CONSOLIDATED ANNUAL REPORT 2021

MAXIMA GRUPĖ

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ABOUT
MAXIMA GRUPĖ

LETTER FROM THE CEO

Mantas Kuncaitis

CEO and the Chairman of the Management board of MAXIMA GRUPE, UAB

This year we are celebrating 30 years of operations in Lithuania. We are more than proud of this anniversary. In these 30 years our entire organisation, and the way we operate have changed profoundly. Awareness, responsibility, and self-belief now form the basis of the culture that currently unifies every single one of more than 38 thousand colleagues into a team we enjoy being part of. We have started acting in accordance with our principles of action that have been created by each and all of us. I believe the advances made in the way we operate are spreading through our work to our customers, communities, and business partners.

I can say with confidence - 2021 was significant year. We have not only dealt with continuously changing Covid-19 situation but also managed to redevelop MAXIMA formats in each country, started rethinking our business processes, remodeled our approach to real estate management, strengthened our IT and managed to expand both our brick and mortar and e-commerce businesses.

To start with the beginning, one of the main challenges was to continue maintaining day to day business while navigating through the constantly changing COVID-19 situation. Regulations imposed in countries by local governments affected everyday operations in our stores. Our priority was to adhere and comply with changing requirements to ensure we could support our customers, employees, and communities throughout this extremely demanding period. What was planned to be a year of returning to normal after consequences caused by the pandemic, it was a year of continuous fight against the pandemic. Nevertheless, our people as always exceeded our expectation. Jolanta, Tomas, Edvinas, Arūnas, Petar, Agne and Karolis, huge thanks to you for acting together and leading your teams to perform at the highest level! As one of our principles states - if you can enjoy just spending time together, everything CAN BE DONE.

[GRI 102-14]

And a lot has been done. In 2021 we wanted to strengthen MAXIMA by rethinking the essence of our business. We have decided that we want to unify our store formats. The essence of this project across all five countries is to have as many identical stores as possible, selling the same assortment and operating according to the same algorithms and principles.

The "formats project" has united a lot of us. The way we acted to create the new formats left me with a hugely creative and emotional sense of togetherness. In my opinion, the unification of store formats is one of the biggest events of recent times in MAXIMA, one where we have spent hundreds of hours with hundreds of people from five countries all thinking together about how to strengthen MAXIMA. With the new formats, we will be more efficient and simpler, work will be much more straightforward for our employees, customers will find what they are looking for much more easily, and on top of all that, it will help us to operate in a more sustainable manner by reducing write-offs in our stores.

New MAXIMA formats led us to remodeling certain processes that could increase our efficiency. Hence, we have deep dived into how business processes work in each country. This involves not only operations but also strengthening our IT. Therefore, we have defined what IT systems do we want to unify in the Baltics as well as Poland.

We have also rethought how we are managing our real estate portfolio - starting with expansion and finishing with the management of our rent agreements. Now we do have a unified approach regarding most of real estate related questions.

Year 2021 was also exceptional due to the fact that we have also successfully completed an inaugural Commercial Paper offering with a 12 months tenor. The nominal value of the transaction amounts to EUR 40 million. Not only we did it, but we were the first ones to do it in the Baltic region.

Furthermore, expansion continued in all countries and in all businesses. Nevertheless, our e-commerce BARBORA has raised the bar for expansion to a completely new level. In January of 2021 they began operations in Poland. A year later, having started from one city – Warsaw, BARBORA now is fully operating in five cities across all of Poland. Well done, Andrius, Viktoras and the team!

I believe companies can only make transformative progress when they address and measure their impact, viewing themselves as a part of the whole. That is why we are moving forward with the process of setting sustainability goals. We assembled the working group with members from all our companies. Their responsibility is to adhere clear direction and to set ambitious goals especially advancing those that will make the most difference. I take my responsibility very seriously to position our Group for sustainable growth over the long-term.

While I am exceptionally proud of our progress to date, I know there is much more to be done. Certainly, terrible events of 2022 in Ukraine brought a new perception to our efforts and challenges for this year. Nevertheless, we continue our daily mission: providing essentials for the people of our countries and doing this responsibly. Meanwhile, I invite you to have a look at our performance during 2021 in this Annual Report.

Mantas Kuncaitis

CEO and Chairman of the Management board of MAXIMA GRUPE, UAB

[GRI 102-14]

WHO WE ARE TODAY

The MAXIMA Group of companies (hereinafter "the Group" or "MAXIMA Group"), controlled by MAXIMA GRUPĖ, UAB headquartered in Vilnius (hereinafter "MAXIMA GRUPĖ"), is the largest group of retail companies of Lithuanian origin in the Baltics. The year 2022 will mark the 30th anniversary of the retail chain, which started with a single store in Vilnius. It has since grown into one of the biggest retail companies in the Baltics, now operating 1,412 stores in the MAXIMA retail chains in Lithuania, Latvia, and Estonia, the STOKROTKA retail chain in Poland, the T-MARKET retail chain in Bulgaria, and e-grocer BARBORA which operates in the Baltic countries and in Poland and allows customers to order food and other products online. Our principal business activity is retail trade in food and consumable goods. Stores across the countries where we operate are classified into formats based on each one's trade area and assortment.

The Group also includes FRANMAX, UAB (hereinafter "FRANMAX"), which provides information technology development and support services for the Group's companies, and MAXIMA International Sourcing, UAB (hereinafter "MAXIMA International Sourcing"), which provides the Group's retail companies with centralised procurement services and agency for food and consumables.

MAXIMA Group is part of a larger corporate group controlled by Vilniaus Prekyba, UAB (hereinafter "VILNIAUS PREKYBA"). VILNIAUS PREKYBA controls and manages a group of subsidiary companies that operate chains of retail stores (MAXIMA Group), DIY stores (ERMI Group), pharmacies (EUROAPOTHECA Group), and real estate development and management companies (AKROPOLIS Group) in the Baltic States, Sweden, Poland, and Bulgaria.

Number of employees

38,482

Daily customers

~1.3 million

Total sales

4,484.8 million

E-commerce orders in 2021

3.9 million

Investments into fixed assets

108.2 million

[GRI 102-1], [GRI 102-2], [GRI 102-3], [GRI 102-4], [GRI 102-5], [GRI 102-6], [GRI 102-7], [GRI 102-8]

HIGHLIGHTS

2021, 1 st quarter

- In January 2021 e-grocer BARBORA started operations in Poland, Warsaw.
- In April 2021, MAXIMA GRUPĖ released the first Corporate Social Responsibility report, which outlines its activities on commitment to uphold the ten principles of the Global Compact in areas of human rights, environment, labour and anti-corruption.
- MAXIMA GRUPĖ launched Commercial Paper (Short-Term Notes) Programme.

2021, 2 nd quarter

- Karolis Lesickas became the CEO of FRANMAX, a subsidiary of MAXIMA GRUPĖ, which provides IT development, support, and maintenance services to the MAXIMA Group companies.
- Retail grocery chain Stokrotka signed an agreement to take over nine grocery stores operating in Poland in the vicinity of Warsaw. The transaction was completed in the 4th quarter of 2021 (end of October 2021). STOKROTKA received the unconditional antitrust approval and other conditions were fulfilled by the parties of the transaction, allowing STOKROTKA to take over eight stores out of nine.

2021, 3 rd quarter

- Karolina Zygmantaitė appointed CFO of MAXIMA GRUPĖ.
- Vitalij Rakovski was recalled from the Management board of MAXIMA GRUPĖ. The following members continued working at the Management board of MAXIMA GRUPĖ: Mantas Kuncaitis (the chairman), Jolanta Bivainytė, Arūnas Zimnickas, Tomas Rupšys, Edvinas Volkas and Petar Petrov Pavlov.

2021, 4 th quarter

- The international credit rating agency Standard & Poor's reviewed MAXIMA Group's operations and financial performance and affirmed the BB+ credit rating with outlook revised to stable from negative due to stronger operating results.

2022, 1 st quarter

- On 3 March 2022, amended Articles of Association of MAXIMA GRUPĖ were registered, and the term of office of Supervisory Board and Audit Committee of the Company was renewed for a new four-year term. Members of the Supervisory Board: Evelina Černienė (Chairwoman), Laimonas Devyžis and Manfredas Dargužis. The Audit Committee consists of: Irena Petruškevičienė (Chairwoman and Independent Member), Rasa Milašiūnienė (Independent Member) and Evelina Černienė.
- Jolanta Bivainytė was recalled from the Management board of MAXIMA GRUPĖ and Karolina Zygmantaitė was appointed as a member of Management board of MAXIMA GRUPĖ. Karolina Zygmantaitė was also appointed as the CEO and Board Member of MAXIMA Latvija, SIA (hereinafter "MAXIMA Latvia").
- Povilas Šulys was appointed as CFO of MAXIMA GRUPĖ
- Tomas Rupšys was appointed CEO of MAXIMA LT, UAB (hereinafter "MAXIMA Lithuania") and Mykolas Navickas was appointed as CEO of MAXIMA International Sourcing.

EVENTS AFTER THE REPORTING PERIOD

Russia's military invasion of Ukraine

On 24 February 2022, Russia's military forces invaded Ukraine. Many countries, including members of European Union, condemned the attack and imposed economic sanctions against Russia and Belarus. After the invasion the Group removed goods of russian and belarussian origin from its retail stores and discontinued further orders of such goods. The Group's entities demonstrate continuous support to Ukraine by providing humanitarian food and non-food aid to its people and various support to the war refugees. The management of the Group monitors the situation in Ukraine on daily basis and adjusts business operations locally as needed.

Completion of the second issue of short-term notes

In March 2022, the Group successfully completed the second commercial paper offering with 12 months maturity. The nominal value of the transaction amounted to EUR 35 million.

[GRI 102-10]

WHERE
WE OPERATE

LITHUANIA	MAXIMA, BARBORA	252 stores
LATVIA	MAXIMA, BARBORA	173 stores
ESTONIA	MAXIMA, BARBORA	83 stores
POLAND	stokrotka, BARBORA	806* stores
BULGARIA	T MARKET	98 stores

1,412 stores

*including 87 franchise stores

[GRI 102-4], [GRI 102-6], [GRI 102-10]

BUSINESS OVERVIEW

Consolidated
REVENUE

2021 4484.8 EUR million

2020 4225.6 EUR million

+6.1%

2021 revenue of retail operators by country compared to 2020, EUR million:

	2021	2020	
Lithuania	1,759.5	1,689.2	+4.2%
Latvia	915.2	878.1	+4.2%
Estonia	519.8	502.9	+3.3%
Poland	1,087.0	974.9	+11.5%
Bulgaria	197.5	182.8	+8.0%

Consolidated
EBITDA
(excl. non-recurring items)*

364.5 EUR million 2021

374.6 EUR million 2020

EBITDA
By retail operations
(excl. non-recurring items)*

	2021	2020
Lithuania	172.8	178.4
Latvia	72.4	78.0
Estonia	31.9	28.9
Poland*	78.4	72.4
Bulgaria	13.3	11.8

Consolidated
Net Debt to EBITDA
(inc. lease liability)

2.6 x 2021

2.6x 2020

Consolidated
LFL revenue
(constant exchange rates)

+3.2**%

2021

2021 growth of LFL revenue of retailer operators by country compared to 2020:

	2021
Lithuania	+2.9%
Latvia	+1.8%
Estonia	+2.2%
Poland	+6.2%
Bulgaria	+0.4%

Consolidated
Investment into fixed assets

108.2 EUR million 2021

88.9 EUR million 2020

*In 2021, non-recurring items amounted to EUR 1.8 million (2020: 10.8 million) as Polish retailer STOKROTKA received a government grant for the protection of jobs threatened by COVID-19 pandemic. MAXIMA GRUPĖ's consolidated EBITDA for 2021 amounted to EUR 366.3 million (2020: EUR 385.4 million).

** Like-for-like (LFL) in actual exchange rates for 2021 was 2.5 %

MAXIMA GRUPĖ

MAXIMA Group has further improved resilience to pandemic and demonstrated sustainable growth in 2021 as revenue reached EUR 4,484.8 million, up by 6.1% from 2020. Revenue growth was driven by positive LFL as well as sales from new brick-and-mortar stores and e-commerce. Market growth in 2021 in the countries where MAXIMA Group operates varied from modest growth of 1.8% in Latvia to a significant increase of 10.4%in Bulgaria. Like-for-like revenue was positive in all retailers and Group Like-for-like (LFL) revenue increased by 3.2% at constant exchange rates.

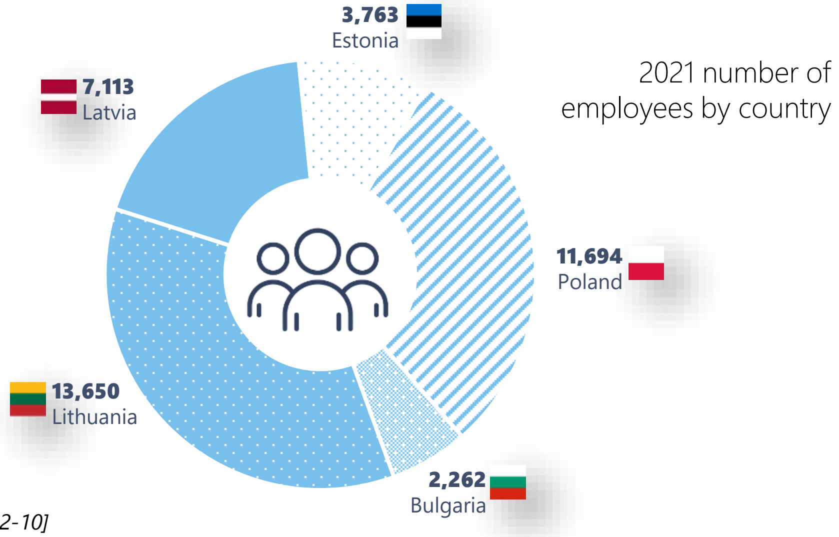
MAXIMA Group's consolidated EBITDA, excluding non-recurring items, totaled EUR 364.5 million which was by 10.1 million lower than the comparable EBITDA of EUR 374.6 million in 2020. EBITDA margin has decreased by -0.7 p.p. and stood at 8.1% in 2021 . Lower EBITDA margin in 2021 was largely a result of increased employee salaries as well as cost of entry into e-commerce market in Poland, combined with the newly introduced retail tax in Poland.

Net Debt was EUR 968 million (incl. lease liabilities of EUR 683 million) on the reporting date and has declined by EUR 32.6 million compared to year end 2020. Group's financial leverage remained stable with Net Debt/EBITDA ratio at 2.6 as was in 2020.

In 2021, MAXIMA Group's companies invested EUR 108.2 million in fixed assets or 2.4% from total Group's revenue, up by 22 % from EUR 88.9 million in 2020. Main investments were made into construction projects and further expansion.

During 2021 MAXIMA Group has expanded its chain by 89 stores, majority of them in Poland and Bulgaria, and the total count has reached 1,412 stores (806 of these in Po+7la ,6nd,%including 87 franchise stores).

At the end 2021, MAXIMA Group had 38,482 employees, which is a 5% reduction versus prior year driven mainly by outsourcing and process optimization.



[GRI 102-10]

LITHUANIA

In 2021, MAXIMA Lithuania revenue increased by 4.2% and reached EUR 1,759.5 million. The increase was driven by solid LFL revenue improvement of +2.9% as well as additional revenue from new or reconstructed stores along with the growth of the e-commerce channel.

Retail market in Lithuania grew by 8.4% in 2021, however the market share of MAXIMA Lithuania had dropped by 1.1 p.p. The decrease in market share was caused by competitor expansion and COVID-19 restrictions that were applied onto large format stores until February 2022. Nevertheless, MAXIMA Lithuania remained the country market leader in 2021 with market share of 31.1%.

In 2021, MAXIMA Lithuania EBITDA was EUR 172.8 million. Comparing to prior year, EBITDA decreased by EUR 5.6 million mainly due to an increase in employee salaries and transportation costs. EBITDA margin in 2021 was 9.8% or 0.8 p.p. lower compared to prior year.
During 2021 MAXIMA Lithuania focused on the store format standardization, aligning layouts and assortment. The first phase of this project will be over by the end of 2022 and shall improve both store efficiency and customer experience as a result.

REVENUE CHANGE	+4.2 %
LFL CHANGE	+2.9 %
MARKET SHARE	31.1 %
MARKET GROWTH	+8.4 %
EBITDA	EUR 172.8 million
EBITDA MARGIN	9.8 %

LATVIA

During 2021, MAXIMA Latvia revenue grew by 4.2% and reached EUR 915.2 million. Revenue growth was driven by LFL revenue increase of 1.8%, sales in new or reconstructed stores and sales through the online channel.

Retail market in Latvia has shown moderate growth of 1.8% in 2021. MAXIMA Latvia results were in line with it plus with successful promotional activities MAXIMA Latvia has further increased its market share to 26.2% and remained market leader in the country.

MAXIMA Latvia's 2021 EBITDA was EUR 72.4 million with EBITDA margin of 7.9%, down by 1 p.p. compared to prior year. EBITDA margin reduction was mainly driven by an increase in personnel costs, combined with promotional activities to raise competitiveness as new players entered the market.

In 2021, MAXIMA Latvia launched implementation of unified format store concept and introduced several innovations, such as Scan&Go service in a pilot store in Riga as well as digitization of receipts.

REVENUE CHANGE	+4.2 %
LFL CHANGE	+1.8 %
MARKET SHARE	26.2 %
MARKET GROWTH	+1.8 %
EBITDA	EUR 72.4 million
EBITDA MARGIN	7.9 %

ESTONIA

In 2021, MAXIMA Eesti OÜ (hereinafter "MAXIMA Estonia") revenue was EUR 519.8 million or a 3.3% increase versus prior year. LFL revenue has increased by 2.2% and both the online-channel and brick-and-mortar stores had a similar impact to revenue growth.

Retail market in Estonia grew by 5.9% in 2021 and MAXIMA Estonia had 16.3% of market share, remaining in the Top 3 of country retailers.

MAXIMA Estonia's EBITDA in 2021 was EUR 31.9 million with an increase of EUR 3 million versus prior year. Increase in EBITDA was driven by revenue growth as well as successful process optimization. As a result of the latter, EBITDA margin increased by 0.4 p.p. from 5.7% in 2020 to 6.1% in 2021. MAXIMA Estonia solid profitable growth offset the negative impact of the energy price increase and allowed for an increase in employee salaries.

At the end of 2021 MAXIMA Estonia opened 2 new stores and is undergoing conversion of all stores to the new format of aligned assortment and layouts.

REVENUE CHANGE	+3.3 %
LFL CHANGE	+2.2 %
MARKET SHARE	16.3 %
MARKET GROWTH	+5.9 %
EBITDA	EUR 31.9 million
EBITDA MARGIN	6.1 %

POLAND

STOKROTKA growth in the Polish market continued at an intense pace in 2021. Revenue in 2021 was EUR 1,087.0 million which is a EUR 112.1 million increase versus prior year. Revenue growth year-on-year was 14.6% at constant exchange rates.

STOKROTKA LFL revenue growth at constant exchange rates was 6.2% which was higher than the Poland retail market growth of 4.5%, so STOKROTKA has outperformed the market for the second year in a row.

STOKROTKA EBITDA in 2021 stood at EUR 78.4 million, excluding non-recurring items, which is EUR 6 million more than the 2020 result of EUR 72.4 million, excluding non-recurring items. EBITDA margin has dropped by -0.2 p.p. to 7.2% in 2021 mainly due the newly introduced retail tax in Poland.

In 2021, STOKROTKA demonstrated an impressive rate of expansion, adding on 81 new brick-and-mortar stores. All of these were small convenience stores, in line with chain's overall focus on proximity and faster shopping experience.

REVENUE CHANGE [1]	+14.6 %
LFL CHANGE [1]	+6.2 %
MARKET SHARE	2.1 %
MARKET GROWTH	+4.5 %
EBITDA [2]	EUR 78.4 million
EBITDA MARGIN [2]	7.2 %

[1] At constant exchange rates.
[2] EBITDA, excluding non-recurring items: in 2021, STOKROTKA received EUR 1.8 million of Polish state subsidy for the protection of jobs threatened by COVID-19 pandemic.

BULGARIA

T-MARKET continued to successfully expand in the Bulgarian market. Revenue in 2021 reached EUR 197.5 million which was an 8% increase versus prior year. LFL revenue remained stable at +0.4% as growth in revenue was driven by the 10 new stores opened during 2021.

Retail market in Bulgaria grew by 10.4% in 2021. T-MARKET market share was 2.5%.

The growth of T-MARKET was profitable as well, with 2021 EBITDA increasing by EUR 1.4 million and reaching EUR 13.3 million. EBITDA margin was 6.7%, or 0.2 p.p. higher than in the previous year. Improvement in profitability was mainly driven by optimised supply chain and operational efficiencies that have offset the impact of increase in transportation and electricity cost.

In 2021, T-MARKET aligned the formats of its stores, aiming to introduce efficiencies in operations and to provide a unified customer experience.

REVENUE CHANGE	+8.0 %
LFL CHANGE	+0.4 %
MARKET SHARE	2.51 % [1]
MARKET GROWTH	+10.4 %
EBITDA	EUR 13.3 million
EBITDA MARGIN	6.7 %

[1] In 2021, Statistical Department of Bulgaria changed the methodology for calculation of total retail market. After the adjustment, T-MARKET's market share was recalculated and was 2.6% in 2020.

E-COMMERCE

MAXIMA Group's e-commerce brand BARBORA is the largest e-grocery store in the Baltic countries and continues to expand in Poland market. STOKROTKA and T-MARKET operators also offer the option of ordering online as a separate sales channel. E-commerce revenue in all MAXIMA Group's operators reached EUR 155 million in 2021 which was a 48.8% increase versus prior year.

In the Baltics, BARBORA grew revenue by 37.9% primarily due to increased demand. E-commerce revenue made up to 4.5 % of total sales in the Baltics. Customer demand for grocery shopping online remains the overall trend in the market and BARBORA has met this need successfully, fulfilling an average of 9.5 thousand orders per day.

BARBORA launched operations in Poland in 2021, starting with Warsaw and expanding to cover Tri-city (Gdansk, Gdynia and Sopot), Lodz, and Silesia region. Three specialised dark-store warehouses were established, and more than 190 thousand orders were fulfilled by the end of the year.

BARBORA EBITDA of 2021 was EUR -15 million. Negative result of the year was driven mainly by the expenses of entry into Poland market, promotions (like free delivery and Barbora Bonus loyalty program) and increase in personnel and transportation costs in the Baltics.

BARBORA's focus remains on achieving operational efficiency, especially in automatizing part of the distribution processes in its dark-stores. Currently BARBORA operates three dark-store warehouses in Poland and, one hybrid dark-store in Lithuania which is the first one in the Baltic region.

OTHER INFORMATION

PLANS AND FORECASTS

The Group puts effort to maintain its current leading position in the Baltic states market and continues to explore different expansion opportunities. In pursuit of it, MAXIMA Group implements various programs for improving organisation and increasing the efficiency of activities. The programs include unifying store formats, defining further direction in real estate and in business processes. The standardised processes will make our business operations more efficient and faster.

The Group continuously reviews its funding and maturity profile and monitors the debt capital markets to ensure that it is well positioned for any refinancing opportunities, including the EUR bond maturing in 2023.

As in 2022 the uncertainty related with the evolution of Covid-19 pandemic and the invasion of Ukraine by the military forces of the Russian Federation, started in February, continues, the Group's management monitors the situation and takes adaptive decisions to the changing environment. The Group's commitment to maintain a safe environment to its employees and customers remains unchanged. Moreover, our companies will continue showing outstanding mobilisation in ensuring resilient international supply chains, retaining price competitiveness, and aiding Ukraine and refugees from Ukraine.

MAXIMA Group takes responsibility to position itself for sustainable growth over the long-term. The Group is moving forward with the process of setting sustainability goals.

Definitions

LFL – (like-for-like): same store revenue growth (not taking new or renovated stores into account).

EBITDA - EBITDA is calculated by adjusting net profit by income tax expenses, depreciation and amortisation, finance income and costs, impairment and write-off of property, plant and equipment, investment properties, intangible assets and right-of-use assets, and profit from disposal of subsidiaries.

NET DEBT – borrowings and lease liabilities less cash and cash equivalents.

FIXED ASSETS – property, plant and equipment and investment property.

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021 together with independent auditor's report

Independent auditor's report

To the shareholder of MAXIMA GRUPĖ, UAB

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of MAXIMA GRUPĖ, UAB (the "Company") and its subsidiaries (together - the "Group") as at 31 December 2021 and 31 December 2020, and of the Group's consolidated financial performance and consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee dated 4 April 2022.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021 and 31 December 2020;
- the consolidated statement of comprehensive income for the years then ended;
- the consolidated statement of changes in equity for the years then ended;
- the consolidated statement of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

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

Independence

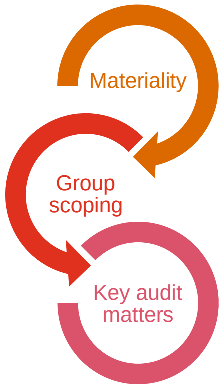
We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the Law of the Republic of Lithuania on the Audit of Financial Statements that are relevant to our audit of the consolidated financial statements in the Republic of Lithuania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Law of the Republic of Lithuania on the Audit of Financial Statements.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Group are in accordance with the applicable law and regulations in the Republic of Lithuania and that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014 considering the exemptions of Regulation (EU) No 537/2014 endorsed in the Law of the Republic of Lithuania on the Audit of Financial Statements. The non-audit services that we have provided to the Group, in the period from 1 January 2021 to 31 December 2021 are disclosed in Consolidated Annual Report section *Information on non-audit services*.

PricewaterhouseCoopers UAB, J. Jasinskio str. 16B, 03163 Vilnius, Lithuania
+370 (5) 239 2300, lt_vilnius@pwc.com, www.pwc.lt

Our audit approach

Overview



- Overall Group materiality: EUR 12,700 thousand

- We conducted audit work at 8 reporting units, located in Bulgaria, Estonia, Latvia, Lithuania and Poland.
- Our audit addressed 87% of the Group's total assets and 98% of the Group's total revenues.

- Goodwill impairment assessment
- Property, plant and equipment and right-of-use assets impairment assessment
- Lease term determination and application of discount rate

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.

Overall materiality	EUR 12,700 thousand (2020: EUR 12,000 thousand)
How we determined it	0,28% of Group's total revenues
Rationale for the materiality benchmark applied	We chose total revenues as the benchmark because total revenues are one of the Group's key performance indicators analysed by the management and communicated to the shareholder and, in our view, it is an appropriate measure of the size of the Group. Total revenues are also a more stable measure compared to profitability ratio.

	We chose the threshold of 0,28%, which is within the range of acceptable quantitative materiality thresholds for this benchmark.

We informed the Audit Committee that we would report to them misstatements identified during our audit above EUR 889 thousand, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Goodwill impairment assessment	
Refer to accounting policy on impairment testing in note 2.5 ,,Goodwill" , accounting estimates and assessments in note 3.2 ,,Key sources of estimation uncertainty" and note 9 ,,Goodwill". The Group's goodwill balance amounted to EUR 207,073 thousand as at 31 December 2021. Goodwill has to be tested for impairment at least annually. When determining the recoverable amount (higher of value in use and fair value less costs to sell) the management is required to use judgment in identifying the relevant cash-generating units and determining their recoverable amounts. The recoverable amounts are based on the cash flow forecasts covering the management's estimate of key value driver inputs and external market indicators: inflation rate, revenue growth rate, competition, capital expenditures, and discount rates applied. No impairment was recognised in the current reporting period as the recoverable amount of the relevant cash-generating units was higher than their carrying amount. We focused on this area because the balance of goodwill was material , and the impairment assessment involved the management's significant judgements about the future results and the discount rates used in the cash flow forecast.	We obtained an understanding of the management's process over the impairment testing. We evaluated the way in which the management identified the Group's cash-generating units to which goodwill was allocated. Our audit procedures also included challenging the management on the appropriateness of the impairment models and reasonableness of the assumptions used, by performing the following: - Assessing reliability of the cash flow forecast, by checking the actual past performance and comparing it against the previous forecasts, and by inspecting the internal documents, such as budgets for 2022–2026; - Benchmarking the market-related assumptions, such as discount rates and long-term growth rates against the external data. Where it was considered necessary, we involved our valuation experts; - Testing the mathematical accuracy of the model and sensitivity of the impairment test to the key inputs. Finally, we have reviewed the adequacy of the disclosures in the Group's consolidated financial statements.

Property, plant and equipment and right-of-use assets impairment assessment

Refer to accounting policy on impairment testing in note 2.9 ,,Impairment of non-financial assets (except for goodwill), accounting estimates and assessments in note 3.2 ,, Key sources of estimation uncertainty", note 5 ,,Property, plant and equipment" and note 6 ,,Leases"

The Group's property, plant and equipment and right-of-use assets amounted to EUR 749,310 thousand and EUR 660,626 thousand, respectively, thereby representing around 60% of total assets reported in the Group's consolidated statement of financial position as at 31 December 2021. The Group assessed existence of impairment indicators for property, plant and equipment and right-of-use assets as at 31 December 2021.

The Group performed the annual impairment test for those items assets, for which impairment indicators were identified as at 31 December 2021. The test was based on the estimated recoverable amounts of the Group's cash-generating units (individual stores). The annual impairment test involves the management's judgments regarding the assumptions used in the underlying cash flow forecasts covering the management's estimate of key value driver inputs and external market indicators: inflation rate, revenue growth rate, competition, capital expenditures, and discount rates applied.

For property, plant and equipment and right-of-use assets, the Group recognised additional impairment charges of EUR 2,670 thousand and EUR 5,681 thousand, respectively, and a reversal of impairment charges of EUR 1,305 thousand and EUR 4,634 thousand, respectively, in 2021.

Based on the above, we considered it to be a key audit matter.

We obtained an understanding of the management's procedures in relation to the impairment assessment of the property, plant and equipment and right-of-use assets.
Among other procedures, we involved a valuation expert to assist us with the review of the management´s impairment model structure and composition, as well as the discount rates used by the management in the impairment test.

-We also considered the key assumptions used by the management when estimating the cash flow forecasts, including the projected trends in the level of revenue, costs, and capital expenditures by comparing them against the historical performance levels and the management's projected changes in the future.

-We tested sensitivity of the available headroom by considering whether a reasonably possible shift in assumptions might cause the carrying amount of the cash-generating unit to exceed its recoverable amount.

-We have also assessed the historical accuracy of the management's forecast.

Finally, we have reviewed the adequacy of the disclosures in the Group's consolidated financial statements about the assumptions used in and the outcome of the impairment test .

Lease term and the discount rate determination

Refer to accounting policy on lease liabilities and subleases in note 2.19 ,,Leases", accounting estimates and assessments in note 3.1 "Critical judgments in applying the accounting policy" and note 3.2 ,, Key sources of estimation uncertainty" and note 6 ,,Leases".

During our audit procedures, we analysed completeness and accuracy of new, modified or remeasured lease contracts that were identified and recorded in the lease accounting system during 2021; assessed whether it was reasonably certain that the lease extension options would be

As at 31 December 2021, the Group’s right-of-use assets amounted to EUR 660,626 thousand, net investment in lease amounted to EUR 13,158 thousand, and lease liabilities amounted to EUR 683,010 thousand.

We focused on this area because the reported balances were material, the process for identifying and reporting all relevant lease-related data (including IT software and controls) was complex, and the measurement of the right-of-use assets and lease liabilities involved the use of assumptions, such as discount rates and the lease terms, including the termination and renewal options.

exercised; assessed the discount rates used; and on a sample basis recalculated the right-of-use assets and lease liability:

- We obtained an understanding of the internal processes around the identification of leases, and obtained the related lease contract data;

- We read the policy listing the factors, such as economic incentives, geographical location of a store, leasehold improvements and other, to be considered in determining the lease term, including the extension options. We tested the management’s assessment of those factors and whether it was reasonably certain that the lease extension options would be exercised, by reviewing the contractual terms, business plans, and other relevant information;

- For the lease contracts where the management used the incremental borrowing rate as a discount rate, we reviewed the methodology and assumptions used by the management, and compared them against the borrowing rates confirmed by the SEB bank AB;

- For the lease contracts where the management used the interest rate implicit in the lease as a discount rate, we tested the key assumptions, including the fair value determined for the leased asset at the commencement and termination dates of the lease;

- We involved a valuation expert to assist us with the review of the management´s assumptions to determine the interest rate implicit in the lease;

- We assessed completeness and accuracy of the input data used in the calculation, by reconciling the inputs to the lease contracts and discount rates determined by the management, and tested them on a sample basis;

- For a sample of lease contracts , we checked whether the contracts were appropriately identified as a lease, whether appropriate lease terms and discount rates were determined, and whether that the lease liability and the right-of-use asset were recognised and measured in accordance with IFRS 16, Leases;

- We recalculated on a sample basis the right-of-use asset and the lease liability for the selected lease contracts, and verified the mathematical accuracy of the calculation;

- For the same sample of lease contracts, we recalculated the lease payments, interest and amortisation charges recognised during the period;

We also read the disclosures in the consolidated financial statements regarding the right-of-use assets and the lease liabilities.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group comprises of a number of subsidiaries operating in Bulgaria, Estonia, Latvia, Lithuania and Poland (refer to Note 1 of the consolidated financial statements). A full-scope audit was performed by us or based on our instructions by PwC entities represented in the following countries: Bulgaria, Estonia, Latvia and Poland on the financial information of the following Group entities:

- Maxima Bulgaria EOOD;
- Maxima Eesti OU;
- Maxima Latvia SIA;
- Maxima Grupe UAB;
- Maxima LT;
- Maxima International Sourcing UAB;
- Elpro Development S.A.;
- Stokrotka Sp.z.o.o.

For real estate and e-trade entities of the Group, the Group engagement team and PwC entities in Estonia and Latvia carried out audit work on the selected balances and transactions, which were assessed by us as material from the Group audit perspective. For the remaining components we performed analytical review at the Group level. This together with additional procedures performed at the Group level, including testing of consolidation journals and intercompany eliminations, gave us the evidence we needed for our opinion on the Group's consolidated financial statements as a whole.

Reporting on other information including the consolidated annual report

Management is responsible for the other information. The other information comprises the consolidated annual report, including the corporate governance report and the social responsibility report (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information, including the consolidated annual report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above 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.

With respect to the consolidated annual report, we considered whether the consolidated annual report includes the disclosures required by the Law of the Republic of Lithuania on Consolidated Financial Reporting by Groups of Undertakings and Law of the Republic of Lithuania on Financial Reporting of Undertakings.

Based on the work undertaken in the course of our audit, in our opinion:

- 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 Law of the Republic of Lithuania on Consolidated Financial Reporting by Groups of Undertakings and Law of the Republic of Lithuania on Financial Reporting of Undertakings.

The Group presented the social responsibility report as a part of the consolidated annual report.

In addition, in light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the consolidated annual report which we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of 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.

Auditor's responsibilities for the audit of the consolidated 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 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Appointment

We were first appointed as auditors of the Group on 2 May 2019 and had an uninterrupted engagement appointment of 3 years.

The key audit partner on the audit resulting in this independent auditor's report is Rimvydas Jogėla.

On behalf of PricewaterhouseCoopers UAB

Rimvydas Jogėla
Partner
Auditor's Certificate No. 000457

Vilnius, Republic of Lithuania
4 April 2022

The auditor's electronic signature is used herein to sign only the Independent Auditor's Report

(All tabular amounts are in EUR thousands unless otherwise stated)

Consolidated statement of financial position

	Notes	At 31 December 2021	At 31 December 2020
ASSETS			
Non-current assets			
Property, plant and equipment	5	749 310	713 622
Right-of-use assets	6	660 626	674 801
Investment properties	7	18 412	16 581
Intangible assets (except for goodwill)	8	42 737	46 368
Goodwill	9	207 073	207 670
Non-current receivables and prepayments	10	16 908	16 605
Deferred tax assets	11	7 255	10 093
		1 702 321	1 685 740
Current assets			
Inventories	12	345 322	338 136
Trade and other receivables, prepayments and other short-term financial assets	13	75 618	69 352
Cash and cash equivalents	14	219 045	183 523
		639 985	591 012
TOTAL ASSETS		2 342 306	2 276 752
EQUITY AND LIABILITIES			
Equity			
Share capital	15	1 019 263	1 019 263
Share premium	15	41 352	41 352
Legal reserve	16	53 359	43 767
Reverse acquisition reserve	16	(1 430 271)	(1 430 271)
Other reserves		342	(622)
Foreign currency translation reserve		(32 933)	(30 057)
Retained earnings		763 810	744 021
Total equity		414 922	387 453
Non-current liabilities			
Borrowings (except for lease liabilities)	17	403 553	453 158
Lease liabilities	6	585 170	592 185
Deferred tax liabilities	11	15 734	18 401
Other non-current liabilities		5 934	3 248
		1 010 391	1 066 992
Current liabilities			
Borrowings (except for lease liabilities)	17	100 645	42 256
Lease liabilities	6	97 840	96 658
Current income tax liabilities		2 588	5 930
Trade and other payables	18	715 920	677 463
		916 993	822 308
Total liabilities		1 927 384	1 889 299
TOTAL EQUITY AND LIABILITIES		2 342 306	2 276 752

Mantas Kuncaitis
Chief Executive Officer

Povilas Šulys
Chief Financial Officer

The consolidated financial statements have been approved and signed electronically on 4 April 2022.

