

UAB VLI Timber

Independent Auditor's Report,
Financial statements and Management Report
for a year, ended December 31, 2025

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BALANCE SHEET as at 31 December 2025

9 April 2026 Nr. 26/03-2

(reporting date)

01.01.2025 - 31.12.2025

(reporting period)

Eur

(Reporting currency, specify degree of accuracy)

Article No.	Article	Notes No.	Reporting period	Previous reporting period
	ASSETS			
A.	FIXED ASSETS		10 604 510	10 289 982
1.	INTANGIBLE ASSETS	3.1	127 879	130 388
1.1.	Development Works			
1.2.	Goodwill			
1.3.	Software		127 879	130 388
1.4.	Concessions, patents, licences, trade marks and similar rights			
1.5.	Other intangible assets			
1.6.	Advance payments			
2.	TANGIBLE ASSETS	3.2	9 788 005	9 465 462
2.1.	Land		28 877	28 877
2.2.	Buildings and structures		5 080 053	4 488 235
2.3.	Machinery and plant		2 692 084	3 484 625
2.4.	Vehicles		262 406	345 615
2.5.	Other equipment, fittings and tools		229 077	377 966
2.6.	Investment property			
2.6.1.	Land			
2.6.2.	Buildings			
2.7.	Advance payments and tangible assets under construction (production)		1 495 508	740 144
3.	FINANCIAL ASSETS		104 083	293 626
3.1.	Shares in entities of the entities group	3.3	38 329	38 329
3.2.	Loans to entities of the entities group			44 500
3.3.	Amounts receivable from entities of the entities group			
3.4.	Shares in associated entities			
3.5.	Loans to associated entities			
3.6.	Amounts receivable from the associated entities			
3.7.	Long-term investments			
3.8.	Amounts receivable after one year		6 855	196 633
3.9.	Other financial assets		58 899	14 164
4.	OTHER FIXED ASSETS		584 543	400 506
4.1.	Assets of the deferred tax on profit		584 543	400 506
4.2.	Biological assets			
4.3.	Other assets			
B.	CURRENT ASSETS		6 666 522	4 873 433
1.	INVENTORIES		2 427 519	1 958 361
1.1.	Raw materials, materials ir consumables	3.4	1 124 048	1 185 701
1.2.	Production and work in progress		177 333	141 561
1.3.	Finished goods		548 601	256 893
1.4.	Inventory for resale		1 049	1 083
1.5.	Biological assets			
1.6.	Fixed tangible assets held for sale			
1.7.	Advance payments		576 488	373 123
2.	AMOUNTS RECEIVABLE WITHIN ONE YEAR	3.5	4 110 328	2 836 105
2.1.	Trade debtors		2 323 839	2 152 199
2.2.	Amounts owed by entities of the entities group		688 766	429 824
2.3.	Amounts owed by associates entities			
2.4.	Other debtors		1 097 723	254 082
3.	SHORT-TERM INVESTMENTS			
3.1.	Shares in entities of the entities group			
3.2.	Other investments			
4.	CASH AND CASH EQUIVALENTS	3.6	128 675	78 967
C.	DEFERRED EXPENSES AND ACCRUED INCOME	3.7	150 563	107 875
	TOTAL ASSETS		17 421 595	15 271 290

Article No.	Article	Notes No.	Reporting period	Previous reporting period
	EQUITY AND LIABILITIES			
D.	EQUITY	3.8	5 869 897	5 932 366
1.	CAPITAL		137 836	100 000
1.1.	Authorised (subscribed) or primary capital		137 836	100 000
1.2.	Subscribed capital unpaid (-)			
1.3.	Own shares (-)			
2.	SHARE PREMIUM ACCOUNT			
3.	REVALUATION RESERVE			
4.	RESERVES		10 000	290
4.1.	Compulsory reserve or emergency (reserve) capital		10 000	290
4.2.	Reserve for acquiring own shares			
4.3.	Other reserves			
5.	RETAINED PROFIT (LOSS)		5 722 061	5 832 076
5.1.	Profit (loss) for the reporting year		(100 305)	519 338
5.2.	Profit (loss) from prior years		5 822 366	5 312 738
E.	GRANTS, SUBSIDIES	3.9	1 963 345	1 091 920
F.	PROVISIONS			
1.	Provisions for pensions and similar obligations			
2.	Provisions for taxation			
3.	Other provisions			
G.	AMOUNTS PAYABLE AND OTHER LIABILITIES	3.10	9 481 674	8 170 407
1.	AMOUNTS PAYABLE AFTER ONE YEAR AND OTHER LONG-TERM LIABILITIES		4 614 723	1 631 580
1.1.	Debt obligations		127 533	292 262
1.2.	Amounts owed to credit institutions		487 190	1 339 318
1.3.	Payments received on account			
1.4.	Trade creditors			
1.5.	Amounts payable under the bills and checks			
1.6.	Amounts payable to the entities of the entities group			
1.7.	Amounts payable to the associated entities			
1.8.	Other amounts payable and long-term liabilities		4 000 000	
2.	AMOUNTS PAYABLE WITHIN ONE YEAR AND OTHER SHORT-TERM LIABILITIES		4 866 951	6 538 827
2.1.	Debt obligations		194 435	105 131
2.2.	Amounts owed to credit institutions		1 384 686	2 598 779
2.3.	Payments received on account		318 384	149 776
2.4.	Trade creditors		2 368 986	3 283 493
2.5.	Amounts payable under the bills and checks			
2.6.	Amounts payable to the entities of the entities group			
2.7.	Amounts payable to the associated entities		129 827	
2.8.	Liabilities of tax on profit			
2.9.	Liabilities related to employment relations		457 523	383 587
2.10.	Other amounts payable and short-term liabilities		13 110	18 061
H.	ACCRUED EXPENSES AND DEFERRED INCOME	3.11	106 679	76 597
	TOTAL EQUITY AND LIABILITIES		17 421 595	15 271 290

Director
(title of the Company's management position)

(signature)

Darius Lackus
(name, surname)

Chief Accountant
(title of the Chief Accountant (Accountant) or
other person authorised to maintain
accounting records)

(signature)

Sigita Mikutienė
(name, surname)

UAB VLI TIMBER, Company Registration No. 302440414

(the legal form, the name, the code of the entity)

Gražiavietės str. 5, Kurkliai II village, Anykščių district, data is collected in VĮ Registrų Centras

(address, register where data about the entity is collected and kept)

(legal status if the entity is in liquidation, reorganisation or is bankrupt)

INCOME (LOSS) STATEMENT as at 31 December 2025

9 April 2026 Nr. 26/03-1

(reporting date)

01.01.2025 - 31.12.2025

(reporting period)

Eur

(Reporting currency, specify degree of accuracy)

Article No.	Article	Notes No.	Reporting period	Previous reporting period
1.	Revenue	3.12	22 857 311	21 382 710
2.	Cost of sales	3.13	(20 515 568)	(18 775 176)
3.	Fair value adjustments of the biological assets			
4.	GROSS PROFIT (LOSS)		2 341 743	2 607 534
5.	Selling expenses	3.14	(189 410)	(249 032)
6.	General and administrative expenses	3.15	(1 897 943)	(1 815 845)
7.	Other operating results	3.16	49 720	1 596
8.	Income from investments in the shares of parent, subsidiaries and associated entities			
9.	Income from other long-term investments and loans			
10.	Other interest and similar income	3.17	14 124	16 766
11.	The impairment of the financial assets and short-term investments		(4 959)	
12.	Interest and other similar expenses	3.17	(535 763)	(427 602)
13.	PROFIT (LOSS) BEFORE TAXATION		(222 488)	133 417
14.	Income Tax	3.18	184 037	385 921
15.	NET PROFIT (LOSS)		(38 451)	519 338
16.	DEPRECIATION AND AMORTISATION		(1 834 002)	(1 444 756)
17.	EBITDA (EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION)		2 147 277	2 005 775

Note. In the line item "Change in fair value of biological assets", a decrease in fair value is presented in parentheses or with a minus sign.

Expenses, i.e. amounts reducing net profit, are presented in parentheses or with a minus sign.

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STATEMENT OF CHANGES IN EQUITY as at 31 December 2025

9 April 2026 Nr.26/03-3

(reporting date)

01.01.2025 - 31.12.2025

(reporting date)

EUR

(Reporting currency)

	Paid up authorised or primary capital	Share premium account	Own shares (-)	Revaluation reserve		Legal reserve		Other reserves	Retained profit (loss)	Total
				Fixed tangible assets	Financial assets	Compulsory reserve or emergency (reserve)	Reserve for acquiring own shares			
1. Balance at the end of the reporting (yearly) period before previous	2 896					290			5 409 842	5 413 028
2. Result of changes in accounting policies										
3. Result of correcting material errors										
4. Recalculated balance at the end of the reporting (yearly) period before previous	2 896					290			5 409 842	5 413 028
5. Increase (decrease) in the value of fixed tangible assets										
6. Increase (decrease) in the value of effective hedging instruments										
7. Acquisition (sale) of own shares										
8. Profit (loss) not recognised in the profit (loss) account										
9. Net profit (loss) of the reporting period									519 338	519 338
10. Dividends										
11. Other payments										
12. Formed reserves										
13. Used reserves										
14. Increase (decrease) of authorised capital or shareholders' contributions ('shares	97 104								(97 104)	
15. Increase (decrease) of other authorised or primary capital										
16. Contributions to cover losses										
17. Balance at the end of the previous reporting (yearly) period	100 000					290			5 832 076	5 932 366

	Paid up authorised or primary capital	Share premium account	Own shares (-)	Revaluation reserve		Legal reserve		Other reserves	Retained profit (loss)	Total
				Fixed tangible assets	Financial assets	Compulsory reserve or emergency (reserve)	Reserve for acquiring own shares			
18. Increase (decrease) in the value of fixed tangible assets										
19. Increase (decrease) in the value of effective hedging instruments										
20. Acquisition (sale) of own shares										
21. Profit (loss) not recognised in the profit (loss) account									(61 854)	(61 854)
22. Net profit (loss) of the reporting period									(38 451)	(38 451)
23. Dividends										
24. Other payments										
25. Formed reserves						9 710			(9 710)	
26. Used reserves										
27. Increase (decrease) of authorised capital or shareholders' contributions ('shares	37 836									37 836
28. Increase (decrease) of other authorised or primary capital										
29. Contributions to cover losses										
30. Balance at the end of the reporting period	137 836					10 000			5 722 061	5 869 897

