

# AB "Iron Mountain Lithuania"

Independent auditor's report,  
annual report and  
financial statements for the year  
ended on 31 December 2023

Prepared in accordance with International Financial Reporting Standards as  
adopted by the European Union

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as at 31 December 2023

**General information about the company:**

Name	AB Iron Mountain Lithuania
Legal form	Public limited liability company
Code	122263236
Registered office address	Vilnius district Gineitiskės, Žirgų str. 3
Authorized capital	384.615 EUR, divided into 1.238 ordinary registered shares with a nominal value of 289,62 EUR
Phone	(8-5) 2401710
E-mail	<a href="mailto:info.lt@ironmountain.com">info.lt@ironmountain.com</a>
Website	<a href="http://www.ironmountain.com">www.ironmountain.com</a>
Registration date and place	11 January 1994 Board of Vilnius City
Register in which data about the company are collected and stored	Register of Legal Entities
Nature of main activities	Archive activities
Available licences	Licence to carry out document storage activities and licence to carry out document management

**1. An objective overview of the company's condition, performance and development, and a description of the principal risks and uncertainties encountered by the company**

AB Iron Mountain Lithuania provides services for the maintenance, storage, management and destruction of documentary archives. There are also, as ancillary services, but necessary to complete the full range of services, various departments for the preparation of certificates for Social Security (length of service, wages) and logistics. It should be emphasised that AB Iron Mountain Lithuania provides its clients with a full range of services in the lifecycle of physical and electronic documents, and with the help of a variety of digital solutions, helps them to manage information and documents efficiently.

AB Iron Mountain Lithuania is successfully developing its archiving business – its main income from the storage, management and administration (searching, copying, etc.) of documents has increased, while the number of clients and the need for our services in the market are being actively expanded. Services are provided on the basis of long-term cooperation agreements. The largest clients of AB Iron Mountain Lithuania are the bank sector, insurance companies and many other enterprises. It should be noted that the Company actively works both with the private and the public sector.

By investing in the equipment of destruction services, AB Iron Mountain Lithuania increases the performance of these services. AB Iron Mountain Lithuania not only destroys, but also properly prepares secondary raw materials so that they can be recycled. AB Iron Mountain Lithuania continuously takes actions to reduce environmental pollution.

**Principal risks encountered by the Company:**

• **Economic risk factors**

Main risk factors are possible due to the instability of external events, which can reduce direct foreign investments or possible transfer of investments or financial funds to other countries.

There were no new competitors, however competition remains high. 1 new management licences was issued in 2023. These licences are now held by 139 legal entities or natural persons who are able to provide licensed archival management services. At the same time, it should be noted that 1 storage licences was issued in 2023 where investments are necessary, i.e. for storage services. These services are offered by 13 legal entities: AB Iron Mountain Lithuania, UAB Docpartner, UAB Archyvita, UAB Finansininkų Grupė, UAB Herman Data, UAB REISSWOLF LT and others.

• **Political risk factors**

The management and storage of documents relating to the activities of all legal persons is regulated by the procedure established by the laws of the Republic of Lithuania. The main legal acts regulating the storage of documents are the Law on Documents and Archives of the Republic of Lithuania (Order No I-1115 of 5 December 1995, Vilnius),

Rules on the preparation of documents (Order No V-117 of 4 July 2011),

Index of general retention periods for documents (Order No V-100 of 9 March 2011),

Rules on document management and record-keeping (Order No V-118 of 4 July 2011),

Rules on the preparation, management and recording of documents of non-governmental organisations and private legal persons (Order No V-152 of 20 December 2011),

Rules on the retention of documents (Order No V-157 of 28 December 2011),

Description of the procedure for the selection and electronic preservation of paper documents (Order No VE-73 of 18 December 2019),

List of State and municipal institutions, bodies and undertakings that transfer documents to the State Archives (Order No V-153 of 20 December 2011),

Description of the procedure for the transfer of documents of legal entities in liquidation for further storage and the issuance of certificates confirming this (Order No V-156 of 27 December 2011).

• **Social risk factors.**

A risk remains of the fact that, although slowly, the economy will recover and emigration will continue, thus the demand for qualified specialists will grow, therefore, in order to maintain a qualified personnel, it is planned to increase the wages of employees during the upcoming year, after evaluating the inflation and the general market situation.

**2. Financial and non-financial performance analysis, information related to environmental and personnel matters**

Indicators describing the Company's activities in 2023-2022:

	2023 m.	2022 m.
Net yield = net profit / sales * 100	10.39%	2.90%
Average return on assets ROA = net profit / (assets at the beginning of the period + assets at the end of the period) / 2 * 100	1.23%	0.32%
Return on equity ROE = net profit / equity capital	0.08	0.02
Net profit per share EPS = net profit / number of shares		
Turnover	3,263	2,961
Net profit	339	86
Current liquidity ratio = current assets/amounts payable in one year and short-term liabilities	3.78	4.12
Normalized EBITDA = profit (loss) before taxes + depreciation and amortization + interest expenses + bad debt provision expenses and bad debts	666.79	380

Indicators calculated in 2023 comply with the financial model prepared in the company.

Sale income from the carried out activities of the company reached an income result of 3.263 thousand euros.

Most of the attention is paid to unpredictable financial market developments and the aim is to reduce the possible negative effect on the Company's financial performance.

**Employees and environmental protection**

In 2023, actions were continued to increase productivity and optimize the work of archivists.

Each year, the Company reviews its policy and objectives for the upcoming year, approves them in the ISO documents and familiarizes employees with them.

The Company had 43 employees by the end of 2023, and 45 employees on 31 December 2022.

Average number of listed employees in 2023-2022

	2023 m.	2022 m.
Number of employees	44	45

Average age of employees – 44 years. Most employees of the Company have higher education and are qualified archivists and operators trained to work with the installed IS.

With the increasing number of carried out operations, with processes becoming more complicated, with the increasing demands of clients, and when taking care of environmental protection matters both directly and indirectly in its activities, quality management system ISO 9001 and environmental management system ISO 14001 and 2021 were implemented in the Company ISO 27001. Upon the request of clients, security was increased in the Company and liability for the protected documents was distributed in order to ensure the security of the stored documents.

According to the approved ISO procedures, the quantity of used paper was reduced, paper waste was provided for processing, and the fire protection system was periodically tested.

**3. References and additional explanations about data provided in the annual financial statements;**

In 2015, a subsidiary company Arhiivikeskus AS operating in Estonia was merged with the Company by changing its status to a branch in advance.

Other data provided in the annual financial statements and the explanatory notes to the financial statements are sufficient, complete and no additional clarifications are provided.

**4-6. Number of all the shares acquired or owned by the Company, their nominal value and authorized capital part comprised of these shares. Number of own shares acquired or transferred during the reporting period, their nominal value and authorized capital part comprised of these shares. Information about payment for own shares, if they are acquired or transferred for a fee. Reasons of the Company for acquiring own shares within the reporting period.**

During the reporting period, the Company did not have, acquire or transfer its own shares.

**7. Information about the Company's branches and agencies**

The Company has a branch in Estonia (see paragraph 3).

**8. Important events that occurred since the end of the previous financial year**

There have been no significant events since the end of the previous financial year.

**9. The Company's business plans and forecasts**

The Company's aim is to continue to grow together with the growing market, and to remain the most advanced and leading company in the document storage, management and administration market and in the field of confidential destruction.

**10. Information about the Company's research and development activities**

The Company's shareholders perform a research of the occupied market part which is carried out for all the Baltic countries.

An annual research on client satisfaction with the Company will be carried out in 2024.

**11. When the Company uses financial instruments and when this is important when evaluating the Company's assets, equity, obligations, financial condition and performance, the Company reveals financial risk management objectives, the used forecasted transaction main group hedging instruments to whom the accounting of hedging transactions is applied, and the scale of the Company's price risk, credit risk, liquidity risk and cash flow risk.**

The Company did not use financial instruments which are important when evaluating company assets, liabilities, financial condition and activity results .

**12. Information about other current managerial positions of the head of the public limited liability company and private limited liability company, members of the management board and members of the supervisory board (head of the legal entity (legal form, name, code, registered office (address)), management body or member of the supervisory board of the legal entity (legal form, name, code, registered office (address)) and key information about their main workplace (position, legal entity's legal form, name, code, registered office (address)).**

Director of the company Juozas Šerkšnas serves as director at AB Archyvų Centras, company code 301810533, Žirgų str. 3, Antezėriai, Vilnius district, and at UAB Confidento, company code 302763086, Žirgų str. 3, Antezėriai, Vilnius district.

The board of the company is comprised of:

Iwona Paulina Sikora workplace - Iron Mountain Canada Operations, ULC - 885517334RT0001, 195 Summerlea Road Brampton, ON L6T 4P6 Canada;

Juozas Šerkšnas workplace - Iron Mountain Lithuania 122263236, Žirgų str. 3, Antezėriai, Vilnius district;

Andrea Antoniou workplace - Iron Mountain Cyprus Ltd 138222, Land 31 Kratitirion 9 Nicosia, Cyprus.