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

(All tabular amounts are in EUR thousands unless otherwise stated)

Consolidated statement of comprehensive income

	Notes	Year ended 31 December 2021	2020
Revenue	4, 19	4 484 771	4 225 603
Cost of sales		(4 116 152)	(3 845 539)
Operating expenses	20	(179 544)	(167 670)
Other gains (losses)	22	2 505	(1 117)
Profit from operations		191 580	211 279
Finance income	21	503	376
Finance costs	21	(38 079)	(36 863)
Finance costs, net		(37 576)	(36 486)
Profit before tax		154 004	174 792
Income tax expense	23	(18 623)	(22 211)
Net profit	4	135 381	152 581
Net profit attributable to:			
Equity holders of the parent		135 381	152 581
		135 381	152 581
Other comprehensive income:			
Items that will not be subsequently reclassified to profit or loss		-	-
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations		(2 876)	(20 481)
Net gain (loss) on cash flow hedges		964	(485)
Other comprehensive income		(1 912)	(20 966)
Total comprehensive income		133 469	131 615
Total comprehensive income attributable to:			
Equity holders of the parent		133 469	131 615
		133 469	131 615
Earnings per share for profit attributable to ordinary equity holders of the parent (EUR)			
Basic/diluted	25	0.039	0.043

(All tabular amounts are in EUR thousands unless otherwise stated)

Consolidated statement of changes in equity

	Notes	Share capital	Share premium	Legal reserve	Reverse acquisition reserve	Other reserves	Foreign currency translation reserve	Retained earnings	Total equity
At 1 January 2020		1 019 263	41 352	36 163	(1 430 271)	(137)	(9 576)	685 606	342 400
Profit for the year		-	-	-	-	-	-	152 581	152 581
Other comprehensive income		-	-	-	-	(485)	(20 481)	-	(20 966)
Total comprehensive income for the year		-	-	-	-	*(485)*	*(20 481)*	*152 581*	*131 615*
Transfer to legal reserve	16	-	-	7 604	-	-	-	(7 604)	-
Dividends	26	-	-	-	-	-	-	(86 562)	(86 562)
Total transactions with shareholders recognised directly in equity		-	-	*7 604*	-	-	-	*(94 166)*	*(86 562)*
At 31 December 2020		1 019 263	41 352	43 767	(1 430 271)	(622)	(30 057)	744 021	387 453
At 1 January 2021		1 019 263	41 352	43 767	(1 430 271)	(622)	(30 057)	744 021	387 453
Profit for the year		-	-	-	-	-	-	135 381	135 381
Other comprehensive income		-	-	-	-	964	(2 876)	-	(1 912)
Total comprehensive income for the year		-	-	-	-	*964*	*(2 876)*	*135 381*	*133 469*
Transfer to legal reserve	16	-	-	9 592	-	-	-	(9 592)	-
Dividends	26	-	-	-	-	-	-	(106 000)	(106 000)
Total transactions with shareholders recognised directly in equity		-	-	*9 592*	-	-	-	*(115 592)*	*(106 000)*
At 31 December 2021		1 019 263	41 352	53 359	(1 430 271)	342	(32 933)	763 810	414 922

(All tabular amounts are in EUR thousands unless otherwise stated)

Consolidated statement of cash flows

	Notes	Year ended 31 December 2021	2020
OPERATING ACTIVITIES			
Net profit		135 381	152 581
Adjustments for:			
Depreciation	5, 6, 7	160 678	154 163
Amortisation	8	9 030	10 903
Property, plant & equipment, intangible assets, right-of-use assets impairment charge (reversal)	20	2 843	8 054
(Profit) / loss on disposal and write-offs of property, plant and equipment and intangible assets	5, 8, 22	55	2 056
(Profit) / loss on disposal of subsidiaries	22	(194)	50
Income tax expense	23	18 623	22 211
Interest expenses	21	38 810	34 849
Interest income	21	(503)	(376)
Fair value (gains) losses on derivative financial instruments		964	(485)
Changes in working capital			
- trade and other receivables		(5 762)	(863)
- inventories		(7 153)	(9 186)
- reverse factoring arrangements	18	3 880	3 963
- trade and other payables		27 715	(42 261)
Cash generated from operations		384 367	335 658
Income tax paid	23	(22 439)	(24 923)
Net cash generated from operating activities		361 928	310 735
INVESTING ACTIVITIES			
Purchases of property, plant and equipment, intangible assets and investment properties	5, 7, 8	(105 715)	(99 752)
Proceeds from disposal of property, plant and equipment		4 905	5 695
Acquisition of subsidiaries, net of cash acquired		-	(1 235)
Proceeds (outflow) from disposal of subsidiaries, net of cash disposed		(51)	(175)
Loans granted		(320)	(72)
Proceeds from repayment of loans granted		151	70
Interest received		11	19
Acquisition of lease contracts		(4 375)	-
Finance sublease receivable collected		3 100	2 953
Net cash (used in) investing activities		(102 294)	(92 498)
FINANCING ACTIVITIES	29		
Proceeds from borrowings		57 915	-
Repayment of borrowings		(50 525)	(90 038)
Payment of principal portion on lease liabilities		(88 420)	(86 207)
Dividends paid	26	(106 000)	(86 562)
Interest paid, including interest on leases		(37 271)	(33 465)
Net cash (used in) financing activities		(224 301)	(296 272)
Net increase (decrease) in cash and cash equivalents		35 333	(78 035)
CASH AND CASH EQUIVALENTS, LESS OVERDRAFTS, AT THE BEGINNING OF THE YEAR	14	183 523	261 559
CASH AND CASH EQUIVALENTS, LESS OVERDRAFTS, AT THE END OF THE YEAR	14	218 856	183 523

(All tabular amounts are in EUR thousands unless otherwise stated)

Notes to the consolidated financial statements

1. General information

MAXIMA GRUPĖ, UAB (hereinafter "the Company") was incorporated and commenced its operations on 23 August 2007. The Company's registered address is Savanoriu av. 5, Vilnius, Lithuania. The Company's legal status - private limited liability company, entity code 301066547.

The sole shareholder of the Company is Uždaroji Akcinė Bendrovė Vilniaus Prekyba incorporated in Lithuania. The ultimate shareholder is METODIKA B.V., incorporated in the Netherlands.

The consolidated group is comprised of the Company and its subsidiary undertakings (hereinafter collectively referred to as "the Group"). In 2021 and 2020, the Group's main subsidiaries are listed in the table below. Other subsidiaries not listed below are mainly involved in real estate management. The Group owns 100% of shares in all subsidiaries. There were no significant business combinations in 2021 and 2020.

Significant subsidiary	Country of incorporation	% held by the Group (on 31 December)		Principal business activities
		2021	2020	
MAXIMA LT, UAB	Lithuania	100%	100%	Retail in food and consumables
MAXIMA Latvija SIA	Latvia	100%	100%	Retail in food and consumables
MAXIMA Eesti OU	Estonia	100%	100%	Retail in food and consumables
MAXIMA Bulgaria EOOD	Bulgaria	100%	100%	Retail in food and consumables
Stokrotka Sp.z.o.o.	Poland	100%	100%	Retail in food and consumables
BARBORA, UAB	Lithuania	100%	100%	E-trade
PATRIKA SIA	Latvia	100%	100%	E-trade
SUPERSA OU	Estonia	100%	100%	E-trade
Barbora Polska Sp.z.o.o.	Poland	100%	100%	E-trade
FRANMAX, UAB	Lithuania	100%	100%	IT development, maintenance and consulting services
MAXIMA INTERNATIONAL SOURCING, UAB	Lithuania	100%	100%	Procurement and agency services of food and consumables

The Group's principal business activity is retail and e-trade in food and consumables.

As of 31 December 2021, the Group employed 38.5 thousand employees (total remuneration related costs amounted to EUR 495 million in 2021, net of government grant of EUR 2 million that was accounted for as reduction of payroll costs (Note 24) (31 December 2020: 40.7 thousand employees, remuneration related costs EUR 458 million, net of government grant of EUR 11 million).

The Group's bonds are traded at Euronext Dublin (Ireland) and Nasdaq Vilnius (Lithuania) stock exchanges (Note 17).

The Company's management authorized these consolidated financial statements on 4 April 2022. The Company's shareholders have a statutory right to approve or not to approve these consolidated financial statements and to require the preparation of a new set of consolidated financial statements.

2. Accounting policies

The accounting policies applied in the preparation of these consolidated financial statements are set out below. The accounting policies adopted are consistent with those of the previous financial year, except for the below amended IFRSs which have been adopted by the Group as of 1 January 2021.

2.1. Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS"), as adopted by the European Union (hereinafter "the EU"). These consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value.

(All tabular amounts are in EUR thousands unless otherwise stated)

All amounts in these consolidated financial statements are presented in euros, the functional currency of the Company and presentation currency of the Group, and they have been rounded to the nearest thousand (in thousand EUR), unless otherwise stated. Due to rounding the numbers in these consolidated financial statements may not sum up.

2.2. Adoption of new and/or revised IFRSs and Interpretations of the International Financial Reporting Interpretations Committee (IFRIC)

New standards, amendments and interpretations adopted by the Group

Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The amendments cover the following areas:

- Accounting for changes in the basis for determining contractual cash flows as a result of IBOR reform: For instruments to which the amortised cost measurement applies, the amendments require entities, as a practical expedient, to account for a change in the basis for determining the contractual cash flows as a result of IBOR reform by updating the effective interest rate using the guidance in paragraph B5.4.5 of IFRS 9. As a result, no immediate gain or loss is recognised. This practical expedient applies only to such a change and only to the extent it is necessary as a direct consequence of IBOR reform, and the new basis is economically equivalent to the previous basis. Insurers applying the temporary exemption from IFRS 9 are also required to apply the same practical expedient. IFRS 16 was also amended to require lessees to use a similar practical expedient when accounting for lease modifications that change the basis for determining future lease payments as a result of IBOR reform.
- End date for Phase 1 relief for non contractually specified risk components in hedging relationships: The Phase 2 amendments require an entity to prospectively cease to apply the Phase 1 reliefs to a non-contractually specified risk component at the earlier of when changes are made to the non-contractually specified risk component, or when the hedging relationship is discontinued. No end date was provided in the Phase 1 amendments for risk components.
- Additional temporary exceptions from applying specific hedge accounting requirements: The Phase 2 amendments provide some additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.
- Additional IFRS 7 disclosures related to IBOR reform: The amendments require disclosure of: (i) how the entity is managing the transition to alternative benchmark rates, its progress and the risks arising from the transition; (ii) quantitative information about derivatives and non-derivatives that have yet to transition, disaggregated by significant interest rate benchmark; and (iii) a description of any changes to the risk management strategy as a result of IBOR reform.

IBOR reform had no impact for the Group, as all borrowings are either EURIBOR/WIBOR linked, or have fixed interest rates, therefore there was no need to transition to alternative benchmark interest rates.

COVID-19-Related Rent Concessions – Amendments to IFRS 16
The amendments provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; any reduction in lease payments affects only payments due on or before 30 June 2022; and there is no substantive change to other terms and conditions of the lease. If a lessee chooses to apply the practical expedient to a lease, it would apply the practical expedient consistently to all lease contracts with similar characteristics and in similar circumstances. The amendment is to be applied retrospectively in accordance with IAS 8, but lessees are not required to restate prior period figures or to provide the disclosure under paragraph 28(f) of IAS 8.
The Group did not receive significant COVID-19 related rent concessions, therefore these amendments had no impact on the Group's consolidated financial statements.

IFRSs issued but not yet effective

Other new standards, amendments to standards and interpretations effective for the annual periods beginning on or after 1 January 2022, yet not applied in preparing these consolidated financial statements are presented below. The new accounting pronouncements have been endorsed by the European Union unless otherwise stated. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

(All tabular amounts are in EUR thousands unless otherwise stated)

Classification of liabilities as current or non-current – Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2023)
These narrow scope amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. The right to defer only exists if the entity complies with any relevant conditions as of the end of the reporting period. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

The amendment to IAS 1 on classification of liabilities as current or non-current was issued in January 2020 with an original effective date 1 January 2022. However, in response to the COVID-19 pandemic, the effective date was deferred by one year to provide companies with more time to implement classification changes resulting from the amended guidance. These Amendments have not yet been endorsed by the EU. The Group has not yet assessed the impact of the amendments.

Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (effective for annual periods beginning on or after 1 January 2022).

- The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such items, together with the costs of producing them, are now recognised in profit or loss. An entity will use IAS 2 to measure the cost of those items. Cost will not include depreciation of the asset being tested because it is not ready for its intended use. The amendment to IAS 16 also clarifies that an entity is "testing whether the asset is functioning properly" when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. An asset might therefore be capable of operating as intended by management and subject to depreciation before it has achieved the level of operating performance expected by management.
- The amendment to IAS 37 clarifies the meaning of "costs to fulfil a contract". The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract; and an allocation of other costs that relate directly to fulfilling. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.
- IFRS 3 was amended to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. Prior to the amendment, IFRS 3 referred to the 2001 Conceptual Framework for Financial Reporting. In addition, a new exception in IFRS 3 was added for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37 or IFRIC 21, rather than the 2018 Conceptual Framework. Without this new exception, an entity would have recognised some liabilities in a business combination that it would not recognise under IAS 37. Therefore, immediately after the acquisition, the entity would have had to derecognise such liabilities and recognise a gain that did not depict an economic gain. It was also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.
- The amendment to IFRS 9 addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.
- Illustrative Example 13 that accompanies IFRS 16 was amended to remove the illustration of payments from the lessor relating to leasehold improvements. The reason for the amendment is to remove any potential confusion about the treatment of lease incentives.
- IFRS 1 allows an exemption if a subsidiary adopts IFRS at a later date than its parent. The subsidiary can measure its assets and liabilities at the carrying amounts that would be included in its parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. IFRS 1 was amended to allow entities that have taken this IFRS 1 exemption to also measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. The amendment to IFRS 1 extends the above exemption to cumulative translation differences, in order to reduce costs for first-time adopters. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

The Group has not yet assessed the impact of the amendments.

(All tabular amounts are in EUR thousands unless otherwise stated)

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (effective for annual periods beginning on or after 1 January 2023).
IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2, 'Making Materiality Judgements' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures. These Amendments have not yet been endorsed by the EU. The Group has not yet assessed the impact of the amendments

Amendments to IAS 8: Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023).
The amendment to IAS 8 clarified how companies should distinguish changes in accounting policies from changes in accounting estimates. These Amendments have not yet been endorsed by the EU. The Group has not yet assessed the impact of the amendments

Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (effective for annual periods beginning on or after 1 January 2023).
The amendments to IAS 12 specify how to account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations – transactions for which both an asset and a liability are recognised. The amendments clarify that the exemption does not apply and that entities are required to recognise deferred tax on such transactions. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. These Amendments have not yet been endorsed by the EU. The Group has not yet assessed the impact of the amendments

Other standards
There are no other IFRSs, IAS amendments or IFRIC interpretations that are not yet effective that would be expected to have an impact on the Group.

The Group plans to adopt the above mentioned standards and interpretations on their effective dates provided they are endorsed by the EU.

2.3. Consolidation

All entities controlled by the Company (its subsidiaries) are consolidated. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the accounting policies of subsidiaries to bring them into line with those used by the Group.

All material intra-group transactions, balances, income and expenses and unrealised profit (loss) between Group companies are eliminated on consolidation.

For disclosure on reverse acquisition reserve, please refer to Note 16.

(All tabular amounts are in EUR thousands unless otherwise stated)

2.4. Business combinations

The acquisition of subsidiaries, including entities under common control in cases when the transaction has a substance from the perspective of the Group, is accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRSs are recognised at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

2.5. Goodwill

The excess of the:
- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase gain.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or their groups) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.6. Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using the straight-line method to allocate the cost of assets to their residual values over their estimated useful lives, as follows:

Buildings	2 – 43 years
Equipment and other assets	2 – 12 years
Vehicles	2 – 4 years

Leasehold improvements are depreciated on a straight–line basis over the shorter of the estimated useful life of the improvement and the term of the lease.

Properties in the course of construction for operations or for administrative purposes are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Land is not depreciated.

Depreciation of property, plant and equipment is recognised in profit or loss. Depreciation of property, plant and equipment directly related to sales of goods and services is recognised in cost of sales and depreciation of other property, plant and equipment is recognised in operating expenses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

A gain or loss arising on the disposal of an asset is recognised in profit or loss.

(All tabular amounts are in EUR thousands unless otherwise stated)

2.7. Investment properties

Investment properties, store buildings and other commercial premises, are held for long-term rental yields and are not occupied by the Group. They are measured initially at cost. Subsequent to initial recognition, investment properties are stated at historical cost less accumulated depreciation and impairment. Depreciation is calculated using the straight-line method. Estimated useful lives of investment property is 10 – 30 years. Land is not depreciated.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use.

2.8. Intangible assets with finite useful lives

Intangible assets expected to provide economic benefits in future periods are measured at acquisition cost less subsequent accumulated amortisation and accumulated impairment losses, if any. Amortisation is calculated on the straight-line method to write off the cost of each asset over their estimated useful lives.

Intangible assets acquired in a business combination (trademarks, customer contracts) are recognised at fair value at the acquisition date. They have finite useful life and are carried at cost (being fair value if acquired in a business combination) less accumulated amortisation and impairment losses, if any.

All amortisation of intangible assets is recognised in profit or loss as operating expenses unless it relates to operation of warehouses or retail outlets when it is recognised as cost of sales. The Group amortises intangible assets over the following periods:

Software	2 - 4 years
Brands and trademarks	5 - 15 years
Customer contracts	15 years
Other intangible assets	3 - 5 years

2.9. Impairment of non-financial assets (except for goodwill)

At each financial year end, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is determined in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.10. Inventories

Inventories are stated at the lower of weighted average cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs necessary to be incurred in selling.

(All tabular amounts are in EUR thousands unless otherwise stated)

The cost of inventories is net of volume discounts and rebates received from suppliers during the reporting period but applicable to the inventories still held in stock. Logistics costs incurred for transportation of inventory between different locations of retail operators are accounted as cost of sales in the relevant accounting period.

2.11. Financial instruments

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

2.11.1. Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade and other receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade and other receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 *Revenue from contracts with customers*. Refer to the accounting policies in Note 2.15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in the below categories:

- Financial assets at amortised cost,
- Financial assets at fair value through OCI,
- Financial assets at fair value through profit or loss.

a) Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

and

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade and other receivables, cash and cash equivalents, time deposits and loans granted.

(All tabular amounts are in EUR thousands unless otherwise stated)

b) Financial assets at fair value through OCI

in 2021 and 2020 the Group did not have financial assets at fair value through OCI.

c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised in profit or loss as other income when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired

or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets – credit loss allowance for expected credit losses

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

(All tabular amounts are in EUR thousands unless otherwise stated)

For trade and other receivables the Group applies a simplified approach in calculating ECLs. The Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. In addition, the Group reviews individual significant trade and other receivables and recognises individual loss allowances if needed.

The Group considers a financial asset in default when contractual payments are more than 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.11.2. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as follows:
- financial liabilities at fair value through profit or loss,
- financial liabilities at amortised cost,
- derivatives designated as hedging instruments in an effective hedge.

All financial liabilities are recognised initially at fair value and, in case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, borrowings including bank overdrafts and bonds, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of selling in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9 *Financial instruments*.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities are designated upon initial recognition at fair value through profit or loss if the criteria in IFRS 9 for such a designation are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

b) Financial liabilities at amortised cost

After initial recognition financial liabilities at amortised cost are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR unwinding process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR unwinding is included in profit or loss as finance costs.

This category generally applies to interest-bearing borrowings, including bank overdrafts and issued bonds, and trade and other payables.

(All tabular amounts are in EUR thousands unless otherwise stated)

Derecognition

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

2.11.3. Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.11.4 Reverse factoring arrangements (supply chain financing arrangements)

Supply chain financing arrangement is a reverse factoring arrangement, where a financial institution agrees to pay amounts the Group owes to the suppliers and the Group agrees to pay the financial institution a date later than suppliers are paid. The Group presents liabilities that are part of a reverse factoring arrangement as part of trade and other payables only when those liabilities have a similar nature and function to trade and other payables. In assessing whether it is required to present such liabilities separately, the Group considers the amounts, nature and timing of those liabilities. The Group's reverse factoring arrangements are presented within trade and other payables in the consolidated statement of financial position. As the reverse factoring arrangements are closely related to operating activities of the Group, the Group presents cash outflows to settle the liability as arising from operating activities in its consolidated statement of cash flows.

2.12. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized. All other borrowing costs are expensed in the period they occur.

2.13. Derivative financial instruments and hedging activities

The Group engages in derivative financial instruments transactions, such as forwards, to hedge purchase and sale price fluctuation risk, and interest rate swaps to hedge cash flows fluctuation risk of EURIBOR on the loans taken from banks, i. e. effectively switching the interest into a fixed rate.

On the agreement date and subsequently derivative financial instruments are accounted for at fair value. Fair value is derived from quoted market prices for forwards (level 1) and using valuation models for interest rate swaps (level 2 and 3). The estimated fair values of these contracts are reported in the statement of financial position as assets for contracts having a positive fair value and liabilities for contracts with a negative fair value. Gain or losses from changes in the fair value of derivative financial instruments are recognised in profit or loss.

For the purposes of hedge accounting, hedges are classified into two categories:
(a) fair value hedges which hedge the exposure to changes in the fair value of a recognised asset or liability or a firm commitment (fair value hedges); and
(b) cash flow hedges which hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedge relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument;
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship;
- The hedge ratio of the hedge relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the other reserves, while any ineffective portion is recognised immediately in profit or loss.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in other comprehensive income is removed from other reserves and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same period during which the hedged cash flows affect profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognised in equity remains in equity until the forecasted transaction occurs. Where the hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in other comprehensive income is transferred to the statement of comprehensive income (profit or loss).

2.14. Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.15. Revenue from contracts with customers

a) Retail revenue

The Group recognises revenue from its retail customers as it satisfies its performance obligations at the point of check out in its retail stores. Revenue from online sales is recognised upon delivery of goods, i.e. upon transfer of control of goods to customer. Revenue from the sale of gift cards is recognised when the gift cards are redeemed by the retail customer or expire, whichever event occurs earlier.

The Group operates a loyalty programme, which allows customers to accumulate points when they purchase goods in the Group's retail stores and online. The points can be redeemed for payment of part of next purchase. A contract liability for the loyalty points is recognised at the time of the original sale transaction under contract liabilities in trade and other payables. Revenue is recognised at the earlier of when the points are redeemed or when they expire. For allocation of transaction price to the loyalty points see Note 3.2.

(All tabular amounts are in EUR thousands unless otherwise stated)

b) Commission income

For certain products and services, e.g. lottery tickets, prepaid telephone cards, collection of payments for utilities on behalf of utility service providers from retail customers, etc., the Group acts as an agent and recognises commission income in its revenue when the related goods are sold in retail stores.

c) Wholesale revenue

The Group sells goods to franchisees and other retailers. Revenue is recognised when control of the sold goods has been transferred to the wholesale client in accordance with the terms of delivery.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to the customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional on the acceptance of the goods and services by the customer.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 2.11.1.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

2.16. Cost of sales

Cost of sales consists of cost of inventory, net of supplier discounts, and other costs attributable to sales of goods, including warehousing, logistics and retail operations.

Cost of sales are reduced by slotting fees and advertising income earned in accordance with written agreements with suppliers that the Group will be paid for promotional activities, including various advertising and market development efforts in the retail stores. Cost of sales are also shown net of fines and penalties received from suppliers for, e.g. late delivery or poor quality of goods. See Note 3.1 for critical judgements applied.

As at the year-end supplier discounts are allocated to the carrying value of inventory based on the amount of inventory sold and remaining in inventory.

The Group's cost of sales can be sub-divided into: the cost of goods sold (accounting for approximately 80 per cent of the total cost of sales for the year ended 31 December 2021 (2020: approximately 80 per cent), employee remuneration costs (accounting for approximately 10 per cent of the total cost of sales for the year ended 31 December 2021 (2020: approximately 10 per cent) and other costs including expenses relating to logistics, utilities, depreciation and amortisation, repair and maintenance, etc (accounting for approximately 10 per cent of the total cost of sales for the year ended 31 December 2021 (2020: approximately 10 per cent).

2.17. Income tax

The income tax expense comprises of current tax expenses and changes in deferred tax.

(All tabular amounts are in EUR thousands unless otherwise stated)

a) Current income tax

The current income tax expenses are based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current income tax rate is calculated on the basis of tax laws enacted or substantively enacted at the reporting date. The income tax for the Group is calculated according to the laws of the country in which respective Group's entity operates.

The main corporate income tax rates that have been applied in calculation of current income tax in respective countries:

	2021	2020
Lithuania	15%	15%
Latvia*	20/80	20/80
Estonia*	20/80 (14/86 for regular profit distribution amount)	20/80 (14/86 for regular profit distribution amount)
Poland	19%	19%
Bulgaria	10%	10%

* the taxation of income of subsidiaries operating in Latvia and Estonia is delayed till the moment of earnings distribution, i.e. till the moment of payment of dividends.

b) Deferred income tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

As the object of taxation in Latvia and Estonia is dividends, not profit, there are no differences between the carrying amounts and tax bases of assets and liabilities which could give rise to deferred tax assets or liabilities. In the consolidated financial statements the Group makes provision for the taxes payable on the estimated dividend to be distributed in the foreseeable future from the retained earnings of Latvian and Estonian subsidiaries.

2.18. Employee benefits

a) Social security contributions

The Group pays social security contributions to the state Social Security Funds (hereinafter - the Fund) on behalf of its employees based on the defined contribution plans in accordance with the local legal requirements in respective countries. A defined contribution plan is a plan under which the Group pays fixed contributions into the Fund and will have no legal or constructive obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Social security contributions are recognised as expenses on an accrual basis in the statement of comprehensive income.

(All tabular amounts are in EUR thousands unless otherwise stated)

b) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan and agreements signed with employees without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

c) Bonus plans

The Group recognises a liability and an expense for employee bonuses when the Group is contractually obliged in accordance with the employment agreements or where there is a past practice that has created a constructive obligation. Long term liabilities are discounted. Remeasurements of liabilities are recognised immediately in profit or loss.

2.19. Leases

The determination of whether a contract is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2.19.1. The Group as a lessee

As a lessee the Group recognises a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease, i.e. the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Recognised right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term. The right-of-use assets are subject to impairment, see Note 2.9.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable and variable lease payments that depend on an index or a rate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period when they occur.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a lease modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment and other equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(All tabular amounts are in EUR thousands unless otherwise stated)

2.19.2. The Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income are accounted for on a straight-line basis over the lease term and are included in profit or loss in revenue.

2.19.3. Sublease

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the classification of a sublease as a finance lease or an operating lease with reference to the right-of-use asset arising from the head lease. When subleases are classified as finance leases the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and presents the net investment in the sublease under non-current receivables and prepayments in the statement of financial position. During the term of the sublease the Group recognises finance income on sublease based on pattern reflecting a constant period rate of return on the net investment in the lease.

For subleases classified as operating lease, the Group recognises the lease income on a straight-line basis over the lease term and includes them in profit or loss in revenue. Modification to an operating lease is accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

2.20. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised in profit or loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Such grants are deducted from related expenses.

2.21. Foreign currencies

a) Functional and presentation currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements are presented in EUR, which is functional currency of the Company, and the presentation currency for the consolidated financial statements.

b) Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the exchange rates prevailing on the dates of those transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

c) Group companies

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in EUR using exchange rates prevailing on the reporting date.

Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used.

All resulting exchange differences are recognised in other comprehensive income and foreign currency translation reserve in equity. Such translation differences are recognised as profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing exchange rate. Exchange differences arising are recognised in other comprehensive income and foreign currency translation reserve in equity.

(All tabular amounts are in EUR thousands unless otherwise stated)

2.22. Contingencies

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

A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

2.23. Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

2.24. Related parties

Related parties include the following persons and entities:
a) A person (or a close member of that person's family) is related to the Group if the person:
(i) has control or joint control over the Group
(ii) has significant influence over the Group, or
(iii) is a member of the key management personnel of the Group, or of a parent of the Group.
(b) The Group (A) is related to another entity (B) if:
(i) A and B are members of the same group (that is, all entities within a group are related to each other)
(ii) B is controlled or jointly controlled by a person identified in (a) above
(iii) a person who has control or joint control over A has significant influence over B or is a member of the key management personnel of B.

2.25. Subsequent events

Subsequent events that provide additional information about the Group's position at the statement of financial position date (adjusting events) are reflected in the consolidated financial statements. Subsequent events that are not adjusting events are disclosed in the notes when material.

3. Critical accounting judgements and key sources of estimation uncertainty

3.1. Critical judgments in applying the accounting policy

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

<u>Critical judgement in classifying income from various advertising and market development services</u>

The Group receives slotting fees for the product placements in stores and various advertising income from suppliers in cases when the retailer and the supplier have entered into written agreement that it will be paid for additional arrangement of the goods in the special places or for promotional activities, including various advertising and market development efforts. The product placement and advertising services cannot be sold separately from the supply of goods and the supplier would not obtain any rights or receive any benefit without selling products to the retailer. Therefore the Group concluded that such income should be recognised as a reduction of cost of sales.

<u>Significant judgement in determining the lease term of contracts with renewal options</u>

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

(All tabular amounts are in EUR thousands unless otherwise stated)

The Group has the option, under some of its leases (buildings and land), to lease the assets for additional term of five to thirty years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to extend the lease term. It considers all relevant factors that create an economic incentive for it to exercise the renewal (e.g., lease term, geographical location of the store, leasehold improvements, etc). The Group included the renewal period as part of the lease term for leases of buildings leased for retail operations where after considering a number of relevant factors the Group concluded that it is reasonably certain that the Group will exercise an extension option. Potential future cash flows that have not been included in the lease liability for extension options which realisation is not reasonably certain are disclosed in Note 6.

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

Distinction between properties held for own use and those held to earn rental income.

Some properties comprise a portion that is held to earn rentals and another portion that is held for use in the retail operations or supply of goods or services or for administrative purposes. If one portion of the same property is used in the Group's activity, and other portion of the property is rented, leased portion of property is accounted for as investment property only if that property could be sold separately. If the property requires the separation before the portions can be sold separately, then those portions are not accounted for as separate portions until the separation is feasible, and are presented in property, plant and equipment in the consolidated statement of financial position. See Note 7 for disclosures of investment properties.

Classification of reverse factoring arrangements (supply chain financing arrangements)

Supplier financing arrangement is a reverse factoring arrangement, where a financial institution (the Factor) agrees to pay amounts the Group owes to the suppliers and the Group agrees to pay the financial institution at the same date as, or a date later than, suppliers are paid. Based on the agreements the Group authorises the Factor to repay the invoices to the Supplier. If the Factor would repay the invoice, the Group assumes an unconditional obligation to repay to the Factor. This represents a change of the creditor with a written consent of the Group. The moment of legal release of a debtor under obligation which is being assigned by way of factoring transaction is defined by Article 6.909, part 3, of the Lithuanian Civil Code. It establishes that in the case of factoring, only the payment of outstanding monetary claim releases the original debtor from its obligations towards the supplier. Therefore, while the factored amounts are still unpaid and remain on the Group's balance sheet, the Group is not legally released from its obligations towards the original suppliers, even if they have transferred those amounts to a Factor (third party) by way of factoring transaction. Based on the above, the Group continues recognising liabilities until it is unconditionally and legally released from obligations towards original suppliers.

The Group presents liabilities that are part of a reverse factoring arrangement as part of trade payables only when those liabilities have a similar nature and function to trade payables. However, these liabilities are presented separately when the size, nature or function of those liabilities makes separate presentation relevant to an understanding of the Group’s financial position. In assessing whether it is required to present such liabilities separately, the Group considers the amounts, nature and timing of those liabilities. As of 31 December 2021 and 2020 the Group’s liabilities under supplier financing arrangements are presented within trade and other payables (Note 18). As the supplier financing arrangement is closely related to operating purchasing activities of the Group, the Group presents cash outflows to settle the liability as arising from operating activities in its consolidated statement of cash flows.

3.2. Key sources of estimation uncertainty

The preparation of financial statements in conformity with International Financial Reporting Standards as adopted by the EU requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

The estimates and underlining assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, as well as in the future periods if the revision affects future periods.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. Recoverable amounts for cash generating units are based on value in use, which is calculated from cash flow projections for five years using data from the Group's internal forecasts as well as the terminal value estimate. The key assumptions for the value in use calculations are those regarding discount rates, growth rates used to extrapolate cash flow projections beyond the period of five years, revenue and EBITDA (for the definition of EBITDA see Note 4) growth. Management estimates discount rates using rates that reflect current market assessment of the time value of money and the risks specific to the cash-generating units. The discount rates ranged from 5.1 to 7.7 percent (2020: 7.0 – 9.6 percent) and terminal growth rate was from 1.0 to 1.5 percent (2020: 1.0 – 1.5 percent). These discount rates are derived from the Group's post-tax weighted average cost of capital as adjusted for the specific risks relating to each geographical region. Changes in revenue and costs, and, consequently, EBITDA, are based on historical trends and expectations of future developments in the markets the Group operates. The increase in discount rates by 0.5 percentage points and decrease in terminal growth rates by 0.5 percentage points would not result in goodwill impairment. Further information is disclosed in Note 9.

Impairment of property, plant and equipment, intangible assets and right-of-use assets

Property, plant and equipment, intangible assets and right-of-use assets are tested for impairment at cash generated units which are separate stores. Costs and assets that cannot be directly attributed to stores, e.g. related to warehouses, administration, marketing activities, etc. are allocated to stores based on store revenue. E-commerce revenue are directly related to particular store, therefore are included in cash inflows of the particular store. An impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flow model does not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Recoverable amounts for cash-generating units are based on value in use, which is calculated from cash flow projections for five years using data from the Group's latest internal forecasts as well as the terminal value estimate. The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected future cash inflows. The terminal growth rate is in line with average retail market growth trends. Management estimates discount rates using post-tax rates that reflect the current market assessment of the time value of money and the risks specific to the cash-generating units. Post-tax discount rates are used to discount post-tax estimated cash flows.

The post-tax discount rates used to calculate value in use range from 5.1 to 7.7 percent (2020: 7.0 – 9.6 percent) and terminal growth rates range from 1.0 to 1.5 percent (2020: 1.0 to 1.5 percent) depending on the specific country conditions in which each store operates. Pre-tax discount rates were in the range from 6.0 to 9.6 percent (2020: 8.3 to 11.8 percent).

Further information is disclosed in Notes 5, 6 and 8.

Allocation of transaction price to the loyalty programme points

The Group operates a loyalty programme, which allows customers to accumulate points when they purchase products in the Group's retail stores and online. The points can be redeemed for payment of part of next purchase. The points provide a material right to customers that they would not receive without entering into a contract. Therefore, in the management's view, the promise to provide loyalty points to the customer is a separate performance obligation. The transaction price is allocated to the product and the loyalty points on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience. The stand-alone selling price of the product sold is estimated on the basis of the retail price. See Note 18 for contract liabilities as at the year end.

Contingent liabilities

In the process of preparation of the annual financial statements management evaluates available information on the status and potential outcome of pending litigations and other contingent liabilities (Note 30) and accordingly recognises necessary provisions and / or discloses in the consolidated financial statements.

(All tabular amounts are in EUR thousands unless otherwise stated)

Determination of discount rate for discounting of lease payments

At the commencement date of the lease contract, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. In 2021, the Group estimated interest rates implicit in the lease using the following inputs provided by the independent valuers for each specific lease contract:

- estimated property yield at the lease commencement and at the end of the lease,
- an estimate of lessor's initial direct costs (incremental costs of obtaining a lease that would not have been incurred if the lease had not been obtained)'
- an estimate of property purchaser's costs.

4. Segment information

The Group's Board is the Chief Operating Decision Maker in the Group. Segments are defined based on how the Board monitors operating results of the separate Group's business units for the purpose of making decisions about resource allocation and performance assessment. The Group's operations are organised and monitored by the Board by two segments, i.e. retail operations and real estate management. Retail operations are further examined by the Board from the geographical perspective.

- Retail segment consists of the Group's retail operations in Lithuania, Latvia, Estonia, Bulgaria and Poland and e-commerce operations.
- Real estate segment leases commercial premises to the customers within the Group and externally.

Segment performance is evaluated based on revenue, EBITDA and net profit. EBITDA is non-IFRS measure. EBITDA is calculated by adjusting net profit by income tax expenses, depreciation and amortisation, finance income and costs, impairment and write-off of property, plant and equipment, investment properties, intangible assets and right-of-use assets, and profit from disposal of subsidiaries. The Board does not analyse assets and liabilities by segments. Accounting policies used for segments are the same as the accounting policies used in the preparation of the consolidated financial statements. Inter-segment transactions are eliminated upon consolidation and are reflected in the "Consolidation adjustments" column in the segment information below.

In column "Other" in the segment information below are included results of corporate headquarters and other intermediary holdings in the Group.

