

Kvalifikuotas elektroninis parašas

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UAB VLI Timber

Independent Auditor's Report
Financial Statements and Management Report
for the year ended 31 December, 2024

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Gražnavietės st. 5, Kurkliai II Village, Anykščiai District, data collected and stored by the State Enterprise Centre of Registers

(Registered office (address), register where the data is collected and stored)

(Legal status, if the company is in liquidation, undergoing reorganisation, or bankrupt)

31 December 2024 BALANCE SHEET

14 April 2025 No. 25/03-2

(statement conclusion date)

0

0

01 01 2024-31 12 2024

(reporting period)

Eur

(report accuracy level and currency)

Entry No.	Items	Note No.	Reporting period	Previous reporting period
	ASSETS			
A.	NON-CURRENT ASSETS		10,289,982	8,637,241
1.	INTANGIBLE ASSETS	3.1	130,388	41,723
1.2.	Goodwill			
1.3.	Software		130,388	23,783
1.4.	Concessions, patents, licenses, trade marks and similar rights			
1.5.	Other intangible assets			
1.6.	Advances paid			17,940
2.	TANGIBLE ASSETS	3.2	9,465,462	8,309,386
2.1.	Land		28,877	5,277
2.2.	Buildings and structures		4,488,235	4,314,872
2.3.	Machinery and equipment		3,484,625	1,803,404
2.4.	Vehicles		345,615	284,094
2.5.	Other devices, appliances and tools		377,966	550,221
2.6.	Investment property		-	-
2.6.1.	Land			
2.6.2.	Buildings			
2.7.	Advances paid and construction (production) of property, plant and equipment in progress		740,144	1,351,518
3.	FINANCIAL ASSETS		293,626	271,547
3.1.	Shares in group of companies	3.3	38,329	38,329
3.2.	Loans to group of companies	3.20	44,500	44,500
3.3.	Receivables from group of companies			
3.4.	Shares in associates			
3.5.	Loans to associates			
3.6.	Receivables from associates			
3.7.	Long-term investments			
3.8.	Receivables after one year		196,633	188,718
3.9.	Other financial assets		14,164	
4.	OTHER NON-CURRENT ASSETS	3.18	400,506	14,585
4.1.	Deferred income tax assets		400,506	14,585
4.2.	Biological assets			
4.3.	Other assets			
B.	CURRENT ASSETS		4,873,433	4,973,952
1.	INVENTORIES	3.4	1,958,361	1,374,307
1.1.	Raw materials, supplies and components		1,185,701	759,623
1.2.	Unfinished goods and work in progress		141,561	
1.3.	Production		256,893	204,523
1.4.	Goods purchased for resale		1,083	778
1.5.	Biological assets			
1.6.	Non-current tangible assets held for sale			
1.7.	Advances paid		373,123	409,383
2.	AMOUNTS RECEIVABLE WITHIN ONE YEAR	3.5	2,836,105	3,400,816
2.1.	Trade receivables		2,152,199	1,716,427
2.2.	Receivables from group companies		429,824	350,182
2.3.	Receivables from associated companies			
2.4.	Other receivables		254,082	1,334,207
3.	SHORT-TERM INVESTMENTS		-	-
3.1.	Shares in group of companies			
3.2.	Other investments			

4.	CASH AND CASH EQUIVALENTS	3.6	78,967	198,829
C.	DEFERRED COSTS AND ACCRUED INCOME	3.7	107,875	77,087
Entry No.	Items	Note No.	Reporting period	Previous reporting period
	TOTAL ASSETS		15,271,290	13,688,280
	EQUITY AND LIABILITIES			
D.	EQUITY	3.8	5,932,366	5,413,028
1.	CAPITAL		100,000	2,896
1.1.	Authorised (subscribed) or share capital		100,000	2,896
1.2.	Subscribed capital outstanding (-)			
1.3.	Own shares (-)			
2.	SHARE PREMIUM			
3.	REVALUATION RESERVE			
4.	RESERVES		290	290
4.1.	Legal reserve or reserve capital		290	290
4.2.	For acquisition of own shares			
4.3.	Other reserves			
5.	RETAINED PROFIT (LOSS)		5,832,076	5,409,842
5.1.	Profit (loss) for the reporting year		519,338	2,328,185
5.2.	Profit (loss) for the previous year		5,312,738	3,081,657
E.	GRANTS AND SUBSIDIES	3.9	1,091,920	1,640,063
F.	PROVISIONS		-	-
1.	Provisions for pensions and similar liabilities			
2.	Tax provisions			
3.	Other provisions			
G.	ACCOUNTS PAYABLE AND OTHER LIABILITIES	3.10	8,170,407	6,532,804
1.	AMOUNTS PAYABLE AFTER ONE YEAR AND OTHER NON-CURRENT ASSETS NON-CURRENT LIABILITIES		1,631,580	2,401,657
1.1.	Debt obligations		292,262	267,398
1.2.	Debt to credit institutions		1,339,318	2,124,210
1.3.	Advances received			
1.4.	Debts to suppliers			
1.5.	Payables under bills of exchange and cheques			
1.6.	Payables to group of companies			
1.7.	Payables to associates			
1.8.	Other payables and long-term liabilities			10,049
2.	CURRENT AMOUNTS PAYABLE AND OTHER CURRENT LIABILITIES CURRENT LIABILITIES		6,538,827	4,131,147
2.1.	Debt obligations		105,131	52,445
2.2.	Debt to credit institutions		2,598,779	1,293,253
2.3.	Advances received		149,776	287,331
2.4.	Debts to suppliers		3,283,493	2,126,861
2.5.	Payables under bills of exchange and cheques			
2.6.	Payables to group of companies			
2.7.	Payables to associates			
2.8.	Income tax liabilities			
2.9.	Employment-related liabilities		383,587	345,090
2.10.	Other payables and current liabilities		18,061	26,167
H.	ACCRUED COSTS AND DEFERRED INCOME	3.11	76,597	102,385
	TOTAL EQUITY AND LIABILITIES		15,271,290	13,688,280

Director
(title of manager of the company)

Chief Accountant
(title of chief accountant (accountant) or another person able to keep accounts)

(signature)

(signature)

Darius Lackus
(name and surname)

Sigita Mikutienė
(name and surname)

Profit and loss statement form

Private Limited Liability Company VLI TIMBER, company code 302440414

(legal form, name, code of the company)

Gražiavietės st. 5, Kurkliai II Village, Anykščiai District, data collected and stored by the State Enterprise Centre of Registers

(registered office (address), register where the data is collected and stored)

(legal status if company is liquidated, reorganized or bankrupt)

31 December 2024 STATEMENT OF PROFIT AND LOSS

14 April 2025 No. 25/03-1
(statement conclusion date)

01 01 2024-31 12 2024
(reporting period)

Eur
(report accuracy level and currency)

Ent ry No .	Items	Note No.	Reporting period	Previous reporting period
1.	Sales revenue	3.12	21,382,710	20,782,737
2.	Cost of sales	3.13	(18,775,176)	(16,396,843)
3.	Change of true value of biological assets			
4.	TOTAL PROFIT (LOSS)		2,607,534	4,385,894
5.	Sale	3.14	(249,032)	(281,701)
6.	General and administrative	3.15	(1,815,845)	(1,564,158)
7.	Results of other activities	3.16	1,596	23,725
8.	Dividends from investments in shares of the parent, subsidiary and associated companies			
9.	Income from other long-term investments and loans			
10.	Other interest and similar income	3.17	16,766	11,468
11.	Impairment of financial assets and short-term investments			
12.	Interest and other similar costs	3.17	(427,602)	(275,976)
13.	PROFIT (LOSS) BEFORE TAX		133,417	2,299,252
14.	Income tax	3.18	385,921	16,523
15.	NET PROFIT (LOSS)		519,338	2,315,775

Note. On the change in fair value line for biological assets, the decrease in fair value is shown in parentheses or with a minus sign. Costs, i.e. the amount deducting the net profit shall be given in brackets or with a minus sign.

NOTES: Depreciation charged for Q1–Q4 of 2024 1,445 215

Director
(title of manager of the company)

Chief Accountant
(title of chief accountant (accountant) or another
person able to keep accounts)

(signature)

(signature)

Darius Lackus
(name and surname)

Sigita Mikutienė
(name and surname)

Private Limited Liability Company VLI TIMBER, company code 302440414

(legal form, name, code of the company)

Gražiavietės st. 5, Kurkliai II Village, Anykščiai District, data collected and stored by the State Enterprise Centre of Registers

(registered office (address), register where the data is collected and stored)

Approved:
_____ 2025 _____
_____ by the
decision No.

