

***UAB „Hotrema“
Mažeikiai***

Auditor's opinion on
the Consolidated financial statements for
the year ended December 31, 2023

UAB „Rödl & Partner“

**Audit, accounting,
tax and legal consulting**

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Rödl & Partner

INDEPENDENT AUDITOR'S REPORT

To the shareholders of UAB "Hotrema"

Rödl & Partner UAB
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CONTACT
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Opinion

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We have audited the consolidated financial statements of UAB "Hotrema" and its subsidiaries (further the Group), which comprise the consolidated balance sheet as at December 31, 2023, the consolidated income statement, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Law of the Republic of Lithuania on accounting and consolidated financial reporting, and Lithuanian financial reporting standards applicable in the Republic of Lithuania.

Basis for Opinion

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

RÖDL & PARTNER IN GERMANY
Ansbach, Bamberg, Bayreuth, Berlin, Bielefeld, Chemnitz, Cologne, Dresden, Eschborn, Fuerth, Hamburg, Herford, Hof, Jena, Ludwigshafen, Mettlach, Munich, Muenster, Nuremberg, Plauen, Regensburg, Selb, Stuttgart, Ulm

RÖDL & PARTNER INTERNATIONAL
Austria, Azerbaijan, Belarus, Brazil, Bulgaria, People's Republic of China, Croatia, Czech Republic, Cyprus, Denmark, Estonia, Ethiopia, Finland, France, Georgia, Hong Kong S.A.R., Hungary, India, Indonesia, Italy, Kazakhstan, Kenya, Latvia, Lithuania, Malaysia, Mexico, Myanmar, Philippines, Poland, Portugal, Romania, Russian Federation, Serbia, Singapore, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, Thailand, Turkey, Ukraine, United Arab Emirates, United Kingdom, United States of America, Uzbekistan, Vietnam

DIRECTOR: Aleksas Jonika

Company code: 111646144

The registered office: Tilto g. 1, LT-01101 Vilnius, Lithuania

Data is stored and kept at the Legal Entities of the State Enterprise Centre of Registers

Luminor Bank AS
Banko kodas: 40100
IBAN: LT322140030000013912
SWIFT: AGBLLT2X

Other Information Presented in the Consolidated Annual Report

The other information comprises the information included in the consolidated annual report for 2023 but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

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

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

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

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Law of the Republic of Lithuania on accounting and financial reporting, and Lithuanian financial reporting standards applicable in the Republic of Lithuania, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Rödl & Partner

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

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

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

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

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

Rödl & Partner

Arvydas Vainoras

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Auditor
Auditor's certificate No. 000525



July 18, 2024

UAB "Rödl & Partner"
Audit company certificate No. 001304

Vilnius, Republic of Lithuania

The report is an English translation of the original Lithuanian. In the event of discrepancies between the two reports, the Lithuanian version prevails.

UAB "Hotrema" Įmonės kodas: 302747986

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

Montuotojų g. 1C, Mažeikiai

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

CONSOLIDATED BALANCE SHEET as of 31 December 2023

July 18, 2024

(reporting date)

01.01.2023-31.12.2023

(reporting period)

Euro

(Reporting currency, specify degree of accuracy)

Article No.	Article	Notes No.	Reporting period	Previous reporting period
	ASSETS			
A.	FIXED ASSETS		13.723.551	10.989.525
1.	INTANGIBLE ASSETS	1	522.940	303.309
1.1.	Assets arising from development			
1.2.	Goodwill			
1.3.	Software		44.484	303.273
1.4.	Concessions, patents, licences, trade marks and similar rights			
1.5.	Other intangible assets		478.456	36
1.6.	Advance payments			
2.	TANGIBLE ASSETS	2	13.177.933	10.611.061
2.1.	Land		24.200	24.200
2.2.	Buildings and structures		341.165	311.575
2.3.	Machinery and plant		10.698.010	8.476.727
2.4.	Vehicles		1.001.936	724.080
2.5.	Other equipment, fittings and tools		77.307	67.189
2.6.	Investment property		980.000	980.000
2.6.1.	Land			
2.6.2.	Buildings		980.000	980.000
2.7.	Advance payments and tangible assets under construction (production)		55.315	27.290
3.	FINANCIAL ASSETS	3	22.678	30.881
3.1.	Shares in entities of the entities group			0
3.2.	Loans to entities of the entities group			
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			
3.9.	Other financial assets		22.678	30.881
4.	OTHER FIXED ASSETS	22	0	44.274
4.1.	Assets of the deferred tax on profit		0	15
4.2.	Biological assets			
4.3.	Other assets		0	44.259
B.	CURRENT ASSETS	4	8.214.733	7.387.791
1.	STOCKS		1.417.310	1.048.462
1.1.	Raw materials, materials ir consumables		1.287.965	970.739
1.2.	Production and work in progress			
1.3.	Finished goods			
1.4.	Goods for resale		0	1.033
1.5.	Biological assets			
1.6.	Fixed tangible assets held for sale			
1.7.	Advance payments		129.345	76.690
2.	AMOUNTS RECEIVABLE WITHIN ONE YEAR		5.892.068	5.523.333
2.1.	Trade debtors		5.431.619	5.071.116
2.2.	Amounts owed by entities of the entities group			
2.3.	Amounts owed by associates entities			
2.4.	Other debtors		460.449	452.217
3.	SHORT-TERM INVESTMENTS			
3.1.	Shares in entities of the entities group			
3.2.	Other investments			
4.	CASH AND CASH EQUIVALENTS		905.355	815.996
C.	PREPAYMENTS AND ACCRUED INCOME	5	2.045.124	611.808
	TOTAL ASSETS		23.983.408	18.989.124

Article No.	Article	Notes No.	Reporting period	Previous reporting period
	EQUITY AND LIABILITIES			
D.	EQUITY	6	9.343.853	5.459.217
1.	CAPITAL		500.024	500.024
1.1.	Authorised (subscribed) or primary capital		500.024	500.024
1.2.	Subscribed capital unpaid (-)			
1.3.	Own shares (-)			
2.	SHARE PREMIUM ACCOUNT			
3.	REVALUATION RESERVE		2.917.944	161.636
4.	RESERVES		50.049	50.002
4.1.	Compulsory reserve		50.049	50.002
4.2.	Reserve for acquiring own shares			
4.3.	Other reserves			
5.	RETAINED PROFIT (LOSS)		5.875.836	4.749.183
5.1.	Profit (loss) for the reporting year		1.424.099	1.846.921
5.2.	Profit (loss) brought forward		4.451.737	2.902.262
6.	ADJUSTMENTS DUE TO EXCHANGE RATE CHANGE			
7.	MINORITY INTEREST		-	(1.628)
E.	GRANTS, SUBSIDIES	7	29.962	40.991
F.	PROVISIONS		499.353	12.301
1.	Provisions for pensions and similar obligations			
2.	Provisions for taxation	22	499.353	12.301
3.	Other provisions			
G.	AMOUNTS PAYABLE AND OTHER LIABILITIES		13.275.006	13.121.061
1.	AMOUNTS PAYABLE AFTER ONE YEAR AND OTHER LONG-TERM LIABILITIES		2.966.963	3.980.043
1.1.	Debenture loans	8	2.736.963	3.697.215
1.2.	Amounts owed to credit institutions	8	230.000	282.828
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			
2.	AMOUNTS PAYABLE WITHIN ONE YEAR AND OTHER SHORT-TERM LIABILITIES		10.308.043	9.141.018
2.1.	Debenture loans	8	1.968.673	2.316.402
2.2.	Amounts owed to credit institutions	8	115.185	268.833
2.3.	Payments received on account	9	1.241.583	1.272.842
2.4.	Trade creditors	10	3.404.194	2.252.418
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			
2.8.	Liabilities of tax on profit	11	166.594	97.000
2.9.	Liabilities related to employment relations	12	3.155.420	2.734.555
2.10.	Other amounts payable and short-term liabilities	13	256.394	198.968
H.	ACCRUALS AND DEFERRED INCOME	14	835.234	355.554
	TOTAL EQUITY AND LIABILITIES		23.983.408	18.989.124

General Manager

(title of the head of entity administration)

(signature)

Marius Lazdauskas

(name, surname)

Head of Finance Department

(title of the chief accountant (accountant) or of other person responsible for accounting)

(signature)

Ingrida Vaitkuvienė

(name, surname)

UAB "Hotrema" Įmonės kodas: 302747986

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

Montuotojų g. 1C, Mažeikiai

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

CONSOLIDATED PROFIT (LOSS) STATEMENT for the year ended 31 December 2023

July 18, 2024

(reporting date)

01.01.2023-31.12.2023

(reporting period)

Euro

(Reporting currency, specify degree of accuracy)

Article No.	Article	Notes No.	Reporting period	Previous reporting period
1.	Net turnover	15	46.146.022	37.462.113
2.	Cost of sales	16	(37.460.016)	(28.477.699)
3.	Fair value adjustments of the biological assets			
4.	GROSS PROFIT (LOSS)		8.686.006	8.984.414
5.	Selling expenses		(129.254)	(49.224)
6.	General and administrative expenses	17	(6.103.967)	(6.194.856)
7.	Other operating results	18	(270.513)	(17.911)
8.	Income from investments to the shares of parent, subsidiaries and associated entities			
9.	Income from other long-term investments and loans			
10.	Other interest and similar income	19	39.712	177.834
11.	The impairment of the financial assets and short-term investments			
12.	Interest and other similar expenses	20	(739.389)	(828.859)
13.	PROFIT (LOSS) BEFORE TAXATION		1.482.595	2.071.398
14.	Tax on profit	22	(85.613)	(67.479)
15.	PROFIT (LOSS) BEFORE MINORITY INTEREST SEPARATION		1.396.982	2.003.919
16.	MINORITY INTEREST		-	1.878
17.	NET PROFIT (LOSS)		1.396.982	2.005.797

General Manager

(title of the head of entity administration)

(signature)

Marius Lazdauskas

(name, surname)

Head of Finance Department(title of the chief accountant (accountant) or
of other person responsible for accounting)

(signature)

Ingrida Vaitkuvienė

(name, surname)

UAB "Hotrema" Imonės kodas: 302747986

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

Montuotojų g. 1C, Mažeikiai

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

STATEMENT OF CONSOLIDATED CHANGES IN EQUITY as at December 31, 2023

July 18, 2024

(reporting date)