	2021						
	Retail						
	Lithuania	Latvia	Estonia	Poland	Bulgaria	E-commerce	Total retail
Revenue	1 759 492	915 221	519 770	1 087 036	197 457	44 447	4 523 423
incl. external customers	*1 750 300*	*914 925*	*519 629*	*1 081 205*	*197 457*	*11 911*	*4 475 427*
incl. inter-segment	*9 192*	*296*	*141*	*5 831*	*-*	*32 536*	*47 996*
Interest expenses	13 560	5 093	3 373	13 394	3 103	200	38 723
EBITDA	**172 772**	**72 367**	**31 921**	**80 215**	**13 257**	**(14 789)**	**355 743**
Depreciation and amortisation	75 800	35 019	23 527	56 873	9 876	2 733	203 828
Net profit (loss)	**84 700**	**31 887**	**6 509**	**8 593**	**395**	**(17 591)**	**114 493**

	2021						
	Total retail	Real estate	Other segments	Total reported segments	Other	Consolidation adjustments	Total
Revenue	4 523 423	62 413	188 439	4 774 275	3 710	(293 214)	4 484 771
incl. external customers	*4 475 427*	*5 018*	*1 378*	*4 481 823*	*574*	*2 374*	*4 484 771*
incl. inter-segment	*47 996*	*57 395*	*187 061*	*292 452*	*3 136*	*(295 588)*	*-*
Interest expenses	38 723	2 188	263	41 174	12 522	(14 886)	38 810
EBITDA	**355 743**	**59 628**	**11 534**	**426 905**	**(4 227)**	**(56 376)**	**366 302**
Depreciation and amortisation	203 828	26 986	3 194	234 008	664	(64 965)	169 707
Net profit (loss)	**114 493**	**26 552**	**6 892**	**147 937**	**236 678**	**(249 234)**	**135 381**

(All tabular amounts are in EUR thousands unless otherwise stated)

	2020						
	Retail						
	Lithuania	Latvia	Estonia	Poland	Bulgaria	E-commerce	Total retail
Revenue	1 689 164	878 069	502 947	974 874	182 758	30 434	4 258 245
incl. external customers	*1 675 935*	*877 755*	*502 793*	*973 473*	*182 758*	*4 629*	*4 217 342*
incl. inter-segment	*13 229*	*314*	*154*	*1 401*	*-*	*25 805*	*40 903*
Interest expenses	12 853	4 272	2 640	12 272	3 274	266	35 576
EBITDA	178 361	78 018	28 909	83 209	11 834	(2 868)	377 463
Depreciation and amortisation	75 193	33 894	24 336	52 451	9 521	1 512	196 907
Net profit (loss)	219 700	31 305	1 171	12 159	1 394	(8 873)	256 856

	2020						
	Total retail	Real estate	Other segments	Total reported segments	Other	Consolida-tion adjustments	Total
Revenue	4 258 245	61 811	224 142	4 544 198	4 059	(322 653)	4 225 603
incl. external customers	*4 217 342*	*5 155*	*1 583*	*4 224 080*	*599*	*924*	*4 225 603*
incl. inter-segment	*40 903*	*56 656*	*222 559*	*320 118*	*3 459*	*(323 577)*	*-*
Interest expenses	35 576	2 692	157	*38 425*	13 400	(16 976)	*34 849*
EBITDA	377 463	57 158	10 313	444 934	(3 339)	(56 155)	385 440
Depreciation and amortisation	196 907	26 518	2 768	226 193	610	(61 734)	165 069
Net profit (loss)	256 856	24 628	6 580	288 064	287 931	(423 414)	152 581

Segments' net profit (loss) includes dividends received from directly controlled subsidiaries. During the year ended 31 December 2021 dividends included in the Lithuania segment's net profit (loss) amounted to EUR 13,346 thousand (2020: EUR 142,612 thousand), in Latvia segment's net profit (loss) amounted to EUR 917 thousand (2020: nil) and in Estonia segment's net profit (loss) amounted to EUR 2,020 thousand (2020: EUR 1,025 thousand).

The Company is domiciled in Lithuania. The amount of the Group's revenue from external customers broken down by countries is shown below:

	2021	2020
Lithuania	1 758 667	1 682 402
Latvia	915 393	878 194
Estonia	520 357	503 432
Poland	1 092 897	978 799
Bulgaria	197 457	182 777
	4 484 771	4 225 603

Non-current assets other than financial instruments and deferred tax assets, broken down by location of the assets, are shown below:

	2021	2020
Lithuania	447 091	452 854
Latvia	436 589	447 163
Estonia	178 046	177 709
Poland	535 379	501 182
Bulgaria	81 053	80 134
	1 678 158	1 659 042

(All tabular amounts are in EUR thousands unless otherwise stated)

5. Property, plant and equipment

	Land and buildings	Equipment and other assets	Vehicles	Construction in progress & prepayments	Total
Cost					
At 1 January 2020	933 764	430 284	1 698	32 740	1 398 486
Additions	7 261	42 762	136	38 697	88 857
Acquisition of subsidiaries	25	-	-	811	836
Disposals and write-offs	(1 199)	(11 413)	(907)	(566)	(14 086)
Exchange differences	(13 223)	(8 045)	(243)	(2 016)	(23 528)
Reclassifications (to) from other assets	(177)	(37)	497	(200)	82
Disposal of subsidiaries (Note 22)	-	(2)	-	-	(2)
Reclassifications	26 843	14 028	-	(40 871)	-
At 31 December 2020	953 293	467 577	1 181	28 595	1 450 645
Additions	18 953	43 042	374	43 057	105 426
Disposals and write-offs	(8 347)	(22 590)	(1 075)	(515)	(32 527)
Exchange differences	(1 789)	(207)	(24)	313	(1 707)
Reclassifications (to) from other assets	1 371	(1 422)	2 231	(1 882)	298
Disposal of subsidiaries (Note 22)	-	(3)	-	-	(3)
Reclassifications	22 313	15 563	23	(37 898)	-
At 31 December 2021	985 794	501 960	2 710	31 670	1 522 133
Accumulated depreciation and impairment					
At 1 January 2020	455 695	237 288	(460)	5 266	697 789
Depreciation	21 065	35 351	563	-	56 980
Impairment charge (reversal)	1 621	776	-	(52)	2 346
Disposals and write-offs	(682)	(10 595)	(221)	-	(11 498)
Exchange differences	(3 592)	(4 826)	(151)	(503)	(9 072)
Reclassifications (to) from other assets	(13)	(4)	497	-	479
At 31 December 2020	474 094	257 990	228	4 711	737 024
Depreciation	21 515	38 321	475	-	60 310
Impairment charge (reversal)	(79)	1 429	-	15	1 365
Disposals and write-offs	(6 371)	(20 552)	(963)	-	(27 887)
Exchange differences	(347)	(727)	12	502	(560)
Reclassifications (to) from other assets	35	320	2 216	-	2 571
At 31 December 2021	488 847	276 781	1 968	5 228	772 823
Carrying amount					
At 31 December 2021	496 947	225 179	742	26 442	749 310
At 31 December 2020	479 198	209 587	953	23 884	713 622

In 2021, major part of depreciation of property, plant and equipment was accounted for as cost of sales – EUR 55,480 thousand (2020: EUR 53,643 thousand). Remaining part is accounted for as operating expenses.

Pledged property, plant and equipment

The Group has pledged property, plant and equipment with the total carrying value of EUR 237,638 thousand (2020: EUR 320,642 thousand) to secure banking facilities granted to the Group (Note 17).

(All tabular amounts are in EUR thousands unless otherwise stated)

6. Leases

The Group as a lessee

The Group has lease contracts for land, buildings and vehicles used in its operations. Leases of buildings generally have lease terms between 2 and 40 years, while vehicles generally have lease terms between 1 and 5 years. Land is leased for a period between 1 and 83 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. There are lease contracts that include extension options, which are further discussed below.

The Group also has certain leases of equipment with lease terms of 12 months or less and leases of office and other equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below is the carrying amount of right-of-use assets at the end of the reporting period:

	Land	Buildings	Vehicles	Total
At 31 December 2021	14 066	635 915	10 645	660 626
At 31 December 2020	13 313	649 605	11 883	674 801

Additions to the right-of-use assets during 2021 were EUR 84,218 thousand (2020: EUR 100,589 thousand). In 2021, the Group recognised impairment of right-of-use assets amounting to EUR 1,047 thousand (2020: EUR 5,206 thousand).

The Group has pledged lease contracts, representing right-of-use assets with the total carrying value of EUR 1,426 thousand (2020: EUR 3,548 thousand) to secure banking facilities granted to the Group (Note 17).

Depreciation charge of right-of-use assets during the year is provided below:

	Land	Buildings	Vehicles	Total
2021	495	93 398	6 019	99 912
2020	465	91 049	5 121	96 634

Interest expense on lease liabilities are disclosed in Note 21. In 2021 expenses relating to short-term leases amounted to EUR 2,597 thousand (2020: EUR 3,178 thousand) and expenses of leases of low-value assets amounted to EUR 3,515 thousand (2020: EUR 2,947 thousand).

Extension and termination options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. In addition, the Group has an ability to re-negotiate terms of lease contracts with the property owners which also contributes to the Group's flexibility. As of 31 December 2021, potential future cash outflows of EUR 218,373 thousand (2020: EUR 171,590 thousand) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

The Group as a lessor

The Group leases and subleases retail and administrative premises to various tenants. These leases have terms between 1 and 27 years.

Finance leases

The Group recognises net investment in the lease for leases classified as finance leases. Interest income on the net investment in a lease are disclosed in Note 21.

(All tabular amounts are in EUR thousands unless otherwise stated)

A maturity analysis of the undiscounted lease payments receivable is provided below:

	2021	2020
In the first year	2 934	2 861
In the second year	2 648	2 433
In the third year	2 183	2 068
In the fourth year	1 948	1 596
In the fifth year	1 580	1 431
After 5 years	4 455	3 076
	15 748	13 466
Unearned finance income	(2 590)	(1 253)
Net investment in the lease	13 158	12 212

Operating leases

Rental income recognised by the Group during the year are disclosed in Note 19.

Future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2021	2020
Not later than 1 year	23 698	25 938
Later than 1 year and no later than 5 years	45 877	44 798
Later than 5 years	24 822	22 425
	94 397	93 161

7. Investment properties

	Land and buildings
Cost	
At 1 January 2020	19 567
Exchange differences	(1 340)
Reclassifications (to) from other assets	(206)
At 31 December 2020	18 022
Additions	2 760
Disposals	(292)
Exchange differences	(182)
Reclassifications (to) from other assets	(32)
At 31 December 2021	20 276
Accumulated depreciation	
At 1 January 2020	1 197
Depreciation	549
Exchange differences	(306)
At 31 December 2020	1 440
Depreciation	456
Disposals	(61)
Exchange differences	29
At 31 December 2021	1 864
Carrying amount	
At 31 December 2021	18 412
At 31 December 2020	16 581

(All tabular amounts are in EUR thousands unless otherwise stated)

As of 31 December 2021, the fair value of investment properties amounted to EUR 22,323 thousand (2020: EUR 19,361 thousand). It was determined by independent valuators using discounted cash flow method (hierarchy level 3). Net operating income were estimated for a period of rent contracts signed and together with estimated terminal value discounted by applying 7 – 14.9 percent discount rates (2020: 7 – 14.9 percent).

The Group has pledged investment property with the total carrying value of EUR 6,383 thousand (2020: EUR 11,536 thousand) to secure banking facilities granted to the Group (Note 17).

8. Intangible assets (except for goodwill)

	Software	Brands and trademarks	Contracts with customers	Other intangible assets	Total
Cost					
At 1 January 2020	12 642	63 432	1 578	5 877	83 529
Additions	2 484	-	-	270	2 754
Disposals and write-offs	(400)	-	-	(28)	(428)
Exchange differences	(249)	(2 915)	(79)	(390)	(3 633)
Reclassifications	430	-	-	(430)	-
Reclassifications from (to) other assets	120	-	-	263	383
At 31 December 2020	15 027	60 516	1 500	5 563	82 605
Additions	4 687	-	-	498	5 185
Disposals and write-offs	(721)	-	-	(9)	(730)
Exchange differences	(166)	(314)	(13)	28	(465)
Reclassifications	(46)	-	-	46	-
Reclassifications from (to) other assets	200	-	-	254	454
At 31 December 2021	18 981	60 202	1 487	6 380	87 049
Accumulated amortisation					
At 1 January 2020	8 978	14 539	(89)	3 527	26 956
Amortisation	1 686	8 775	53	389	10 903
Impairment charge (reversal)	-	-	-	502	502
Disposals and write-offs	(226)	-	-	(68)	(294)
Exchange differences	(362)	(1 849)	240	127	(1 844)
Reclassifications	270	-	-	(270)	-
Reclassifications from (to) other assets	3	-	-	13	16
At 31 December 2020	10 349	21 465	204	4 220	36 238
Amortisation	2 456	5 886	41	647	9 030
Impairment charge (reversal)	-	-	-	431	431
Disposals and write-offs	(712)	-	-	(9)	(721)
Exchange differences	(42)	(81)	(2)	39	(86)
Reclassifications	511	1 332	-	(1 843)	-
Reclassifications from (to) other assets	-	-	-	(580)	(580)
At 31 December 2021	12 562	28 602	243	2 905	44 312
Carrying amount					
At 31 December 2021	6 419	31 600	1 244	3 475	42 737
At 31 December 2020	4 677	39 052	1 295	1 343	46 368

Part of amortisation of intangible assets is accounted for as costs of sales – EUR 385 thousand in 2021 (2020: EUR 295 thousand). Remaining part is accounted for as operating expenses.

Under the brands and trademarks the Group accounted for Stokrotka brand acquired in a business combination in 2018. Its carrying amount was EUR 25,795 thousand as of 31 December 2021 (2020: EUR 28,314 thousand) and it is amortised over the remaining useful life of 11 years (2020: 12 years).

(All tabular amounts are in EUR thousands unless otherwise stated)

9. Goodwill

At 1 January 2020	212 178
Exchange differences	(4 916)
Acquisition of subsidiaries	408
At 31 December 2020	207 670
Exchange differences	(597)
At 31 December 2021	207 073

For the purpose of impairment testing, the goodwill as of 31 December 2021 and 2020 was allocated to the below listed cash generating units which are also operating and reportable segments. Goodwill was allocated to cash generating units that are expected to benefit from the synergies of the business combination.

	2021	2020
Retail - Lithuania	20 283	20 419
Retail - Latvia	134 440	134 507
Retail - Estonia	12 291	12 342
Retail - Poland	39 906	40 248
Retail - Bulgaria	153	153
	207 073	207 670

Goodwill is reviewed for impairment on an annual basis or more frequently if there are indications that goodwill may be impaired. Goodwill acquired in a business combination is allocated to groups of cash-generating units according to the level at which management monitors that goodwill. In 2021 and 2020 impairment tests did not result in additional goodwill impairment.

10. Non-current receivables and prepayments

	2021	2020
Net investment in the lease (Note 6)	10 738	9 547
Prepayments	6 170	7 058
	16 908	16 605

(All tabular amounts are in EUR thousands unless otherwise stated)

11. Deferred income tax

The following are the major deferred tax assets and liabilities recognised by the Group, and the movements thereof, during the current and prior reporting periods (before offsetting):

Deferred tax assets	Accrued expenses	Contract liability	Tax losses	Impair-ment of assets	Different rates of depreciation and amortisation	Other	Total
At 1 January 2020	1 994	606	1 070	1 649	5 164	4 129	14 614
(Charged) / credited to statement of comprehensive income	326	(44)	52	381	2 064	1 187	3 966
Disposal of subsidiaries (Note 22)	(13)	-	-	-	-	-	(13)
Exchange differences	(45)	(3)	(67)	(114)	(87)	(149)	(464)
Other	66	-	1	70	990	(789)	338
At 31 December 2020	2 328	559	1 056	1 986	8 132	4 379	18 441
(Charged) / credited to statement of comprehensive income	609	(23)	(1 048)	136	(638)	1 180	215
Disposal of subsidiaries (Note 22)	(56)	-	-	-	-	-	(56)
Exchange differences	(9)	-	(2)	(16)	(1)	(36)	(64)
Other	1	-	-	-	(2 020)	2 018	-
At 31 December 2021	2 873	536	6	2 106	5 473	7 541	18 535

Deferred tax liabilities	Different rates of depreciation and amortisation	Fair value adjustments	Taxable temporary differences on investments in subsidiaries	Total
At 1 January 2020	6 322	17 012	2 186	25 521
Charged / (credited) to statement of comprehensive income	4 719	(2 295)	(69)	2 356
Exchange differences	(392)	(939)	-	(1 331)
Other	204	-	-	204
At 31 December 2020	10 854	13 779	2 117	26 750
Charged / (credited) to statement of comprehensive income	2 976	(2 162)	(494)	320
Exchange differences	(60)	4	-	(56)
At 31 December 2021	13 770	11 621	1 623	27 014

As of 31 December 2021 deferred tax assets to be realised within one year amounted to EUR 9,560 thousand and deferred tax liabilities to be settled within one year amounted to EUR 6,890 thousand (2020: EUR 9,737 thousand and EUR 6,278 thousand, respectively).

Deferred tax assets and liabilities have been offset when there was a legally enforceable right to set off current tax assets against current tax liabilities and when they related to income taxes levied by the same taxation authority and the Group intended to settle its current tax assets and liabilities on a net basis.

Taxable temporary differences on investments in subsidiaries

As of 31 December 2021 the Group recognised deferred tax liability of EUR 1,623 thousand (2020: EUR 2,117 thousand) associated with investments in subsidiaries in Latvia and Estonia for the amounts that are planned to be distributed as dividends in the foreseeable future. Temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognised amounted to EUR 117,537 thousand as of 31 December 2021 (2020: EUR 82,092 thousand).

(All tabular amounts are in EUR thousands unless otherwise stated)

Tax losses

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. As of 31 December 2021 the Group did not recognise deferred income tax assets of EUR 2,929 thousand (2020: EUR 1,391 thousand) in respect of tax losses amounting to EUR 17,088 thousand (2020: EUR 9,107 thousand) that can be carried forward against future taxable income. The expiry dates of tax losses for which no deferred tax asset was recognised are provided below:

	2021	2020
Within 1 year	4	-
Within 2 years	226	4
Within 3 years	3	228
Within 4 years	385	3
Within 5 years	8 520	389
Indefinitely	7 950	8 483
Total	17 088	9 107

12. Inventories

	2021	2020
Goods for resale	332 013	318 248
Goods in transit	7 524	12 903
Materials	5 785	6 985
	345 322	338 136

The allowances for net realisable value of inventories, goods for resale, comprise EUR 16,687 thousand (2020: EUR 13,235 thousand). The change in allowance for inventory is accounted for in cost of sales. In 2021, increase in allowance amounting to EUR 3,452 thousand was included in cost of sales (2020: decrease of EUR 2,040 thousand).

13. Trade and other receivables, prepayments and other short-term financial assets

	2021	2020
Trade receivables	8 800	11 646
Other receivables	43 386	43 361
Less: allowances for trade receivables	(978)	(1 061)
Less: allowances for other receivables	(2 466)	(2 458)
Trade and other receivables, net	48 742	51 487
Contract assets	3 368	3 786
Short term loans granted	238	70
	52 348	55 344
Deferred charges	5 865	5 202
Current year portion of net investment in the lease	2 420	2 666
Prepayments	2 912	2 379
Prepaid profit tax	968	353
VAT receivable	10 586	3 060
Other prepaid taxes	519	348
	75 618	69 352

Other receivables mainly relate to receivables for sold property, plant and equipment and advertising and other services provided to the Group's suppliers (see Note 2.15. for accounting policy).

(All tabular amounts are in EUR thousands unless otherwise stated)

Contract assets are assets recognised for services performed to the Group's customers before the end of the year, but for which invoices have not been issued at that date. After invoice is issued, which reflects the unconditional right to payment, contract assets are transferred to trade receivables.
Trade receivables and other receivables are non-interest bearing and generally have payment terms of 21 to 41 days (2020: 21 to 41 days).

Movements of the Group's allowance for expected credit losses of trade receivables and other receivables are as follows:

	2021	2020
At 1 January	3 519	3 718
Impairment losses	133	171
Write-off of impairment loss due to receivables write-off	(184)	(370)
Other	(24)	-
At 31 December	3 444	3 519

The amount of allowances for trade and other receivables expenses is recognised as operating expenses.

14. Cash and cash equivalents

	2021	2020
Cash at bank	171 720	144 126
Cash on hand and in transit	47 325	39 397
	219 045	183 523

Cash in transit is comprised of cash in the cash registers of the stores not yet collected for encashment and cash collected for encashment but not delivered to the bank yet, as well as cash transfers made at the year-end, which have not yet reached their destination before the year end. Cash in transit reaches the Group's bank accounts in several days after the year end.

Cash in certain bank accounts and future cash inflows into these accounts amounting to EUR 17,137 thousand (2020: EUR 48,451 thousand) were pledged to the banks as security for credit facilities granted (Note 17).

In the consolidated statement of cash flows cash and cash equivalents, less overdrafts, comprise of the following:

	2021	2020
Cash and cash equivalents	219 045	183 523
Bank overdrafts (Note 17)	(189)	-
	218 856	183 523

15. Share capital and share premium

	2021	2020
Number of shares (in thousands)	3 514 699	3 514 699
Par value of one share	0.29	0.29
Total share capital	1 019 263	1 019 263

In 2021 and 2020 there were no changes in the Company's share capital.

Share premium

Share premium was recognised for the difference between the proceeds received on share issue and par value of the shares issued.

(All tabular amounts are in EUR thousands unless otherwise stated)

16. Reserves

Legal reserve

Legal reserve is a compulsory reserve under the Lithuanian legislation. Legal reserve is made up by transfers from retained earnings. The reserve should comprise 10% of the Company's share capital and could be used to cover losses of the Company. Annual transfers of 5% of the Company's net profit are compulsory until the reserve reaches 10% of the Company's share capital. As of 31 December 2021, legal reserve amounted to EUR 53,359 thousand (2020: EUR 43,767 thousand).

Reverse acquisition reserve

In 2007, in the course of the Group's restructuring MAXIMA MGN, UAB, the newly incorporated subsidiary of the Company, acquired 100 per cent of shares of MAXIMA LT, UAB from the Company's sole shareholder at that time Uzdaroji Akcine Bendrove Vilniaus Prekyba (currently LEKSITA, UAB), for a total consideration of EUR 1,667,292 thousand. At the time of the transaction, i.e. before and after the restructuring, the ultimate parent of the Group was Uzdaroji Akcine Bendrove Vilniaus Prekyba (currently LEKSITA, UAB). The acquisition was accounted for as a reverse acquisition, and for accounting purposes the legal subsidiary MAXIMA LT, UAB (identified as acquirer), has been deemed to have acquired the legal parent, MAXIMA GRUPĖ, UAB (identified as acquiree). The net assets of MAXIMA LT, UAB have been recognised at their pre-combination carrying amounts. No goodwill was recognised. The reverse acquisition reserve comprises principally of the pre-acquisition reserves of MAXIMA LT, UAB and its subsidiaries, elimination of the investment in MAXIMA LT, UAB and elimination of net assets of MAXIMA MGN, UAB.

17. Borrowings (except for lease liabilities)

	2021	2020
Non-current		
Bank loans	105 487	156 086
Bonds	298 066	296 985
Other borrowings	-	87
	403 553	453 158
Current		
Bank loans	57 574	39 339
Bank overdrafts	189	-
Bonds	2 909	2 909
Short-term notes	39 973	-
Other borrowings	-	8
	100 645	42 256
	504 198	495 414

On 13 September 2018 the Group issued EUR 300 million nominal value fixed 3.25% interest rate coupon bonds. Bonds are traded at Euronext Dublin (Ireland) and Nasdaq Vilnius (Lithuania) stock exchanges. Bonds will mature on 13 September 2023. The fair value of bonds amounted to EUR 310,707 thousand as of 31 December 2021 (2020: EUR 320,154 thousand).

In March 2021, the Group completed commercial paper (short-term notes) offering with 12 months maturity. The nominal value of the transaction amounted to EUR 40,000 thousand. The notes were placed at 0.618% yield. They are not listed and were subscribed by various institutional investors. The issued notes are unsecured and are being used for general short-term financing purposes of the Group. In March 2022, the Group redeemed the aforementioned short-term notes and completed a new EUR 35,000 thousand offering (Note 32).

The bank loans as of 31 December 2021 and 2020 are secured by cash in certain bank accounts (Note 14), property, plant and equipment (Note 5), right-of-use assets (Note 6) and investment property (Note 7).

(All tabular amounts are in EUR thousands unless otherwise stated)

As of 31 December, the carrying amounts of the borrowings are denominated in the following currencies:

	2021	2020
EUR	490 321	485 264
PLN	13 877	10 151
	504 198	495 414

The weighted average effective interest rates as of 31 December were as follows:

	2021	2020
Bank loans	1.17%	1.14%
Bonds	3.65%	3.65%
Short-term notes	0.72%	-
Other borrowings	-	1.75%
Total	2.44%	2.65%

Non-current borrowings (except for lease liabilities) are repayable as follows:

	2021	2020
In the second year	337 348	58 694
In the third to fifth years (inclusive)	51 347	371 816
After five years	14 858	22 648
	403 553	453 158

For undiscounted contractual future cash outflows see Note 27.1.

The undrawn borrowing facilities were as follows:

	2021	2020
Expiring within one year	66 885	71 516
Expiring beyond one year	-	50 434
	66 885	121 949

In accordance with the Euro Medium Term Note Program issued for bonds and the agreements signed with banks the Group must comply with various covenants. As of 31 December 2021 and 2020 the Group complied with all of them.

18. Trade and other payables

	2021	2020
Trade payables	571 095	550 240
Liabilities under reverse factoring arrangements	7 843	3 963
Other amounts payable	14 517	7 094
Accrued expenses	4 698	4 659
	598 152	565 956
Remuneration, social security and other related taxes	69 122	65 149
Payable taxes, other than corporate income tax	31 003	28 721
Contract liabilities	15 249	14 919
Advances received	2 109	2 306
Other	285	413
	715 920	677 463

(All tabular amounts are in EUR thousands unless otherwise stated)

The Group is involved in a reverse factoring arrangement with a bank under which the bank agrees to pay amounts the Group owes to the Group's suppliers and the Group agrees to pay the bank at a date later than suppliers are paid. Payables to the bank under reverse factoring arrangement amounted to EUR 7,843 thousand as of 31 December 2021 (2020: EUR 3,963 thousand). Liabilities under reverse factoring arrangement have a similar nature and function to trade payables as they are part of the working capital used in the Group's normal operating cycle.

Contract liabilities represent the Group's liability to customers to transfer goods or services for the loyalty points received and gift cards. They also include prepayments for goods and services received from the Group's customers. In 2021, the Group recognised EUR 14,919 thousand revenue that was included in the contract liability balance as of 31 December 2020 (2020: EUR 12,663 thousand).

19. Revenue

	2021	2020
Revenue from contracts with customers		
Retail revenue	4 369 780	4 118 691
Commission income	9 006	9 352
Wholesale revenue	57 768	54 589
Other	19 076	14 039
	4 455 630	4 196 672
Other income		
Rental income	29 141	28 932
	29 141	28 932
	4 484 771	4 225 603

All revenue from contracts with customers during the year were recognised at a point of time.

20. Operating expenses

	2021	2020
Employee remuneration and related taxes	75 695	69 999
Long-term employee benefits	3 095	655
Transportation services	4 409	3 297
Property, plant and equipment, intangible assets, right-of-use assets impairment charge	2 843	8 054
Depreciation and amortisation	22 670	24 409
Advertising	30 583	24 777
Rental expenses	575	663
Utilities	7 699	6 558
Taxes (except for income tax)	5 279	5 202
Repair and maintenance	7 893	5 907
Other	18 803	18 149
	179 544	167 670

(All tabular amounts are in EUR thousands unless otherwise stated)

21. Finance costs, net

	2021	2020
Finance costs		
Interest expenses		
– Bank borrowings	(2 819)	(3 661)
– Bonds	(11 051)	(10 797)
– Lease	(24 935)	(20 120)
– Other borrowings	(5)	(271)
	(38 810)	(34 849)
Other	398	16
Net foreign exchange gain/(loss)	333	(2 029)
	(38 079)	(36 863)
Finance income		
Interest income on net investment in the lease	492	357
Other income	11	19
	503	376
Finance costs, net	(37 576)	(36 486)

22. Other gains (losses)

	2021	2020
Profit (loss) from disposal of subsidiaries	194	(50)
Profit (loss) on disposal of property, plant and equipment	2 311	(1 067)
	2 505	(1 117)

In 2021, the Group disposed of its wholly owned subsidiaries Loganas, UAB, Eigeris, UAB and Akonkagva, UAB (Lithuania). In 2020, the Group disposed of its wholly owned subsidiary Kametas, UAB (Lithuania). All of the disposed subsidiaries provided security services to the Group's entities in Lithuania.

23. Income tax expense

	2021	2020
Current tax	18 519	23 821
Deferred tax (Note 11)	104	(1 610)
Income tax expense	18 623	22 211

The total income tax charge can be reconciled to the accounting profit before tax as follows:

	2021	2020
Profit before income tax	154 004	174 792
Tax at domestic tax rate of 15% (2020: 15%)	23 101	26 219
Income not subject to tax	(1 521)	(936)
Expenses not deductible for tax purposes	3 028	1 719
Tax losses for which no deferred income tax was recognised	1 287	13
Utilisation of previously unrecognised tax losses	(941)	(1 274)
Tax incentives (charity, etc)	(1 140)	(730)
Adjustments in respect of prior year	(93)	17
Effect of different tax rates of foreign subsidiaries	(5 036)	(2 847)
Other	(62)	30
Income tax expense	18 623	22 211
Effective income tax rate	12%	13%

(All tabular amounts are in EUR thousands unless otherwise stated)

24. Government grants

In 2021, the Group received government grant in Poland amounting to EUR 1,814 thousand (2020: EUR 10,832 thousand) for the protection of jobs threatened by COVID-19 pandemic. The grant was received for co-financing of payroll costs of certain employees to certain extent. The grant was accounted for by reducing cost of sales. As of the end of the year, there were no unfulfilled conditions relating to the grant.

25. Earnings per share

Basic earnings per share are calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The Company's basic and diluted earnings per share are equal. Calculation of basic/diluted earnings per share is presented below:

	2021	2020
Profit attributable to ordinary equity holders of the parent (EUR thousand)	135 381	152 581
Weighted average number of ordinary shares (in thousands)	3 514 699	3 514 699
Basic/diluted earnings per share (EUR/share)	0.039	0.043

26. Dividends per share

Dividends declared in 2021 and 2020 amounted to EUR 106,000 thousand (EUR 0.030 per share) and EUR 86,562 thousand (EUR 0.025 per share), respectively.

27. Financial risk management

27.1. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

a) Market risk

Foreign currency exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to USD due to purchasing of goods in foreign countries while income is mostly denominated in local currencies. The potential adverse effect from foreign exchange risk is substantially diminished, because the Group companies use foreign currency policies for the management of open currency exposure by currency acquisitions. In 2021 and 2020, the Group was using derivative financial instruments to be able to hedge its risks arising from foreign currency fluctuations ("forwards").

Carrying amounts of borrowings by currencies are disclosed in Note 17.

Interest rate risk

The Group's interest rate risk arises from long-term borrowings. The Group is exposed to cash flow interest rate risk as some of the Group's borrowings are subject to floating interest rates related to EURIBOR.

(All tabular amounts are in EUR thousands unless otherwise stated)

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps or borrowing at fixed rates directly. Interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (primarily quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

The Group's borrowings with variable interest rates amounted to EUR 44,597 thousand as of 31 December 2021 (2020: EUR 11,552 thousand) with repricing periods between 1 - 6 months (2020: 1 - 6 months). The remaining borrowings are with fixed interest rates. Fair value of bonds is disclosed in Note 17, fair value of other borrowings approximates their carrying value. The Group estimates that the increase / decrease of variable interest rates by 50 basis points, applied to exposed amounts as of 31 December 2021 and with all other variables held constant, would result in an increase / decrease in interest expense of EUR 56 thousand and EUR 56 thousand, respectively (2020: EUR 58 thousand and EUR 58 thousand, respectively).

b) Credit risk

The Group's credit risk arises from its trade and other receivable, contract assets, cash and cash equivalents and loans granted. Management considers that the Group's maximum exposure to credit risk is reflected by the carrying amount of the financial assets at the reporting date.

The credit risk of liquid funds (cash and cash equivalents) is limited because the counterparties are banks with high credit ratings assigned by international credit-ratings agencies or subsidiaries of such banks. Sales to retail customers are settled in cash or using credit cards. Management does not expect any material losses from non-performance of the Group's counterparties.

The Group monitors creditworthiness of debtors by using controls that include credit approvals, limits, prepayment requirements and other monitoring procedures. Each Group's entity is responsible for managing and analysing credit risk for each of its new clients.

The amounts presented in the consolidated statement of financial position are net of estimated allowances for doubtful amounts. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, type of service, collateral received). Some of the Group's accounts receivable are secured by pledged real estate and bank guarantees and insurance. The Group's accounts receivable secured by collateral amounted to EUR 2,789 thousand as of 31 December 2021 (2020: EUR 2,013 thousand). A loss allowance has not been recognised for the amount of accounts receivable covered by collateral. Collateral obtained by the Group has not affected the expected credit losses as of 31 December 2021 (2020: has not affected the expected credit losses). COVID-19 pandemic did not have material effect on the ECLs and allowances for doubtful amounts receivable.

Set out below is the information about the credit risk exposure on the Group's trade and other receivables, contract assets and cash and cash equivalents using provision matrix:

31 December 2021

	Current	1-30 days past due	31-90 days past due	>90 days past due	Total
Expected credit loss rate	0.1%-1%	0.5%-8%	7%	100%	
Gross carrying amount-receivables from non-related parties	43 694	3 401	752	3 731	51 578
Gross carrying amount-receivables from related parties	517	65	26	-	608
Contract assets	3 368	-	-	-	3 368
Cash and cash equivalents	219 045	-	-	-	219 045
Expected credit loss	(57)	(91)	(54)	(3 242)	(3 444)
	266 567	3 375	724	489	271 155

(All tabular amounts are in EUR thousands unless otherwise stated)

31 December 2020

	Current	1-30 days past due	31-90 days past due	>90 days past due	Total
Expected credit loss rate	0.1%-1%	0.5%-8%	7%	100%	
Gross carrying amount-receivables from non-related parties	44 862	5 119	889	3 697	54 566
Gross carrying amount-receivables from related parties	345	48	46	2	441
Contract assets	3 724	62	-	-	3 786
Cash and cash equivalents	183 523	-	-	-	183 523
Expected credit loss	(28)	(134)	(96)	(3 261)	(3 520)
	232 426	5 096	838	438	238 796

The partners of the Group in cash transactions are banks with an adequate credit history and high ratings. The credit quality of cash at banks is assessed by reference to external credit ratings and is as follows:

	2021
A2 (Moody's)	6 519
A3 (Moody's)	43 141
Aa3 (Moody's)	88 729
Baa1 (Moody's)	1 349
Baa2 (Moody's)	18 939
BBB+ (S&P)	12 789
BBB (BCRA)	250
Other	4
	171 720

c) Liquidity risk

The Group is exposed to liquidity risk due to different maturity profiles of receivables and payables. Major amount of operating cash is collected from retail customers, therefore the Group does not have significant amount of trade receivables while payables to suppliers outstanding as of 31 December 2021 had weighted average payment term of 43 days.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding. Management believes that the Group will have sufficient cash resources through earning cash from operating activities and utilising undrawn credit facilities from various banks (Note 17). In order to manage short term liquidity risks the Group targets to increase average credit portfolio maturity with longer term credit agreements.

The following is the contractual maturity analysis of the Group's non-derivative financial liabilities. The analysis is based on undiscounted cash flows, accounting the earliest date on which the Group can be required to pay. Floating interest rates are estimated using the prevailing interest rates at the reporting date.

	2021			
	Borrowings from banks and bonds	Lease liabilities	Other financial liabilities	Total
In the first year	110 110	116 003	598 152	824 265
In the second year	352 898	108 823	77	461 798
In the third year	28 867	97 853	-	126 720
In the fourth year	15 659	88 663	134	104 456
In the fifth year	7 192	78 504	-	85 696
After five years	16 526	467 727	-	484 253
	531 252	957 573	598 363	2 087 188

(All tabular amounts are in EUR thousands unless otherwise stated)

	2020				
	Borrowings from banks and bonds	Lease liabilities	Borrowings from related and other companies	Other financial liabilities	Total
In the first year	47 857	110 334	8	565 960	724 160
In the second year	66 908	98 532	8	89	165 537
In the third year	344 662	95 981	8	252	440 902
In the fourth year	26 371	86 416	8	898	113 693
In the fifth year	10 744	77 352	8	296	88 400
After five years	23 379	353 520	56	10	376 964
	519 921	822 135	96	567 505	1 909 656

27.2. Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Group considers total capital under management to be equity plus net debt. Net debt comprises of borrowings and lease liabilities, less cash and cash equivalents. As of 31 December 2021, Group's managed capital was EUR 1,383,085 thousand (2020: EUR 1,388,187 thousand).

The capital management strategy aims to continually optimise its financial structure by maintaining an optimum balance between net debt and EBITDA, equity and total assets. It aims at minimising the cost of capital and maintaining the Group's credit rating at a level that allows it to access a wide range of financing sources and instruments. Management's focus is to ensure the Group companies have sufficient equity capital to comply with capital adequacy ratios, the minimum capital rules set by local legislation and meet covenants set in bank credit agreements and Euro Medium Term Note Programme Prospectus. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders.

The Group monitors capital on the basis of Net debt/EBITDA (Note 4) ratio. Net debt comprises of borrowings and lease liabilities, less cash and cash equivalents. As of 31 December 2021, net debt was EUR 968,163 thousand (2020: EUR 1,000,734 thousand) and EBITDA was EUR 366,302 thousand (2020: EUR 385,440 thousand) resulting in net debt/EBITDA ratio of 2.6. Net debt/EBITDA remained unchanged since the end of 2020.