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CASH FLOW STATEMENT as at 31 December 20259 April 2026 Nr.25/03-4

(reporting period)

01.01.2025 - 31.12.2025

(reporting period)

Eur

(Reporting currency)

Article No.	Article	Notes No.	Reporting period	Previous reporting period
1.	Cash flows from operating activities			
1.1.	Net profit (loss)		(100 305)	519 338
1.2.	Depreciation and amortisation expenses	3.1, 3.2	2 207 445	1 756 110
1.3.	Elimination of results of disposals of fixed tangible and intangible assets		(38 893)	
1.4.	Elimination of results of financing and investing activities	3.17	49 234	132 625
1.5.	Elimination of results of other non-cash transactions		201 594	99 522
1.6.	Decrease (increase) in amounts receivable from entities of the entities group and the associated entities			
1.7.	Decrease (increase) in other amounts receivable after one year		189 778	(7 915)
1.8.	Decrease (increase) in assets of the deferred tax on profit	3.18	(184 037)	(385 921)
1.9.	Decrease (increase) in stocks, except advance payments	3.4	(314 440)	(689 967)
1.10.	Decrease (increase) in advance payments		(203 365)	36 260
1.11.	Decrease (increase) in trade debtors	3.5	(171 640)	(435 772)
1.12.	Decrease (increase) in amounts owed by entities of the entities group and associated entities	3.5	(214 442)	(79 642)
1.13.	Decrease (increase) in other debtors	3.5	(875 376)	1 065 961
1.14.	Decrease (increase) in short-term investments			
1.15.	Decrease (increase) in prepayments and accrued income	3.7	(42 688)	(30 788)
1.16.	Decrease (increase) in provisions			
1.17.	Decrease (increase) in trade of long-term creditors and prepayments received on account			
1.18.	Decrease (increase) in amounts payable under the bills and checks after one year			
1.19.	Decrease (increase) in long-term amounts payable for entities of the entities group and associated entities			
1.20.	Decrease (increase) in trade with short-term creditors and prepayments received on account	3	(745 899)	1 019 077
1.21.	Decrease (increase) in amounts payable under the bills and checks within one year			
1.22.	Decrease (increase) in short-term amounts payable for entities of the entities group and associated entities	3.1	129 827	
1.23.	Decrease (increase) in liabilities of tax on profit			
1.24.	Decrease (increase) in liabilities related to employment relations	3.10	29 855	12 122
1.25.	Decrease (increase) in other amounts payable and liabilities	3.10	(947 062)	493 135
1.26.	Decrease (increase) in accruals and deferred income	3.11	30 082	(25 788)
	Net cash flows from operating activities		(1 000 332)	(3 478 357)

Article No.	Article	Notes No.	Reporting period	Previous reporting period
2.	Cash flows from investing activities			
2.1.	Acquisition of fixed assets (excluding investments)		(2 636 345)	(2 864 996)
2.2.	Disposal of fixed assets (excluding investments)		38 893	
2.3.	Acquisition of long-term investments			
2.4.	Disposal of long-term investments			
2.5.	Loans granted		(13 000)	
2.6.	Loans recovered			
2.7.	Dividends and interest received			
2.8.	Other increases in cash flows from investing activities			
2.9.	Other decreases in cash flows from investing activities			
	Net cash flows from investing activities		(2 610 452)	(2 864 996)
3.	Cash flows from financing activities			
3.1.	Cash flows related to entity's owners		37 836	
3.1.1.	Issue of shares		37 836	
3.1.2.	Owner's contributions to cover losses			
3.1.3.	Purchase of own shares			
3.1.4.	Dividends paid			
3.2.	Cash flows related to other financing sources		3 622 656	(733 223)
3.2.1.	Increase in financial debts		4 000 000	
3.2.1.1.	Loans received			
3.2.1.2.	Issue of bonds		4 000 000	
3.2.2.	Decrease in financial debts		(1 546 994)	(1 323 737)
3.2.2.1.	Loans returned		(990 668)	(873 656)
3.2.2.2.	Redemption of bonds			
3.2.2.3.	Interest paid		(450 901)	(388 282)
3.2.2.4.	Finance leases payments		(105 425)	(61 799)
3.2.3.	Increase in other liabilities of the entity		2 500 000	1 500 000
3.2.4.	Decrease in other liabilities of the entity		(2 633 442)	(834 000)
3.2.5.	Other increases in cash flows from financing activities		1 303 092	(75 486)
3.2.6.	Other decreases in cash flows from financing activities			
	Net cash flows from financing activities		3 660 492	(733 223)
4.	Adjustments due to changes in exchange rates on the balance of cash and cash equivalents			
5.	Increase (decrease) of net's cash flows		49 708	(119 862)
6.	Cash and cash equivalents at the beginning of the period		78 967	198 829
7.	Cash and cash equivalents at the end of the period	3.6	128 675	78 967

Director

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Sigita Mikutienė

(name, surname)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025
(all amounts are stated in euros, unless otherwise indicated)

1. General Information

UAB VLI TIMBER (a private limited liability company, hereinafter referred to as the „Company“), company registration number 302440414, was incorporated and commenced operations on 23 September 2009. The registered office and principal place of business of the Company is Gražiavietės g. 5, Kurklių II village, Kurklių eldership, Anykščiai district, Lithuania. The Company has not established any representative offices or branches. Information about the Company is collected and maintained in the Register of Legal Entities of the Republic of Lithuania.

During 2025, changes occurred in the Company's governance and ownership structure. On 17 July 2025, the Company's shares were transferred, and 100% of the share capital was acquired by UAB Lackus holding, company registration number 307285754. As part of this transaction, the number and nominal value of shares were amended. Prior to the change, the Company's share capital consisted of 100 ordinary shares with a nominal value of 1 000 Eur each. Following the change, the share capital consisted of 100 000 ordinary shares with a nominal value of 1 Eur each.

Subsequently, UAB VLI TIMBER was reorganized through the merger by absorption of UAB “KNV industrial development LT”, company registration number 305935445. The reorganization was completed on 8 September 2025. Following the reorganization, the share capital of UAB VLI TIMBER comprises 137 836 ordinary shares, each with a nominal value of 1 Eur.

After the reorganization, the ownership structure of UAB VLI TIMBER is as follows:

UAB Lackus holding, company registration number 307285754 – 72,55%

UAB “KNV Development LT”, company registration number 305648242 – 22,88%

UAB “Plevėsa”, company registration number 307142254 – 4,57%

The Company's principal activity is the production of biofuel and wholesale trade thereof.

The average number of employees in 2025 was 125, and 101 employees in 2024.

The Company's financial year begins on 1 January and ends on 31 December.

2. Accounting Policy

Basis of Preparation

The financial statements have been prepared on a going concern basis, under the assumption that the Company will continue its operations for the foreseeable future.

The financial statements are prepared on the historical cost basis.

Based on the total value of assets presented in the Company's balance sheet as at 31 December 2025, the amount of annual net sales revenue, and the average annual number of employees, and in accordance with the provisions of the Law on Entities Reporting of the Republic of Lithuania, the Company is classified as a medium-sized entity.

The set of financial statements for the year ended 31 December 2025 comprises the balance sheet, income (loss) statement, statement of changes in equity, cash flow statement, and the notes to the financial statements.

These financial statements have been prepared in accordance with the Law on Financial Accounting of the Republic of Lithuania, the Law on on Entities Reporting of the Republic of Lithuania, and the Lithuanian Financial Reporting Standards (LFRS) applicable as at 31 December 2025. The Lithuanian Financial Reporting Standards comprise accounting standards and methodological guidelines issued and approved by the Authority of Audit, Accounting, Property Valuation and Insolvency Management.

The functional and presentation currency of the Company is the euro (Eur)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

(all amounts are stated in euros, unless otherwise indicated)

a) Intangible Assets

Intangible assets are identifiable non-monetary assets without physical substance that are controlled by the Company and from which the Company expects to derive direct and/or indirect economic benefits, and whose acquisition cost is not less than the minimum capitalization threshold set by the Company. Such assets are classified as intangible non-current assets.

Purchased intangible assets are initially recognized at acquisition cost. Expenditure incurred on the enhancement of intangible assets after they have been brought into use is recognized as an expense in the reporting period in which it is incurred, provided that the amount of such expenditure is not material in relation to the acquisition cost. Expenditure incurred on improvements that increase the functionality of an intangible asset or enhance its future economic benefits is capitalized and added to the carrying amount of the asset. The amortizable amount of intangible assets is allocated on a systematic basis over their estimated useful lives.

The Company has determined the following categories of intangible assets, their minimum capitalization thresholds, and useful lives (applicable from 1 January 2024):

<u>Intangible asset category</u>	<u>Minimum acquisition cost</u>	<u>Useful life</u>
Software	2000 Eur	3 years
Acquired rights	2000 Eur	3 years
Other intangible assets	2000 Eur	4 years

b) Property, Plant and Equipment

For the purposes of financial reporting, all economic resources controlled by the Company are recognized as assets when it is probable that future economic benefits associated with such resources will flow to the Company and the cost of the assets can be measured reliably.

Property, plant and equipment (PPE) are classified as non-current tangible assets when the following criteria are met: the asset is intended for use for a period exceeding one year; the Company expects to derive economic benefits from its use; the risks and rewards associated with ownership of the asset have been transferred to the Company; and the acquisition cost of the asset is not lower than the minimum capitalization threshold established in the Company's approved methodology for minimum acquisition values and depreciation and amortization rates (in years). Different categories of PPE have different minimum capitalization thresholds and depreciation rates.

