assets (for which contracts have been signed but not incurred at the end of the reporting period).

Guarantees and sureties issued

On the 31st of December 2022 The Company did not have any guarantees in force. On the 31st of December 2023 The Company had guarantees in force for an amount of EUR 1,351,702:

Name of client/guarantor	Object of surety	Date of issue	Maturity date	Guarantee amount	Insurance company/bank
Client 1	Manufacturing and installation of metal structures	28/01/2021	21/03/205	792,347	AS CITADELE BANKA LITHUANIA BRANCH
Client 2	Manufacturing and installation of metal structures	27/10/2021	27/10/2024	60,137	AS CITADELE BANKA LITHUANIA BRANCH
Client 3	Manufacturing and installation of metal structures	07/11/2022	07/11/2025	499,218	AS CITADELE BANKA LITHUANIA BRANCH
			Total	**1,351,702**	

On the 31st of December 2022 The Group had outstanding guarantees in the amount of EUR 1,980,707:

Name of client/guarantor	Object of surety	Date of issue	Maturity date	Guarantee amount	Insurance company/bank
Client 1	Manufacturing and installation of metal structures	22/12/2020	18/12/2023	23,270	AS CITADELE BANKA LITHUANIA BRANCH
Client 2	Manufacturing and installation of metal structures	28/01/2021	21/03/2025	792,347	AS CITADELE BANKA LITHUANIA BRANCH
Client 3	Manufacturing and installation of metal structures	27/10/2021	27/10/2024	60,137	AS CITADELE BANKA LITHUANIA BRANCH
Client 4	Manufacturing and installation of metal structures	27/07/2022	27/07/2023	20,388	AS CITADELE BANKA LITHUANIA BRANCH
Client 5	Manufacturing and installation of metal structures	25/08/2022	08/08/2024	3,623	AS CITADELE BANKA LITHUANIA BRANCH
Client 6	Manufacturing and installation of metal structures	21/10/2022	12/03/2023	60,600	SEB Bank AB
Client 7	Manufacturing and installation of metal structures	07/11/2022	07/11/2025	998,436	AS CITADELE BANKA LITHUANIA BRANCH
Client 8	Manufacturing and installation of metal structures	28/11/2022	09/02/2023	21,906	Swedbank AB
			Total	**1,980,707**	

On the 31st of December 2023 The Group had outstanding guarantees in the amount of EUR 1,137,425 in addition to the Company's guarantees:

Name of client/guarantor	Object of surety	Date of issue	Maturity date	Guarantee amount	Insurance company/bank
Client 1	Manufacturing and installation of metal structures	25/08/2022	08/08/2024	3,623	AS CITADELE BANKA LITHUANIA BRANCH
Client 2	Manufacturing and installation of metal structures	05/01/2023	31/01/2025	20,449	SEB Bank AB
Client 3	Manufacturing and installation of metal structures	27/01/2023	31/10/2024	1,077,600	AS CITADELE BANKA LITHUANIA BRANCH
Client 4	Manufacturing and installation of metal structures	25/08/2023	30/09/2025	35,753	SEB Bank AB
			Total	**1,137,425**	

The Group's management believes that the entities for which guarantees and indemnities have been given will meet their obligations to creditors, and therefore has not recorded any liabilities in respect of those guarantees and indemnities in the financial statements on the 31st of December 2023 and on the 31st of December 2022.

The Group has provided the following off-balance sheet guarantees:

Name of client/guarantor	Object of surety	Date of issue	Maturity date	Guarantee amount	Insurance company/bank
Client 1	Construction risk insurance	31/10/2023	26/11/2023	3,088,352	BTA Baltic Insurance Company AAS LITHUANIA BRANCH
Client 2	Guarantee period	24/10/2023	11/10/206	15,196	ERGO Insurance SE LITHUANIA BRANCH
Client 3	Construction risk insurance	14/09/2023	25/11/2023	50,968	BTA Baltic Insurance Company AAS LITHUANIA BRANCH
Client 4	Guarantee period	13/09/2023	21/08/2026	55,575	ERGO Insurance SE LITHUANIA BRANCH
			Total	**3,210,091**	