Juozas Šerkšnas  
Director (CEO)

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(signature)

\_\_\_\_\_  
(date)

**AB "Iron Mountain Lithuania"**  
**122263236, Vilnius district Antezeriai, Žirgų str. 3**  
**Statement of financial position**  
**as at 31 December 2023**  
*thousands of euros*

	Notes	2023	2022
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets		-	-
Goodwill		583	583
Software		1	2
Other intangible assets		93	195
<b>Total intangible assets</b>	3	<b>677</b>	<b>780</b>
Non-current tangible assets			
Land		-	-
Buildings and structures		221	109
Vehicles		-	22
Construction in progress and prepayments		77	9
Other non-current tangible assets		398	457
<b>Total non-current tangible assets</b>	4	<b>696</b>	<b>597</b>
Right-of-use asset	5	2,445	2,240
Investments in subsidiary companies		3	3
Other financial assets	8	32	12
Loans to associated companies		-	-
Amounts receivable from related parties		-	-
Deferred income tax assets		16	14
<b>Total non-current assets</b>		<b>3,869</b>	<b>3,646</b>
<b>Current assets</b>			
Inventories and prepayments			
Inventories	9	17	20
Prepayments		3	3
<b>Total inventories and prepayments</b>		<b>20</b>	<b>23</b>
Amounts receivable from buyers within one year	6	326	309
Amounts receivable from related parties	18	-	-
Loans to associated companies		-	-
Income tax paid in advance		-	-
Other amounts receivable	8	-	30
Cash and cash equivalents	7	2,996	2,548
<b>Total current assets</b>		<b>3,322</b>	<b>2,887</b>
Deferred expenses		11	9
<b>Total assets</b>		<b>7,222</b>	<b>6,565</b>

(continued on next page)

**AB "Iron Mountain Lithuania"**  
**122263236, Vilnius district Antezeriai, Žirgų str. 3**  
**Statement of financial position**  
**as at 31 December 2023**  
*thousands of euros*

	Notes	2023	2022
<b>Equity and liabilities</b>			
<b>Equity</b>			
Capital	1	385	385
Legal reserve	10	17	17
Other reserves	10	424	424
Retained profit (loss)		3,309	2,970
<b>Total equity</b>		<b>4,135</b>	<b>3,796</b>
<b>Amounts payable and liabilities</b>			
<b>Amounts payable after one year and liabilities</b>			
Grants and subsidies		-	-
Debts to credit institutions		-	-
Long term rent liabilities	5	2,164	2,028
<b>Total amounts payable after one year and liabilities</b>		<b>2,164</b>	<b>2,028</b>
<b>Amounts payable within one year and liabilities</b>			
Debts to credit institutions		-	-
Short term rent liabilities	5	503	395
Loan interest		-	-
Trade payables		36	41
Amounts payable to related parties	18	49	9
Advances received		14	-
Income tax payable		40	2
Employment-related liabilities	19	159	171
Contract liabilities		43	52
Other amounts payable and current liabilities		34	31
<b>Total amounts payable within one year and liabilities</b>		<b>878</b>	<b>701</b>
Provisions		45	40
<b>Total equity and total liabilities</b>		<b>7,222</b>	<b>6,565</b>

*The explanatory notes provided below are an integral part of these financial statements.*

Juozas Šerkšnas  
Director (CEO)

(signature)

(date)

Renata Ravdanovičienė  
Baltic Head of Finance

(signature)

(date)

**AB "Iron Mountain Lithuania"**  
**122263236, Vilnius district Antezeriai, Žirgų str. 3**  
**Statement of profit or loss and other comprehensive income**  
**as at 31 December 2023**  
*thousands of euros*

	Notes	2023.01.01 - 2023.12.31	2022.01.01 - 2022.12.31
Sales income	11	3,263	2,961
Cost of sales	12	(1,471)	(1,369)
<b>Gross profit</b>		<b>1,792</b>	<b>1,592</b>
Operating expenses	13	(1,328)	(1,361)
Other operating income	14	2	-
Other operating expenses		-	(1)
<b>Operating profit</b>		<b>466</b>	<b>230</b>
Income from financial activities	15	62	5
Expenses from financial activities	15	(139)	(125)
<b>Profit or loss before tax</b>		<b>389</b>	<b>110</b>
Income tax	16	(50)	(24)
<b>Net profit</b>		<b>339</b>	<b>86</b>
<b>Other comprehensive income</b>		<b>339</b>	<b>86</b>
<b>Assigned to the Company's shareholders</b>			
Net profit (loss)		339	86
Other comprehensive income		-	-
<b>Total comprehensive income for the year, net of tax</b>		<b>339</b>	<b>86</b>

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Juozas Šerkšnas  
Director (CEO)

(signature)

(date)

Renata Ravdanovičienė  
Baltic Head of Finance

(signature)

(date)



AB "Iron Mountain Lithuania"  
122263236, Vilnius district Antezerial, Žirgų str. 3  
**Statement of changes in equity**  
as at 31 December 2023  
*thousands of euros*

Notes	Share capital	Legal reserve	Other reserves	Retained profit (loss)	Total equity
<b>At 31 December 2021</b>	<b>385</b>	<b>17</b>	<b>424</b>	<b>3,385</b>	<b>4,211</b>
Net profit / (loss) for the year	-	-	-	86	86
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	86	86
Transactions with owners	-	-	-	-	-
Dividends declared	-	-	-	(500)	(500)
<b>Total transactions with owners</b>	-	-	-	(500)	(500)
<b>At 31 December 2022</b>	<b>385</b>	<b>17</b>	<b>424</b>	<b>2,970</b>	<b>3,796</b>
Net profit / (loss) for the year	-	-	-	339	339
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	339	339
Transactions with owners	-	-	-	-	-
Dividends paid	-	-	-	-	-
<b>Total transactions with owners</b>	-	-	-	-	-
<b>At 31 December 2023</b>	<b>385</b>	<b>17</b>	<b>424</b>	<b>3,309</b>	<b>4,135</b>

*The explanatory notes provided below are an integral part of these financial statements.*

Juozas Šerkšnas  
Director (CEO)

\_\_\_\_\_  
(signature)

\_\_\_\_\_  
(date)

Renata Ravdanovičienė  
Baltic Head of Finance

\_\_\_\_\_  
(signature)

\_\_\_\_\_  
(date)

AB "Iron Mountain Lithuania"  
122263236, Vilnius district Antezėriai, Žirgų str. 3  
**Statement of cash flows**  
as at 31 December 2023  
*thousands of euros*

	Notes	2023.01.01 - 2023.12.31	2022.01.01 - 2022.12.31
<b>Cash flows from operating activities</b>			
Net profit for the year		339	86
<b>Recovery of non-monetary expenses (income):</b>			
Depreciation and amortization	3, 4	278	270
Depreciation of right-of-use asset	5	481	421
Change in the impairment of amounts receivable	6	3	(3)
Interest expenses	15	-	-
Interest expenses on rent liabilities	15	139	125
Interest income	15	(62)	(5)
Income tax expenses	16	2	(12)
		<b>1,180</b>	<b>882</b>
<b>Changes in working capital:</b>			
Decrease (increase) of other long-term financial and other short-term assets		6	71
Inventory decrease (increase)		3	12
Amounts receivable from related parties		-	11
Decrease (increase) of amounts receivable		17	(32)
Decrease (increase) of prepayments and advances received		14	(12)
(Paid) income tax		-	-
Trade debt (decrease)		(5)	(6)
(Decrease) of amounts payable to related parties		40	(32)
Increase (decrease) of other amounts payable		(13)	60
<b>Net cash flows from operating activities</b>		<b>62</b>	<b>72</b>
<b>Cash flows from investing activities</b>			
Non-current intangible and tangible assets (acquisition) (excluding investments)	3.4	(274)	(169)
Transfer of non-current tangible assets		-	-
Acquisition of a subsidiary company		-	-
Interest received	15	62	5
<b>Net cash flow from investing activities</b>		<b>(212)</b>	<b>(164)</b>
<b>Cash flows from financial activities</b>			
Increase of share capital	1	-	-
Dividends paid		-	-
Loans received		-	-
Loans (repaid)		-	(500)
Interest (paid)		-	-
Interest (paid for rent liabilities)		(139)	(125)
Leasing (financial lease) (payments)	5	(442)	(383)
<b>Net cash flows from financing activities</b>		<b>(581)</b>	<b>(1,008)</b>
Net increase/(decrease) in cash and cash equivalents		450	(218)
<b>Cash and cash equivalents at beginning of the year/period</b>	7	<b>2,548</b>	<b>2,766</b>
<b>Cash and cash equivalents at 31 December</b>	7	<b>2,997</b>	<b>2,548</b>

*The explanatory notes provided below are an integral part of these financial statements.*

Juozas Šerkšnas  
Director (CEO)

(signature)

(date)

Renata Ravdanovičienė  
Baltic Head of Finance

(signature)

(date)

**AB "Iron Mountain Lithuania"**  
**122263236, Vilnius district Antezeriai, Žirgų str. 3**

**Explanatory notes**  
**as at 31 December 2023**

**1. General information**

AB Iron Mountain Lithuania (hereinafter – Company) is a public limited liability company registered in the Republic of Lithuania. The Company's registered office address is Žirgų str. 3, Antezeriai, Vilnius district, Lithuania.

The Company carries out document storage, administration and destruction. The Company was registered on 11 January 1994.

