MAXIMA GRUPĖ

Consolidated Annual Report 2020

CONTENT

MAXIMA GRUPĖ AT A GLANCE

MAXIMA GRUPĖ, UAB together with its subsidiaries ("the Group") continues to grow and expand each year. It all started with a single store in Vilnius and over three decades grew into one of the biggest retail companies in Baltics, now operating 1,323 stores in the Baltic states, Poland and Bulgaria.

The year 2020 brought everyone unexpected challenges. As COVID-19 spread globally, all MAXIMA GRUPĖ companies reacted to ensure our employees and customers safety. United, we worked even harder, and proved that thanks to our stakeholders the Group is strong enough to overcome any difficulties along the way.

In 2020, MAXIMA GRUPĖ finished structural change of its corporate group for faster and more effective business decisions. Moving forward, MAXIMA GRUPĖ will manage companies from Lithuania and transfer matters of the management of real estate operations to each country's retail operators. Also, to continue to make business more effective MAXIMA GRUPĖ transferred the shares of its subsidiary MAXIMA International Sourcing, UAB ("MAXIMA INTERNATIONAL SOURCING") to MAXIMA LT to consolidate the two companies purchasing teams and ensure highest quality and the best prices of products for our customers.

Last year our biggest expansion was in Poland, where we increased our store network by 73 stores across the country. Our e-grocer BABRORA joined our expansion in Poland as well by starting its operations in Warsaw in January 2021.

As in 2019 we joined the United Nations Global Compact initiative, 2020 was the year of step up for us - the Group created corporate social responsibility reporting system and this year we proudly release our first Corporate Social Responsibility report.

We will continue to improve and grow together with our communities. As for now, here is what happened in our Group in 2020.

WHERE WE OPERATE

1,323

stores

As of 31 Dec 2020

*Including 85 franchise stores

HIGHLIGHTS

1st quarter 2020

- In March 2020, Viktors Troicins was appointed as the CEO of MAXIMA Latvija SIA (“MAXIMA Latvija”) and Jolanta Bivainytė became the CEO of MAXIMA LT, UAB (“MAXIMA LT”).
- Jurgita Šlekytė became the CEO of MAXIMA GRUPĖ, UAB (“the Company” or “MAXIMA GRUPĖ”) and FRANMAX, UAB (“FRANMAX”).
- The board of MAXIMA GRUPĖ was renewed with 7 members: Jolanta Bivainytė (the chairwoman), Jurgita Šlekytė, Arūnas Zimnickas, Viktors Troicins, Edvinas Volkas, Petar Petrov Pavlov and Vitalij Rakovski.

2nd quarter 2020

- As COVID-19 spread globally, all MAXIMA GRUPĖ companies reacted to ensure our employees and customers health and safety. The Company has introduced significant caution measures to its stores and administration. Office employees were transitioning to remote working, and in stores, additional measures were taken to reduce the spread of the virus, such as free hand sanitiser, gloves, glass face masks, masks, signs to keep safe two-metre distance, protective glass barriers at checkouts and many more.
- Agnė Voverė, who has worked at UAB “Vilniaus Prekyba” (“Vilniaus Prekyba”) companies since 2004, became the CEO of MAXIMA INTERNATIONAL SOURCING.

3rd quarter 2020

- MAXIMA GRUPĖ transferred the shares of its subsidiary MAXIMA INTERNATIONAL SOURCING to MAXIMA LT. MAXIMA LT becomes the sole shareholder of MAXIMA INTERNATIONAL SOURCING.

4th quarter 2020

- Mantas Kuncaitis was appointed as the CEO of MAXIMA GRUPĖ and FRANMAX.
- The board of MAXIMA GRUPĖ was renewed with 7 members: Mantas Kuncaitis (the chairman), Jolanta Bivainytė, Arūnas Zimnickas, Viktors Troicins, Edvinas Volkas, Petar Petrov Pavlov and Vitalij Rakovski. The term of office of the Board of MAXIMA GRUPĖ was also renewed for a new four-year term.
- MAXIMA GRUPĖ supervisory board was renewed with new members. Laimonas Devyžis and Povilas Šulys are appointed as new members in place of Mantas Kuncaitis and Ignas Staškevičius, respectively. Evelina Černienė, the CFO of Vilniaus Prekyba, continues to chair MAXIMA GRUPĖ’S supervisory board.
- MAXIMA GRUPĖ changed its corporate structure of the group, after which the MAXIMA GRUPĖ (holds 67% of the shares) together with MAXIMA LT (holds 33% of the shares) owns the retail operators in Latvia and Estonia and owns 100% shares of the retail operators in Bulgaria and Poland. In all countries

where the Group operates, retailers assumed the management of the real estate used in their activities. Additionally, the management company Lincoln Land Erste B.V, which operated in the Netherlands, is no longer part of the MAXIMA GRUPĖ composition.

- Karolis Ceizaris became the CEO of FRANMAX, a subsidiary of MAXIMA GRUPĖ, which provides IT development, support and maintenance services to the MAXIMA GRUPĖ companies.
- Tomas Rupšys became CEO and sole board member of MAXIMA Latvija. He also joined the management board of MAXIMA GRUPĖ.
- The international credit rating agency Standard & Poor's affirmed MAXIMA GRUPĖ BB+ credit rating with outlook revised from stable to negative.

1st quarter 2021

- In January 2021 MAXIMA GRUPĖ'S e-grocer BARBORA started operations in Poland, Warsaw.
- MAXIMA GRUPĖ launched Commercial Paper (Short-Term Notes) Programme.

Events after the reporting period

On 15 March 2021 MAXIMA GRUPĖ successfully placed EUR 40 million issue of Commercial Papers (Short-Term Notes) with 12 months tenor. The notes were placed at 0.618% yield.

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

Consolidated

Revenue

2019 — 3993.1 EUR million

+5.8%

2020 — 4225.6 EUR million

2020 revenue of retail operators by country compared to 2019, EUR million:

	2019	2020	
Lithuania	1,709.7	1,689.2	-1.2%
Latvia	836.7	878.1	+4.9%
Estonia	486.3	502.9	+3.4%
Poland	886.7	974.9	+9.9%[1]
Bulgaria	149.5	182.8	+22.2%

Consolidated

LFL revenue

(constant exchange rates)

+3.4% 2019

+0.7%[2] 2020

2020 growth of LFL revenue of retailer operators by country compared to 2019:

Lithuania	+0.1%
Latvia	-2.3%
Estonia	-1.0%
Poland	+4.9%
Bulgaria	+5.6%

Consolidated

EBITDA

(excl. non-recurring items) [3]

+12.4 %

333.4 EUR million — 2019

374.6 EUR million — 2020

EBITDA

by retail operators

	2019	2019[4]	2020
Lithuania	142.5	160.3	178.4
Latvia	61.5	70.7	78.0
Estonia	22.4	27.8	28.9
Poland [3]	55.4	n/a	72.4
Bulgaria	5.6	7.2	11.8

Consolidated

Investment

into fixed assets

131.3 EUR million — 2019

-32.3 %

88.9 EUR million — 2020

Consolidated

Net Debt

(incl. lease liability)

3.0 x — 2019

2.6x — 2020

[1] At constant exchange rates +13.7%

[2] Like-for-like (LFL) in actual exchange rates for 2020: 0.0 %

[3] In 2020, non-recurring items amounted to EUR 10.8 million, as Polish retailer STOKROTKA received a government grant for the protection of jobs threatened by COVID-19 pandemic. MAXIMA GRUPĖ's consolidated EBITDA for 2020 stood at EUR 385.4 million.

[4] At the end of 2019 intra-group franchise services were terminated. This change had no impact on consolidated Group's EBITDA for 2020, but in 2020 positively impacted EBITDA of retail operators in the Baltics and Bulgaria. For comparability reasons, retrospective management estimations, were applied for 2019 EBITDA results. Retail operators EBITDA performance in 2020 is interpreted based on the adjusted EBITDA numbers stated above.

MAXIMA GRUPĖ

MAXIMA GRUPĖ's revenue growth continued in 2020, as revenue reached EUR 4,226 million, up by 5.8% from 2019. Despite COVID-19 pandemic and subsequent lockdown measures negatively affecting performance in the second quarter, group Like-for-like (LFL) revenue rebounded in the third quarter and yearly LFL growth remained positive at +0.7% at constant exchange rates.