31 December 2024 STATEMENT OF CHANGES IN EQUITY

14 April, 2025 No. 25/03-3 (date of preparation of
the statement)

01 01 2024-31 12 2024
(reporting period)

EUR
(report accuracy level and currency)

Name	Paid authorized or principal capital	Share premium	Own shares (–)	Revaluation reserve		Reserves stipulated by legislation		Other reserves	Retained profit (loss)	Base total
				Tangible fixed assets	Financial assets	Legal (contingency) reserve	For acquisitio n of own shares			
1. Balance at the end of the reporting (annual) period before the last	2,896	-	-	40,332	-	290	-	-	3,081,657	3,125,175
2. Result of the changes in accounting policies										-
3. Result of correction of material errors										-
4. Recalculated balance at the end of the previous reporting (annual) period	2,896	-	-	40,332	-	290	-	-	3,081,657	3,125,175
5. Increase (decrease) in value of tangible fixed asset				(27,922)						(27,922)
6. Increase (decrease) in the value of effective hedging instruments										-
7. Acquisition (sale) of own shares										-
8. Unrecognised profit (loss) in the profit (loss) statement				(12,410)					12,410	-
9. Net profit for the reporting period (loss)									2,315,775	2,315,775
10. Dividends										-
11. Other payouts										-
12. Reserves established										-
13. Reserves used										-
14. Increase/decrease in authorised capital or members' contributions (redemption of members' shares)										-

Name	Paid authorized or principal capital	Share premium	Own shares (–)	Revaluation reserve		Reserves stipulated by legislation		Other reserves	Retained profit (loss)	Base total
				Tangible fixed assets	Financial assets	Legal (contingency) reserve	For acquisition of own shares			
15. Other increase (reduction) of authorized or principal capital asset										-
16. Contributions to cover losses										-
17. Balance at the end of the previous reporting (annual) period	2,896	-	-	-	-	290	-	-	5,409,842	5,413,028
18. Increase (decrease) in value of tangible fixed asset										-
19. Increase (decrease) in the value of effective hedging instruments										-
20. Acquisition (sale) of own shares										-
21. Unrecognised profit (loss) in the profit (loss) statement									-	-
22. Net profit for the reporting period (loss)									519,338	519,338
23. Dividends										-
24. Other payouts										-
25. Reserves established										-
26. Reserves used										-
27. Increase/decrease in authorised capital or members' contributions (redemption of members' shares)	97,104								(97,104)	-
28. Other increase (reduction) of authorized or principal capital asset										-
29. Contributions to cover losses										-
30. Balance at the end of the reporting period	100,000	-	-	-	-	290	-	-	5,832,076	5,932,366

Director
(title of manager of the company)

(signature)

Darius Lackus
(name and surname)

Chief Accountant
(title of chief accountant (accountant) or another person
able to keep accounts)

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Sigita Mikutiene
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Private Limited Liability Company VLI TIMBER, company code 302440414

(legal form, name, code of the company)

Gražiavietės st. 5, Kurkliai II Village, Anykščiai District, data collected and stored by the State Enterprise Centre of Registers

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Approved:
_____ 2025 _____ by the
decision No.

STATEMENT OF CASH FLOWS AS OF 31 DECEMBER 2024

14 April 2025 No. 25/03-4
(statement conclusion date)

01 01 2024 - 31 12 2024
(reporting period)

- Eur
(report accuracy level and currency)

Entry No.	Items	Note No.	Reporting period	Previous reporting period
1.	Cash flows from operating activities			
1.1.	Net profit (loss)		519,338	2,328,185
1.2.	Depreciation and amortisation costs	3.1, 3.2	1,756,110	1,151,650
1.3.	Elimination of results from the disposal of non-current tangible and intangible assets			(13,422)
1.4.	Elimination of results of financial and investment activities	3.17	(657,219)	264,508
1.5.	Elimination of results of other non-cash transactions		99,522	
1.6.	Reduction (increase) of receivables from Group companies and associated companies			
1.7.	Reduction (increase) of other receivables after one year		(7,915)	(29,357)
1.8.	Reduction (increase) of deferred profit tax	3.18	(385,921)	(14,585)
1.9.	Reduction (increase) of reserves excluding paid advances	3.4	(689,967)	(37,460)
1.10.	Reduction (increase) of paid advances		36,260	(54,691)
1.11.	Decrease (increase) in trade receivables	3.5	(435,772)	(325,786)
1.12.	Reduction (increase) of receivables from group companies and associated companies	3.5	(79,642)	(285,791)
1.13.	Reduction (increase) of other receivables	3.5	1,065,961	263,624
1.14.	Reduction (increase) of short-term investments			
1.15.	Reduction (increase) of costs and accrued income future periods	3.7	(30,788)	(40,410)
1.16.	Reduction (increase) of provisions			(6,865)
1.17.	Reduction (increase) of long-term debts to suppliers and received advances			
1.18.	Reduction (increase) of amounts payable under bills and receipts after one year			
1.19.	Reduction (increase) of long-term debts to group companies associated companies			
1.20.	Reduction (increase) of short-term debts to suppliers and received advances		1,019,077	546,630
1.21.	Increase (decrease) in current liabilities under bills of exchange and cheques			
1.22.	Increase (decrease) in current liabilities to group companies and associates			
1.23.	Reduction (increase) of profit tax liabilities			
1.24.	Increase (reduction) of employment-related liabilities	3.10	12,122	86,386

Entry No.	Items	Note No.	Reporting period	Previous reporting period
1.25.	Reduction (increase) of other payables and liabilities	3.10	493,135	878
1.26.	Reduction (increase) of accrued costs and income for future periods	3.11	(25,788)	62,529
	Net cash flows from operating activities			
	Cash flows from investing activities		2,688,513	3,896,023
2.	Acquisition of non-current assets, excluding			
2.1.	investments		(2,864,996)	(4,780,256)
2.2.	Disposal of non-current assets, excluding investments			36,754
2.3.	Acquisition of non-current investments			(24,492)
2.4.	Disposal of non-current investments			
2.5.	Granting of loans			(119,600)
2.6.	Repayment of loans			15,606
2.7.	Dividends and interest			7,661
2.8.	received			304,439
2.9.	Other increases in cash flows from investing activities			(170,259)
	Other decreases in cash flows from investing activities		(2,864,996)	(4,730,147)
3.	Net cash flows from investing activities			
3.1.	Cash flows from financing activities		-	-
3.1.1.	Cash flows related to owners of the company			
3.1.2.	Issue of shares			
3.1.3.	Owners' contributions to cover losses			
3.1.4.	Purchase of treasury shares			
3.2.	Payment of dividends		56,621	932,880
3.2.1.	Cash flows related to other financing sources Increase in		-	1,673,676
3.2.1.1.	financial debt			1,673,676
3.2.1.2.	Obtaining of loans Issue of			
3.2.2.	bonds		(1,323,737)	(726,820)
3.2.2.1.	Decrease in financial debt		(873,656)	(397,521)
3.2.2.2.	Repayment of loans			
3.2.2.3.	Redemption of bonds		(388,282)	(271,712)
3.2.2.4.	Interest paid		(61,799)	(57,587)
3.2.3.	Leasing (financial lease) payments		1,500,000	234,990
3.2.4.	Increase in other liabilities of the		(834,000)	(248,509)
3.2.5.	company Reduction in other liabilities of		714,358	3,807
3.2.6.	the company			(4,264)
	Other increase in cash flows from investment activities		56,621	932,880
4.	Other reduction in cash flows from investment activities			
	Net cash flows from financing activities			
5.	Influence of changes of exchange rates on the balance		(119,862)	98,756
6.	of cash and cash equivalents		198,829	100,073
7.	Net increase (reduction) of cash flows Cash and	3.6	78,967	198,829
	cash equivalents in the beginning of the period Cash			
	and cash equivalents at the end of the period			

EXPLANATORY NOTE
FOR THE YEAR ENDED 31 DECEMBER 2024
(all amounts are in thousands of euros, unless otherwise)

1. General information

Private Limited Liability Company VLI TIMBER (hereinafter – the Company) has been registered and operating since 23 September, 2009.

Registered office and business address of the Company: Gražiavietės St. 5, Kurkliai II Village, Kurkliai Subdistrict, Anykščiai District

Data are collected and stored in the Register of Legal Entities.

The main activity of the Company is the production of biofuel and its wholesale trade. The majority of the Company's products are exported to European Union countries and the United Kingdom. Since August 2021, it has also started selling through online stores in Lithuania and EU member states. In Lithuania, end users can purchase products through the online stores: malkosonline.lt and onlydry.lt. In Germany, Denmark, and France, products are also sold through OnlyDry stores that are developed and tailored for local markets. Since February 2022, the Company has additionally conducted e-commerce via the Amazon platform, through which products are sold to Austria, Belgium, and the Netherlands. Starting in 2023, the Company's products also became available to buyers in the United Kingdom via Amazon.

All shares of the Company are ordinary shares. The Company has not acquired its own shares. In 2023, part of the shares was transferred, and the Company is currently owned by two natural persons.

The Company has not established any representative offices or branches.

On 21 September, 2021, the Company became a taxpayer in Germany. However, no legal entity was established there – the Company registered only a place of business and pays value-added tax to the local budget.

On 15 June, 2023, the Company became a taxpayer in the United Kingdom of Great Britain and Northern Ireland. No legal entity was established – the Company registered only a place of business and pays value-added tax to the local budget.

At the end of 2023, the Company employed 98 people; at the end of 2024, 113 people.
The average number of employees was 87 in 2023 and 103 in 2024.

The financial year of the Company starts on January 1 and ends on December 31.

2. Accounting Policy

Basis of Preparation

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

The financial statements are drawn up on a basis of acquisition value.

Based on the value of assets indicated in the Company's 2024 balance sheet, annual net sales revenue, and average number of employees, and in accordance with the provisions of the Law on Financial Reporting by Undertakings and Groups of Undertakings of the Republic of Lithuania, the Company is classified as a medium-sized enterprise. The set of financial statements for the year 2024 consists of the balance sheet, income statement, cash flow statement, statement of changes in equity, and explanatory notes.

These financial statements have been prepared in accordance with the Law on Financial Accounting of the Republic of Lithuania, the Law on Financial Reporting by Undertakings and Groups of Undertakings of the Republic of Lithuania, and the Lithuanian Business Accounting Standards (BAS) effective as of 31 December, 2024, which include standards and methodological recommendations developed and approved by the Authority of Audit, Accounting, Property Valuation and Insolvency Management.