01.01.2023-31.12.2023

(reporting period)

Euro

(Reporting currency, specify degree of accuracy)

	Paid up authorised capital	Share premium account	Own shares (-)	Revaluation reserve		Legal reserve		Other reserve	Retained profit (loss)	Adjustments due to exchange rate change	Minority interest	Total
				Fixed tangible assets	Financial assets	Compulsory reserve	Reserve for acquiring own shares					
1. Balance at the end of the reporting (yearly) period before previous	500.024			188.751		50.002			2.902.262			3.641.039
2. Result of changes in accounting policies									(202.966)			(202.966)
3. Result of correcting material errors												-
4. Recalculated balance at the end of the reporting (yearly) period before previous	500.024	-	-	188.751	-	50.002	-	-	2.699.296	-	-	3.438.073
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				(27.115)					44.090			16.975
9. Net profit (loss) of the reporting period									2.005.797			2.005.797
10. Dividends												-
11. Other payments												-
12. Formed reserves												-
13. Used reserves												-
14. Increase (decrease) of authorised capital												-
15. Contributions to cover losses												-
16. Exchange rate change on												-
17. Increase (decrease) of minority interest											(1.628)	(1.628)
18. Balance at the end of the previous reporting (yearly) period	500.024	-	-	161.636	-	50.002	-	-	4.749.183	-	(1.628)	5.459.217
19. Increase (decrease) in the value of fixed tangible assets				2.798.135								2.798.135
20. Increase (decrease) in the value of effective hedging instruments												-
21. Acquisition (sale) of own shares												-
22. Profit (loss) not recognised in the profit (loss) account				(41.827)					12.024			(29.803)
23. Net profit (loss) of the reporting period									1.396.982			1.396.982
24. Dividends									(282.353)			(282.353)
25. Other payments												-
26. Formed reserves				47								47
27. Used reserves												-
28. Increase (decrease) of authorised capital												-
29. Contributions to cover losses												-
30. Exchange rate change on												-
31. Increase (decrease) of minority interest											1.628	1.628
32. Balance at the end of the reporting period	500.024	-	-	2.917.991	-	50.002	-	-	5.875.836	-	-	9.343.853

General Manager

(title of the head of entity administration)

(signature)

Marius Lazdauskas

(name, surname)

Head of Finance Department

(title of the chief accountant (accountant) or of other person responsible for accounting)

(signature)

Ingrida Vaitkuvienė

(name, surname)

UAB "Hotrema" Įmonės kodas: 302747986

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

Montuotojų g. 1C, Mažeikiai

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

CONSOLIDATED CASH FLOW STATEMENT as at December 31, 2023

July 18, 2024

(reporting date)

01.01.2023-31.12.2023

(reporting period)

Euro

(Reporting currency, specify degree of accuracy)

Article No.	Article	Notes No.	Reporting period	Previous reporting period
I.	Cash flows from operating activities			
1.1.	Net profit (loss)		1.396.982	2.005.797
1.2.	Minority interest		-	(1.628)
1.3.	Depreciation and amortisation expenses	1; 2	932.920	714.298
1.4.	Elimination of results of disposals of fixed tangible and intangible assets	18	627.023	(1.064)
1.5.	Elimination of results of financing and investing activities	19; 20	583.625	613.656
1.6.	Elimination of results of other non-cash transactions		(537.497)	(327.021)
1.7.	Decrease (increase) in amounts receivable from entities of the entities group and the associated entities			
1.8.	Decrease (increase) in other amounts receivable after one year		44.259	26.936
1.9.	Decrease (increase) in assets of the deferred tax on profit	22	-	(15)
1.10.	Decrease (increase) in stocks, except advance payments	4	(316.193)	(213.555)
1.11.	Decrease (increase) in advance payments	4	(52.655)	(13.569)
1.12.	Decrease (increase) in trade debtors	4	(360.503)	(2.056.956)
1.13.	Decrease (increase) in amounts owed by entities of the entities group and associated entities		(0)	-
1.14.	Decrease (increase) in other debtors	4	(8.232)	136.237
1.15.	Decrease (increase) in short-term investments		-	-
1.16.	Decrease (increase) in prepayments and accrued income	5	(1.433.316)	(178.038)
1.17.	Increase (decrease) in provisions		487.052	(1.870)
1.18.	Increase (decrease) in trade of long-term creditors and prepayments received on account			
1.19.	Increase (decrease) in amounts payable under the bills and checks after one year			
1.20.	Increase (decrease) in long-term amounts payable for entities of the entities group and associated entities			
1.21.	Increase (decrease) in trade with short-term creditors and prepayments received on account	9; 10	1.120.517	1.001.917
1.22.	Increase (decrease) in amounts payable under the bills and checks			
1.23.	Increase (decrease) in short-term amounts payable for entities of the entities group and associated entities			
1.24.	Increase (decrease) in liabilities of tax on profit	11	69.594	(133.568)
1.25.	Increase (decrease) in liabilities related to employment relations	12	420.865	779.543
1.26.	Increase (decrease) in other amounts payable and liabilities	13	57.427	107.155
1.27.	Increase (decrease) in accruals and deferred income	14	479.680	262.878
	Net cash flows from operating activities		3.511.548	2.721.134

Article No.	Article	Notes No.	Reporting period	Previous reporting period
Article No.	Article	Notes No.	Reporting period	Previous reporting period
2.	Cash flows from investing activities			
2.1.	Acquisition of fixed assets (excluding investments)	1; 2	(494.953)	(240.656)
2.2.	Disposal of fixed assets (excluding investments)		-	3.881
2.3.	Acquisition of long-term investments (excluding investments in subsidiaries)	3	8.203	(25.880)
2.4.	Disposal of long-term investments (excluding investments in subsidiaries)			
2.5.	Acquisition of investments in subsidiaries			
2.6.	Disposal of investments in subsidiaries			
2.7.	Loans granted	19	3.048	5.882
2.8.	Loans recovered	19		
2.9.	Dividends and interest received	20		
2.10.	Other increases in cash flows from investing activities			
2.11.	Other decreases in cash flows from investing activities			
	Net cash flows from investing activities		(483.702)	(256.773)
3.	Cash flows from financing activities			
3.1.	Cash flows related to entity's owners		(282.353)	-
3.1.1.	Issue of shares			
3.1.2.	Owner's contributions to cover losses			
3.1.3.	Purchase of own shares			
3.1.4.	Dividends paid		(282.353)	-
3.2.	Cash flows related to other financing sources		(2.656.133)	(2.263.587)
3.2.1.	Increase in financial debts		(446)	198.653
3.2.1.1.	Loans received	16	(446)	198.653
3.2.1.2.	Issue of bonds			
3.2.2.	Decrease in financial debts		(2.660.560)	(2.388.295)
3.2.2.1.	Loans returned	16	(62.413)	(61.967)
3.2.2.2.	Redemption of bonds		-	-
3.2.2.3.	Interest paid	27	(587.066)	(548.734)
3.2.2.4.	Finance leases payments	15	(2.011.081)	(1.777.594)
3.2.3.	Increase in other liabilities of the entity			
3.2.4.	Decrease in other liabilities of the entity			
3.2.5.	Other increases in cash flows from financing activities	26	36.513	7.467
3.2.6.	Other decreases in cash flows from financing activities	27	(31.640)	(81.412)
	Net cash flows from financing activities		(2.938.486)	(2.263.587)
4.	Adjustments due to exchange rates on the balance of cash and cash equivalents			
5.	Increase (decrease) of net's cash flows		89.359	200.774
6.	Cash and cash equivalents at the beginning of the period	10	815.996	615.222
7.	Cash and cash equivalents at the end of the period	10	905.355	815.996

General Manager
(title of the head of entity administration)

(signature)

Marius Lazdauskas
(name, surname)

Head of Finance Department
(title of the chief accountant (accountant)
or of other person responsible for accounting)

(signature)

Ingrida Vaitkuvienė
(name, surname)

**UAB Hotrema, 31 December 2023
Notes to the Consolidated Annual Financial Statements
of the Group of Companies**

1 General information

UAB Hotrema (hereinafter the “Company”) was registered on 20 March 2012. Company code 302747986, VAT payer number LT10007121313, registered office address Montuotojų str. 1C, Mažeikiai. The Company provides industrial project management services, concentrating its work in the areas of insulation and scaffolding. The Company had permanent establishments in Germany, Finland, Norway, Latvia, Netherlands. Data about the Company are collected and stored in the Register of Legal Entities of the Republic of Lithuania.

The structure of the Company’s shareholders consists of two natural persons who together hold 100% of the Company’s shares.

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

The main data of the Company and its subsidiaries are presented in the table below:

Title	Parent Company	Subsidiary	Subsidiary	Subsidiary
Company name	Hotrema UAB	Hotrema OY	Otevil	Hotrema Ltd
Legal form	Legal status not registered	Legal status not registered	Legal status not registered	Legal status not registered
Registered office address	Montuotojų str. 1C, LT-89101 Mažeikiai, Lithuania	Peltotie 20, 28400 Ulvila, Finland	Circunvalación Dr. Enrique Tarigo 1335, Piso 7, Montevideo, Uruguay	Ground Floor, 90 Victoria Street, Bristol, BS1 6DP, United Kingdom.
Type of activities	Other specialised construction activities n.e.c.	Other specialised construction activities n.e.c.	Other specialised construction activities n.e.c.	Other specialized construction activities n.e.c
The Company’s share in equity, %	X	100%	100%	100%
The amount of the Company’s investment, EUR	X	5 000	237	1 146
Impairment of investments, EUR (-)	X	-	-	-
Net profit (loss) of the reporting year, EUR	1.068.708	349.124	412.364	(54.290)

In 2023, the Company sold the shares of the subsidiary company UAB Sunas.

The shares of the subsidiary company Hotrema OY were transferred to the Company in 2021, after registering the new Articles of Association of the Company. Hotrema OY was registered on 4 March 2021. Data about the subsidiary is collected and stored in the Register of Legal Entities in the country where the company is registered. In 2023, the average number of employees was 1 employee (1 employee in 2022). The authorized capital of the subsidiary company did not change both on

31 December 2023 and 31 December 2022 and amounted to EUR 5.000, i.e. 5.000 ordinary registered shares, each of which had a nominal value of EUR 1. Hotrema OY did not have any branches and representative offices in 2023.