27.3. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(All tabular amounts are in EUR thousands unless otherwise stated)

Valuations are performed by the Group's management at each reporting date. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of asset or liability and the level of the fair value hierarchy as explained above.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

- The carrying amount of current trade and other receivables, contract assets, current trade and other payables, short-term loans granted and current borrowings approximates their fair value (level 3).
- The fair value of non-current debt, except for bonds, is based on the quoted market price for the same or similar issues or on the current rates available for debt with the same maturity profile. The carrying amount of non-current borrowings with variable interest rates approximates their fair value (level 3).
- The fair value of bonds is based on quoted market price (level 1) (Note 17).

28. Related party transactions

Related parties below include the Group's parent Uždaroji Akcinė Bendrovė Vilniaus Prekyba and other related parties that are entities controlled by the Group's ultimate controlling party. The ultimate controlling party of the Group is Mr. N. Numa.

a) Sales and purchases of goods and services and property, plant and equipment

The following transactions were carried out with related parties:

	2021	2020
Sales of goods and services:		
Sales of goods to other related parties	1 287	1 326
Sales of services to other related parties	8 531	10 161
	9 818	11 487

Sales of services to related parties include mostly rent services and commission income.

	2021	2020
Purchases of goods and services:		
Purchases of goods and services from other related parties	23 284	22 946
Purchases of services from parent company	917	826
	24 201	23 772

Purchases of goods and services from related parties include mostly purchased goods for resale and consulting services.

	2021	2020
Sales of property, plant and equipment to:		
Other related parties	2 101	53
	2 101	53

	2021	2020
Purchases of property, plant and equipment from:		
Other related parties	893	758
	893	758

(All tabular amounts are in EUR thousands unless otherwise stated)

b) Year-end balances arising from sales/purchases of goods/services

	2021	2020
Non-current receivables and prepayments:		
Net investment in the lease – other related parties	5 699	4 514
	5 699	4 514

Net investment in the lease is recognised for the sublease of premises to related parties.

	2021	2020
Trade and other receivables, prepayments and other short-term financial assets from:		
Trade and other receivables - other related parties	608	441
Current year portion of net investment in the lease - other related parties	1 252	1 543
	1 860	1 983

	2021	2020
Trade and other payables to:		
Parent company	135	82
Other related parties	5 548	4 523
	5 683	4 605

c) Borrowings

	2021	2020
Non-current borrowings:		
Lease liabilities to other related parties	91 387	91 364
	91 387	91 364

	2021	2020
Current borrowings:		
Lease liabilities to other related parties	8 771	11 435
	8 771	11 435

d) Finance income/costs

	2021	2020
Interest expenses to:		
Other related parties	1 969	2 122
	1 969	2 122

Interest expenses are incurred on lease liabilities.

	2021	2020
Interest income from:		
Other related parties	345	106
	345	106

Interest income is earned on net investment in the lease to related parties.

(All tabular amounts are in EUR thousands unless otherwise stated)

e) Key management compensation

	2021	2020
Salaries including related taxes	1 139	1 259
Termination benefits	99	78
Provision for long term employee benefits	3 095	-

29. Cash flow information

29.1. Non-cash investing and financing activities

Non-cash investing and financing activities in 2021 and 2020 are provided below:

- Additions to right-of-use assets and lease liabilities amounted to EUR 84,218 thousand (Note 6) (2020: EUR 100,589 thousand).
- Lease liability remeasurements and decrease in lease liability due to lease contract terminations, including effect of foreign exchange rate changes, amounted to EUR 1,621 thousand (2020: EUR 13,432 thousand).

29.2. Changes in liabilities arising from financing activities

The below table summarises changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes during the year ended 31 December 2021 and 2020:

	2021								
	Balance at 31 December 2020	Dividends declared	Cash received	Cash paid	Increase in lease liabilities	Interest expenses	Interest paid	Other	Balance at 31 December 2021
Borrowings, excl. bank overdrafts	495 415	-	57 915	(50 525)	-	13 875	(12 336)	(335)	504 009
Lease liabilities	688 844	-	-	(88 420)	82 597	24 935	(24 935)	(11)	683 010
Dividend payable	-	106 000	-	(106 000)	-	-	-	-	-
Total liabilities arising from financing activities	**1 184 259**	**106 000**	**57 915**	**(244 945)**	**82 597**	**38 810**	**(37 271)**	**(346)**	**1 187 019**

	2020								
	Balance at 31 December 2019	Dividends declared	Cash received	Cash paid	Increase in lease liabilities	Interest expenses	Interest paid	Other	Balance at 31 December 2020
Borrowings, excl. bank overdrafts	585 332	-	-	(90 038)	-	14 729	(13 345)	(1 263)	495 415
Lease liabilities	687 894	-	-	(86 207)	87 157	20 120	(20 120)	-	688 844
Dividend payable	-	86 562	-	(86 562)	-	-	-	-	-
Total liabilities arising from financing activities	**1 273 226**	**86 562**	**-**	**(262 807)**	**87 157**	**34 849**	**(33 465)**	**(1 263)**	**1 184 259**

(All tabular amounts are in EUR thousands unless otherwise stated)

30. Contingent liabilities

Court proceedings relating to collapse of store roof in Riga, Latvia

Maxima Latvija SIA and its employee, who was responsible for labour safety in the store (located in Priedaines iela 20, Riga, Latvia) which roof partly collapsed on 21 November 2013, participate as defendants in a criminal case initiated based on breach of labour safety rules. Maxima Latvija SIA could theoretically be held liable in criminal proceedings if the court found that the employee (i) was guilty of alleged irregularities and (ii) the employee was acting in accordance with Maxima Latvija SIA instructions. According to official expert findings, the collapse was due to inadequate design and not due to employee violations, and therefore, in the view of Maxima Latvija SIA management, there were no causal relationship between the collapse of the roof and the alleged violations of the Maxima Latvija SIA employee. Decision of the court of first instance was delivered on 18 February 2020. The court acquitted the employee of Maxima Latvija SIA. Decision of the court was appealed.

The Group believes that liabilities relating to the above ongoing proceedings would not, individually or in the aggregate, require additional accruals or provisions to be recorded as of 31 December 2021.

Corporate income tax case in Poland

Until 24 November, 2021, the Group was involved in an ongoing tax dispute with the Polish tax authorities relating to Emperia Holding Sp.z.o.o. (previously Emperia Holding S.A.) ("Emperia Holding") corporate income tax liability for the fiscal year ended 31 December 2011 in Polish administrative courts.

In 2010, Emperia Holding established P1 sp. z o.o. ("P1"), a 100 per cent owned subsidiary and, in 2011, it made an in-kind contribution to P1 of the shares of certain of its distribution company subsidiaries (the "Distribution Subsidiaries") (which was treated as tax neutral step by Emperia Holding). At the end of 2011, P1 disposed of its shares in the Distribution Subsidiaries to an entity outside the Emperia Holding group. In 2011, P1's share capital was reduced through the compulsory redemption of 13,200,000 shares with an aggregate nominal value of EUR 287,206,266 (PLN 1,320,000,000) (the "P1 Redemption"). Emperia Holding received remuneration for the redemption of its P1 shares which was treated as tax exempt dividend-type income since Emperia Holding had held 100 percent of P1's shares for a period exceeding two years.

On 25 January 2017, the Head of the Tax Audit Office in Lublin (the "authority of first instance") determined that Emperia Holding's corporate income tax liability for the 2011 fiscal year was EUR 30,997,347 (PLN 142,463,805) greater (excluding default interest) than the amount disclosed in its CIT–8 return for the year (the "Shortfall"). The authority of first instance concluded that the P1 Redemption was voluntary rather than compulsory in nature and, therefore, the tax payable in connection with the P1 Redemption should be assessed accordingly. Emperia Holding disagreed with the findings and legal assessment by the authority of first instance and appealed to the authority of second instance (Dyrektor Izby Administracji Skarbowej w Warszawie) with a request to repeal the decision and discontinue proceedings, although the authority rejected such request and upheld the first instance findings on 8 August 2017 (the "Appealed decision").

Emperia Holding has subsequently filed a complaint to the Administrative Court in Warsaw (Wojewódzki Sąd Administracyjny w Warszawie), requesting the annulment of both first and second instance decisions. Emperia Holding had extensive court processes in various instances of Polish administrative courts (the case was three times dealt by Administrative Court in Warsaw (Wojewódzki Sąd Administracyjny w Warszawie) and three times by the Supreme Administrative Court), and received several contradictory decisions as a result of its complaints.

Whilst final resolution of the matter was pending, Emperia Holding had provided the tax authorities with collateral securing the Shortfall, together with default interest, in the form of a bank guarantee up to a maximum of EUR 43.5 million (PLN 200 million).

Finally, on 24 November 2021 the Supreme Administrative Court, apart from other issues, revoked the Appealed decision in its entirety and ordered the Director of the Tax Administration Chamber in Warsaw to reimburse Emperia Holding the costs of court proceedings. As a result, the corporate income tax liability for the 2011 fiscal year, equal to Shortfall, ceased to be payable, and the collateral securing the payment of Shortfall, was returned to the company by Tax Administration Chamber in Warsaw. Additionally, proceedings on determining the corporate income tax of Emperia Holding for the 2011 fiscal year was again transferred to Tax Chamber of Warsaw. The Group expects the final outcome of the proceedings to be favourable to Emperia Holdings, i.e. expects that it will be admitted that Emperia Holding's corporate income tax liability for the 2011 fiscal year was declared correctly, and no Shortfall should be paid by Emperia Holding. No provision for the matter was formed in the consolidated financial statements for the year ended 31 December 2021.

(All tabular amounts are in EUR thousands unless otherwise stated)

31. COVID-19

The COVID-19 pandemic continued to affect the Group's results in 2021. The Group's revenue growth in brick-and-mortar stores continued to be negatively impacted by the lockdown measures taken by the national governments in the countries where the Group operates. On the other hand, consumer shift to e-commerce resulted in the growth of the Group's online sales. However, accelerated online sales only partially compensated negative impact on revenue from lockdown measures.

During the year the Group continued to incur additional costs amounting to EUR 6.5 million (2020: EUR 9 million) relating to protection of health of the Group's employees and customers. Moreover, the Group continued to provide temporary rent concessions to tenants that suffered from the lockdown. The government's assistance of EUR 1.8 million (2020: EUR 10.8 million) was received in Poland for the protection of jobs threatened by COVID-19 pandemic (Note 24).

While COVID-19 continues to create significant uncertainty, the Group's management is monitoring the situation and taking adaptive actions to handle the effects of the pandemic. The risks of COVID-19 spread has been successfully managed in the Group by ensuring supply of goods, maintaining appropriate liquidity position, expanding e-commerce capacity, etc. The prompt implementation of COVID-19 prevention actions has made it possible to ensure safe shopping for customers and to maintain a safe working environment for employees, and still remains a priority.

32. Events after the reporting period

Completion of the second issue of short-term notes

In March 2022, the Group successfully completed the second commercial paper offering with 12 months maturity. The nominal value of the transaction amounted to EUR 35 million. The notes were placed at 1.064% yield. They are not listed and were subscribed by various institutional investors. The issued notes are unsecured and will be used for general short-term financing purposes of the Group.

Russia's military invasion of Ukraine

On 24 February 2022, Russia began military invasion of Ukraine. Many countries, including members of European Union, condemned the attack and imposed economic sanctions against Russia and Belarus.

After the invasion the Group removed goods of Russian and Belarussian origin from its retail stores and discontinued further orders of such goods. The Group monitors the list of sanctions against Russia and Belarus and ceases business relationships with the sanctioned entities. The Group's entities demonstrate continuous support to Ukraine by providing humanitarian food aid to its people.

Management of the Group monitors the situation in Ukraine on daily basis and adjusts business operations locally as needed. The Group does not have subsidiaries in Ukraine, Russia or Belarus and does not have direct sales to the entities in these countries. At this stage management considers it impracticable to provide a quantitative estimate of the potential impact of this war on the Group. All Group's entities demonstrated stable results since the beginning of the war until the date of the issuance of these consolidated financial statements.

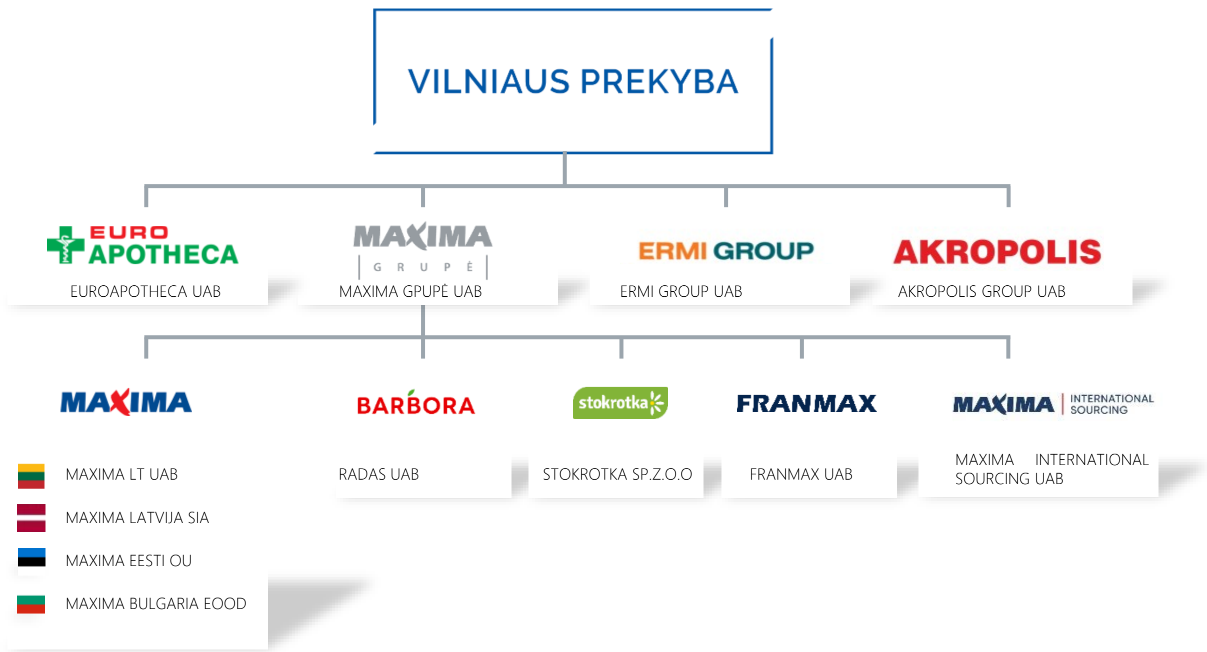
There have been no other significant events after the reporting period.

GOVERNANCE

GOVERNANCE

MAXIMA GRUPĖ is the largest Lithuanian-owned group of retail companies in the Baltic states, also operating retail chains in Poland and Bulgaria.

CORPORATE GOVERNANCE transparent and effective governance that keeps up with international best practices is the basis for the success and sustainability of the Group's activities.



SIMPLIFIED STRUCTURE OF VILNIAUS PREKYBA GROUP (CONTROLLED MATERIAL SUBSIDIARIES DEPICTED)
* Lists the MAXIMA GRUPĖ companies engaged in retail trade and related activities.
** RADAS UAB manages e-commerce business in Lithuania, Latvia, Estonia and Poland under BARBORA brand.

THREE-TIER MANAGEMENT SYSTEM:

CEO (General Manager)

One - person executive management body that manages the company's day-to-day operations and represents the company in its dealings with third parties.

Management Board

Responsible for the strategic management and adopts decisions on approval of the core transactions to be concluded by the company.

Supervisory Board

Ovesees the activities of the Board of Directors and the CEO.

[GRI 102-18]

BOARD OF DIRECTORS

AT THE END OF REPORTING PERIOD, THE MANAGEMENT BOARD COMPRISED OF THE FOLLOWING MEMBERS:

MANTAS KUNCAITIS
CHAIRMAN

SINCE 15 OCT 2020
CEO AND CHAIRMAN OF THE BOARD OF MAXIMA GRUPĖ, UAB

EDVINAS VOLKAS
BOARD MEMBER

SINCE 8 MAY 2019
CEO AT MAXIMA EESTI, OU

ARŪNAS ZIMNICKAS
BOARD MEMBER

SINCE 13 SEPT 2017
PRESIDENT OF THE MANAGEMENT BOARD OF STOKROTKA SP.Z.O.O.

TOMAS RUPŠYS
BOARD MEMBER

SINCE 7 DEC 2020
CEO AT MAXIMA LATVIJA SIA
(Until 3 MAR 2022)
CEO AT MAXIMA LT, UAB
(Since 4 MAR 2022)

JOLANTA BIVAINYTĖ
BOARD MEMBER

SINCE 8 MAY 2019 UNTIL 3 MAR 2022
CEO AT MAXIMA LT, UAB
(Until 3 MAR 2022)

PETAR PETROV PAVLOV
BOARD MEMBER

SINCE 6 APR 2020
CEO AT MAXIMA BULGARIA EOOD

The Management board is a collegial management body which, according to the Articles of Association, consists of 8 members (of which at the end of reporting period 6 members were elected) elected for a term of 4 years. Members of the Management board are elected and removed by the Company's Supervisory Board. The Management board elects the chairman from among its members.

The main functions of the Management board are the following: adoption of the strategic decisions of the Company, appointment, and removal of the CEO, calling general meetings of the shareholders, approval of certain transactions and decisions of the CEO, and adoption of other corporate decisions within its competence. The competence of the Management board is the same as prescribed by the Law on Companies of the Republic of Lithuania, except that the Board adopts decisions to issue bonds.

During the reporting period the Vitalij Rakovski was also the member of the Management board - until 2 August 2021.

**Full list of Board members positions is provided in 'Other information'.*

[GRI 102-18]

SUPERVISORY BOARD

AT THE END OF REPORTING PERIOD, THE SUPERVISORY BOARD COMPRISED OF THE FOLLOWING MEMBERS:

EVELINA ČERNIENĖ
CHAIRWOMAN

SINCE 10 JUN 2019
BOARD MEMBER AT VILNIAUS PREKYBA, UAB,
CFO AT EUROVAISTINĖ, UAB

POVILAS ŠULYS
MEMBER

SINCE 14 OCT 2020 UNTIL 3 MARCH 2022
CEO AND CHAIRMAN OF THE BOARD AT ERMI GROUP, UAB (until 3 MAR 2022)
CFO AT MAXIMA GRUPĖ, UAB (Since 4 MAR 2022)

LAIMONAS DEVYŽIS
MEMBER

SINCE 14 OCT 2020
BOARD MEMBER AT VILNIAUS PREKYBA, UAB

The Supervisory Board is a collegial supervisory body, which is responsible for supervising the activities of the Company and its management bodies, including the appointment and removal of the members of the Management board. It also submits its comments and proposals to the General Meeting of Shareholders on the Company's business strategy, financial statements, and other reports on the activities of the Management board and the CEO.

All members of the Supervisory Board are elected by the General Meeting of the shareholders for a term of 4 years. The Chairman of the Supervisory Board is elected from the members of the Supervisory Board. There is no limitation on the number of terms of office a member of the Supervisory Board may serve.

In 2021 Supervisory Board held 5 meetings and all elected members of the Supervisory Board participated in each of the meeting. The main matters discussed during the meetings included:

- Recall of Management board member;
- Assessment of the Company's annual financial statements, the consolidated annual financial statements of the Company and its subsidiaries, and submission of proposals to the sole shareholder of the Company;
- Approval of the regulations of the Audit committee;
- Recall and appointment of a member of the Audit committee.

[GRI 102-18]

AUDIT COMMITTEE

MAXIMA GRUPĖ's Audit Committee helps the Supervisory Board and the shareholder to ensure that the process for auditing the Company's financial statements is effective and reliable. Its main functions are oversight of the processes for preparing and auditing annual financial statements, review and monitoring of the independence of the external auditor and monitoring of internal control and internal audit at the Company.

At the end of reporting period, the Audit Committee comprised the following members: IRENA PETRUŠKEVIČIENĖ (Chairwoman of the committee and an independent member), RASA MILAŠIŪNIENĖ (an independent member) and EVELINA ČERNIENĖ (shareholder's representative).

In 2021, Audit committee held 13 meetings, all Audit committee members participated in each of the meeting. The main matters discussed during the meetings included:

- Review of the activities and organisational structure of the Company and its subsidiaries;
- Review of the organisation of internal audit activities as well as the internal audit programme of work and completed work;
- Monitoring of financial statement preparation processes;
- Consideration of candidacies to be the auditor of the Group companies and the process of its election;
- Review of the independent auditor's programme of work and monitoring of the financial statement audit process performed by the independent auditor;
- Monitoring of the nature and scale of non-audit services and approval of the acquisition of specific non-audit services from the Company's auditor.

[GRI 102-18]

ABOUT THE AUDIT COMMITTEE MEMBERS:

Irena Petruškevičienė, the Chairwoman of the audit committee and an independent member with almost 30 years of experience in the area of auditing. She worked for 10 years at the audit and consulting company PwC and served for 6 years as a member of the European Court of Auditors. She has been a member of the audit committee of the European Commission and UN World Food Programme. Currently she also serves as an independent member and the chairwoman of audit committee in AB "Ignitis Grupė".

Rasa Milašiūnienė is an independent member of the audit committee with almost 20 years of leadership experience in finance and internal auditing. Currently she serves as a Group Leader, Finance at Convera Lithuania, UAB. Before that, she worked for 11 years at Western Union Processing Lithuania and held Leadership roles in Financial planning and Analysis as well as Global Payments Operations. She is a Certified Internal Auditor (CIA) in the USA and Certified Auditor (CA) in Lithuania.

Evelina Černienė is a CFO of EUROVAISTINĖ, UAB, (since August 2021), and a management board member at Vilniaus prekyba, UAB with extensive experience in financial management at diverse companies as well as audit experience in audit firm.

INTERNAL AUDIT

MAXIMA GRUPĖ has an Internal Audit Department which reports to the CEO, the Management board, and the Audit Committee on a periodical basis. The internal audit team provides assurance on the effectiveness of internal controls system, governance, compliance with corporate policies, efficiency of processes and other risk management activities. It is responsible for auditing group companies and providing recommendations for possible improvements as well as tracking implementation of action plans after audits.

RISK MANAGEMENT CONTROL FRAMEWORK

Like any business, we face different types of risks that might cause unexpected situations in our companies. In order to operate successfully, we strive to foresee and react to such risks rapidly, so that they do not interfere with our primary goals, outlined in our strategy. We seek to promote a work culture that takes a proactive approach to risk management and lets us meet our stakeholders' expectations.

MANAGEMENT OF SIGNIFICANT RISKS

We identify three principal risk categories. For each risk, MAXIMA GRUPĖ takes specific measures to manage the underlying causes and minimize potential consequences. The key risk drivers and measures for their mitigation are detailed below for financial, business and compliance risks.

[GRI 102-15], [GRI 102-18]

Risk	Key risk drivers	Mitigation
FINANCIAL RISKS		
Credit risk	• Cash and cash equivalents • Trade and other receivables	• Monitoring the creditworthiness of debtors by using controls that include credit approvals, limits, prepayment requirements and other monitoring procedures • Exposure spread over a number of counterparties and customers • Funds in banks not concentrated because the counterparties are a large number of banks, or their subsidiaries, with investment grade ratings assigned by international credit-ratings agencies • Successful long-term cooperation supported by signed contracts where terms, conditions and the responsibilities of both parties are described
Restrictive covenants in long-term debt arrangements	• - Restrictions on financial indebtedness • - Negative-pledge or no disposal of assets clauses	• Constant monitoring of indebtedness ratios and covenants • Risk management related ratios and limits are set out in the Treasury and financial risk management policy, which is communicated across the Group and are regularly • reviewed by the Management board and management.
Funding and liquidity risk	• Different maturity profiles of receivables and payables • Liquidity surplus	• The ability to use undrawn committed borrowing facilities as an instrument of liquidity risk management • Sufficient level of available cash and cash equivalents • Liquidity levels and sources of cash are regularly reviewed, and the Group maintains access to committed credit facilities and debt capital markets • Arranging funding ahead of demand • Our Treasury and financial risk management policy is communicated across the Group and are regularly reviewed by the Management board and management.
Foreign currency exchange rate	• Purchasing of goods in foreign currencies while income is mostly denominated in euro and other local currencies	• The Group uses derivative financial instruments ("forwards") to hedge its risks arising from foreign currency fluctuations
Interest rate	• Floating rate facilities	• Entering to borrowing contracts with fixed interest rate • Application of derivative financial instruments
BUSINESS RISKS		
Strategy risk	• Revenue • EBITDA	• Focus of management of the Group • Business continuity strategic guidelines and tactical policy • Business continuity management plans
Reputation risk	• Revenues	• Permanent improvement of internal control system • Training employees and developing the corporate culture to make sure unethical behaviour is seen as unacceptable
COVID-19	• Revenue • EBITDA • Supply chain • Results of operations • Financial performance	• The safety of our colleagues and customers has been and continues to be our priority • Customer's safety: masks, disinfection, social distancing, self-service checkouts • Employee safety: safety equipment, health checks & temperature measurement, COVID-19 tests, remote work • Supply chain safety: disinfection stations for drivers, protective equipment, required temperature checks, limiting contact, securing additional supply chain capacity to meet changes in demand • The availability of cash resources and committed facilities together with strong cash flow, support liquidity and longer-term solvency
Country risk	• Presence in countries with political, financial, social or economic instability	• The Group is present in different countries with different specific risks • Knowledge and awareness of countries where the Group is present • Monitoring, reviewing and reporting on changes of the political, financial, social or economic situation in countries' where the Group is present
Geo-political factors	• Political developments in neighboring countries	• The Group is present in different countries with different specific risks • Knowledge and awareness of countries where the Group is present • Incorporation of the impacts of political and regulatory changes in our strategic planning and policies • Monitoring, reviewing and reporting on changes of the political, financial, social or economic situation in countries where the Group is present • Engagement of leadership, structured action and communication plans to manage this risk area
Regulatory risk	• Revenue • Environmental regulation	• The Group is present in different countries with different regulatory framework, which enables risks' diversification • Knowledge and awareness of regulations in countries where the Group is present • Monitoring, reviewing, and reporting on changes of regulations in countries where the Group is present
Competitive environment, economic conditions and risks of unforeseen increases in cost structure	• Group's business • Results of operations • Financial condition	• Research and monitoring of consumer behaviour • Analysis of economic development • Price benchmarking of the competition • Approved strategies • Strengthening of own brands • Developing a more personalized customer relationship • Continuous improvement of the internal control system • Managing the product mix and pricing policy • Multi-format model to meet changing customer needs

[GRI 102-15]

	Risk	Key risk drivers	Mitigation
BUSINESS RISKS	Growth, expansion, and lack of cost-efficient locations risks	• Number of stores • Revenue • Results of operations • Financial condition	• Research and monitoring of separate regions • Maintaining M&A and property management competencies • Approved strategies • Due diligence reviews
	Risk related to information technologies performance, Data Security and Data Privacy	• Revenue • Operational costs	• Continuous improvement of the internal control system • Engaging the best internal IT experts • Using effective outsourcing practices with SLA and monitoring compliance • Ensuring sufficient reliability of centralised IT infrastructure • Policies and procedures to ensure cybersecurity • Established team and information systems to detect, atypical behaviour in the corporate network and report and respond to security incidents • Special hardware and software for protection against malicious software, spam, external and internal cyberattacks, data leaks • Training and communication to help prevent data security and privacy-related incidents, regular induction and refresher courses for our colleagues
	Crime and Security Risks	• Engagement of employees in misconduct or improper activities	• Continuous improvement of the internal control system • Policies and procedures to ensure safety • Outsourced security service providers
	Retail operations, supply, and inventory management risks	• Gross Profit • Operation Cost • Levels of service • Financial position	• Optimal level of decentralisation for operational business processes and supply chain • Logistics strategy for managing and diversifying supply chains within the existing network to avoid concentration of supply from certain regions or countries • Efficient management of inventory stocks • Increased direct centralised global sourcing as well as reduced shrinkage and efficiency improvements
	Human resources, a strike or other labour disruption	• Labour costs • Operation cost • Levels of service	• Monitoring the labour market and providing employee benefits in line with the market • Processes ready for employee onboarding, training and development • Developing the corporate culture
	Unforeseen taxes, tax penalties and sanctions	• Tax amendments or changes in application of tax regulations in the markets in which the Group operates	• - Monitoring of draft laws, timely initiation of internal projects to prepare for legislative changes • - Open collaboration and long-term cooperation with tax authorities in all countries where the Group operates • - Approach to tax risk is conservative • - Intra-group transactions in the Group are performed following arm's length principle
COMPLIANCE RISKS	Compliance with current legislation	• Internal governance and business process	• Continuous improvement of the internal control system • Monitoring of draft laws, timely initiation of internal projects to prepare for legislative changes • Legal support, audit of contracts, development and use of contract templates
	Product safety and liability risks	• Revenues • Safety regulation	• Product safety policies • Control standards for food and non-food products • Standard operating procedures • Monitoring of performance in the business • Tracing of product origins and conditions of production • Third-party certification • Insurance programme • Carrying out laboratory tests of product samples • Complying with approved rules for product transportation, storage and sale • Complying with sanitation rules • Providing training for employees, including quality assurance
	Environment and sustainability risk	• Operations and reputation	• Reducing packaging • Implementing new methods to increase energy efficiency across stores and warehouses • Implementing methods to reduce waste throughout the whole value chain • Setting targets for energy efficiency, water, plastic or waste management
	Occupational health and safety risk	• Financial position, results of operations, reputation	• Safe and comfortable working environment • Compliance with employees' working hours and holiday schedule • Regular medical examinations and health screening for employees

[GRI 102-15]

Control framework for the preparation of consolidated financial statements

MAXIMA Group is managed on an integrated basis, with centralised financial reporting and internal controls related to the preparation of consolidated financial statements. MAXIMA GRUPĖ sets accounting policies and reporting procedures that must be followed by the Group entities. All subsidiaries report their financial results to MAXIMA GRUPĖ on a monthly basis. Reported numbers are analysed by MAXIMA GRUPĖ employees in order to detect any accounting or reporting errors.

All MAXIMA Group entities, except for Polish subsidiaries and BARBORA, use SAP ERP for financial accounting and reporting. The common system ensures consistent accounting and reporting and data comparability. A specialised SAP consolidation module is used as a tool for preparation of consolidated financial statements.

All changes in International Financial Reporting Standards (IFRS) are followed by MAXIMA GRUPĖ. The Company evaluates potential impact on consolidated and stand-alone financial statements, prepares plans for implementation of new standards, and controls the implementation, ensuring that new standards are appropriately implemented across the Group.

MAXIMA Group approach to taxes

We recognise the importance of how our paid taxes contribute to local societies and the progress of countries in which we do business. The Group pays taxes in countries where the value is created in the course of the Group's commercial activities. The Group's entities, retail operators in the Baltics - MAXIMA Lithuania, MAXIMA Latvia and MAXIMA Estonia - are among the largest taxpayers in the respective countries. For us, as retail leader and one of the biggest taxpayers in the Baltics with gradually expanding the operations in Poland and Bulgaria, it is important to act in a responsible way and respond to the global challenges and needs that society faces.

Full compliance with applicable tax laws and regulations and transparency are key principles of the Group's approach to tax. We act in accordance with relevant legislation on tax calculation and ensure that we pay taxes accurately and timely. We recognise the interest of our stakeholders in our tax matters, including awareness on our tax management and fulfilment of disclosure requirements. Information on tax expenses and taxes paid disclosed in accordance with IFRS can be found in the MAXIMA GRUPĖ consolidated financial statements.

[GRI 207-1], [GRI 207-2], [GRI 207-3]

The Group aims for the open collaboration and long-term cooperation with tax authorities in all countries where the Group operates. We create appropriate conditions for government representatives to check activities of any entity in the Group and cooperate during inspections. The Group openly provides information when requested by the tax authorities. Our staff must ensure that information and statements provided to public authorities are correct and complete. If discrepancies in the Group's entity's activities are found, we immediately correct them and take measures to prevent such discrepancies from happening again in the future. For significant transactions, the Group seeks advance clearance from tax authorities in the form of tax rulings, where applicable by the local tax legislation.

The Group's approach to tax risk is conservative. The Group is not involved in aggressive tax planning. The Group does not have subsidiaries or associates operating in low-tax jurisdictions or "tax heavens". Intra-group transactions in the Group are performed following arm's length principle and comply with OECD Guidelines for transfer pricing and local tax regulations. The Group does not use transfer pricing for tax planning purposes.

The Group's tax position is regularly reviewed to identify items that could be subject to different interpretations. For uncertain tax positions that probably will not be accepted by the tax authorities, provision is formed in the financial statements. In the consolidated financial statements for the year ended 31 December 2021 no provision for uncertain tax positions was recognised.

The Group's financial statements of all significant subsidiaries are audited by external independent auditors. Taxes included in the financial statements are subject to audit procedures.

Responsible employees of finance departments in each country where the Group operates constantly monitor changes in tax laws and regulations, participate in various external trainings on the changes in legislation. This helps to ensure good understanding of tax laws and mitigate risk of non-compliance.

A trust line is maintained at the Group where everyone can anonymously report concerns about any conduct, including tax-related, in any entity of the Group. The stakeholders have not expressed any negative views or concerns on the Group's approach to tax during reporting period.

[GRI 207-1], [GRI 207-2], [GRI 207-3]

CORPORATE SOCIAL RESPONSIBILITY

OUR SUSTAINABILITY APPROACH

Highlights 2021

~ EUR **3.3 million** invested in our communities.

100% of T-MARKET stores across **Bulgaria** have been powered entirely by renewable energy.

~ EUR **72 million** of employee benefits provided.

More than **EUR 6.5 million** invested protecting employees and customers from the COVID-19.

APPROACH TO SUSTAINABILITY IN MAXIMA GROUP

MAXIMA Group's sustainability activities are an integral part of the business within five clear areas: Our People (Employees), Our Customers, Our Supply Chain, Our Communities and Our Environment. We are putting all our efforts on reconciling our sustainability policies and integrating the necessary processes and measures throughout our company and our value chain. The Group is moving forward with the process of setting ambitious sustainability goals.

By doing business responsibly and sustainably and providing affordable and healthy food and other essential products for all, we perform an important mission in society. Our sustainability approach ensures we act in a way that's good for our customers, our colleagues, our partners, our communities, and the environment. We work hard to achieve long-term, sustainable success that harmonises the interests of all stakeholders. That means a wide range of social, environmental, and economic issues are relevant to us.

To make sure that our business activities deliver the best positive impact for our stakeholders and our Group, we focus on the areas that matter most. Thus, we strive to ensure the well-being of our employees, create a strong and trust-based environment that is directly related to customer satisfaction, initiate and execute long-term cooperation projects with partners, reduce the environmental impact of all business operations, and work with communities to address socioeconomic issues.

Our approach to sustainability supports our goals as a business. One of our primary goals is to create value for our customers, employees, suppliers, shareholders and the communities in which we operate. We create value through a sustainable business model that acknowledges our shareholders and promotes personal well-being as well as respect and care for the environment. We understand that, in addition to affordable prices and quality, our customers care about their communities and environment and hold us accountable **for our actions in regard to sustainability.**

As part of our Group's corporate social responsibility process, this report aims to provide a clear view of our responsibilities, results to date, and areas for future improvement, along with an outline of what we do to support our relationships with key stakeholders. The idea is to define the MAXIMA Group's key sustainability topics to develop our Corporate Social Responsibility (CSR) activities and initiatives for social responsibility in the focus areas of Customers, Employees, Suppliers, Community, and the Environment.

[GRI 102-12], [GRI 102-13], [GRI 103-1], [GRI 103-2], [GRI 103-3]

ASSOCIATIONS AND INITIATIVES

Our companies are value-adding participants of the markets where we operate. We stay informed about trends in our sector by being active members of industry associations and national and international organisations:

MAXIMA Lithuania is a member of the Association of Lithuanian Trade Enterprises.

MAXIMA Latvia is a member of the Foreign Investors Council of Latvia, the Latvian Chamber of Commerce and Industry, the Latvian Employers' Confederation, and is a partner of the Latvian Retailers' Association.

MAXIMA Estonia is a member of the Estonian Trade Association, the Estonian Employers' Confederation, the Estonian Marketing Association, and the European Personnel Management Association.

T-MARKET is a member of the Association for Modern Trade.

Moving towards a more active and unified approach to corporate social responsibility, at the end of 2019 MAXIMA GRUPĖ joined the **United Nations Global Company Initiative,** committing to uphold the ten principles of the Global Compact in the areas of human rights, environmental protection, work environment, and anti-corruption. Through our activities, we contribute to the UN's nine Sustainable Development goals.

The management of MAXIMA GRUPĖ has made sustainability one of its highest priority. The members of the Executive Board and managing directors are responsible for our sustainability priorities and their integration into every company. This responsibility is incorporated into established decision-making processes all the way to the operational level. The team responsible for sustainability at

MAXIMA GRUPĖ works cross-functionally with the board, the senior leadership team and other employees to drive our sustainability approach and priorities internally and externally.

A working group by the name IMPACT+ has been established to develop a set of sustainability goals for MAXIMA Group. It consists of managers responsible for supply chain, finance, corporate social responsibility, and property management from the Group's main subsidiaries.

The Group has created a unified internal CSR reporting system, which is the basis for our annual corporate social responsibility report to stakeholders. This process will be further improved, and reporting will continue in the coming years.

Our efforts to care for the well-being of the public and our employees have been recognised. MAXIMA Latvia, for the first time received a Platinum Rating in the Sustainability Index, given by the Institute for Corporate Sustainability and Responsibility. Previously company received Gold award for the fourth time in a row.

[GRI 103-1], [GRI 103-2], [GRI 103-3]

OUR PRINCIPLES OF ACTION

The principles for how we act are at the heart of how we run our business and ensure that we operate in a responsible manner. The current transformation of the Group's culture is about how we act: how we communicate with each other and our stakeholders, how decisions are made, how day-to-day activities are organised, how new employees and partners are introduced, and how goals are set.