The monetary unit used in the accounting records is the euro (EUR).

a) Intangible non-current assets

Assets without physical substance that are controlled by the Company, from which the Company expects to derive direct and/or indirect economic benefits, and whose value is not less than the minimum acquisition value for intangible assets as established by the Company, are classified as non-current intangible assets.

EXPLANATORY NOTE
FOR THE YEAR ENDED 31 DECEMBER 2024
(all amounts are in thousands of euros, unless otherwise)

Intangible assets acquired are initially registered at acquisition cost. Expenditures for the improvement of intangible assets incurred after the commencement of their use are recognised as costs in the reporting period in which they are incurred, provided that the amount is not material compared to the acquisition cost. Expenditures incurred for the improvement of intangible assets that result in a change in the original asset's functionality or are related to enhancing the asset's potential future use are capitalised as part of the asset's value. The amortisable value of intangible assets is allocated on a systematic basis over their useful life.

The following groups of intangible assets, their useful lives, and minimum acquisition values have been established (applicable from 1 January, 2024):

<u>Intangible fixed asset group</u>	<u>Minimum acquisition value</u>	<u>Useful life</u>
Software	EUR 2,000	3 years
Rights acquired	EUR 2,000	3 years
Other intangible asset	EUR 2,000	4 years

b) Property, plant and equipment

In the financial statements, all economic resources available to a company are recognised as assets if the company expects to derive future benefits from the use of those resources and the latter have a value that can be measured reliably.

Tangible assets are classified as non-current tangible assets when they meet the following criteria: the asset is used for more than one year, the Company expects to obtain economic benefits from the asset, the risks related to the asset have been transferred to the Company, and the acquisition cost of the asset is not less than the minimum acquisition value specified in the Company's approved Methodology for Minimum Acquisition Costs and Depreciation and Amortisation Rates (in years) for Non-Current Assets. Different groups of non-current tangible assets have approved minimum acquisition values for classification as non-current assets and corresponding depreciation rates.

The following groups of intangible assets, their useful lives, and minimum acquisition values have been established (applicable from 1 January, 2024):

<u>Tangible fixed asset group</u>	<u>Minimum acquisition value</u>	<u>Useful life</u>
Other buildings	EUR 2,000	15 years
Equipment (structures, wells, etc.)	EUR 2,000	8 years
Vehicles:		
other passenger cars – not older than 5 years	EUR 2,000	6 years
other passenger cars – older than 5 years	EUR 2,000	10 years
Trucks, trailers and semi-trailers, buses – not older than 5 years	EUR 2,000	4 years
Other facilities, tools, devices and equipment:		
Computers and computing equipment	EUR 2,000	3 years
Furniture	EUR 2,000	6 years
machinery, equipment, devices, and installations	EUR 2,000	5 years
Other tangible assets	EUR 2,000	4 years

EXPLANATORY NOTE
FOR THE YEAR ENDED 31 DECEMBER 2024
(all amounts are in thousands of euros, unless otherwise)

Property, plant and equipment are recorded at acquisition cost, which includes the amount paid or payable for the acquisition of such assets, delivery costs, non-refundable fees paid, design, mounting, installation, commissioning costs.

When Property, plant and equipment is started to use, depreciation begins on the first day of the following month. Depreciation is not calculated from the first day of the month following its write-off, transfer or other type of transmission.

The Company uses the straight-line method to calculate the depreciation of property, plant and equipment.

Property, plant and equipment presented in the financial statements is measured at the actual acquisition cost of the asset less accumulated depreciation and impairment losses, plus any reversal of impairment losses.

Upon the sale or write-off of non-current assets, their acquisition cost and accumulated depreciation are eliminated, and any gain or loss on the sale is recognised in the income statement.

The accounting treatment of reconstruction and repair works of non-current tangible assets depends on the nature of the result provided:

- If the reconstruction or repair of non-current tangible assets improves the useful properties of the asset, the value of such works is added to the acquisition cost of the non-current tangible asset and is depreciated over the remaining useful life of the respective asset.

- To the extent that the reconstruction or repair of fixed tangible assets does not improve its useful properties or extend its useful life, the value of such work is recognized as the costs in the reporting period.

Non-current assets classified under the group "Other buildings" are accounted for at revalued amount. The first revaluation was performed as of 31 December, 2015. In 2020, based on the property valuation report dated December 2020, the assets were revalued for the second time. In 2023, reconstruction works were carried out on assets accounted for at revalued amount. At the end of the year, the acquisition cost of these non-current assets was increased, and the revaluation reserve was eliminated. It was decided that, going forward, all non-current assets of the Company will be accounted for at acquisition cost.

Repair or reconstruction works that improve the useful properties of non-current tangible assets used in the Company's operations under lease agreements are recognised as costs of future periods. After the repair works are completed, the value of the repairs is transferred to costs on a straight-line basis over the lease term of the asset. In the case of indefinite-term lease agreements, the value of repair or reconstruction works is transferred to costs in parts over a period corresponding to the depreciation period established for the respective asset group.

c) Inventories

Stocks are current assets that the company uses to earn income over a period of one year. Inventories include raw materials, supplies, components and parts, work in progress, finished goods, and goods intended for resale. When inventories are recorded in the accounting records, they are measured at acquisition cost, which includes the purchase price and transportation costs. All other costs related to the acquisition of inventories – such as taxes, levies (except those that will be recovered later), preparation for use, and other costs – are recognised as costs in the period in which they are incurred.

The accounting of production processes is based on approved standards and calculation sheets. During production operations, raw materials are written off and finished goods are recorded as inventory.

The Company applies the FIFO method to calculate the cost of goods sold or consumed. This method assumes that stocks that have been previously acquired are consumed first. The sale of stocks is recorded on a regular basis, i.e. each transaction involving the sale of stocks is recorded in the accounts. Starting from 2024, it was decided to measure the inventories of finished goods and work in progress at year-end at a value comprising raw materials, components, and direct production costs, including production employees' wages, depreciation of non-current assets used in production, and electricity expenses.

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Fuel used for production equipment and machinery in production processes is accounted for based on fuel consumption reports, following established fuel consumption norms and taking into account the distance travelled and hours of operation. Fuel purchased for passenger cars and directly filled into vehicle tanks upon acquisition is recognised as operating costs based on purchase documents.

Current assets and inventory transferred for use in the Company's operations are written off to operating costs of the current period at acquisition cost.

d) Receivables

Receivables are recognised at fair value. Subsequently, current receivables are accounted for after recognising impairment losses.

Impairment of receivables is assessed based on the specific circumstances of each buyer's debt. If the payment is delayed for up to 90 days, the receivable is not impaired; if the delay exceeds 90 days, impairment is assessed based on specific circumstances and the likelihood of debt recovery.

Receivables for which collection is doubtful due to their age are considered doubtful debts by the Company. Receivables overdue by more than 365 days are recognised as doubtful. The amounts of doubtful debts are recognised as operating costs of the reporting period and are recorded as non-deductible costs, while the controlled amounts are retained and accounted for in a contra account for doubtful debts.

The recovery of amounts previously recognised as doubtful debts results in a reduction of the cost of doubtful debts for the reporting period.

Bad debts are those that meet the requirements of Article 25 of the Law on Corporate Income Tax and the procedures for proving the hopelessness of debts, efforts to recover them, and calculation of bad debt amounts, as approved by Order No. 40 of the Minister of Finance of the Republic of Lithuania dated 12 February, 2002.

Receivables that are factored are accounted for as trade receivables until the customers have actually paid the amounts to the bank.

e) Cash and cash equivalents

Cash comprises funds held in bank accounts and on e-commerce platforms, cash in the cash register drawer, and cash in transit. Cash in transit refers to funds for which the right of disposal is restricted on e-commerce platforms and in cash collection systems, or funds that have been debited from one account by year-end but have not yet reached the other account.

Foreign currency transactions are recorded in the accounting records in the national currency, the euro, based on the official euro to foreign currency exchange rate published by the European Central Bank on the day preceding the transaction date.

f) Equity and reserves

The Company's equity includes: paid-up share capital, share premium, mandatory reserve, other reserves, retained earnings.

The Company formed the mandatory reserve, equal to one-tenth of the share capital as required by the Law on Companies of the Republic of Lithuania, from retained earnings upon approval of the 2010 financial statements. After the increase of the share capital, the amount of the mandatory reserve was not adjusted.

Profit distribution shall be accounted for in the accounts of the Company when the owner makes a decision to distribute the profit, irrespective of when it is earned. Following a decision by shareholders to set up a reserve or reduce it, an increase or decrease in the reserve is recorded in the accounts, reducing or increasing retained earnings by the same amount.

The retained earnings (losses) line item reflects the net profit earned during the reporting and previous periods, as well as profit not yet recognised in the income statement but not yet distributed, or uncovered losses.

g) Subsidies and grants

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Grants and subsidies (hereinafter – "grants") received in the form of non-current assets or allocated for the purchase, construction, or other acquisition of non-current assets are considered asset-related grants. Grants are accounted for on an accrual basis. Asset-related grants are recognised in the financial statements as utilised to the extent that the related asset is depreciated, thereby reducing costs accordingly.