27. Related party transactions

Company

On the 31st of December 2023	Purchases	Sales	Receivables	Payables
Montuotojas UAB	0	78,986.96	1,960,486.96	0
Fern PRODUCTION UAB	0	0	539,275.23	0
Fern EPC UAB	0	0	0	0
INVL Baltic Sea Growth Fund	0	0	0	3,906,738.90

The Company granted a loan to a related company, Fern PRODUCTION, in the amount of EUR 448,275, which is accounted for as a short-term loan. The average interest rate in 2023 is 12%.

The company has received a loan from a related company, INVL Baltic Sea Growth Fund. The amount of the loan and accrued interest is EUR 3,906,739 and is accounted for as a short-term loan. The average interest rate in 2023 is 12%.

On the 31st of December 2022	Purchases	Sales	Receivables	Payables
Montuotojas UAB	0	0	0	0
INVL Baltic Sea Growth Fund	0	0	0	0

Group

Related parties are the shareholders of FERN Group, UAB who, by virtue of their direct or indirect holdings of voting shares in the Group, are in a position to exercise significant influence over the Group.

On the 31st of December 2023	Purchases	Sales	Receivables	Payables
INVL Baltic Sea Growth Fund	0	0	0	5,822,383

During 2023, the Group companies entered into loan agreements with the parent company for an amount of EUR 5,822,383.

On the 31st of December 2022	Purchases	Sales	Receivables	Payables
INVL Baltic Sea Growth Fund	0	0	0	1,500,000

During 2022, the Group entered into loan agreements with the parent company for an amount of EUR 1,500,000.

28. Events after the reporting period

Other events

In 2024 Vilnius Regional Court is hearing case No e2-1299-565/2024 on the claim of UAB Montuotojas against the defendant UAB Aviatic MRO for the recognition of the unilateral set-off as unlawful and invalid, the award of debt and interest, the recognition of the unilateral termination of the contract as unlawful and the award of damages. The action is brought in connection with the construction contract No S/22-025 concluded on the 26th of January 2022 between UAB Montuotojas and UAB Aviatic MRO, under which UAB Montuotojas undertook to carry out the relevant construction (installation) works on the site located at Aviacijos str. 5, Šiauliai. The case is currently pending before the Court of First Instance and the total amount of the claims is EUR 1,625,222.

The groups company UAB Montuotojas had breached the financial ratios stipulated in the credit terms in 2023. This breach is considered to be a material breach and the creditor may require early repayment of the financing. The creditor has applied the contractual liability measure for this breach and shall charge additional interest per annum on the total outstanding amount of the financing until the breaches are corrected, without requiring early repayment.

The going concern status of UAB Montuotojas depends on its ability to generate sufficient cash flows to meet its obligations in a timely manner and/or to obtain additional income or debt as may be required and/or recurring financial support from shareholders or other related parties.

The management of UAB Montuotojas, a group company, has received an assurance from the shareholder that the shareholder has the ability and will financially support UAB Montuotojas for at least one year from the date of the financial statements.

fern GROUP

CONSOLIDATED AND COMPANY ANNUAL REPORT FOR 2023

Consolidated annual Report for 2023

The consolidated annual report for 2023 of FERN GROUP Private Limited Liability Company (hereinafter referred to as the "Company") and the group companies FERN GROUP Private Limited Liability Company, MONTUOTOJAS Private Limited Liability Company, FERN EPC Private Limited Liability Company, FERN PRODUCTION Private Limited Liability Company has been prepared in accordance with the following:

- Article 37(12)(2) of the Law on Companies of the Republic of Lithuania;
- Article 25 of the Law on Corporate Reporting of the Republic of Lithuania;
- Law on Consolidated Reporting by Groups of Undertakings of the Republic of Lithuania;
- International Financial Reporting Standards.

STATEMENT OF THE GROUP'S AND COMPANY'S CHIEF EXECUTIVE OFFICER

Dear,

MONTUOTOJAS is transformed into a new group of engineering services and industrial construction companies, FERN GROUP.