Market growth remained high in the Baltics in the range of 5% to 7%, while in Poland market grew by modest 2% and Bulgarian market shrank by 6,8%. Despite low market growth outside the Baltics, MAXIMA GRUPĖ continued its expansion there and was able to increase its market share in Poland and Bulgaria with significant revenue growth of 13.7% and 22.2% respectively, while also maintaining strong LFL revenue performance of 4.9% in Poland and 5.6% in Bulgaria. LFL revenue in the Baltics decreased by -0.8%, mainly due to COVID-19 accelerated consumer shift from brick-and-mortar stores to e-commerce (not part of LFL revenue). As a result, MAXIMA GRUPĖ owned Baltics e-commerce brand's BARBORA revenue more than doubled in 2020 and sales of goods via e-commerce in the Baltics reached EUR 104 million and constituted of 3.4% of Baltics total revenue.

MAXIMA GRUPĖ's consolidated EBITDA, excluding non-recurring items reached EUR 374.6 million (up by 12.4% from EUR 333.4 million in 2019), while respective EBITDA margin improved from 8.3% to 8.9% in 2020.

In 2020, all retailers were able to increase their operational results, with largest part of EBITDA increase coming from Poland (EUR +17 million vs 2019). Meanwhile, as COVID-19 pandemic began, Baltic retailers were managing the uncertainties by reviewing costs and various initiatives, thus leading to improved Baltics EBITDA of EUR +26.4 million with largest part of growth coming from Lithuanian retail operations. Bulgaria also showed substantial growth with EBITDA increase of EUR +4.6 million. Retailers' EBITDA increase in the above and below analysis is provided on comparable basis, after excluding items affecting comparability, as per management estimates, which are detailed in the graphic above. Additional direct costs related with COVID-19 pandemic amount to EUR 9 million on Group level, with largest impact coming from the second quarter.
Net Debt was EUR 1,000.7 million (incl. lease liabilities of EUR 688.8 million) on the reporting date and remained basically stable compared to year end 2019. As a result, the Group's financial leverage improved as the Net Debt/EBITDA ratio of 2.6x was down from 3.0x in 2019.

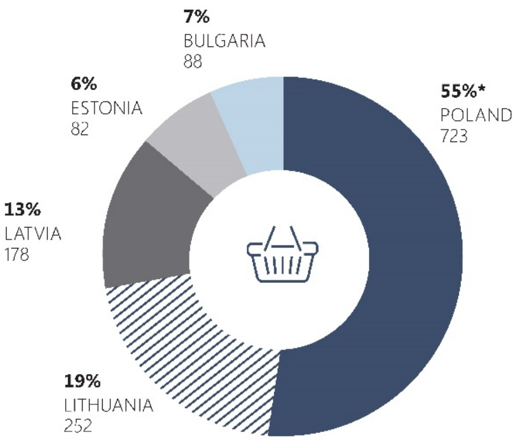
In 2020, MAXIMA GRUPĖ's companies invested EUR 88.9 million in fixed assets or 2.1 % from total Group revenues, down by 32% from EUR 131.3 million in 2019, with decrease driven by investment review measures taken during lockdown periods in the countries where the Group operates.

Number of stores

2019	1,230
2020	1,323

+7.6 %

2020 number of stores by country / share in the total number:



* Including 85 franchise stores.

Despite lower levels of investments, Group was still able to expand (~70% of total investments went towards new store openings) by adding 93 stores during 2020, majority of which, was in Poland, where it increased its store network by 73 under the STOKROTKA brand.

MAXIMA GRUPĖ stores count reached 1,323 stores (723 in Poland, including 85 franchise stores), up from 1,230 on 31 December 2019.

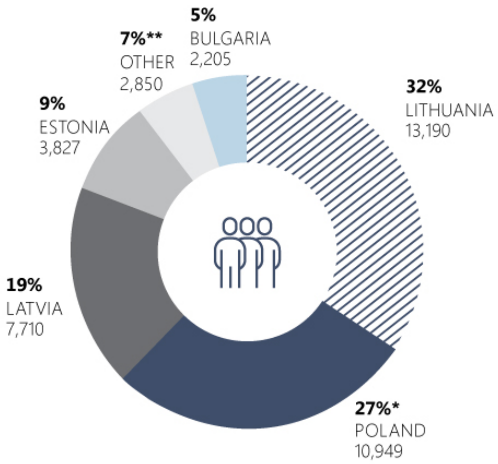
At the end 2020, MAXIMA GRUPĖ had 40,731 employees, which basically equals employee count at the end of 2019.

Number of employees

2019	40,631
2020	40,731

+0.2 %

Retailers' number of employees (share from total):



* Number of employees: active and on maternity or paternity leave.
** Holding, real estate, e - commerce and other companies.

Lithuania

In 2020, MAXIMA LT's revenue decreased by -1.2%, however, decrease was driven by intra-company structural changes. Meanwhile, revenues from external customers grew by 3.5%, with retail sales growth coming mostly from online channel and new stores, and other income was reduced by rent concessions to tenants provided during COVID-19 lockdown. LFL revenue was basically flat at +0,1% and market share stood at 32.2% in Lithuania. MAXIMA LT's commitment to follow government recommendations for COVID-19 prevention and to limit various promotional activities together with slower than competitors' pace of expansion prompted the decrease in market share versus previous year. During 2020, market growth remained high at 6.9%. In 2020, MAXIMA LT's EBITDA was EUR 178.4 million. Excluding items affecting comparability, EBITDA increased by EUR 18.1 million and EBITDA margin improved by 1.2 p.p. respectively. Growth was mainly driven by optimized promotional activities paired with efficient working hours control in the stores. These positive impacts offset increased costs related to safety of employees and customers (disinfectant fluids, plexiglass, COVID-19 insurance for employees, increased store security costs and other safety measures).

REVENUE CHANGE	-1.2%	MARKET GROWTH	+6.9%
LFL CHANGE	+0.1%	EBITDA	EUR 178.4 million
MARKET SHARE	32.2%	EBITDA MARGIN	10.6%

Latvia

During 2020, MAXIMA Latvija revenue grew by 4.9%, while LFL revenue decreased by -2.3%. LFL decrease in MAXIMA Latvija was primarily caused by higher impact from COVID-19, relative to Lithuania and Estonia, due to location of its stores, as customer flow shifted from capital city Riga and its center to Riga's outskirts and other Latvian regions, where MAXIMA Latvija's presence is lower. However, continued expansion allowed MAXIMA Latvija to keep its market share at similar level to last year at 25.4% and maintain its market leader position.

Despite significant GDP (gross domestic product) decrease in Latvia in 2020, retail market showed its resilience and continued to grow by 5.6%.

MAXIMA Latvija's 2020 EBITDA reached EUR 78.0 million, while, excluding items affecting comparability, EBITDA growth was EUR 7.3 million and EBITDA margin increased by 0.5 p.p. EBITDA growth was mainly driven by increased revenue and optimization of store working hours, where overtime pay was reduced.

REVENUE CHANGE	+4.9%	MARKET GROWTH	+5.6%
LFL CHANGE	-2.3%	EBITDA	EUR 78 million
MARKET SHARE	25.4%	EBITDA MARGIN	8.9%

Estonia

In 2020, MAXIMA Eesti revenue increased by 3.4%, while LFL revenue fell by -1.0%, mainly due to faster expansion by competitors. However, during the year LFL revenue was improving and turned positive in the fourth quarter. As market growth continued and its size increased by 4.7%, the company’s market share slightly fell to 16.8%, from 17% in 2019. However, MAXIMA Eesti was able to remain a top 3 market player in terms of market share.

MAXIMA Eesti’s EBITDA reached EUR 28.9 million and excluding items affecting comparability increased by EUR 1.1 million. MAXIMA Eesti EBITDA growth was mainly driven by revenue increase, as EBITDA margin remained flat and efficiencies in operating expenditures were offset by the increase of stock write-offs in stores.