Grants received to compensate for expenses or lost income of the reporting or previous period, as well as all other grants not classified as asset-related grants, are considered income-related grants. Income-related grants are recognised as utilised in portions corresponding to the amount of costs incurred during the reporting period or the amount of lost income calculated, for which the grant was intended as compensation. The unused balance of the grant is presented under a line item in the balance sheet.

Grants and subsidies

A grant receivable is recognised only when there is reasonable assurance that the grant will indeed be awarded (e.g., a decision has been made, or a financing agreement has been signed with the project provider, etc.).

h) Liabilities

The Company's liabilities, which are recognised in the accounting records, are obligations arising from completed economic transactions and events that must be settled and whose amount can be objectively determined. Planned transactions are not recognised as the Company's liabilities. Short-term liabilities are liabilities that must be settled within one year from the day when the balance sheet was drafted. The Company's current liabilities include the Company's debts and obligations to trade partners, credit institutions, government authorities, and other legal and natural persons.

When recognising a financial liability for the first time, the Company measures it at cost, i.e., the value of the acquired assets or services. Transaction costs are recognized as an costs in the income (loss) statement in the period in which they are incurred. Debts are classified as non-current if the financing agreement entered into before the date of approval of the financial statements proves that the liability was long-term in nature at the balance sheet date.

The Company derecognises a financial liability or a portion of it only when the liability is settled, cancelled, or expires.

The Company's liabilities also include those obligations that arise at the moment of service or asset transfer, but the invoice for the transaction is issued in a subsequent reporting period. These liabilities are recorded in the deferred liabilities account and are presented in the financial statements under the line item "Accrued costs and deferred income".

i) Income

Income is recognised on an accrual basis, that is, it is recognised in the accounting when earned, irrespective of the receipt of cash. Income is measured at fair value, taking into account discounts granted and expected to be received and the return and write-down of goods sold. Income from the sale of goods is recognised, accounted for and presented in the financial statements when the goods are sold and the amount of income can be measured reliably. Income from the rendering of services is recognised, accounted for and presented in the financial statements when the transaction is completed and the amount of income and costs associated with the service transaction and its completion can be measured reliably.

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

Financial income includes received interest, penalties charged for non-performance of contractual obligations, and the positive impact of foreign exchange rate changes.

j) Costs

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In the accounting, costs are recognised based on the accrual and comparison principles, i.e. registered during the reporting period, when related income is earned, irrespective of the time the money is spent.

Selling expenses refers to the expenses incurred in the Company in the current and prior periods for services rendered and goods sold during the reporting period. Only the portion of expenses related to services, products, and goods sold during the reporting period is included in this line item.

Production costs include: consumed wood, packaging materials, transportation service costs, customs broker fees, warehouse rental expenses, operating costs of equipment involved in the production process, electricity costs, wages of production workers, and related social security expenses.

Operating costs reflect the costs incurred during the reporting period related to the Company's core activities. Operating costs are divided into selling, general and administrative costs. Selling costs is the portion of operating costs related to the sale of goods during the period. General and administrative costs are a part of operating costs for the reporting period, related to the Company's core activities that enable the generation of income for the reporting period. These include wages and related taxes for administrative employees, maintenance and operating costs of premises and vehicles, telephone and internet communication costs, computer equipment and its operating costs, write-off of the cost of inventory transferred for use, office supplies and postal services, business travel, training, consulting, and other operational costs.

Financial costs include interest, the negative impact of foreign exchange rate changes, and late payment penalties for overdue settlements.

Sales, general, administrative, and financial costs are recognised, recorded in the accounting records, and presented in the financial statements in the same reporting period in which they were incurred.

k) Provisions

A provision is recognised when, and only when, an event in the past gives rise to a legal obligation or an irrevocable commitment and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

l) Income tax

Income tax consists of current and deferred taxes.

The current year's income tax is calculated based on the taxable result for the year, applying the applicable tax rates as of the balance sheet date. In 2023 and 2024, the Company was subject to a 15% income tax rate (starting from 1 January 2025, a 16% rate will apply).

The income tax calculation is based on the annual profit and is computed in accordance with the requirements of Lithuanian tax laws.

Deferred tax is accounted for using the balance sheet liability method. Deferred tax reflects the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply in the period in which the asset is realized or the liability is settled, taking into account the tax rates in effect at the balance sheet date.

m) Error Correction and Reclassification

Errors from prior reporting periods detected in the current period, if they are not material, are corrected in the financial statements of the current period. The correction of an error is included in the same line item in the income statement in which the error occurred.

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When correcting material errors, a retrospective approach is applied. The beginning balance of retained earnings (losses) for the reporting period is adjusted in the accounting records. The balances of asset, liability, or equity accounts are adjusted for which the error had an impact. The comparative information in the financial statements is adjusted. The previously approved financial statements of prior periods are not restated. Information about these corrections is disclosed in the notes to the financial statements.

The Company considers an error to be material if it exceeds 5% of the sales amount for the reporting period.

n) Contingencies

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

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

o) Financial Risk Management

The Company's transactions occur in international markets in euros, with only a small portion of purchases made in U.S. dollars and British pounds; therefore, significant foreign exchange rate fluctuations and currency risk are not considered material. Credit risk, or the risk of counterparties failing to fulfill their obligations, is managed by applying credit terms, procedural controls, and trade receivables insurance. The Company avoids liquidity risk by maintaining an adequate cash and cash equivalents flow or having financing through appropriate credit facilities, while proactively planning cash flows.

p) Post-balance sheet events

Post balance sheet events that provide additional information about the Company's position on the day when the balance sheet is drafted (adjusting events) are reflected in the financial statements. Post-balance sheet events that are not adjusting events are disclosed in the notes when material.

r) Related parties

A related person is a legal and/or natural person who fulfils at least one of the following conditions:

- a) directly or indirectly has a decisive impact on the Company;*
- b) can have a significant impact on the Company;*
- c) jointly controls the object of the joint venture agreement;*
- d) is a company that is decisively impacted by the same parent company or by the same natural person (group of persons);*
- e) it is an associate or a subsidiary company;*
- f) is a jointly controlled company;*
- g) is one of the managers of the company or the parent company;*
- h) is a close family member of one of the persons referred to in points (a), (b), (c) or (g);*
- i) it is a company that is significantly influenced, jointly controlled, or can be significantly affected by any of the individuals specified in points (g) or (h).*
- j) is a company that accumulates and pays pensions and other benefits to employees of a company or a legal entity associated with it after the end of its employment relationship.*

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s) Significant estimates and key sources of estimation uncertainty

The application of the Company's accounting policies requires management to make estimates, judgements and assumptions about the carrying amounts of assets and liabilities that are not readily determinable using other sources. The estimates and related assumptions are based on past experience and other directly relevant factors. Actual results may differ from the estimates provided.

The key assumptions and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

Impairment of property, plant and equipment

The Company shall assess, at least annually, whether there is any indication that the carrying amount of property, plant and equipment is impaired. If any such indication exists, the Company performs an impairment test. The recoverable amount of a group of income-generating assets is determined on the basis of a value-in-use calculation.

Other assumptions and estimates

Other estimates include the useful life of tangible and intangible assets, provisions for inventories, and doubtful trade receivables. The estimates and underlying assumptions are kept under constant review. The results of a review of accounting estimates are recognised in the period in which the review is performed and the results affect that period, or in the period of the review and in future periods if the review affects both the current and future periods.

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Comments to the Explanatory Notes

3.1 Intangible fixed asset

As of 31 December, 2024 intangible asset consisted of:

<i>Indicators</i>	<i>Software</i>	<i>Software being prepared for use</i>	<i>Other intangible assets</i>	<i>Total</i>
Acquisition value				
31 December 2023	35,806	17,940	2,172	55,918
Acquired	-	99,195	-	99,195
Written off	-	-	-	-
From one line item to another	117,135	-117,135	-	-
31 December 2024	152,941	-	2,172	155,113
Accumulated amortization				
31 December 2023	12,023	-	2,172	14,195
Accrued for the period	10,530	-	-	10,530
Written off	-	-	-	-
From one line item to another	-	-	-	-
31 December 2024	22,553	-	2,172	24,725
Balance value				
31 December 2023	23,783	17,940	-	41,723
31 December 2024	130,388	-	-	130,388

Starting from 1 January 2024, the minimum value for assets classified as non-current intangible assets has been changed. The previous value was 600 EUR, and after the change, it is 2,000 EUR.

The depreciation of the Company's non-current intangible assets was accounted for in the income statement under general and administrative costs.

3.2 Tangible fixed asset

Starting from 1 January 2024, the value at which acquired assets are classified as non-current assets has been changed. The change was made to simplify asset accounting and better reflect the Company's growth, the nature of its operations, and the principle of materiality. After the change, the previously acquired non-current assets, still in use and with a value lower than the newly established threshold, were written off. The remaining value of the written-off non-current assets is EUR 49,742. The write-off was accounted for under general and administrative costs. The asset has been written off in the financial accounting, but for tax purposes, the costs will be recognized in each reporting period as if the non-current asset were still in use, and depreciation will be calculated until the asset is fully depreciated.

