

"K2 LT"
(Private Limited Liability Company)
INDEPENDENT AUDITOR'S REPORT,
FINANCIAL STATEMENTS AND ANNUAL REPORT
As at 31 December 2022

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CONFIRMATION OF RESPONSIBLE PERSONS

10 March 2023

To the best of our knowledge, the financial statements of the Company for the 12 months of 2022, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company.

Chief Accountant – UAB „Audikom“ Director Jelena Sergejeva

AB „K2 LT“ Director Bernardas Vilkelis



K2 LT, AB ANNUAL REPORT FOR A TWELVE-MONTH PERIOD ENDED ON DECEMBER 31, 2022

General information

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

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

Shareholders of the Company include both natural and legal persons. The Company has subsidiary Rekviam LT, UAB. At the end of 2022 the Company employed 12 people and as at December 31, 2021 – 10 people. Financial year of the Company coincides with the calendar year.

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

Operations of the Company in 2022

Operating activity of the Company is crematorium services. In 2022 K2 LT, AB generated EUR 2 228 584 of revenue, i.e. 12 % less than in 2021, and executed 8 287 cremations, which is 9 % less than in 2021.

Subsidiary UAB "Rekviam LT", which manages the farewell home in Kaunas, served over 500 customers (2021 – 317), received EUR 838 659 in revenue (2021 – EUR 491 096) and earned EUR 86 799 in net profit (2021 – EUR 9 597) in 2022.

Net financial year result – net profit – is EUR 716 982 (EUR 1 155 933 the previous year). The main influence on the lower income was the 16% lower mortality rate in Lithuania in 2022 compared to 2021. The increased market share from 19% to 20.6% made it possible to offset this influence to some extent. Profitability was also affected by higher costs, mainly increased energy costs (gas, electricity). Last year's mortality already corresponded to the annual averages before the pandemic and it is likely to remain so this year as well.

Business Environment

The company takes a leading position in the cremation services market in Lithuania, where a total of 4 crematoria operate today: 2 of them are in Klaipėda and one each in Vilnius and Kėdainai.

There are high entry barriers in this market:

- Legal

Pursuing cremation activities requires a licence, which is issued only to crematoriums that are already built. Operations have to correspond to all environmental protection requirements in Lithuania and EU. As of 2015 such constructions are only permitted in a land plot of commercial purpose.

- Environmental

Lithuanian environment protection laws are one of the strictest in the EU. Technology of the crematorium has to correspond to all environmental pollution and emission requirements. To be able to follow these requirements a larger initial investment into a project is required.

- Psychological

This is still the toughest barrier to overcome. The society is still highly hostile with regard to cremation services being provided in a close distance to residential environment. It is very difficult to find a land plot that would not be subject to any conflicts of interest.

- Administrative

So far as cremation is not considered a regular way of burial, receiving permission for building a crematorium from the local authority is complicated. By providing permissions to community-sensitive projects authorities risk losing their popularity.

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

Staff

As at December 31, 2022 the Company employed 12 people, including the director Bernardas Vilkelis.

Annual Financial Statements

Financial statements for the period January – December 2022 were audited by Moore Mackonis UAB.

Significant Transactions

During the reporting period, a plot of land in the Vilnius district was sold, after deciding not to continue its development. A plot of land for farewell home "Rekviem" in Šiauliai was also purchased.

Acquisition and Transfer of the Company's Shares

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

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

Acquired and Transferred Shares

The Company did not acquire shares of other companies during the reporting period of 2022.

Subsidiaries

The Company established a subsidiary UAB Rekviem LT in 2018, the main activity of which is the organization of funeral ceremonies throughout Lithuania, and from 2021 it also works as a farewell home operator in Kaunas.

Financial risk

The majority of the Company's sales are billed prior to service provision or at the time of service provision. Payments within the due period are actively monitored, and no significant delays have been observed. The company's credit risk is zero, the company's available cash exceeds financial debts.

Activities of managers in other organizations

The company's management (director, board members) regularly provides information about the positions held in other organizations. There are no conflicts of interest between the Company and companies in which managers hold positions or have shares.

The Company's Operational Plans and Forecasts

In 2023, goals of AB "K2 LT":

- increase the awareness and market share of "Rekviem" funeral services in the Kaunas region
- to ensure the availability and growth of popularity of the cremation service, effective competition with new players
- to invest in the next steps of the strategy - increasing the cremation capacity at "Lietuvos Krematorium", new "Rekviem" farewell home projects in other cities.