On 31 December 2023 and 2022, the Company's shareholders were as follows:

	<b>Number of owned shares (units)</b>	<b>Owned part</b>
<b>31-Dec-23</b>		
AB Iron Mountain Baltic	1328	100%
Reg.no. 301810533, Žirgų str.3, Antezeriai, Vilniaus district		
<b>Total:</b>	<b>1328</b>	<b>100%</b>
<b>31-Dec-22</b>		
AB Iron Mountain Baltic	1328	100%
Reg.no. 301810533, Žirgų str.3, Antezeriai, Vilniaus district		
<b>Total:</b>	<b>1328</b>	<b>100%</b>

All the shares of AB Iron mountain Lithuania are ordinary registered shares with a nominal value of 289,62 euros each and are fully paid as of 31 December 2023 and 2022. Authorized capital was not increased in 2023.

Final controlling shareholder of AB Iron mountain Lithuania in 2023 - Iron Mountain International Holdings BV, registration address Cairostraat 1, 3047 BB Rotterdam, the Netherlands. On 31 December 2015 – AS Lohmus Holdings.

On 13 April 2005 and 11 May 2005, AB Iron mountain Lithuania was provided with licences to carry out document management and document storage activities for an unlimited period of time (licence No.0005 and No. 0001).

On 27 March 2012, AB Iron mountain Lithuania established a subsidiary - UAB Confidento.

On 10 December 2014, AB Iron mountain Lithuania acquired the shares of AS Arhiivikeskus, merged with AS Arhiivikeskus in 2015 and established AB Iron mountain Lithuania Estonia branch, whose registered address is: Vaike-Sojamae 3 G, Tallinn, Estonia.

	<b>Country of registration</b>	<b>Part of shares managed by the Company</b>	<b>Investment size (acquisition cost)</b>	<b>Main activities</b>
UAB Confidento	Lithuania	100.00%	3	Library and archive activities

UAB Confidento unaudited main financial data of 31 December 2023 are provided in the table below:

	<b>Part of shares managed by the Company</b>	<b>Profit (loss) of the reporting year</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Sales income</b>
UAB Confidento	100%	9	30	8	74

On 31 December 2023, the Company had 44 employees (45 on 31 December 2022).

**2. Accounting principles**

Main accounting principles applied when preparing the Company's financial statements for 2023 are as follows:

**2.1. Basis for the preparation of financial statements**

These financial statements are prepared according to the International Financial Reporting Standards (IFRS) whose application is approved in the European Union and interpretations prepared by the International Financial Reporting Interpretations Committee (IFRIC).

These financial statements have been approved by AB Iron Mountain Lithuania's management on 20 of June 2024. The Company's shareholders shall have the legal right to approve these financial statements or refuse to approve them and request the management to prepare new financial statements.

**Explanatory notes**  
**as at 31 December 2023**

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The Company did not prepare consolidated reports on 31 December 2023 and 2022, as permitted by the Law on Consolidated Financial Statements of Enterprises and IFRS 27, due to the fact that consolidated financial statements are prepared by the parent company AB Iron Mountain Baltic. AB Iron Mountain Baltic consolidated financial statements can be found at the address Žirgų str. 3, Antezeriai, Vilnius district.

These financial statements are prepared based on the business continuity principle and the concept of historic acquisition cost.

**New standards, their amendments and interpretations**

**New and/or amended standards and interpretations effective from 1 January 2023:**

• **IFRS 17 Insurance Contracts** which introduces an internationally consistent approach to the accounting for insurance contracts. Prior to IFRS 17, significant diversity has existed worldwide relating to the accounting for and disclosure of insurance contracts, with IFRS 4 permitting many previous (non-IFRS) accounting approaches to continue to be followed. IFRS 17 will result in significant changes for many insurers, requiring adjustments to existing systems and processes. The new standard takes the view that insurance contracts combine features of a financial instrument and a service contract, and that many generate cash flows that vary substantially over time. It therefore takes the approach of:

- o Combining current measurement of future cash flows with recognising profit over the period that services are provided under the contract;
- o Presenting insurance service results (including insurance revenue) separately from insurance finance income or expenses, and;
- o Requiring an entity to make an accounting policy choice for each portfolio whether to recognise all insurance finance income or expenses for the reporting period in profit or loss, or to recognise some in other comprehensive income.

Subsequent to the issue of IFRS 17, amendments to the standard and deferral of effective dates have been made.

• **Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Disclosure of Accounting Policies.** Amendments to IAS 1 change the disclosure requirements with respect to accounting policies from 'significant accounting policies' to 'material accounting policy information'. The amendments provide guidance on when accounting policy information is likely to be considered material. The amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. As IFRS Practice Statements are non-mandatory guidance, no mandatory effective date has been specified for the amendments to IFRS Practice Statement 2;

• **Amendments to IAS 8 Accounting Policies: Definition of Accounting Estimate** added the definition of Accounting Estimates in IAS 8. The amendments also clarified that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from correction of prior period errors (effective for annual periods beginning on or after 1 January 2023);

• **Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction** which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously. The amendments introduce an additional criterion for the initial recognition exemption under IAS 12.15, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences (effective for annual periods beginning on or after 1 January 2023);

• **Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules** which create a temporary mandatory exception to the requirements of IAS 12 Income Taxes from recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two income taxes and provides for additional disclosure requirements with respect to an entity's exposure to Pillar Two income taxes. The amendments issued in May 2023 are effective immediately and retrospectively in accordance with IAS 8, except for some disclosure requirements with respect to an entity's exposure to Pillar Two income taxes. (effective immediately, but disclosure requirements are required for annual reporting periods beginning on or after 1 January 2023).

The application of these standards, amendments and interpretations had not a material impact on the Company financial statements and so have not been discussed in detail in the notes to the financial statements.

At the date of authorisation of these financial statements, the Company has not early adopted the following new and revised IFRS standards, amendments and interpretations that have been issued but are not yet effective:

• **Amendments to IFRS 16 Lease Liability in a Sale and Leaseback** which provide a requirement for the seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee (effective for annual periods beginning on or after 1 January 2024);

• **Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current** which require that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement for at least twelve months after the reporting period.

**Explanatory notes**  
**as at 31 December 2023**

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• **Amendments to IAS 1 Presentation of Financial Statements--: Non-current Liabilities with Covenants.** If an entity's right to defer is subject to the entity complying with specified conditions, such conditions affect whether that right exists at the end of the reporting period, if the entity is required to comply with the condition on or before the end of the reporting period and not if the entity is required to comply with the conditions after the reporting period. The amendments also provide clarification on the meaning of 'settlement' for the purpose of classifying a liability as current or non-current. (effective for annual periods beginning on or after 1 January 2024).

IFRSs currently endorsed by EU are not significantly different from the standards, endorsed by IASB, except the standards, amendments and interpretations that were not endorsed by EU (the effective dates are applicable to IFRS to full extent). These standards, amendments and interpretations are listed below:

• **Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures** which introduce additional disclosure requirements about an entity's supplier finance arrangements. The amendments also provide clarification on characteristics of supplier finance arrangements. (effective for annual periods beginning on or after 1 January 2024);

• **Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability** which introduce requirements to assess when a currency is exchangeable into another currency and when it is not. The Amendments require an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency. (effective for annual periods beginning on or after 1 January 2025).

The Company is currently assessing the impact of these new accounting standards and amendments. The management of the Company does not expect that the adoption of these standards, amendments and interpretations listed above will have a material impact on the financial statements of the Company in future periods.

## **2.2. Financial statement currency**

Accounts are managed by the Company and all the amounts in these financial statements are recorded and presented in the national currency of the Republic of Lithuania - euro, rounded to the nearest thousand euros, unless specified otherwise.

## **2.3. Business combination**

Acquisition of subsidiary companies and businesses is accounted for by applying the purchase method. Payment for each acquired subsidiary or business is measured by summing the fair values (on the exchange date) of the transferred assets, incurred or assumed liabilities and Group's issued equity instruments in exchange for the acquired company control. Costs related to the acquisition are recognized in the profit (loss) statement when they are incurred.

Payment for the acquired subsidiary companies or businesses includes all assets or liabilities arising from a contingent consideration agreement, measured at their fair value on the day of acquisition. Acquisition cost is corrected with the amounts of later changes of this fair value, if these changes can be regarded as measurement period adjustments. All other later changes of the fair value of the contingent consideration classified as assets or liabilities are accounted for according to the requirements of appropriate IFRS. Changes of the fair value of the contingent consideration classified as property are not recognized.

Identified assets, liabilities and contingent liabilities of the acquired company which comply with the recognition conditions according to IFRS 3, are not recognized at their fair values on the acquisition date, excluding:

- deferred income tax assets or liabilities and liabilities or assets related to agreements on benefits to employees which are recognized and measured appropriately according to IAS 12 "Income Tax" and IAS 19 "Employee Benefits";
- liabilities or equity instruments resulting from the Group's exchange of the acquired company payments to shares, which are measured according to IFRS 2 "Share-based Payment" requirements; and
- assets (or transferred asset group) classified as held for sale according to IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", which are measured according to this Standard.

Acquisition cost share exceeding the fair value of the identified net asset share acquired by the Group, which is recognized as goodwill. If the acquisition cost is lower than the fair value of the identified net asset share of the subsidiary acquired by the Group, the difference is recognized directly in the statement of comprehensive income.