REVENUE CHANGE	+3.4%	MARKET GROWTH	+4.7%
LFL CHANGE	-1.0%	EBITDA	EUR 28.9 million
MARKET SHARE	16.8%	EBITDA MARGIN	5.7%

Poland

STOKROTKA continued its rapid expansion in the Polish market in 2020, as year-on-year revenue growth was 13.7% at constant exchange rates and remained one of the fastest growing retailers in the Polish market. Small format proximity stores, which STOKROTKA is operating, proved its resilience to COVID-19 caused externalities, as STOKROTKA LFL revenue growth at constant exchange rates remained high at 4.9% and outperformed market growth of 2.0%.

In 2020, STOKROTKA generated EUR 72.4 million EBITDA, excluding non-recurring items up by EUR 17.0 million or 31 %, comparing with EUR 55.4 million in 2019. In 2020, STOKROTKA received a government grant of EUR 10.8 million as co-financing for the protection of jobs threatened by COVID-19 pandemic. EBITDA increase was impacted by both rising revenue and improved profitability, driven by increased efficiency in the stores and supply chain. Company EBITDA margin was up from 6.2% in 2019 to 7.4% in 2020.

REVENUE CHANGE[1]	+13.7%	MARKET GROWTH	+2.0%
LFL CHANGE[1]	+4.9%	EBITDA[2]	EUR 72.4 million
MARKET SHARE	1.9%	EBITDA MARGIN[2]	7.4%

[1] At constant exchange rates.

[2] EBITDA, excluding non-recurring items: in 2020, non-recurring items amounted to EUR 10.8 million, as Polish retailer STOKROTKA received a government grant for the protection of jobs threatened by COVID-19 pandemic.

Bulgaria

T-MARKET continued to expand in the Bulgarian market, where it added total of 6 new stores in 2020 and had revenue growth of 22.2%. Despite poor economic situation and market decrease of 6.8%, T-MARKET was able to increase its revenue LFL by 5.6%.

T-MARKET showed significant growth not only on revenue, but on EBITDA as well, which increased to EUR 11.8 million in 2020 and excluding items affecting comparability grew by EUR 4.6 million or 64%. EBITDA margin increased by 1.6 p.p. Growth was mainly driven by increasing economies of scale, allowing higher gross profitability, while efficient cost control and improved efficiency in stores also had a positive impact on EBITDA growth.

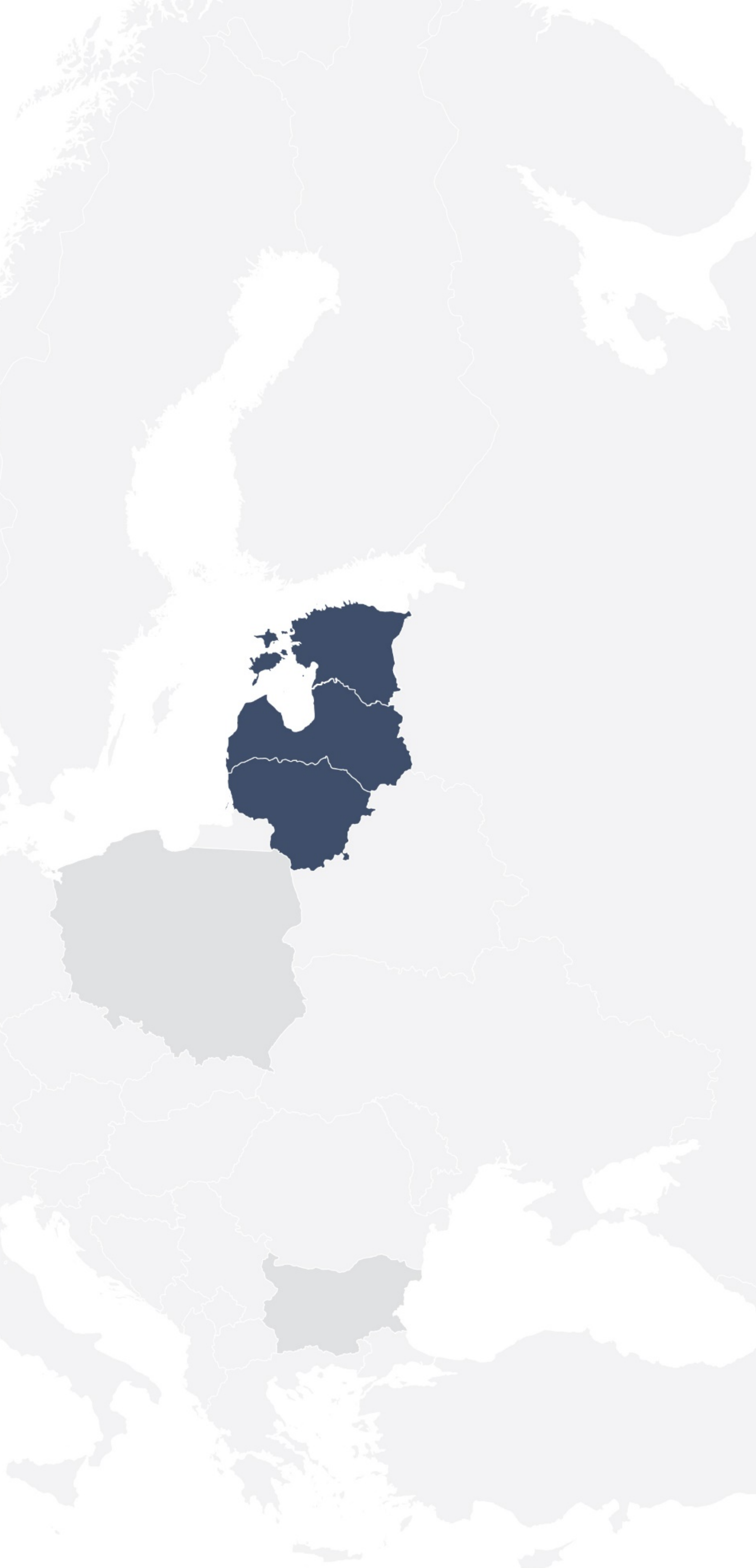
REVENUE CHANGE	+22.2%	MARKET CHANGE	-6.8%
LFL CHANGE	+5.6%	EBITDA	EUR 11.8 million
MARKET SHARE	2.9%	EBITDA MARGIN	6.5%

E-Commerce

MAXIMA GRUPĖ operates e-commerce in Baltic countries under BARBORA brand. Strong market presence and established brand helped BARBORA to maintain its leading position in e-commerce in the region during 2020. As COVID-19 pandemic accelerated consumers shift from brick-and-mortar stores to e-commerce, BARBORA was able to more than double its capabilities in less than one month. By the end of 2020, BARBORA was delivering more than 12 thousand orders every day. In 2020, MAXIMA GRUPĖ sales of goods via e-commerce channel reached EUR 104 million, more than doubling compared to previous year. E-commerce revenue in the Baltics accounted for 3.4% of total Baltics sales.

During 2020, BARBORA EBITDA accounted to EUR -2.9 million, while EBITDA margin continued to improve and Lithuanian operations already reached profitability.

Besides growth in the Baltics, BARBORA expanded its operations to Poland in the beginning of 2021, where it launched "dark store" concept, when goods are picked from separate warehouse, rather than MAXIMA GRUPĖ operated retail store.



Plans and forecasts

The Group follows the approved strategic objectives, formulated in the light of market trends, market share and the Group's long-term goal to be appreciated choice for every day.

In pursuit of its strategic goals, the Group implements various programs for improving organization and increasing the efficiency of activities. The programs include optimizing the supply chain, increasing efficiency of capital investments, developing private labels, updating human resources management policies and tools, etc. The Group puts effort to maintain its current leading position in the Baltic states market and continues to explore different expansion opportunities.

As in 2021 the world is still exposed to the COVID-19 pandemic, the Group’s management monitors the situation and takes adaptive decisions to the changing environment. The Group’s priority to maintain a safe environment to its employees and customers remains unchanged. This year the Group has prepared Corporate Social Responsibility report for the first time and tends to continue this practise in the future.

Definitions

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

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

Net debt – borrowings and lease liabilities less cash and cash equivalents.