The following categories of property, plant and equipment, their minimum acquisition costs, and useful lives have been established (applicable from 1 January 2024):

<u>Property, plant and equipment category</u>	<u>Minimum acquisition cost</u>	<u>Useful life</u>
Other buildings	2000 Eur	15 years
Equipment, structures, boreholes, etc.	2000 Eur	8 years
Vehicles:		
Passenger cars (not older than 5 years)	2000 Eur	6 years
Passenger cars (older than 5 years)	2000 Eur	10 years
Trucks, trailers, semi-trailers, buses (not older than 5 years)	2000 Eur	4 years
Other equipment, tools and machinery:		
Computer and calculation equipment	2000 Eur	3 years
Furniture	2000 Eur	6 years
Machinery, equipment and devices	2000 Eur	5 years
Other tangible assets	2000 Eur	4 years

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

(all amounts are stated in euros, unless otherwise indicated)

Property, plant and equipment are initially recognized in the accounting records at acquisition cost, which includes the purchase price paid or payable, delivery costs, non-refundable taxes, and costs of design, installation, assembly, and preparation for use.

Depreciation of PPE commences on the first day of the month following the month in which the asset is put into use and ceases on the first day of the month following the asset's disposal, transfer, or derecognition.

The Company applies the straight-line method for the depreciation of property, plant and equipment.

Property, plant and equipment presented in the financial statements are measured at historical acquisition or production cost, less accumulated depreciation and accumulated impairment losses, and plus any reversal of impairment losses, where applicable.

Upon disposal or write-off of PPE, the related acquisition cost and accumulated depreciation are eliminated from the accounts, and any resulting gain or loss on disposal is recognized in the statement of profit or loss.

The accounting treatment of reconstruction and repair costs of PPE depends on the nature of the result achieved:

- where reconstruction or repair improves the useful properties of the asset or enhances its performance, such costs are capitalized, added to the carrying amount of the asset, and depreciated over the remaining useful life of the related asset;*
- where reconstruction or repair does not improve the useful properties of the asset and does not extend its useful life, such costs are recognized as operating expenses in the reporting period in which they are incurred.*

Property, plant and equipment classified under the category "Other buildings" were measured at revalued amounts during the period from 2015 to 2023. Following the completion of building reconstruction works in 2023, the Company decided to apply the cost model to all items of property, plant and equipment.

Expenditure incurred on the repair or reconstruction of property, plant and equipment used in the Company's operations under lease agreements, which results in an improvement of the asset's useful properties, is recognized as prepaid expenses. After completion of such works, the related costs are recognized as expenses on a straight-line basis over the lease term. In the case of leases with an indefinite term, such costs are expensed over a period corresponding to the useful life established for the relevant asset category.

c) Inventories

Inventories are current assets that are expected to be consumed in the course of generating revenue within one year.

Inventories comprise raw materials, materials, components and spare parts, work in progress, finished goods, and goods held for resale. Upon initial recognition, inventories are measured at acquisition cost, which includes the purchase price and directly attributable transportation costs incurred to bring the inventories to their present location.

All other costs related to the acquisition of inventories, such as taxes and duties (except those recoverable), costs of preparation for use, and other related expenses, are recognized as expenses in the reporting period in which they are incurred.

Accounting for production processes is based on approved production norms and costing cards. During production operations, raw materials are issued to production and finished goods are recognized upon completion.

The cost of inventories sold or consumed is determined using the FIFO (First-In, First-Out) method, under which it is assumed that inventories acquired first are sold or used first. Inventory movements are accounted for using a perpetual inventory system, whereby each inventory-related transaction is recorded in the accounting records as it occurs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

(all amounts are stated in euros, unless otherwise indicated)

From 2024, inventories of finished goods and work in progress held at year-end are measured at a cost comprising raw materials, components, and direct production costs, including wages of production personnel, depreciation of property, plant and equipment used in production, and electricity costs.

Fuel used for production equipment and machinery in manufacturing processes is accounted for based on fuel consumption reports, in accordance with established fuel consumption norms, taking into account mileage and operating hours. Fuel purchased for passenger vehicles and immediately filled into vehicle fuel tanks is recognized as operating expenses based on purchase documentation.

Low-value assets and inventory items issued for use in the Company's operations are expensed immediately at acquisition cost and recognized as operating expenses in the reporting period.

d) Trade Receivables

Trade receivables are initially recognized at fair value. Subsequently, short-term receivables are measured net of impairment losses, where applicable.

Impairment of receivables is assessed on an individual basis, taking into account the specific circumstances of each debtor. Receivables that are overdue for up to 90 days are not considered impaired. Receivables overdue for more than 90 days are assessed for impairment based on individual circumstances and the probability of recovery.

Receivables are classified as doubtful when their recoverability is considered uncertain due to the length of the overdue period. Receivables overdue for more than 365 days are recognized as doubtful. Amounts related to doubtful receivables are recognized as operating expenses of the reporting period and treated as non-deductible expenses for tax purposes, while continuing to be monitored through the use of a contra-account for doubtful receivables.

Recoveries of receivables previously recognized as doubtful are recorded as a reduction of doubtful receivables expense in the reporting period in which the recovery occurs.

Bad debts are receivables that meet the criteria set out in Article 25 of the Law on Corporate Income Tax of the Republic of Lithuania and the procedure approved by Order No. 40 of the Minister of Finance of the Republic of Lithuania dated 12 February 2002, which establishes the rules for substantiating the irrecoverability of debts and the calculation of bad debt amounts.

Receivables that are factored are recognized as trade receivables until such time as they are settled by customers directly with the bank.

e) Cash and Cash Equivalents

Cash and cash equivalents comprise cash held in bank accounts, balances held in electronic commerce and payment platform accounts, cash on hand, and cash in transit. As of 10 April 2025, the Company's cash register was deregistered and is no longer used in operations.

Cash in transit represents funds for which the Company's right of disposal is temporarily restricted, including funds held in electronic commerce platforms or payment collection systems, as well as amounts debited from one account at the reporting date but not yet credited to another account.

Foreign currency transactions are recorded in the accounting records in the functional currency (Eur) using the official exchange rate of the euro against the foreign currency published by the European Central Bank, applicable on the day preceding the transaction date.

f) Equity and Reserves

Imonės The Company's equity comprises share capital, share premium, statutory reserve, other reserves, and retained earnings.

In accordance with the Law on Companies of the Republic of Lithuania, the Company forms a statutory reserve amounting to 1/10 of the share capital. This reserve is appropriated from retained earnings upon approval of the annual financial statements.

Profit distribution is recognized in the Company's accounting records at the date when shareholders resolve on the allocation of profit, regardless of the period in which the profit was earned. When

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(all amounts are stated in euros, unless otherwise indicated)

shareholders decide to create, increase, or reduce a reserve, the corresponding increase or decrease in the reserve is recognized with a corresponding decrease or increase in retained earnings.

The retained earnings (losses) balance represents the net profit or loss generated in the current and prior reporting periods that has not yet been allocated, as well as profit not recognized in the statement of profit or loss but remaining undistributed, or accumulated losses not yet covered.

g) Grants and Subsidies

Grants and subsidies (hereinafter referred to as “grants”) received in the form of non-current assets, or granted for the purchase, construction, or other acquisition of non-current assets, are classified as asset-related grants. Grants are accounted for in accordance with the accrual principle. Asset-related grants are recognized in the financial statements as income systematically over the useful life of the related asset, corresponding to the depreciation of that asset, thereby reducing the related expense.

Grants received for the purpose of compensating expenses incurred or foregone income in the current or prior reporting periods, as well as all other grants not related to assets, are classified as income-related grants. Income-related grants are recognized as income over the periods in which the related costs are incurred or in which the foregone income to be compensated is recognized. Any unused portion of grants is presented in the balance sheet under the item “Grants and subsidies”.

A receivable for a grant is recognized only when there is reasonable assurance that the grant will be received, such as when a formal decision has been adopted, a project financing agreement has been signed with the funding institution, project-related expenses have been incurred, or other comparable conditions have been met.

h) Liabilities

Liabilities recognized in the accounting records of the Company are present obligations arising from past transactions and events, the settlement of which will result in an outflow of economic benefits and whose amounts can be measured reliably. Planned or future transactions are not recognized as liabilities.

Current liabilities are those liabilities that are expected to be settled within one year from the balance sheet date. The Company’s current liabilities include amounts payable and other obligations to trade partners, credit institutions, state authorities, and other legal and natural persons.

Upon initial recognition, financial liabilities are measured at cost, being the fair value of the consideration received, i.e. the value of assets or services obtained. Transaction costs incurred in connection with the origination of financial liabilities are recognized as expenses in the statement of profit or loss in the period in which they are incurred.

Liabilities are classified as non-current if a financing agreement concluded before the date of approval of the financial statements provides evidence that, by their nature, the obligations were long-term as at the balance sheet date.

The Company derecognizes a financial liability, or a part thereof, only when the obligation is discharged, cancelled, or expires.

The Company also recognizes liabilities that arise when services are rendered or assets are transferred, but the related invoice is issued to the customer in a subsequent reporting period. Such liabilities are recorded in an accrued liabilities account and are presented in the financial statements under “Accrued expenses and deferred income.”

i) Revenue

Revenue is recognized in accordance with the accrual principle, i.e. when it is earned, regardless of the timing of cash receipts. Revenue is measured at fair value, taking into account granted and expected discounts, as well as returns and price reductions of sold goods.

Revenue from the sale of goods is recognized, recorded in the accounting records, and presented in the financial statements when the goods are sold and the amount of revenue can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS

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Revenue from the provision of services is recognized, recorded, and presented in the financial statements when the transaction is completed and when both the amount of revenue and the related costs incurred in connection with the service and its completion can be measured reliably.

Other operating income includes proceeds from the sale of non-current assets used in the Company's operations, as well as income from the sale of other assets used in operations, including secondary raw materials.