## **2.4 Intangible assets**

### Goodwill

Acquisition cost share carried out through business combination, exceeding the fair value of the identified net asset share of the acquired company during the moment of acquisition, is accounted for as goodwill. During initial recognition, goodwill is accounted for at its acquisition cost at the currency of the acquired company, and later remeasured by applying the currency exchange rate of the end of the period at the end of each reporting period.

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After initial recognition, goodwill is accounted for at its acquisition cost less any accumulated impairment losses. On the day of acquisition, goodwill is classified as revenue generating units, which will hopefully receive economic benefit from synergy resulting from business combination. Revenue generating units to which goodwill was assigned are checked annually or more frequently, in order to check their possible impairment, if there are signs of the impairment of units.

If the recoverable value of the revenue generating unit is lower than its accounting value, the impairment loss amount is firstly reduced by the accounting value of the goodwill assigned to any such unit, and then proportionally the accounting value of all other assets assigned to that unit. Goodwill impairment losses are not restored during later periods.

Other intangible assets

Intangible assets, if they are acquired separately from business, are accounted for at acquisition cost. Intangible assets are recognized if it is likely that the Company will receive future economic benefits related to these assets, and if the value of assets can be reliably measured. After initial recognition, intangible assets are accounted for at acquisition value less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortized using a straight-line method during the estimated service life.

Agreements with clients

Agreements with clients are assets which include connections and service agreements with clients. Agreements with clients were acquired during business combination (see note 3). During acquisition, agreements with clients are measured at their fair value and later amortized within a service life of 10 years by applying the straight-line method.

Software

New software acquisition costs are capitalized and recognized as fixed intangible assets, if these costs are not an integral part of the computer hardware. Software is amortized over a period of 3 to 4 years.

Costs incurred when restoring or maintaining the expected economic benefits from the operation of existing software systems are recognized as the expenses of a period during which support and maintenance works are carried out.

**2.5 Non-current tangible assets**

The Company's non-current tangible assets are accounted for at acquisition value, by deducting depreciation and measuring impairment losses.

Initial non-current tangible asset value is comprised of acquisition price, including non-refundable purchase taxes and all directly assigned costs related to preparation of assets for use or their transfer to an area of operation. Costs, such as repair or operational costs, incurred when the non-current tangible assets are being used are usually accounted for in the profit (loss) statement for the period when they were incurred. In cases when it can be clearly proven that these costs will help increase economic benefits from the use of these non-current tangible assets and/or extend its estimated service life, the costs are capitalized by adding them to the non-current tangible asset acquisition value, by also writing off the changed non-current tangible asset components.

When assets are sold or written off, their acquisition value and accumulated depreciation are eliminated in the accounts, and the sale profit (loss) is registered in the profit (loss) statement.

The Company allocates the at first recognized amount to material parts of appropriate non-current tangible asset components and registers depreciation separately for each such part. Depreciation is calculated by applying the straight-line method during the following service periods:

Asset Group	Average useful service life (years)
Buildings and structures	20 - 40 years
Machinery and equipment	4 - 10 years
Vehicles	4 - 10 years
Other non-current tangible assets	3 - 10 years

The useful service life is regularly revised ensuring that the depreciation term would comply with the estimated non-current tangible asset useful service life period.

Constructions in progress are accounted for at acquisition value. It is comprised of the value of constructions, structures and equipment and other directly allocated costs. The depreciation of constructions in progress is not calculated until the constructions are complete and the assets are being used.

**2.6 Financial assets**

According to IFRS 9 "Financial Instruments", financial assets are divided into the following groups:

- measured at amortized cost,
- measured at fair value, the change of which is recognized as other comprehensive income,
- measured at fair value, the change of which is recognized as profit or loss.

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Classification of assets depends on the business model of the entity intended for managing financial assets, and characteristics of financial asset cash flows provided for in the contract.

All financial assets are measured at fair value, the change of which is recognized as profit or loss, excluding cases when financial assets are measured according to the amortized cost or fair value, the change of which is recognized as other comprehensive income.

Financial assets are measured at amortized cost when both of the following criteria are met:

- a) financial assets are retained in order to collect the cash flows provided for in the contract;
- b) cash flows of financial assets may arise on the dates established in the conditions of the contract, which are simply the payments of interest of the main amount and main uncovered amount. The main amount is the fair value of the financial assets during initial recognition.

Financial assets are measured at fair value, the change of which is recognized as other comprehensive income, when both of the following conditions are met:

- a) financial assets are retained in order to collect the estimated cash flows and sell the financial assets;
- b) cash flows of financial assets may arise on the dates established in the conditions of the contract, which are simply the payments of interest of the main amount and main uncovered amount. The main amount is the fair value of the financial assets during initial recognition.

Classification depends on the nature and purpose of the financial assets and is determined during initial recognition.

The Company's financial assets are comprised of cash and cash equivalents, buyer debts, loans granted and other amounts receivable.

All financial assets are recognized and written off on the day a transaction is made, when assuming a right or obligation under a signed financial instrument agreement whose conditions require for the financial assets to be provided under market terms, and are measured at fair value during initial recognition. When financial assets are not measured at fair value, costs directly attributed to the conclusion of the transaction shall be included in the statement of comprehensive income.

During initial recognition, financial assets accounted for at amortized cost and held to maturity are measured at cost by including direct costs related to the operation. In subsequent periods, these financial assets are accounted for at amortized cost by using an effective interest rate.

Effective interest rate method

Effective interest rate method is used to calculate the amortization cost of financial assets and liabilities, and distribute interest income and expenses within an appropriate period. The effective interest rate is an interest rate that exactly discounts the measured future cash flows (including all paid or received fees which are an integral part of the effective interest rate, transaction costs and other surcharges or discounts) until the recognition of initial net carrying value within a provided financial asset and liability period or within an appropriate shorter period of time.

When such investments are impaired, written off or amortized, the resulting profit or loss is registered in the statement of comprehensive income.

Loans and amounts receivable

Amounts receivable from buyers, loans and other amounts receivable with fixed payments or payments calculated in a set manner which are not sold in the active market are recognized as "Loans granted and amounts receivable".

Loans and amounts receivable are first registered in accounts at acquisition cost. Short-term loans and amounts receivable are later measured at acquisition cost less impairment losses, while long-term loans and amounts receivable are measured at amortized cost by using the effective interest rate method less impairment losses.

When such assets are impaired or amortized, the recognized profit or loss is accounted for in the statement of comprehensive income.

Interest income is recognized by using the effective interest rate method, excluding short-term amounts receivable whose interest recognition would be insignificant.

Total loans and amounts receivable are accounted for as current assets, excluding cases when their term is longer than 12 months from the date the financial statements are prepared. In this case, they are classified as non-current assets.

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Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, cash in transit and cash in bank accounts, demand deposits and other very liquid short-term investments of up to three months which can be easily exchanged to a known amount of cash and which have a typical insignificant risk of change in value.

Cash and cash equivalents in the cash flow statement are comprised of cash in bank accounts.

Impairment of financial assets

Financial assets are measured on each financial reporting date in order to determine if there are any signs of impairment. It is considered that impairment of financial assets occurs when there are objective factors as a consequence of one or several events that occurred after the initial recognition of financial assets which had an impact on future cash flows expected from the financial assets.

Material or long-term impairment of the fair value of listed or unlisted equity investments classified as available-for-sale financial assets below the cost of securities is considered to be an objective proof of impairment.

The following may be considered to be an objective proof of impairment of all other financial assets, including redeemable bonds, classified as available-for-sale financial assets and amounts receivable from financial lease:

- significant financial difficulties of the issuer or counterparty;
- delay or failure to pay interest;
- it becomes probable that the debtor will go bankrupt or undergo financial reorganization.

The assets of certain financial asset categories such as trade receivables for which there is no individually determined impairment are, moreover, measured in general. Objective proof of impairment of the amounts receivable portfolio could include the Company's experience to collect payments according to payment delay, the growing number of delayed payments in the amounts receivable portfolio whose average credit term exceeds 60 days, as well as noticeable changes in national or local economic conditions which correlate with failure to pay the amounts receivable.

The carrying value of all financial assets is directly reduced by the measured impairment losses. Impaired amounts receivable are written off when they are recognized as no longer recoverable.

If the amount of impairment losses measured at a later period decreases and this decrease can be objectively linked to an event which occurred after the recognition of impairment losses, then these previously recognized impairment losses are restored through profit or loss, but only to the extent that, on the day the impairment losses are restored, the carrying value of the investment does not exceed the amortized cost which would have occurred if the impairment losses of previous periods would not have been recognized.

Derecognition of financial assets

Financial assets (or, where necessary, financial asset part or part of a financial asset group) are derecognized when:

- the period of the right to financial asset cash flows expires;
- the Company retains the right to cash flows, but assumes the obligation to pay the entire amount to a third party under a transfer agreement within a short period of time;
- the Company transferred its right to receive cash flows from the assets or transferred basically all the risk and benefit related to financial asset ownership, or neither transferred nor retained the risk and benefit related to financial assets, but transferred the control of these assets.
- the Company transfers its rights to asset cash flows, but does not transfer the risk, benefit and asset control related to asset ownership, and the assets are recognized to the extent the Company is associated with them.