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

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

Bernardas Vilkelis

AB „K2 LT“ Director

To the Shareholders of K2 LT, AB

Opinion

We have audited the financial statements of K2 LT, AB (the Company), which comprise the balance sheet at 31 December 2022, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects of the financial position of the Company as at December 31, 2022, and (of) its financial performance and its cash flows for the year then ended in accordance with the Lithuanian financial reporting standards.

Basis for Opinion

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

Other Information

The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon. Management is responsible for the other information.

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

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

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

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

Other Information

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Moore Mackonis UAB

Sigita Pranckėnaitė

Certified auditor

10 March, 2023

J.Kubiliaus 6, Vilnius

K2 LT, AB

Company code 301950535; Address: Metalistų g. 3, Kėdainiai
 Data stored in Centre of Registers, SE, Register of Legal Entities
Financial statements for the year ended on 31 December 2022
 (All amounts are presented in Euros, unless indicated otherwise)

BALANCE SHEET

| ASSETS | | Notes No. | 31.12.2022 | 31.12.2021 |
|---------------|---|----------------------|-------------------|-------------------|
| A. | NON-CURRENT ASSETS | | 3 995 473 | 3 957 021 |
| 1. | INTANGIBLE ASSETS | 1. | | |
| 1.1. | Development works | | | |
| 1.2. | Prestige | | | |
| 1.3. | Software | | | |
| 1.4. | Concessions, patents, licenses, trademarks and similar rights | | | |
| 1.5. | Other intangible assets | | | |
| 1.6. | Paid advance payments | | | |
| 2. | TANGIBLE ASSETS | 1. | 3 692 791 | 3 604 364 |
| 2.1. | Land | | 600 000 | 440 000 |
| 2.2. | Buildings and constructions | | 2 083 147 | 2 250 095 |
| 2.3. | Machinery and equipment | | 721 152 | 724 673 |
| 2.4. | Vehicles | | 32 834 | 2 |
| 2.5. | Other devices, equipment and tools | | 234 483 | 183 294 |
| 2.6. | Investment property | | | |
| 2.6.1. | Land | | | |
| 2.6.2. | Buildings | | | |
| 2.7. | Paid advance payments and carried out construction of tangible assets (manufacturing) works | | 21 175 | 6 300 |
| 3. | FINANCIAL ASSETS | | 302 500 | 352 500 |
| 3.1. | Company shares of group of companies | 3. | 2 500 | 2 500 |
| 3.2. | Loans to the companies of the group of companies | | 300 000 | 350 000 |
| 3.3. | Amounts receivable from the companies of the group of companies | | | |
| 3.4. | Associated companies shares | | | |
| 3.5. | Loans to the associated companies | | | |
| 3.6. | Amounts receivable from the associated companies | | | |
| 3.7. | Long-term investments | | | |
| 3.8. | Amounts receivable after a one-year | | | |
| 3.9. | Other financial assets | | | |
| 4. | OTHER NON-CURRENT ASSETS | | 182 | 157 |
| 4.1. | Deferred income tax assets | 4. | 182 | 157 |
| 4.2. | Biological assets | | | |
| 4.3. | Other assets | | | |