Financial income comprises interest income received, penalties charged for non-performance of contractual obligations, and positive foreign exchange differences.

j) Expenses

Sąnaudos Expenses are recognized in the accounting records in accordance with the accrual and matching principles, i.e. they are recognized in the reporting period in which the related revenue is earned, regardless of the timing of cash payments.

Cost of sales represents expenses incurred by the Company in the current and prior reporting periods that are attributable to services rendered and goods sold during the reporting period. This item includes only that portion of expenses that relates to services, production, and goods sold in the respective reporting period.

Production costs include the cost of consumed timber, packaging materials, transportation services, customs brokerage services, warehouse rental expenses, operating expenses of equipment used in the production process, electricity costs, as well as wages of production personnel and related social security contributions.

Operating expenses represent costs incurred during the reporting period in connection with the Company's ordinary activities. Operating expenses are classified into selling expenses and general and administrative expenses. Selling expenses are the portion of operating expenses related to the sale of goods during the reporting period. General and administrative expenses are costs incurred in supporting the Company's ordinary operations and generating revenue during the reporting period. These include salaries of administrative personnel and related payroll taxes, premises and vehicle maintenance and operating costs, telephone and internet expenses, computer equipment and related operating costs, write-off of inventory issued for use, office supplies and postal services, travel expenses, training, consulting, and other general business expenses.

Finance costs include interest expenses, negative foreign exchange differences, costs related to bonds, and penalties for late settlement of obligations.

Selling, general and administrative, and finance expenses are recognized, recorded, and presented in the financial statements in the same reporting period in which they are incurred.

k) Provisions

Provisions are recognized only when the Company has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when the amount of the obligation can be reliably estimated.

l) Income Tax

Income tax expense comprises current income tax and deferred income tax.

Current income tax is calculated based on the taxable profit for the reporting period, applying the tax rates in force and applicable as at the balance sheet date. A 15% corporate income tax rate was applied to the Company for the 2024 reporting period. From 1 January 2025, a 16% tax rate applies. For the purposes of calculating deferred income tax for 2026, a 17% tax rate has been applied.

Corporate income tax is calculated on the basis of annual taxable profit and in accordance with the tax laws of the Republic of Lithuania.

Deferred tax is calculated using the balance sheet liability method. Deferred tax reflects the net tax effect of temporary differences between the carrying amounts of assets and liabilities and their respective tax

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bases. Deferred tax assets and liabilities are measured using the tax rates expected to apply in the periods in which the assets will be realized or the liabilities settled, based on tax rates enacted or substantively enacted as at the balance sheet date.

m) Error Correction and Reclassifications

Errors relating to prior reporting periods that are identified during the current reporting period are corrected in the current period financial statements if they are immaterial. The correction of such errors is recognized in the same line item of the statement of profit or loss in which the error originally occurred.

Material errors are corrected retrospectively. In such cases, the opening balance of retained earnings (losses) for the reporting period is adjusted. Adjustments are made to the balances of those assets, liabilities, or equity items that were affected by the error. Comparative information presented in the financial statements is restated accordingly. Financial statements of prior periods that have already been approved are not reissued. Information regarding such corrections is disclosed in the notes to the financial statements.

The Company considers an error to be material if it exceeds 5% of the reporting period's total sales revenue.

n) Contingencies

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

Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits or income is probable.

o) Financial Risk Management

The Company conducts most of its transactions on international markets denominated in euros, with only an insignificant portion of purchases made in US dollars or UK pounds sterling. As a result, the Company does not consider foreign exchange risk to be significant.

Credit risk, i.e. the risk of counterparty default, is managed through established credit terms, procedural controls, and trade receivables insurance.

The Company manages liquidity risk by maintaining sufficient cash and cash equivalents, having access to appropriate credit facilities, and through advance cash flow planning.

p) Subsequent events

Subsequent events after the reporting period that provide additional evidence of conditions that existed at the balance sheet date (adjusting events) are reflected in the financial statements.

Events after the reporting period that are non-adjusting are disclosed in the notes to the financial statements when material.

r) Related Parties

A related party is a legal or natural person who meets at least one of the following criteria:

- a) directly or indirectly exercises control over the Company;
- b) is able to exercise significant influence over the Company;
- c) jointly controls an arrangement under a joint activity agreement;
- d) is an entity controlled by the same parent company or the same natural person (or group of persons);
- e) is an associate or a subsidiary of the Company;
- f) is an entity controlled under a joint venture agreement;
- g) is a member of the management of the Company or its parent company;

NOTES TO THE FINANCIAL STATEMENTS

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(all amounts are stated in euros, unless otherwise indicated)

h) is a close family member of any individual referred to in points (a), (b), (c), or (g);

i) is an entity controlled, jointly controlled, or significantly influenced by any individual referred to in points (g) or (h);

j) is an entity that operates post-employment benefit plans, paying pensions or other employee benefits to employees of the Company or a related entity.

s) Significant Judgements and Key Sources of Estimation Uncertainty

In applying the Company's accounting policies, management is required to make judgements, estimates, and assumptions concerning the carrying amounts of assets and liabilities that are not readily observable from other sources. These estimates and underlying assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

Presented below are the key assumptions relating to the future and other key sources of estimation uncertainty existing at the end of the reporting period that may result in a material adjustment to the carrying amounts of assets and liabilities in subsequent financial periods.

Impairment of Property, Plant and Equipment

The Company assesses at least annually whether there are any indicators that the carrying amount of property, plant and equipment may be impaired. When such indicators are identified, an impairment test is performed.

The recoverable amount of cash-generating units is determined based on the calculation of value in use, which requires management to make assumptions regarding future cash flows, growth rates, and discount rates.

Other Assumptions and Estimates

Other significant estimates include the determination of the useful lives of tangible and intangible assets, provisions for inventory, and impairment of doubtful trade receivables. Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the reporting period in which the estimate is revised, if the revision affects that period only, or in the current and future reporting periods, if the revision affects both current and future periods.

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Notes to the Financial Statements

3.1 Intangible Assets

As at 31 December 2025, the Company's intangible assets consisted of the following:

Description	Software	Software under development	Other intangible assets	Total
Acquisition value				
As at 31 December 2024	152 941	-	2 172	155 113
Additions	-	47 065	-	47 065
Disposals	-	-	-	-
Transfers between categories	47 065	-47 065	-	-
As at 31 December 2025	200 006	-	2 172	202 178
Accumulated amortisation				
As at 31 December 2024	22 553	-	2 172	24 725
Amortisation for the period	49 574	-	-	49 574
Disposals	-	-	-	-
Transfers between categories	-	-	-	-
As at 31 December 2025	72 127	-	2 172	74 299
Carrying amount				
As at 31 December 2024	130 388	-	-	130 388
As at 31 December 2025	127 879	-	-	127 879

Nuo From 1 January 2024, the minimum acquisition value for assets classified as intangible non-current assets was increased from 600 Eur to 2 000 Eur.

Amortisation of intangible assets was recognized in the general and administrative expenses line of the statement of profit or loss.

3.2 Property, Plant and Equipment

Following the increase of the minimum capitalization threshold effective 1 January 2024, property, plant and equipment acquired in prior periods and still in use but with a carrying amount below the newly established threshold were written off in financial accounting. For tax purposes, depreciation continues to be calculated as if such assets remained in use until fully depreciated.

Depreciation expense related to such written-off assets for 2025 amounted to 14 640 Eur.

UAB VLI TIMBER

Company Registration No.: 302440414

Registered Address: Graživietės g. 5, Kurklių II village, Kurklių eldership, Anykščiai district, Lithuania

NOTES TO THE FINANCIAL STATEMENTS

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(all amounts are stated in euros, unless otherwise indicated)

Property, Plant and Equipment as at 31 December 2025:

Description	Land	Buildings and structures	Machinery and equipment	Vehicles	IT equipment and other tangible assets	Advances and construction in progress	Total
Acquisition value							
As at 31 December 2024	28 877	6 529 957	5 237 885	517 198	897 911	740 144	13 951 972
Additions	-	1 164 358	50 748	-	25 260	1 397 561	2 637 927
Disposals	-	-	-181 970	-1 600	-	-123 404	-306 974
Transfers between categories	-	322 781	196 012	-	-	-518 793	-
As at 31 December 2025	28 877	8 017 096	5 302 675	515 598	923 171	1 495 508	16 282 925
Revaluation / Impairment							
As at 31 December 2024	-	-	-	-	-	-	-
Revaluation increase (+) / impairment loss (-)	-	-	-	-	-	-	-
Depreciation for the period	-	-	-	-	-	-	-
As at 31 December 2025	-	-	-	-	-	-	-
Accumulated amortisation							
As at 31 December 2024	-	2 041 722	1 753 260	171 583	519 945	-	4 486 510
Depreciation for the period	-	895 321	1 005 193	83 208	174 149	-	2 157 871
Disposals	-	-	-147 862	-1 599	-	-	-149 461
Transfers between categories	-	-	-	-	-	-	-
As at 31 December 2025	-	2 937 043	2 610 591	253 192	694 094	-	6 494 920
Carrying amount							
As at 31 December 2024	28 877	4 488 235	3 484 625	345 615	377 966	740 144	9 465 462
As at 31 December 2025	28 877	5 080 053	2 692 084	262 406	229 077	1 495 508	9 788 005

Depreciation of the Company's property, plant and equipment was recognized in the following line items of the statement of profit or loss:

Cost of sales –1 696 887 Eur (as at 31 December 2024 - 1 357 888 Eur);

General and administrative expenses – 94 441 Eur (as at 31 December 2024 - 83 697 Eur).