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As of 31 December 2024, tangible asset consisted of:

Indicators	Land	Buildings, structures	Machinery and equipment	Vehicles	Computers, communication equipment, and other tangible assets	Paid advances and construction in progress	Total
Acquisition value							
31 December 2023	5,277	5,581,561	2,857,201	381,711	900,473	1,351,518	11,077,741
Acquired	23,600	286,400	814,660	135,487	44,099	1,670,557	2,974,803
Written off	-	-	-30,507	-	-46,661	-23,404	-100,572
From one line item to another	-	661,996	1,596,531	-	-	-2,258,527	-
31 December 2024	28,877	6,529,957	5,237,885	517,198	897,911	740,144	13,951,972
Revaluation /Depreciation							
31 December 2023	-	-	-	-	-	-	-
Revalued (+), impaired (-)	-	-	-	-	-	-	-
Depreciated over the period	-	-	-	-	-	-	-
31 December 2024	-	-	-	-	-	-	-
Accumulated depreciation							
31 December 2023	-	1,266,689	1,053,797	97,617	350,252	-	2,768,355
Accrued for the period	-	775,033	710,316	73,966	186,265	-	1,745,580
Written off	-	-	-10,853	-	-16,572	-	-27,425
From one line item to another	-	-	-	-	-	-	-
31 December 2024	-	2,041,722	1,753,260	171,583	519,945	-	4,486,510
Balance value							
31 December 2023	5,277	4,314,872	1,803,404	284,094	550,221	1,351,518	8,309,386
31 December 2024	28,877	4,488,235	3,484,625	345,615	377,966	740,144	9,465,462

Depreciation of the Company's non-current tangible assets was accounted for in the income statement under the following line items:
cost of sales – EUR 1,357,888 (as of 31 December 2023 – EUR 1,309,992);
general and administrative costs – EUR 83,697 (as of 31 December 2023 – EUR 52,056).

Name of the pledged asset group	Balance value, EUR	Pledge end date
Land	28,877	29 07 2029
Buildings and structures	3,427,966	29 07 2029
Machinery and equipment	910,138	05 02 2028
Other tangible assets	191,508	05 02 2028
Total	3,739,364	

As of 31 December 2024, non-current tangible assets with a carrying amount of EUR 3,739,364 (2023 – EUR 4,750,874) were pledged to Šiaulių Bankas AB as collateral for loan repayment (Note 3.10).

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Depreciated non-current assets in use

As of 31 December, the acquisition cost of fully depreciated but still operational non-current assets used in the Company's activities was:

<i>Name of asset group</i>	<i>2024</i>	<i>2023</i>
Software	3,186	3,186
Other intangible assets	2,172	2,172
Buildings and structures	423,183	423,183
Machinery and equipment	269,358	269,358
Vehicles	12,344	10,744
Other tangible assets	134,791	131,944
Total	845,034	840,587

As of 31 December 2024, the construction in progress line item includes the following unfinished projects:

<i>Project</i>	<i>Carrying amount</i>	<i>Estimated project completion time</i>
Building reconstruction	240,731	2nd quarter of 2025
Solar power plant	80,333	3rd quarter of 2025
Automated packaging line	42,098	4th quarter of 2027
Advances paid	376,982	3rd quarter of 2038
Total	740,144	

3.3 Subsidiary undertakings

As of 31 December 2024 and 31 December 2023, the Company's directly controlled subsidiaries were:

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

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3.4 Inventories

As of 31 December 2024 and 31 December 2023, inventories consisted of:

	Raw materials, supplies, and components	Unfinished goods and work in progress	Production	Goods for resale	Total
Costs of purchase of inventories on 31 December, 2023	759,623		204,523	778	964,924
Net realisable value in 2023 31 December, 2023	759,623		204,523	778	964,924
Costs of purchase of inventories on 31 December, 2024	1,185,701	141,561	256,893	1,083	1,585,238
Net realisable value as of 31 December 2024	1,185,701	141,561	256,893	1,083	1,585,238
Inventories held by third parties	-	-	-	122	122
Pledged inventories	200,000	-	-		200,000

As of 31 December 2024, inventories with a carrying amount of EUR 200 thousand (as of 31 December 2023 – EUR 1,006 thousand) were pledged to Šiaulių Bankas AB as collateral for loan repayment (Note 3.10).

3.5 Receivables within one year

Name	2024	2023
Buyers' debts		
Receivables from customers	2,267,514	1,812,036
Doubtful trade receivables	(115,315)	(95,609)
Receivables from group companies	429,824	350,182
Total	2,582,023	2,066,609
Other receivables		
Value-added tax refundable from the state budget	242,009	310,417
Grant receivable from structural funds		1,020,801
Advance to accountable persons	11,773	620
Loans granted and not yet repaid	300	2,369
Total other receivables	254,082	1,334,207

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3.6 Cash and cash equivalents

The cash balance at the end of the reporting period consists of: funds in bank accounts, cash in the cash register, funds in cash collection platform accounts, and cash in transit. As of 31 December 2024, cash and cash equivalents amounted to EUR 78,967 (as of 31 December 2023 – EUR 198,829).

3.7 Deferred charges and accrued income

<i>Name</i>	<i>2024</i>	<i>2023</i>
<i>Insurance costs of future periods</i>	<i>72,148</i>	<i>43,484</i>
<i>Repair costs for leased buildings attributable to future periods</i>	<i>23,404</i>	<i>23,404</i>
<i>Sales costs of future periods</i>	<i>8,460</i>	<i>5,523</i>
<i>Other costs of future periods</i>	<i>3,863</i>	<i>4,676</i>
Total	107,875	77,087

3.8 Capital and reserves

Share capital (subscribed) or authorised capital

As of 31 December 2024, the Company's share capital amounted to EUR 100,000, consisting of 100 ordinary registered shares. Nominal value of one share is EUR 1,000. All shares are fully paid. In 2024, the share capital was increased from EUR 2,896 to EUR 100,000, as required under the loan agreement signed with AB Šiaulių Bankas.

As of 31 December 2024 and 31 December 2023, the shareholders of the Company were:

	<i>Number of shares</i>	<i>Percentage of all shares</i>	<i>Percentage of shares with voting rights</i>
<i>Darius Lackus</i>	<i>58</i>	<i>58</i>	<i>58</i>
<i>Žygimantas Lackus</i>	<i>42</i>	<i>42</i>	<i>42</i>
Total	100	100	100

Mandatory reserve

Legal reserve means the legal reserve required by the laws of the Republic of Lithuania. At least 5 per cent of the net distributable profits is transferred to it each year until the legal reserve reaches 10 per cent of the authorized capital. It can only be used to cover future losses.

As of 31 December 2024, the mandatory reserve was fully accumulated and amounted to EUR 290 (as of 31 December 2023 – EUR 290).

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Retained earnings (loss)

<i>Items</i>	<i>Year</i>	<i>Amount</i>
Retained result – profit (loss)	31 12 2023	5,312,738
Net result for the fiscal year – profit (loss)		519,338
Profit (loss) that is not recognized in the profit (loss) statement		
Distributable result - profit (loss)	31 12 2024	5,832,076
Shareholders contributions for covering losses		
Transfers from reserves		
Distributable profit	31 12 2024	5,832,076
Profit distribution:		300,710
- to legal reserves		710
- to other reserves		
- dividends		300,000
– other (for share capital increase)		
		5,531,336

As of the date of approval of the financial statements, the profit distribution proposal had not yet been approved.

3.9 Grants and subsidies

	2024	2023
Opening balance	1,640,063	505,802
Grants receivable at the beginning of the period	(1,020,801)	
Grants received during the period	714,358	283,628
Amortisation of grants (subsidies)	(241,701)	(170,168)
Grants receivable at the end of the period	-	(1,020,801)
Closing balance	1,091,920	1,640,063

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As of 31 December 2024, the remaining balance of grants received from the European Union structural funds amounted to EUR 1,091 thousand. Breakdown:

<i>Name of the project</i>	<i>Balance of grants received at the end of the period, EUR</i>
<i>Modernisation of the biofuel boiler house of UAB VLI TIMBER</i>	<i>167,113</i>
<i>UAB VLI TIMBER</i> <i>"Implementation of digitalisation technologies in the Company's production processes"</i>	<i>124,794</i>
<i>Implementation of Competitive Cultural Products by UAB VLI TIMBER"</i>	<i>8,625</i>
<i>Implementation of Environmentally Friendly Technologies at VLI TIMBER</i>	<i>333,071</i>
<i>Implementation of New Technological Solutions for the Digitalisation and Automation of Production Processes at UAB VLI TIMBER</i>	<i>436,069</i>
<i>Development of Renewable Energy Production Capacity at UAB VLI TIMBER</i>	<i>22,248</i>
Total	1,091,920

3.10 Borrowings and debt to credit institutions

As of 31 December, the Company's financial liabilities amounted to:

	2024	2023
Financial liabilities to credit institutions by maturity:		
<i>Within the first year</i>	<i>2,598,779</i>	<i>1,293,253</i>
<i>Within the second to fifth years</i>	<i>1,339,318</i>	<i>2,124,210</i>
<i>After five years</i>		
Total financial liabilities	3,938,097	3,417,463
Lease (finance lease) liabilities by maturity:		
<i>Within the first year</i>	<i>105,131</i>	<i>52,445</i>
<i>Within the second to fifth years</i>	<i>292,262</i>	<i>267,398</i>
<i>After five years</i>		
Total lease (financial lease) liabilities	397,393	319,843

The agreements are based on a variable interest rate, with EURIBOR as the interest rate base and a 6-month interest period. The loan is secured by assets with a carrying amount of EUR 3,739,364 (as of 31 December 2023 – EUR 4,750,874), as disclosed in Note 3.2.

The Company additionally used factoring with recourse from Šiaulių Bankas AB. Under the factoring agreement, the Company recognises receivables and payables on a gross basis. 31 December 2024

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Receivables/payables under the factoring agreement amount to EUR 942,111 (as of 31 December 2023 – EUR 430,815). Payables are recorded under the line item "Financial liabilities to credit institutions".