**2.7. Investments in subsidiary companies**

In the Company's financial statements, investments in subsidiary companies are accounted for at acquisition value. Investment value is reduced by recognizing impairment. Such impairment is measured and applied for each investment separately.

Impairment is determined by measuring the recoverable value of the revenue generating unit. When the recoverable value of the cash-generating unit is lower than the carrying value in the Company's statement of financial position, an impairment loss is recognized.



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**2.8. Financial liabilities**

Contractual obligations to transfer cash or other financial assets are classified as financial liabilities.

According to IFRS 9 "Financial Instruments", financial liabilities are assigned to those that were measured at amortized cost, excluding:

- a) financial liabilities measured at fair value, the change of which is recognized as profit or loss.,
- b) financial liabilities occurring when the transfer of financial assets does not comply with the derecognition criteria,
- c) financial guarantee contracts,
- d) obligations to grant a loan at a below-market interest rate,
- e) contingent consideration which is later measured at fair value, the change of which is recognized as profit or loss.

The Company's financial liabilities are comprised of loans received, interest payable, trade and other payables.

During initial recognition, financial liabilities are measured at fair value less transaction costs. During subsequent periods, these financial liabilities are accounted for at amortized cost.

Borrowing costs directly assigned to the acquired assets which require time to be used as intended or construction (reconstruction) are capitalized as part of the cost of the respective assets. All other borrowing costs are recognized as expenses when they are incurred. Debts are recognized as long-term, if a financial contract concluded prior to the reporting date proves that the liability to the reporting date according to its nature is long-term.

Debts to suppliers

Debts to suppliers is an obligation to pay for goods and services acquired from suppliers during the course of the Company's normal activities. Trade debts are classified as short-term liabilities, if the payment deadline is no longer than one year. Debts to suppliers are outstanding financial liabilities with fixed or determinable payments not sold in the active market. Such liabilities are accounted for at an amortized value using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognized when they are covered, cancelled or their period of validity has expired. When an existing financial liability is replaced with another liability for the same lender, but under different conditions, or when the conditions of the existing liability are essentially changed, such change is considered to be termination of initial liability and occurrence of a new liability. The difference between appropriate carrying values is recognizes in the statement of comprehensive income.

**2.9. Inventories**

Inventories are accounted for at a lower value of the cost value and net realization value, by deducting the accounted impairment of expired and slowly moving inventories. Net realizable value is the selling price under ordinary business conditions, less the costs of completion, marketing and distribution. Cost is calculated using the FIFO method. Inventories which can no longer be realized are written off.

**2.10. Share capital**

Ordinary registered shares are accounted for in the share capital. Ordinary registered shares are accounted for at their nominal value.

**2.11. Dividends**

In the Company's financial statements, dividends are accounted for during the period they are approved by shareholders. Paid dividends are classified in the cash flow statement as financial activities.

**2.12. Grants**

Grants are accounted for at their fair value when it is reasonably ensured that the grant will be received and the Company will follow all the requirements applied to it. Grants related to the acquisition of non-current tangible assets are accounted for in the statement of financial position under long-term liabilities, and are recognized in the profit (loss) statement according to the straight-line method within the useful service period of such assets. Cost of sales is reduced in the profit (loss) statement with the grant amortization amount.

Grants received as compensation of the reporting and previous period expenses and non-received income, as well as all other grants not classified as grants related to assets shall be considered as grants related to income. Grants related to income are accounted for in profit (loss) at a percentage under which related losses were incurred, for the compensation of which the grant was given.

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**2.13. Leasing (financial lease) and operating lease**

Right-of-use asset

Policy applicable from 1 January 2019

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

Depreciation is calculated for assets acquired through financial lease. In addition, financial expenses are incurred during each reporting period due to financial lease. Depreciation calculation procedures for assets acquired through financial lease is similar to that of own assets, however such assets cannot be depreciated during a longer period than the lease period, if, under a lease agreement, ownership is not transferred to the Company at the end of the agreement period. At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

Leases of property, plant and equipment that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

IFRS 16 Leases includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments).

The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

Operating lease

Asset lease under which the lessor retains the entire ownership-related risk and provided benefit is considered to be the operating lease. Contributions under an operating lease agreement are accounted for as expenses using the straight-line method within the lease period.

General benefit of concessions provided by the lessor is recognized as lease cost decrease within the lease period using the straight-line method.

If the operating lease is the sale and leaseback transaction result, and it is obvious that the transaction is comprised of the fair value, any profit or loss is accounted for immediately. If the sale price is lower than the fair value, any profit or loss is accounted for at once, excluding cases when losses are compensated in the future with lease contributions which are lower than the market prices. Then they are delayed and amortized in proportion to lease contributions within the period during which the assets will be used. If the sale price exceeds the fair value, the amount at which the fair value is exceeded is delayed and amortized within the period during which the assets will be used.

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**2.14. Income tax**

Income tax calculation is based on annual profit, after measuring the deferred income tax. Income tax is calculated according to the requirements of the tax laws of the Republic of Lithuania.

In 2023 and 2022, the income tax rate applied to companies in the Republic of Lithuania was 15 percent.

Tax losses can be transferred for an unlimited period, except losses incurred due to the transfer of securities and (or) derivative financial instruments. Such transfer is terminated if the Company no longer continues its activities due to which these losses have occurred, excluding cases when the Company no longer continues its activities due to reasons beyond its control. Losses incurred due to the transfer of securities and (or) derivative financial instruments can be carried forward for 5 years and covered with the profit of similar transactions.

Deferred taxes are calculated using the balance sheet liability method. Deferred tax reflects the net tax effect of the temporary differences between the asset and liability carrying value and their tax base. Deferred tax assets and liabilities are measured at a tax rate which will hopefully be applied for the period during which the assets will be realized and the liability covered, based on the tax rates which were adopted or essentially adopted on the balance sheet date.

Deferred tax assets are recognized in the statement of financial position to the extent that the management of the Company expects it to be realized in the near future, based on the taxable profit forecasts. If it is likely that part of the deferred tax will not be realized, this part of the deferred tax is not recognized in the financial statements.

Deferred profit tax liability arising from the client list and goodwill formed during business combination satisfies the criteria for exemption of initial recognition. Based on this fact, no deferred profit tax liability is recognized during the moment that goodwill occurs, and the recognition of client list amortization happens during the calculation of the profit tax of the current month when amortization expenses are recognized as non-deductible expenses.

**2.15. Employee benefits**

*1. Social security contributions*

The Company pays social insurance contributions to the State Social Insurance Fund (hereinafter - Fund) for its employees according to the established contribution plan and in accordance with the country's legal requirements. Established contribution plan is a plan according to which the Company pays contributions of an established size and will have no legal or constructive obligation to continue paying these contributions, if the Fund will not have sufficient assets to be able to pay benefits for all its employees related to service during current or previous periods. Social insurance contributions are recognized as expenses according to the accrual principle and are accounted for as employee payroll expenses.

*2. Severance compensations*

Severance compensations are paid to employees after the termination of the employment relationship with the employee before his normal retirement or after an employee makes a decision to willingly quit his job in exchange for such benefits. The Company recognizes severance benefits when it is obviously obliged to terminate the employment relationship with the existing employees according to a detailed official work relationship termination plan without the possibility to refuse, or is obliged to pay severance benefits after they are offered for willingly quitting a job position. If severance benefits become payable later than 12 months from the financial position statement date, they are discounted to the current value.

*3. Bonus plans*

The Company recognizes liability and bonus expenses when it has a contractual obligation or a practice was applied in the past which created a constructive liability.

**2.16. Provisions**

A provision is registered in accounts only if, due to a past event, the Company has a legal obligation or irrevocable commitment and it is likely that resources providing economic benefits will be necessary to fulfil it, and the obligation amount can be reliably measured. Provisions are reviewed on the day of the formation of each financial position statement and corrected in order to reflect the most precise current measurement. In cases when the effect of the time value of money is material, the amount of a provision shall be the present value of the expenses expected to be required to settle the liability. When discounting is used, the increase of a provision reflecting the previous period is registered in accounts as interest expenses.

**Explanatory notes**  
**as at 31 December 2023**

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**2.17. Recognition of sale income and other income**

Income is recognized when it is likely that the Company will receive economic benefit related to the transaction, and when it is possible to reliably measure the income amount. Sales are accounted for after deducting VAT and the provided discounts. Service income is recognized when services are provided.

Income from the sale of products is recognized after delivering the products and transferring the risk and benefit provided by product ownership.

Interest income

Interest income is recognized when it is likely that the Company will receive economic benefit, and when it is possible to reliably measure the income amount. Interest income is recognized using the accrual principle proportionally throughout the entire period up to the end of it, based on the repayable main loan portion amount and determined calculated interest rate.

**2.18. Expense recognition**

Expenses are recognized in accounting according to the accrual and comparison principles during the reporting period when income related to these expenses is earned, regardless of when the money is spent. In cases when expenses incurred during the reporting period cannot be directly linked to the specific income and will not provide income during future accounting periods, these expenses are recognized as expenses for the period during which they were incurred.