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| ASSETS | | Notes No. | 31.12.2022 | 31.12.2021 |
|-------------------------------|--|----------------------|-------------------|-------------------|
| B. | CURRENT ASSETS | | 1 474 851 | 1 440 253 |
| 1. | INVENTORIES | 2. | 74 682 | 45 058 |
| 1.1. | Raw materials, materials and mounting details | | | |
| 1.2. | Unfinished products and works in execution | | | |
| 1.3. | Production | | | |
| 1.4. | Goods purchased for resale | | 34 397 | 34 942 |
| 1.5. | Biological assets | | | |
| 1.6. | Long-term tangible assets for resale | | | |
| 1.7. | Paid advance payments | | 40 285 | 10 116 |
| 2. | AMOUNTS RECEIVABLE WITHIN ONE YEAR | 3. | 158 062 | 76 164 |
| 2.1. | Trade receivables | | 97 120 | 75 631 |
| 2.2. | Debts of companies of the group of companies | | | |
| 2.3. | Debts of associated companies | | | |
| 2.4. | Other receivable amounts | | 60 942 | 533 |
| 3. | SHORT-TERM INVESTMENTS | | | |
| 3.1. | Shares of companies of the group of companies | | | |
| 3.2. | Other investments | | | |
| 4. | CASH AND CASH EQUIVALENTS | 4. | 1 242 107 | 1 319 031 |
| C. | DEFERED COSTS AND ACCRUED INCOME FOR FUTURE PERIODS | 5. | 6 360 | 8 510 |
| | TOTAL ASSETS | | 5 476 684 | 5 405 784 |
| | | | | |
| EQUITY AND LIABILITIES | | Notes No. | 31.12.2022 | 31.12.2021 |
| D. | EQUITY CAPITAL | | 5 012 546 | 4 607 388 |
| 1. | CAPITAL | | 311 822 | 311 822 |
| 1.1. | Authorized (subscribed) or core capital | 6. | 311 822 | 311 822 |
| 1.2. | Subscribed unpaid capital (-) | | | |
| 1.3. | Own shares, participatory interests (-) | | | |
| 2. | ADDITIVES TO THE SHARES | | 1 514 760 | 1 514 760 |
| 3. | REVALUATION RESERVE | | | |
| 4. | RESERVES | | 31 182 | 31 183 |
| 4.1. | Legal reserve or stock (reserve) capital | | 31 182 | 31 183 |
| 4.2. | For the acquisition of own shares | | | |
| 4.3. | Other reserves | | | |
| 5. | RETAINED PROFIT (LOSS) | 7. | 3 154 782 | 2 749 623 |
| 5.1. | Profit (loss) for the reporting year | | 716 982 | 1 155 933 |
| 5.2. | Profit (loss) for the previous year | | 2 437 800 | 1 593 690 |

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| EQUITY AND LIABILITIES | | Notes No. | 31.12.2022 | 31.12.2021 |
|-------------------------------------|---|----------------------|-------------------|-------------------|
| E. | GRANTS AND SUBSIDIES | 14. | | |
| F. | RESERVES | 15. | | |
| 1. | Reserves for pensions and similar obligations | | | |
| 2. | Reserves for taxes | | | |
| 3. | Other reserves | | | |
| G. | AMOUNTS PAYABLE AND OTHER LIABILITIES | | 425 460 | 759 396 |
| 1. | AMOUNTS PAYABLE AFTER A ONE-YEAR AND OTHER LONG-TERM LIABILITIES | | 140 808 | 203 731 |
| 1.1. | Debt liabilities | 8. | 21 004 | |
| 1.2. | Debts to credit institutions | 8. | 119 804 | 203 731 |
| 1.3. | Received advance payments | | | |
| 1.4. | Trade payables | | | |
| 1.5. | Amounts payable under the bills and checks | | | |
| 1.6. | Amounts payable to the companies of the group of companies | | | |
| 1.7. | Amounts payable to the associated companies | | | |
| 1.8. | Other payable amounts and long-term liabilities | | | |
| 2. | AMOUNTS PAYABLE WITHIN A ONE-YEAR AND OTHER SHORT-TERM LIABILITIES | | 284 652 | 555 665 |
| 2.1. | Debt liabilities | 8. | 10 401 | 7 171 |
| 2.2. | Debts to credit institutions | 8. | 94 132 | 260 775 |
| 2.3. | Received advance payments | 9. | 15 046 | 23 487 |
| 2.4. | Debts to suppliers | 9. | 51 733 | 67 538 |
| 2.5. | Amounts payable under the bills and checks | 9. | | |
| 2.6. | Amounts payable to the companies of the group of companies | | | |
| 2.7. | Amounts payable to the associated companies | | | |
| 2.8. | Income tax liabilities | 9. | | 113 535 |
| 2.9. | Liabilities related to employment | 9. | 75 284 | 75 306 |
| 2.10. | Other payable amounts and short-term liabilities | 9. | 38 056 | 7 853 |
| H. | ACCRUED COSTS AND DEFERRED INCOMES | 10. | 38 678 | 39 000 |
| TOTAL EQUITY AND LIABILITIES | | | 5 476 684 | 5 405 784 |