Following the reorganisation on the 4th of January 2023, FERN GROUP consists of four companies:

» UAB „FERN GROUP" – management company;

» UAB „MONTUOTOJAS" – industrial construction, special installation works;

» UAB „FERN PRODUCTION" – manufacture of specialised industrial technical equipment;

» UAB „FERN EPC" – general contracting services and project management in the industry sector.

The aim of the change is to sustain the organisation's growth and expand into related sectors and new geographic markets.

The refinement of individual activities made it possible to give a new stimulus to development, to more clearly identify and control the outcome of these activities, and to increase efficiency and flexibility of financial management. The new structure of the Group will make it easier to develop new areas of activity, acquire and integrate businesses that will reinforce current activities or complement the service portfolio and, without any doubts, will enable to bring together the managers and top-level experts that will reinforce the competence of the group of companies.

The name "FERN GROUP" was not chosen by chance. Fern is a plant that means longevity and symbolizes the long history of UAB "MONTUOTOJAS". At the same time, it is a symbol of the new green era, of harmony. "FERN Group" chooses this path.

All contracts concluded by MONTUOTOJO UAB to date will be fulfilled in full. New contracts will be concluded with UAB MONTUOTOJAS, UAB FERN PRODUCTION and UAB FERN EPC, depending on their field of activity.

Nerijus Eidukevičius

CEO of FERN Group, UAB

GENERAL INFORMATION

COMPANY'S CONTACT DETAILS

Name	FERN Group, UAB
Legal form	Private limited liability company
Registration date	05 July 2022
Company code	306110392
Registered address:	Granito str. 3-101, Vilnius
Telephone	+370 5 233 2590
Email, website	info@ferngroup.lt, www.montuotojas.lt

COMPANY'S CONTACT DETAILS

Name	UAB „MONTUOTOJAS"
Legal form	Private limited liability company
Registration date	11 August 1992
Company code	121520069
Registered address:	Granito str. 3-101, Vilnius
Telephone	+370 5 233 2590
Email, website	info@montuotojas.lt, www.montuotojas.lt

COMPANY'S CONTACT DETAILS

Name	UAB „FERN EPC“
Legal form	Private limited liability company
Registration date	04 January 2023
Company code	306209472
Registered address:	Granito str. 3-101, Vilnius
Telephone	+370 5 233 2590
Email, website	info@fernepc.lt, www.montuotojas.lt

COMPANY'S CONTACT DETAILS

Name	UAB „FERN PRODUCTION“
Legal form	Private limited liability company
Registration date	04 January 2023
Company code	306208064
Registered address:	Pramones str. 23, LT-62175 Alytus
Telephone	+370 5 233 2590
Email, website	info@fernproduction.lt

The consolidated report of the FERN GROUP is for the 12-month period ending on the 31st of December 2023. All figures are on the 31st of December 2023 unless otherwise stated. The Annual Report contains the financial information of FERN GROUP, UAB and its subsidiaries: UAB Montuotojas , UAB FERN EPC and UAB FERN PRODUCTION. FERN GROUP, UAB and its subsidiaries are collectively referred to as the "Group".

CORPORATE GOVERNANCE STRUCTURE

The Company's supervisory board is a collegial supervisory body. The supervisory board's competence, decision-making and the procedure for electing and recalling members are determined by laws, other legal acts and the Company's articles of association. The company's supervisory board consists of three members who are elected at the general meeting of shareholders for a four-year term. In 14 June 2022 a decision was made to elect the Supervisory Board of FERN Group, UAB for a term of 4 (four) years.