Expenses from financial activities

Borrowing costs, directly assigned to the acquisition, construction or production of assets meeting the criteria, are capitalized and added to the asset acquisition cost from the first day when the expenses related to the aforesaid assets were incurred until the day when the assets are prepared for their intended use. All other borrowing costs are recognized as expenses during the period they are incurred.

**2.19. Foreign currencies**

Transactions expressed in a foreign currency are recorded in accounts according to the official currency exchange rate that was valid on the day of the transaction. Income and losses from the revaluation of the balances of such transactions, as well as assets and liabilities expressed in a foreign currency are recorded in the profit (loss) statement on the balance sheet date. Such balances are revalued according to the currency exchange rate at the end of the reporting period.

**2.20. Impairment of assets**

Financial assets

Impairment of financial assets is measured on each balance sheet date. When it becomes clear that the Company will not recover all loans and receivables granted in accordance with the agreed payment terms, financial asset, accounted for at amortized value, impairment or losses from bad receivables are recognized in the profit (loss) statement. Recovery of impairment losses recognized for the previous periods is accounted for when the decrease of these losses can be objectively justified with events that occurred after impairment accounting. Such recovery is accounted for in the profit (loss) statement. However, the increased carrying value is increased only to the extent that it does not exceed the amortized value, which would have been if the impairment would not have been accounted for.

Other assets

Impairment of other assets is measured when events and circumstances show that the asset value may not pay off. When the carrying value exceeds the asset payoff value, impairment is accounted for in the profit (loss) statement. Recovery of impairment accounted for during previous periods is recorded when there are signs that the losses recognized due to asset impairment no longer exist or have significantly decreased. Recovery is accounted for under the same item of profit (loss), in which impairment losses were registered.

**2.21. Contingencies**

Contingent liabilities are not recognized in the financial statements. They are described in financial statements, excluding cases when the likelihood that resources providing economic benefits will be lost is very small.

Contingent assets are not recognized in financial statements, however they are described in financial statements when it is likely that income or economic benefits will be received.

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**2.22.Subsequent events**

Subsequent events which provide additional information about the Company's position on the date the statement of financial position is formed (corrective events) are reflected in the financial statements. Subsequent events which are not corrective events are described in explanatory notes when this is significant.

**2.23.Netting and comparative numbers**

When forming financial statements, assets and liabilities, as well as income and expenses are not netted, excluding cases when a separate IFRS requires or enables such netting.

**2.24.Significant estimates used in the preparation of financial statements**

When preparing financial statements according to the International Financial Reporting Standards, the Company makes certain assumptions and estimates which have an influence on the provided amounts of assets, liabilities, income and expenses, as well as the disclosure of contingencies.

Significant estimates used in these financial statements include:

Goodwill

Goodwill is reviewed at least once a year in order to determine if its value has not decreased according to the accounting principles described in note 2.4. The payoff value of the cash-generating unit is determined based on the calculations of the value in use. These calculations require the use of accounting estimates, including the forecasted future cash flows and appropriate discount rates for calculating the current value of these cash flows.

The Company's branch is a cash-generating unit whose allocated goodwill amount is 583 thousand euros. Based on the carried out analysis, the Company's management determined that no goodwill impairment losses need to be accounted for on 31 December 2023. Discounted cash flow method was used to carry out the impairment test, by applying an 11 percent discount rate.

Useful service life of intangible and non-current tangible assets

Useful service life and liquidation value determined for one unit of intangible and non-current tangible assets are revised every year according to the established procedures. If a significant change of the economic benefit of these assets is noticed or estimated, the useful service life of the assets is changed so that it would reflect the changed situation.

In 2023 and 2022, the Company revised the intangible and non-current tangible asset depreciation standards. After the revision, valid depreciation standards were recognized as suitable and were not changed.

Tax audits

The Tax Inspectorate can examine the books and accounting records, as well as calculate additional taxes and penalties at any time within three consecutive years after the end of the reporting tax year. The management is not aware of any circumstances which may result in a potentially significant liability in this respect.

AB "Iron Mountain Lithuania"  
122263236, Vilnius district Antezeriai, Žirgų str. 3

### Explanatory notes

as at 31 December 2023

thousands of euros

### 3. Intangible assets

On December 31, intangible assets comprised of:

	Software	Goodwill	Client list	Total
<b>Acquisition value:</b>				
<b>Balance on 31 December 2021</b>	4	583	1,015	1,602
Acquisitions	-	-	-	-
Write-offs	-	-	-	-
<b>Balance on 31 December 2022</b>	4	583	1,015	1,602
Acquisitions	0	-	-	0
Write-offs	-	-	-	-
<b>Balance on 31 December 2023</b>	4	583	1,015	1,602
<b>Amortization:</b>				
<b>Balance on 31 December 2021</b>	-	-	718	718
Amortization per year	2	-	102	104
Write-offs	-	-	-	-
<b>Balance on 31 December 2022</b>	2	-	820	822
Amortization per year	1	-	102	103
Write-offs	-	-	-	-
<b>Balance on 31 December 2023</b>	3	-	922	925
<b>Residual value:</b>				
<b>31 December 2022</b>	2	583	195	780
<b>31 December 2023</b>	1	583	93	677

In 2023, amortization of intangible assets of the Company comprised of 103 thousand euros (104 thousand euros in 2022) and was included in the cost of sales in the Company's profit (loss) statement (note 11).

In 2015, Arhiivikeskus AS was legally merged with the Company by changing the legal status of Arhiivikeskus AS to a branch. During business combination, the Company recognized client list, whose fair value during acquisition comprised 1.015 thousand EUR, as intangible assets.

The Company identifies goodwill as an asset that has an indefinite useful life and is not amortised. The Company's management has not identified any impairment of goodwill in 2023 and 2022.

### 4. Non-current tangible assets

On December 31, tangible assets comprised of:

	Buildings and structures	Vehicles	Construction in progress and prepayments	Other non-current tangible assets	Total
<b>Acquisition value:</b>					
<b>Balance on 31 December 2021</b>	173	260	-	2,301	2,734
Acquisitions	34	-	9	126	169
Sold assets	-	-	-	-	-
Transfers from one item to another	-	-	-	-	-
Written off assets	(8)	-	-	(78)	(86)
Adjustments	-	-	-	-	-
<b>Balance on 31 December 2022</b>	199	260	9	2,349	2,817
Acquisitions	17	-	198	59	274
Sold assets	-	-	-	-	-
Transfers from one item to another	130	-	(130)	-	-
Written off assets	-	-	-	(50)	(50)
Adjustments	-	-	-	-	-
<b>Balance on 31 December 2023</b>	346	260	77	2,358	3,041

(Continued on next page)

**Explanatory notes**

as at 31 December 2023

thousands of euros

4. Non-current tangible assets (cont'd)	Buildings and structures	Vehicles	Construction in progress and prepayments	Other non-current tangible assets	Total
<b>Accrued depreciation:</b>					
<b>Balance on 31 December 2021</b>	<b>88</b>	<b>188</b>	<b>-</b>	<b>1,864</b>	<b>2,140</b>
Depreciation per year	10	50	-	106	166
Sold assets	-	-	-	-	-
Written off assets	(8)	-	-	(78)	(86)
Adjustments	-	-	-	-	-
<b>Balance on 31 December 2022</b>	<b>90</b>	<b>238</b>	<b>-</b>	<b>1,892</b>	<b>2,220</b>
Depreciation per year	35	22	-	118	175
Sold assets	-	-	-	-	-
Written off assets	-	-	-	(50)	(50)
Adjustments	-	-	-	-	-
<b>Balance on 31 December 2023</b>	<b>125</b>	<b>260</b>	<b>-</b>	<b>1,960</b>	<b>2,345</b>
<b>Residual value</b>					
<b>31 December 2022</b>	<b>109</b>	<b>22</b>	<b>9</b>	<b>457</b>	<b>597</b>
<b>31 December 2023</b>	<b>221</b>	<b>0</b>	<b>77</b>	<b>398</b>	<b>696</b>

In 2023, depreciation of the Company's non-current tangible assets comprised of 175 thousand euros (166 thousand euros in 2022) and was included in the cost of sales (note 11) or in the operating expenses (note 12).

The Company wrote off fixed asset in 2023 for value of 50 thousand euros. Fixed asset which was wrote off was fully depreciated on 31 December 2023.

Part of the Company's non-current tangible assets whose acquisition value comprised of 1.682 thousand euros on 31 December 2023 (1.383 thousand euros – on 31 December 2022) were completely depreciated, but still used in the Company's activities.