GOVERNANCE

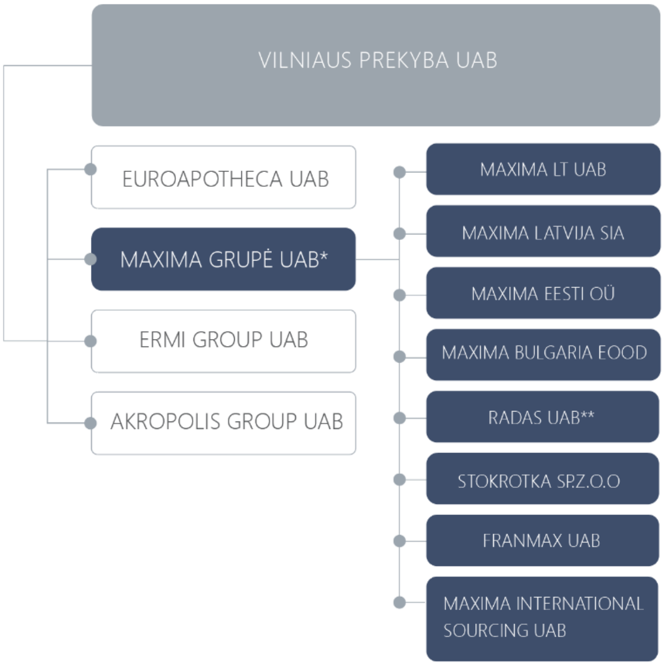
MAXIMA GRUPĖ is the largest Lithuanian-owned group of retail companies in the Baltic states.

VILNIAUS PREKYBA is an international company which manages investments in diversified activities and, through other subsidiary companies, manages investments in retail and pharmacy chains as well as real estate development and leasing service companies in the Baltic countries, Sweden, Poland, and Bulgaria.

CORPORATE GOVERNANCE

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

SIMPLIFIED STRUCTURE OF VILNIAUS PREKYBA GROUP (CONTROLLED MATERIAL SUBSIDIARIES DEPICTED)



* Lists the MAXIMA GRUPĖ companies engaged in retail trade and related activities.
** RADAS UAB manages e-commerce business in Lithuania, Latvia, Estonia and Poland under BARBORA brand.

THREE-TIER MANAGEMENT SYSTEM:

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

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

Oversees the activities of the Board of Directors and the CEO

BOARD OF DIRECTORS

The Board of Directors is a collegial management body which, according to the Articles of Association, consists of 8 members (of which currently 7 members are elected) elected for a term of 4 years. Members of the Board are elected and removed by the Company's Supervisory Board. The Board elects the chairman from among its members.

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

AT THE DATE OF SIGNING THIS REPORT, THE BOARD OF DIRECTORS COMPRISED OF THE FOLLOWING MEMBERS:

MANTAS KUNCAITIS
CHAIRMAN
SINCE 15 OCT 2020

CEO AND CHAIRMAN OF THE BOARD OF MAXIMA GRUPĖ, UAB

JOLANTA BIVAINYTĖ
BOARD MEMBER
SINCE 8 MAY 2019

CEO AT MAXIMA LT, UAB

ARŪNAS ZIMNICKAS
BOARD MEMBER
SINCE 13 SEPT 2017

PRESIDENT OF THE MANAGEMENT BOARD OF STOKROTKA SP.Z.O.O.

TOMAS RUPŠYS
BOARD MEMBER
SINCE 7 DEC 2020

CEO AT MAXIMA LATVIJA SIA

EDVINAS VOLKAS
BOARD MEMBER
SINCE 8 MAY 2019

CEO AT MAXIMA EESTI, OU

PETAR PETROV PAVLOV
BOARD MEMBER
SINCE 6 APR 2020

CEO AT MAXIMA BULGARIA EOOD

VITALIJ RAKOVSKI
BOARD MEMBER
SINCE 9 DEC 2019

CFO AT MAXIMA GRUPĖ, UAB

*Full list of positions is provided in 'Other information'

During the reporting period, the following people were members of the Board:

Jurgita Šlekytė until 13 Mar; and 6 Apr – 14 Oct 2020
Viktors Troicins 13 Mar – 7 Dec 2020
Kristina Meidė until 13 Mar 2020
Vilma Drulienė until 13 Mar 2020
Andris Vilcmeiers, until 6 Apr 2020, as Chairman 13 Mar - 6 Apr 2020

Supervisory Board

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

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

In 2020 all elected members of the Supervisory Board participated in each of the meetings. The main matters discussed during the meetings included:

- Appointments of Board members;
- Approval Board members' agreements and remuneration;
- Assessment of the Company's annual financial statements, the consolidated annual financial statements of the Company and its subsidiaries, and its submission of proposals to the sole shareholder of the Company;
- Assessment of the auditor choice and proposals on appointment of auditor to the shareholder of the Company.

At the date of signing this report, the Supervisory Board comprised of the following members:

EVELINA ČERNIENĖ
CHAIRWOMAN
SINCE 10 JUN 2019

CFO AND BOARD MEMBER AT VILNIAUS PREKYBA, UAB

LAIMONAS DEVYŽIS
MEMBER
SINCE 14 OCT 2020

CHAIRMAN OF THE BOARD AT EUROAPOTHECA, UAB

POVILAS ŠULYS
MEMBER
SINCE 14 OCT 2020

CEO AND CHAIRMAN OF THE BOARD AT ERMI GROUP, UAB

During the reporting period, the following people were members of the Supervisory Board: Mantas Kuncaitis until 14 Oct 2020; Ignas Staškevičius until 14 Oct 2020.

AUDIT COMMITTEE

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

As of this report's date of signing, the Audit Committee comprised the following members: IRENA PETRUŠKEVIČIENĖ (Chairwoman of the committee and an independent member), RASA MILAŠIŪNIENĖ (an independent member) and RYTIS JEZEPČIKAS (a former Vilniaus Prekyba board member).

THE AUDIT COMMITTEE HELD 11 MEETINGS DURING 2020. ITS ACTIVITIES COVERED THESE AREAS:

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

ABOUT THE AUDIT COMMITTEE MEMBERS:

IRENA PETRUŠKEVIČIENĖ, the Chairwoman of the committee and an independent member, has more than 25 years of experience in the area of auditing. She worked for 10 years at the audit and consulting company PwC and served for 6 years as a member of the European Court of Auditors. She has been a member of the audit committee of the European Commission and UN World Food Programme. Currently she also serves as an independent audit committee member in several private and public entities.

RASA MILAŠIŪNIENĖ is the Group Leader, Finance at Western Union Processing Lithuania, UAB. Before that, she served for 9 years as head of the operations unit at Western Union Business Solutions. She also has 8 years of experience as head of internal audit at the telecommunications company Omnitel (now Telia Lietuva AB). She is a Certified Internal Auditor (CIA).

RYTIS JEZEPČIKAS is a CFO and a board member at Mieszko S.A. (Poland) and a former Vilniaus Prekyba board member with more than 10 years of experience as a financial executive. He previously worked in the Audit Department at the company Ernst & Young.

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

Risk Management

Control framework

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

Management of significant risks

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

	Risk	Key risk drivers	Mitigation
Financial risks	Credit risk	- Cash and cash equivalents - Trade and other receivables	- Monitoring the creditworthiness of debtors by using controls that include credit approvals, limits, prepayment requirements and other monitoring procedures - Exposure spread over a number of counterparties and customers - Funds in banks not concentrated because the counterparties are a large number of banks, or their subsidiaries, with investment grade ratings assigned by international credit-ratings agencies - Successful long-term cooperation supported by signed contracts where terms, conditions and the responsibilities of both parties are described
	Funding and liquidity risk	- Different maturity profiles of receivables and payables - Liquidity surplus	- The ability to use undrawn committed borrowing facilities as an instrument of liquidity risk management - Sufficient level of available cash and cash equivalents - Liquidity levels and sources of cash are regularly reviewed, and the Group maintains access to committed credit facilities and debt capital markets - Arranging funding ahead of demand - Our Treasury and financial risk management policy is communicated across the Group and are regularly reviewed by the Board and management.