AWARENESS, RESPONSIBILITY AND SELF-BELIEF - "ARAS" CULTURE PROMOTES THE DEVELOPMENT OF THE COMPANY

Companies can be divided into four levels in terms of their internal culture. The first and lowest level of internal culture is when **something is done just for doing something**. The second level involves merely executing instructions "from above". At the third level of internal culture, the company employs highly qualified employees, but they act individually, not seeing themselves as an integrated part of a team or organisation. At companies with the fourth and highest level of internal culture, teams work together with an attitude that "we are really successful when we act together, and we enjoy that". The higher the level of **the** company's internal culture, the more employees feel engaged and motivated.

In its several decades of existence, our organisation has operated at different cultural levels and is now ready to move into the fourth one. We call it ARAS culture – using an acronym for the three core values of awareness, responsibility, and self-belief.

"ARAS" culture encourages managers to share information with all the members of their teams and involve them in decisions. Communication is two-way: team members share all information with their manager just like the manager shares it with them. The "ARAS" system is flat – the manager is an equal member of the team but simply has a different job title. Another important aspect is that in such culture it is not the managers who adapt to their team members, but on the contrary – employees who move toward their managers, thus helping them grow as potential future **leaders** within the company.

Member of such team need not only the competencies to do their job, but also willingness to constantly develop their own emotional intelligence. In "ARAS" culture, everything depends on the pe**ople**. It is a culture about you, not about others; it is a free person's culture.

Thanks to this culture, employees come to understand together what they are doing and why they are doing it. Only understanding "why they are doing what they are doing" empowers members of **the** team **to** take responsibility for their own actions.

[GRI 102-16]

Our companies employ tens of thousands of people directly and indirectly through our supply chain and serve hundreds of thousands of customers every day in communities in five countries. That gives us unique opportunities to make change for the better as we are focused on people of our community.

We work for the customer

by offering exactly what they need at a fair price, making them want to return to our stores.

We value everyone equally

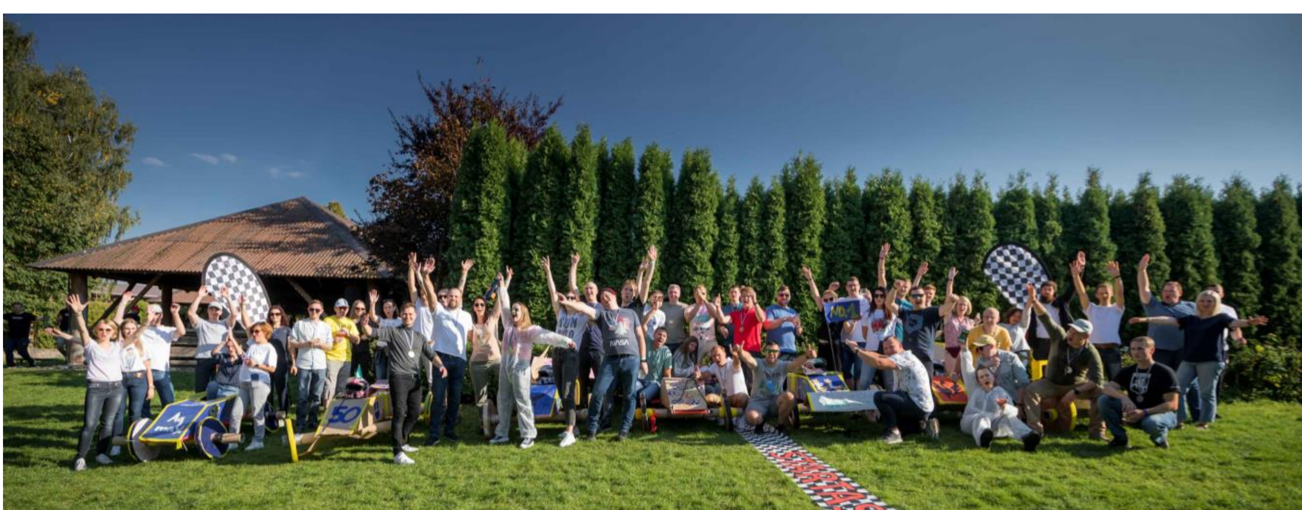
and our interactions and relationships are based on mutual respect, whether they involve colleagues, partners, or clients. We are a responsible member of the society.

We work as one team

sensitive to each other's experience and knowledge and respectful of each other's time and work.

We get things done

by promoting action, taking responsibility for our own actions and decisions, and encouraging initiatives put forward by members of our community.



[GRI 102-16]

ETHICS AND POLICIES

All the Group's companies act fairly, ethically, and in accordance with the laws of their countries. Four key policies outline our overall approach and key issue-specific areas of sustainability for focus and ensure governance in the area of sustainability:

- Equal Opportunities and Diversity Policy
- Corruption Prevention Policy
- Supplier Code of Conduct

The Equal Opportunities and Diversity Policy promotes equality of opportunity in our Group and valuing diversity in our employees, seeking to eliminate all forms of discrimination and harassment.

The Group's Corruption Prevention Policy includes basic principles of transparency as well as rules and guidelines for the prevention of corrupt practices in our everyday operations. We act responsibly and transparently with an attitude of zero tolerance for corruption.

The Supplier Code of Conduct is intended to ensure that our companies' suppliers follow high standards for work safety, fair and respectful treatment of employees, ethical practices, and environmental protection.

These policies were developed on the basis of existing internal principles as well as our shareholder VILNIAUS PREKYBA's Code of Business Ethics. It sets out guidelines how we develop business relationships and adhere to standards of conduct in our dealings with employees, customers, partners, suppliers, governments, other authorities, and with society.

All the policies have been approved and adopted at all the Group's main subsidiaries. We educate our employees, business partners and stakeholders, making the policies public on our websites and intranet and in internal company materials. Most of our companies have already conducted internal trainings for employees, especially in relation to anti-corruption issues. These trainings are held periodically to new and existing employees. All members of governance bodies (100%) have received detailed anti-corruption introduction.

[GRI 102-16], [GRI 205-2]

Each of the Group's companies has a person or department responsible for ensuring compliance with the policies and investigating any complaints or concerns. Each company also has internal and external trust lines (e-mails and/or phone numbers) that our stakeholders can use to report inappropriate behaviour. At total 10 anti-corruption incidents were registered through trust lines during the reporting period. All registered incidents were investigated, and corrective actions were taken. To this day, there are no pending investigations. In addition, in each company responsible person or department from time to time initiates internal investigations for prevention of anti-corruption activities.

Reports of incidents are properly investigated and documented.

[GRI 102-16], [GRI 205-3]

STAKEHOLDERS

Every day, more than 38,000 employees work to provide goods for hundreds of thousands of customers in each of our five markets and we also work with thousands of suppliers across the world. By creating value for our customers, we in turn create value for other stakeholders.

We define our stakeholders as those groups affected by the company's activities and who can have an impact on our organisation. They influence our daily business operations, transactions, and decisions, and play a major role in shaping the landscape of the Group's value chain. We are responsible to all our stakeholders, and we strive to maintain long-term and truthful relationships with them.

We pursue an intensive dialogue with our stakeholders, seeking to engage them in our business processes and initiatives. We stay in contact with them on a regular basis as efficiently as possible through a variety of channels and try to respond promptly to concerns, issues, and interests. The table in the next page maps out our stakeholders and divides them into groups.

We feel optimistic about what we can achieve. Sustainable growth presents its own unique opportunities and challenges, but the core of our strategy is to contribute to our community and preserve our planet while adding value to the business itself. Fortunately, we have strong engagement with and support from our network of customers, employees, producers and suppliers, NGOs, municipalities, government officials, charities, local communities, and environmental organisations, which can work with us along the way.

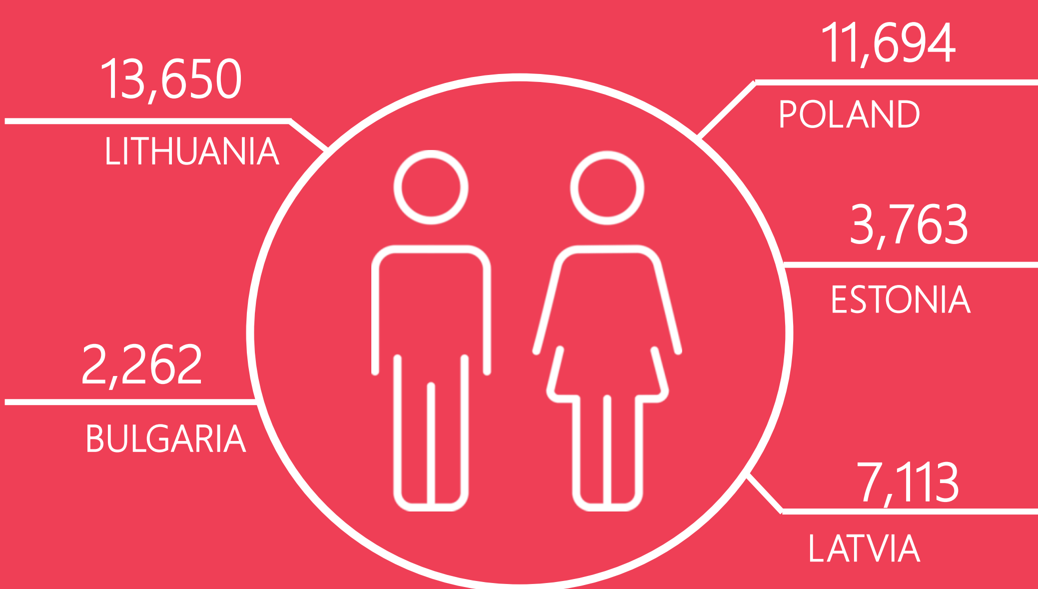
[GRI 102-40], [GRI-102-42], [GRI 102-43], [GRI 102-44]

STAKEHOLDERS TABLE

	Topics of concern	How we communicate and engage
Shareholders and investors	Financial stability and performance, sustainable performance, continuity of activities, risk management, ethics and transparency	Corporate website, individual meetings, supplier surveys and audits, email, phone communication, annual supplier events
Suppliers and business partners	Delivery terms and conditions, attractive payment terms, fair treatment, trustworthiness, ethics and transperancy	Corporate website, individual meetings, supplier surveys and audits, email, phone communication, annual supplier events
Employees	Working conditions, well-being, benefits, professional development, career opportunities, availability of information, equal opportunities, safety measures during pandemic	Intranet, employee surveys, feedback channels, internal magazines and other documents, trainings, company events, continuous communication through internal meetings
Customers	Products (quality, availability, safety, assortment), affordable prices, sustainability, good, shopping experience, possibility to address a claim, data protection, shopping safety during pandemic	Corporate website, social media, promotional magazines, TV, radio and outdoor advertising customer surveys, newsletters, customer loyalty programs, feedback / claims channels
Local communities	Food waste, decreasing impact of environment, social iniatives, investments into infrastructure, local suppliers, ethics and transparency, shopping safety during pandemic	Corporate website, regular face-to-face communication, various events, social media, TV, radio and outdoor advertising
Media	Open dialogue, timely presentation of relevant information and transparency	Corporate website, corporate publications, press releases, social media, annual report and CSR report, email and phone communication
Authorities / public administration	Taxes, reporting, compliance, ethic and transparency	Corporate website, individual meetings, email and phone communication, annual report and CSR report

[GRI 102-40], [GRI-102-42], [GRI 102-43], [GRI 102-44]

OUR PEOPLE



Number of employees **38,482**

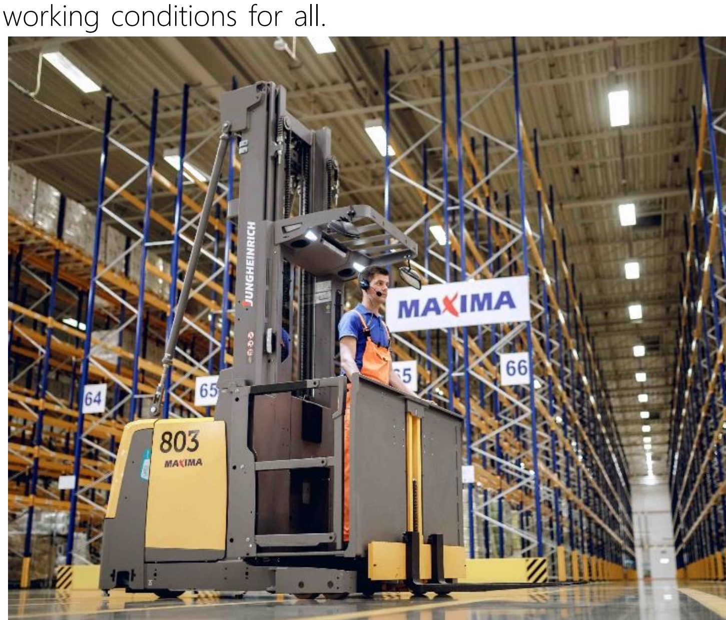
OUR PEOPLE

Our employees are the key to our success. We are cultivating a positive cultural environment, that motivates our people, fosters engagement and teamwork, and promotes continuous learning and development. We are immensely proud that the "Speed Board" talent programme is present in almost all our companies. Moreover, **MAXIMA's culture emphasises mutual respect, diversity, and equal treatment. In 2021, the share of women in the highest management positions was 44%. We focus on efforts to create healthy, safe, and more attractive workspaces. In 2021, MAXIMA Group provided employees benefits package for 72 million euros.**

Over the past few years, we have put a lot of effort into the change of the way we act together. Awareness, responsibility, and self-belief are the basis of the culture which now unifies every one of us into a team and we enjoy being part of it. It is a culture of a free person, where everything depends on the individual. We create the environment where everyone has an opportunity to share their opinion, have forthright discussions, take responsibility, and grow their competence every day.

Our employees are the ones who define the MAXIMA business day after day and distinguish us from others by their dedication, skills and energy. With more than 38,000 employees and thousands more who work within our supply chain, we are committed to promoting human rights and seek to ensure decent and safe working conditions for all. We promote not only the safety and well-being of our employees but also their continuous growth by providing an appealing, efficient, and supportive work environment and by being honest, fair, and responsible in everything we do.

Our companies have been recognized and awarded as some of the most attractive places of employment in retail. These accomplishments are achieved thanks to our employees, partners and customers.



[GRI 103-1], [GRI 103-2], [GRI 103-3]

The successful growth and conduct of our business depend on our ability to attract and retain many good people. The biggest challenge in this area is handling external factors which affect who we can hire. Such factors include the availability of enough qualified people in the markets where we operate, unemployment levels in those markets, prevailing wage rates, changing demographics, health and other insurance costs, and changes to employment-related laws and regulations. We strive to offer working conditions that are attractive to high-quality employees.

As an employer, we have set for ourselves the following tasks. First, we monitor the labour market to provide our employees with appealing benefits in line with market standards. Second, we continue to develop our processes to prepare employees for their work assignments. Thus, we are now further developing onboarding, training, and professional development processes. Finally, we focus on promoting our corporate culture by clarifying and communicating our shared principles, attitudes, standards, and beliefs as a Group.

The human resources departments at all our companies are responsible for continuous work to be coherent with our internal culture and meet evolving legal requirements.

Number of employees in the Group

MEN
7,817

WOMEN
30,665

TOTAL
38,482

Type of contract

	Permanent employment contract		Temporary employment contract	
	2021	2020	2021	2020
MEN	6,424	7,018	1,403	1,068
WOMEN	25,399	27,017	5,256	5,006
TOTAL	31,823	34,035	6,659	6,074

Type of employment

			Men	Women	Total
Part time	0.25	2021	54	113	167
		2020	37	91	128
	0.5	2021	268	848	1,116
		2020	259	880	1,139
	0.75	2021	1,197	4,221	5,418
		2020	1,392	4,741	6,133
Full time	1	2021	6,308	25,473	31,781
		2020	6,396	26,313	32,709

[GRI 102-8], [GRI 103-1], [GRI 103-2], [GRI 103-3], [GRI 401-1]

DIVERSITY AND EQUAL OPPORTUNITY

MAXIMA's culture stresses mutual respect, diversity, and equal treatment. We promote an all-inclusive workforce that celebrates diversity and inclusion. We are convinced that applying these principles in the workplace will keep our professional relationships among our greatest strengths.

Our employees are our strongest asset, and it is our shared responsibility of us all to promote respect for all, regardless of their background, origins, gender, colour or age. To this end, all Group companies live by our Equal Opportunities and Diversity Policy, which protects candidates from discrimination on the basis of their beliefs, age, gender, relationship status, maternity/paternity, race, religion, or sexual orientation. We are open to candidates with a wide range of qualifications and experience and invite all who could potentially contribute to the objectives of our organisation to apply. Our companies have appropriate recruitment procedures in place. Each company also maintains transparent salary structures based on objective criteria, such as expertise, skills, and professional experience, and not biased by any additional criteria.

Diversity within the Group by gender, age, and employee category*

		< 30 years		30-50 years		>50 years	
Managers at the company (C level) by gender and age group	Men	3	5.56%	48	88.89%	3	5.56%
	Women	2	4.65%	36	83.72%	5	11.63%
Middle management by gender and age group	Men	21	14.38%	109	74.66%	16	10.96%
	Women	27	13.99%	151	78.24%	15	7.77%
Regional and shop managers by gender and age group	Men	137	32.16%	261	61.27%	28	6.57%
	Women	543	17.29%	2,179	69.37%	419	13.34%
Other (office employees, shop employees, warehouse employees etc.)	Men	2,481	34.64%	3,020	42.16%	1,662	23.20%
	Women	5,050	19.53%	12,557	46.09%	9,640	35.38%

* Percentage calculated: share of employees by employee category in set age range from total number of employee in that employee category.

[GRI-405-1]

Our employment practices adapt to changes in society. In summer, we actively recruit young people, who usually seek seasonal work. This can be a great start to a career, as most people who get seasonal job with us, continue to work with us afterwards. We provide all necessary knowledge and training, promote personal development, and open a wide range of career opportunities to them. These young people gain experience and skills which will be useful in their future, such as budgeting, adaptability, and communication. By offering flexible conditions, we give young people an opportunity to combine work and studies.

We equally welcome newcomers of all ages. Seniors who want to continue being active and to contribute to society can join our team. We provide all necessary training and assist them in acquiring the special expertise or skills required for the job. We are continuously inspired by their drive to always go an extra step and be valuable members of the team.

We foster vigilance in preventing any inappropriate workplace conduct. Employees are encouraged to promptly report any inappropriate behaviour, like corruption, abuse, improper working conditions, or occupational health and safety to their manager, HR representative or special phone or email helplines (in keeping with local laws and regulations). Reporting channels may differ between the companies, but every one of our employees is given the possibility to be heard.

There were no incidents of discrimination during the reporting period. We are committed to ensuring a non-discriminatory workplace and are proud of the lack of incidents.

[GRI 405-1], [GRI-406-1]

LEARNING AND DEVELOPMENT

Our success depends on enhancing the skills, abilities, and passion of our people. It is only thanks to their hard work, loyalty, dedication, and teamwork that we are successful. In return, we support individual and organisational growth through learning and professional development to strengthen our corporate culture and help our people understand the ethical principles according to which we all operate.

Employees are at the heart of every company's success. All performance, both human and organisational, is affected by the team's working atmosphere and relationships.

Awareness, responsibility, and self-belief – or "ARAS" – forms the basis for the culture that unifies every single one of us as a team. Members of the team need not only the competencies to do their job but also desire to constantly develop their emotional intelligence. In ARAS culture, everything depends on the people. It is a culture about you, free person's culture.

Keeping our employees up to date on the latest changes and good practices in our company and our industry is important to us. And we want them to benefit from learning opportunities more generally. Our training programmes are thus opportunities for career development, allowing employees to deepen their understanding of their roles and tasks.

New employees are always trained and given the theoretical and practical knowledge they need. Typically, an employee's first training takes place before they start their job: either in person or online. Training courses are available to all employees whose positions require special skills and knowledge, such as store employees, warehouse staff, cashiers, food preparers, and BARBORA pickers/couriers. Additionally, all new employees are required to attend and pass trainings on work safety and company policies.

Much more time is devoted to the support and growth of employees, directly in day-to-day activities. The number shown below does not include the hundreds of hours devoted to coaching fellow colleagues.

Average hours of training per year per employee:

[GRI 404-1], [GRI 404-2]

MAXIMA Lithuania has made it possible to acquire new skill within the company. A "School of Masters" has been set up to teach professional skills in food production for immediate use on the job. The programme typically takes up to two months, with learners working with experienced colleagues and completing assigned practical tasks.

At the end of the training period, their knowledge and skills are tested. Throughout their careers, employees are provided with opportunities to further develop their skills, acquire new knowledge, and change qualifications if necessary. Our companies regularly organise in-house trainings to strengthen employees' qualifications and develop new competencies. If needed, employees can participate in external courses (like specific professional trainings for accountants or lawyers, specific IT courses, etc.) but most training is through internal courses tailored to the specifics of our work and processes.

Offering employees, the opportunity to study is an investment. Employees who acquire or strengthen practical competencies always create additional value. We strive to provide a motivating work environment and always support our people's desire to seek knowledge and additional training.

We are only successful when we act together. That is why we encourage employees to get involved in the management of the company, taking advantage of the organisation's existing internal potential for the growth. Our companies have different leadership programs: MAXIMA Latvia has a Managers School, MAXIMA Estonia has a Director's School, STOKROTKA in Poland has a programme called Manager Express. The "Speed Board" programme is present in almost all our companies. We apply the widely used business practice of "shadow boards".

[GRI 404-2]

THE "SPEED BOARD" TALENT PROGRAMME STRENGTHENS THE COMPANY AND ITS EMPLOYEES

Business experience today shows that involving employees in solving internal challenges can become a formula for a company's success.

The "Speed Board" talent programme was created with the aim of developing the company and promoting our employees' growth. Selection of the "Speed Board" consists of several stages. Each stage contains of cognition, conversation and solving of various hypothetical situations. Mentors evaluate the performance of candidates and select the most suitable to participate in programme.Participants have the opportunity to shadow the management team to gain more knowledge about the company's management, implement their ideas in development projects significant to the company, understand all the variety of the company's activities, and receive support from a mentor in one of the company's core business areas.

The first "Speed Board", launched by MAXIMA Lithuania in 2020, involved employees eager for new knowledge and experience in the most important internal activities of the organisation. Team members had the unique opportunity to join the management of the company. After that first board term, they are now pursuing new career paths in our Group companies and enjoying personal development and new friendships.

The members of the Speed Board are not the only ones who gained new knowledge and experience, since heads of departments and the managerial team also learned a lot.

This internal initiative thus brings benefits to both employees and the company. By interacting with more experienced mentors, employees can deepen their knowledge and strengthen their practical skills. The company, for its part, can get a fresh view of how to address issues that are important to the retail chain. For example, members of the first Speed Board worked hard to unify and standardise store operations. This work is continuing even after the end of their term.

Today such boards already exist at MAXIMA in the whole Baltic region, T-MARKET in Bulgaria, and FRANMAX. Carefully selected participants from different divisions get to know the varied day-to-day work of the company and its management, learn new competencies, and gain invaluable experience, enabling a rapid advance in their personal development.

PERFORMANCE REVIEWS

The Group's employees have performance reviews in accordance with established internal procedures. As per our „ARAS“ culture, we encourage employees to have their own opinion, share their feedback, have forthright discussions, take responsibility and grow their competence every day. Some of our companies hold regular performance and career development reviews for all administrative staff while others provide them only at the management level. In our stores, there are two forms of employee evaluation: some employees are evaluated monthly, based on quality KPIs and turnover results, while others have less frequent evaluations and the criteria depend on their team's goals, their company's goals, and the like. Group-wide, more than half of our employees have regular performance and career development reviews in one form or another. Most important is continuous dialogue. This keeps feedback timely, so all challenges are discussed, and milestones are celebrated as they happen.

Although we are a large organization, we have a very "flat" structure. We strive to ensure that there is continuous mutual feedback and self-assessment between managers and employees. This process is informalized, so it is only partially reflected in the performance indicator.

Percentage of employees receiving regular performance and career development reviews

	Total		Employees receiving regular performance review		Percentage	
	2021	2020	2021	2020	2021	2020
Total employees:	38,482	40,109	19,335	22,930	50.24%	57.17%
Administration employees	2,946	2,738	1,588	1,869	53.90%	68.26%
Men	910	820	473	575	51.98%	70.12%
Women	2,036	1,918	1,115	1,292	54.76%	67.36%
Others (shops, warehouses, etc.)	35,536	37,371	17,747	21,061	53.19%	56.36%
Men	6,888	7,266	3,083	3,344	52.82%	46.02%
Women	28,648	30,104	14,664	17,717	53.27%	58.85%

[GRI 404-3]

EMPLOYEE WELL-BEING AND BENEFITS

Customer satisfaction depends heavily on the well-being of our employees. We adhere to the global principles of decent working conditions set out by the United Nations Global Compact. More broadly, we focus on efforts to create healthier, more effective workspaces. When building new stores or modify existing ones, we strive to improve employee facilities, providing an ergonomic work environment, a kitchen and dining area, lounges for rest and relaxation, and other comforts and conveniences. We also want to improve working conditions by providing employees with advanced equipment that makes their jobs easier – like modern convection cookers, cooling chambers, multifunctional mixers, the latest generation of ovens, and other technological solutions in both storage rooms and cooking areas. These tools help production workers perform their tasks quickly and efficiently, saving their time and energy.

Beyond this, we want employees to enjoy benefits that can make their employment more rewarding. For our store, warehouse, and production employees, we provide free food or paid lunches. Employees commuting from different cities receive accommodation allowances. We work closely with our partners so that our employees have access to discounts not only in our stores but also at partners' locations. Our companies organise annual employee events, like summer festivals and Christmas parties, which bring our people together to celebrate their achievements, enjoy entertainment, and experience our culture, thus strengthening our team's unity.

In all our operating countries, parental leave duration can be chosen by the employee. Duration determined by law is from 1 to 3 years. That means, employee can return to work anytime he or she wants in 3-year period. That is why the return rate doesn't fully disclose the actual return rate, as an employee, that took his parental leave last year, doesn't necessarily came back this year. Disclosure below, just show status qua, how many took parental leave in 2021 and how many returned in 2021.

Parental leave rate	Men		Women		Total	
	2021	2020	2021	2020	2021	2020
Percentage of employees that are entitled to parental leave	100%	100%	100%	100%	100%	100%
Number of employees that are on parental leave	45	52	1,739	1,224	1,784	1,275
Number of employees that returned to work after parental leave ended in 2021	24	27	363	730	387	757
Return to work rate*	53%	53%	21%	60%	22%	59%

* As return to work rate is calculated as the consolidated number of all operating countries employees and in each country paternal leave varies from 1-3 years. Return to work rate disclosed only partially.

[GRI 401-3]

We encourage non-work activities and family time, for example by co-financing fitness club memberships or giving allowances to employees with children.

Here are some examples of additional employee benefits offered by our companies (practices vary by country):

- **Private health insurance**
- **Psychological assistance**
- **Co-financed fitness club memberships**
- **Free courses to improve qualifications**
- **Tuition support**
- **Pharmacy vouchers for employees raising disabled children**
- **Summer camps for employees' children**
- **Easter and Christmas gifts for employees**
- **Christmas gifts for employees' children**
- **Financial gifts for weddings and childbirth**
- **Payments in case of death in the family, disability or illness**
- **Long-term employee rewards**
- **Various special bonuses (best employee, reference bonus, and many more)**

These investments allow us not only to take good care of the working conditions and health of our employees, but also to pay more attention to their families.

MAXIMA in Lithuania, Latvia, and Estonia is continuing its longest running programme – MAXIMALIST. The programme provides long-term scholarships to high-achieving children of employees. Since its inception 17 years ago, the project has become inseparable from the MAXIMA brand and is valued not only by current but also potential new employees.

OCCUPATIONAL HEALTH AND SAFETY

We look out for each other and do our part to maintain a safe and secure environment. Workplace health and safety are fundamental. Our occupational health and safety management efforts reflect all relevant legal regulations and internal risk assessments. Workplace risk assessments are carried out regularly in all countries. The procedures of all MAXIMA Group companies are in line with the laws of the country in question.

Our occupational health and safety system covers:

- Risk evaluation, including:
  1) planning;
  2) visiting the site;
  3) assessing risk for each structural unit;
  4) defining preventive measures;
  5) preparing and issuing documentation.
- Work environment monitoring/supervision;
- Preventive and corrective action planning;
- Training and communication to employees;
- Medical examinations;
- Personal protective and safety equipment;
- Accident investigation.

[GRI 403-1], [GRI 403-2], [GRI 403-3], [GRI 403-4], [GRI 403-5], [GRI 403-6], [GRI 403-7]

All employees are covered by the health and safety management system. Every company has dedicated specialists and some have divisions, responsible for maintaining and implementing the occupational health and safety standards. MAXIMA Lithuania, MAXIMA Latvia and BARBORA outsource experts for safety management assistance.

Our employees can make their voices heard and we encourage them to provide feedback on our occupational health and safety management system. Every company has employees' health and safety representatives and/or an occupational health and safety committee with equal weight of impact from the employer and workers' health and safety representatives. Occupational health and safety committees regularly analyse working conditions, examine related problems, propose solutions, and monitor the implementation of the decisions that are adopted.

MAXIMA in Lithuania, Latvia and Estonia and T-MARKET, and BARBORA Lithuania have an anonymous trustline for complaints and suggestions. Employees are also kept informed through corporate websites, newsletters, e-mails, trainings, and other meetings.

A strong focus on employee safety contributes to a more cohesive, stable, and healthy team. We regularly assess the situation in our stores, logistics centres and other places of operation, and monitor employees' compliance with safety requirements. These assessments give employees a sense of security and promote responsible behaviour.

RISK ASSESSMENT

Our companies employ different risk assessment strategies in accordance with the relevant legal regulations, but there are core processes that all companies use to identify work-related hazards and assess the risks:

- Visits to divisions (including employee interviews)
- Documentation of risk assessment, preventive and corrective action plans
- Explanation of risks to employees
- Communication by those responsible about corrective and preventive actions
- Implementation of corrective and preventive actions
- Monitoring

[GRI 403-1], [GRI 403-2], [GRI 403-3], [GRI 403-4], [GRI 403-5], [GRI 403-6], [GRI 403-7]

Risk assessment at MAXIMA Lithuania, MAXIMA Latvia and BARBORA is performed by an independent service provider. The results are shown to managers who prepare strategies to manage the risks. They are then presented to the employees and continuously tracked. BARBORA has a guide to risk analysis and assessment which it updates annually.

Our companies are also taking measures to ensure the quality of these processes and the qualifications of the persons responsible via tenders, reviews, and certificate verification.

To eliminate hazards and minimise the risks, all companies organise inspections and some e.g. STOKROTKA, MAXIMA Lithuania and BARBORA – conduct periodic audits. We expect the employees to closely follow our health and safety programmes and procedures. We also encourage foster for the environment where team members can talk to their managers if they become aware of a safety hazard or unsafe behaviour. Each company has guidelines which require reporting of such hazards or behaviour, as well as systems for this type of reporting. Each also has systems for such reporting and persons or units responsible (e.g., working environment commissioners).

TRAINED AND INFORMED EMPLOYEES

Our employees are made aware of our procedures through trainings and are encouraged to stop work if they encounter a dangerous situation. In most of our companies, the rules are enumerated in an Internal Rules of Working Procedures manual. STOP, REMOVE and REPORT are the three key steps when a risk is discovered or if a situation poses imminent danger to an employee's life or health. STOP work immediately, REMOVE yourself from danger area and REPORT to a supervisor as soon as possible. Some companies, such as T-MARKET, provide employees with action plans on crisis prevention and what to do during a crisis, such as when facing an aggressive behaviour, injuries, robbery, natural disasters, fire, accidents, or evacuations.

Seeing the increased number of accidents, we will especially concentrate on additional safety induction seminars at all workplaces and trainings for our employees in safety matters.

Work-related injuries	2021	2020
Total number of work-related injuries	526	446
The number of fatalities as a result of work-related injury	0	0
The number of serious work-related injuries (excluding fatalities)	9	7
Rate of recordable work-related injuries *	9.3	6.2
Rate of serious work-related injuries (excluding fatalities)*	0.1	0.1

- Rates are calculated by dividing the number of injuries by total number of hours worked during reporting period multiplied by 1,000,000

[GRI 403-1], [GRI 403-2], [GRI 403-3], [GRI 403-4], [GRI 403-5], [GRI 403-6], [GRI 403-7], [GRI 403-9]

We regularly update our employees on the most current safety issues and procedures through annual training sessions and visual aids. Employees are trained in general occupational health and safety issues, and those working with potentially hazardous equipment obtain certification. New and existing employees are trained by certified managers in areas such as first aid and fire safety. Usually, training results are assessed by knowledge testing.

To improve the occupational health and safety management system after any work-related incidents, these steps are taken: investigation, report to the state H&S institution, preparation of a corrective and preventive action plan, and implementation and continuous monitoring.

OCCUPATIONAL HEALTH

The health of our employees is a top priority. All our companies conduct health check-ups before the start of employment and provide all needed personal protective equipment. Health check-ups continue throughout the employee's career, and advice is provided on occupational health, safety, and hygiene along with access to first aid and emergency treatment. Some companies engage independent third parties for these services, others have their own medical staff.

To ensure the quality of occupational health services, companies monitor the situation and periodically conduct occupational safety and health assessments.

[GRI 403-1], [GRI 403-2], [GRI 403-3], [GRI 403-4], [GRI 403-5], [GRI 403-6], [GRI 403-7]

We do what we can to help our employees stay healthy. MAXIMA Lithuania, MAXIMA Latvia, BARBORA, MAXIMA GRUPĖ, FRANMAX to some extent provide employees with supplementary health insurance after their initial probationary period. More than 50 percent of all employees are insured with supplementary health insurance.

The majority of Group companies provide free seasonal flu vaccination for employees who want it. Some companies, such as MAXIMA in Lithuania, Latvia and Estonia, offer employees psychological and social support. More than 30 highly qualified psychologists have been mobilised to implement this programme at MAXIMA Lithuania. Anonymous and free professional help is available by convenient online registration. Employees can choose a preferred date and time, also a psychologist who speaks Lithuanian, Russian or Polish.

MAXIMA Lithuania and MAXIMA Estonia offer employees gym discounts, while MAXIMA Latvia provides access to programmes which address major non-work-related health issues, including addiction cessation, dietary advice, and stress-reduction.

LIVING WITH COVID

*We **have a**dopt a very responsible approach to the pandemic situation and take all possible preventive measures to ensure a safe working environment for our employees. Since the start of the COVID-19 pandemic, every Group company has implemented comprehensive coronavirus prevention measures and employees are provided with protective equipment.*

Many of our companies provide employees with supplementary health insurance. MAXIMA Lithuania was one of the first companies in Lithuania to specifically insure all its current and future employees against COVID-19 in the spring of 2020. This year, as the pandemic is continuing, MAXIMA Lithuania has extended additional health insurance to all employees. No less important is employees' mental health. Some of our companies provide free counselling for those facing anxiety, fear or other negative emotions.

*During 2021, the Maxima Group invested more than **6,5** million euros in coronavirus safety and prevention measures.*

[GRI 403-1], [GRI 403-2], [GRI 403-3], [GRI 403-4], [GRI 403-5], [GRI 403-6], [GRI 403-7]

OUR CUSTOMERS

1.3 million

customers daily

3.96 billion

products sold in 2021

2,503

self-service check outs

3.6 million

loyalty program members

OUR CUSTOMERS

One of our main stakeholders is the customer. Our decisions are based on customers' well-being and fulfilling their needs. With 1,3 million customer transactions daily, we have a responsibility to help our customers eat healthily and improve the quality of the food in our stores that later goes into their baskets. Therefore, we continually invest in quality management processes. Entire Group operates in compliance with food safety management system Hazard analysis and critical control points (HACCP). To ensure the quality of our products, since 2016 we operate an in-house laboratory. Through our private label products, we can ensure an exclusive and attractive assortment. We are addressing customers' needs with various solutions to make life easier and comfortable: e-commerce, ready meals, self-checkout, self-scanning, and cardless customer programmes. Our focus: responsibly creating value by providing the best price, assortment, and service to our customers and making fresh, healthy food available for everyone.

We help our customers to live well – and living well starts with eating well. While food quality is always a priority, we also want to ensure a better shopping experience every day. In a fast-paced world that changes every minute, we adapt to our customers' needs for healthier choices with easier, faster, and more convenient shopping. To do so, we are always listening and responding to them.

In 2021, MAXIMA Lithuania, MAXIMA Latvia and MAXIMA Estonia were recognised by customers and presented with the Best Buy Award (Value for Money). In Latvia, an independent customer survey by DDB Brand capital and Kantar TNS found that MAXIMA Latvia is the Most Loved Retailer in Latvia and Baltics and the 2nd Most Loved Brand in Latvia Overall. BARBORA Poland was recognised in Polish Business Awards as Top Partner for their input to retail market. BARBORA Latvia won the Latvian E-commerce Award 2021 for Food. This shows our customers appreciation and empowers us to reach even bigger results.