The parent company Hotrema OY has a subsidiary Otevil operating in Circunvalación Dr. Enrique Tarigo 1335, Piso 7, Montevideo, Uruguay. Authorized capital of the subsidiary company amounted to UYU 12.000 as of 31 December 2023, i.e. .400 ordinary registered shares with a nominal value of UYU 1 each. The parent company owns 100% of the shares of the subsidiary company. Both the parent company Hotrema OY and its subsidiary Otevil are directly managed by the Company UAB Hotrema, which has all management rights. Hotrema OY's main activity is industrial project management services, concentrating its work in the insulation and scaffolding area.

The shares of the subsidiary company Hotrema Ltd were transferred to the Company by right of ownership in 2023 after the registration of the new Articles of Association of the Company. Hotrema Ltd was registered on February 16, 2023. Data about the Subsidiary is collected and stored in the Register of Legal Entities in the country where the company is registered. In 2023, the average number of employees was 1 employee. The authorized capital of the subsidiary company on December 31, 2023 amounted to EUR 1 146, i.e. 1.146 units of ordinary registered shares, each of which has a nominal value of EUR 1. The parent company owns 100% of the shares of the subsidiary company. Hotrema Ltd operates at Ground Floor, 90 Victoria Street, Bristol, BS1 6DP, United Kingdom.

Subsidiary company Hotrema Ltd has no other subsidiaries. Hotrema Ltd's main activity is industrial project management services, concentrating its work in the insulation and scaffolding segments.

The consolidated financial statements of the Group of Companies (hereinafter – the Group of Companies) as of 31 December 2023 include the financial statements of the Company and its subsidiaries Hotrema Ltd, Hotrema OY and Otevil.

Average number of employees of the Group of Companies totalled 646 in 2023 (684 employees in 2022).

The financial year of the Group of Companies begins on January 1 and ends on 31 December.

2 Accounting policies

Basic accounting policies applied in the preparation of the consolidated annual financial statements of the Group of Companies of 2023 are as follows.

2.1. Form of financial statements

These consolidated annual financial statements have been prepared in accordance with the Republic of Lithuania Accounting Law valid on 31 December 2022, the Republic of Lithuania Law on Financial Statements of Entities, the Republic of Lithuania Law on Consolidated Financial Reporting by Groups of Undertakings, and the current Lithuanian Financial Reporting Standards (LFAS), which include standards and methodological recommendations, prepared and approved by the Authority of Audit, Accounting, Property Valuation and Insolvency Management.

2.2. Currency of financial statements

The Group of Companies manages the accounting and presents all amounts in these consolidated financial statements in the national currency of the Republic of Lithuania, Euros.

The ratio of the Euro and foreign currencies is formed every day according to the ratio of the euro and foreign currencies published by the Central Bank of Europe.

2.3. Intangible assets

Intangible assets are initially recognized at acquisition cost. Intangible assets are recognized if it is probable that the Group of Companies will receive economic benefits related to these assets in the future and if the value of the assets can be reliably estimated. After initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized using the straight-line method over their estimated useful lives.

Software

The costs of acquiring new software are capitalized and recognized as intangible non-current assets, if these costs are not a component of computer equipment. The software is amortized over no longer than 3 years period.

Costs incurred to restore or maintain the expected economic benefits from the operation of existing software systems are recognized as expenses in the period in which support and maintenance work is performed.

Patents and licenses

Amounts paid for patents and licenses are capitalized and amortized over the term of the patents and licenses.

Goodwill

Acquired subsidiaries are accounted for using the acquisition method. The Company measures the acquired identifiable assets and liabilities of another company at fair value on the date of acquisition. The acquisition cost of the acquired company or acquired business exceeding the Company's share of the net assets of the acquired company or net assets of the acquired business is recognized as goodwill if the Company that acquired the company or business expects to receive economic benefits in the future. Otherwise, it is treated as a business merger loss, which is shown in the consolidated income statement. Goodwill is presented in the consolidated balance sheet of the Group of Companies at its residual value after assessing its amortization and impairment losses. Goodwill is shown in the consolidated balance sheet of the Group of Companies in the part of intangible assets.

Goodwill in the consolidated financial statements of the Group of Companies is amortized over 5 years period of useful life using the straight-line method of calculating amortization. The amount of amortization in the consolidated financial statements of the reporting period is included in the consolidated item of General and administrative expenses of the income statement.

The part of the value of the net assets of another company or the net assets of a business that exceeds the price paid by the Company that acquired the company or business is recognized as a profit due to a business merger.

Trademark

The amount paid for the trademark is capitalized and amortized over its useful life using the straight-line method for amortization calculation.

2.4. Non-current tangible assets

Acquired non-current tangible assets are recorded in the accounting records at the cost of acquisition during the initial recognition. In the balance sheet, tangible non-current assets are shown at cost less accumulated depreciation. In the Group of Companies, the minimum value of non-current tangible assets is set at EUR 1 000 and EUR 500 (for computer equipment and telephones). Depreciation is calculated using the straight-line method. Liquidation value is EUR 0.29.

The Group of Companies changed the accounting policy in 2021 and now non-current immovable assets are recorded at revalued value. At the time of initial recognition, all immovable assets are recorded in the accounting at the cost of acquisition, later it is revalued (the balance sheet value of the asset is increased (or decreased) to the real value of that asset) and the change in value is recorded in the accounting. Assets are shown in financial statements at their revalued value, less accumulated depreciation and impairment.

The Group of Companies accounts for investment assets at fair value. Depreciation is not calculated for investment property. The fair value of investment assets is adjusted each time financial statements are drawn up, recognizing its change as profit or loss in the income statement. Repair costs of investment property shown in the financial statements at fair value are recognized as expenses in the period in which they are incurred.

Depreciation rates applied for non-current tangible assets in the Group of Companies are as follows:

	Average useful life (years)
Buildings	15
Scaffolding	20
Vehicles (cars not older than 5 years)	6
Other devices, instruments and tools	5-20
Vehicles (trucks)	4
Vehicles (cars older than 5 years)	10
Furniture	6
Computer equipment	3
Other intangible assets	4
Machinery, equipment and structures	8

Substantial improvements to leased assets are depreciated over the lease term.

The useful life is regularly reviewed to ensure that the depreciation period corresponds to the estimated useful life of the property, plant and equipment.

When an asset is sold or written off, its acquisition cost and accumulated depreciation are eliminated in the accounts, and the gain or loss on the sale is recorded in the consolidated income statement.

Amounts paid in advance for non-current tangible assets and ongoing construction (production) works of tangible assets are classified as non-current tangible assets and accounted for in a separate item of the consolidated balance sheet.

The ongoing construction (production) works of tangible assets are accounted for at the acquisition value. It consists of the value of construction, buildings and equipment and other directly attributable costs. Depreciation is not calculated for unfinished construction (production) works until the construction (production) works are completed and the asset is not put into use.

The Group of Companies accounts for immovable assets, land and buildings at revalued value. Immovable assets are initially recorded in the accounts at the cost of acquisition, then they are revalued (the balance sheet value of the asset is increased (or decreased) to the real value of that asset) and the change in value is recorded in the accounts. In consolidated financial statements, assets are shown at revalued value less accumulated depreciation and impairment. Immovable assets revaluation is carried out periodically, but not less than every five years. If the fair value of the asset changes significantly, the asset is revalued more frequently.

If, after revaluation of immovable assets, their value increases, the amount of increase in the value of non-current tangible assets and the revaluation reserve (results) are recorded in the accounting. If the asset unit was previously revalued and there is an unused part of the revaluation reserve (results), when the value of the asset decreases, the amount of the decrease in the value of the asset is recorded in the accounting and the revaluation reserve (results) is reduced. If the amount of the revaluation reserve (results) of that asset is less than the amount of the decrease in the value of the asset, the part that exceeds the amount of the revaluation reserve (results) is recognized as a loss for the reporting period due to the decrease in the value of the asset. When preparing the consolidated financial statements, the revaluation reserve of the subsidiary is eliminated.

2.5. Financial assets

All acquisitions and sales of investments are recognized on the date of their purchase (sale). Investments are recorded at acquisition value, which is equal to the fair value of the consideration paid, including transaction costs.

Non-current financial assets are recorded at acquisition cost. When preparing the consolidated financial statements, it is assessed whether there are any assumptions for the decrease in the value of financial assets, and if they are, the Group of Companies calculates the fair value of these assets. The difference between this value and the book value in the consolidated income statement for the reporting period is recognized as an impairment loss. If the amount of depreciation of financial assets decreases during subsequent periods, the previously written-off value of such assets is restored accordingly, including the restored value in the consolidated income statement of the reporting period.

2.6. Inventories

Inventories are recorded at the lower of acquisition (production) cost and net realizable value, less the recorded decrease in value of obsolete and slow-moving inventories. Net realisable value is the selling price in the ordinary course of business less costs of completion, marketing and distribution. The method of continuously recorded stocks is used for inventory accounting. Cost is calculated using the FIFO method. Inventories that can no longer be realized are written off.

The inventory production cost includes the following cost groups: materials, wages, amortization, other overhead costs.

2.7. Receivables and loans granted

Receivables are measured at fair value on initial recognition. Subsequently, current receivables are accounted for after assessing their value reduction, and non-current receivables and granted loans – at discounted value, minus impairment losses.

2.8. Cash and cash equivalents

Cash consists of money in bank accounts and cash on hand. Cash equivalents are current, highly liquid investments that are easily convertible into a known amount of cash. The maturity of such investments does not exceed three months, and the risk of changes in value is very small.

In the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand, deposits in current accounts, other current highly liquid investments.

2.9. Deferred expenses and accrued income

Deferred expenses are recognized when the Group of Companies has paid during the reporting and previous reporting periods for ongoing services to be provided in future periods, for which the amounts paid will be equally recognized as expenses in future reporting periods, when they are incurred.

Accrued income is recognized when amounts are recognized as income earned by the Group of Companies during the reporting and previous reporting periods, due to which the debtor assumes the obligation to pay in future reporting periods for the continuous services provided by the Group of Companies during a certain period, for which the earned income is accumulated evenly or taking into account the performance of the services level.