	Foreign currency exchange rate	- Purchasing of goods in foreign currencies while income is mostly denominated in euro and other local currencies	- The Group uses derivative financial instruments ("forwards") to hedge its risks arising from foreign currency fluctuations
	Interest rate	- Floating rate facilities	- Entering to borrowing contracts with fixed interest rate - Application of derivative financial instruments
BUSINESS RISKS	Strategy risk	- Revenue - EBITDA	- Focus of management of the Group - Business continuity strategic guidelines and tactical policy - Business continuity management plans
	Reputation risk	- Revenues	- Permanent improvement of internal control system - Training employees and developing the corporate culture to make sure unethical behaviour is seen as unacceptable
	COVID-19	- Revenue - EBITDA - Supply chain - Results of operations - Financial performance	The safety of our colleagues and customers has been and continues to be our priority - Customers safety: masks, disinfection, social distancing, adjusted hours, self-service checkouts - Employee safety: safety equipment, health checks & temperature measurement, COVID-19 tests, remote work - Supply chain safety: disinfection stations for drivers, protective equipment, required temperature checks, limiting contact, securing additional supply chain capacity to meet changes in demand - The availability of cash resources and committed facilities together with strong cash flow, support liquidity and longer-term solvency
	Country risk	- Presence in countries with political, financial, social or economic instability	- The Group is present in different countries with different specific risks - Knowledge and awareness of countries where the Group is present - Monitoring, reviewing and reporting on changes of the political, financial, social or economic situation in countries' where the Group is present
	Regulatory risk	- Revenue - Environmental regulation	- The Group is present in different countries with different regulatory framework, which enables risks' diversification - Knowledge and awareness of regulations in countries where the Group is present - Monitoring, reviewing, and reporting on changes of regulations in countries where the Group is present
	Competitive environment and economic conditions risk	- Group's business - Results of operations - Financial condition	- Research and monitoring of consumer behaviour - Analysis of economic development - Price benchmarking of the competition - Approved strategies - Strengthening of own brands - Developing a more personalized customer relationship - Continuous improvement of the internal control system

			- Managing the product mix and pricing policy - Multi-format model to meet changing customer needs
	Growth, expansion, and lack of cost-efficient locations risks	- Number of stores - Revenue - Results of operations - Financial condition	- Research and monitoring of separate regions - Maintaining M&A and property management competencies - Approved strategies - Due diligence reviews
	Risk related to information technologies performance, Data Security and Data Privacy	- Revenue - Operational costs	- Continuous improvement of the internal control system - Engaging the best internal IT experts - Using effective outsourcing practices with SLA and monitor compliance - Ensuring sufficient reliability of centralised IT infrastructure - Policies and procedures to ensure cybersecurity - Information systems to detect atypical behaviour in the corporate network - Special hardware and software for protection against malicious software, spam, external and internal cyberattacks, data leaks
	Retail operations, supply, and inventory management risks	- Gross Profit - Operation Cost - Levels of service - Financial position	- Optimal level of decentralisation for operational business processes and supply chain - Logistics strategy for managing supply chains within the existing network - Efficient management of inventory stocks - Increased direct global sourcing as well as reduced shrinkage and efficiency improvements
	Human resources	- Labour costs - Financial performance	- Monitoring the labour market and providing employee benefits in line with the market -Processes ready for employee onboarding, training and development - Developing the corporate culture
COMPLIANCE RISKS	Compliance with current legislation	- Internal governance and business process	- Continuous improvement of the internal control system - Monitoring of draft laws, timely initiation of internal projects to prepare for legislative changes - Legal support, audit of contracts, development and use of contract templates
	Product safety and liability risks	- Revenues - Safety regulation	- Product safety policies - Control standards for food and non-food products - Standard operating procedures - Monitoring of performance in the business - Tracing of product origins and conditions of production - Third-party certification - Insurance programme - Carrying out laboratory tests of product samples - Complying with approved rules for product transportation, storage and sale - Complying with sanitation rules - Providing training for employees, including quality assurance

Environment and sustainability risk	- Operations and reputation	- Reducing packaging - Implementing new methods to increase energy efficiency across stores and warehouses - Implementing methods to reduce waste throughout the whole value chain
Occupational health and safety risk	Financial position, results of operations, reputation	- Safe and comfortable working environment - Compliance with employees' working hours and holiday schedule - Regular medical examinations and health screening for employees

CONTROL FRAMEWORK FOR THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

All MAXIMA GRUPĖ entities, except for those of the EMPERIA HOLDING S.A. group acquired in 2018 and BARBORA, use SAP ERP for financial accounting and reporting. The common system ensures consistent accounting and reporting and data comparability. A specialised SAP consolidation module is used as a tool for preparation of consolidated financial statements.

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

OTHER INFORMATION

INFORMATION ON SECURITIES

In September 2018, MAXIMA GRUPĖ successfully placed a 300 m EUR issue of 5-year bonds. The bonds were listed on the Euronext Dublin and Nasdaq Vilnius securities exchanges.

Name	Nominal value	Issue value	ISIN code	Buy-out date
MAXIMA GRUPĖ, UAB	100,000 EUR	300 m EUR	XS1878323499	13 Aug 2023

Vilniaus Prekyba, UAB is the only shareholder of the Company. Competencies of the General Meeting of Shareholders do not differ from those specified in the Law on Companies. There is only one shareholder that has the rights provided in the Law on Companies. There are no shareholders owning special rights. No voting rights limitations apply.

The Company does not have its shares (neither the parent company itself nor its subsidiaries have any shares in the Company). During the period, the Company did not purchase or dispose of its own shares.

INFORMATION ABOUT MATERIAL SUBSIDIARIES

The Company does not have branches or representative offices. Information on material subsidiaries is disclosed in Note 1 of the consolidated financial statements of the Group.

INFORMATION ABOUT NON-AUDIT SERVICES

In 2020 renumeration of the Group's auditors for non-audit services amounted to EUR 12 thousand.

POSITIONS OF THE MEMBERS OF THE BOARD OF MAXIMA GRUPĖ, UAB*

***AT 31-12-2020**

Board member	Position	Legal Code	Address
Mantas Kuncaitis	CEO and Chairman of the Board at MAXIMA GRUPĖ, UAB	301066547	Savanorių ave. 5, Vilnius, Lithuania
	Member of the Board at Vilniaus Prekyba, UAB	302608755	Ozo str. 25, Vilnius, Lithuania
	Member of the Board at Vilniaus Prekybos paramos fondas „Dabar"	125786380	Ozo str. 25, Vilnius, Lithuania
	Member of the Board at Sollo, UAB	302575294	Mamoniškių str. 3, Vilnius, Lithuania
	Member of the Board at RADAS, UAB	303053737	Ozo str. 25, Vilnius, Lithuania
	Experience Legal work, administrative and management experience at diverse companies		
	Education Law, University of Greenwich European Political Economy, King 's College London CISI Level 3 Award in Global Financial Compliance; Chartered Institute for Securities & Investments London		
Jolanta Bivainytė	CEO and Chairwomen of the Board of MAXIMA LT, UAB	123033512	Naugarduko str. 84, Vilnius, Lithuania
	Board member at MAXIMA GRUPĖ, UAB	301066547	Savanorių ave. 5, Vilnius, Lithuania
	Board member of STICHTING TRIVIALIS	58595988	Amstelveenseweg 500, 1081 KL Amsterdam, the Netherlands
	Board member of STICHTING NOVITUS	60599499	Amstelveenseweg 500, 1081 KL Amsterdam, the Netherlands
	Experience 1992-2020 // Diverse management positions at UAB Vilniaus Prekyba and related companies		
	Education Finance, Vilnius University		
Arūnas Zimnickas	President of the Management Board of EMPERIA HOLDING Sp. z o.o.	0000849797	02-566 Warszawa, ul. Puławska 2B, Poland
	President of the Management Board of Stokrotka Sp. z o.o.	0000016977	20-209 Lublin, ul. Projektowa 1, Poland
	President of the Management Board of Eldorado Sp. z o.o. (company merged to EMPERIA HOLDING sp. z o.o. on 21-01-2021)	0000400637	20-209 Lublin, ul. Projektowa 1, Poland