Our customers is always a priority when thinking about stores and products. We strive to create value for them. One way we can do that is by giving customers the power of choice. We enable them to select:

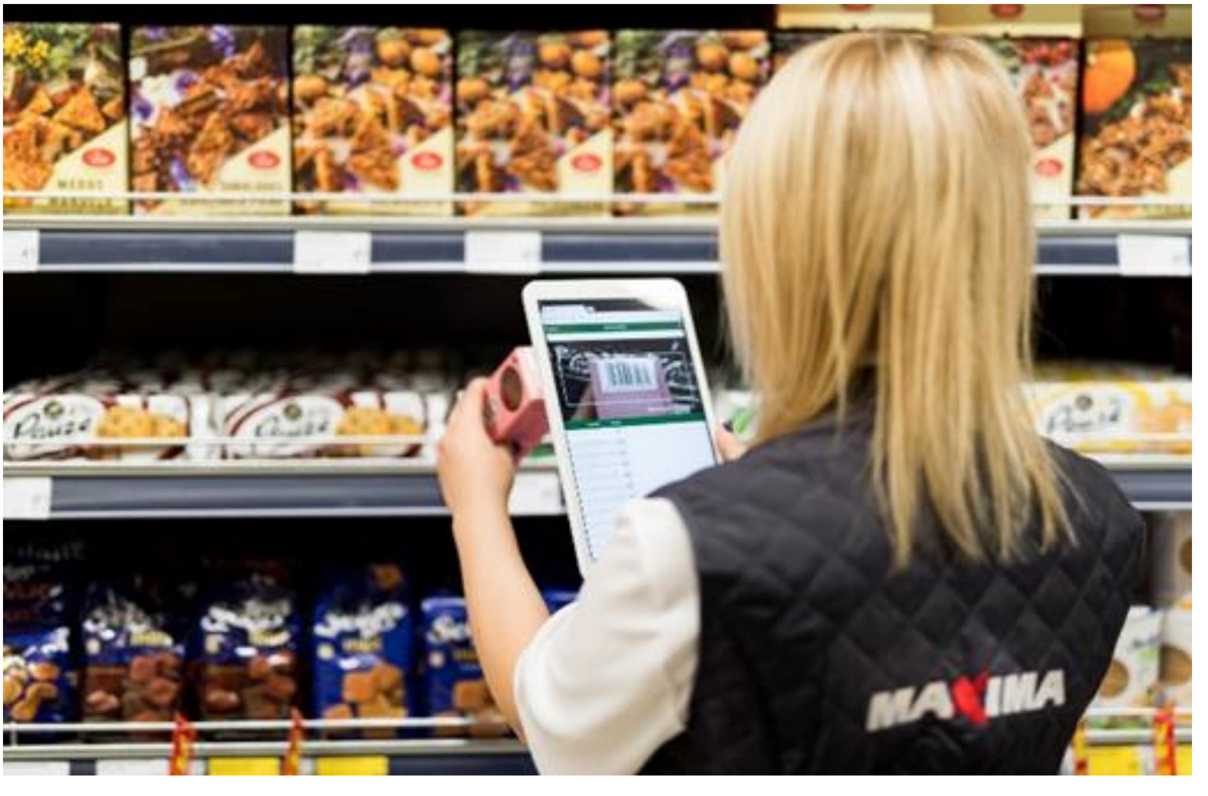
- The highest quality product at the lowest possible price;
- Products that are sourced responsibly and safely – both globally and locally;
- More healthy products, such as low-sugar or low-fat;
- Diverse ways to shop.

[GRI 103-1], [GRI 103-2], [GRI 103-3]

PRODUCT SAFETY AND QUALITY

Product safety is the most important factor for all the items we sell, both food and non-food products. We continually invest in the certification and monitoring of processes to ensure safe and high-quality products. Thus, all the Group's companies have established a comprehensive quality assurance process. MAXIMA Lithuania and MAXIMA Latvia operate according to a quality management system that is certified in accordance with ISO 9001 and the entire Group operates in compliance with food safety management system - HACCP.

At MAXIMA Lithuania, MAXIMA Latvia, MAXIMA Estonia and T-MARKET, the process starts right from the offer stage. Employees are trained and have a check list of what to consider when choosing a supplier, and also follow a comprehensive selection process for new products. Before choosing a new product, all MAXIMA companies require the supplier to present all necessary documents to prove product compliance. We also request additional documentation to classify products as organic or eco-certified, for instance, along with safety data sheets. Planned and ad hoc laboratory testing is performed to check the safety of products. Planned and ad hoc supplier audits are also carried out to ensure that the production environment and safety assurance procedures are sufficient for our quality team.



[GRI 416-1]

In addition to supplier tests, we perform in-house and outsourced fit-for-use tests. And our quality assurance departments may decide to take samples from production. The samples are then examined by independent testing labs or our in-house labs for certain technical and chemical parameters. To implement the related procedures and assessing the relevant indicators, we count not only on our own Quality and Food Safety team but also on external auditors. On delivery, MAXIMA applies comprehensive quality control procedures for the acceptance of fresh foods such as fruits, vegetables and fresh meat at its own or partner warehouses. The quality control system involves a variety of parameters to determine lacks quality that range from product temperature violations to inconsistencies in a product's appearance, smell, etc. These measures ensure quality across the whole supply chain. Goods are only made available for sale once they have passed all assessments.

The International Certification Association ICERTIAS has awarded MAXIMA Lithuania, MAXIMA Latvia and MAXIMA Estonia a Best Buy Award for having the best price to quality ratio. This top-level global award, only confirms that, MAXIMA offers high-quality products at low prices.

[GRI 416-1]

PRODUCT ANALYSES IN 2021

	FRESH FOOD	FOOD	NON-FOOD
SAMPLES ANALYSED	1,458	462	297
PRIVATE LABEL SAMPLES ANALYSED	697	388	144
OWN CONTROL SAMPLES ANALYSED	1,126	486	218
REJECTED PRIVATE LABEL	18	24	62
PRIVATE LABEL RECALLS	47	2	3

IN-HOUSE LABORATORY

In year 2016 current Maxima International Sourcing established in-house laboratory. The initial need for this was to make products testing faster, more efficient, increase our testing scope to suite our needs and to save up on costs. The laboratory does tests on all products in different categories: fresh food, food, and non-food, depending on our internal needs. The LAB has all equipment suitable to perform various product tests, such as weight analysis, tear forces, tensile strength, pH., temperature, GSM, dry friction, paint wash resistance, functionality, the number of watts used by the devices and much more. Requirement comes from commercial department when there is a need for LAB testing because some products are in question, or suppliers' tenders come in and we need to check product specifications. Product depending on its origin is tested in many ways. For example, if a sweater needs usage or durability check, laboratory assistant does many tests - pilling test, wash test, to see if sweater changed in size after washing it, ironing and other. After all necessary checks, laboratory assistant fills in the product specification card with conclusions and return everything to commerce department where they with all the information they got, decide how to proceed with this product. On average, more than 100 products are tested in our in-house labaratory each month. The quality of our products in the store is a number one priority and we do everything to ensure the best quality for the best price to our customers.

PRIVATE LABELS

Our private label offering is improving each year. It is important for us continuously adapting to our customers' needs, which we always work hard to satisfy. We give our customers extensive information to help them make informed purchasing decisions. And we are available via multiple channels to answer questions and respond to feedback. If customers find that they are not satisfied with one of our products, they can return it to us.

The private label products that MAXIMA produces at sites across the Baltics, e.g., fresh meat, ready-to-eat culinary products and confectionery, are constantly reviewed for possible improvement, also in terms of health and safety. Thus, product recipes and production technologies are continually enhanced. The process involves analysing the results of laboratory testing, prototype evaluation and taste tests.

LINKĖJIMAI IŠ KAIMO

Meistara marka MAXIMA

FarmMilk

SAULĖS PIENAS 1996

FISH PORT

A THOROUGH PROCESS ENSURES HIGH QUALITY PL PRODUCTS

MAXIMA's steps in adding a new product to its private label offering:

Research of currently applicable EU laws and regulations

Drafting and approval of the written specifications required for a new PL product

Evaluation of tender offers in keeping with MAXIMA's purchasing guidelines

Selection of a suitable manufacturer

Audit of the selected manufacturer

Submission and analysis of product samples

Once agreement is in place, continuous on-site monitoring of production

Products are delivered to MAXIMA's distribution centres for further distribution to stores

[GRI 417-1]

While delivering top quality in our private label products, it is just as important to provide the right product information and labelling. Private label departments draft and approve the required specifications. In choosing a label design, we always think about costumers: how to ensure all the necessary information reaches each of them.

We are adapting packaging and labelling to include full nutritional information so customers can make healthy choices, providing information per 100 g and per portion whenever the size of the packaging allows it. We also provide customers with information on the sourcing of product components, substances that might have an environmental or social impact, safe use of the product, and proper disposal. We want the most important information to be visible on the front of the package, so customers are better informed. In the process, we aim to comply with all European Union and local country regulations.

HEALTHIER CHOICE

People are increasingly aware of the importance of health and well-being. We focus on openly engaging with customers and developing our product range to help people make informed purchasing decisions. We are available on multiple channels to answer questions and respond to feedback. We give customers clear information on food ingredients, the origins of raw materials, and so on. And we continually review the quality of our products. Changes we make to our products also reflect the needs of each Group company's public and evolving regulatory requirements. We actively monitor community growth and market trends so that we can react quickly and, in our customers', best interests. We also try to educate and help our customers learn and live healthier.

For example, MAXIMA Latvia, to celebrate its 20th anniversary, is giving its loyalty programme cardholders an online recipe platform, 'What to Eat?", which offers a range of ideas for delicious and quick and healthy meals. The new tool not only provides a wide variety of recipes for the everyday and holiday table but also helps plan purchases and save time and money at the store. A similar recipe platform offers healthy recipes to T-MARKET customers.

[GRI 416-1], [GRI 417-1]

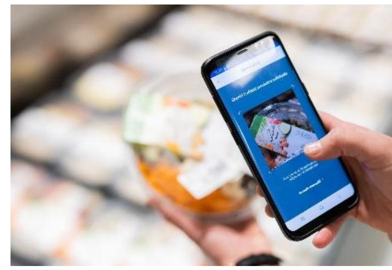
MAXIMA constantly reviews its assortment in light of our desire to enable customers to eat more healthily and actively support them in their purchasing decisions. We also offer food products for different nutritional needs and lifestyles. In all countries, we offer gluten-free, lactose-free, vegetarian, and vegan products, with work underway on more product lines to meet specific preferences and nutritional needs. The work of the purchasing department takes into account the recommendations of the World Health Organisation, among others. In our private label brands, particularly in products for children, we monitor the accepted and approved quantities of food additives and nutrients such as salt, sugar, and fat. We make sure our labels include clear and straightforward information on health, nutrition and serving sizes to promote healthy eating habits. Here we comply with all European Union regulations. As demand only grows, we make sure to offer a variety of products for people with specific nutrition requirements and preferences. Our stores have separate shelves for customers with different dietary restrictions, e.g., diabetic, allergic, gluten-free and so on.

Customer well-being is also the reason we consider products' origin and how they are produced. MAXIMA Lithuania stopped using cage eggs in all private label products as of the end of 2021. They are being substituted with non-cage (barn) eggs. Following MAXIMA Lithuania's example, Maxima Latvia, Maxima Estonia and T-MARKET have now set their own goals for removing cage eggs from their private label assortment in the near future.

[GRI 416-1], [GRI 417-1]

A BETTER SHOPPING EXPERIENCE

For MAXIMA, digitalization is about more than just offering e-commerce. It is also about simplifying shopping in stores. Customers do not want to lose time making decisions, searching for products, standing in queues and preparing meals. We are addressing this need with simple solutions that make life easier for them: e-commerce, ready meals, self-checkout, self-scanning, and cardless customer programmes.



- Our self-checkout system is constantly expanding. To date, the Group's stores have a total of 2,503 self-checkouts. At MAXIMA Lithuania, users of self-service checkouts increased by 5% in 2021 and by year-end included 41% of all buyers. Such trends are not surprising, as customers increasingly value more convenient and – now especially – safer shopping, where contact with store employees can be minimised or even eliminated.
- The Scan & Go checkout service enables shoppers to scan products using a portable scanner, place them in the bag, and pay for them in a special payment area without having to removing items from their bag. In Lithuania and Latvia, Scan & Go has already been implemented at 20 stores, while in Estonia, MAXIMA customers can use it at all stores, scanning products with the MAXIMA APP. This show that customers value their time and seek a quicker, more convenient shopping experience. In 2022, MAXIMA plans to implement Scan& Go at even more locations across Lithuania and Latvia.
- BARBORA Lithuania has introduced "Drive in" stations to help customers save time. Once an order has been placed and paid for, they can collect it at the "Drive in" station. BARBORA's pickers prepare it within half an hour and deliver it directly to the car. Whether you forgot something on your shopping list, want to buy one item, or do your full weekly shopping, it will be ready in just 30 minutes.

We have set ourselves goals to strengthen the loyalty of all customers while meeting each one's needs. The AČIŪ programme is a key means of doing so. AČIŪ loyalty cards in Lithuania, PALDIES loyalty cares in Latvia, AITÄH loyalty cards in Estonia and БЛАГОДАРЯ loyalty cards at T-MARKET help us know our customers and thank them for their loyalty. The AČIŪ programme helps us segment our customers and make individual offers. At MAXIMA Lithuania and MAXIMA Latvia, we have expanded loyalty card benefits. Now people can join *clubs* and get special offers for what they need. For example, if you are enthusiastic reader, you can join a "Readers club" and get a 20% discount on books throughout the year. Or if you are cheese fan, you get special offers on cheese. MAXIMA Lithuania now has 9 clubs and MAXIMA Latvia – for now 2 clubs that customers can join based on their everyday needs.

COMMUNICATION WITH CUSTOMER

We make a huge effort to make sure all communication with customers is true, transparent, and up to date. Our communication principles are based on our customer service standard and follow international good practices for trade and advertising.

Customers access information on our offers via many different channels, such as advertisements in newspapers, weekly leaflets, customer magazines, TV commercials and our official websites. In-store customer contact is of paramount importance to us. Our store employees are our most important brand ambassadors. We also have information and communication channels on social media networks like Facebook, LinkedIn and Instagram.

Our customers expect efficiency and speed when they ask for something. MAXIMA Lithuania manages customer requests through a "Customer Request Management" system. Requests may be made by phone, e-mail, post, website, in person at stores or on social networks. MAXIMA Latvia addresses such requests with a customer complaint and recommendation response procedure. STOKROTKA has a Customer Service Office which replies to customers as soon as possible and always within seven days. These services are available 24/7. Similar customer service lines are used in other countries and by BARBORA.

RESPONSIBLE SHOPPING

MAXIMA Lithuania is set to reduce plastic consumption by 30% by 2025 and ensure that all plastic packaging for its private label products is 100% recyclable. A variety of focused initiatives are underway to help reduce the use of unnecessary plastics. As of 2021, BARBORA Lithuania has completely eliminated plastic bags for delivery and all products are now delivered in recyclable paper bags. All our stores across countries offer cardboard boxes, jute fibre, recycled paper and/or recyclable plastic bags for customers to carry what they buy. While there is a wide range of alternatives for sustainable packaging today, it is important to respect the principles of the circular economy. That means assessing the total pollution in the entire life cycle of the packaging in terms of both air (GHG) and water, as well as the resources required for the production and recycling of packaging, waste generation, and recycling.

The world is changing, and it is good to see that implementing green ideas has become an important topic of dialogue with all our manufacturers. Decisions adopted and supported jointly by responsible businesses can strongly contribute to positive change for our environment.

LIVING WITH COVID

The safety of our customers is a priority. Extremely strict hygiene requirements have been introduced in all our stores. After each use, shopping carts and baskets are disinfected, and other surfaces are also regularly disinfected: cash registers, stacking areas, scales, card readers, and so on. Stores are cleaned more often, and their ventilation systems have increased fresh air circulation. We continue to provide free facemasks for all customers and comply with each country's legal requirements for safe shopping. Thus, we control the number of shoppers in every store, place two-meter distance markings on floors, and use printed, audio, and video messages to remind customers to wear masks, avoid standing in groups, and observe safety rules. MAXIMA Lithuania, given today's global situation, is helping to promote vaccination among our customers. Working with municipalities and in stores, we have held promotional and informational campaigns and encouraged vaccination at mobile vaccination points set up in store parking lots. The safety of our customers and employees continues to be our priority.

OUR ENVIRONMENT

More than

70%

of our total waste is recycled

More than

47%

of electricity consumed by us is from renewable sources

OUR ENVIRONMENT

The Group's wide range of activities as a retailer have an impact on climate and the environment. This is a result not only of the products we sell but of our entire operations. Our attitude aligns with the commitments we made as a signatory to the United Nations Global Compact's environmental principles. We continue to find and learn ways to reduce our environmental impact by adapting circular economy principles, whether in purchasing, logistics and store organisation, or in educating employees and customers. Identifying and addressing our sustainability priorities, we continue to counteract climate change through more energy efficient operations, responsible waste management, and prevention of food waste, all the while applying circular economy practices. In 2021, more than 70% of our total waste is recycled and more than 47% of electricity consumed by us is from renewable sources. The T-MARKET chain so far is ahead of the curve, as all of its stores are 100% powered by renewable energy.

In thinking about the world's future and our Group's future, the environment is an aspect we consider. One of the major factors affecting our business is climate change. Climate change can have serious effects on the food retail industry, impacting agriculture and other major components. We have seen that produce can be exposed to unexpected environmental factors like droughts, heavy rain, floods, and wildfires. The Group tries to mitigate the risks of climate change by remaining attentive to the situation around the globe and taking whatever steps it can. All our businesses work to reduce energy consumption at all levels. We recognise that it is not just us but also our suppliers also who must take responsibility for actions with an impact on economic growth, social welfare, and the quality of the environment. Our Code of Conduct, in effect since 2019, reflects the efforts of the Group's companies to strengthen sustainable collaboration with suppliers, promoting compliance with relevant and applicable environmental protection laws, regulations and standards, promoting responsibility for the environmental impact of their operations, encouraging usage of technologies that are not harmful to the environment and to follow environmentally friendly business practices, including respect for human rights and business ethics. While each of our companies has individualised their commitments and implementation, we are all looking and headed in the same direction.

[GRI 102-11], [GRI 103-1], [GRI 103-2], [GRI 103-3]

CLIMATE AND ENERGY EFFICENCY

We believe in saving energy at every stage of our business and the environmental expectations we must meet have never been higher. Our customers rightly ask us about how we conduct our business responsibly from the start of sourcing to the moment product ends up in their basket. Here is how we address energy efficiency within our logistics processes, store activity, and office infrastructure. All our countries have robust environmental management systems in place. MAXIMA Lithuania uses ISO 14001 accreditation, which helps to improve environmental performance through more efficient use of resources and reduction of waste. MAXIMA Latvia uses the ISO 50001 standard to help continually reduce their energy use and therefore their greenhouse gas emissions.

LOGISTICS: In recent years we have made positive progress in transport and logistics. All our Baltic companies and T-MARKET use a transport planning system to identify, create and improve optimal routes. This reduces the negative impact of transportation of our goods by avoiding unnecessary travel. MAXIMA Latvia uses a "car-train" solution to be able to distribute up to twice as many goods and reduce emissions. Meanwhile, 78 trucks operated by STOKROTKA are Euro 6 compliant, and at MAXIMA Latvia more than 90% of logistic services are provided with vehicles that meets the Euro 7 emission standard and are no more than 10 years old. Supply chain initiatives have been an important start and we continue to find ways to improve our logistics. For example, MAXIMA Latvia is testing vehicles with a liquefied natural gas engine that reduces the release of carbon dioxide into the atmosphere by up to 80%.

All our distribution centres in Latvia, Lithuania, Estonia, and Poland use LED lighting, which is significantly more efficient than fluorescent and lasts longer than incandescent lights. Motion-detected lighting regulated to different levels of brightness also helps save and use energy efficiently.

Total energy consumption within the Group	2021	2020
Total electricity consumption	388,392.10 (MWh)	497,067.92 (MWh)
Total electricity consumption from non-renewable sources	203,627.75 (MWh)	287,550.93 (MWh)
Total electricity consumption from renewable sources	184,764.35 (MWh)	209,516.99 (MWh)
Total heating energy consumption	111,302.78 (MWh)	113,538.42 (MWh)
Total energy consumption	499,694.88 (MWh)	610,606.34 (MWh)

[GRI 302-1], [GRI 302-4], [GRI 102-48]

STORES: Our stores are the final stop in our supply chain and in stores we can control the biggest part of our energy use. We are improving our stores by implementing advanced solutions. The T-MARKET chain so far is ahead of the curve, as all 98 of its stores are 100% powered by renewable energy. All our operators use energy control and management systems to monitor, control, measure, and optimise energy consumption. We agree with the attitude that it is the things that get measured that get improved. When measuring and monitoring energy consumption in stores, we can see precisely where improvements are needed. All new and renovated stores in Lithuania, Latvia, Estonia, Bulgaria and Poland use LED lighting solutions. Compared to incandescent bulbs or fluorescent light bulbs, LED luminaires not only use less energy but also last longer. Thus, LED bulbs can provide illumination for up to 100,000 hours – about 11 years. They do not contain any environmentally harmful elements and the bulbs are completely recyclable. Also, some MAXIMA Lithuania, MAXIMA Latvia, MAXIMA Estonia and STOKROTKA stores use systems of natural refrigerators and freezers fitted with doors and covers that avoid unnecessary energy consumption. To reduce carbon emissions associated with cooling and air conditioning systems, we use leak control technologies.

OFFICES: Our concept for sustainable workplaces includes energy-saving initiatives, avoiding the heating and cooling of unused spaces, and putting the emphasis on improved buildings, design, and location. The offices of STOKROTKA, MAXIMA Lithuania and MAXIMA Latvia use energy control and management systems to monitor and control the efficient use of energy. The offices in all countries also use LED lighting solutions and, in most countries, also motion-detected lighting. So, if fewer people are in the office, less lighting is needed. As less and less paper is used in day-to-day operations, we are reducing the overall number of printers and using 'follow me' printing to ensure documents are not printed until an employee collects them by swiping their access badge.

GHG EMISSIONS:

SCOPE 2

2021	177,264.36 tones CO2 eq
2020	210,938.57 tones CO2 eq

SCOPE 1

2021	14,340.48 tones CO2 eq
2020	17,321.73 tones CO2 eq

Total electricity produced by our solar power stations (MWh)

136,2 2021 **101,8** 2020

Number of stores with LED lighting

819 2021 **280** 2020

Number of stores with natural refrigerants (CO2, WL)

CO2

63 2021 **37** 2020

Number of buildings with electric vehicle charging stations (both owned or leased parking lots)

9 2021 **9** 2020

[GRI 302-4], [GRI 305-1], [GRI 305-2], [GRI 102-48]

WATER

Water is the most essential natural resource on earth. As people's needs grow, water use increases. If ten years ago everybody thought water was an inexhaustible resource, today that has changed drastically and there is less of it to go around. We are doing our bit to tackle water shortages by improving the efficiency of water use across our operations and implementing water-saving initiatives. Through robust water stewardship, we are addressing and managing all areas of water vulnerability in our business. We recognise the tension between protecting freshwater supplies and needing it to operate our business. Hence, we continue to maintain and enhance best practices in managing the quality of water leaving our site.

As a retailer, our Group depends on water to power our operations. True, we do not do any manufacturing and view ourselves as a minor water resource consumer since water use is only essential for the operation of our stores, distribution centres and offices. But we still think about how to lower reduce that usage. Properties managed by the MAXIMA Group use water from municipal water supplies in all our countries of operation. The largest use of water is at our food production and preparation facilities. All other use is for cleaning and employees' personal needs. We seek to reduce our water consumption as much as possible. At all our Baltics stores as well as our production, warehouse and office facilities, we use water-efficient systems like water flow regulators to reduce consumption and taps with timers/sensors to help prevent wasting water. Given the nature of their business, our stores and other facilities do not produce heavily polluted wastewater. Nevertheless, wastewater treatment and recycling systems have been introduced in all countries. In all the Baltics and at T-MARKET, our production facilities and stores use grease traps to prevent grease entering municipal sewer systems.

Following the good example of MAXIMA Lithuania, which eliminated all live fish aquariums in stores, saving around 30,000 m3 of water per month, MAXIMA Latvia in 2020/2021 also eliminated aquariums. We no longer have live fish aquariums at our stores in any country.

TOTAL WATER CONSUMPTION (m^3):

860,130.30

[GRI 303-1], [GRI 303-2], [GRI 303-5]

MATERIALS AND WASTE MANAGEMENT

The large increase in the amount of waste produced worldwide places a considerable burden on the environment. One of our aims is to avoid waste and reuse or recycle materials wherever possible. We believe that to for our impact to be sustainable, a circular economy is needed that designs out waste, uses fewer materials and materials with lower environmental impact, including alternatives to plastics, and makes reuse and recycling easier. We listen to our customers and hear their concerns about the impact of plastic packaging. We want to use data to make informed decisions, drive positive system changes and understand the holistic impact of plastic packaging changes.

Over the life cycles of our products – whether food or non-food – the largest amount of waste is generated during production and after use by customers. As an intermediary station in the chain, retail usually involves the least waste, and it mainly consists of transport packaging and waste generated at stores. Perishable food products that have not been sold in time are also a source of waste. All our companies have integrated steps into their day-to-day operations to manage and to reduce their waste-related impacts as much as possible. Some of these steps are:

✓ Resource-efficient manufacturing process assessment;
✓ Strict requirements for fresh food producers and suppliers to maintain food freshness and quality;
✓ Optimization of ordering and forecasting of goods for sale;
✓ Continuously monitoring and managing the temperature of refrigerators in all distribution centres and stores;
✓ Selling products that are close to expiration at a discounted price;
✓ Donating food products;
✓ Training employees to properly separate waste and what has reuse potential;
✓ Recycling stations/bins at all sites (shops, warehouses, etc.);
✓ Campaigns to educate customers on food waste;
✓ Partnership with organisations in waste management and many more.

[GRI 306-1], [GRI 306-2]

PLASTIC

MAXIMA Lithuania has set a target of 2025 to have all private label packaging 100% recyclable, while MAXIMA Latvia aims to replace all plastic carrier bags with ones made from recyclable and sustainable materials. To that end, data on the use of plastic in our operations was analysed looking for possible ways to avoid plastic or replace it with more environmentally friendly material. As of last year, MAXIMA Lithuania, MAXIMA Latvia, MAXIMA Estonia, T-MARKET and STOKROTKA do not offer or sell single-use plastic items like cotton bud sticks, cutlery (forks, knives, spoons, chopsticks), plates, straws, beverage stirrers, balloon sticks, expanded polystyrene food containers, beverage containers, cups or items made of oxo-degradable plastics (excluding those in stock). All such items have been replaced with others that have a smaller negative impact on the environment.

All our companies are moving towards plastic-less shopping. In all our stores across all regions, we offer customers less harmful alternatives for carrying their purchases home. All our stores offer a selection of recycled paper bags, reusable bags, and even cardboard boxes left from unpacking products. At MAXIMA in Latvia and Lithuania, cloth bags are available for customers to purchase once and reuse multiple times. Customers are also allowed to use their own re-usable food containers when buying weighed food instead of single-use plastic dishes. STOKROTKA has introduced paper bags at ab attractive price and offers reusable bags for fruits and vegetables. MAXIMA Estonia is in the process of changing plastic bags for fruits and vegetables from plastic to bio decomposable.

[GRI 306-1], [GRI 306-2]

Our e-commerce leader BARBORA made big changes in this area. As a food delivery company, it must follow strict legal regulations for product packaging and for separating food and non-food items, frozen goods, and so on. So, customers end up with more bags than if they went to a store in person. But as of 2021, BARBORA Lithuania has completely eliminated plastic bags for delivery and all products are now delivered in recyclable paper bags. To highlight this big change and make the transition as smooth as possible, our e-shop, with the help of a Lithuanian sustainability promoter, launched a series of videos on how to creatively reuse paper bags. About 40 different ideas were presented for what can be made from simple paper bags. To make it even more engaging for customers, at Christmas time BARBORA invited everyone to participate in small initiative to make a Christmas stocking from a recycle paper bag and leave it for the courier to fill with a little present. Nobody expected such active participation – in less than a month couriers delivered nearly 15,500 stocking gifts to customers.

SEPARATING WASTE

We endeavor to make recycling simpler and more convenient for our employees as well as for our customers. Viewing waste as a commodity is the essence of a circular economy and is decisive for reducing MAXIMA's carbon footprint. Sorting of fractions of various materials is even more important in stores than in warehouses due to smaller package sizes. All our stores have a recycling station. T-MARKET stores have special paper presses for more efficient disposal of transport packaging by separating the plastic from paper and transferring both for recycle. MAXIMA Lithuania trained all store and warehouse employees for how to recycle correctly and minimise waste that goes to landfill. At the chain's recycling stations, employees find detailed instructions regarding what waste goes where, what is recyclable and what is not, to maximise recycling. We not only train our employees but also encourage and help our customers to recycle.

[GRI 306-1], [GRI 306-2]

Starting in February 2022, MAXIMA Latvia implemented a container deposit system in stores to manage and collect plastic, glass and tin containers for recycling. MAXIMA Lithuania has had a container deposit system since 2016.

We also offer front-of-store recycling stations for plastic and cardboard and some electronics. All Baltic operators provide bins for customers to return used batteries and small devices no longer suitable for us, like phone chargers and extension cords. These are handled internally and by our hazardous waste vendor, which recycles them and provides tracking data. Outside its bigger stores, MAXIMA Lithuania works with municipalities to provide a collection container for recycling bigger electronics, like old radios, TVs, washing machines and even car batteries. We continue to educate the public about sorting waste and waste reduction.

MAXIMA Estonia eliminated all paper receipts at self-checkout counters last year and gave customers the option to choose to print a receipt or not when prompted. MAXIMA Lithuania introduced similar option in early 2022 except that once a customer chooses to not print a receipt at self-checkouts in the MAXIMA APP, the choice is retained so that the person shops again, they do not have to choose again, an e-receipt goes straight to their email.

STOKROTKA, MAXIMA Lithuania, FRANMAX and some other companies have implemented electronic invoicing systems and DMS, allowing us to save even more paper in those ways.

WASTE GENERATED (tonne)

RECYCLE	75,862.17
NON-RECYCLE	30,025.82
HAZARDOUS	350.22

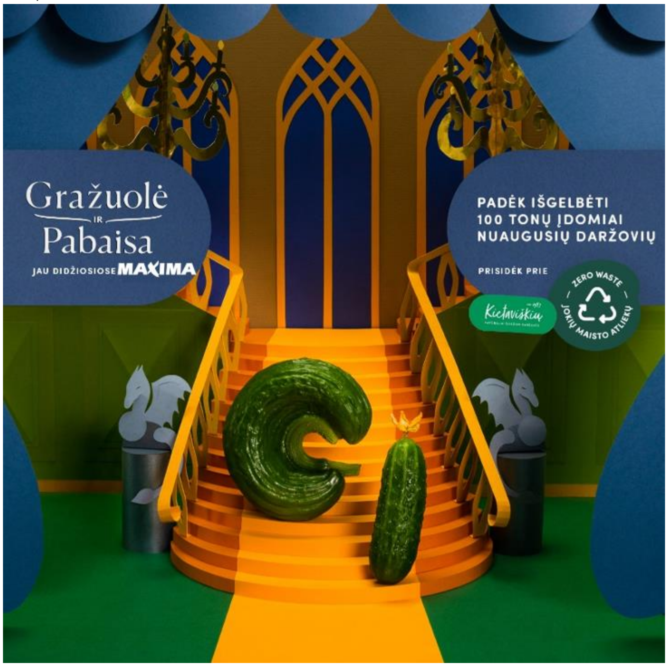
[GRI 306-1], [GRI 306-2], [GRI 306-3]

REDUCING FOOD WASTE

The UN Environment Programme estimates that one-third of all food produced in the world is lost or wasted and if food waste was a country, it would be the third largest greenhouse gas emitter in the world. As one of the biggest retailers in the Baltics, we must take action to prevent and reduce food waste in our operations and to educate people as widely as possible about how to stop food waste. That is why MAXIMA Lithuania and MAXIMA Latvia are putting their foot forward and setting the goal of reducing food waste by 30% in their own operations by 2025.

We are taking multiple paths to reducing food waste. It is very important that products are stored and transported in ways that keep them from spoiling. To reduce food waste, we have consistently raised the efficiency of supply and storage processes. We use intelligent route planning systems for our logistics, so transportation of food products is more efficient, faster and without losses. Innovative, environmentally friendly food storage solutions are being introduced in MAXIMA stores and distribution centres. Energy-efficient heating and ventilation systems and advanced refrigeration systems not only save energy but also allow us to keep products fresh longer.

We carefully watch our replenishment approach not to hold more food than we think we will sell, and we stock what is relevant to a particular store and the customers it serves. We use intelligent systems to help more accurately forecast and order the required quantities of products. We continue to improve our inventory calculations, forecasting and merchandising solutions, and to offer customers discounts on food close to expiration. In the summer of 2021, MAXIMA Lithuania and BARBORA, together with a local Lithuanian vegetable producer, started a campaign with the funky name of "Beauty and the Beast" on welcoming non-standard vegetables into customers' homes. The law regulates the quality standards for what vegetables can be sold in shops. With the support of government, this zero-waste initiative gave us an opportunity to directly introduce consumers to vegetables of non-standard form but with the same taste, nutritious value and a one-third lower price. It is estimated that more than 100 tonnes of food were saved and ended up on dinner tables.



[GRI 306-1], [GRI 306-2]

We feel a big responsibility to reduce food waste as effectively as possible. For food that is still fit for consumption, we use in-store campaigns and technology to promote it and donate it through our trusted food bank partners. In 2021, MAXIMA Lithuania donated 325 tonnes of food, MAXIMA Latvia 399 tonnes and MAXIMA Estonia 135 tonnes. We are very proud of our joint efforts with food banks in all the countries where we operate, and we are also proud to have partners that help us reuse food not suitable for donations to food banks. Products like that which have reached the end of their shelf life are used for animal feed, compost, biomass, electricity, and heat production. For example, 132 tonnes of food waste no longer suitable for human consumption, including vegetables, fruits, and bread, were collected by MAXIMA Lithuania and given to farmers who feed livestock and poultry or make compost with it. To prevent unsold food from ending up in landfills, MAXIMA Lithuania sends products that are no longer suitable for consumption (676 tonnes of plant waste, 30 tonnes of fat, and 195 tonnes of animal by-products per month) to one of our partners who converts them into biomass and biogas. We also collaborate with a high-quality, certified company that collects and converts used oils into biodiesel.

Animal welfare is part of our sustainable business approach. As of 2021, there are no more aquariums with live fish at any MAXIMA Group stores. MAXIMA Lithuania and MAXIMA Latvia have also announced that they will seek to phase out caged hen eggs by 2025. We are implementing these decisions gradually, to ensure a smooth and consistent transition.

Waste handed to farmers (tonne)

	2021	2020
Food waste of animal origin	136.69	134.6
Waste of non-animal origin	132.45	256.0
Fats' waste	3.5	5.6

[GRI 306-1], [GRI 306-2], [GRI 306-4]

OUR SUPPLY CHAIN

5,000

More than suppliers

More than 78 %

of the Group's suppliers are local* (more than 95% in some countries)

* Local supplier means a supplier or service provided whose at least one product or service offered for procurement is produced in operating country.

The supply chain is especially important for MAXIMA GRUPĖ as its reliability determines whether customers will find needed food and other products on our stores' shelves every day. We strive to be a valued long-term partner, empowering our partners to develop and flourish together with us. Three core principles form the basis for our close cooperation with strategic partners: respect, trust, and transparent communication. And we expect the same standards of business ethics from our partners. We are aiming to improve the processes for communicating our standards and policies, such as anti-corruption trainings and application of the Supplier Code of Conduct. Our suppliers are increasingly focusing on the sustainability of their activities. Our companies regularly review the conditions of cooperation with our suppliers to ensure mutual benefits and the best choices for our customers. Furthermore, we maintain close cooperation with almost 3,000 local suppliers and take measures to strengthen this cooperation.

In 2020, we adopted a Supplier Code of Conduct, which reflects the efforts of the Group's companies to strengthen sustainable collaboration with suppliers, promoting practices that are lawful, professional, and fair, including respect for human rights, business ethics and environmental protection. We expect suppliers to comply with all relevant legislation and regulations in the countries in which they operate, and to behave fairly, respectfully and justly towards their employees, providing them with a safe and healthy work environment. We also expect suppliers to operate in accordance with environmental laws, regulations, and standards, and to take responsibility for the environmental impact of their activities.

A core focus in our work with partners is achieving mutual understanding and agreement on practices and expectations. Transparent communication is one way to address this MAXIMA GRUPĖ's Anti-Corruption Policy includes principles of transparency as well as requirements and guidelines for anti-corruption practices in our everyday work and communication with partners. A trust line is maintained at the company where anyone, including our partners, can anonymously report possible cases of corruption or other unlawful activity in the company.

We are striving to improve the processes for communicating our standards and policies, such as anti-corruption trainings and application of the Supplier Code of Conduct. As of 2021, the the Code is included in every new contract with a supplier and is available to any potential partner on our company's website.

The majority of our supply chain is managed country individually handles about 84% of product choice, negotiation, and purchasing processes and is tasked with increasing regional and local sourcing. MAXIMA International Sourcing provides centralised sourcing – the remaining 16% of the Group's supply chain. It provides Group companies with purchasing and negotiation services and develops private label brands. As a wholesaler, MAXIMA International Sourcing buys goods from suppliers and delivers them via warehouse or directly to operators. This highly centralised delivery model increases operating efficiency and allows the Group to better control the quality of its products and services.

[GRI 103-1], [GRI 103-2], [GRI 103-3], [GRI 102-9]

PARTNERSHIPS WITH SUPPLIERS

We are grateful for the dedication and cooperation of our suppliers. Thanks to them, our customers in the countries where we operate have access to fresh and high-quality products.