2.10. Equity

The amount of the authorized capital is equal to the sum of the nominal values of all shares subscribed by the Company.

Only the nominal value of the Company's shares is recorded in the authorized capital account. The value of the company's authorized capital must correspond to the data of the Centre of Registers.

2.11. Debts

Borrowing costs are recognized as expenses when incurred.

Liabilities are initially recognized at the fair value of the funds received, less transaction costs. They are subsequently recorded at amortized cost, and the difference between the funds received and the amount to be paid during the term of the debt is included in the profit or loss for the period. Debts are classified as non-current if the financing agreement concluded before the date of approval of the consolidated financial statements proves that the obligation was non-current in nature as of the date of the consolidated balance sheet.

2.12. Factoring

A factoring transaction is a financing transaction where a Group of Companies transfers to a financier a debtor's monetary claim for a fixed fee. The Group of Companies transfers to the financier the rights to the future amounts receivable according to the invoices. Factoring transactions of the Group of Companies consist of non-recourse transactions (the financier assumes the risk of the buyer's insolvency, which is equal to the part of the factoring advance). Factoring costs consist of the

principal amount of the contract, which is paid at the time of concluding the contract, a commission fee for servicing the accounts and interest costs, which depend on the length of the borrower's payment term. Factored receivables (without recourse rights) are accounted for in the financial statements as receivables with only a factoring reserve of 10 percent of the receivables.

2.13. Leasing (financial lease) and operating lease

Leasing (financial lease)

A lease in which all the risks and benefits of ownership are transferred to the Group of Companies as the owner of the assets is a financial lease.

The Group of Companies accounts for finance leases as assets and liabilities in the balance sheet, the value of which is equal to the fair value of the leased asset at the beginning of the finance lease or the present value of the minimum finance lease payments, if the latter is lower. When calculating the present value of the minimum finance lease payments, the discount rate used is the interest rate of the finance lease payments when it can be separated, otherwise the Group's total borrowing interest rate is used. Direct initial costs are included in the value of the property. Finance lease payments are split between interest expense and reduction of outstanding liabilities. Interest is determined so that its percentage of the unpaid balance of finance lease obligations at the time of each payment is constant throughout the finance lease period.

Depreciation is calculated for assets purchased through finance leases, and financial costs are incurred in each reporting period due to finance leases. The procedure for calculating depreciation for assets purchased through financial leasing is analogous to own assets, but such assets cannot be depreciated over a longer period than the leasing period, if, according to the leasing agreement, the ownership is not transferred to the Group of Companies after the end of the agreement period.

If the sale and leaseback transaction results in a finance lease, any gain on the sale in excess of the carrying amount is not immediately recognized as income. It is deferred and amortized over the term of the finance lease..

Operating lease

Group of Companies as a lessee

A lease of assets in which all risks and rewards of ownership remain with the lessor is considered an operating lease. Payments under operating leases are expensed on a straight-line basis over the lease term.

The aggregate benefit of lessor concessions is recognized as a reduction in lease expense over the lease term on a straight-line basis.

If the result of a sale and leaseback transaction is an operating lease, and it is apparent that the transaction is at fair value, any gain or loss is recognized immediately. If the sale price is lower than the fair value, any gain or loss is recognized immediately, unless the loss is offset by lower-than-market rental payments in the future. They are then deferred and amortized in proportion to the lease payments over the period the asset is expected to be used. If the selling price exceeds the fair value, the excess is deferred and amortized over the period in which the asset is expected to be used..

Group of Companies as lessor

Assets leased under operating leases are accounted for in the consolidated balance sheet as non-current tangible assets. This asset is depreciated over its useful life, applying the same depreciation rates as other non-current tangible assets used in the activities of the Group of Companies. Rental income is recognized on a straight-line basis over the entire lease term.

2.14. Provisions

Provision are recorded if and only if, as a result of a past event, the Group of Companies has a legal obligation or an irrevocable promise, and it is probable that resources providing economic benefits will be required to fulfil it, and the amount of the obligation can be reliably estimated. Provisions are reviewed at each consolidated balance sheet date and adjusted to reflect the most accurate current estimate. In cases where the effect of the time value of money is significant, the amount of the provision is the present value of the expenditure that is likely to be required to settle the liability. When discounting is used, the increase in the provision reflecting the past period is recorded as interest expense.

2.15. Corporate income tax

The calculation of the corporate income tax is based on the annual profit after considering the deferred corporate income tax. Corporate income tax for Lithuanian companies is calculated according to the requirements of the tax laws of the Republic of Lithuania. Since 1 January 2010 The standard corporate income tax rate of 15% is applied to companies of the Republic of Lithuania. The corporate income tax of the subsidiary company of the Republic of Latvia is calculated in accordance with the requirements of the tax laws of the Republic of Latvia.

Tax losses, with the exception of losses that occurred due to the transfer of securities and/or derivative financial instruments, may be carried forward in the Republic of Lithuania for an unlimited period, if Lithuanian companies continue the activities that caused these losses. Losses from the transfer of securities and/or derivative financial instruments in the Republic of Lithuania can be carried forward for 5 years and covered only from the profit of transactions of the same type.

Deferred taxes are calculated using the balance sheet liabilities method. Deferred tax reflects the net tax effect of temporary differences between the carrying amount of assets and liabilities and their tax bases. Deferred tax assets and liabilities are measured at the tax rate that is expected to apply in the period in which the asset is realized or the liability is settled, taking into account the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognized in the consolidated balance sheet to the extent that the management of the Group of Companies expects that it will be realized in the near future, taking into account taxable profit forecasts. If it is probable that part of the deferred tax will not be realized, this part of the deferred tax is not recognized in the consolidated financial statements.

2.16. Accrued costs and deferred income

Accrued costs in the Group of Companies are accounted for, when during the reporting period and in the previous reporting periods, the amounts recognized as the costs of the Group of Companies for the ongoing services received, due to which it assumed the obligation to pay in the future reporting periods.

Deferred income consists of amounts not yet earned by the Group of Companies, but paid by buyers (customers) for ongoing services, which will be equally recognized as income in the coming reporting periods, when they will be earned after the service has been provided.

2.17. Revenue recognition

Revenue is recognized on an accrual basis when it is probable that the Group of Companies will receive economic benefits related to the transaction and when the amount of revenue can be reliably estimated. Sales are recorded net of VAT and discounts.

Revenue from the sale of goods is recognized upon delivery of the goods and transfer of the risks and rewards of ownership of the goods. Revenue from the sale of services is recognized after the services have been provided and accepted by the buyer.

2.18. Cost recognition

Expenses are recognized in accounting in accordance with the principles of accrual and comparison in the reporting period when the related income is earned, regardless of the time of disbursement. In cases where the expenses incurred during the reporting period cannot be directly linked to the earning of specific income and will not generate income in future periods, these expenses are recognized as expenses in the same period in which they were incurred.

The amount of costs is usually estimated by the amount of money paid or payable, excluding VAT. In cases where a long settlement period is provided and interest is not allocated, the cost is estimated by discounting the settlement amount at the market interest rate.

2.19. Foreign currencies

Transactions denominated in foreign currency are accounted for according to the official exchange rate valid on the day of the transaction. Profits and losses from such transactions and from the revaluation of assets and liabilities denominated in foreign currency as of the balance sheet date are accounted for in the consolidated income statement. Such balances are revalued at the exchange rate at the end of the reporting period.

2.20. Impairment of assets

Financial assets

Financial assets and goodwill are assessed for impairment at each balance sheet date.

When it becomes clear that the Group of Companies will not recover all granted loans and receivables according to the agreed payment terms, the impairment of financial assets accounted for at amortized cost or the loss of bad receivables is recognized in the consolidated income statement. The recovery of an impairment loss recognized in previous periods is accounted for when the decrease in this loss can be objectively justified by events that occurred after the impairment was recorded. Such recovery is accounted for in the consolidated income statement. However, the increased carrying amount is increased only to the extent that it does not exceed the amortized cost that would have existed if the impairment had not been recorded.

Other assets

Impairment of other assets is assessed when events or circumstances indicate that the value of the asset may not recover. When the carrying amount exceeds the asset's recoverable amount, the impairment is recorded in the consolidated income statement. The reversal of the impairment recorded in previous periods is recorded when there are indications that the

recognized loss due to the decrease in the value of the asset no longer exists or has significantly decreased. The reversal is recorded in the consolidated income statement in the same line item in which the impairment loss was recorded.

2.21. Use of estimates in financial reporting

When preparing consolidated financial statements in accordance with Lithuanian financial reporting standards, the management needs to make certain assumptions and estimates that influence the presented amounts of assets, liabilities, income and expenses and the disclosure of uncertainties. Significant areas of use of estimates in these consolidated financial statements include depreciation and impairment estimates. Future events may change the assumptions used in the estimates. The effect of such changes in estimates will be accounted for in the consolidated financial statements when determined.

2.22. Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in the consolidated financial statements, except when the probability that the resources yielding economic benefits will be lost is extremely low.

Contingent assets are not recognized in the consolidated financial statements, but they are described in the consolidated financial statements when it is probable that income or economic benefits will be received.

2.23. Post-reporting events

Post-reporting events that provide additional information about the position of the Group of Companies on the date of the consolidated balance sheet (adjusting events) are reflected in the consolidated financial statements. Post-reporting events that are not adjusting events are described in the notes when material.

2.24. Offsets and comparisons

When drawing up consolidated financial statements, assets and liabilities and revenues and expenses are not offset, except in cases where a separate Lithuanian financial reporting standard specifically requires such offsetting.

1. Intangible assets (Note No. 1)

Fixed intangible assets

Indicators	Financial year			Previous financial year		
	Other intangible assets	Software	Total	Other intangible assets	Software	Total
Balance at the end of the previous financial year	36	303.274	303.309	144	141.094	141.238
Acquisition cost:						
Balance at the end of the previous financial year	2.929	303.274	306.203	2.930	141.094	144.024
Acquisitions	0	219.666	219.666	0	162.179	162.179
Write-offs	0	0	0	0	0	0
- rewrites from one article to next +/-	478.456	-478.456	0	0	0	0
At the end of the financial year	481.385	44.484	525.869	2.930	303.273	306.203
Amortization:						
Balance at the end of the previous financial year	2.894	0	2.894	2.786	0	2.786
Amortization per year	36	0	36	108	0	108
Write-offs	0	0	0	0	0	0
At the end of the financial year	2.930	0	2.930	2.894	0	2.894
Balance at the end of the financial year	478.456	44.484	522.940	36	303.273	303.309

2. Non-current tangible assets (Note No. 2)

Parent Company UAB Hotrema changed the accounting policy in 2023 and leased scaffolding, which meets the criteria of financial lease (leasing), is accounted for as own long-term tangible assets and calculated for depreciation.