Director Bernardas Vilkelis

Chief Accountant, Audikom, UAB, Jelena Sergejeva

10.03.2023

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INCOME STATEMENT

| Line No. | Items | Notes No. | 2022 | 2021 |
|-----------------|--|------------------|------------------|------------------|
| 1. | SALES REVENUE | 11. | 2 228 581 | 2 526 124 |
| 2. | COST OF SALES | 12. | (501 505) | (365 354) |
| 3. | Change of the fair value of biological assets | | | |
| 4. | GROSS PROFIT (LOSSES) | | 1 727 076 | 2 160 770 |
| 5. | Operating sales costs | 12. | (29 925) | (38 819) |
| 6. | General and administrative costs | 12. | (863 090) | (769 493) |
| 7. | Results of other activity | 17,18 | 15 766 | 28 074 |
| 8. | Incomes from investment in the shares of parent, subsidiaries and associated companies | | | |
| 9. | Incomes of other long-term investments and loans | | | |
| 10. | Interest and other similar incomes | 13. | 353 | |
| 11. | Decrease of the value of financial assets and short-term investments | | | |
| 12. | Interest and other similar costs | 13. | (7 758) | (19 855) |
| 13. | PROFIT (LOSS) BEFORE TAX | | 842 422 | 1 360 677 |
| 14. | INCOME TAX | 14. | (125 440) | (204 744) |
| 15. | NET PROFIT (LOSS) | | 716 982 | 1 155 933 |

Director Bernardas Vilkelis

Chief Accountant, Audikom, UAB, Jelena Sergejeva

10.03.2023

STATEMENT OF CHANGES IN EQUITY

| | Paid authorized or core capital | Additives to the shares | Own shares (-) | Revaluation reserve | | Legal reserves | | Other reserves | Retained profit (loss) | Total |
|---|---------------------------------------|-------------------------------|----------------------|--|-------------------------------|---|--|-------------------|---------------------------|------------------|
| | | | | of the long- term tangible assets | of the financial assets | Legal reserve or stock (reserve) capital | For the acquisition of own shares | | | |
| 1 Remaining balance as at 31 December 2020 | 311 822 | 1 514 760 | | | | 31 183 | | | 1 593 690 | 3 451 455 |
| 2 Result of changes in accounting policies | | | | | | | | | | |
| 3 Result of the correction of essential errors | | | | | | | | | | |
| 4 Recalculated remaining balance as at 31 December 2020 | 311 822 | 1 514 760 | | | | 31 183 | | | 1 593 690 | 3 451 455 |
| 5 Increase (decrease) of the value of long-term tangible assets | | | | | | | | | | |
| 6 Increase (decrease) of the value of effective hedging instrument | | | | | | | | | | |
| 7 Acquisition of own shares (sale) | | | | | | | | | | |
| 8 Profit (loss) not recognized at the profit (loss) statement | | | | | | | | | 1 155 933 | 1 155 933 |
| 9 Net profit (loss) for the reporting period | | | | | | | | | | |
| 10 Dividends | | | | | | | | | | |
| 11 Other payments | | | | | | | | | | |
| 12 Formed reserves | | | | | | | | | | |
| 13 Used reserves | | | | | | | | | | |
| 14 Increase (decrease) of authorized capital or shareholders' contributions (contributions repayment) | | | | | | | | | | |
| 15 Other increase (decrease) of the authorized or core capital | | | | | | | | | | |
| 16 Contributions to cover losses | | | | | | | | | | |
| 17 Remaining balance as at 31 December 2021 | 311 822 | 1 514 760 | | | | 31 183 | | | 2 749 623 | 4 607 388 |

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| | Paid authorized or core capital | Additives to the shares | Own shares (-) | Revaluation reserve | | Legal reserves | | Other reserves | Retained profit (loss) | Total |
|---|---------------------------------|-------------------------|----------------|----------------------------------|-------------------------|--|-----------------------------------|----------------|------------------------|------------------|
| | | | | of the long-term tangible assets | of the financial assets | Legal reserve or stock (reserve) capital | For the acquisition of own shares | | | |
| 18 Increase (decrease) of the value of long-term tangible assets | | | | | | | | | | |
| 19 Increase (decrease) of the value of effective hedging instrument | | | | | | | | | | |
| 20 Acquisition of own shares (sale) | | | | | | | | | | |
| 21 Profit (loss) not recognized at the profit (loss) statement | | | | | | | | | | |
| 22 Net profit (loss) for the reporting period | | | | | | | | | 716 982 | 716 982 |
| 23 Dividends | | | | | | | | | (311 823) | (311 823) |
| 24 Other payments | | | | | | | | | | |
| 25 Formed reserves | | | | | | | | | | |
| 26 Used reserves | | | | | | | | | | |
| 27 Increase (decrease) of authorized capital or shareholders' contributions (contributions repayment) | | | | | | | | | | |
| 28 Other increase (decrease) of the authorized or core capital | | | | | | | | | | |
| 29 Contributions to cover losses | | | | | | | | | | |
| 30 Remaining balance as at 31 December 2022 | 311 822 | 1 514 760 | | | | | 31 183 | | 3 154 782 | 5 012 547 |