Pledged Asset Category	Carrying amount (Eur)	Pledge maturity
Land	28 877	2029-07-29
Buildings and structures	3 917 749	2029-07-29
Machinery and equipment	528 220	2028-02-05
Other tangible assets	81 796	2028-02-05
Total	4 556 642	

As at 31 December 2025, property, plant and equipment with a carrying amount of 4 556 642 Eur (2024 – 4 558 489 Eur) were pledged as collateral for loans granted by AB Artea Bankas (see Note 3.10)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

(all amounts are stated in euros, unless otherwise indicated)

Fully Depreciated Assets Still in Use

As at 31 December 2025, the acquisition cost of the Company's non-current assets that were fully depreciated but still in use in the Company's operations amounted to:

Asset Category	31 December 2025	31 December 2024
Software	3 186	3 186
Other intangible assets	2 172	2 172
Buildings and structures	296 255	423 183
Machinery and equipment	365 853	269 358
Vehicles	10 744	12 344
Other tangible assets	205 492	134 791
Total	883 702	845 034

As at 31 December 2025, unfinished projects accounted for under construction in progress comprised the following:

Project	Carrying amount (Eur)	Expected completion
Automated packaging line	426 043	2027 Q4
Automatic chopping machines	132 152	2026 Q2
Production building	683 734	2027 Q3
Advances paid	253 579	2038 Q3
Total	1 495 508	

3.3 Subsidiaries

As at 31 December 2025 and 31 December 2024, the subsidiaries directly controlled by the Company were as follows:

Company name	Registered office address	Investment amount (Eur)	Number of shares and ownership interest (%)
Santo Cajetan Energy Ltd	29 Bargates, Box, Corsham, Wiltshire, SN13 8LT, UK	18 215	100 shares, 100 %
OD Sverige AB	Hoverberg 828, 845 62, Svenstavik, SE	20 000	150 shares, 60 %
Good Wood Distribution Ltd	307 Cotton Exchange Building, Old Hall Street, Liverpool, L3 9LQ, UK	114	100 shares, 100 %
Total investment in group companies' shares		38 329	

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025
 (all amounts are stated in euros, unless otherwise indicated)

3.4 Inventories

As at 31 December 2025 and 31 December 2024, inventories consisted of the following:

	<i>Raw materials, materials and components</i>	<i>Work in progress and contracts in progress</i>	<i>Finished goods</i>	<i>Goods held for resale</i>	<i>Total</i>
<i>Acquisition cost as at 31 December 2024</i>	1 185 701	141 561	256 893	1 083	1 585 238
<i>Net realisable value as at 31 December 2024</i>	1 185 701	141 561	256 893	1 083	1 585 238
<i>Acquisition cost as at 31 December 2025</i>	1 124 048	177 333	548 601	1 049	1 851 031
<i>Net realisable value as at 31 December 2025</i>	1 124 048	177 333	548 601	1 049	1 851 031
<i>Inventories held by third parties</i>	-	-	-	474	474
<i>Pledged inventories</i>	200 000	-	-	-	200 000

As at 31 December 2025, inventories with a carrying amount of 200 thousand Eur were pledged to AB Artea Bankas as collateral for the repayment of loans (see Note 3.10).

The carrying amount of inventories as at 31 December 2025 amounted to 1 851 thousand Eur (as at 31 December 2024 –1 585 thousand Eur).

3.5 Trade and Other Receivables Due Within One Year

<i>Description</i>	<i>31 December 2025</i>	<i>31 December 2024</i>
<i>Trade receivables</i>		
<i>Trade receivables</i>	2 375 700	2 267 514
<i>Allowance for doubtful trade receivables</i>	(51 861)	(115 315)
<i>Receivables from group companies</i>	688 766	429 824
<i>Total trade receivables</i>	3 012 605	2 582 023
<i>Other receivables</i>		
<i>Value added tax recoverable from the state budget</i>	418 821	242 009
<i>Grant receivable from structural funds</i>	439 759	
<i>Advances to accountable persons</i>	34 836	11 773
<i>Loans granted and not repaid</i>	204 307	300
<i>Total other receivables</i>	1 097 723	254 082

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

(all amounts are stated in euros, unless otherwise indicated)

3.6 Cash and Cash Equivalents

Cash and cash equivalents at the end of the reporting period comprise cash held in bank accounts, accounts with payment collection platforms, and cash in transit.

As at 31 December 2025, cash and cash equivalents amounted to 128 675 Eur (as at 31 December 2024 –78 967 Eur).

3.7 Deferred Expenses and Accrued Income

Description	31 December 2025	31 December 2024
Deferred insurance expenses	112 631	72 148
Deferred expenses for repair of leased buildings	23 404	23 404
Deferred cost of sales expenses	9 196	8 460
Other deferred operating expenses	5 332	3 863
Total	150 563	107 875

3.8 Share Capital and ReservesShare Capital (Subscribed / Registered Capital)

During 2025, changes occurred in the Company's shareholder structure, as well as in the nominal value and number of shares. As at 31 December 2025, the Company's share capital amounted to 137 836 Eur and consisted of 137 836 ordinary registered shares, each having a nominal value of 1 Eur. All shares were fully paid-up.

As at 31 December 2025, the Company's shareholders were as follows:

	Number of shares	Percentage of total shares (%)	Percentage of voting rights (%)
UAB "Lackus holding"	100 000	72.55	72.55
UAB "KNV Development LT"	31 533	22.88	22.88
UAB "Plevėsa"	6 303	4.57	4.57
Total	137 836	100	100

As at 31 December 2024, the Company's shareholders were as follows:

	Number of shares	Percentage of total shares (%)	Percentage of voting rights (%)
Mr Darius Lackus	58	58	58
Mr Žygimantas Lackus	42	42	42
Total	100	100	100

Statutory Reserve

The statutory reserve is a mandatory reserve established in accordance with the laws of the Republic of Lithuania. At least 5% of distributable net profit is transferred annually to this reserve until it reaches 10% of the share capital. The statutory reserve may be used exclusively to cover future losses.

NOTES TO THE FINANCIAL STATEMENTS

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(all amounts are stated in euros, unless otherwise indicated)

In 2025, upon approval of the 2024 financial statements and allocation of profit, 9 710 Eur was transferred to the statutory reserve.

As at 31 December 2025, the statutory reserve amounted to 10 000 Eur (as at 31 December 2024 – 290 Eur).

Following the increase in share capital during the reorganization, the statutory reserve was not increased accordingly. The Company intends to fully form the statutory reserve up to 10% of share capital from retained earnings upon approval of the 2025 financial statements and allocation of annual results.

The loss not recognized in the statement of profit or loss in 2025 represents the loss assumed during the merger by absorption of UAB “KNV Industrial Development LT”.

Retained Earnings (Losses)

<i>Item</i>	<i>Period</i>	<i>Amount (Eur)</i>
Retained earnings (losses)	As at 31 December 2024	5 832 076
Net result for the financial year – profit (loss)		(38 451)
Portion of profit allocated to statutory reserves		(9 710)
Profit (loss) not recognized in the statement of profit or loss		(61 854)
Distributable profit (loss)	2025-12-31	5 722 061
Shareholders' contributions to cover losses		
Transfers from reserves		
Distributable profit	As at 31 December 2025	5 722 061
Allocation of profit:		3 784
- to statutory reserves		3 784
- to other reserves		
- dividends		
- other (increase of share capital)		
Retained earnings at year-end		5 718 277

As at the date of approval of the financial statements, the profit distribution plan has not yet been approved.

3.9 Grants and Subsidies

	<i>31 December 2025</i>	<i>31 December 2024</i>
Balance at beginning of the period	1 091 920	1 640 063
Grants receivable at beginning of the period	-	(1 020 801)
Grants received during the period	756 463	714 358
Amortisation of grants (subsidies)	(324 797)	(241 701)
Grants receivable at end of the period	439 759	-
Balance at end of the period	1 963 345	1 091 920

UAB VLI TIMBER

Company Registration No.: 302440414

Registered Address: Graživietės g. 5, Kurklių II village, Kurklių eldership, Anykščiai district, Lithuania

NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

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Detalization of Grants Balance as at 31 December 2025:

Project name	Grant balance at period end, Eur
Modernisation of the biofuel boiler house of UAB VLI TIMBER	124 446
“Implementation of digitalisation technologies in the production processes of UAB VLI TIMBER”	51 760
Implementation of competitive cultural products at UAB VLI TIMBER	1 725
Implementation of environmentally friendly technologies at UAB VLI TIMBER	283 523
Implementation of new technological solutions for digitalisation and automation of production processes at UAB VLI TIMBER	332 735
Installation of energy production capacities using renewable energy sources at UAB VLI TIMBER	64 273
Implementation of technologies increasing energy efficiency at UAB VLI TIMBER	804 883
Sustainable investments into expansion of production capacities of UAB VLI TIMBER in Jonava district	300 000
Total	1 963 345

3.10 Borrowings and Amounts Payable to Credit Institutions*As at 31 December, the Company’s financial liabilities were as follows:*

	31 December 2025	31 December 2024
Financial Liabilities to Credit Institutions by Repayment Maturity:		
Due within one year	1 384 686	2 598 779
Due in two to five years	487 190	1 339 318
Due after five years		
Total financial liabilities	1 871 876	3 938 097
Lease (Finance Lease) Liabilities by Repayment Maturity:		
Due within one year	164 435	105 131
Due in two to five years	127 533	292 262
Due after five years		
Total lease (finance lease) liabilities	291 968	397 393

Loan agreements stipulate variable interest rates, with interest based on 6-month EURIBOR. The loans are secured by pledged assets with a carrying amount of 4 556 642 Eur (as at 31 December 2024 – 4 558 489 Eur), disclosed in Note 3.2.

Loans amounting to 2 717 thousand Eur granted by AB Artea Bankas are guaranteed by the Company’s subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS
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Factoring agreements concluded with AB Artea Bankas expired at the end of 2025. As at 31 December 2024, receivables/payables under factoring agreements amounted to 942 111 Eur. Amounts payable were recognized under financial liabilities to credit institutions.

On 30 May 2025, the Company issued bonds with a maturity of 36 months. Nominal value of each bond – 1 000 Eur, number of bonds issued - 4 000, interest rate - 9%, payable quarterly.

	31 December 2025
Amounts Payable to Bondholders by Repayment Maturity:	
Due within one year (interest payable as at 31 December 2025)	30 000
Due in two to five years (bonds)	4 000 000
Due after five years	
Total amounts payable to bondholders	4 030 000

Interest payable is recognized under borrowings.