On December 31, 2023, the Parent Company decided to create a new asset group "Main Machinery and Equipment". Scaffolding equipment has been reclassified from the "Machinery and Equipment" asset group to the newly created "Main Machinery and Equipment" asset group. The reclassification was carried out retrospectively, i.e. by adjusting the comparative figures in the balance sheet and the table of long-term tangible assets movement in 2022 as well. Such reclassification will allow the Company to more efficiently control and manage the scaffolding equipment and will more accurately reflect the composition of fixed assets in the Company's balance sheet.

The reclassification of scaffolding equipment is shown in Table no. 1.

Company's balance sheet before reclassification		
Article	Reporting period (2023)	Previous reporting period (2022)
Machinery and Equipment	7.490.732	8.475.588
Reclassification		
Main Machinery and Equipment	7.163.116	8.262.796
Machinery and Equipment	(7.163.116)	(8.262.796)
Company's balance sheet after reclassification		
Main Machinery and Equipment	7.163.116	8.262.796
Machinery and Equipment	327.616	212.792

Table of movement of non-current tangible assets in 2022 before adjustments:

	Indicators	Land	Buildings and structures	Investment assets (buildings)	Machinery and equipment	Vehicles	Other devices, instruments and tools	Construction in progress	Total
	Balance at the end of the previous financial year	24.200	353.933	850.000	7.168.148	508.443	61.464	0	8.966.188
a)	Acquisition cost								
	At the end of the previous financial year	10.018	228.659	500.000	8.498.901	1.414.203	101.434	0	10.753.215
	Changes during the financial year:								
	- acquisition of property	0	0	0	1.689.164	477.634	34.650	27.290	2.228.738
	- assets disposed and written off (-)	0	0	0	0	-23.532	-9.543	0	-33.075
	- transfers from one item to another +/-(-)	0	0	0	50.931	-50.931	0	0	0
	At the end of the financial year	10.018	228.659	500.000	10.238.996	1.817.374	126.541	27.290	12.948.878
b)	Revaluation								
	At the end of the previous financial year	14.182	207.878	350.000	0	0	0	0	572.060
	Changes during the financial year:								
	- increase in value (decrease) +/-(-)	0	0	130.000	0	0	0	0	130.000
	- assets disposed to other persons and written off (-)	0	0	0	0	0	0	0	0
	- transfers from one item to another +/-(-)	0	0	0	0	0	0	0	0
	At the end of the financial year	14.182	207.878	480.000	0	0	0	0	702.060
c)	Depreciation								
	At the end of the previous financial year	0	82.604	0	1.330.753	905.760	39.970	0	2.359.087
	Changes during the financial year:								
	- depreciation of the financial year	0	42.358	0	409.736	231.634	30.571	0	714.299
	- assets disposed to other persons and written off (-)	0	0	0	0	-21.181	-9.077	0	-30.258
	- transfers from one item to another +/-(-)	0	0	0	22.919	-22.919	0	0	0
	At the end of the financial year	0	124.962	0	1.763.408	1.093.294	61.464	0	3.043.128
d)	Balance at the end of the financial year (a)+(b)-(c)	24.200	311.575	980.000	8.475.588	724.080	65.077	27.290	10.607.810

Table of movement of non-current tangible assets in 2022 after adjustments:

	Indicators	Land	Buildings and structures	Investment assets (buildings)	Machinery and equipment	Main machinery and equipment	Vehicles	Other devices, instruments and tools	Construction in progress	Total
	Balance at the end of the previous financial year	24.200	353.933	850.000	152.548	7.015.600	508.443	61.464	0	8.966.188
a)	Acquisition cost									
	At the end of the previous financial year	10.018	228.659	500.000	570.614	7.928.287	1.414.203	101.434	0	10.753.215
	Changes during the financial year:									
	- acquisition of property	0	0	0	86.081	1.603.082	477.634	34.650	27.290	2.228.737
	- assets disposed and written off (-)	0	0	0	0	0	-23.532	-9.543	0	-33.075
	- transfers from one item to another +/-(-)	0	0	0	50.931	0	-50.931	0	0	0
	At the end of the financial year	10.018	228.659	500.000	707.626	9.531.369	1.817.374	126.541	27.290	12.948.877
b)	Revaluation									
	At the end of the previous financial year	14.182	207.878	350.000	0	0	0	0	0	572.060
	Changes during the financial year:									
	- increase in value (decrease) +/-(-)	0	0	130.000	0	0	0	0	0	130.000
	- assets disposed to other persons and written off (-)	0	0	0	0	0	0	0	0	0
	- transfers from one item to another +/-(-)	0	0	0	0	0	0	0	0	0
	At the end of the financial year	14.182	207.878	480.000	0	0	0	0	0	702.060
c)	Depreciation									
	At the end of the previous financial year	0	82.604	0	418.066	912.687	905.760	39.970	0	2.359.087
	Changes during the financial year:									
	- depreciation of the financial year	0	42.358	0	53.849	355.886	231.634	30.571	0	714.298
	- assets disposed to other persons and written off (-)	0	0	0	0	0	-21.181	-9.077	0	-30.258
	- transfers from one item to another +/-(-)	0	0	0	22.919	0	-22.919	0	0	0
	At the end of the financial year	0	124.962	0	494.834	1.268.573	1.093.294	61.464	0	3.043.127
d)	Balance at the end of the financial year (a)+(b)-(c)	24.200	311.575	980.000	212.792	8.262.796	724.080	65.077	27.290	10.607.810

Changing the accounting policy of the "Main machinery and equipment" asset group

On December 31, 2023, the Parent Company changed the accounting policy of the "Main machinery and equipment" asset group. The Company "Main machinery and equipment" applied the revalued value method for the accounting of the long-term tangible assets group. The application of the revalued value method will allow the Company to reflect the composition of long-term tangible assets in the balance sheet at its fair value and will help manage the assets accounted for in this asset group more efficiently.

The independent property appraiser "Verslavita" carried out the determination of the real value of the property group of the Company "Main machinery and equipment" for 31 December, 2023.

Based on the market price determined by an independent asset appraiser, assets registered in the "Main machinery and equipment" asset group were accounted for at a revalued value. The change in the accounting policy of the asset group "Main machinery and equipment" is shown in Table no. 2

Company's balance sheet before revaluation		
No.	Account code and name	Reporting period (2023)
ASSETS		
A.	FIXED ASSETS	7.490.732
2.3.	Main machinery and equipment	7.163.116
2.4.	Machinery and equipment	327.616
EQUITY AND LIABILITIES		
D.	EQUITY	5.981.231
3.	REVALUATION RESERVE	161.636
F.	PROVISIONS	12.301
2.	Tax provisions	12.301
Revaluation		
ASSETS		
A.	FIXED ASSETS	3.207.278
2.3	Main machinery and equipment	3.207.278
EQUITY AND LIABILITIES		
D.	EQUITY	7.474.434
3.	REVALUATION RESERVE	148.076
F.	PROVISIONS	12.301
2.	Tax provisions	12.301
Company's balance sheet after revaluation		
ASSETS		
A.	FIXED ASSETS	10.698.010
2.3	Main machinery and equipment	10.370.394
2.4.	Machinery and equipment	327.616
EQUITY AND LIABILITIES		
D.	EQUITY	8.807.872
3.	REVALUATION RESERVE	2.917.944
F.	PROVISIONS	499.353
2.	Tax provisions	499.353

Table of movement of non-current tangible assets in 2023:

	Indicators	Land	Buildings and structures	Investment assets (buildings)	Machinery and equipment	Main machinery and equipment	Vehicles	Other devices, instruments and tools	Advances paid for non-current tangible assets	Total
	Balance at the end of the previous financial year	24.200	311.575	980.000	212.792	8.262.796	724.080	65.077	27290	10.607.810
a)	Acquisition cost									
	At the end of the previous financial year	24.200	436.537	850.000	707.627	9.531.369	1.817.374	126.541	27290	13.520.938
	Changes during the financial year:									
	- acquisition of property	0	0	0	214.099	0	564.830	51.551	28.025	858.505
	- assets disposed and written off (-)	0	0	0	0	-838756	-17.934	-1.217	0	-857.907
	- transfers from one item to another +/-(-)	0	0	0	0	0	0	0	0	0
	At the end of the financial year	24.200	436.537	850.000	921.726	8.692.613	2.364.270	176.875	55.315	13.521.536
b)	Revaluation									
	At the end of the previous financial year	0	0	130.000	0	0	0	0	0	130.000
	Changes during the financial year:									
	- increase in value (decrease) +/-(-)	0	71.949	0	0	3.207.278	0	0	0	3.279.227
	- assets disposed to other persons and written off (-)	0	0	0	0	0	0	0	0	0
	- transfers from one item to another +/-(-)	0	0	0	0	0	0	0	0	0
	At the end of the financial year	0	71.949	130.000	0	3.207.278	0	0	0	3.409.227
c)	Depreciation									
	At the end of the previous financial year	0	124.962	0	494.834	1.268.573	1.093.294	61.464	0	3.043.127
	Changes during the financial year:									
	- depreciation of the financial year	0	42.359	0	99.276	466.196	285.853	39.236	0	932.920
	- assets disposed to other persons and written off (-)	0	0	0	0	-205.272	-16.813	-1.132	0	-223.217
	- transfers from one item to another +/-(-)	0	0	0	0	0	.	0	0	0
	At the end of the financial year	0	167.321	0	594.110	1.529.497	1.362.334	99.568	0	3.752.830
d)	Balance at the end of the financial year (a)+(b)-(c)	24.200	341.165	980.000	327.616	10.370.394	1.001.936	77.307	55.315	13.177.933

Depreciation of long-term tangible assets of the Group of Companies in 2023 totalled EUR 932.920 and was accounted for in the consolidated income statement under the general and administrative expenses item.