Director Bernardas Viikelis

Chief Accountant, Audikorn, UAB, Jelena Sergejeva

10.03.2023

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

CASH FLOW STATEMENT

| Line No. | Items | Notes No. | 2022 | 2021 |
|-----------------|--|------------------|------------------|------------------|
| 1. | Cash flows of the main activity | | | |
| 1.1. | Cash inflows for the reporting period (with VAT) | | 2 286 266 | 2 577 336 |
| 1.1.1. | Cash inflows from clients | | 2 286 266 | 2 577 336 |
| 1.1.2. | Other inflows | | | |
| 1.2. | Cash payments for the reporting period | | (1 557 604) | (1 295 232) |
| 1.2.1. | Cash paid to suppliers of raw materials, goods and services (with VAT) | | (879 880) | (584 218) |
| 1.2.2. | Cash payments related to employment relations | | (286 358) | (263 044) |
| 1.2.3. | Taxes paid to budget | | (389 375) | (446 423) |
| 1.2.4. | Other payments | | (1 991) | (1 548) |
| | Net cash flows of the main activity | | 728 662 | 1 282 104 |
| 2. | Cash flows of investment activity | | | |
| 2.1. | Acquisition of the long-term assets, except of investments | | (420 213) | (91 433) |
| 2.2. | Transfer of the long-term assets, except of investments | | 161 534 | |
| 2.3. | Acquisition of long-term investments | | | |
| 2.4. | Transfer of long-term investments | | | |
| 2.5. | Granting of loans | | (90 000) | (50 000) |
| 2.6. | Returning of loans | | 120 000 | 70 000 |
| 2.7. | Received dividends, interests | | | |
| 2.8. | Other increase of the cash flows of investments activity | | | |
| 2.9. | Other decrease of the cash flows of investments activity | | | |
| | Net cash flows of investment activity | | (228 679) | (71 433) |
| 3. | Cash flows of financial activity | | | |
| 3.1. | Cash flows related to the owners of company | | (311 822) | |
| 3.1.1. | Issue of shares | | | |
| 3.1.2. | Contributions of owners to cover losses | | | |
| 3.1.3. | Purchase of own shares | | | |
| 3.1.4. | Payment of dividends | | (311 822) | |
| 3.2. | Cash flows related to other sources of funding | | (265 085) | (516 493) |
| 3.2.1. | Increase of financial debts | | | |
| 3.2.1.1. | Receipt of loans | | | |
| 3.2.1.2. | Issue of bonds | | | |
| 3.2.2. | Decrease of financial debts | | (265 085) | (516 493) |
| 3.2.2.1. | Loan repayment | | (250 571) | (488 001) |
| 3.2.2.2. | Bond purchase | | | |

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| Line No. | Items | Notes No. | 2022 | 2021 |
|-----------------|--|------------------|------------------|------------------|
| 3.2.2.3. | Paid interests | | (7 423) | (19 613) |
| 3.2.2.4. | Leasing (financial lease) payments | | (7 091) | (8 880) |
| 3.2.3. | Increase of other liabilities of the company | | | |
| 3.2.4. | Decrease of other liabilities of the company | | | |
| 3.2.5. | Other increase of the cash flows of financial activity | | | |
| 3.2.6. | Other decrease of the cash flows of financial activity | | | |
| | Net cash flows of financial activity | | (576 907) | (516 493) |
| 4. | Influence of the changes in exchange rates on cash and cash equivalents remaining balance | | | |
| 5. | Increase (decrease) of net cash flow | | (76 924) | 694 177 |
| 6. | Cash and cash equivalents at the beginning of period | | 1 319 031 | 624 854 |
| 7. | Cash and cash equivalents at the end of period | | 1 242 107 | 1 319 031 |

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EXPLANATORY NOTES

General Information

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

Operating activity of the Company is the crematorium services.

Shareholders of the Company include both legal and natural persons.

Average number of Company's employees was 12 in 2022 and in 2021 12.

Financial year of the Company coincides with the calendar year.