Employee-Related Liabilities (Eur)

	31 December 2025	31 December 2024
Wages payable	148 663	123 786
Accrued holiday pay	206 893	162 812
Social security contributions	59 433	49 493
Deferred social security contributions payable	-	10 048
Personal income tax payable	37 766	33 390
Social security contributions on accrued holiday pay	3 662	2 882
Withholdings from employees' wages	1 106	1 176
Total	457 523	383 587

Other Payables and Current Liabilities (Eur)

	31 December 2025	31 December 2024
Pollution tax payable	4 267	2 552
Real estate tax payable	945	2 369
Personal income tax payable on non-employment income	89	929
Amounts payable to accountable persons	786	196
VAT payable in Germany	-	201
Accrued VAT payable in the United Kingdom	-	193
VAT payable under OSS scheme	7 023	11 621
Total	13 110	18 061

3.11 Accrued Expenses and Deferred Income

	31 December 2025	31 December 2024
Accrued transportation service expenses	84 912	64 938
Accrued selling and other operating expenses	21 767	11 659
Total	106 679	76 597

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025
 (all amounts are stated in euros, unless otherwise indicated)

3.12 Revenue

Revenue for the financial years comprised the following:

	2025	2024
Sales in Lithuania	833 629	356 579
Exports to third countries	9 993 383	10 840 995
Exports to the European Union	12 030 299	10 185 136
Total	22 857 311	21 382 710

Revenue in 2025 increased by 1 477 thousand Eur compared to 2024, primarily due to an increase in production capacity.

3.13 Cost of Sales

Description	2025	2024
Cost of sales	20 515 568	18 775 176
Cost of finished inventory sold	9 027 895	8 685 416
Transportation of inventory	4 662 447	4 099 165
Wages and social security contributions of production personnel	1 756 803	1 355 199
Depreciation of property, plant and equipment used in production	1 696 887	1 357 888
Electricity costs	659 951	530 331
Equipment operating expenses	386 359	296 216
Outsourced production labour costs	1 764 091	1 594 161
Fuel expenses	261 578	265 806
Warehousing costs	196 055	482 764
Other production costs	103 502	108 230

Cost of sales in 2025 increased by 1 741 thousand Eur compared to 2024, mainly due to higher transportation costs and increased employee wage expenses.

3.14 Selling Expenses

Selling expenses for the financial years comprised the following:

	2025	2024
E-commerce selling expenses	86 055	175 060
Advertising, marketing and other selling expenses	103 355	73 972
Total	189 410	249 032

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

(all amounts are stated in euros, unless otherwise indicated)

3.15 General and Administrative Expenses

<i>Description</i>	2025	2024
General and administrative expenses	1 897 943	1 763 984
<i>Wages and social security contributions</i>	946 017	919 166
<i>Consulting, training and professional development expenses</i>	153 990	141 701
<i>Land and premises rent and operating expenses</i>	197 974	184 471
<i>Passenger vehicle lease, repair and operating expenses</i>	53 770	34 475
<i>Insurance expenses</i>	98 251	72 767
<i>Depreciation and amortisation of non-current assets</i>	137 115	86 868
<i>Operating tax expenses</i>	30 169	49 135
<i>Accrued holiday pay and related social security expenses</i>	11 248	23 969
<i>Other expenses</i>	269 409	251 432

3.16 Other Operating Results

<i>Description</i>	2025	2024
a) OTHER OPERATING INCOME	86 757	1 596
<i>Amounts detalization:</i>		
<i>Disposal of property, plant and equipment</i>	73 000	
<i>Disposal of other assets used in operations</i>	9 913	505
<i>Non-recurring operating income</i>	3 844	1 091
b) OTHER OPERATING EXPENSES	37 037	
<i>Amounts detalization:</i>		
<i>Carrying amount of disposed property, plant and equipment</i>	34 108	
<i>Carrying amount of disposed other operating assets</i>	2 929	
c) OTHER OPERATING RESULT (a – b)	49 720	1 596

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

(all amounts are stated in euros, unless otherwise indicated)

3.17 Financial and Investing Activities

Description	2025	2024
a) FINANCIAL AND INVESTING INCOME	14 124	16 766
Amounts detalization:		
Interest income on loans	12 746	12 826
Investment income		88
Penalties and late payment interest	1 378	3 852
b) FINANCIAL AND INVESTING EXPENSES	540 722	427 602
Amounts detalization:		
Interest paid to leasing companies	18 226	24 276
Factoring interest and acceptance fees	37 822	86 804
Interest on loans and credit facilities	426 651	299 031
Investment revaluation expenses	4 959	5 193
Negative foreign exchange differences	1 159	1 826
Other financial and investing expenses	45 953	
Penalties and late payment interest	5 952	10 472
c) FINANCIAL AND INVESTING RESULT (a – b)	(526 598)	(410 836)

3.18 Income Tax

Components of income tax expense (income) for the financial year:

	2025	2024
Current income tax expense for the reporting period		
Adjustments of income tax relating to prior reporting periods		
Deferred income tax expense (income)	(184 037)	(385 921)
Income tax expense (income) recognised in the statement of profit or loss	(184 037)	(385 921)

Income tax expense (income) for the financial year comprised the following:

Income Tax Expense (Income)	2025	2024
Profit (loss) before income tax	(222 488)	133 417
Income tax rate (%)	16	15
Expenses not deductible for tax purposes	113 500	140 523
Income not subject to taxation	1 378	5 230
Expenses reducing taxable profit (prior-period impact)	78 094	1 678
Donations deductible at double amount	-	2 700
Impact of investment tax incentives	-	264 332
Deferred income tax measurement	(184 037)	(385 921)
Income tax expense (income) recognised in the statement of profit or loss	(184 037)	(385 921)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025
 (all amounts are stated in euros, unless otherwise indicated)

No taxable profit was generated in 2025. A tax loss of 188 460 Eur is carried forward to future periods.

As at 31 December 2025 and 31 December 2024, deferred tax assets/(liabilities) consisted of the following:

	2025	2024
	17% rate	16% rate
Deferred tax assets arising from:		
Social security contributions accrued on holiday provisions	623	461
*Accumulated investment incentives under Article 46-1 of the Corporate Income Tax Law	524 432	376 553
Impairment of doubtful receivables	8 816	18 450
Tax loss assumed during reorganisation	15 765	
Differences arising from depreciation rates	2 869	5 042
Tax loss for the year 2025	32 038	
Total	584 543	400 506

* The unused balance of investment incentives amounts to 3 085 thousand Eur. Accumulated investment incentives under Article 46-1 of the Corporate Income Tax Law were measured based on the Company's business plan forecasts for 2026–2027 profits.

3.19 Financial Relationships with Management and Other Related Persons

The Company's management consists of one person – the Director.

Description	Financial year	Prior financial year
A. Amounts accrued during the year related to employment:		
1. Management	89 315	70 231
2. Other related persons	-	-
B. Assets transferred free of charge and gifts:		
1. Management	-	80
2. Other related persons	-	-
C. Other income not related to employment accrued during the year:		
1. Management	59 382	46 976
2. Other related persons	-	-
D. Loans granted and outstanding:		
1. Management*	176 700	163 700
2. Other related persons	-	-
Average number of managers during the year	1	1

*As at 31 December 2025, the Company had granted a loan to the Managing Director. The loan bears fixed interest. Interest accrued during 2025 amounted to 9 007 Eur (2024 - approximately 8,6 thousand Eur). The loan maturity date is 31 December 2026.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025
 (all amounts are stated in euros, unless otherwise indicated)

3.20 Related Party Transactions

The table below presents transactions with related parties during the financial year ended 31 December 2025:

Related party	Purchases	Sales	Receivables	Payables	Loans granted	Interest on loans
Santo Cajetan Energy Ltd	-	-	-	-	-	-
OD Sverige AB	-	710 904	184 307	-	-	-
*Good Wood Distribution Ltd	24 008	757 549	459 959	-	44 500	2 692
Total	24 008	1 468 453	644 266	-	44 500	2 692

* Loan maturity date: 31 December 2026. The loan agreement stipulates an annual interest rate of 6,05%.

Transactions with related parties during the financial year ended 31 December 2024:

Related party	Purchases	Sales	Receivables	Payables	Loans granted	Interest on loans
Santo Cajetan Energy Ltd	-	10 266	21 369	-	-	-
OD Sverige AB	-	960 910	193 964	-	-	-
*Good Wood Distribution Ltd	26 626	564 275	214 491	-	44 500	2 700
Total	26 626	1 535 451	429 824	-	44 500	2 700

Potential Future Liabilities, Commitments and Uncertainties

The tax authorities have not carried out a full-scope tax audit of the Company. The tax authorities may at any time inspect accounting records, transactions, accounting entries, and tax returns for the current and three preceding calendar years, and in certain cases for the current and five or ten preceding calendar years, and may assess additional taxes and penalties.

Management is not aware of any circumstances that could give rise to a material potential liability related to unpaid taxes.

As at 31 December 2025 and 31 December 2024, the Company was not involved in any legal proceedings that, in management's opinion, would have a material impact on the financial statements.

3.21 Subsequent events

During the preparation of the financial statements, the Company applied to AB Artea Bankas for:

- an increase of the credit line limit to EUR 3.5 million, and
- an extension of the repayment maturity to 31 March 2027.

In addition, the Company requested a loan of EUR 16.1 million to finance the construction of a factory in the Jonava district.

UAB VLI TIMBER

Company Registration No.: 302440414

Registered Address: Gražiavietės g. 5, Kurklių II village, Kurklių eldership, Anykščiai district, Lithuania

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

(all amounts are stated in euros, unless otherwise indicated)

In April 2026, the Company plans to issue 4,000 bonds with a nominal value of EUR 1,000 each.

Except for the events described above, no other events after the reporting period occurred between the end of the financial year and the date of approval of these financial statements that would require adjustment or additional disclosure.

Director

Darius Lackus

Chief Accountant

Sigita Mikutienė



UAB „VLI Timber“
MANAGEMENT REPORT
For the year 2025

General Information About the Company. Operating Environment and Strategic Direction.