The Group of Companies uses in its activities still suitable depreciated non-current assets:

Asset group title	Acquisition cost
Intangible assets	2.930
Machinery and equipment	173.783
Main machinery and equipment	183.453
Vehicles	779.082
Other devices, instruments and tools	34.422
TOTAL	1.173.670

The Group of Companies has pledged under credit line agreements no. 302747986-K8 and 302747986-K10 and financial obligations limit agreement no. 302747986-K7 signed with Luminor Bank AS:

- Production building located in Mažeikiai;
- Modular houses - 10 units;
- Unfinished inventory - UAB Hotrema stock of goods located in the central warehouse;
- Receivables - UAB Hotrema claim rights to any third parties;
- A plot of land located in Mažeikiai;
- Administrative building located in Mažeikiai;
- The crossing station located in Mažeikiai;
- Mechanical workshops located in Mažeikiai;
- Machine wash with household facilities located in Mažeikiai;
- Foundations of the auxiliary building located in Mažeikiai;
- Foundations of the auxiliary building located in Mažeikiai;
- Foundations of the auxiliary building located in Mažeikiai.

Subsidiaries Hotrema Ltd, Otevil and Hotrema OY have no non-current tangible assets.

3. Non-current financial assets (Note No. 4)

The Parent Company's investments in subsidiaries are disclosed in Part 1 of the Notes "General information"

The Group's investments in the Group's companies at the end of 2022 consisted of:

Name of subsidiary and associated company	Reporting year			Previous reporting year		
	Controlled part	Investment acquisition cost	Profit (loss) for the current year	Controlled part	Investment acquisition cost	Profit (loss) for the current year
Hotrema OY	100%	5.000	349.124	100%	5.000	10.891
Otevil	100%	12.000 (UYU)	412.364	100%	12.000 (UYU)	417.210
UAB Sunas				90%	2.250	10.891
Hotrema Ltd	100%	1 146	(54.290)			
Total			707.198			438.992

4. Inventories (Note No. 4)

Item	31 December 2023	31 December 2022
Raw materials, materials and components	1.287.965	970.739
Production in progress	0	0
Goods for resale	0	1.033
Inventories on the way	0	0
Inventories held by third parties	0	0
Inventory value adjustment (-)	0	0
Non-current assets for resale	0	0
Total:	1.287.965	971.772

Under the loan/credit agreements with Swedbank and Luminor banks, the inventories of the Group of Companies belonging to UAB Hotrema, the receivables and the funds in the bank accounts are pledged. Subsidiaries Hotrema Ltd, Hotrema OY and Otevil have no inventories.

The inventories of the Group of Companies are used for the implementation of projects and for the production of metal blanks, and are accounted and valued according to the FIFO method.

5. Advances paid (Note No. 4)

Item	31 December 2023	31 December 2022
Prepayments to suppliers for goods and services	129.345	76.690
Adjustment of the value of prepayments (-)	0	0
Total:	129.345	76.690

6. Amounts receivable from buyers, Group of Companies and associated companies (Note No. 4)

Item	31 December 2023	31 December 2022
Acquisition cost of trade receivables	5.511.182	5.153.428
Value adjustment of trade receivables (-)	(79.563)	(82.311)
Total:	5.431.619	5.071.117

For the obligations assumed by the Group of Companies under the loan agreements, the receivables of the Group of Companies, which are not factored, are pledged to Luminor Bank AB.

7. Other receivables (Note No. 4)

Item	31 December 2023	31 December 2022
Receivable value added tax	245.974	85.446
Prepaid corporate income tax	21.058	13.259
Personal income tax paid in advance in Germany (deducted by the customer)	32.962	20.931
Amounts receivable from accountable persons	0	0
Refundable corporate income tax	0	102.511
Deposited funds for guarantee bonds	33.274	75.279
Other receivables	127.181	154.791
Total:	460.449	452.217

The parent company UAB Hotrema has issued guarantees through Swedbank for the benefit of third parties, the total value of which amounted to EUR 137.667 on 31/12/2023. With issued guarantees, Swedbank has deposited funds in the bank in the amount of EUR 41.300, of which EUR 33.274 will expire in 2024, the remaining amount of deposited funds will expire in 2024-2025.

8. Cash and cash equivalents (Note No. 4)

Item	31 December 2023	31 December 2022
Cash in banks	902.945	813.586
Cash on hand	2.410	2.410
Total:	905.355	815.996

Cash funds are pledged to Luminor Bank AB and AB Swedbank for the liabilities assumed by the Group of Companies under credit agreements.

UAB Hotrema, the parent company of the Group of Companies, has a company cash register where no cash transactions were carried out during 2023.

9. Deferred expenses and accrued income (Note No. 5)

Item	31 December 2023	31 December 2022 after adjustments	31 December 2022 before adjustments
Accrued income	1.642.894	336.900	820.045
Deferred expenses	402.230	274.012	274.908
Total:	2.045.124	611.808	1.094.953

The Group of Companies had EUR 478.559 of deferred expenses as of 31/12/2023, of which the expenses of insurance amounted to EUR 193.942, and accommodation and travel expenses amounted to EUR 284.617. As of 31/12/2022 – EUR 274.012.

The Group of Companies accounted for EUR 820.045 of accrued income, of which the parent company UAB Hotrema's accrued income was EUR 483.145, and the subsidiary companies' accrued income was EUR 336.900. Invoices for all accrued income were issued during the first months of 2023.

In 2023, the parent company UAB Hotrema recalculated the accumulated income for the years 2021-2022 and made retrospective adjustments, after which the accumulated income in 2021 and 2022 decreased and settled in 2023. The accumulated income of the group of companies after adjustments amounted to 1.642.894 in 2023. In 2021 - savings decreased by EUR 44.089. The total amount of retrospective adjustments is EUR 746.185.

Subsidiary companies Hotrema Ltd, Hotrema Oy and Otevil had no accumulated income on 31/12/2023.

10. Equity (Note No. 5)

According to the Law on Companies of the Republic of Lithuania, the equity of the company's shareholders cannot be less than 1/2 of the authorized capital. On 31 December 2023, the Company's equity met the capital adequacy requirements.

The Company's authorized capital did not change and amounted to EUR 500.024 both on 31/12/2023 and 31/12/2022. The authorized capital consists of 17.266 ordinary registered shares with a nominal value of EUR 28,96 each.

Indicators	Number of shares	Amount (EUR)
Share capital structure at the end of the financial year		
1. By types of shares		
1.1. Ordinary shares	17.266	500.024
1.2. Preferred shares	0	0
1.3. Employee shares	0	0
1.4. Special shares	0	0
1.5. Other shares	0	0
Total:	17.266	500.024

11. Retained earnings (losses) (Note No. 6)

In 2023, the Group of Companies earned EUR 1.396.982 of net profit.

Statutory reserve is mandatory according to the legislation of the Republic of Lithuania. At least 5 percent of the net profit, calculated according to the accounting principles of the Republic of Lithuania, must be transferred to it every year, until the reserve reaches 10 percent of the authorized capital. Statutory reserve can only be used to cover the Company's losses.

The Company has formed a statutory reserve in which the amount of EUR 50.002 is registered.

Draft profit appropriation of the Company for 2023

Appropriation items	Reporting period
Retained earnings (losses) of previous financial years at the end of the reporting financial year	4.451.737
Net profit (loss) of the reporting financial year	1.396.982
Profit (loss) of the reporting financial year not recognized in the income statement	27.117
Transfers from reserves	0
Shareholders' contributions to cover the Company's losses (if the shareholders decided to cover all or part of the losses)	0
Total profit (loss) to be appropriated:	5.875.836
Part of the profit allocated to the statutory reserve	0
Part of the profit allocated to the reserve for the purchase of own shares	0
Part of the profit allocated to the reserve for granting shares	0
Part of the profit allocated to other reserves, <i>of which:</i>	
- <i>for investments</i>	0
- <i>for support</i>	0
Part of the profit allocated for the payment of dividends	240.000
Part of the profit allocated for annual payments (bonuses) to members of the board and supervisory board, employee bonuses and other purposes	0
Retained earnings (losses) at the end of the reporting financial year carried over to the next financial year	5.635.836

12. Grants, subsidies (Note No. 7)

Indicators	Balance at the end of last year	Received	Used	Balance at the end of reporting year
Asset-related grants	40.991	0	11.029	40.991
Income-related grants	0	40.691	40.691	0
Total:	40.991	96.906	107.935	29.962

In 2023, the Group of Companies received EUR 40.691 grants from the Ministry of Finance of the Republic of Lithuania to implement the training program, which were used in 2023 to reduce costs incurred in organizing training and paying students wages during training.

In 2023, the Group of Companies used grants received for the purchase of long-term tangible assets in the amount of EUR 11.029, which have been reduced by the amount of the assets' depreciation value.

13. Liabilities – Leasing (financial lease)

In the Group of Companies, the parent company UAB Hotrema had liabilities to leasing companies, banks and suppliers.

At the end of 2023, the Group of Companies recorded liabilities to leasing companies, banks and suppliers as the amounts payable after one year and other non-current liabilities.

14. Liabilities to credit institutions (Note No. 8)

Amount of liabilities to credit institutions was EUR 551.661 as of 31 December 2022, of which EUR 282.828 was non-current liabilities and EUR 268.833 was current liabilities. Part of them under credit agreements valid as of 31 December 2021 were for the purchase of workshops at Montuotojū str. 1C for the amount of EUR 67.835; purchase of prefabricated modular houses for the amount of EUR 45.464; purchase of metalworking machine for the amount of EUR 35.000. The remaining credit liabilities were intended to finance the current activities of the Company.

For leasing companies (without scaffolding), the total amount of liabilities on 31/12/2023 amounted to EUR 945.462, of which the long-term part of liabilities is EUR 683.435 and the short-term part is EUR 262.027. Accordingly, as of 12/31/2022, it amounted to EUR 661.263, of which the long-term part of liabilities is EUR 399.534 and the short-term part is EUR 261.729. All leasing contracts for purchased cars used in the Company's activities.