On May 19, 2015 private limited liability company K2 LT was reregistered as a public limited liability company K2 LT. Following the decision of the general shareholders' meeting of March 30, 2015, the authorised capital of the Company was converted into euros and increased from EUR 226.222 to EUR 226.519. Following the decision of the general shareholders' meeting of April 22, 2015, the authorised capital was increased from EUR 226.519 to EUR 278.827 by issuing 52.308 new units of shares with nominal value of EUR 1 and an emission price of EUR 23 each. On February 12, 2019 the board approved a new share issue. With the total number of newly issued 32.995 ordinary registered shares, the company's authorized capital has been increased from EUR 278.827 to EUR 311.822.

In 2018 AB K2 LT has established (2018-09-03) subsidiary - Rekviem LT UAB (code 304910332) with authorized capital 2500 EUR, number of shares - 100. During the reporting year, UAB Rekviem LT had revenue of EUR 490.966, which is 19,44% of the parent company's income. "Rekviem" is a quality service association of funeral homes working through one common short phone number and offering service at the point of call. In this way, the highest standard funeral services at a fair, clear and transparent price become available to the residents of all Lithuania, and the complex process of organizing funeral ceremonies becomes more professional and simpler for people.

The "Rekviem" system is designed to professionally help a person in a difficult moment to take care of all issues related to the organization of a funeral ceremony anywhere in Lithuania.

ACCOUNTING POLICY

Basis for Accounting

Financial statements of the Company are prepared in accordance with the Law of the Republic of Lithuania on accounting and financial reporting and Lithuanian financial reporting standards, valid on 01-01-2022.

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

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

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Non-current Intangible Assets

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

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

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

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

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

Non-current Tangible Assets

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

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

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

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

The Company applies the directly proportional (straight-line) method for depreciating non-current tangible assets. Different depreciation rates are set for separate groups of non-current tangible assets:

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

Non-current tangible asset depreciation is calculated from the first day of the following month after the exploitation was started. Calculation of depreciation is discontinued on the first day of the following month after the asset is written-off, transferred or otherwise disposed of. Depreciable asset value is estimated by subtracting liquidation value, which is equal to EUR 1 for all non-current tangible asset objects, from asset acquisition (production) cost.

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Lease is recognized as financial lease (lease), when following the lease terms basically all risks and benefits related to the ownership of the asset is transferred to the Company. Accounting for leased assets is the same as for owned assets. Interest and other borrowing costs are recognized as financial costs of the period during which they are incurred.

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

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

Financial Assets

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

Financial assets are registered in the accounting records when the Company receives or, on the basis of an executed contract, acquires the right to receive cash or other financial asset. Amounts receivable are recognised at acquisition cost less the losses of impairment in value. Cash and cash equivalents are recognised at acquisition cost. Provided loans are initially recognised at acquisition cost and are subsequently registered at amortized cost.

Investments intended for sale are investments that the Company acquired with intention to sell or in seeking to benefit from short-term fluctuations in investment price. Investments intended for sale are measured at acquisition cost upon their acquisition, subsequently at each financial statement date they are recognised at fair value. If it is likely that the Company will not be able to recover amounts receivable, a loss of impairment in value is recognised and it is calculated as a difference between asset value and current value of future cash flows discounted applying the effective interest rate.

Inventories

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

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

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

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Amounts Receivable

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

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

Cash and Cash Equivalents

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

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

Future Costs

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

Equity Capital and Reserves

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

Ordinary registered shares are measured at their par value. Amount received for sold shares in excess of their par value is presented as share premium. Additional costs related to new share emission reduce share premium. Any profit or loss related to sale, emission or annulment of own shares is not recognised in the income statement.

According to the Law on Entities of the Republic of Lithuania, a legal reserve must conclude to the amount equal to 1/10 of the authorised capital. Until the determined amount of legal reserve is reached the Company's deductions that go into it must amount to at least 1/20 of net profit. A part of a legal reserve that exceeds the determined amount may be redistributed with the Company's profit appropriation. Legal reserve that was used to cover Company's losses must be reformed.