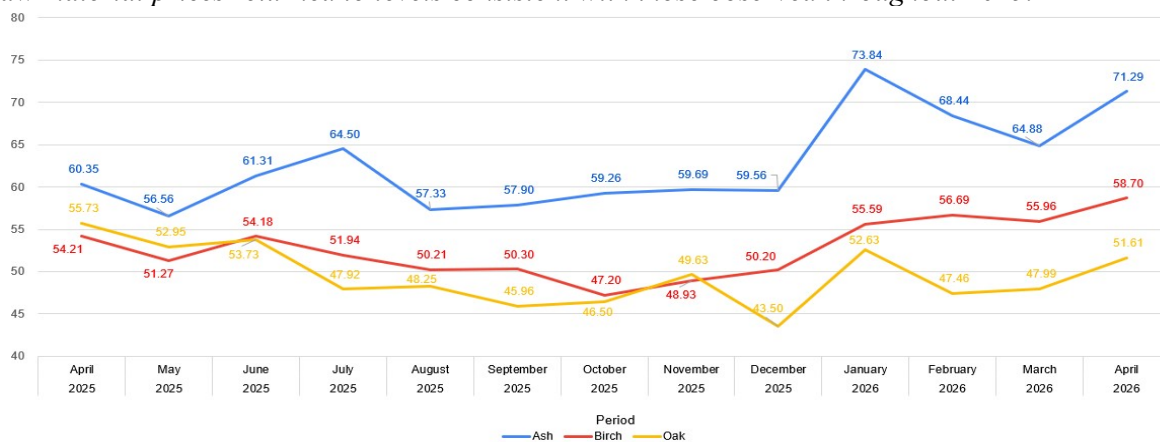
In 2025, UAB VLI Timber operated in a market environment that was relatively calm and predictable. Compared to recent years and changes in consumer behavior during the 2022–2024 period, when the war in Ukraine had just begun, the Company’s operating environment returned to more typical conditions characterized by seasonal demand patterns. January and February 2025 were moderately cold across Europe, resulting in a relatively long and predictable heating season. As a consequence, the Company was able to significantly reduce storage costs compared to 2024, when the season ended early and a substantial volume of production had to be manufactured for storage already from mid-February.

The Company continued its expansion activities and consistently pursued its strategic objective of becoming the world’s largest producer of firewood, while ensuring the highest quality at an affordable price. Investments were made to increase production capacity and to secure a significant competitive advantage over competitors. In 2025, the Company commissioned automatic small-log splitting machines, developed by UAB VLI Timber’s in-house engineers, and implemented dryer upgrades enabling shorter wood-drying cycles and more efficient energy use in the drying process. The Company also made initial advance payments for equipment intended for a new factory under construction in the Jonava district, Venice village. The factory is planned to commence operations in the summer of 2027. In parallel, the Company continued research, testing, and development activities aimed at improving the efficiency of packaging and splitting automation processes. The first version of an automatic packaging machine was launched and is currently under testing, with commercial operation planned for the second quarter of 2026.

The Company has been engaged in biofuel production for more than fifteen years, and therefore possesses extensive experience and a thorough understanding of both local and international markets, including market pricing, the quality of raw materials and semi-finished products, the capabilities of transport companies and other service providers, as well as relevant local legislation. Over the years, the Company has accumulated a comprehensive database of customers, including information on their financial standing and purchasing volumes.

Following the strong market reaction to the outbreak of the war in Ukraine in early 2022, which resulted in sharp increases in demand and inflation, the Company responded by adjusting sales prices on multiple occasions and adapting to the heightened demand. This experience reinforced the importance of continuous market monitoring and planning, and of not relying solely on a single seasonality factor that may affect sales volumes or purchase and selling prices.

The Company’s experience and accumulated historical data enable it to forecast and operate effectively under both normal market conditions and newly emerging circumstances. In 2025, raw material prices were stable and even declining from the beginning of the year until November 2025. In November, due to prolonged rainy weather, raw material prices gradually began to increase and continued to rise until year-end. Overall, the increase was insignificant, and raw material prices returned to levels consistent with those observed throughout 2025.

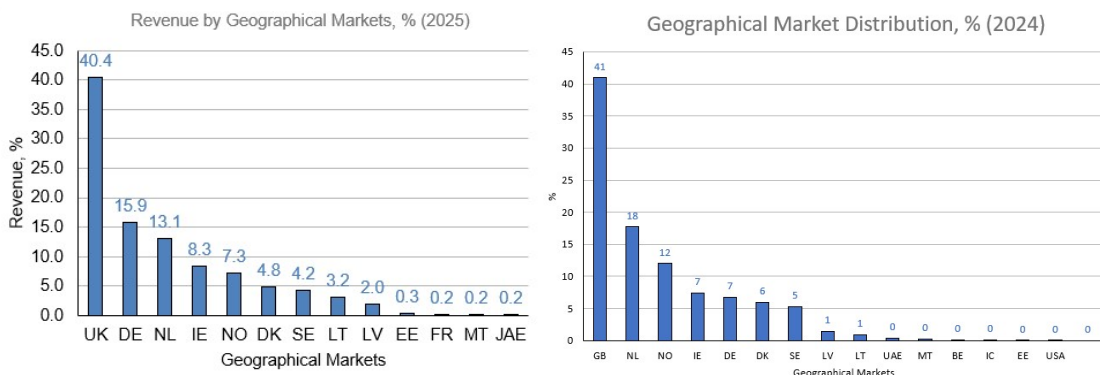


Processed Timber Volumes and Sales Prices

In 2025, UAB VLI Timber processed 125,907 cubic meters of timber, which represents an increase of nearly 8% compared to 2024. The entire increase consisted of alder timber, the lowest-priced timber species. Its sales price is also lower compared to other timber types. This strategic decision was taken in order to strengthen the Company's position in the German market. It forms part of a long-term strategy aimed at ensuring a high utilization rate of the new factory planned to be constructed in Venice village, Jonava district, from the very beginning of its operations. Until 2025, UAB VLI Timber was not a significant market participant in Germany; therefore, the greatest growth potential was identified in this market. Further growth in Germany is expected once the new factory becomes operational. Increased processing of alder timber, together with a slight decrease in sales prices of other timber types, resulted in a lower average sales price per cubic meter (EUR/m³) in 2025.

Period	2021	2022	2023	202401-06	2024	202501-06	2025
Purchased volume (m ³)	47409.704	68246.87	94637.67	51062.105	116349.71	64271.84	125907.49
Average purchase price (EUR/m ³)	49.27	87.098	70.288	63.60	62.34	54.85	52.76
Cost of goods sold – timber & packaging (EUR)	2941901	6551411	8173397	3685921.00	8617402.00	4408838.00	8903236.00
Average COGS per m ³ (EUR)	61.93	99.92	88.07	73.19	79.96	71.11	70.94
Processed volume (m ³)	47 504.42	65 565.65	92 806.06	50 359.12	107 766.07	61 999.32	125 496.58
Revenue (EUR)	5 745 137	13 314 304	17 208 165	8 247 536	17 436 734	8 987 000	18 342 424
Average selling price (EUR/m ³)	120.94	203.07	185.42	163.77	161.80	144.95	146.16
Difference between COGS and selling price, EUR	59.01	103.15	97.35	90.58	81.84	73.84	75.21
Difference, %	51.21%	49.21%	47.50%	44.69%	49.42%	49.06%	48.54%

Comparison of VLI Timber's market distribution in 2024 and 2025



Information on Subsidiaries, Branches, Associated Entities and Shareholders

UAB VLI TIMBER owns and controls several subsidiaries:

- *In August 2022, the Company acquired 100 shares (100% ownership) of **Santo Cajetan Energy Ltd**, registration No. 12603173, registered at 29 Bargates, Box, Corsham, Wiltshire, SN13 8LT, United Kingdom. The company has suspended operations and a liquidation process is planned for early 2026.*
- *In November 2022, the Company acquired 150 shares (60% ownership) of **OD Sverige AB**, registration No. 559403-702960, registered at Hoverberg 828, 845 62 Svenstavik, Sweden.*
- *In May 2023, the Company acquired 100 shares (100% ownership) of **Good Wood Distribution Ltd**, registration No. 14855108, registered at 307 Cotton Exchange Building, Old Hall Street, United Kingdom.*

Through its subsidiaries, the Company develops operations in the respective markets and distributes its products via these entities.

Since September 2021, the Company has been registered as a VAT payer in Germany, enabling storage of goods in Germany and delivery to customers from local warehouses. Currently, no active economic operations are conducted from Germany.

Since June 2023, the Company has held a VAT registration in the United Kingdom.

During the reporting year, changes occurred in the Company's ownership structure and share capital. On 17 July 2025, all shares were transferred and UAB Lackus holding acquired control of 100% of the share capital. The number and nominal value of shares were amended: prior to the change, the share capital consisted of 100 ordinary shares with a nominal value of EUR 1,000 each; after the change, 100,000 ordinary shares with a nominal value of EUR 1 each were issued.

Subsequently, the Company was reorganised by merging UAB "KNV Industrial Development LT" into UAB VLI Timber. The reorganisation was completed on 8 September 2025, after which the share capital comprised 137,836 ordinary shares with a nominal value of EUR 1 each.

Post-reorganisation ownership structure:

UAB Lackus holding – 72.55%

UAB "KNV Development LT" – 22.88%

UAB "Plevėsa" – 4.57%

The Company does not hold treasury shares and has no board of directors or supervisory board..

Review of Financial Performance

The Company's principal activities remained unchanged. Turnover remained broadly stable compared to the prior year. In 2025, sales revenue amounted to 22 857 311 Eur, gross profit to 2 341 743 Eur, and net loss to 38 451 Eur.

The Company ended the year with a loss due to additional costs related to growth and structural changes, including preparation for the construction of a new factory in the Jonava district, corporate reorganisation, and the issuance of the first bond tranche (4 000 bonds with a nominal value of 1 000 Eur each, annual interest of 9%, and maturity on 30 March 2028). A second bond issue of 4 000 bonds is planned for April 2026.