We regularly review the conditions of cooperation with our suppliers to ensure mutual benefits and the best choices for our customers. MAXIMA Lithuania, in cooperation agreements with Lithuanian manufacturers and suppliers, has revoked legal provisions on fines for delays in delivery of goods. We continuing working with suppliers to find common solutions based on mutual trust that will strengthen our trust-based partnership.

Each company carries out internal procedures and audits to assess suppliers' reliability and transparency. Before starting to work with them, a supplier must submit a whole list of documents based on which we verify its financial situation, credibility, and fulfilment of tax obligations. Potential risks are identified and analysed. To mitigate risks, our companies are generally taking the following measures: preparation and updating of contract templates and other documents used in cooperation with suppliers, training of managers and employees on issues related to the risk occurring in cooperation with suppliers, and implementation of procedures. While working together with suppliers, we monitor information from the market and regarding their public financial obligations.

Suppliers are selected on the basis of strong quality standards and locality to the Group's stores, since we strive to ensure products are of high quality and fresh. Suppliers are also evaluated in terms of production, service, and product quality. All our operators perform planned and ad hoc laboratory testing or audits to verify safety characteristics of products. Most non-food items are purchased through MAXIMA International Sourcing, which also assures that their quality is checked – when a product is introduced, manufacturers submit certificates for assessment and the product is tested at in-house laboratory.

Close partnerships with our suppliers allow us to offer customers fresh, high-quality goods for affordable prices. Group companies periodically organise joint projects and campaigns together with suppliers. In 2021, MAXIMA Latvia organised a price reduction initiative which aimed to long term lower the prices on hundreds of everyday essentials, with discounts of up to 57% on both Latvian products and leading global brands. New products were also made available in various categories: food, household items and a range of other high-quality goods.

[GRI 103-1], [GRI 103-2], [GRI 103-3], [GRI 102-9]

RESPONSIBLE SOURCING

In refining our assortment of products, we aim to increase the variety of sustainable items. Certifications and labels play a key role in ensuring responsible sourcing. STOKROTKA has a procedure for introducing organic products and guidelines for their delivery.

We are pleased to see that suppliers are increasingly focusing on the sustainability of their activities. Our Supplier Code of Conduct reflects the effort of MAXIMA GRUPĖ to strengthen the sustainability aspect of collaboration with suppliers and promote sustainable business practices.

We are working with our suppliers to provide our customers with more environmentally friendly and animal welfare-friendly products. In 2021, we finally eliminated all live fish aquariums in MAXIMA Lithuania and MAXIMA Latvia stores. And effective cooperation with the suppliers has allowed our companies to provide alternatives to single-use plastic products. We offer our customers a choice of single-use products made of paper, wood, recyclable plastic, and other environmentally friendly materials.

In addition, our assortment of food produced locally and regionally depends on responsible sourcing: short transport routes, product freshness and the support of local businesses.

[GRI 103-1], [GRI 103-2], [GRI 103-3], [GRI 102-9]

LOCALITY

Our customers take great interest in locally produced products, especially fresh food, and our companies continue to offer a wide selection of locally sourced items in stores. We maintain close cooperation with almost 3,000 local suppliers from Lithuania, Latvia, Estonia, Poland, and Bulgaria, from small family farms to large local food producers. Therefore, our most important priority remains high-quality and fresh products that are locally produced.

A wide range of products from local producers is available in our stores. Their share of sales in certain categories can be up to 90%. By concentrating on products from local brands, we create added value for the entire economy of the countries where we operate, in synergy with our customers and partners.

We are committed to local partnerships, to helping local farmers and producers enter the market and grow. Because we value cooperation with local farmers and manufacturers, we will continue to seek ways to meet the changing needs of our customers and strengthen the popularity of local products. One way we can help our suppliers is by encouraging our customers to shop locally through product listings, advertising, and joint communication campaigns. Our retail chains organise such campaigns at least 2 or 3 times a year.

We take additional measures to strengthen collaboration with local suppliers. MAXIMA Estonia has introduced simplified contracts for small local producers. That creates opportunities for start-ups and small business growth, thus promoting a more diversified, robust economy.

We want to foster long-term partnerships because we know that reliable relationships ensure reliable products.

Proportion of spending on local suppliers within the Group*

78.7 %

LIVING WITH COVID

We are proud of the business partnerships that have allowed us to coordinate efforts to fight COVID-19. We know we can count on our trusted suppliers to step in and help our common communities. In 2021, disruptions in the supply chain continued due to the COVID-19 pandemic. Failure to meet delivery deadlines was often due to reduced production capacity as a result of sick workers, shortages of raw materials, delays on account of logistics disruptions in other countries, and so on. We managed to deal with all the difficult situations and continue to work together with our partners to ensure a continuous supply of goods to stores.

The Group continued to provide rent concessions to tenants that suffered from the lockdown. MAXIMA Lithuania has shown solidarity with small and medium-sized enterprises whose activities were restricted or completely suspended, reducing their rents by up to 50%.

*Local supplier means a supplier or service provided whose at least one a product or service offered for procurement is produced in operating country.
Percentage of the procurement budget that is spent on local suppliers.

[GRI 204-1]

OUR COMMUNITIES

OUR COMMUNITIES

As a local corporate citizen in each of our operators' countries, the Group is driven to contribute to local economic development, community outreach and support, social unity and the fight against poverty and exclusion. To us, responsibility means making a positive contribution to the community by bringing our skills and resources to bear beyond just our core business operations. We are actively committed to environmental and social issues, especially in the regions where we do business. Charitable donations, whether in the form of money or donations in-kind are important part of our commitment to social responsibility. Group companies are encouraged to get more involved in community support partnerships with food banks and other leading non-profit associations, to develop local community initiatives and to support their efforts. Total value of donations by MAXIMA Group in 2021 amounted to 3.3 million euros. Our activities and funding priorities in this area are specifically adapted to the diverse needs of individual regions. Each country's team defines them based on the local social situation, pressing concerns and vulnerable groups, to meet the specific needs of the people who live there and thus improve their environmental and social development. Purpose of support vary from helping people in need, development of local communities to supporting education of young generation and healthy family lifestyle. We feel privileged to have the opportunity to contribute to our local communities.

[GRI 103-1], [GRI 103-2], [GRI 103-3]

LOCAL COMMUNITIES

We strive to be as active and involved as possible in life of each community where we operate, adding value by creating jobs, providing necessary goods, and contributing to community projects. To be attentive to the needs of our communities, we maintain a close dialogue with the people we serve. Our business is continually expanding, and we attach great importance to taking local needs into account when opening or enlarging stores. In preparation for construction or renovation, we responsibly coordinate works with the relevant authorities. All building plans are assessed for both environmental and social impact. The impact assessment is then publicised on the website of the responsible authority, in the construction information system, and, in some countries, on the bulletin board of the authority, on a stand next to the project site, and/or at a public meeting. We always listen to, consider, and respond to public opinion, trying to find optimal solutions for all parties.

For seven years, MAXIMA Lithuania has been running a "WE ARE COMMUNITY" programme. It aims to support Lithuanian communities that create alternative spaces for education, leisure, and entertainment, increase opportunities for non-formal learning and employment, and develop infrastructure for education, culture, and sports. A total of 14 local initiatives were funded and invigorated during 2021 in different Lithuanian regions. Projects vary widely: from supporting, transporting, and engaging people with disabilities to involve them in community activities, to cultural, educational, and artistic spaces for communities to gather and be active. MAXIMA Lithuania also supports cities initiatives where they exist. This year a total of 6 cities initiatives were funded, for Šiauliai, Plungė, Visaginas, Anykščiai, Širvintos, and Švenčionys. The goal is to support community events and to unite the people living there.

SUPPORT TO COMMUNITY DURING EMERGENCY

This year MAXIMA Lithuania helped not only local communities, but also communities that find themselves in a difficult situation on the Lithuanian border. This autumn, a state of emergency was declared due to migrant flows on the border of Lithuania. Thousands of migrants were stuck in between borders without essentials. To take care of migrants who entered the country and particularly help families with children, MAXIMA Lithuania provided the Lithuanian Red Cross with canned goods, hygiene items, infant formula, special baby bottles, diapers and other essentials with a total value of almost 65,000 euros. Since the crisis at the border continued into the Christmas period, the company also donated Christmas presents for children, winter clothes, food, and a Christmas symbol – a fully decorated Christmas tree – in a wish to at least to try to help ease this difficult period.

[GRI 413-1]

PROMOTING HEALTHY LIFESTYLE

Our future depends on how we live today and one of the most important matters is our own and our children's health. All our companies are committed to improving the health and well-being of youth. MAXIMA Latvia has been a supporter and official partner of the Latvian Athletics Association for four years now. Their ongoing support lets children benefit from Latvia's "Kids Athletics" programme. Through this programme, MAXIMA Latvia and the LAA are helping children learn the basics of athletics, increasing diversity in athletics training at schools, and providing equipment and training itself. By making training more accessible and engaging for children and their families, interest in pursuing athletics at a professional level is also created. MAXIMA Latvia has also been working with the Latvian Orienteering Federation for the last two years. It supports initiatives like "Orienteering Night" – a nationwide event with more than 2,800 participants in 15 cities. The main purpose is to create new opportunities for children and families to spend time outdoors and live an active lifestyle. T-MARKET, meanwhile, provided healthy and nutritious food products to the Basketball Club in the "A" group of the Bulgarian Basketball League for the 2021/2022 season.

[GRI 413-1]

SUPPORTING THOSE IN NEED

Unfortunately, our communities face many health challenges. The Group's companies prioritise and support solutions in this vulnerable sphere. We encourage all to be involved in initiatives to support children in need, elderly people, people battling illnesses and anyone who needs help to ensure their basic human needs.

MAXIMA Latvia collaborates with responsible local producers to supply the Children's Hospital Fund with high-quality fresh local goods every day. The initiative, known as "EAT WITH JOY" (Ēstprieks), aims to provide healthy to the hospital's young patients as well as to educate society about the importance for children of a healthy, balanced diet, which plays a crucial role in the recovery process. With the donated funds and products, the hospital has fed some 15,000 patients this year, serving 48,000 delicious and healthy meals. In 2021, 12 episodes of a show on healthy nutrition, "Discover the Joy of Appetite" (Atklāj Ēstprieku), were made to educate parents about the importance of a healthy diet for children and young adults. Surveys of patients at the Children's Hospital show satisfaction with hospital meals increased 28% during the year.

MAXIMA Latvia continues its long cooperation with the Poga rehabilitation centre. The goal is to help children with disabilities and raise awareness in society. This year's donations are focused on ergotherapy courses for young Poga patients and on installing a water treatment centre at Poga which will be finished in 2022.

SOS Children's Villages is an organisation that cares for children in difficult situations, doing all they can to help children grow up in happy and safe families. MAXIMA Lithuania not only supports them, but also encourages others to do the same. In cooperation with organisation, we have installed contactless donation machines in our stores so everyone who would like to support SOS Children's Villages can do so easily. During 2021, we increased the number of such machines from 100 to 200.

MAXIMA Estonia continuous their beautiful tradition in the Christmas period of fulfilling the gift wishes of children from low-income families to make their festive season happier. Customers can take an angel from an Angel Tree in our stores and buy the gift indicated. Over the years this campaign has been very well received by shoppers, who are quick to take all the gift wishes from the Angel Trees and even ask for more to be provided. When the wishes run out, there are customers who simply bring gifts and ask them to be given to children. This year more than 2,000 children's wishes were fulfilled.

[GRI 413-1]

FOOD DONATIONS

During the year, we run numerous initiatives in all the countries where we are focused on providing for essential needs. Some of these include:

STOKROTKA: Like every year, last year support was given to Polish Red Cross charity activities for local communities, involving food distribution to people in need. STOKROTKA donated essential food products to the Red Cross for delivery in local communities to seniors and low-income families. STOKROTKA also supports local collection centres of the Great Orchestra of Christmas charity and provides food donations for volunteers of an annual charity fundraiser. Christmas time is not easy for everyone, and STOKROTKA works with Little Brothers of the Poor Association to prepare and distribute Christmas food packages to lonely seniors, to put the smile on their face and contribute to their joy.

MAXIMA Lithuania: 18 years of working together with Lithuanian Food Bank continues. The Food Bank's traditional autumn and spring campaigns took place all over MAXIMA Lithuania stores, aiming to gather as much support as possible in the form of non-perishable products for socially vulnerable people in Lithuania. During these campaigns, shoppers at MAXIMA Lithuania's stores donated almost 200,000 units of food, the value of which exceeded 175,000 euros. The products were distributed to more than 300 non-profit organisations that care for various socially vulnerable groups: large families, low-income disabled people, the elderly, the unemployed, single mothers, and people in social crisis. Additionally, every month, the retail chain donates and distributes food products for more than 40,000 euros. Thus, people living in deprivation receive food several times a week.

MAXIMA Estonia: In 2021, 135 tonnes of food were donated to the Estonian Food Bank to reduce food waste and provide essential food to people and families in difficult situations and in need of such help. MAXIMA Estonia organised food drives in 15 stores several times a week, where customers are able to buy and donate food themselves.

[GRI 413-1]

T-MARKET: With a huge desire to make Christmas holidays happy for children deprived of parental care, young adults, and adults with disabilities, as well as elderly people from nursing homes, T-MARKET participated in the Christmas Charity Campaign of the St. Nicholas National Fund in Bulgaria. Christmas and New Year parties were organised for 350 children and young adults as well as 180 adults.

T-MARKET donated festive food and beverages for the celebrations. T-MARKET also supported the Municipality of Novi Iskar in its Christmas initiatives by donating food products to make the holidays brighter for children from the municipality and socially disadvantaged families.

MAXIMA Latvia: For several years now, MAXIMA Latvia have been promoting donations of food to organisations to help the most vulnerable. In the first quarter of 2021, a record number of products – 206,000 food items – were donated to six charities, various communities, NGO's and people in need.

ENCOURAGING EDUCATION

Being active in education involves supporting the sharing of knowledge and skills from one generation to the next through teaching, training and leading. It is an important role in a sustainable future.

T-MARKET has introduced a "Business Management" internship programme. It allows young adults to see the retail business from the inside, choosing which department is closer to their skills and later even staying on to work. During the project, participants get acquainted with the work of the company's main departments. Performing tasks with the help of mentors involves them in our daily work and provides a lot of practical experience.

It is important to spark children's interest in and desire for education from a young age. That is why MAXIMA Estonia, for a fourth year, supported the "My future in Estonia" (Minu tulevik Eestis) initiative by providing educational publications, books of brain teasers and books for young children to orphanages, children's hospitals, and social centres across the country. About 10,000 books were given so less fortunate children could experience the joy of reading.

Some parts of Estonia continued with safety restrictions and distance learning in schools. MAXIMA Estonia donated 20 full sets of computers to the Estonian Association of Large Families. Children from multi-child families were given the equipment necessary to continue learning from home, so their education does not suffer.

We are extremely proud of the impact on children's education of "LITHUANIAN MAXIMALIST" (Lietuvos Maximalistai). This is our longest-running project, implemented by MAXIMA Lithuania. For a 19th year, MAXIMA Lithuania invited students in grades 1 to 12 who are talented, creative, and eager to excel, to apply for a MAXIMALIST scholarship. The scholarship gives gifted children the possibility of preparing for and participating in national and international science, art, innovation, ecological and sport competitions, or to acquire what they need to be able to further develop their talents. 101 young talents received MAXIMALIST scholarships for 2021/2022 school year.

LIVING WITH COVID

We continued our support for those battling COVID-19 daily. Working with the Municipality of Vilnius, MAXIMA Lithuania supplied food and drink to doctors and volunteers at the main vaccination center. For eight months, deliveries of food and beverage were made every week.

In the spring, MAXIMA Latvia ran an information campaign on COVID-19 vaccination to explain and encourage employees and society at large to get vaccinated. The campaign was organised in cooperation with the Ministry of Health of the Republic of Latvia, Latvia's Centre for Disease Prevention and Control (CDPC), and experts. Its main goal was to encourage even more employees and other individuals to voluntarily get vaccinated to protect themselves, their family members, and others. In the framework of this initiative, information on vaccination was made widely available to our customers and employees in the communication channels of MAXIMA Latvia. Everyone was able to obtain science and fact-based answers to their questions, and educational seminars were held for employees.

ABOUT
CSR REPORT

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ABOUT CSR REPORT

This is the Group's second annual Corporate Social Responsibility Report. It contains data for the financial year starting on the 1st of January and ending on the 31st of December 2021. The scope of reporting includes MAXIMA GRUPĖ, UAB and all its direct and indirect subsidiaries. In 2021 the Group's main subsidiaries are provided in FS (page 31). Other subsidiaries not listed are mainly involved in real estate management. The Group owns 100% of shares in all subsidiaries.

This report has been prepared in accordance with the GRI Standards: Core Option. These guidelines provide a framework for a consolidated approach to reporting, maintaining the highest degree of transparency and consistency. The standards allow this information to be reliable and useful to markets and society. All presented data have been consulted internally and verified by employees responsible for individual areas of our business so that they are true and up to date. Moreover, this report has been read by our auditors (see the statement in the financial report). We are committed to reporting annually on our sustainability performance. In case of any question, feel free to contact us at: CSR@maximagrupe.eu

MATERIALITY TOPICS

According to GRI Standards guidelines, the content of this report is a product of the materiality definition process. The report was prepared based on internal and external consultation and an overview of trends and issues important for the retail industry, and it contains strategic aspects for the Group's sustainable development. As a result, topics were categorised into five main categories: supply chain, customers, employees, communities, and environment.

LIST OF MATERIAL TOPICS

1. Our Sustainability approach

2. OUR People
Responsible workplace - Health and safety of employees - Training and development of employees

3. OUR Customers
Products quality and safety - Healthy products - Shopping experience

4. OUR Supply chain
Responsible sourcing - Partnership with suppliers

5. OUR Communities
Supporting local communities - Food donation

6. OUR Environment
Environmental protection and climate change - Packaging of products - Waste management - Preventing food waste

[GRI 102-45], [GRI 102-46], [GRI 102-47] [GRI 102-50], [GRI 102-51], [GRI 102-52], [GRI 102-53], [GRI 102-54], [GRI 102-56]

EU TAXONOMY FOR SUSTAINABLE ACTIVITIES (EU TAXONOMY)

Under the EU Taxonomy and Delegated Acts, MAXIMA Group is required to disclose information to the public to what extent its activities are associated with environmentally sustainable economic activities. We have been engaged in thorough sustainability efforts, with sustainability as an integral part of our business activities.

The main economic activity of MAXIMA Group is retail trade in food and consumable goods. This activity currently is not included in the list of eligible activities of the EU Taxonomy Delegated Acts. Therefore, the main activity of MAXIMA Group is out of scope of current EU Taxonomy reporting. However, the Group is involved in secondary economic activities that support retail activities, such as transportation of goods, owning and leasing out buildings, renovating buildings and investing into the energy efficiency equipment. These economic activities are taxonomy eligible activities in accordance with the EU Taxonomy legislation.

Key ratios	Share of economic activities covered by the EU Taxonomy, %	Share of economic activities not covered by the EU Taxonomy, %
Turnover	0.10	99.90
Capital expenditures / CapEx	15.53	84.47
Operating expenses / OpEx	0.21	99.79

TURNOVER

Total Group's turnover corresponds to revenue reported in the Group's consolidated financial statements prepared in accordance with IFRS as adopted by EU.

Turnover KPI shows what proportion of the Group's revenue constitute revenue from the lease of buildings and revenue earned from e-commerce transportation services. Accounting policy for revenue recognition is disclosed in the Group's consolidated financial statements.

CAPITAL EXPENDITURE (CapEx)

Total CapEx corresponds to the acquisition of property, plant and equipment, intangible asset, investment property and additions to right-of-use assets during the reporting period.

Assets covered by the EU Taxonomy relate to the Group's owned buildings, owned and leased vehicles and investments into energy efficiency equipment. MAXIMA Group installs and maintains energy efficiency related equipment located in stores and warehouses, mainly various refrigeration, lightening and heating systems. The Group outsources transportation services from external suppliers. However, its owned or leased vehicles are used for transportation of goods to e-commerce customers.

CapEx KPI shows what proportion of MAXIMA Group's investments into the aforementioned assets forms in relation to total Group's capital expenditure (including
vehicles additions to right-of-use assets) during the reporting period.

OPERATING EXPENSES (OpEx)

According to the Commission Delegated Regulation (EU) 2021/2178, total OpEx is defined as direct non-capitalised costs that relate to the day-to-day servicing of assets of property, plant and equipment that are necessary to ensure the continued and effective functioning of such assets. The Group incurs asset repair and maintenance costs and costs of short-term rent of vehicles.

The OpEx KPI shows what proportion of the aforementioned operating costs MAXIMA forms in total Group's costs.

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[1] Total energy consumption provided in the CSR report of 2020 was recalculated, as mistake of calculation was detected.
Scope 2 provided in the CSR report of 2020 was recalculated, as mistake of calculation was detected.
[2] We are improving our information collection systems so that we can fully report this indicator.

[GRI 102-55]

FURTHER INFORMATION

INFORMATION ON SECURITIES

In September 2018, MAXIMA GRUPĖ successfully placed a 300 m EUR issue of 5-year bonds. The bonds were listed on the Euronext Dublin and Nasdaq Vilnius securities exchanges.

Name	Nominal value	Issue value	ISIN code	Buy out date
MAXIMA GRUPĖ, UAB	100,000 EUR	300 m EUR	XS1878323499	13 Sept 2023

Vilniaus Prekyba, UAB is the only shareholder of the Company. Competencies of the General Meeting of Shareholders do not differ from those specified in the Law on Companies. There is only one shareholder that has the rights provided in the Law on Companies. There are no shareholders owning special rights. No voting rights limitations apply.

The Company does not have its shares (neither the parent company itself nor its subsidiaries have any shares in the Company). During the period, the Company did not purchase or dispose of its own shares.

INFORMATION ABOUT MATERIAL SUBSIDIARIES

The Company does not have branches or representative offices. Information on material subsidiaries is disclosed in Note 1 of the consolidated financial statements of the Group.

INFORMATION ABOUT NON-AUDIT SERVICES

In 2021 renumeration of the Group’s auditors for non-audit services amounted to EUR 7 thousand.

POSITIONS OF THE MEMBERS OF THE MANAGEMENT BOARD OF MAXIMA GRUPĖ, UAB

*** 31-12-2021**

Management board member	Position	Legal Code	Address
Mantas Kuncaitis	CEO and Chairman of the Management board at MAXIMA GRUPĖ, UAB	301066547	Savanorių ave. 5, Vilnius, Lithuania
	Member of the management board at Vilniaus Prekyba, UAB	302608755	Ozo str. 25, Vilnius, Lithuania
	Chairman of the management board at Vilniaus Prekybos paramos fondas „Dabar"	125786380	Ozo str. 25, Vilnius, Lithuania
	Member of the management board at RADAS, UAB	303053737	Ozo str. 25, Vilnius, Lithuania
	Experience Legal work, administrative and management experience at diverse companies Education Law, University of Greenwich European Political Economy, King 's College London CISI Level 3 Award in Global Financial Compliance; Chartered Institute for Securities & Investments London		
Jolanta Bivainytė	CEO and Chairwomen of the management board of MAXIMA LT, UAB	123033512	Naugarduko str. 84, Vilnius, Lithuania
	Management board member at MAXIMA GRUPĖ, UAB	301066547	Savanorių ave. 5, Vilnius, Lithuania
	Board member of STICHTING TRIVIALIS	58595988	Amstelveenseweg 500, 1081 KL Amsterdam, the Netherlands
	Board member of STICHTING NOVITUS	60599499	Amstelveenseweg 500, 1081 KL Amsterdam, the Netherlands
	Council member at Lithuanian Association of trade companies	124081271	J. Jasinskio str. 10, Vilnius, Lithuania
	Experience 1992-2021 // Diverse management positions at UAB Vilniaus Prekyba and related companies Education Finance, Vilnius University		

POSITIONS OF THE MEMBERS OF THE BOARD OF MAXIMA GRUPĖ, UAB

*** 31-12-2021**

Arūnas Zimnickas	President of the Management board of EMPERIA HOLDING Sp. z o.o.	0000849797	02-566 Warszawa, ul. Puławska 2B, Poland
	President of the Management board of Stokrotka Sp. z o.o.	0000016977	20-209 Lublin, ul. Projektowa 1, Poland
	President of the Management board of Eldorado Sp. z o.o. (company merged to EMPERIA HOLDING sp. z o.o. on 21-01-2021)	0000400637	20-209 Lublin, ul. Projektowa 1, Poland
	Management board member at MAXIMA GRUPĖ, UAB	301066547	Savanorių ave. 5, Vilnius, Lithuania
	Experience 2008-2021 // CEO of various MAXIMA GRUPĖ related companies Education Economics and International Business, Vilnius University		
Edvinas Volkas	CEO (Sole Member of the Management Board) at MAXIMA Eesti, OU	10765896	Aiandi tn 13/2, Mustamäe linnaosa, Tallinn, Estonia
	Management board member at MAXIMA GRUPĖ, UAB	301066547	Savanorių ave. 5, Vilnius, Lithuania
	Experience 2001-2021 // Diverse management positions at the companies of MAXIMA GRUPĖ Education Business administration, International Business School of Vilnius University		
Tomas Rupšys	CEO (Sole Member of the Management board) at MAXIMA Latvija, SIA	40003520643	Maskavas str. 257, Riga, Latvia
	Management board member at MAXIMA GRUPĖ, UAB	301066547	Savanorių ave. 5, Vilnius, Lithuania
	CEO at PAVOS SIA	40103485594	Maskavas str. 257, Riga, Latvia
	CEO at MS Investicijas SIA	40103161343	Maskavas str. 257, Riga, Latvia
	CEO at KORBELA SIA	40103484368	Maskavas str. 257, Riga, Latvia
	CEO at SALTORA SIA	40103485221	Maskavas str. 257, Riga, Latvia
	CEO at LEVANDER SIA	40103760199	Maskavas str. 257, Riga, Latvia

POSITIONS OF THE MEMBERS OF THE BOARD OF MAXIMA GRUPĖ, UAB

*** 31-12-2021**

Tomas Rupšys	Experience 2017-2021 // Managerial positions in retail companies, related to MAXIMA GRUPĖ Education Business Administration, Management and Operations, Dublin Business School Accounting Technology/Technician and Bookkeeping/Payroll, IBAT College Dublin		
Petar Petrov Pavlov	CEO at MAXIMA Bulgaria EOOD	131324923	Botevgradsko Shose blvd. 247, Poduyane Distr., fl. 2, Sofia, Bulgaria
	Management board member at MAXIMA GRUPĖ, UAB	301066547	Savanorių ave. 5, Vilnius, Lithuania
	CEO at DEVELOPER BULGARIA" EOOD	200369978	Botevgradsko Shose blvd. 247, Poduyane Distr., fl. 2, Sofia, Bulgaria
	CEO at MMS PROJECTS EOOD	175363447	Botevgradsko Shose blvd. 247, Poduyane Distr., fl.2, Sofia, Bulgaria
	CEO at DC BG EOOD	200713219	Botevgradsko Shose blvd. 247, Poduyane Distr., fl. 2, Sofia, Bulgaria
	CEO at MA Bulgaria EOOD	204882743	Botevgradsko Shose blvd. 247, Poduyane Distr., fl. 2, Sofia, Bulgaria
	Experience 2005-2021 // Diverse management positions MAXIMA Bulgaria EOOD Education Law, Sofia University St. Kliment Ohridski		

POSITIONS OF THE MEMBERS OF THE SUPERVISORY BOARD

*** 31-12-2021**

Member of Supervisory Board	Position	Legal Code	Address
Evelina Černienė (Chairwomen)	Member of the Management board at Vilniaus Prekyba, UAB	302608755	Ozo str. 25, Vilnius, Lithuania
	CFO and management board member at EVRC, UAB	302563598	Ozo str. 25, Vilnius, Lithuania
	Management board member at EUROVAISTINĖ, UAB	124446859	Ozo str. 25, Vilnius, Lithuania
	CEO at Senjorų vaistinė, UAB	304138375	Ozo str. 25, Vilnius, Lithuania
	Chairwomen of the Management board at Sollo, UAB	302575294	Mamoniškių str. 3, Vilnius, Lithuania
	CEO at NVP PROJEKTAI, UAB	302642871	Ozo str. 25, Vilnius, Lithuania
	Member of the Management board at Vilniaus prekybos paramos fondas „Dabar"	125786380	Ozo str. 25, Vilnius, Lithuania
	Management board member at EVD, UAB	302465727	V. A. Graičiūno str. 2A, Vilnius, Lithuania
	Experience		
	Experience in financial management at diverse companies, audit firm		
	Education		
	Commercial Quality Management, Vilnius University		
Povilas Šulys (Member)	Member of the Management board at Vilniaus Prekyba, UAB	302608755	Ozo str. 25, Vilnius, Lithuania
	Chairman of the Management board and CEO at ERMI GROUP, UAB	304826208	Ozo str. 25, Vilnius, Lithuania
	CEO at UAB „Ermitažas"	300090381	Ozo str. 25, Vilnius, Lithuania
	CEO at Link Properties, UAB	305266381	Ozo str. 25, Vilnius, Lithuania
	Member of the Management board at ERMI OÜ	14505815	Harju maakond, Tallinn, Kesklinna linnaosa, F. R. Faehlmanni tn 5, 10125, Estonia
	Member of the Supervisory Board at BAUHOF GROUP AS	10636638	Harju maakond, Tallinn, Lasnamäe linnaosa, J. Smuuli tee 41, 11415, Estonia
	CEO at ENTARAS, UAB	302642775	Ozo str. 25, Vilnius, Lithuania

POSITIONS OF THE MEMBERS OF THE SUPERVISORY BOARD

*** 31-12-2021**

Povilas Šulys	Experience Financial and general management experience at various companies Education Bachelor's degree in Economics and master's degree in International Marketing and Management, ISM University of Management and Economics		
Laimonas Devyžis (Member)	Member of the Management board at Vilniaus Prekyba, UAB	302608755	Ozo str. 25, Vilnius, Lithuania
	Chairman of the Management board at AZETA, UAB	303121266	Savanorių ave. 16-801, Vilnius, Lithuania
	CEO at Etopol, UAB	302718080	Ozo str. 25, Vilnius, Lithuania
	CEO at EURO Solution, UAB	301171092	Ozo str. 25, Vilnius, Lithuania
	CEO at "Vaistų realizacijos centras", UAB	302508609	Ozo str. 25, Vilnius, Lithuania
	CEO at PATRIA HOLDINGS, UAB	302642953	Ozo str. 25, Vilnius, Lithuania
	CEO at LD Corporate Consulting, UAB	302310381	Voronecko 3-40, LT-65158, Varėna, Lithuania
	Experience More than 15 years of financial and general management experience from finance, telecommunications and retail industries Education Economics and management, Stockholm School of Economics in Riga		

NASDAQ STRUCTURED TABLE FOR DISCLOSURE

MAXIMA GRUPĖ, UAB (the Company), acting in compliance with paragraph 24.5 of the Listing Rules of AB Nasdaq Vilnius, hereby discloses how it complies with the Corporate Governance Code for the Companies listed on Nasdaq Vilnius (the Code) as well as its specific provisions or recommendations. In case of non-compliance with the provisions or recommendations of this Code, we specify it along with the reasons for such non-compliance. In addition, we provide other explanatory information in this form.

SUMMARY OF THE CORPORATE GOVERNANCE REPORT

The Company's bodies, as per its articles of association, are the general meeting of shareholders, the supervisory board, the management board, and the chief executive officer as a one-person management body. The general meeting of shareholders elects the supervisory board, which is composed of five members elected for a term of four years. As of the end of reporting period and also the date of signing this report, the supervisory board comprised of 3 members. The Management board is a collegial management body with eight members whom the supervisory board elects for a four-year period. As of the end of reporting period and the date of signing this report, the Management board is comprised of 6 members.

A standing audit committee reporting to the shareholder and the supervisory board is also formed in the Company. It is composed of three members who are elected by the shareholder for term of four years. There are two independent members on the audit committee (including the chairman). The audit committee's functions are established by legal acts of the Republic of Lithuania and the Bank of Lithuania as well as the audit committee regulations approved by the Company's shareholder.

Additional information about the Company's governance, shareholders' rights, the Management board and audit committee activities, the composition of the supervisory board and the Management board, internal control and risk management systems, and other essential matters related to the Company's governance is provided in the Company's consolidated annual report for the financial year ended 31 December 2021.

Structured table for disclosure

PRINCIPLES/ RECOMMENDATIONS	YES/NO/ NOT APPLICABLE	COMMENTS
Principle 1: General meeting of shareholders, equitable treatment of shareholders, and shareholders' rights The corporate governance framework should ensure the equitable treatment of all shareholders. The corporate governance framework should protect the rights of shareholders.		
1.1. All shareholders should be provided with access to the information and/or documents established in the legal acts on equal terms. All shareholders should be furnished with equal opportunity to participate in the decision-making process where significant corporate matters are discussed.	Not applicable	The Company has sole shareholder.
1.2. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all of their holders.	Yes	All the Company's shares provide the same voting, ownership, dividend, and other rights.
1.3. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	Not applicable	The Company publicly offers only bonds.
1.4. Exclusive transactions that are particularly important to the company, such as transfer of all or almost all assets of the company which in principle would mean the transfer of the company, should be subject to approval of the general meeting of shareholders.	No	The Company's general meeting of the shareholders has the competence envisaged in the Law on Companies. The Company's articles of association do not require shareholders' approval for transactions that are conducted. Thus, exclusive transactions that are particularly important to the Company are not subject to approval of the general meeting of shareholders of the Company. The decision to deviate from this recommendation was adopted by the shareholder of the Company when the Articles of Association were approved. Given that the Company has one sole shareholder, granting such competence to the shareholders meeting is not relevant.

PRINCIPLES/ RECOMMENDATIONS	YES/NO/ NOT APPLICABLE	COMMENTS
1.5. Procedures for convening and conducting a general meeting of shareholders should provide shareholders with equal opportunities to participate in the general meeting of shareholders and should not prejudice the rights and interests of shareholders. The chosen venue, date, and time of the general meeting of shareholders should not prevent active participation of shareholders at the general meeting. In the notice of the general meeting of shareholders being convened, the company should specify the last day on which the proposed draft decisions should be submitted at the latest.	Not applicable	The Company has one sole shareholder.
1.6. With a view to ensure the right of shareholders living abroad to access the information, it is recommended, where possible, that documents prepared for the general meeting of shareholders in advance should be announced publicly not only in Lithuanian language but also in English and/or other foreign languages in advance. It is recommended that the minutes of the general meeting of shareholders after the signing thereof and/or adopted decisions should be made available publicly not only in Lithuanian language but also in English and/or other foreign languages. It is recommended that this information should be placed on the website of the company. Such documents may be published to the extent that their public disclosure is not detrimental to the company or the company's commercial secrets are not revealed.	Not applicable	The Company has one sole shareholder and there are no shareholders living abroad.
1.7. Shareholders who are entitled to vote should be furnished with the opportunity to vote at the general meeting of shareholders both in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	Yes	The Company has one sole shareholder who is able to exercise the right to vote at the general meeting of shareholders both in person, and by completing the general voting ballot.

PRINCIPLES/ RECOMMENDATIONS	YES/NO/ NOT APPLICABLE	COMMENTS
1.8. With a view to increasing the shareholders' opportunities to participate effectively at general meetings of shareholders, it is recommended that companies should apply modern technologies on a wider scale and thus provide shareholders with the conditions to participate and vote in general meetings of shareholders via electronic means of communication. In such cases the security of transmitted information must be ensured, and it must be possible to identify the participating and voting person.	Not applicable	The Company has one sole shareholder.
1.9. It is recommended that the notice on the draft decisions of the general meeting of shareholders being convened should specify new candidatures of members of the collegial body, their proposed remuneration and the proposed audit company if these issues are included into the agenda of the general meeting of shareholders. Where it is proposed to elect a new member of the collegial body, it is recommended that the information about his/her educational background, work experience and other managerial positions held (or proposed) should be provided.	Yes	Every candidate to a collegial body must declare what positions they hold where, and how their other activities are related to the Company and to other persons associated with the Company, as well as his/her educational background and work experience. Information on proposed audit company is also provided to the shareholder prior to adoption of the decision of the sole shareholder.
1.10. Members of the company's collegial management body, heads of the administration or other competent persons related to the company who can provide information related to the agenda of the general meeting of shareholders should take part in the general meeting of shareholders. Proposed candidates to member of the collegial body should also participate in the general meeting of shareholders in case the election of new members is included into the agenda of the general meeting of shareholders.	Yes	When needed, members of the Company's collegial body, heads of the administration, and other competent persons related to the Company who can provide information related to the agenda of the general meeting of shareholders participate in the general meeting of the shareholders.

PRINCIPLES/ RECOMMENDATIONS	YES/NO/ NOT APPLICABLE	COMMENTS

Principle 2: Supervisory Board

2.1. Functions and liability of the supervisory board
The supervisory board of the company should ensure representation of the interests of the company and its shareholders, accountability of this body to the shareholders and objective monitoring of the company's operations and its management bodies as well as constantly provide recommendations to the management bodies of the company.
The supervisory board should ensure the integrity and transparency of the company's financial accounting and control system.