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

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

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Financial Liabilities

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

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

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

Provisions

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

Sales Revenue

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

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

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

Costs

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

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

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

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

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

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Pelno mokestis

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

Foreign Currency

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

Use of Estimates when Preparing the Financial Statements

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

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

Correction of Errors and Reclassifications

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

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

Contingent Liabilities and Assets

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

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

Events after the Balance Sheet Date

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

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

Fair value measurement

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

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

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2. Non-current Tangible Assets

| Items | Land | Buildings and constructions | Machinery and equipment | Vehicles | Other devices, equipment and tools | Paid advance payments and carried out construction of tangible assets (manufacturing) works | Total |
|---------------------------------|-----------|-----------------------------|-------------------------|----------|------------------------------------|---|-------------|
| Acquisition value | | | | | | | |
| 31 December 2020 | 440 000 | 1 877 789 | 1 023 068 | 37 734 | 120 233 | 1 232 158 | 4 730 982 |
| Acquired | | 1 153 052 | | | 164 240 | 19 727 | 1 337 019 |
| Written-off (-) | | | | | | (1 245 585) | (1 245 585) |
| Reclassifications | | | | | | | |
| 31 December 2021 | 440 000 | 3 030 841 | 1 023 068 | 37 734 | 284 473 | 6 300 | 4 822 416 |
| Acquired | 310 000 | 3 360 | | 34 260 | 99 086 | 14 875 | 461 580 |
| Written-off (-) | (150 000) | | | | (11 531) | | (161 531) |
| Reclassifications | | | | | | | |
| 31 December 2022 | 600 000 | 3 034 201 | 1 023 068 | 71 994 | 372 028 | 21 175 | 5 122 466 |
| Accumulated depreciation | | | | | | | |
| 31 December 2020 | | 666 434 | 247 240 | 37 732 | 61 419 | | 1 012 825 |
| Calculated for the period | | 114 313 | 51 155 | | 39 760 | | 205 228 |
| Written-off (-) | | | | | | | |
| Reclassifications | | | | | | | |
| 31 December 2021 | | 780 746 | 298 395 | 37 732 | 101 179 | | 1 218 052 |
| Calculated for the period | | 170 308 | 3 521 | 1 428 | 47 898 | | 223 155 |
| Written-off (-) | | | | | (11 531) | | (11 531) |
| Reclassifications | | | | | | | |
| 31 December 2022 | | 951 054 | 301 916 | 39 160 | 137 545 | | 1 429 675 |
| Balance value | | | | | | | |
| 31 December 2020 | 440 000 | 1 211 355 | 775 828 | 2 | 58 814 | 1 232 158 | 3 718 157 |
| 31 December 2021 | 440 000 | 2 250 095 | 724 673 | 2 | 183 294 | 6 300 | 3 604 364 |
| 31 December 2022 | 600 000 | 2 083 147 | 721 152 | 32 834 | 234 483 | 21 175 | 3 692 792 |

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

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Pledge of fixed assets

| Asset Group | Balance value 2022 | Pledge end date | Balance value 2021 |
|--|-------------------------------|----------------------------|-------------------------------|
| Crematorium building with equipment | 2 804 300 | 2025-01-16 | 1 987 182 |
| Total | 2 804 300 | | 1 987 182 |

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

2. Inventories

| Items | 31.12.2022 | 31.12.2021 |
|----------------------|-------------------|-------------------|
| Inventories for sale | 34 397 | 34 942 |
| Advances paid | 40 285 | 10 116 |
| Total | 74 682 | 45 058 |

There are no depreciated or obsolete inventories among the inventories.

3. Amounts Receivable

| Amounts Receivable after one year | 31.12.2022 | 31.12.2021 |
|--|-------------------|-------------------|
| Loans and receivables (from 2 to 5 years) | 300 000 | 370 000 |
| Loans granted | 300 000 | 370 000 |

| Amounts Receivable within one year | 31.12.2022 | 31.12.2021 |
|---|-------------------|-------------------|
| Trade receivables | 97 120 | 75 631 |
| Income tax receivable from the budget | 60 942 | 533 |
| Total | 158 062 | 76 164 |

4. Cash

| | 31.12.2022 | 31.12.2021 |
|--------------|-------------------|-------------------|
| Cash in bank | 1 239 863 | 1 319 025 |
| Cash on hand | 2 244 | 6 |
| Total | 1 242 107 | 1 319 031 |

5. Dffered Costs

| | 31.12.2022 | 31.12.2021 |
|--------------------|-------------------|-------------------|
| Insurance | 2 647 | 5 762 |
| Press subscription | 3 713 | 2 748 |
| Total | 6 360 | 8 510 |

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6. Authorised Capital Structure

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

On December 31, 2022 all shares were paid up.