The total amount of liabilities for suppliers for operating leases, which are accounted for as financial leasing, on 31/12/2023 amounted to EUR 3.760.173, of which the long-term part of liabilities is EUR 2.053.528 and the short-term part is EUR 1.508.438. Accordingly, on 31/12/2022 it amounted to EUR 5.352.354, of which the long-term part of liabilities is EUR 3.297.681 and the short-term part is EUR 2.054.673. Scaffolds purchased under all contracts are used in the Company's activities.

As of December 31, 2023, the amount of debts owed to credit institutions amounted to EUR 345.485, of which EUR 230.000 was part of long-term liabilities and EUR 115.185 was part of short-term liabilities. Part of them, according to the credit agreements valid on December 31, 2021, were for the purchased workshops at Montuotojū str. 1C, for the amount of EUR 67.835; the purchase of prefabricated modular houses - for the amount of EUR 45.464; purchase of metal machines - for the amount of EUR 35.000. The remaining credit obligations were intended to finance the current activities of the Company.

Liabilities to leasing companies and suppliers as of 31/12/2023 consisted of:

Indicators	Debts or their parts payable	
	After one year, but no later than within five years	Within one financial year
Breakdown of payables by type		
Financial debts:		
Leasing (financial lease) or similar liabilities	683.435	262.027
Operating lease (financial lease) or similar liabilities to suppliers	2.053.528	1.706.645
Total	2.736.963	1.968.673

Liabilities to leasing companies and suppliers as of 31/12/2022 consisted of:

Indicators	Debts or their parts payable	
	After one year, but no later than within five years	Within one financial year
Breakdown of payables by type		
Financial debts:		
Leasing (financial lease) or similar liabilities	399.534	261.729
Operating lease (financial lease) or similar liabilities to suppliers	3.297.681	2.054.673
Total	3.697.215	2.316.402

Liabilities to credit institutions as of 31/12/2023 consisted of:

Indicators	Debts or their parts payable	
	After one year, but no later than within five years	Within one financial year
Breakdown of payables by type		
Financial debts:		
Debt liabilities to banks	230.000	115.185

Liabilities to credit institutions as of 31/12/2022 consisted of:

Indicators	Debts or their parts payable	
	After one year, but no later than within five years	Within one financial year
Breakdown of payables by type		
Financial debts:		
Debt liabilities to banks	282.828	268.832

15. Debts to suppliers (Note No. 10)

Indicators	31 December 2022	31 December 2021
Debts to suppliers	3.404.194	2.252.417
Total:	3.404.194	2.252.417

16. Corporate income tax liabilities, deferred corporate income tax (Note No. 11)

In the Group of Companies, the corporate income tax payable amounted to EUR 166.594 as of 31 December 2023 (EUR 97.000 as of 31 December 2022). The subsidiary company Otevil does not calculate corporate income tax, the subsidiary company Hotrema Ltd, due to loss-making activities, did not have any payable corporate income tax.

Indicators	31 December 2023	31 December 2022
Corporate income tax liabilities	166.594	97.000
Total:	166.594	97.000

The income tax payable is calculated from the taxable result of the year, applying a corporate income tax rate of 15%.

Corporate income tax costs include:

Indicators	31 December 2022	31 December 2021
Corporate income tax of the reporting year (Sweden)	0	0
Corporate income tax of the reporting year (Germany)	(19.625)	(173)
Corporate income tax of the reporting year (Finland)	(8.664)	(18.803)
Corporate income tax of the reporting year (Poland)	0	0
Corporate income tax of the reporting year (Norway)	(13.156)	(7.591)
Corporate income tax of the reporting year (Latvia)	(2.957)	(0)
Corporate income tax of the reporting year (Hungary)	(0)	(72)
Corporate income tax of the reporting year (France)	(16.831)	(5.724)
Corporate income tax of the reporting year (Belgium)	(7.260)	(36.986)
Corporate income tax of the reporting year (United Kingdom)	(13.046)	0
Corporate income tax of the reporting year (Estonia)	(8.905)	0
Recalculated corporate income tax of the previous year (Lithuania)	0	0
Corporate income tax of the reporting year (Lithuania)	0	0
Deferred corporate income tax (expense)	4.831	1.870
Total:	(85.613)	(67.479)

Impairment for bad debts was calculated in 2023. Deferred income tax assets were calculated from the amount of the impairment of the customers' debts. During 2023, two bankruptcy proceedings of the Company's debtors were completed, whose debt was depreciated during 2022 and deferred income tax was calculated from it. During 2022, these debts were written off, the corporate income tax assets were recalculated reducing by the calculated part of written off debts.

As stated in Note 6, the Parent Company UAB Hotrema recalculated the accumulated income for the years 2021-2022 in 2023 and made retrospective adjustments, after which the accumulated income in 2021 and 2022 decreased and settled in 2023. Due to the retrospective adjustments made, the profit calculation also changed. The tables below show the change in retrospective adjustments.

In 2022, corporate income tax calculation in 2022 before adjustments:

Indicator	31 December 2022	31 December 2021
Profit (loss) before taxes	2.407.672	670.098
Bad debts	0	25.553
Support	6.672	12.848
Representation costs	40.981	19.294
Other not allowed deductions	113.755	123.627
IP relief	0	0
Fines and interest costs	80.954	60.362
Finnish permanent establishment costs	1.853.662	1.688.331
German permanent establishment costs	911.783	1.874.127
Norwegian permanent establishment costs	614.729	595.705
Latvian permanent establishment costs	159.721	247.209
Belgian permanent establishment costs	1.517.792	486.541
Estonian permanent establishment costs	84.842	1.333.199
FR permanent establishment costs	942.744	0
Tax-free income earned in Lithuania and foreign permanent establishments	(8.735.307)	(7.136.894)
Taxable profit	0	0

In 2022, corporate income tax calculation in 2022 after adjustments:

Indicator	31 December 2022	31 December 2021
Profit (loss) before taxes	1.661.486	670.098
Bad debts	0	25.553
Support	6.672	12.848
Representation costs	40.981	19.294
Other not allowed deductions	113.755	123.627
IP relief	0	0
Fines and interest costs	80.954	60.362
Finnish permanent establishment costs	1.853.662	1.688.331
German permanent establishment costs	911.783	1.874.127
Norwegian permanent establishment costs	614.729	595.705
Latvian permanent establishment costs	159.721	247.209
Belgian permanent establishment costs	1.517.792	486.541
Estonian permanent establishment costs	84.842	1.333.199
FR permanent establishment costs	942.744	0
Tax-free income earned in Lithuania and foreign permanent establishments	(8.735.307)	(7.136.894)
Taxable profit	0	0

Corporate income tax calculation in 2023:

Indicator	31 December 2023	31 December 2022
Profit (loss) before taxes	1.154.321	1.661.486
Bad debts	0	0
Support	14.402	6.672
Representation costs	30.603	40.981
Other not allowed deductions	211.574	113.755
IP relief	0	0
Fines and interest costs	14.272	80.954
Finnish permanent establishment costs	1.235.049	1.853.662
German permanent establishment costs	1.168.508	911.783
Norwegian permanent establishment costs	461.963	614.729
Latvian permanent establishment costs	76.972	159.721
Belgian permanent establishment costs	826.137	1.517.792
Estonian permanent establishment costs	963.106	84.842
FR permanent establishment costs	1.857.253	942.744
Tax-free income earned in Lithuania and foreign permanent establishments	(7.032.609)	(8.735.307)
Taxable profit	0	0

Deferred corporate income tax assets (Note No. 22) consist of:

Indicators	31 December 2023	31 December 2022
Deferred corporate income tax assets from vacation reserve of social insurance contributions	3.643	2.468
Deferred corporate income tax assets from bad debts and advances	11.934	12.346
Deferred corporate income tax liability from revaluation reserve (-)	(51.4931)	(27.115)
TOTAL	(499.354)	(12.301)

17. Liabilities related to employment relations consisted of (Note No. 12)

Indicators	31 December 2023	31 December 2022
Salary payable	1.226.099	1.083.479
Social insurance contributions payable	308.164	231.926
Personal income tax payable in Lithuania and abroad	468.818	443.244
Accumulated unused vacation	1.148.310	962.937
Other amounts due related to employment relations	4.029	12.969
Total:	3.155.420	2.734.555

18. Other amounts payable and current liabilities (Note No. 13)

Indicators	31 December 2023	31 December 2022
Value added tax payable	242.739	157.884
Other tax payable	1.206	12.515
Other amounts payable	12.449	28.570
Total:	256.394	198.969

19. Accrued costs and deferred income (Note No. 14)

Indicators	31 December 2023	31 December 2022 after adjustments	31 December 2022 before adjustments
Accrued costs	105.679	92.316	92.316
Deferred income	729.555	263.040	0
Total:	835.234	355.356	92.316

As noted in Note 6, after retrospective adjustments to accrued income for 2021 and 2022, when reverse accruals occur, they are disclosed in this line of financial statements as income for future periods.

20. Sales revenue

Indicators	2023	2022 after adjustments	2022 before adjustments
Income from insulation products and materials	2.454.805	2.497.181	2.497.181
Scaffolding installation work	13.484.912	11.711.999	11.711.999
Insulation installation work	27.760.490	21.663.548	21.663.548
Tin products, insulating mattresses	34.083	50.003	50.003
Additional direct operating income	1.791.356	1.834.135	1.834.135
Accumulated revenue (result)	620.376	-294.753	451.432
Total:	46.146.022	37.462.113	38.208.298

21. Cost of sales

The costs of materials, tools, work clothes; costs of completed works, fuel costs; employee salary costs; rental costs of equipment related to the provision of services, costs of business trips to facilities are assigned to the cost of sales.

	2023	2022
Salary expenses	(11.743.727)	(8.336.100)
Business trip expenses	(6.633.741)	(4.772.275)
Other expenses	(1.689.854)	(314.658)
Car rental, maintenance and operation costs	(863.291)	(796.430)
Subcontracting costs	(1.954.734)	(428.803)
Scaffold rental and depreciation costs	(954.037)	(338.478)
Equipment rental costs	(314.082)	(297.941)
Tax expenses	(125.450)	(392.152)
Training costs	(79.316)	(52.048)
Costs related to inventories and their acquisitions	(4.119.467)	(3.039.756)
TOTAL	(28.477.699)	(18.768.641)

22. Sales and general and administrative expenses

Only the parent company incurred total costs in 2023, they amounted to EUR 129.254.