2.1.1. Members of the supervisory board should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders and represent their interests, having regard to the interests of employees and public welfare.	Yes	To the best of the Company's knowledge, all the members of the supervisory board act in good faith and with care and responsibility on behalf of the Company and its shareholders, and represent their interests, having regard also for employees' interests and the public welfare.
2.1.2. Where decisions of the supervisory board may have a different effect on the interests of the company's shareholders, the supervisory board should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed about the company's strategy, risk management and control, and resolution of conflicts of interest.	Yes	The Company's shareholder is properly informed about such matters.
2.1.3. The supervisory board should be impartial in passing decisions that are significant for the company's operations and strategy. Members of the supervisory board should act and pass decisions without an external influence from the persons who elected them.	Yes	To the best of the Company's knowledge, the supervisory board acts impartially in taking decisions that are significant for the Company's operations and strategy, and the work and decisions of its members are not influenced by the persons who elected them. The regulations for the supervisory board's work establish the procedure for adopting decisions and the obligations of members of the supervisory board.

PRINCIPLES/ RECOMMENDATIONS	YES/NO/ NOT APPLICABLE	COMMENTS
2.1.4. Members of the supervisory board should clearly voice their objections in case they believe that a decision of the supervisory board is against the interests of the company. Independent members of the supervisory board should: a) maintain independence of their analysis and decision-making; b) not seek or accept any unjustified privileges that might compromise their independence.	Yes	The regulations for the supervisory board's work establish the duty of the members of supervisory board to act for the benefit of the Company and their right to vote against proposed decisions. There is no requirement for the Company to have independent supervisory board members, therefore the Company does not have independent members.
2.1.5. The supervisory board should oversee that the company's tax planning strategies are designed and implemented in accordance with the legal acts in order to avoid faulty practice that is not related to the long-term interests of the company and its shareholders, which may give rise to reputational, legal or other risks.	Yes	The supervisory board oversees the work of the Board and the CEO of the Company and approves the Company's strategy. These functions amongst others, also include the oversight of tax planning strategies and the assessment of potential risks.
2.1.6. The company should ensure that the supervisory board is provided with sufficient resources (including financial ones) to discharge their duties, including the right to obtain all the necessary information or to seek independent professional advice from external legal, accounting, or other experts on matters pertaining to the competence of the supervisory board and its committees.	Yes	The supervisory board is provided with sufficient resources.

PRINCIPLES/ RECOMMENDATIONS	YES/NO/ NOT APPLICABLE	COMMENTS

2.2. Formation of the supervisory board

The procedure of the formation of the supervisory board should ensure proper resolution of conflicts of interest and effective and fair corporate governance.

2.2.1. The members of the supervisory board elected by the general meeting of shareholders should collectively ensure the diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance between the qualifications of the members of the supervisory board, it should be ensured that members of the supervisory board, as a whole, should have diverse knowledge, opinions and experience to duly perform their tasks.	Yes	The members of the supervisory board collectively ensure an appropriate diversity of qualifications, professional experience and competences (in areas of marketing, finance and management), with multifaceted expertise, and include persons of both sexes. More detailed information about supervisory board members' experience, qualifications and positions held is provided in the Company's annual report.
2.2.2. Members of the supervisory board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience.	Yes	Members of the supervisory board are appointed for a term of four years and can be re-elected. New members of the supervisory board appointed during the term of the supervisory board are appointed for the remaining term of the supervisory board.
2.2.3. Chair of the supervisory board should be a person whose current or past positions constituted no obstacle to carry out impartial activities. A former manager or management board member of the company should not be immediately appointed as chair of the supervisory board either. Where the company decides to depart from these recommendations, it should provide information on the measures taken to ensure impartiality of the supervision.	Yes	The supervisory board elects a chairperson from among its members. The current chairwoman of the supervisory board is a member of the Board of the Company's sole shareholder and has not been the Company's CEO or a member of its Board.

PRINCIPLES/ RECOMMENDATIONS	YES/NO/ NOT APPLICABLE	COMMENTS
2.2.4. Each member should devote sufficient time and attention to perform his duties as a member of the supervisory board. Each member of the supervisory board should undertake to limit his other professional obligations (particularly the managing positions in other companies) so that they would not interfere with the proper performance of the duties of a member of the supervisory board. Should a member of the supervisory board attend less than a half of the meetings of the supervisory board throughout the financial year of the company, the shareholders of the company should be notified thereof.	Yes	To the best of the Company's knowledge, the members of the Company's supervisory board have devoted due attention to performing their duties. Every meeting has been attended by all of the supervisory board's members.
2.2.5. When it is proposed to appoint a member of the supervisory board, it should be announced which members of the supervisory board are deemed to be independent. The supervisory board may decide that, despite the fact that a particular member meets all the criteria of independence, he/she cannot be considered independent due to special personal or company-related circumstances.	Not applicable	There is no requirement for the Company to have independent supervisory board members.
2.2.6. The amount of remuneration to members of the supervisory board for their activity and participation in meetings of the supervisory board should be approved by the general meeting of shareholders.	Yes	Remuneration to members of the supervisory board for their activities falls within the competence of the Company's general meeting of shareholders.
2.2.7. Every year the supervisory board should carry out an assessment of its activities. It should include evaluation of the structure of the supervisory board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the supervisory board, and evaluation whether the supervisory board has achieved its objectives. The supervisory board should, at least once a year, make public respective information about its internal structure and working procedures.	No	It is not the practice of the Company for the supervisory board to assess its own activities.

PRINCIPLES/ RECOMMENDATIONS	YES/NO/ NOT APPLICABLE	COMMENTS
Principle 3: Management Board		
3.1. Functions and liability of the management board The management board should ensure the implementation of the company's strategy and good corporate governance with due regard to the interests of its shareholders, employees and other interest groups.		
3.1.1. The management board should ensure the implementation of the company's strategy approved by the supervisory board if the latter has been formed at the company. In such cases where the supervisory board is not formed, the management board is also responsible for the approval of the company's strategy.	Yes	The supervisory board of the Company approved the Company's strategy on 29 January 2019. Its implementation is ensured by the Management board and the CEO of the Company.
3.1.2. As a collegial management body of the company, the management board performs the functions assigned to it by the Law and in the articles of association of the company, and in such cases where the supervisory board is not formed in the company, it performs inter alia the supervisory functions established in the Law. By performing the functions assigned to it, the management board should take into account the needs of the company's shareholders, employees and other interest groups by respectively striving to achieve sustainable business development.	Yes	The Board performs the functions assigned to it by the Law on Companies and by the Company's articles of association. The Board takes into account the needs of the Company's shareholders, employees and other interest groups, striving to achieve sustainable business development.
3.1.3. The management board should ensure compliance with the laws and the internal policy of the company applicable to the company or a group of companies to which this company belongs. It should also establish the respective risk management and control measures aimed at ensuring regular and direct liability of managers.	Yes	The Management board ensures compliance with the applicable laws and its own internal policy, and also establishes risk management and control measures to ensure the regular and direct accountability of managers.
3.1.4. Moreover, the management board should ensure that the measures included into the OECD Good Practice Guidance on Internal Controls, Ethics and Compliance are applied at the company in order to ensure adherence to the applicable laws, rules and standards	Yes	Among other policies, the Company has adopted and abides by a Corruption Prevention Policy.
3.1.5. When appointing the manager of the company, the management board should take into account the appropriate balance between the candidate's qualifications, experience and competence.	Yes	In appointing the head of the Company, the balance of the person's qualifications, experience and competence is taken into account.

PRINCIPLES/ RECOMMENDATIONS	YES/NO/ NOT APPLICABLE	COMMENTS
3.2. Formation of the management board		
3.2.1. The members of the management board elected by the supervisory board or, if the supervisory board is not formed, by the general meeting of shareholders should collectively ensure the required diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance in terms of the current qualifications possessed by the members of the management board, it should be ensured that the members of the management board would have, as a whole, diverse knowledge, opinions and experience to duly perform their tasks.	Yes	The members of the Management board collectively have broad experience, qualifications, knowledge and competencies. The representation of both sexes on the Management board is ensured as much as possible. More detailed information about the experience and qualifications of the members of the Management board is provided in the Company's annual report.
3.2.2. Names and surnames of the candidates to become members of the management board, information on their educational background, qualifications, professional experience, current positions, other important professional obligations and potential conflicts of interest should be disclosed without violating the requirements of the legal acts regulating the handling of personal data at the meeting of the supervisory board in which the management board or individual members of the management board are elected. In the event that the supervisory board is not formed, the information specified in this paragraph should be submitted to the general meeting of shareholders. The management board should, on yearly basis, collect data provided in this paragraph on its members and disclose it in the company's annual report.	Yes	Information about candidates to the Management board is provided to the supervisory board in advance without violating personal data protection requirements. Information about the members of the Management board is provided in the Company's annual report.
3.2.3. All new members of the management board should be familiarized with their duties and the structure and operations of the company.	Yes	New members of the Management board are acquainted with the most important information about the Company, including their duties and the structure and operations of the Company.

PRINCIPLES/ RECOMMENDATIONS	YES/NO/ NOT APPLICABLE	COMMENTS
3.2.4. Members of the management board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience and sufficiently frequent reconfirmation of their status.	Yes	Members of the Management board are elected for a four-year term and can be re-elected. New members of the Management board appointed during term of the management board are appointed for the remaining term of the Board.
3.2.5. Chair of the management board should be a person whose current or past positions constitute no obstacle to carry out impartial activity. Where the supervisory board is not formed, the former manager of the company should not be immediately appointed as chair of the management board. When a company decides to depart from these recommendations, it should furnish information on the measures it has taken to ensure the impartiality of supervision.	Yes	The current and past positions held by the chairman of the Management board are no obstacle to his acting impartially. Information about other positions held by the chairman of the Management board is included in the Company's annual report.
3.2.6. Each member should devote sufficient time and attention to perform his duties as a member of the management board. Should a member of the management board attend less than a half of the meetings of the management board throughout the financial year of the company, the supervisory board of the company or, if the supervisory board is not formed at the company, the general meeting of shareholders should be notified thereof.	Yes	Every member of the Management board devotes sufficient time to the performance of their duties. There were no such Management board members who missed more than half of the meetings.
3.2.7. In the event that the management board is elected in the cases established by the Law where the supervisory board is not formed at the company, and some of its members will be independent, it should be announced which members of the management board are deemed as independent. The management board may decide that, despite the fact that a particular member meets all the criteria of independence established by the Law, he/she cannot be considered independent due to special personal or company-related circumstances.	Not applicable	The supervisory board is formed at the Company. Members of the Company's supervisory board are not subject to the requirement of independence.

PRINCIPLES/ RECOMMENDATIONS	YES/NO/ NOT APPLICABLE	COMMENTS
3.2.8. The general meeting of shareholders of the company should approve the amount of remuneration to the members of the management board for their activity and participation in the meetings of the management board.	No	The amount of remuneration to members of the Management board for their work thereon is set by the supervisory board, which is composed of representatives appointed by the sole shareholder.
3.2.9. The members of the management board should act in good faith, with care and responsibility for the benefit and the interests of the company and its shareholders with due regard to other stakeholders. When adopting decisions, they should not act in their personal interest; they should be subject to no-compete agreements and they should not use the business information or opportunities related to the company's operations in violation of the company's interests.	Yes	To the Company's knowledge, all the members of the Board act in good faith, with care and responsibly, for the benefit of the Company and its shareholders, and represent their interests with due regard to other stakeholders. The members of the Management board are subject to confidentiality obligations.
3.2.10. Every year the management board should carry out an assessment of its activities. It should include evaluation of the structure of the management board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the management board, and evaluation whether the management board has achieved its objectives. The management board should, at least once a year, make public respective information about its internal structure and working procedures in observance of the legal acts regulating the processing of personal data.	No	It is not the practice of the Company for the Management board to assess its own activities. The supervisory board, within the limits of its competence, oversees the work of the Management board.

PRINCIPLES/ RECOMMENDATIONS	YES/NO/ NOT APPLICABLE	COMMENTS

Principle 4: Rules of procedure of the supervisory board and the management board of the company

The rules of procedure of the supervisory board, if it is formed at the company, and of the management board should ensure efficient operation and decision-making of these bodies and promote active cooperation between the company's management bodies.

4.1. The management board and the supervisory board, if the latter is formed at the company, should act in close cooperation in order to attain benefit for the company and its shareholders. Good corporate governance requires an open discussion between the management board and the supervisory board. The management board should regularly and, where necessary, immediately inform the supervisory board about any matters significant for the company that are related to planning, business development, risk management and control, and compliance with the obligations at the company. The management board should inform the supervisory board about any derogations in its business development from the previously formulated plans and objectives by specifying the reasons for this.	Yes	the Management board and supervisory board work in close cooperation and are in regular contact (including related to the matters indicated in the recommendation).
4.2. It is recommended that meetings of the company's collegial bodies should be held at the respective intervals, according to the pre-approved schedule. Each company is free to decide how often meetings of the collegial bodies should be convened but it is recommended that these meetings should be convened at such intervals that uninterruptable resolution of essential corporate governance issues would be ensured. Meetings of the company's collegial bodies should be convened at least once per quarter.	Yes	Meetings of the Management board and of its supervisory board are held regularly and at intervals which ensure the uninterrupted resolution of essential matters.

PRINCIPLES/ RECOMMENDATIONS	YES/NO/ NOT APPLICABLE	COMMENTS
4.3. Members of a collegial body should be notified of the meeting being convened in advance so that they would have sufficient time for proper preparation for the issues to be considered at the meeting and a fruitful discussion could be held and appropriate decisions could be adopted. Along with the notice of the meeting being convened all materials relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body present at the meeting agree with such change or supplement to the agenda, or certain issues that are important to the company require immediate resolution.	Yes	Members of the Company's collegial bodies are informed in advance about meetings that are convened and have sufficient time to be acquainted with the relevant materials.
4.4. In order to coordinate the activities of the company's collegial bodies and ensure effective decision-making process, the chairs of the company's collegial supervision and management bodies should mutually agree on the dates and agendas of the meetings and close cooperate in resolving other matters related to corporate governance. Meetings of the company's supervisory board should be open to members of the management board, particularly in such cases where issues concerning the removal of the management board members, their responsibility or remuneration are discussed.	Yes	As needed, the chairs of the supervisory board and the Management board coordinate meeting dates and agendas and work together closely.

PRINCIPLES/ RECOMMENDATIONS	YES/NO/ NOT APPLICABLE	COMMENTS

Principle 5: Nomination, remuneration and audit committees

5.1. Purpose and formation of committees
The committees formed at the company should increase the work efficiency of the supervisory board or, where the supervisory board is not formed, of the management board which performs the supervisory functions by ensuring that decisions are based on due consideration and help organise its work in such a way that the decisions it takes would be free of material conflicts of interest.
Committees should exercise independent judgment and integrity when performing their functions and provide the collegial body with recommendations concerning the decisions of the collegial body. However, the final decision should be adopted by the collegial body.

5.1.1. Taking due account of the company-related circumstances and the chosen corporate governance structure, the supervisory board of the company or, in cases where the supervisory board is not formed, the management board which performs the supervisory functions, establishes committees. It is recommended that the collegial body should form the nomination, remuneration and audit committees.	Yes/No	An audit committee was active in the Company in 2021. Nomination and remuneration committees are not formed as the supervisory board or the shareholder itself performs those functions when necessary and decided not to form such committees.
5.1.2. Companies may decide to set up less than three committees. In such case companies should explain in detail why they have chosen the alternative approach, and how the chosen approach corresponds with the objectives set for the three different committees.	No	Taking into account the small number of managerial positions in the company, it was decided not to form three separate committees, and these functions are performed by the supervisory board or the shareholder where necessary under their competences, prescribed by law.
5.1.3. In the cases established by the legal acts the functions assigned to the committees formed at companies may be performed by the collegial body itself. In such case the provisions of this Code pertaining to the committees (particularly those related to their role, operation and transparency) should apply, where relevant, to the collegial body as a whole.	Yes	When necessary the Company's supervisory board itself performs the functions, which are assigned to nomination and remuneration committees.

PRINCIPLES/ RECOMMENDATIONS	YES/NO/ NOT APPLICABLE	COMMENTS
5.1.4. Committees established by the collegial body should normally be composed of at least three members. Subject to the requirements of the legal acts, committees could be comprised only of two members as well. Members of each committee should be selected on the basis of their competences by giving priority to independent members of the collegial body. The chair of the management board should not serve as the chair of committees.	Yes	The audit committee comprises three members, of whom two are independent. These members were selected based on their competences. Chair of the Management board is neither chair, nor member of the audit committee.
5.1.5. The authority of each committee formed should be determined by the collegial body itself. Committees should perform their duties according to the authority delegated to them and regularly inform the collegial body about their activities and performance on a regular basis. The authority of each committee defining its role and specifying its rights and duties should be made public at least once a year (as part of the information disclosed by the company on its governance structure and practice on an annual basis). In compliance with the legal acts regulating the processing of personal data, companies should also include in their annual reports the statements of the existing committees on their composition, the number of meetings and attendance over the year as well as the main directions of their activities and performance.	Yes	The audit committee's regulations are approved by the supervisory board. The audit committee submits activity reports to the supervisory board. Information about the composition, activities and functions of the audit committee is published in the Company's annual report.
5.1.6. With a view to ensure the independence and impartiality of the committees, the members of the collegial body who are not members of the committees should normally have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or request that certain employees of the company or experts would participate in the meeting. Chair of each committee should have the possibility to maintain direct communication with the shareholders. Cases where such practice is to be applied should be specified in the rules regulating the activities of the committee.	Yes	The audit committee may invite selected persons to its meetings. The chair of the audit committee has the possibility to directly communicate with the shareholder if necessary.

PRINCIPLES/ RECOMMENDATIONS	YES/NO/ NOT APPLICABLE	COMMENTS

5.2. Nomination committee

5.2.1. The key functions of the nomination committee should be the following: 1) to select candidates to fill vacancies in the membership of supervisory and management bodies and the administration and recommend the collegial body to approve them. The nomination committee should evaluate the balance of skills, knowledge and experience in the management body, prepare a description of the functions and capabilities required to assume a particular position and assess the time commitment expected; 2) assess, on a regular basis, the structure, size and composition of the supervisory and management bodies as well as the skills, knowledge and activity of its members, and provide the collegial body with recommendations on how the required changes should be sought; 3) devote the attention necessary to ensure succession planning.	Not applicable	This committee is not formed in the Company. These functions are performed by the supervisory board where applicable.
5.2.2. When dealing with issues related to members of the collegial body who have employment relationships with the company and the heads of the administration, the manager of the company should be consulted by granting him/her the right to submit proposals to the Nomination Committee.	Not applicable	This committee is not formed in the Company. These functions are performed by the supervisory board when necessary.

PRINCIPLES/ RECOMMENDATIONS	YES/NO/ NOT APPLICABLE	COMMENTS
5.3. Remuneration committee		
5.3.1. The main functions of the remuneration committee should be as follows: 1) submit to the collegial body proposals on the remuneration policy applied to members of the supervisory and management bodies and the heads of the administration for approval. Such policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as conditions which would allow the company to recover the amounts or suspend the payments by specifying the circumstances under which it would be expedient to do so; 2) submit to the collegial body proposals regarding individual remuneration for members of the collegial bodies and the heads of the administration in order to ensure that they would be consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned; 3) review, on a regular basis, the remuneration policy and its implementation.	Not applicable	This committee is not formed in the Company. These functions are performed by the supervisory board or the shareholder (in relation to supervisory board).

PRINCIPLES/ RECOMMENDATIONS	YES/NO/ NOT APPLICABLE	COMMENTS
5.4. Audit committee		
5.4.1. The key functions of the audit committee are defined in the legal acts regulating the activities of the audit committee.	Yes	The audit committee performs the functions in the Company that legal acts envisage for it.
5.4.2. All members of the committee should be provided with detailed information on specific issues of the company's accounting system, finances and operations. The heads of the company's administration should inform the audit committee about the methods of accounting for significant and unusual transactions where the accounting may be subject to different approaches.	Yes	The representatives of the Company's administration regularly participate in meetings of the audit committee and provide it with all detailed information regarding relevant issues.
5.4.3. The audit committee should decide whether the participation of the chair of the management board, the manager of the company, the chief finance officer (or senior employees responsible for finance and accounting), the internal and external auditors in its meetings is required (and, if required, when). The committee should be entitled, when needed, to meet the relevant persons without members of the management bodies present.	Yes	The audit committee, as needed, can and does invite any representative of the Company and external auditors to its meetings.
5.4.4. The audit committee should be informed about the internal auditor's work program and should be furnished with internal audit reports or periodic summaries. The audit committee should also be informed about the work program of external auditors and should receive from the audit firm a report describing all relationships between the independent audit firm and the company and its group.	Yes	The audit committee meets with the internal auditors and receives information about internal audit results, recommendations and their implementation, as well as the work program. The committee also regularly holds the meetings with external auditors and receives information about audit status and results, and about any relationships between the Company and the external auditor.

PRINCIPLES/ RECOMMENDATIONS	YES/NO/ NOT APPLICABLE	COMMENTS
5.4.5. The audit committee should examine whether the company complies with the applicable provisions regulating the possibility of lodging a complaint or reporting anonymously his/her suspicions of potential violations committed at the company and should also ensure that there is a procedure in place for proportionate and independent investigation of such issues and appropriate follow-up actions.	Yes	the Audit Committee examines whether the Company complies with applicable regulations governing the ability of employees to lodge a complaint or report anonymously allegations of irregularity to the Company.
5.4.6. The audit committee should submit to the supervisory board or, where the supervisory board is not formed, to the management board its activity report at least once in every six months, at the time that annual and half-yearly reports are approved.	Yes	The Company's audit committee submits its activity report to the supervisory board and shareholder once a year: at the time of annual financial statements approval and other times under the request of Supervisory board or whenever the committee deems necessary.

Principle 6: Prevention and disclosure of conflicts of interest

The corporate governance framework should encourage members of the company's supervisory and management bodies to avoid conflicts of interest and ensure a transparent and effective mechanism of disclosure of conflicts of interest related to members of the supervisory and management bodies.

Any member of the company's supervisory and management body should avoid a situation where his/her personal interests are or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory or management body should, within a reasonable period of time, notify other members of the same body or the body of the company which elected him/her or the company's shareholders of such situation of a conflict of interest, indicate the nature of interests and, where possible, their value.	Yes	The members of the Company's supervisory and management bodies have the duty to avoid conflict of interest situations. If such situation occurs, such person must notify other members of the same body or the body of the company which elected him/her or the company's shareholder of such situation of a conflict of interest, indicate the nature of interests and, where possible, their value.

PRINCIPLES/ RECOMMENDATIONS	YES/NO/ NOT APPLICABLE	COMMENTS

Principle 7: Remuneration policy of the company

The remuneration policy and the procedure for review and disclosure of such policy established at the company should prevent potential conflicts of interest and abuse in determining remuneration of members of the collegial bodies and heads of the administration, in addition it should ensure the publicity and transparency of the company's remuneration policy and its long-term strategy.

7.1. The company should approve and post the remuneration policy on the website of the company; such policy should be reviewed on a regular basis and be consistent with the company's long-term strategy.	No	The legislation does not impose any obligation on the Company to approve and disclose the remuneration policy.
7.2. The remuneration policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as the conditions specifying the cases where the company can recover the disbursed amounts or suspend the payments.	No	As legislation does not impose any obligation on the Company to approve and disclose the remuneration policy.
7.3. With a view to avoid potential conflicts of interest, the remuneration policy should provide that members of the collegial bodies which perform the supervisory functions should not receive remuneration based on the company's performance.	Yes	The members of the supervisory board do not receive remuneration based on the Company's performance.
7.4. The remuneration policy should provide sufficient information on the policy regarding termination payments. Termination payments should not exceed a fixed amount or a fixed number of annual wages and in general should not be higher than the non-variable component of remuneration for two years or the equivalent thereof. Termination payments should not be paid if the contract is terminated due to inadequate performance.	No	As legislation does not impose any obligation on the Company to approve and disclose the remuneration policy, the Company does not currently have approved remuneration policy. Termination payments are made on the basis and according to the provisions of the labour code and agreements.

PRINCIPLES/ RECOMMENDATIONS	YES/NO/ NOT APPLICABLE	COMMENTS
7.5. In the event that the financial incentive scheme is applied at the company, the remuneration policy should contain sufficient information about the retention of shares after the award thereof. Where remuneration is based on the award of shares, shares should not be vested at least for three years after the award thereof. After vesting, members of the collegial bodies and heads of the administration should retain a certain number of shares until the end of their term in office, subject to the need to compensate for any costs related to the acquisition of shares.	Not applicable	No financial incentive system is applied in the Company.
7.6. The company should publish information about the implementation of the remuneration policy on its website, with a key focus on the remuneration policy in respect of the collegial bodies and managers in the next and, where relevant, subsequent financial years. It should also contain a review of how the remuneration policy was implemented during the previous financial year. The information of such nature should not include any details having a commercial value. Particular attention should be paid on the major changes in the company's remuneration policy, compared to the previous financial year.	No	As legislation does not impose any obligation on the Company to approve and disclose the remuneration policy.
7.7. It is recommended that the remuneration policy or any major change of the policy should be included on the agenda of the general meeting of shareholders. The schemes under which members and employees of a collegial body receive remuneration in shares or share options should be approved by the general meeting of shareholders.	No	The legislation does not impose any obligation on the Company to approve and disclose the remuneration policy.

PRINCIPLES/ RECOMMENDATIONS	YES/NO/ NOT APPLICABLE	COMMENTS

Principle 8: Role of stakeholders in corporate governance

The corporate governance framework should recognize the rights of stakeholders entrenched in the laws or mutual agreements and encourage active cooperation between companies and stakeholders in creating the company value, jobs and financial sustainability. In the context of this principle the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interests in the company concerned.

8.1. The corporate governance framework should ensure that the rights and lawful interests of stakeholders are protected.	Yes	The Company respects the rights of stakeholders.
8.2. The corporate governance framework should create conditions for stakeholders to participate in corporate governance in the manner prescribed by law. Examples of participation by stakeholders in corporate governance include the participation of employees or their representatives in the adoption of decisions that are important for the company, consultations with employees or their representatives on corporate governance and other important matters, participation of employees in the company's authorized capital, involvement of creditors in corporate governance in the cases of the company's insolvency, etc.	Yes	Stakeholders participate in the corporate governance of the Company in the manner established by the law.
8.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	Yes	Stakeholders are provided with information in the manner established by the law.
8.4. Stakeholders should be provided with the possibility of reporting confidentially any illegal or unethical practices to the collegial body performing the supervisory function.	Yes	The Company has set up an internal channel for submitting information about violations, and the Company Prevention Manager has been appointed for this purpose. The company has an approved Corruption Prevention policy. The Company's Prevention Manager regularly informs the Company's Audit Committee of its performance.

PRINCIPLES/ RECOMMENDATIONS	YES/NO/ NOT APPLICABLE	COMMENTS

Principle 9: Disclosure of information

The corporate governance framework should ensure the timely and accurate disclosure of all material corporate issues, including the financial situation, operations and governance of the company.

9.1. In accordance with the company's procedure on confidential information and commercial secrets and the legal acts regulating the processing of personal data, the information publicly disclosed by the company should include but not be limited to the following:

9.1.1. operating and financial results of the company;	Yes	This information is published in the Company's consolidated financial statements and consolidated annual report.
9.1.2. objectives and non-financial information of the company;	Yes	This information is published in the Company's consolidated annual report.
9.1.3. persons holding a stake in the company or controlling it directly and/or indirectly and/or together with related persons as well as the structure of the group of companies and their relationships by specifying the final beneficiary;	Yes	This information is published in the Company's consolidated financial statements.
9.1.4. members of the company's supervisory and management bodies who are deemed independent, the manager of the company, the shares or votes held by them at the company, participation in corporate governance of other companies, their competence and remuneration;	Yes	This information is published in the Company's consolidated annual report. As the legal acts do not require to disclose the remuneration of the members of the Company's supervisory and management bodies, this information is not disclosed.
9.1.5. reports of the existing committees on their composition, number of meetings and attendance of members during the last year as well as the main directions and results of their activities;	Yes	This information is published in the Company's consolidated annual report.
9.1.6. potential key risk factors, the company's risk management and supervision policy;	Yes	This information is published in the Company's consolidated annual report.
9.1.7. the company's transactions with related parties;	Yes	This information is published in the Company's consolidated financial statements.

PRINCIPLES/ RECOMMENDATIONS	YES/NO/ NOT APPLICABLE	COMMENTS
9.1.8. main issues related to employees and other stakeholders (for instance, human resource policy, participation of employees in corporate governance, award of the company's shares or share options as incentives, relationships with creditors, suppliers, local community, etc.);	Yes	The relevant information is published in the Company's consolidated annual report.
9.1.9. structure and strategy of corporate governance;	Yes	This information is published in the Company's consolidated annual report.
9.1.10. initiatives and measures of social responsibility policy and anti-corruption fight, significant current or planned investment projects. This list is deemed minimum and companies are encouraged not to restrict themselves to the disclosure of information included into this list. This principle of the Code does not exempt companies from their obligation to disclose information as provided for in the applicable legal acts.	Yes	This information is published in a separate corporate social responsibility report of the Company and its controlled group, which is published together with consolidated annual report of the Company yearly.
9.2. When disclosing the information specified in paragraph 9.1.1 of recommendation 9.1, it is recommended that the company which is a parent company in respect of other companies should disclose information about the consolidated results of the whole group of companies.	Yes	Consolidated information is disclosed.
9.3. When disclosing the information specified in paragraph 9.1.4 of recommendation 9.1, it is recommended that the information on the professional experience and qualifications of members of the company's supervisory and management bodies and the manager of the company as well as potential conflicts of interest which could affect their decisions should be provided. It is further recommended that the remuneration or other income of members of the company's supervisory and management bodies and the manager of the company should be disclosed, as provided for in greater detail in Principle 7.	Yes	The information about professional experience, qualifications and potential conflicts of interest, if any, of the members of the Company's supervisory and management bodies, the Chief Executive Officer is disclosed. As the legal acts do not require to disclose the remuneration of the members of the Company's supervisory and management bodies, chief executive officer, this information is not disclosed.

PRINCIPLES/ RECOMMENDATIONS	YES/NO/ NOT APPLICABLE	COMMENTS
9.4. Information should be disclosed in such manner that no shareholders or investors are discriminated in terms of the method of receipt and scope of information. Information should be disclosed to all parties concerned at the same time.	Yes	Information is disclosed through securities exchanges in Lithuania and Ireland.

Principle 10: Selection of the company's audit firm

The company's audit firm selection mechanism should ensure the independence of the report and opinion of the audit firm.

10.1. With a view to obtain an objective opinion on the company's financial condition and financial results, the company's annual financial statements and the financial information provided in its annual report should be audited by an independent audit firm.	Yes	The Company's and the Group's annual financial statements and the financial information provided in the consolidated annul report are audited.
10.2. It is recommended that the audit firm would be proposed to the general meeting of shareholders by the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company.	Yes	The Company's auditor is selected from tender applications. The Audit Committee supervises this tender process. Following the opinion of the Audit Committee, the supervisory board proposes the audit firm to the sole shareholder.
10.3. In the event that the audit firm has received remuneration from the company for the non-audit services provided, the company should disclose this publicly. This information should also be available to the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company when considering which audit firm should be proposed to the general meeting of shareholders.	Yes	The Company discloses information about amounts it has paid the auditor for non-audit services in its consolidated annual report.

APPENDIX

Total number of employees by employment contract, by region

		Permanent	Temporary
MAXIMA Lithuania	Men	1,866	300
	Women	9,522	646
	Total	11,388	946
MAXIMA Latvia	Men	1,412	0
	Women	5,408	1
	Total	6,820	1
MAXIMA Estonia	Men	810	25
	Women	2,619	48
	Total	3,429	73
STOKROTKA	Men	938	890
	Women	5,069	4,516
	Total	6,007	5,406
T-MARKET	Men	529	2
	Women	1,727	4
	Total	2,256	6
BARBORA	Men	763	180
	Women	876	35
	Total	1,639	215
OTHER*	Men	106	6
	Women	178	6
	Total	284	12
The Group (Consolidated Data)	Men	6,424	1,403
	Women	25,399	5,256
	Total	31,823	6,659

*MAXIMA International Sourcing, MAXIMA GRUPĖ, FRANMAX, EMPERIA HOLDING Sp. Z o.o., ELPRO DEVELOPMENT Sp. Z o.o.

[GRI 102-8]

APPENDIX

New employee hires and employee turnover

MAXIMA Lithuania		< 30 yrs.		30-50 yrs.		> 50 yrs.	
Total number and rate of new employee hires during the reporting period	Men	800	51 %	768	49 %	-	-
	Women	1,316	42 %	1,807	58 %	-	-
	Total	2,116	45 %	2,575	55 %	-	-
Total number and rate of employee turnover during the reporting period	Men	830	49 %	863	51 %	-	-
	Women	1,416	38 %	2,353	62 %	-	-
	Total	2,246	41 %	3,216	59 %	-	-

MAXIMA Latvia		< 30 yrs.		30-50 yrs.		> 50 yrs.	
Total number and rate of new employee hires during the reporting period	Men	532	50 %	323	30 %	207	20 %
	Women	629	36 %	643	37 %	462	27 %
	Total	1,161	42 %	966	35 %	669	24 %
Total number and rate of employee turnover during the reporting period	Men	628	49 %	415	32 %	247	19 %
	Women	756	32 %	863	36 %	775	32 %
	Total	1,384	38 %	1,278	35 %	1,022	28 %

MAXIMA Estonia		< 30 yrs.		30-50 yrs.		> 50 yrs.	
Total number and rate of new employee hires during the reporting period	Men	497	60 %	172	21 %	154	19 %
	Women	680	48 %	419	29 %	321	23 %
	Total	1,177	53 %	591	26 %	475	21 %
Total number and rate of employee turnover during the reporting period	Men	484	56 %	192	22 %	193	22 %
	Women	712	42 %	546	32 %	446	26 %
	Total	1,196	46 %	738	29 %	639	25 %

[GRI 401-1]

APPENDIX

New employee hires and employee turnover

STOKROTKA		< 30 yrs.		30-50 yrs.		> 50 yrs.	
Total number and rate of new employee hires during the reporting period	Men	392	53 %	315	42 %	37	5 %
	Women	1,305	37 %	1,831	51 %	433	12 %
	Total	1,697	39 %	2,146	50 %	470	11 %
Total number and rate of employee turnover during the reporting period	Men	368	51 %	308	43 %	44	6 %
	Women	1,096	33 %	1,648	50 %	569	17 %
	Total	1,464	36 %	1,956	49 %	613	15 %

T-MARKET		< 30 yrs.		30-50 yrs.		> 50 yrs.	
Total number and rate of new employee hires during the reporting period	Men	393	62 %	202	32 %	43	6 %
	Women	574	36 %	670	43 %	326	21 %
	Total	967	44 %	872	39 %	369	17 %
Total number and rate of employee turnover during the reporting period	Men	396	62 %	198	31 %	43	7 %
	Women	546	35 %	678	43 %	354	22 %
	Total	942	42 %	876	40 %	397	18 %

BARBORA		< 30 yrs.		30-50 yrs.		> 50 yrs.	
Total number and rate of new employee hires during the reporting period	Men	968	74 %	309	24 %	28	2 %
	Women	948	78 %	251	20 %	22	2 %
	Total	1,916	76 %	560	22 %	50	2 %
Total number and rate of employee turnover during the reporting period	Men	954	77 %	262	21 %	22	2 %
	Women	1,064	79 %	255	19 %	34	2 %
	Total	2,018	78 %	517	20 %	56	2 %

[GRI 401-1]

APPENDIX

New employee hires and employee turnover

OTHER*							
		< 30 yrs.		30-50 yrs.		> 50 yrs.	
Total number and rate of new employee hires during the reporting period	Men	24	67 %	12	33 %	0	0 %
	Women	36	61 %	21	36 %	2	3 %
	Total	60	63 %	33	35 %	2	2 %
Total number and rate of employee turnover during the reporting period	Men	16	40 %	24	60 %	0	0 %
	Women	40	68 %	16	27 %	3	5 %
	Total	56	57 %	40	40 %	3	3 %

THE GROUP (CONSOLIDATED)							
		< 30 yrs.		30-50 yrs.		> 50 yrs.	
Total number and rate of new employee hires during the reporting period	Men	3,606	58 %	2,101	34 %	469	8 %
	Women	5,488	43 %	5,642	44 %	1,566	13 %
	Total	9,094	48 %	7,743	41 %	2,035	11 %
Total number and rate of employee turnover during the reporting period	Men	3,676	57 %	2,262	35 %	549	8 %
	Women	5,630	40 %	6,359	45 %	2,181	15 %
	Total	9,306	45 %	8,621	42 %	2,730	13 %

*MAXIMA International Sourcing, MAXIMA GRUPĖ, FRANMAX, EMPERIA HOLDING Sp. Z o.o., ELPRO DEVELOPMENT Sp. Z o.o.

[GRI 401-1]

4 April 2022

Responsibility statement of responsible persons

Hereby we confirm that, to the best of our knowledge and belief, the consolidated financial statements of MAXIMA GRUPĖ, UAB (hereinafter "the Company") and its subsidiaries (hereinafter together "the Group") for the year ended 31 December 2021 prepared in accordance with International Financial Reporting Standards as adopted by the European Union, present fairly the financial position of the Group as of 31 December 2021 and its financial performance and cash flows for the year then ended.

In addition, we confirm that the consolidated annual report includes a fair view of the development and performance of the business of the Group, the Group's financial position together with a description of the principle risks and uncertainties the Group faces.

Mantas Kuncaitis	Povilas Šulys
Chief Executive Officer	Chief Financial Officer

Maxima Grupė, UAB
Savanorių pr. 5, LT-03116, Vilnius, Lietuva
Tel (+370) 669 00118
E-mail: info@maximagrupe.eu

Legal entity code: 301066547
VAT payer number: LT100003598012
Bank accounts:
AB SEB BANKAS LT42 7044 0600 0611 9266
AB Swedbank LT927300010103767933