7. Profit Appropriation Project

| Items | Year | Amount |
|--|------------|------------------|
| Retained earnings – net earnings (loss) | 31.12.2021 | 2 749 621 |
| Net earnings– Profit (Loss) | | 716 982 |
| Result – profit (loss) – available for appropriation | 31.12.2022 | 3 466 603 |
| Shareholder contributions to cover losses | | |
| Transfers from reserves | | |
| Profit available for appropriation | | 3 466 603 |
| Distribution of profit: | | |
| the statutory reserves | | -311 823 |
| other reserves | | |
| dividends | | |
| other | | |
| Retained earnings – net earnings (loss) | | <u>3 154 780</u> |

8. Loans and leasing liabilities

| | 31.12.2022 | 31.12.2021 |
|--|----------------|----------------|
| Long term payables (2 to 5 years) | 140 808 | 203 731 |
| Bank credit lines and loans (b) | 119 804 | 203 731 |
| Payables for lease companies (a) | 21 004 | |
| Current payables | 104 533 | 267 946 |
| Bank credit lines and loans (b) | 94 132 | 260 775 |
| Payables for lease companies (a) | 10 401 | 7 171 |
| Total | 245 341 | 471 677 |

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

(b) Loan from SEB bank amounting to amounting to EUR 213 935, subject to 6-month EURIBOR annual interest plus 2,50 percent and annual interest and with return date of 16/01/2025.

9. Amounts Payable Within One Year

| | 31.12.2022 | 31.12.2021 |
|------------------------------|-------------------|-------------------|
| Advances received | 15 046 | 23 487 |
| Trade payable | 51 733 | 67 538 |
| Vacation payable accrued | 69 841 | 60 301 |
| Social insurance liabilities | 5 442 | 6 956 |
| PIT liabilities | | 8 049 |
| Income tax liabilities | | 113 535 |
| VAT liabilities | 36 595 | 6 644 |
| Other tax liabilities | 1 461 | 1 209 |
| Total | 180 119 | 287 719 |

10. Accrued Costs and Future Periods Incomes

The company had accrued expenses at the end of the year - EUR 38 678 for annual bonuses for employees.

11. Income

| | 2022 | 2021 |
|--|------------------|------------------|
| Income from sold services and goods | 2 228 581 | 2 526 124 |
| Sales of goods | 57 187 | 71 532 |
| Services | 2 171 394 | 2 454 592 |
| Income from other activities | 16 119 | 28 074 |
| Rental income | 13 958 | 20 382 |
| Other income | 2 161 | 7 692 |

12. Costs

| | 2022 | 2021 |
|---|----------------|----------------|
| Cost of sales | 501 505 | 365 354 |
| Net cost of inventories | 45 241 | 54 455 |
| Depreciation | 196 977 | 184 907 |
| Gas costs, maintenance of systems | 247 615 | 118 731 |
| Other costs | 11 672 | 7 261 |
| Costs from operating activities | 29 925 | 38 819 |
| Advertising | 20 313 | 38 558 |
| Other expenses | 9 612 | 261 |
| General and administrative costs | 863 090 | 769 493 |
| Salaries and social insurance | 453 127 | 429 150 |
| Depreciation | 26 178 | 20 309 |
| Other expenses | 383 785 | 320 034 |

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13. Financing and Investing Activities

| | 2022 | 2021 |
|--------------------------------------|---------------|----------------|
| Income | 353 | 1 511 |
| Interest | 353 | 1 511 |
| Positive effect of currency exchange | | |
| Costs | 7 758 | 21 970 |
| Interest | 7 758 | 20 177 |
| Negative effect of currency exchange | | 1 793 |
| Results | -7 405 | -20 459 |

14. Income Tax Costs

The Company calculated EUR 25 (2021 – EUR 33) of deferred income tax income. Declared income tax is calculated applying the 15 per cent rate and is presented in the income tax costs: EUR 125 464 in 2020, EUR 204 777 in 2021.

15. Transactions with Management and Other Related Persons

Head of administration (1 person) was paid EUR 126 351 of salary during 2022 (EUR 97 117 during 2021). No other income, loans, guarantees or payouts were received by the manager within 2022. Supervisory board is not assembled. There is a board of directors consisting of 5 persons, who were paid the total of EUR 34 500 during 2022 (EUR 28 366 during 2021).

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

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

17. Contingent Liabilities

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

18. Events after the Balance Sheet Date

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

The company has no transactions with buyers, suppliers of Russia, Belarus, and Ukraine, so the Company's results will not be affected by the economic sanction to the Russian and Belarusian companies.

Director Bernardas Vilkelis _____

Chief Accountant, Audikom, UAB, Jelena Sergejeva _____

10.03.2023