	Board member at MAXIMA GRUPĖ, UAB	301066547	Savanorių ave. 5, Vilnius, Lithuania
	Experience 2008-2020 // CEO of MAXIMA GRUPĖ, UAB and related companies		
	Education Economics and International Business, Vilnius University		
Edvinas Volkas	CEO (Sole Member of the Management Board) at MAXIMA Eesti, OU	10765896	Aiandi tn 13/2, Mustamäe linnaosa, Tallinn, Estonia
	Board member at MAXIMA GRUPĖ, UAB	301066547	Savanorių ave. 5, Vilnius, Lithuania
	Experience 2001-2020 // Diverse management positions at the companies of MAXIMA GRUPĖ, UAB		
	Education Business administration, International Business School of Vilnius University		
Tomas Rupšys	CEO at MAXIMA Latvija, SIA	40003520643	Maskavas str. 257, Riga, Latvia
	Board member at MAXIMA GRUPĖ, UAB	301066547	Savanorių ave. 5, Vilnius, Lithuania
	Experience 2017-2020 // Managerial positions in retail companies, related to MAXIMA GRUPĖ, UAB		
	Education Business Administration, Management and Operations, Dublin Business School Accounting Technology/Technician and Bookkeeping/Payroll, IBAT College Dublin		
Petar Petrov Pavlov	CEO at MAXIMA Bulgaria EOOD	131324923	Botevgradsko Shose blvd. 247, Poduyane Distr., fl. 2, Sofia, Bulgaria
	Board member at MAXIMA GRUPĖ, UAB	301066547	Savanorių ave. 5, Vilnius, Lithuania
	CEO at DEVELOPER BULGARIA" EOOD	200369978	Botevgradsko Shose blvd. 247, Poduyane Distr., fl. 2, Sofia, Bulgaria
	CEO at MMS PROJECTS EOOD	175363447	Botevgradsko Shose blvd. 247, Poduyane Distr., fl.2, Sofia, Bulgaria
	CEO at DC BG EOOD	200713219	Botevgradsko Shose blvd. 247, Poduyane Distr., fl. 2, Sofia, Bulgaria
	CEO at MA Bulgaria EOOD	204882743	Botevgradsko Shose blvd. 247, Poduyane Distr., fl. 2, Sofia, Bulgaria
	Experience 2005-2020 // Diverse management positions MAXIMA Bulgaria EOOD		

	Education Law, Sofia University St. Kliment Ohridski		
Vitalij Rakovski	CFO and Board Member at MAXIMA GRUPĖ, UAB	301066547	Savanorių ave. 5, Vilnius, Lithuania
	Board member at RADAS, UAB	303053737	Ozo str. 25, Vilnius, Lithuania
	Experience 2008-2018 // Senior and managerial positions in finance and M&A areas at diverse companies		
	Education Business Administration and Management, Vilnius University		

POSITIONS OF THE MEMBERS OF THE SUPERVISORY BOARD*

*AT 31-12-2020

Member of Supervisory Board	Position	Legal Code	Address
Evelina Černienė (Chairwomen)	CFO and Member of the Board at Vilniaus Prekyba, UAB	302608755	Ozo str. 25, Vilnius, Lithuania
	Chairwomen of the Board at Sollo, UAB	302575294	Mamoniškių str. 3, Vilnius, Lithuania
	CEO at NVP PROJEKTAI, UAB	302642871	Ozo str. 25, Vilnius, Lithuania
	CEO at UAB „Vestodija"	125769089	Ozo str. 25, Vilnius, Lithuania
	Member of the Board at Vilniaus prekybos paramos fondas „Dabar"	125786380	Ozo str. 25, Vilnius, Lithuania
	Member of the Board at UAB „Trobos"	305596596	Ozo str. 25, Vilnius, Lithuania
	Experience Experience in financial management at diverse companies, audit firm		
	Education Commercial Quality Management, Vilnius University		
Povilas Šulys (Member)	Member of the Board at Vilniaus Prekyba, UAB	302608755	Ozo str. 25, Vilnius, Lithuania
	Chairman of the Board and CEO at ERMI GROUP, UAB	304826208	Ozo str. 25, Vilnius, Lithuania
	CEO at UAB „Ermitažas"	300090381	Ozo str. 25, Vilnius, Lithuania
	CEO at Link Properties, UAB	305266381	Ozo str. 25, Vilnius, Lithuania

	Member of the Board at ERMI OÜ	14505815	Harju maakond, Tallinn, Kesklinna linnaosa, F. R. Faehlmanni tn 5, 10125, Estonia
	Member of the Supervisory Board at BAUHOF GROUP AS	10636638	Harju maakond, Tallinn, Lasnamäe linnaosa, J. Smuuli tee 41, 11415, Estonia
	CEO at ENTARAS, UAB	302642775	Ozo str. 25, Vilnius, Lithuania
	Experience Financial and general management experience at various companies		
	Education Bachelor's degree in Economics and master's degree in International Marketing and Management, ISM University of Management and Economics		
Laimonas Devyžis (Member)	Member of the Board at Vilniaus Prekyba, UAB	302608755	Ozo str. 25, Vilnius, Lithuania
	Chairman of the Board at EUROAPOTHECA, UAB	300854822	Ozo str. 25, Vilnius, Lithuania
	Chairman of the Board and CEO at EVRC, UAB	302563598	Ozo str. 25, Vilnius, Lithuania
	Chairman of the Board at UAB EUROVAISTINĖ	124446859	Ozo str. 25, Vilnius, Lithuania
	Chairman of the Board at EVD, UAB	302465727	V. A. Graičiūno str. 2A, Vilnius, Lithuania
	Chairman of the Board at AZETA, UAB	303121266	Ozo str. 25, Vilnius, Lithuania
	Chairman of the Board at Apoteksgruppen i Sverige Holding AB	556481-5966	BOX 7264, 103 89 Stockholm, Sweden
	Member of the Board at Euroapotheca Holding SWE, AB	559143-4526	BOX 7264, 103 89 Stockholm, Sweden
	Chairman of the Board at Apoteksgruppen i Sverige AB	556773-4156	BOX 7264, 103 89 Stockholm, Sweden
	Chairman of the Board at Apoteksgruppen Detaljist AB	556773-4727	BOX 7264, 103 89 Stockholm, Sweden
	CEO at PATRIA HOLDINGS, UAB	302642953	Ozo str. 25, Vilnius, Lithuania
	CEO at LD Corporate Consulting, UAB	302310381	Voronecko 3-40, LT-65158, Varėna, Lithuania
	Experience More than 15 years of financial and general management experience from finance, telecommunications and retail industries		
	Education Economics and management, Stockholm School of Economics in Riga		

MAXIMA GRUPĖ, UAB

Consolidated financial statements for the year ended 31 December 2020 together with independent auditor's report

CONTENTS

Independent auditor's report

To the shareholder of MAXIMA GRUPĖ, UAB

Report on the audit of the consolidated financial statements

Our opinion

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

Our opinion is consistent with our additional report to the Audit Committee dated 1 April 2021.

What we have audited

The Group's consolidated financial statements comprise:

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

Basis for opinion

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

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

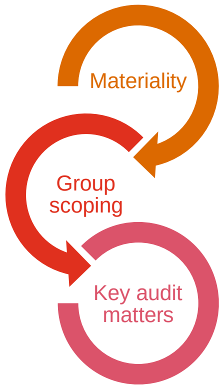
Independence

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

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Group are in accordance with the applicable law and regulations in the Republic of Lithuania and that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014 considering the exemptions of Regulation (EU) No 537/2014 endorsed in the Law of the Republic of Lithuania on the Audit of Financial Statements. The non-audit services that we have provided to the Group, in the period from 1 January 2020 to 31 December 2020 are disclosed in Consolidated Annual Report section *Information on non-audit services*.

Our audit approach

Overview



- Overall Group materiality: EUR 12,000 thousand

- We conducted audit work at 8 reporting units, located in Bulgaria, Estonia, Latvia, Lithuania and Poland.
- Our audit addressed 92% of the Group's total assets and 98% of the Group's total revenues.

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

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

Materiality

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

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

Overall materiality	EUR 12,000 thousand (2019: EUR 10,000 thousand)
How we determined it	0,28% of Group's total revenues
Rationale for the materiality benchmark applied	We chose total revenues as the benchmark because total revenues are one of the Group's key performance indicators analysed by the management and communicated to the shareholder and, in our view, it is an appropriate measure of the size of the Group. Total revenues are also a more stable measure compared to profitability ratio.