**5. Rent and leasing**

Right-of-use asset

	Buildings and structures	Machines and equipment	Vehicles	Total
<b>Balance on 31 December 2021</b>	<b>2,260</b>	<b>-</b>	<b>32</b>	<b>2,292</b>
Revaluation of assets	369	-	-	369
Increase over the year	-	-	-	-
Depreciation per year	(410)	-	(11)	(421)
<b>Balance on 31 December 2022</b>	<b>2,219</b>	<b>-</b>	<b>21</b>	<b>2,240</b>
Revaluation of assets	686	-	-	686
Increase over the year	-	-	-	-
Depreciation per year	(471)	-	(10)	(481)
<b>Balance on 31 December 2023</b>	<b>2,434</b>	<b>-</b>	<b>11</b>	<b>2,445</b>

Rent liabilities

	Buildings and structures	Machines and equipment	Vehicles	Total
<b>Balance on 1 January 2023</b>	<b>2,407</b>	<b>-</b>	<b>18</b>	<b>2,425</b>
Increase over the year	826	-	-	826
Payments	(573)	-	(10)	(583)
<b>Balance on 31 December 2023</b>	<b>2,660</b>	<b>-</b>	<b>8</b>	<b>2,668</b>

31 December 2023 future minimum lease payments under operating leases were payable as shown below.

	2023
<b>Term analysis. Contractual non - discounted cash flows</b>	
Up to one year	505
From 1 to 5 years	1,193
After 5 years	972
<b>Non - discounted rent liabilities 31 December 2023</b>	<b>2,668</b>

## 6. Amounts receivable from buyers within one year

On 31 December 2023, amounts receivable from buyers within one year comprised of:

	2023	2022
Amounts receivable from buyers, at total value	336	316
Deduct: impairment of doubtful amounts receivable	(10)	(7)
	<b>326</b>	<b>309</b>

Amounts receivable from buyers are non-interest bearing and their payment term is usually 30 days.

An impairment of 10 thousand euros (7 thousand euros on 31 December 2022) was accounted for from the amount's receivable from buyers with a nominal value of 336 thousand euros on 31 December 2022 (316 thousand euros of 31 December 2022).

Movement of impairment registered for amounts receivable from buyers:

	Individually established impairment
<b>Balance on 31 December 2021</b>	<b>10</b>
Impairment formed within a year	1
Impairment recovery	(4)
<b>Balance on 31 December 2022</b>	<b>7</b>
Impairment formed within a year	5
Impairment recovery	(2)
<b>Balance on 31 December 2023</b>	<b>10</b>

Impairment of receivables is charged to other operating expenses. During 2023, the Company recognised an impairment of receivables of 5 thousand euros ( 1 thousand euros in 2022) and reversed an impairment of receivables of 2 thousand euros ( 4 thousand euros in 2022).

Limitations analysis of amounts receivable from buyers on 31 December 2023 and 2022 is as follows:

	Amounts receivable from buyers whose period did not yet pass	Amounts receivable from buyers whose period has passed and impairment was not established for them					Total
		less than 30 days	31-90 days	91-180 days	181-263 days	more than 264 days	
2022	275	20	3	2	0	9	309
2023	260	43	9	4	-	10	326

## 7. Cash and Cash equivalents

On December 31, cash and cash equivalents comprised of:

	2023	2022
Cash at bank	2,996	2,548
<b>Total cash and cash equivalents</b>	<b>2,996</b>	<b>2,548</b>

The Company did not have any signed fixed term deposit agreements on 31 December 2023 and 2022.

## 8. Guarantees

The Company has issued guarantees for the execution of trade liabilities with a validity period until 2023-2025, whose value was 32 thousand euros on 31 December 2023 of long-term guarantee and they were accounted for under the item of other long-term financial assets (on 31 December 2022 the value of guarantees were 42 thousand euros, of which 12 thousand euros guarantee term accounted for under the item of other long-term financial assets and 30 thousand euros - under the items of the current asset).



## Explanatory notes

as at 31 December 2023

thousands of euros

### 9. Inventories

On December 31, the residual value of inventories:

	2023	2022
Inventories	17	20
<b>Total inventories</b>	<b>17</b>	<b>20</b>

The Company did not identify any impairment of the inventory in 2023 and 2022. In 2023, 65 thousand euros ( 52 thousand euros 2022) was expensed at cost.

### 10. Reserves

#### Legal reserve

The statutory reserve is mandatory under the legislation of the Republic of Lithuania. It must be credited annually with at least 5% of the net profit calculated in accordance with the accounting principles of the Republic of Lithuania until the reserve reaches 10% of the share capital. At 31 December 2023 and 31 December 2022, the statutory reserve amounted to 4% of the share capital. The Company plans to increase the required reserve for the distribution of profits in 2023 to 10% of the share capital.

#### Distributable reserves

Distributable reserves are formed according to the resolution of the annual general meeting of shareholders regarding profit distribution and are provided in the Company's Articles of Association. These reserves can be used only for the purposes approved by the general meeting of shareholders.

#### Dividends

In 2023, the Company did not distribute retained earnings from previous years (in 2022, it paid a dividend of EUR 500 thousand).

### 11. Sales income

For the year ended on December 31, sales income comprised of:

	2023	2022
Archiving, document management and related services	3,060	2,721
Document destruction services	101	150
Income from the sale of archiving tools	76	69
Other income	26	21
<b>Total</b>	<b>3,263</b>	<b>2,961</b>

### 12. Cost of sales

For the year ended on December 31, cost of sales comprised of:

	2023	2022
Salary and social insurance	831	803
Depreciation of right-of-use asset	423	371
Depreciation expenses of non-current tangible and intangible assets	152	143
Cost of sold goods	65	52
<b>Total</b>	<b>1,471</b>	<b>1,369</b>

### 13. Operating expenses

For the year ended on December 31, operating expenses comprised of:

	2023	2022
Salary and social insurance	325	388
Management services	148	114
Consulting, insurance and other similar services	160	147
Amortization and depreciation expenses	126	126
Administrative document management expenses	104	105
Org. machinery expenses and other economic expenses	24	54
Utility services	161	187
Depreciation of right-of-use asset	58	50
Transportation expenses	44	58
Postal and office equipment expenses	9	12
Business trips	16	9
Repairs	52	29
Rent expenses	3	3
Various project expenses	-	-
Other	98	79
<b>Total</b>	<b>1,328</b>	<b>1,361</b>

Other operating expenses for Company in 2023 mainly consisted of storage services.

#### 14. Other operating income (expenses)

In 2023, the Company earned income of EUR 2 thousand from other activities.

#### 15. Financial activity income (expenses)

For the year ended on December 31, financial activity income (expenses) comprised of:

	2023	2022
Interest income	62	5
<b>Total income from financial and investing activities</b>	<b>62</b>	<b>5</b>
Interest expenses of lease liabilities	(139)	(125)
Interest expenses	-	-
<b>Total expenses of financial and investing activities</b>	<b>(139)</b>	<b>(125)</b>
<b>Total</b>	<b>(77)</b>	<b>(120)</b>

For the year ended on December 31, interest expenses of rent liabilities comprised of:

	2023	2022
Interest expense on rental of buildings and structures	(138)	(124)
Interest expense on rental of machinery and equipment	-	-
Interest expense on rental of vehicles	(1)	(1)
<b>Total</b>	<b>(139)</b>	<b>(125)</b>

#### 16. Income tax

For the year ended on December 31, components of the income tax expenses (income):

	2023	2022
<b>Components of income tax expenses (income)</b>		
Income tax expenses of the reporting year	52	12
Deferred income tax (income) expenses	(2)	12
Income tax expenses (income) accounted for under profit (loss)	<b>50</b>	<b>24</b>

On 31 December 2023 and 2022, deferred income tax assets were accounted for by applying a 15 percent rate.

	2023	2022
<b>Deferred income tax at the beginning of the period (1 January)</b>	<b>14</b>	<b>26</b>
Effect of pension reserve on deferred income tax	2	-
Effect of the holiday pay reserve on deferred income tax	0	4
Use of tax losses	-	(16)
Deferred income tax at the end of the period (31 December)	16	14
Deferred income tax liabilities at the beginning of the period (1 January)	-	-
Deferred income tax liabilities at the end of the period (31 December)	-	-
<b>Deferred income tax at net value</b>	<b>16</b>	<b>14</b>
<b>Deferred income tax income (expense) recognised in the statement of comprehensive income</b>	<b>2</b>	<b>(12)</b>

The Company's changes in the temporary differences before tax effects are accounted for under profit (loss).

The provided income tax expenses of the period can be coordinated with the theoretical amount which would be calculated by applying a valid base income tax rate on income before taxation:

	2023	2022
Profit (loss) before tax	389	110
Income tax calculated using the statutory tax rate in Lithuania	(58)	(16)
Non-taxable part of the result of the Estonian branch	28	22
Permanent differences	(15)	(19)
Depreciation of the client list which does not create a deferred income tax liability for the initial recognition of an exemption	(15)	(15)
Other temporary differences	8	-
Unrecognized deferred tax assets	2	16
Income tax adjustments of the previous year	-	-
<b>Income (expenses) from the income tax accounted for under profit (loss)</b>	<b>(50)</b>	<b>(12)</b>

**Explanatory notes**

as at 31 December 2023

thousands of euros

**16. Income tax (cont'd)**

Under OECD Pillar Two legislation and EU Directive 2022/2523 as of 15 December 2022, a large multinational Group is liable to pay a top-up tax for the difference between its Pillar Two effective tax rate per jurisdiction and the 15 % minimum rate. The Iron Mountain Group is within the scope of the OECD Pillar Two rules. As of the reporting date, Lithuania had not introduced a local top-up tax, which should be paid by Company in Lithuania, therefore top-up tax for the financial year starting from 1 January 2024 and subsequent ones (until Lithuania introduces the local top-up tax) will have to be paid by Iron Mountain Incorporated, the ultimate parent entity of the Iron Mountain Group.