Chief Executive Officer	Nerijus Eidukevičius
Board	Darius Šulnis Vidas Venckus Diana Ūselytė

INFORMATION ON SUPERVISORY BOARD MEMBERS

JOB POSITION HELD AT FERN Group, UAB	COMPANY	JOB POSITION HELD
BOARD MEMBERS		
Darius Šulnis	Invalda INVL AB, company code 121304349, Gynėjų str. 14, Vilnius	President (main workplace)
	INVL Asset Management UAB, company code 126263073, Gynėjų str. 14, Vilnius	Member of the Investment Committee at INVL Baltic Sea Growth Fund
	INVL Asset Management UAB, company code 126263073, Gynėjų str. 14, Vilnius	Chairman of the Board
	Šiaulių bankas AB, company code 112025254, Tilžės str. 149, Šiauliai	Member of the Supervisory Board
	FERN Group UAB, company code 306110392, Granito str. 3-101	Chairman of the Supervisory Board

	Litagra UAB, company code 304564478, Savanorių av. 173, Vilnius	Member of the Board
Vidas Venckus	INVL Asset Management UAB, company code 126263073, Gynėjų str. 14, Vilnius	Private equity partner
	INVL Asset Management UAB, company code 126263073, Gynėjų str. 14, Vilnius	Member of the Investment Committee at INVL Baltic Sea Growth Fund
	Minivet Holding UAB, company code 306127331, Gynėjų str. 14, Vilnius	Chairman of the Board
	Minivet Holding UAB, company code 306127331, Gynėjų str. 14, Vilnius	Director
	CP Holdco S.à r.l., a private limited liability company (*société à responsabilité limitée)* incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 12, rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Company Register (*R.C.S. Luxembourg,* the **RCS**) under number B 258.349	Member of the Board
	FERN GROUP UAB, company code 306110392, Granito str. 3-101, Vilnius	Member of the Supervisory Board
	FERN EPC UAB, company code 306209472, Granito str. 3-101, Vilnius	Chairman of the Board
	FERN PRODUCTION UAB, company code 306208064, Granito str. 3-101, Vilnius	Chairman of the Board
	Montuotojas UAB, company code 121520069, Granito str. 3-101, Vilnius	Chairman of the Board
Diana Ūselytė	INVL Asset Management UAB, company code 126263073, Gynėjų str. 14, Vilnius	Senior analyst
	FERN Group UAB, company code 306110392, Granito str. 3–101, Vilnius	Member of the Supervisory Board

	FERN EPC UAB, company code 306209472, Granito str. 3–101, Vilnius	Member of the Board
	Montuotojas UAB, company code 121520069, Granito str. 3-101, Vilnius	Member of the Board
	FERN PRODUCTION, company code 306208064, Granito st. 3-101, Vilnius	Member of the Board

The Group and the Company did not have any branches or representative offices on the 31st of December 2023.

INFORMATION ON SHARES

The authorised capital of FERN GROUP, UAB is EUR 3,793,000 divided into 3,793,000 ordinary registered shares with a nominal value of EUR 1. There were no changes in the share capital (including the nominal value and/or number of shares) in 2023. There has been no change in the controlling shareholder (number of shares held).

ANALYSIS OF GROUP AND COMPANY PERFORMANCE

COMPANY'S FINANCIAL RESULTS

Income	In 2023, the Company did not generate any income from operating activities.
Costs	The company incurred operating expenses of EUR 33,914 in 2023
Net operating result	The net operating result is a loss of EUR 41,481 in 2023.

GROUP'S FINANCIAL RESULTS

Income	In 2023, the Groups generated revenues of EUR 30 million.
Costs	The Group's cost of sales in 2023 was EUR 26 million.
Net operating result	The Group's operating result is a loss of EUR 454 thousand.

In 2024, the Group plans to grow its revenues, optimise its operations and fixed costs, and be profitable. The current portfolio of projects and the potential for new projects provide reasonable expectations.

THE STATEMENT OF FINANCIAL POSITION

On the 31st of December 2023, the Group's assets amounted to EUR 20.8 million. The Group's non-current assets amounted to EUR 9.6 million. The Group's current assets at the end of 2023 amounted to EUR 11.2 million.

BUSINESS ENVIRONMENT OF THE GROUP AND THE COMPANY

ANALYSIS OF THE ENVIRONMENTAL FACTORS INFLUENCING PERFORMANCE:

In assessing the impact of the external environment, the Company takes into account political, economic, social and technological factors.