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

We informed the Audit Committee that we would report to them misstatements identified during our audit above EUR 840 thousand, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Goodwill impairment assessment *Refer to accounting policy on impairment testing in note 2.5, accounting estimates and assessments in note 3.2 and note 9 ,,Goodwill".* The Group has a goodwill balance of EUR 207,670 thousand as at 31 December 2020. The goodwill has to be tested for an impairment at least on an annual basis. The determination of recoverable amount, being the higher of value in-use and fair value less costs of disposal, requires judgment from management when identifying and valuing the relevant cash-generating units. Recoverable amounts are based on the cash flow forecasts that include management's estimate of key value driver inputs and external market conditions such as inflation, revenue growth and competition, capital expenditures and discount rates applied. No impairment was recognized in the current period as the recoverable amount was higher than the carrying amount. We focused on this area due to the significance of the goodwill balance and because the impairment assessment involved significant management's judgements about future results and the discount rates applied to future cash flows forecasts.	We obtained an understanding of management's process over the impairment assessment. We evaluated management's identification of the Group's cash-generating units. Our audit procedures also included challenging management on the appropriateness of the impairment models and the reasonableness of the assumptions used by performing the following: - Assessing the reliability of the cash flow forecast by checking the actual past performance and comparing to previous forecasts and by inspecting internal documents, such as budget forecasts for 2021–2025; - Benchmarking market related assumptions like discount rate and long-term growth rate against external data. Where it was considered necessary, we involved our valuation experts; - Testing the mathematical accuracy of the model and assessing the sensitivity of the impairment test to key inputs. Finally, we have reviewed the adequacy of the Group's disclosures in the consolidated financial statements.
Property, plant and equipment and right-of-use assets impairment assessment *Refer to accounting policy on impairment testing in note 2.9, accounting estimates and*	We obtained understanding of management's

assessments in note 3.2 and note 5 ,,Property, plant and equipment" and note 6 ,,Leases" Property, plant and equipment and right-of-use assets amounted to EUR 713,622 thousand and EUR 674,801 thousand, respectively, in the Group's consolidated statement of financial position as at 31 December 2020, and represented around 61% of the total assets recognised in the consolidated statement of financial position. The Group has assessed if impairment indicators for property, plant and equipment and right-of-use assets existed as at 31 December 2020. The Group performed an annual impairment test of the assets, where impairment indicators were identified as at 31 December 2020, based on the recoverable amount estimations of the Group's cash-generating units (individual store). The annual impairment test involves management judgment regarding the assumptions used in the underlying cash flows forecasts that include management's estimate of key value driver inputs and external market conditions such as inflation, revenue growth and competition, capital expenditures and discount rates applied. The additional impairment charge of EUR 3,402 thousand and EUR 6,600 thousand and the reversal of impairment charge of EUR 1,056 thousand and EUR 1,394 thousand were recognised in 2020 for property, plant and equipment and right-of-use assets, respectively. Based on these, we considered it to be a key audit matter.	procedures in relation to the impairment assessment of the property, plant and equipment and right-of-use assets. Among other procedures, we involved a valuation specialist to assist us with the review of the impairment model structure and composition as well as the discount rates used by the management in the impairment test. -We also considered key assumptions used by the management in the estimation of cash flows forecasts, including the expected trend in revenue, costs, level of capital expenditure by comparing them to historical performance levels and management's expectations of their development in the future. -We tested the sensitivity in the available headroom of the impairment test by considering if a reasonably possible change in assumptions could cause the carrying amount of cash generating unit to exceed its recoverable amount. -We have also assessed the historical accuracy of the management's forecasts. Finally, we have reviewed the adequacy of the Group's disclosures in the consolidated financial statements about the assumptions used in the impairment test and the outcome of the test.
Lease term determination and application of discount rate *Refer to accounting policy on lease liabilities and subleases in note 2.19, accounting estimates and assessments in note 3.1 and note 6 ,,Leases".* The Group has accounted for a right-of-use assets of EUR 674,801 thousand, a net investment in the lease of EUR 12,213 thousand and lease liabilities of EUR 688,843 thousand as at 31 December 2020. We paid attention to this area during our audit, as the balances recorded were material, the process to identify and process all relevant	Our audit procedures included analysis of the completeness and accuracy of the new, modified or remeasured lease contracts identified and recorded in the lease accounting system during 2020 and calculation of the right-of-use assets and lease liability: - We obtained an understanding of internal processes around identification of leases and obtained the related lease contracts data - We performed procedures to asses the process of lease term determination and management's assessment whether options to extend a lease are

data associated with the leases (including IT software and controls) was complex and the measurement of the right-of-use asset and lease liability was based on assumptions such as discount rates and the lease terms, including termination and renewal options.	reasonably certain to be exercised, by reviewing the contractual terms and other relevant documents - We challenged management assumptions, specifically on the assumptions used to determine the discount rates; -We assessed the completeness and accuracy of input data used in the calculation by reconciling inputs to the lease contracts and tested them on a sample basis; -For the sample of lease contracts selected, we checked whether the accounting treatment of leases is consistent with the definitions of IFRS 16, including factors such as lease term, discount rate and measurements principles; -We recalculated on a sample basis the right-of-use asset and lease liability for selected lease contracts and verified the mathematical accuracy of the calculation; - We recalculated for the same sample lease payments, interest and amortisation expenses recognised during the period; We also read the disclosures in the consolidated financial statements regarding right-of-use assets and lease liabilities

How we tailored our Group audit scope

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

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

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

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

Reporting on other information including the consolidated annual report

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

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

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

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

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

Report on other legal and regulatory requirements

Appointment

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

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

On behalf of PricewaterhouseCoopers UAB

Rimvydas Jogėla
Partner
Auditor's Certificate No. 000457

Vilnius, Republic of Lithuania
1 April 2021

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

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

Consolidated statement of financial position

	Notes	At 31 December 2020	2019
ASSETS			
Non-current assets			
Property, plant and equipment	5	713 622	700 698
Right-of-use assets	6	674 801	691 458
Investment properties	7	16 581	18 370
Intangible assets (except for goodwill)	8	46 368	56 574
Goodwill	9	207 670	212 178
Non-current receivables and prepayments	10	16 605	17 038
Deferred tax assets	11	10 093	10 014
		1 685 740	1 706 331
Current assets			
Inventories	12	338 136	328 950
Trade and other receivables, prepayments and other short-term financial assets	13	69 352	76 734
Cash and cash equivalents	14	183 523	272 909
		591 012	678 593
TOTAL ASSETS		2 276 752	2 384 924
EQUITY AND LIABILITIES			
Equity			
Share capital	15	1 019 263	1 019 263
Share premium	15	41 352	41 352
Legal reserve	16	43 767	36 163
Reverse acquisition reserve	16	(1 430 271)	(1 430 271)
Other reserves		(622)	(137)
Foreign currency translation reserve		(30 057)	(9 576)
Retained earnings		744 021	685 606
Total equity		387 453	342 400
Non-current liabilities			
Borrowings (except for lease liabilities)	17	453 158	492 616
Lease liabilities	6	592 185	593 602
Deferred tax liabilities	11	18 401	20 919
Other non-current liabilities		3 248	2 887
		1 066 992	1 110 024
Current liabilities			
Borrowings (except for lease liabilities)	17	42 256	104 065
Lease liabilities	6	96 658	94 293
Current income tax liabilities		5 930	7 928
Trade and other payables	18	677 463	726 214
		822 308	932 500
Total liabilities		1 889 299	2 042 524
TOTAL EQUITY AND LIABILITIES		2 276 752	2 384 924

Mantas Kuncaitis — Chief Executive Officer
Vitalij Rakovski — Chief Financial Officer

The consolidated financial statements have been approved and signed electronically on 1 April 2021.
The accompanying notes are an integral part of these consolidated financial statements.