Employee-related liabilities (EUR)

	2024	2023
Wage liabilities	123,786	111,055
Vacation accruals	162,812	136,437
Social contributions	49,493	46,086
Accrued social security contributions payable	10,048	17,233
Personal income tax liabilities	33,390	30,675
Social security contributions on holiday pay accruals	2,882	2,441
Deductions made from employees' wages	1,176	1,163
Total	383,587	345,090

Other payables and current liabilities (EUR)

	2024	2023
Pollution tax payable	2,552	6,316
Payable real estate tax	2,369	486
Personal income tax liability on income not related to employment relationships	929	670
Amounts payable to accountable persons	196	101
VAT payable in Germany	201	1,368
Accrued VAT payable in the United Kingdom	193	56
VAT payable declared under the OSS scheme	11,621	17,170
Total	18,061	26,167

3.11 Accrued costs and deferred income

	2024	2023
Accrued costs for transportation services	64,938	101,500
Accrued sales and other operating costs	11,659	885
Total	76,597	102,385

3.12 Sales revenue

Sales revenue for the financial year consisted of:

	2024	2023
Sales in Lithuania	356,579	396,779
Exports to third countries	10,840,995	8,343,590
Dispatches to the European Union	10,185,136	12,042,368
Total	21,382,710	20,782,737

Sales revenue in 2024 increased by EUR 600 thousand compared to 2023, mainly due to increased production capacity.

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(all amounts are in thousands of euros, unless otherwise)

3.13 Cost of sales

<i>Name</i>	<i>Financial year</i>	<i>Previous financial year</i>
Cost of sales	18,775,176	16,396,843
Cost of goods sold	8,685,416	8,156,014
Goods transportation	4,099,165	3,652,144
Wages and social security of production workers	1,355,199	1,309,992
Depreciation of non-current assets used in production	1,357,888	967,955
Electricity costs	530,331	409,278
Equipment operating expenses	296,216	471,010
Outsourced production staff expenses	1,594,161	989,967
Fuel expenses	265,806	164,549
Storage expenses	482,764	86,448
Other production expenses	108,230	189,486

Cost of sales in 2024 increased by EUR 2,378 thousand compared to 2023 due to higher transportation costs and employee wage expenses.

3.14 Sales costs

Sales costs for the financial year consisted of:

	2024	2023
E-commerce sales costs	175,060	256,091
Advertising, marketing, and other sales costs	73,972	25,610
Total	249,032	281,701

3.15 General and administrative costs

<i>Name</i>	2024	2023
General and administrative costs	1,763,984	1,564,158
Wages and social security	919,166	737,357
Consulting, training, and professional development expenses	141,701	142,681
Land and premises rental and operating expenses	184,471	147,962
Passenger car rental, repair, and operating expenses	34,475	22,304
Insurance costs	72,767	36,186
Depreciation and amortisation of non-current assets	86,868	54,690
Costs on operating tax	49,135	50,240
Accrued holiday provisions and related social security costs	23,969	42,266
Other costs	251,432	330,472

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(all amounts are in thousands of euros, unless otherwise)

3.16 Results of other activities

<i>Indicators</i>	<i>2024</i>	<i>2023</i>
a) OTHER OPERATING INCOME	1,596	69,349
<i>Breakdown of amounts:</i>		
<i>disposed non-current assets</i>		58,000
<i>disposed other assets used in operations</i>	505	1,157
<i>Non-typical activity income</i>	1,091	10,192
b) OTHER OPERATING COSTS		45,624
<i>Breakdown of amounts:</i>		
<i>cost of disposed non-current assets</i>		44,578
<i>cost of other disposed assets used in operations</i>		1,046
c) RESULT OF OTHER OPERATING ACTIVITIES (a - b)	1,596	2,325

3.17 Financial and investment activities

<i>Indicators</i>	<i>2024</i>	<i>2023</i>
a) INCOME FROM FINANCING AND INVESTING ACTIVITIES:	16,766	11,468
<i>Breakdown of amounts:</i>		
<i>loan interest</i>	12,826	7,661
<i>Income from investments</i>	88	
<i>finances, default interest</i>	3,852	3,807
b) COSTS OF FINANCING AND INVESTING ACTIVITIES	427,602	275,976
<i>Breakdown of amounts:</i>		
<i>Interest paid to leasing companies</i>	24,276	13,534
<i>factoring interest and acceptance fees</i>	86,804	87,133
<i>loan and credit interest</i>	299,031	171,045
<i>Investment revaluation costs</i>	5,193	
<i>Negative effect of exchange rate changes</i>	1,826	819
<i>finances, default interest</i>	10,472	3,445
c) RESULT OF THE FINANCIAL AND INVESTMENT ACTIVITY (a - b)	(410,836)	(2,648)

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3.18 Income tax

Components of profit tax costs (income) for the financial year:

	2024	2023
Income tax costs for the reporting period		
Profit tax adjustments for prior reporting periods		
Deferred tax costs (income)	(385,921)	(16,523)
Profit tax costs (income) recognised in the statement of profit or loss	(385,921)	(16,523)

Profit tax costs (income) for the financial year consisted of:

Costs of profit tax	2024	2023
Profit before taxes	133,417	2,299,252
Corporate income tax rate	15	15
Costs not reducing taxable profit	140,523	160,156
Income that do not increase taxable profit	5,230	3,807
Costs reducing profit (impact of prior periods)	1,678	2,600
Support doubled	2,700	2,600
Impact of investment incentives	264,332	2,453,001
Deferred profit tax assessment	(385,921)	(16,523)
Profit tax costs (income) recognised in the statement of profit or loss	(385,921)	(16,523)

Taxable profit was reduced by 100% under Article 46-1 of the Law on Profit Tax due to the investment project incentive. The investments were allocated for the acquisition of production equipment and equipment improving the conditions of production processes. The purpose of the acquisitions was to increase the company's production capacity and optimise production processes.

As at 31 December, 2024 and 31 December, 2023, deferred tax assets / (liabilities) consisted of:

	2024	2023
Deferred tax assets from:		
Social security contributions accrued on holiday provisions	461	366
*accumulated investment project incentives under Article 46-1 of the Law on Profit Tax	376,553	-
value of doubtful receivables	18,450	14,219
Difference due to depreciation rates	5,042	-
Total	400,506	14,585

* The unused balance of the investment incentive is EUR 2,353 thousand. Accumulated investment project incentive under Article 46-1 of the Law on Profit Tax is assessed based on the profit forecasted for 2025–2026 in the Company's business plan.

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3.19 Financial relationships with the Company's management and other related parties

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

<i>Indicators</i>	<i>Financial year</i>	<i>Previous financial year</i>
<i>A. Amounts accrued during the year relating to employment relations</i>		
1. To managers	70,231	52,234
2. To other related parties	-	-
<i>B. Uncompensated transfers of assets and gifts:</i>		
1. To managers	80	100
2. To other related parties	-	-
<i>C. Other income not related to employment relationships accrued during the year:</i>		
1. To managers	46,976	41,892
2. To other related parties	-	-
<i>D. Loans granted and not repaid:</i>		
1. To managers*	163,700	155,100
2. To other related parties	-	-
<i>Average number of managers per year</i>	<i>1</i>	<i>1</i>

*As at 31 December, 2024, a loan granted by the Company to the Company director. The loan carries fixed interest. Interest accrued during 2024 amounted to EUR 8,615 (31 December, 2023 – EUR 6 thousand). The loan repayment deadline is 31 December, 2026.

3.20 Transactions with related parties

The table below reflects transactions with related parties during the financial year ended 31 December, 2024:

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

*The loan repayment deadline was extended until 31 December, 2026. The loan agreement stipulates an annual interest rate of 6.05%.

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(all amounts are in thousands of euros, unless otherwise

The table below reflects transactions with related parties during the financial year ended 31 December, 2023:

<i>Related party</i>	<i>Procurements</i>	<i>Sales</i>	<i>Receivables</i>	<i>Payables</i>	<i>Loans granted</i>	<i>Interest on loan granted</i>
<i>Santo Cajetan Energy Ltd</i>	-	82,781	-	-	-	-
<i>OD Sverige AB</i>	-	466,432	-	-	-	-
<i>Good Wood Distribution Ltd</i>	12,316	272,708	-	-	44,500	-
Total	12,316	821,921	-	-	44,500	-

Adjustments and reclassifications of comparative information for the previous year

From 2024, direct and indirect production expenses related to production will be included in the cost of finished and unfinished products at the end of the year. This includes wage expenses for production workers, depreciation costs of non-current assets used in production, and electricity costs.

The information below relates to adjustments and corrections made in the financial statements after the preparation and audit of the reports as at 31 December, 2023. The information indicates changes in the financial statements before and after adjustments, as well as discloses separate details about changes in the 2023 financial statements.