Sales expenses	2023	2022
Other expenses	(129.254)	(49.224)
Total:	(129.254)	(49.224)

General and administrative expenses	2023	2022
Employee salary expenses	(3.173.815)	(3.238.209)
Vacation accrual	(65.864)	(35.760)
Operating tax expense	(91.159)	(47.395)
Costs of information technology services	(85.688)	(91.771)
Insurance costs	(262.864)	(145.103)
Business trip expenses	(16.589)	(10.637)
Costs of taxes related to employees	(35.104)	(77.901)
Depreciation and amortization costs of non-current assets	(447.277)	(771.345)
Repair and operating costs	(109.644)	(268.159)
Car rental, maintenance and operating costs	(119.271)	(119.104)
Bank tax costs	(102.220)	(93.091)
Consulting (audit, legal, project preparation) costs	(448.418)	(91.556)
Debt impairment charges	(79.563)	(7.260)
Costs of upgrading qualifications	(103.548)	(53.824)
Other costs	(962.943)	(1.143.740)
Total:	(6.103.967)	(6.194.855)

23. The result of other activities

Indicators	2023	2022
OTHER ACTIVITY REVENUE, total:	777.179	29.414
Income from disposal of non-current assets	6.699	1.960
Income from written off debts		0
Insurance payments received	21.119	17.127
Revenue from sales of inventory and products		0
Other income	749.360	10.327
OTHER OPERATING COSTS, total:	(668.765)	(47.325)
Depreciation costs of non-current assets	(481.686)	(896)
Other costs	(187.079)	(46.429)
RESULT OF OTHER ACTIVITIES	108.413	(17.911)

24. Other interest and similar income

Indicators	2023	2022
Interest income	3.048	5.882
Revaluation of investment assets	0	130.000
Other financial income	36.664	41.359
TOTAL	39.712	177.241

25. Interest and other similar costs

Indicators	2023	2022
Interest expense	(587.066)	(548.744)
Negative impact of exchange rate	(14.490)	(4.270)
Cost of fines	(14.272)	(71.330)
Other financial activity costs	(123.561)	(204.515)
TOTAL	(739.389)	(828.859)

26. Off-balance sheet liabilities and contingencies

Of the companies in the group, only the parent Company accounts for off-balance sheet liabilities – it has received EUR 1.776.055 in advance from factoring companies as of 12/31/2023 for invoices issued to buyers. It has not purchased its own shares. As of 12/31/2023, the Company had issued guarantee obligations for the executed projects through Swedbank in the amount of EUR 137.667, for securing of which EUR 41.300 were deposited in the bank.

There is no other material information other than that disclosed in this and other explanatory notes, which should be disclosed in the consolidated financial statements and would have a significant impact on the financial position of the Group of Companies.

27. Financial assets and liabilities and risk management

Going concern risk

The Group of Companies continuously monitors the current market situation, monitors customers and suppliers and is ready to react to the situation if necessary.

It is intended to maintain the market positions of the Group of Companies in 2024 and ensure the going concern.

Credit risk

Most of the sales of the Group of Companies are not carried out in cash, therefore they are exposed to credit risk. For non-cash sales, the Group of Companies applies measures aimed at constantly ensuring that services are provided to reliable customers and that sales do not exceed the approved credit risk limit.

Interest rate risk

The group of companies has loans and leasing obligations with a variable interest rate, which causes interest rate risk. The Group of Companies did not have any financial instruments to manage interest rate risk as of 31 December 2023.

Liquidity risk

The policy of the Group of Companies is to maintain a sufficient amount of cash and cash equivalents or secure financing with credit lines of an appropriate amount in order to fulfil the obligations provided for in its strategic plans.

Foreign currency exchange risk

The currency risk of the Group of Companies, which the Group of Companies is exposed to, arises from the activities of the Group of Companies in countries that have different currencies. The Group's policy is to match cash flows from highly probable future sales with purchases in each foreign currency. The Group of Companies does not use any financial instruments to manage foreign currency risk, except that it endeavours to conduct transactions in euros.

28. Related party transactions

Parties are considered related when one party has the ability to control the other or can exercise significant influence over the other party's financial and operational decisions. Related parties of the Group of Companies and transactions with them were as follows in 2023 and 2022:

2023

Name	Purchases	Sales	Receivables	Payables
UAB Hotrema	153.911	450.541	47.500	818.115
Hotrema Ltd	215.397	0	43.558	0
Hotrema OY	235.144	153.911	473.949	47.500
Otevilas	0	0	300.608	0
Total:	604.452	604.452	865.615	865.615

2022

Name	Purchases	Sales	Receivables	Payables
UAB Hotrema	361.688	519.735	105.783	103.724
UAB Sunas	48.340	4.519	0	47.388
Hotrema OY	471.395	357.169	103.724	0
Otevilas	0	0	0	58.445
Total:	881.423	881.423	209.507	209.507

Salary and other benefits to the management

In 2023, no loans, guarantees, advances were granted to the management of the Group of Companies, there were no other amounts disbursed, accrued or waived, no obligations to pay compensation in accordance with defined benefit plans, no payments in shares or gratuitously transferred assets, no services provided. In the Group of Companies there was no wage arrears as of 31 December 2023. The management of the Group of Companies together with the subsidiaries consists of 5 employees.

	Basic salary	Bonuses	Payments in shares	Value of assets transferred or services rendered without compensation	Other significant amounts
Amounts accrued to the company's management in 2023	693.051	0	0	0	0
Amounts accrued to the company's management in 2022	531.415	0	0	0	0

29. Post-reporting events

There were no significant events, the non-disclosure of which could have a significant impact on the ability of users of the financial statements of the Group of Companies to make decisions after the date of the annual financial statements.

The war started by Russia against Ukraine is already affecting and will continue to affect the economy of the world and Lithuania. Companies that had direct business relations with Russia, Belarus and Ukraine felt the greatest impact. However, in the longer term, predictions are made that every business segment will be affected, as the supply chain is already cracking, energy resources and fuel prices are rising, and consumer mood is fluctuating.

So far, it has not been possible to identify significant impacts on the activities of the Group of Companies, as the main customers are exclusively from western countries. There are no business contracts with Russia, Belarus or Ukraine. Therefore, a direct and quickly felt impact of recent events is unlikely. However, in order to ensure the smoothest possible operation and reduce even the expected impact, the Group of Companies carefully evaluates and checks the solvency of buyers, investigates the possibilities of using the services of credit insurance companies to insure receivables against the insolvency or bankruptcy of buyers, to use the service of financing accounts with insurance.

Director _____

Marius Lazdauskas

Head of Finance Department _____

Ingrida Vaitkuvienė

18 July 2024

UAB Hotrema

302747986, Montuotojų str. 1C , Mažeikiai

CONSOLIDATED ANNUAL REPORT 2023

18 July 2024

UAB Hotrema (hereinafter the “Company”) was registered on 20 March 2012. Company code 302747986, VAT payer number LT10007121313, registered office address Montuotojų str. 1C, Mažeikiai, Lithuania.

The Company and the whole Group (hereinafter the “Group”) provides industrial project management services, concentrating its work in installation of insulation and scaffolding. Most of the income in Lithuania was generated in strategic projects, such as Vilnius Cogeneration Power Plant, PKN Orlen plant, etc. Apart from Lithuania, the Group’s main business directions are Scandinavian and Western European countries.

The Group’s work helps to maintain the desired temperature in buildings and devices in various industrial areas. By reducing heat transfer, they improve energy efficiency by reducing the need for heating or cooling, thus saving costs and minimizing the heat impact on the environment.

The income of the Group in 2022 amounted to over 38 million Euros, net profit amounted to 2.75 million Euros. The turnover of the Group is planned to approach 50 million Euros in 2023. To achieve this goal, the Group extended the working capital financing contracts in 2022. In managing customer settlement risks, the absolute majority of customer receivables are insured using the services of Atradius and Euler Hermes. The Group plans to keep the ratio of insured amounts at least 85%.

Special attention paid to the professionals working in the Group, the development of their competences and the attraction of new employees contributes to the rapid growth of the Group. To date, the Group employs almost 700 professional employees (8% of them are women), if necessary, the Group can easily increase the team by another 100-200 certified professionals.

The Group has been involved in the business of installation of renewable energy sources since 2022 by connecting a subsidiary company UAB Sunas to the structure. After the concluded transaction, the Group manages directly or through the shares of the companies it holds:

- Hotrema UAB, company identification number 302747986, registered office address Montuotojų str. 1C, Mažeikiai, Lithuania. The amount of shares is 100%. Authorized capital is EUR 500 024.
- Hotrema OY, company identification number 3197198-5, registered office address Peltotie 20, 28400 Ulvila, Finland; The amount of shares is 100%, the nominal value of the shares held is EUR 5 000.
 - Otevil, company identification number 218780730017, registered office address Circunvalación Dr. Enrique Tarigo 1335, Piso 7, Montevideo, Uruguay. 100% of the company’s shares belonged to Hotrema Oy. The nominal value of the shares held is 12 000 Uruguayan pesos.
- Sunas UAB, company identification number 306096640, VAT payer number LT100015115615, registered office address Montuotojų str. 1C, Mažeikiai, Lithuania. The amount of shares is 90%, the nominal value of the shares held is EUR 2 900.

During 2022, the Company that belongs to the Group did not acquire or transfer its own shares, did not carry out any transactions with its own shares. The Company’s authorized capital consists of 17 266 ordinary registered shares, the nominal value of one share is EUR 28.96.

During 2022, the structure of the Group’s shareholders remained unchanged. It is managed by Company’s executive director Nerijus Baužys and Company’s director Marius Lazdauskas who hold 50% of the votes each. The Company’s shareholders do not hold management positions in other companies.

In order to focus only on the insulation and scaffolding segment, the Group by decision of the Company's shareholders sold the shares of Sunas UAB in the first quarter of 2023.

In addition to the expected expansion in the already existing markets and seeing the perspective in others, the Group established a new company Hotrema Ltd in the United Kingdom in the first quarter of 2023, which will allow expansion in the steadily growing region. Also, the Group pays great attention to the improvement of internal processes, data analysis, which will provide a basis for the implementation of a business system (ERP) for the systematization and collection of high-quality Group data.

Director

Marius Lazdauskas