The quality of the Company's performance is influenced by the operational/working experience and competences of its employees. The work of the Company's employees shall be organised in accordance with the laws of the Republic of Lithuania, resolutions of the Government of the Republic of Lithuania and other normative legal acts.

The Company focuses on exploiting identified opportunities, taking advantage of the organisation's existing strengths. At the same time, the company pays close attention to identified areas of weakness.

Group and Company's risks

FINANCIAL RISKS

The Group and the Companies may be exposed to financial risks in the course of their activities, i.e. credit risk and liquidity risk. In managing these risks, the Company aims to minimise the impact of factors that could adversely affect the Company's financial performance.

CREDIT RISK

The Group and Company's credit risk in relation to receivables is managed by assessing the solvency of new customers. The main customers are large industrial, construction and energy companies operating in Lithuania. Although the Group and the Companies take reasonable measures to manage credit risk, there is a risk that certain customers may become insolvent and may not be able to pay on time.

LIQUIDITY RISK

Liquidity risk is management on weekly basis by properly planning movement of the Group and Company's cash flows for the next several months and ensuring an adequate amount of free liquid cash.

MARKET (INTEREST RATE) RISK

Revenue and cash flows of the Group and Company are not affected significantly by the fluctuations in the market interest rates.

THE COMPANY'S PRIORITIES FOR SUSTAINABLE PERFORMANCE AND SOCIAL RESPONSIBILITY

The group's ESG strategy has identified four key directions for the group's sustainability for the period 2023-2026. these are:

- **Sustainable production processes.** To ensure the efficient implementation of manufacturing and engineering project processes with the least environmental impact possible, and conserving energy and resources.

- **Safety and health of employees, training and well-being.** To ensure a safe and healthy working environment, various opportunities for learning and development, to promote employee well-being and satisfaction at work.

» **Quality of products and services.** To ensure high quality of products and services provided and their safety for human health.

» **Innovations.** To implement innovative technologies in design, production and installation processes to make more efficient use of resources and facilitate human work. To develop new products using innovative technologies.

In line with the ESG strategy developed, the group will work consistently until 2026 to meet the identified strategic objectives under the sustainability areas.

BUSINESS PLANS AND PROSPECTS

Sustainable growth of the organisation and expansion into related sectors and new geographic markets.

The group and the company aim to reduce dependence on the fluctuations of the Lithuanian market and to expand the export of assembly services and manufacturing activities. the main export markets of interest are European Union countries.

» The share of the EPC projects will further increase the in total revenue structure. The Group and Company further enhances the engineering competences creating higher added value for clients as well as the project management competences. Digitalised solutions for both production and project management will be implemented.

» The Group and Company will further enhance its operational efficiency by eliminating the inefficient internal functions and outsourcing services from external suppliers; improve property management efficiency by selling redundant property.

» The targets set for the Group and Company include consistent growth of revenue and profitability.

RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in the annual financial statements.

GROUP AND COMPANY'S SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

Date	Significant events during the reporting period
04/01/2023	UAB „FERN EPC“ ir UAB „FERN PRODUCTION“were established
15/02/2023	Donatas Užkuraitis, Director of the Department of Commerce, has resigned
01/03/2023	By decision of the Supervisory Board of FERN GROUP, UAB, a decision was taken to discontinue the production activities of FERN PRODUCTION, UAB, in the buildings owned by it at Trakiškio str. 15 and Trakiškio str. 17, Panevėžys
07/11/2023	Valdas Puzeras, Director of the Finance Department, resigned
22/12/2023	Diana Ūselytė resigned from the Boards of FERN GROUP, UAB, the Supervisory Board of FERN GROUP, UAB, the Boards of Montuotojas, UAB, FERN Production, UAB and FERN EPC, UAB

Date	Significant events after the end of the reporting period
22/01/2024	Vilija Zapalskienė takes up the post of Executive Director
21/03/2024	New organisational management structure of FERN GROUP, UAB approved
25/03/2024	Ieva Poderienė takes up the post of Director of the Finance Department