PROFIT AND LOSS STATEMENT

<i>En try No</i>	<i>Items</i>	<i>Prior reporting period BEFORE adjustments</i>	<i>Adjustments</i>	<i>Prior reporting period AFTER adjustments</i>
2.	<i>Cost of sales</i>	(16,396,843)	231,781	(16,165,062)
4.	TOTAL PROFIT (LOSS)	4,385,894	231,781	4,617,675
13.	PROFIT (LOSS) BEFORE TAXES	2,299,252	231,781	2,531,033
15.	NET PROFIT (LOSS)	2,315,775	231,781	2,547,556

EXPLANATORY NOTE
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BALANCE

<i>En try No .</i>	<i>Items</i>	<i>Prior reporting period BEFORE adjustments</i>	<i>Adjustments</i>	<i>Prior reporting period AFTER adjustments</i>
B	CURRENT ASSETS	4,973,952	231,781	5,205,733
1.	INVENTORIES	1,374,307	231,781	1,606,088
1.2	Unfinished goods and work in progress		127,135	127,135
1.3	Production	204,523	104,646	309,169
	TOTAL ASSETS	13,688,280	231,781	13,920,061
D	EQUITY	5,413,028	231,781	5,644,809
5.	RETAINED PROFIT (LOSS)	5,409,842	231,781	5,641,623
5.1	Profit (loss) for the reporting year	2,328,185	231,781	2,559,966
	TOTAL EQUITY AND LIABILITIES	13,688,280	231,781	13,920,061

Possible liabilities and commitments for future periods, as well as uncertainties

The tax authority has not conducted full-scope tax audits at the Company. The tax authorities may, at any time, inspect the accounting, transactional and other documents, records and tax returns for the current and the previous 3 calendar years, and in certain cases for the current and the previous 5 or 10 calendar years, and may impose additional taxes and fines. The Management of the Company is not aware of any circumstances that could give rise to a potential material liability for unpaid taxes.

As at 31 December, 2024 and 31 December, 2023, the Company was not involved in any legal proceedings that, in management's opinion, would have a significant impact on the financial statements.

3.21 Events after the reporting period

On 18 March, 2025, a credit line agreement was signed with a credit limit of EUR 2,500,000. The credit line repayment deadline is set for 17 March, 2026.

Apart from the above, no other post-reporting events occurred after the financial year-end and before the approval of these financial statements that would affect these financial statements or require additional disclosure.

Director

Darius Lackus

Chief accountant

Sigita Mikutienė



**MANAGEMENT REPORT OF UAB VLI Timber
2024**

General information about the Company. Operating environment and directions.

UAB VLI TIMBER operated in 2024 in a market affected by fluctuations due to the ongoing war in Ukraine. Compared to recent years and consumer behaviour during 2022, when the war had just begun, the Company's operating environment has returned to normal conditions characterised by the market's typical seasonal demand. Warmer-than-usual weather at the beginning of 2024 resulted in a shorter winter season and reduced sales. It was necessary to begin storing manufactured products earlier, i.e., from February onwards. Extended period until the start of the next season resulted in higher storage expense costs. These circumstances largely contributed to the significantly reduced annual profit.

The Company continued its development efforts and endeavoured to become the world's largest firewood manufacturer, ensuring the highest quality at an affordable price. Investments were made to increase production capacity and gain a significant competitive advantage over competitors. In 2024, the Company launched the third cutting and packaging line and implemented improvements to the drying kilns, enabling a reduction in the wood drying time. Funding was secured and design work commenced for a new factory in Jonava District. The Company continued research, testing, and exploration of more efficient methods for automating packaging and splitting processes.

The Company sells firewood to business clients in the European Union, the United Kingdom, and other markets. Since April 2021, the Company's products have been available to end consumers through online stores:

*In Lithuania: **malkos.online** and **onlydry.lt***

- *In Germany: **onlydry.de***
- *In Sweden: **onlydry.se***
- *In Germany, the Netherlands, Austria, Belgium, Sweden, and the United Kingdom, **Amazon** has been engaged in biofuel production for more than a decade, therefore it has extensive experience and is well acquainted with both local and foreign markets, i.e., market prices, quality of raw materials and semi-finished products, capabilities of transport companies and other service providers, local legislation, and more. Through many years of operation, the Company has accumulated a large database on customer companies, including their financial condition and purchase volumes.*

Faced with a strong market reaction to the war in Ukraine that began at the start of 2022, which caused spikes in demand and inflation, the Company responded to these changes by adjusting sales prices multiple times and adapting to the increasing demand. This experience has helped to maintain continuous market monitoring and planning, and not to rely solely on a single seasonality factor that could affect both sales volumes and purchase or sales prices.

Experience and accumulated historical data help to forecast and operate in the market under both normal and newly emerging conditions.

Information about the Company's divisions, branches, associates, and shareholders

UAB VLI TIMBER has acquired and manages several other companies:

- *In August 2022, 100 shares of **Santo Cajetan Energy Ltd**, representing 100% ownership, were acquired by the Company. Company code 12603173, registered address: 29 Bargates, Box, Corsham, Wiltshire, SN13 8LT, UK.*
 - *In November 2022, 150 shares of **OD Sverige AB**, representing 60% ownership, were acquired. Company code 559403-702960, registered address Hoverberg 828, 845 62, Svenstavik, Sweden.*
 - *In May 2023, 100 shares of **Good Wood Distribution Ltd**, representing 100% ownership, were acquired. Company code 14855108, registered address: 307 Cotton Exchange Building, Old, United Kingdom*
- In its subsidiaries, the Company initiates business development in the markets where the subsidiaries are established and through which it sells its products.*

Since September 2021, the Company has been registered as a VAT payer in Germany. This registration was made to store part of the products in Germany and deliver goods to customers from there. The Company is currently considering terminating the warehouse lease. Since June 2023, the Company has held a VAT registration number in the United Kingdom of Great Britain and Northern Ireland.

The Company has not acquired any of its own shares. The Company does not have a board of directors or a supervisory board.

Overview of financial performance

During the reporting financial year, the authorised capital of the private limited liability company was increased to EUR 100,000. The number of shares remained unchanged. The share capital consists of 100 ordinary shares, each with a nominal value of EUR 1,000, fully paid up. The primary nature of the Company's operations has not changed. Turnover remained similar compared to the previous reporting year. In 2024, sales revenue amounted to EUR 21,382,710, gross profit was EUR 2,607,534, and net profit was EUR 519,338.

The Company's operating results are directly reflected by the key performance indicators:

UAB VLI TIMBER		Indicator value		
Financial position indicators		2024	2023	2022
Income protection indicators				
Gross profitability	$(\text{gross profit} / \text{sales and services}) \times 100$	12.19	21.10	21.57
Net profitability	$\text{net profit} / \text{sales and services} \times 100$	2.43	11.14	13.21
Return on equity (capital)	$(\text{net profit} / \text{equity}) \times 100$	8.75	42.78	69.13
Financial Leverage Indicators				
Long-term debt ratio	$(\text{Long-term liabilities} / \text{assets}) \times 100$	10.68	17.55	17.39
Asset structure ratio	$(\text{Current assets} / \text{assets}) \times 100$	31.91	36.34	41.06
Critical liquidity ratio	$(\text{Current assets} - \text{inventories}) / \text{current liabilities}$	0.45	0.87	0.66
Maneuverability ratio	$\text{Current assets} / \text{owners' equity}$	0.82	0.92	1.1
Accounts receivable turnover ratio (360 days)	$(\text{Accounts receivable} / \text{sales and services}) \times 360 \text{ days}$	36.23	29.73	30.61
Asset turnover (in trade)	$\text{Sales and services} / \text{assets}$	1.40	1.52	1.96
Fixed asset turnover (in trade)	$\text{Sales and services} / \text{fixed assets}$	2.08	2.41	3.35

During the reporting year, fixed assets worth EUR 3,073,998 were acquired, including investments in:

- Buildings and structures EUR 945,563,
- Land EUR 23,600,
- Machinery and equipment EUR 1,826,054,
- Vehicles EUR 135,487,
- Computer equipment and communication devices EUR 2,699
- Other equipment and other tangible assets EUR 41,400
- Software EUR 99,195

Staff

The Company's main asset, in addition to its physical infrastructure, is its employees (intellectual capital). Operating in constantly changing market conditions and aiming to keep employees motivated, UAB VLI TIMBER empowers department heads to conduct regular performance reviews, assess salaries, and listen to employees' expectations, thereby striving to retain staff and remain an attractive participant in the labour market.

The Company's management invests time and resources in improving employee qualifications and training staff in additional work processes to ensure flexibility of production workers in participating across various stages of the production process. The Company's culture has embraced a team-based working model, with each shift having designated leaders and coordinators. Daily meetings, problem identification, and collective solution-seeking empower each employee to participate in production improvement and problem-solving processes.

The Company fosters core principles of mutual respect and professional communication in interpersonal relations, with a shared focus on achieving common goals.

In 2024, the average number of employees at UAB VLI TIMBER was 103, including an average of 18 employees working in administration. At the end of the year, the Company employed 113 people, of whom 17 worked in administration.

When seeking personnel, the Company is not always able to find employees for unskilled positions; therefore, part of the workforce demand is met through employee leasing agreements. These workers are primarily citizens of other countries: Ukrainians, Belarusians, Georgians, Azerbaijanis, and Tajiks. Under these agreements, an average of 50 people were employed in 2024, and 32 people were employed at the end of the year.

Implementation of EU-funded projects

UAB VLI TIMBER places significant emphasis on improving company processes, increasing production scale, and maintaining and strengthening its competitiveness. To that end, applications were submitted and support was received. In 2024, new agreements were signed for the financing of two projects.

- *"Implementation of Technologies Enhancing Energy Efficiency at UAB VLI TIMBER". This project aims to modernise the existing wood dryers in order to increase their operational efficiency. The total value of the project is EUR 2,040,000, of which 55% will be financed through grant funding.*
- *"UAB VLI TIMBER Sustainable Investments in the Expansion of Production Capacity in the Jonava District". The project is intended to establish a new factory in the Jonava District and to finance part of the acquired equipment through grant funding. The project value is EUR 11,693,757, of which 69.25% is planned to be financed through funding from the funds.*

During the reporting year, the implementation of the project "Development of Renewable Energy Production Capacity at UAB VLI TIMBER", as provided for in the 2023 agreement, was initiated.