The Iron Mountain Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

**17. Financial assets, liabilities and risk management**

Financial instruments by group

Financial instrument groups of December 31 subject to the financial instrument accounting policy are provided below:

	2023	2022
<b>Financial assets</b>		
Loans to associated companies	-	-
Other financial assets	32	12
Other amounts receivable	-	30
Trade receivables and other amounts receivable	326	309
Cash and cash equivalents	2,996	2,548
<b>Total financial assets</b>	<b>3,354</b>	<b>2,899</b>
	2023	2022
<b>Financial liabilities</b>		
Loans received	-	-
Interest of loans received	-	-
Amounts payable from trade and other amounts payable	36	41
Provisions	45	40
<b>Total financial liabilities</b>	<b>81</b>	<b>81</b>

The Company did not issue any loans to associates during 2023, in 2022 the Company had issued loans of EUR 20 thousand to associates, which were fully repaid as at 31 December 2022.

Credit risk

The concentration of the Company's trading partners is relatively high. On 31 December 2023, amounts receivable from the main four clients of the Company comprised of 28 percent (28 percent on 31 December 2022) of the Company's total amounts receivable from buyers.

The Company applies measures which are aimed at continuously ensuring that services and products are sold to reliable clients and sales would not exceed the approved credit risk limit. Before starting to cooperate with a new buyer, the Company evaluates the buyer's credit quality by considering the client's financial position, country where the client is carrying out its activities, as well as other factors.

The Company does not provide guarantees for the obligations of other parties. The highest credit risk is comprised of the carrying value of each financial asset unit. Therefore, the Company's management believes that the maximum risk is equal to the amount of receivables from buyers less recognized value decrease losses on the day the financial statements are formed.

Liquidity risk

The policy of the Company is to maintain a sufficient amount of net cash and net cash equivalents in order to fulfil the obligations provided in its strategic plans. Rates of Company's liquidity (total current assets / total amounts payable and liabilities within one year) and urgent coverage ((total current assets – inventories) / total amounts payable and liabilities within one year) was 3,78 and 3,76 accordingly on 31 December 2023 (4,12 and 4,09 accordingly on 31 December 2022). The Company manages its liquidity risk by planning its payment flows to related enterprises.

The table provided below summarizes the Company's financial liability return deadlines on 31 December 2023 and 2022 according to the undiscounted contractual payments:

**Explanatory notes**

as at 31 December 2023

thousands of euros

**17. Financial assets, liabilities and risk management (cont'd)**

	On demand	Up to 3 months	From 3 to 12 months	From 1 to 5 years	After 5 years	Total
Long-term loans and debts to which interest is applied	-	-	-	-	-	-
Interest of long-term loans	-	-	-	-	-	-
Trade debts	-	36	-	-	-	36
<b>Balance on 31 December 2023</b>	-	<b>36</b>	-	-	-	<b>36</b>
Long-term loans and debts to which interest is applied	-	-	-	-	-	-
Interest of long-term loans	-	-	-	-	-	-
Trade debts	-	41	-	-	-	41
<b>Balance on 31 December 2022</b>	-	<b>41</b>	-	-	-	<b>41</b>

Foreign exchange risk

Most of the Company's transactions are carried out in Lithuania and Estonia where settlements are made in euros, therefore there is no significant foreign currency risk.

Fair value of financial assets and liabilities

The Company's main financial assets and liabilities, not reflected at fair value, are trade and other amounts receivable, trade and other debts, long-term and short-term debts.

Fair value is not defined as an amount for which assets or services can be exchanged or with which mutual liability can be set off between unrelated parties that plan to buy (sell) the assets or set off a mutual liability. The fair value of financial assets and financial liabilities is based on quoted market prices, discounted cash flow models or option price models, depending on the circumstances.

The following methods and assumptions are used to measure each type of financial assets and liabilities:

- The carrying value of short-term amounts receivable from trade, short-term trade debts and short-term debts is close to their fair value.
- The fair value of long-term debts is determined according to the market price of the same or similar debt, or interest rate which is applied at the time for the debts of the same term. The fair value of long-term debts for which variable interest is paid is close to their carrying value.

Capital management

The Company's equity is made up of share capital, statutory and other reserves and retained earnings, amounting to EUR 385 thousand, EUR 17 thousand, EUR 424 thousand and EUR 3.309 thousand respectively as at 31 December 2023 (EUR 385 thousand, EUR 17 thousand, EUR 424 thousand and EUR 2.970 thousand respectively as at 31 December 2022). The main objective of capital management is to ensure that the Company complies with the external capital requirements, which, in accordance with the Law on Joint Stock Companies of the Republic of Lithuania, require that the Company's equity capital represents at least 50% of its share capital. The Company meets this requirement.

The secondary purpose of the Company's capital management is to maintain sufficiently high undistributed profit and equity sizes for possible further Company development and expansion.

The Company manages its capital's structure and changes it according to the changes of the economic condition and according to the risk characteristics of its activities. In order to maintain or change the capital structure, the Company can change dividend payment to shareholders, return the capital to shareholders or issue new shares.

**18. Related party transactions**

The parties are considered to be related when one party is able to control the other or have significant influence over the other party when making financial and operational decisions. The table provided below reflects the operations with related enterprises within a period ended on 31 December 2023:

AB "Iron Mountain Lithuania"  
122263236, Vilnius district Antezėriai, Žirgų str. 3

## Explanatory notes

as at 31 December 2023

thousands of euros

### 18. Related party transactions (cont'd)

#### 2023

	Purchases	Sales	Amounts receivable	Amount payable
Recall A/S	-	-	-	-
Iron MountainPolska Sp.z o.o.	21	-	-	4
Iron Mountain Information Management INC	121	-	-	16
Iron Mountain Magyarorszag Kft.	-	-	-	-
Iron Mountain Europe PLC	88	-	-	29
AB Iron Mountain Baltic	-	-	-	-
UAB Confidento	71	4	-	-
AS Iron Mountain Latvia	22	41	-	-
<b>Total</b>	<b>323</b>	<b>45</b>	<b>-</b>	<b>49</b>

Parties are considered to be related when one party has the ability to control the other party or to exercise significant influence over the other party in making financial and operational decisions. The table below reflects transactions with related parties during the period ended 31 December 2022:

#### 2022

	Purchases	Sales	Amounts receivable	Amount payable
Recall A/S	-	-	-	-
Iron MountainPolska Sp.z o.o.	24	-	-	-
Iron Mountain Information Management INC	113	-	-	8
Iron Mountain Magyarorszag Kft.	-	-	-	-
Iron Mountain Europe PLC	84	-	-	1
AB Iron Mountain Baltic	-	-	-	-
UAB Confidento	72	3	-	-
AS Iron Mountain Latvia	25	19	-	-
SIA Riotech	-	1	-	-
<b>Total</b>	<b>318</b>	<b>23</b>	<b>-</b>	<b>9</b>

### Management salary

In 2023, the total remuneration of the Company's management amounted to EUR 163 thousand (2022- EUR 153 thousand). In 2023 and 2022, the Company's management consisted of a Director and a Chief Accountant. There were no loans, guarantees, other disbursements or transfers of assets to the Company's management in 2023 and 2022.

### 19. Employment-related liabilities

	2023	2022
<b>Employment-related liabilities</b>		
Payroll payable	16	17
Vacation reserve	91	90
Pension accumulation	15	-
Bonuses payable	38	64
<b>Total employment-related liabilities</b>	<b>159</b>	<b>171</b>

The Company has accumulated an unused leave reserve of 91 thousand euros in 2023 ( 90 thousand euros in 2022), the Company expects to pay out the unused leave reserve over 3 years.

In 2023, the Company accrued a pension accrual of 15 thousand euros, which was charged to operating expenses (Note 13).

**AB "Iron Mountain Lithuania"**  
**122263236, Vilnius district Antezeriai, Žirgų str. 3**

**Explanatory notes**  
**as at 31 December 2023**  
*thousands of euros*

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**20. Going concern**

In assessing the going concern assumption, the Company's management is of the opinion that the ongoing Ukraine-Russia conflict has not had a significant impact on the Company's operations.

**21. Subsequent events**

There have been no material events that have occurred during the financial year to the date of approval of the financial statements that may have a material effect on the financial statements for the year ended 31 December 2023.

Juozas Šerkšnas  
Director (CEO)

\_\_\_\_\_  
(signature) (date)

Renata Ravdanovičienė  
Baltic Head of Finance

\_\_\_\_\_  
(signature) (date)

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Iron Mountain Lithuania AB

### Opinion

We have audited the financial statements of Iron Mountain Lithuania AB (the Company), which comprise the the statement of financial position as at December 31, 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Handbook to the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, including independence requirements (IESBA Code handbook) together with the requirements of the Law on Audit of Financial Statements of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements of the Republic of Lithuania and the IESBA Code handbook.

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

### Other Information

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

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

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

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

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

## **INDEPENDENT AUDITOR'S REPORT (continued)**

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the 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 the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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





## **INDEPENDENT AUDITOR'S REPORT (continued)**

### **Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

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

BDO auditas ir apskaita, UAB  
Audit Company Certificate No.001496

Rūta Jokimaitienė  
Certified auditor of the Republic of Lithuania  
Auditor Certificate No. 000524

Kaunas, the Republic of Lithuania  
June 20, 2024