Key performance indicators reflect the Company's operating results:

UAB VLI TIMBER		Period		
Indicator		2025	2024	2023
Profitability ratios				
Gross margin	$(\text{Gross profit} / \text{Sales and services}) \times 100$	10.25	12.19	21.10
Net margin	$(\text{Net profit} / \text{Sales and services}) \times 100$	-0.17	2.43	11.14
Return on equity (ROE)	$(\text{Net profit} / \text{Equity}) \times 100$	-0.66	8.75	42.78
Leverage and liquidity ratios				
Long-term debt ratio	$(\text{Non-current liabilities} / \text{Total assets}) \times 100$	26.49	10.68	17.55
Asset structure ratio	$(\text{Current assets} / \text{Total assets}) \times 100$	38.27	31.91	36.34
Quick ratio	$(\text{Current assets} - \text{Inventories}) / \text{Current liabilities}$	0.87	0.45	0.87
Working capital ratio	$\text{Current assets} / \text{Equity}$	1.14	0.82	0.92
Trade receivables turnover (days)	$(\text{Trade receivables} / \text{Sales and services}) \times 360$	36.60	36.23	29.73
Asset turnover	$\text{Sales and services} / \text{Total assets}$	1.31	1.40	1.52
Non-current asset turnover	$\text{Sales and services} / \text{Non-current assets}$	2.16	2.08	2.41

During the reporting year, the Company acquired non-current assets amounting to 2 684 992 Eur, including investments in:

- *buildings and structures – 1 930 143 eur,*
- *machinery and equipment – 682 524 eur,*
- *computer equipment and communication devices – 2 754 eur,*
- *other equipment and other tangible assets – 22 506 eur,*
- *software – 47 065 eur.*

Personnel

In addition to its tangible asset base, the Company's most important asset is its employees (intellectual capital). Operating in a continuously changing market environment and seeking to maintain employee motivation, UAB VLI TIMBER empowers department managers to conduct periodic performance discussions, review remuneration, and consider employee expectations, thereby aiming to retain employees and remain an attractive employer.

Management invests time and resources in employee training and professional development, as well as cross-training employees in additional work processes to ensure flexibility of production personnel across different production stages. A team-based working model has become embedded in the Company's culture, with shift leaders and coordinators assigned. Daily meetings, problem identification, and collective solution-finding empower employees to participate in continuous improvement and problem-solving processes.

The Company's core principles of internal relations are mutual respect and professional communication, aimed at achieving common goals.

In 2025, the average number of employees at UAB VLI TIMBER was 125, including an average of 19 administrative staff. At year-end, the Company employed 133 employees, of whom 20 worked in administration.

When recruiting personnel, the Company is not always able to fill unskilled positions locally; therefore, part of the workforce demand is met through employee leasing arrangements. These workers are mainly foreign nationals, including citizens of Ukraine, Belarus, Georgia, Azerbaijan, and Tajikistan. In 2025, an average of 57 leased employees worked under service contracts, and the same number was employed at year-end.

Implementation of EU-Funded Projects

UAB VLI TIMBER places strong emphasis on process improvement, expansion of production capacity, and the maintenance and strengthening of competitiveness. To this end, applications for financial support were submitted and funding was received. The following projects are currently being implemented:

- “Implementation of Technologies Increasing Energy Efficiency at UAB VLI TIMBER” – aimed at modernising existing wood-drying facilities to increase productivity. Total project value: 2 040 000 Eur, of which 55% will be financed through grants.
- “Sustainable Investments by UAB VLI TIMBER in the Expansion of Production Capacity in Jonava District” – intended to establish a new factory in Jonava district and finance part of the equipment acquisition through grants. Total project value: 11 693 757 Eur, with 69,25% expected to be financed from EU funds.

Grants received and utilised in 2025:

	31 December 2025	31 December 2024
Balance at beginning of the period	1 091 920	1 640 063
Grants receivable at beginning of the period	-	(1 020 801)
Grants received during the period	756 463	714 358
Amortisation of grants (subsidies)	(324 797)	(241 701)
Grants receivable at end of the period	439 759	-
Balance at end of the period	1 963 345	1 091 920

Detalization of Grants Balance as at 31 December 2025:

Project name	Grant balance at period end, Eur
<i>Modernisation of the biofuel boiler house of UAB VLI TIMBER</i>	124 446
<i>“Implementation of digitalisation technologies in the production processes of UAB VLI TIMBER”</i>	51 760
<i>Implementation of competitive cultural products at UAB VLI TIMBER</i>	1 725
<i>Implementation of environmentally friendly technologies at UAB VLI TIMBER</i>	283 523
<i>Implementation of new technological solutions for digitalisation and automation of production processes at UAB VLI TIMBER</i>	332 735
<i>Installation of energy production capacities using renewable energy sources at UAB VLI TIMBER</i>	64 273
<i>Implementation of technologies increasing energy efficiency at UAB VLI TIMBER</i>	804 883
<i>Sustainable investments into expansion of production capacities of UAB VLI TIMBER in Jonava district</i>	300 000

The primary objective of all projects is company expansion through optimisation and modernisation of production processes, ensuring long-term competitiveness. By investing both own funds and EU structural support, the Company addresses key gaps between market demand and its operational capabilities.

Operational Risks and Risk Mitigation

Biofuel production is closely linked to the energy and wood-processing markets. Failure to respond timely to market changes may result in losses. Inflation and rising prices of goods and services affect biofuel prices, and such macroeconomic developments are reflected in the Company’s operations.

When entering into fixed-price contracts, the Company faces the risk of losses due to increases in subcontractor costs, materials, and wages. These risks are mitigated by strengthening contractual frameworks, incorporating protective clauses, and pricing each sale individually based on specific circumstances.

To reduce price volatility risk, the Company has minimised inventory levels and long-term purchase contracts, maintaining flexibility by sourcing raw materials at current market prices.

Risk management relies on rapid decision-making and continuous process control, supported by consistent market monitoring and analysis. The Company applies LEAN management tools, with daily production meetings and twice-weekly financial reviews enabling real-time visibility and timely responses.

The Company insures all trade receivables against customer default through third-party trade credit insurance. Payment deferrals are granted only when customers are financially stable and insured.

The Company maintains mandatory civil liability insurance and employer’s liability insurance. Assets pledged to banks are insured against all risks.

Growth is supported by long-term investments financed through bank loans, EU funds, and in the reporting year, EUR 4 million raised through bond issuance. Cash-flow risk is further managed via a credit line facility and year-round production planning to mitigate seasonality effects.

To mitigate legal and regulatory risks across jurisdictions, the Company operates through subsidiaries in the United Kingdom and Sweden, thereby distributing risk.

Subsequent Events

On 17 March 2026, upon maturity of the credit line, the Company applied to AB Artea Bankas to increase the credit limit to 3,5 million Eur and extend the maturity to 31 March 2027, as well as to obtain a 16,1 million Eur loan for financing the construction of a factory in Jonava district.

In April 2026, an additional issue of 4 000 bonds with a nominal value of 1 000 Eur each is planned.

No other post-reporting-period events occurred that would require adjustment or additional disclosure.

Plans and Forecasts

In 2026, UAB VLI TIMBER does not plan to change its core activities and will continue producing and trading biofuel through both wholesale and retail channels.

In 2026, the Company plans to attract a new financial investor who will invest up to EUR 4 million in newly issued shares of the Company, acquiring approximately 25% of the Company's equity. The funds raised from the investor will be used to finance the expansion of a new manufacturing facility.

The Company plans to continue the dryer modernisation project, which will increase dried product output, significantly reduce energy consumption, and shorten winter drying cycles by approximately 30%. Another key R&D objective is packaging automation through the development of an automated firewood packaging line, which is expected to significantly reduce labour costs. Both projects are expected to enhance profitability.

The Company is currently designing a new fully automated production facility in Jonava district (Venecija Firewood Plant), which will triple production capacity. The planned start of operations is Q2 2027.

With increased capacity and easing of the energy crisis, the Company remains focused on existing markets and plans to expand sales further. In coming years, sales are expected to exceed in-house production capacity, with additional volumes sourced from third-party producers. Sales channels and e-commerce platforms will continue to be developed.

The Company aims to be the preferred biofuel supplier, further increasing brand recognition and value through high-quality service and long-term customer relationships, and striving to become the most desirable firewood supply partner for its customers.

Director

Darius Lackus

INDEPENDENT AUDITOR'S REPORT

To shareholders of UAB "VLI Timber"

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of UAB VLI Timber (the Company). The Company's financial statements comprise:

- The balance sheet as of December 31, 2025;
- The income (loss) statement for the year then ended;
- The statement of changes in equity for the year then ended;
- The cash flow statement for the year then ended;
- The notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with the Lithuanian financial reporting standards (LFRS).

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 Handbook to the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, including independence requirements (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 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.

Emphasis of Matter - subsequent events

We would like to draw your attention to Note 3.21 of the notes to the financial statements, which discloses that the Company has applied to AB Artea Bank for an increase of the credit line limit to EUR 3.5 million and for an extension of the repayment term until 31 March 2027, as well as for the granting of a EUR 16.1 million loan to finance the construction of a factory in the Jonava district. In addition, in April 2026 the Company plans to issue a bond offering consisting of 4,000 bonds with a nominal value of EUR 1,000 each. Our opinion is not modified in respect of this matter.

Other Information

The other information comprises the information included in the Company's Management 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 Management Report for the financial year for which the financial statements are prepared is consistent with the financial statements and whether the Management 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 Management Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Company's Management Report has been prepared in accordance with the requirements of the law on Reporting of Companies and Group of Companies of Republic of Lithuania.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the LFAS, 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 are required to 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.

BDO auditas ir apskaita, UAB
Audit company's certificate No.001496

Jolanta Dalia Staliūnienė
Certified auditor of the Republic of Lithuania
Auditor's Certificate No. 000259

Kaunas, the Republic of Lithuania

9 April 2026