In 2024, the following grants were received and used:

	2024	2023
Opening balance	1,640,063	505,802
Grants receivable at the beginning of the period	(1,020,801)	
Grants received during the period	714,358	283,628
Amortisation of grants (subsidies)	(241,701)	(170,168)
Grants receivable at the end of the period	-	(1,020,801)
Closing balance	1,091,920	1,640,063

As of 31 December 2024, the remaining balance of grants received from the European Union structural funds amounted to EUR 1,091 thousand. Breakdown:

<i>Name of the project</i>	<i>Balance of grants received at the end of the period, EUR</i>
Modernisation of the biofuel boiler house of UAB VLI TIMBER	167,113
UAB VLI TIMBER "Implementation of digitalisation technologies in the Company's production processes"	124,794
Implementation of Competitive Cultural Products by UAB VLI TIMBER"	8,625
Implementation of Environmentally Friendly Technologies at VLI TIMBER	333,071
Implementation of New Technological Solutions for the Digitalisation and Automation of Production Processes at UAB VLI TIMBER	436,069
Development of Renewable Energy Production Capacity at UAB VLI TIMBER	22,248
Total amount of projects	1,091,920

The main objective of all ongoing projects is the Company's expansion through the optimisation and modernisation of production processes, which will help maintain long-term competitiveness. By investing both its own funds and support from EU structural funds, the Company addresses key issues related to the gap between market demands and the Company's capabilities.

Operational risks and hedging

Biofuel production is a sector closely linked to the energy and wood processing markets. Failure to respond to market changes in a timely manner may result in losses at any time. Inflation in the country and the rising general price level of goods and services also affect biofuel prices. These macroeconomic developments, both globally and domestically, are also felt in the Company's operations. When entering into a fixed-price contract with a customer, the Company faces the risk of incurring losses due to rising costs of subcontractor services, materials, employee wages, and other rates. The Company can hedge against the risk of significant losses arising from the above-mentioned circumstances by strengthening the legal framework of its contracts, including safeguard clauses, and determining sales prices individually for each transaction based on the specific circumstances of the sale.

To avoid the impact of price fluctuations, the Company has reduced the inventory levels across all categories and minimized the number of long-term purchase agreements. In this way, the Company remains flexible in purchasing raw materials and other components, acquiring them at the prevailing market price.

Rapid decision-making and continuous process management are crucial for mitigating price risk. The tools that help identify risks and respond to changing conditions are consistent market monitoring and analysis. The Company uses LEAN system tools to plan and monitor its operations. Daily meetings focused on monitoring production indicators and twice-weekly meetings reviewing financial metrics help provide real-time insight into the Company's current state. Timely identification of problems enables prompt responses and decision-making to avoid undesirable consequences or reduce risks.

To protect against customer insolvency, the Company insures all trade receivables through third-party trade credit insurance services. Payment deferrals are granted to customers only when their financial position is stable and their receivables are insured by a trade credit insurance company.

The Company insures its operations with mandatory professional liability insurance and employer's liability insurance. When entering into loan agreements with the bank, the Company insures the pledged assets against all risks.

As the Company grows, long-term investments are being made. They are largely financed by long-term bank loans or by funds from EU support programs. Cash flow risk is additionally managed by entering into a factoring financing agreement and by planning continuous biofuel production during the summer when biofuel demand is reduced. Seasonal fluctuations have a negligible impact on the company's cash flows. Systematic and consistent collaboration with long-term clients and production planning enables meeting customer expectations while helping the company avoid product sales and working capital shortages during periods when biofuel sales typically decline. Recognizing the potential risks arising from differences in legal frameworks between individual countries, the company acquired subsidiaries to operate in the United Kingdom and Sweden, thereby distributing risks among the companies.

Events after the reporting period

On 18 March, 2025, a credit line agreement was signed with a credit limit of EUR 2,500,000. The credit line repayment deadline is set for 17 March, 2026.

Apart from the above, no other post-reporting events occurred after the financial year-end and before the approval of these financial statements that would affect these financial statements or require additional disclosure.

Plans and forecasts of the company

In 2025, UAB VLI TIMBER does not plan to change its main activity and will continue to produce biofuel and trade it through both wholesale and retail networks.

In 2025, the company plans to implement a drying kiln modernization project, which will increase the volume of dried products. The drying kiln modernization is expected to significantly save energy and reduce the usual winter drying time for firewood by approximately 30%. This shortage is most acute during the winter. Another focus of the company's R&D team is packaging automation. A packaging line is being developed that will automatically package firewood into bags. Currently, this process is manual; therefore, the launch of such a line is expected to save a significant portion of labour expenses. The packaging line is planned to be launched in the fourth quarter of 2025. Both projects underway will enable greater profitability.

The Company is currently designing a new production unit in Jonava District. It will be a fully automated firewood factory that will allow the Company to triple its production capacity. The new factory is scheduled to start operations in the second quarter of 2027.

With increased production capacity and the easing of the energy crisis, the Company is focusing on existing markets and increasing sales therein; similar plans are intended for the future. In the coming year, the Company plans to sell more than it can produce, intending to meet additional demand by purchasing products from other manufacturers. The Company intends to further expand sales channels and develop trade through its own online stores.

We will operate in a way that ensures we are chosen as biofuel suppliers. We will continue to enhance the Company's brand recognition and value by providing quality services and developing long-term relationships with clients. We aim to be the most preferred firewood supply partner for our clients.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of UAB VLI Timber

Conclusion on the audit of the financial statements

Opinion

We have conducted an audit of the financial statements of UAB VLI Timber (hereinafter referred to as "the Company"). The Company's financial statements comprise:

- the balance sheet as at 31 December, 2024;
- the statement of profit or loss for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended;
- the explanatory notes, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December, 2024, and its financial performance and cash flows for the year then ended in accordance with the Lithuanian Financial Reporting Standards (hereinafter - LFRS).

Grounds for expressing an opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our liability under these standards is described in detail in the Auditor's Liability for Auditing Financial Statements section of this Opinion. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants, including independence requirements (hereinafter - the IESBA Code), and the requirements of the Law on Audit and Other Assurance Services of the Republic of Lithuania related to the audit in the Republic of Lithuania. We have also complied with other ethical requirements related to the Law on Audit and Other Assurance Services of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide grounds for our opinion.

Other information

Other information comprises the information presented in the Company's management report but does not include the financial statements and our auditor's report thereon. Management is responsible for providing other information.

Our opinion on the financial statements does not include other information and we do not express any form of assurance opinion about it, except as described below.

When auditing financial statements, it is our responsibility to read the rest of the information and to consider whether there are material discrepancies between the information contained in the financial statements or our knowledge based on the audit and whether it is otherwise materially misstated. If, based on the work performed, we notice a material misstatement of other information, we must disclose such fact. We have no observations related thereto.

We are also required to assess whether the financial information presented in the Company's management report is consistent with the financial statements for the same financial year and whether the management report has been prepared in accordance with applicable legal requirements. In our opinion, based on the work performed during the audit of the financial statements, in all material respects:

- The financial data presented in the Company's management report are consistent with the financial statements for the same financial year; and
- The Company's management report has been prepared in accordance with the requirements of the Law on Accounting of Companies and Groups of Companies of the Republic of Lithuania.

Responsibility of management and those charged with governance with respect to the financial statements

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

In preparing the financial statements, the management should assess the ability of the Company to continue as a going concern and to disclose (if necessary) the going concern and business continuity accounting policies, except when management intends to liquidate or discontinue the Company or otherwise has no real alternatives to doing so.

Those responsible for management must oversee the Company's financial reporting process.

Auditor's liability for auditing financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high, but not absolute, level of assurance that material misstatements, if present, can always be identified during the audit performed under the ISA. Misstatements that may result from fraud or error are considered material if it can reasonably be expected that, individually or in combination, they could have a significant impact on the economic decisions of consumers based on the financial statements.

We conducted our audit in accordance with IAS and made professional judgments throughout the audit and were subject to professional scepticism. We also:

- We have identified and assessed the risk of material misstatement whether due to fraud or error in the financial statements, planned and conducted the procedures as a response to this risk, and collected sufficient and adequate audit evidence for the basis of our opinion. The risk of material misstatement due to fraud is greater than the risk of material misstatement due to error, since fraud can be swindle, forgery, intentional omission, misinterpretation, or disregard of internal controls.
- 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.
- We have assessed the suitability of the accounting methods and legitimacy of the accounting estimates and the related disclosures performed by the Management.

- We made a conclusion about the appropriateness of the going concern accounting principle and whether, based on the evidence gathered, there is material uncertainty about events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that such material uncertainty exists, we are under an obligation to underline related disclosures in the separate and consolidated financial reports in the auditor's opinion, or, if these disclosures do not provide sufficient evidence, to modify our opinion. Our conclusions are based on the audit evidence we have obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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.

We, inter alia, inform those charged with governance about the scope and timing of audit, as well as the substantial audit remarks, including crucial shortcomings of the internal control, if such have been identified during the audit.

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

Jolanta Dalia Staliūnienė
Certified Auditor
Auditor's certificate No. 000259

Kaunas, Republic of Lithuania
14 April, 2025