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

Consolidated statement of comprehensive income

	Notes	Year ended 31 December 2020	2019
Revenue	4, 19	4 225 603	3 993 140
Cost of sales		(3 845 539)	(3 659 698)
Operating expenses	20	(167 670)	(157 408)
Other gains (losses)	22	(1 117)	11 625
Profit from operations		211 279	187 660
Finance income	21	376	465
Finance costs	21	(36 863)	(32 975)
Finance costs, net		(36 486)	(32 510)
Profit before tax		174 792	155 150
Income tax expense	23	(22 211)	(26 015)
Net profit	4	152 581	129 135
Net profit attributable to:			
Equity holders of the parent		152 581	129 135
		152 581	129 135
Other comprehensive income:			
Items that will not be subsequently reclassified to profit or loss		-	-
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations		(20 481)	3 375
Reclassification of exchange differences to profit or loss on disposal of subsidiary		-	(15)
Net gain (loss) on cash flow hedges		(485)	(519)
Other comprehensive income		(20 966)	2 841
Total comprehensive income		131 615	131 976
Total comprehensive income attributable to:			
Equity holders of the parent		131 615	131 976
		131 615	131 976
Earnings per share for profit attributable to ordinary equity holders of the parent (EUR)			
Basic/diluted	25	0.043	0.037

Mantas Kuncaitis
Chief Executive Officer

Vitalij Rakovski
Chief Financial Officer

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Consolidated statement of changes in equity

	Notes	Share capital	Share premium	Legal reserve	Reverse acquisition reserve	Other reserves	Foreign currency translation reserve	Retained earnings	Total equity
At 31 December 2018		1 019 263	41 352	30 720	(1 430 271)	382	(12 936)	643 914	292 424
Profit for the year		-	-	-	-	-	-	129 135	129 135
Other comprehensive income		-	-	-	-	(519)	3 360	-	2 841
Total comprehensive income for the year		-	-	-	-	*(519)*	*3 360*	*129 135*	*131 976*
Transfer to legal reserve	16	-	-	5 443	-	-	-	(5 443)	-
Dividends	26	-	-	-	-	-	-	(82 000)	(82 000)
Total transactions with shareholders recognised directly in equity		-	-	*5 443*	-	-	-	*(87 443)*	*(82 000)*
At 31 December 2019		1 019 263	41 352	36 163	(1 430 271)	(137)	(9 576)	685 606	342 400
At 31 December 2020		1 019 263	41 352	36 163	(1 430 271)	(137)	(9 576)	685 606	342 400
Profit for the year		-	-	-	-	-	-	152 581	152 581
Other comprehensive income		-	-	-	-	(485)	(20 481)	-	(20 966)
Total comprehensive income for the year		-	-	-	-	*(485)*	*(20 481)*	*152 581*	*131 615*
Transfer to legal reserve	16	-	-	7 604	-	-	-	(7 604)	-
Dividends	26	-	-	-	-	-	-	(86 562)	(86 562)
Total transactions with shareholders recognised directly in equity		-	-	*7 604*	-	-	-	*(94 166)*	*(86 562)*
At 31 December 2020		1 019 263	41 352	43 767	(1 430 271)	(622)	(30 057)	744 021	387 453

Mantas Kuncaitis
Chief Executive Officer

Vitalij Rakovski
Chief Financial Officer

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

Consolidated statement of cash flows

	Notes	Year ended 31 December 2020	2019
OPERATING ACTIVITIES			
Net profit		152 581	129 135
Adjustments for:			
Depreciation	5, 6, 7	154 163	144 129
Amortisation	8	10 903	10 996
Property, plant & equipment and intangible assets write-offs		989	842
Property, plant & equipment, intangible assets, right-of-use assets impairment charge (reversal)	20	8 054	502
Loss / (profit) on disposal of property, plant and equipment	22	1 067	(929)
(Profit) / loss on disposal of subsidiaries	22	50	(10 696)
Income tax expense	23	22 211	26 015
Interest expenses	21	34 849	32 444
Interest income	21	(376)	(465)
Fair value (gains) losses on derivative financial instruments		(485)	(519)
Changes in working capital			
- trade and other receivables		(863)	(7 365)
- inventories		(9 186)	(18 194)
- trade and other payables		(38 298)	50 496
Cash generated from operations		335 658	356 390
Income tax paid		(24 923)	(22 435)
Net cash generated from operating activities		310 735	333 955
INVESTING ACTIVITIES			
Purchases of property, plant and equipment, intangible assets and investment properties		(99 752)	(126 609)
Proceeds from disposal of property, plant and equipment		5 695	2 980
Acquisition of subsidiaries, net of cash acquired		(1 235)	(7)
Proceeds (outflow) from disposal of subsidiaries, net of cash disposed		(175)	11 694
Loans granted		(72)	140
Proceeds from repayment of loans granted		70	297
Interest received		19	94
Finance sublease receivable collected		2 953	2 799
Net cash (used in) investing activities		(92 498)	(108 612)
FINANCING ACTIVITIES			
Proceeds from borrowings		0	72 354
Repayment of borrowings		(90 038)	(59 501)
Payment of principal and interest on leases		(106 327)	(102 441)
Dividends paid	26	(86 562)	(82 000)
Interest paid		(13 345)	(14 263)
Net cash generated from (used in) financing activities		(296 272)	(185 851)
Net increase (decrease) in cash and cash equivalents		(78 035)	39 492
CASH AND CASH EQUIVALENTS, LESS OVERDRAFTS, AT THE BEGINNING OF THE YEAR	14	261 559	222 067
CASH AND CASH EQUIVALENTS, LESS OVERDRAFTS, AT THE END OF THE YEAR	14	183 523	261 559

Mantas Kuncaitis
Chief Executive Officer

Vitalij Rakovski
Chief Financial Officer

The consolidated financial statements have been approved and signed electronically on 1 April 2021.
The accompanying notes are an integral part of these consolidated financial statements.

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

Notes to the consolidated financial statements

1. General information

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

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

The consolidated group is comprised of the Company and its subsidiary undertakings (hereinafter collectively referred to as "the Group"). In 2020 and 2019, the Group's main subsidiaries are provided in the table below. Other subsidiaries not listed below are mainly involved in real estate management. The Group owns 100% of shares in all subsidiaries. There were no significant business combinations in 2020 and 2019.

Name	Country of incorporation	% held by the Group (on 31 December)		Principal business activities
		2020	2019	
MAXIMA GRUPĖ, UAB	Lithuania			Holding company
MAXIMA LT, UAB	Lithuania	100%	100%	Retail in food and consumables
MAXIMA Latvija SIA	Latvia	100%	100%	Retail in food and consumables
MAXIMA Eesti OU	Estonia	100%	100%	Retail in food and consumables
MAXIMA Bulgaria EOOD	Bulgaria	100%	100%	Retail in food and consumables
Stokrotka Sp.z.o.o.	Poland	100%	100%	Retail in food and consumables
BARBORA, UAB	Lithuania	100%	100%	E-trade
PATRIKA SIA	Latvia	100%	100%	E-trade
SUPERSA OU	Estonia	100%	100%	E-trade
FRANMAX, UAB	Lithuania	100%	100%	IT development, maintenance and consulting services
MAXIMA INTERNATIONAL SOURCING, UAB	Lithuania	100%	100%	Wholesale and agency of food and consumables

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

As of 31 December 2020, the Group employed 40.7 thousand employees (total remuneration related costs amounted to EUR 458 million in 2020, including government grant of EUR 11 million (Note 24) (31 December 2019: 40.6 thousand employees, remuneration related costs EUR 454 million).

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

The Company's management authorized these consolidated financial statements on 1 April 2021. The Company's shareholders have a statutory right to approve or not to approve these consolidated financial statements and to require the preparation of a new set of consolidated financial statements.

2. Accounting policies

The accounting policies applied in the preparation of these consolidated financial statements are set out below. The accounting policies adopted are consistent with those of the previous financial year, except for the below amended IFRSs which have been adopted by the Group as of 1 January 2020.

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

2.1. Basis of preparation

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

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

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

New standards, amendments and interpretations adopted by the Group

Revised Conceptual Framework for Financial Reporting
The IASB issued the revised Conceptual Framework for Financial Reporting. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. These revised Conceptual Framework had no impact on the consolidated financial statements of the Group.

IFRS 3 *Business Combinations* (Amendments)
The IASB issued amendments in Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The Amendments are effective for business combinations for which the acquisition date is in the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period. The Amendments are prospective and the Group will apply them to the future business combinations and acquisition of group of assets. In 2020 the Group did not have significant business combinations, therefore the amendments had no impact on the Group's consolidated financial statements.

IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*: Definition of 'material' (Amendments)
The Amendments clarify the definition of "material" and how it should be applied. The new definition states that, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'". In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS. The Amendments had no impact to the Group's consolidated financial statements.

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

Interest rate benchmark reform – Amendments to IFRS 9, IAS 39 and IFRS 7

The amendments were triggered by replacement of benchmark interest rates such as LIBOR and other inter-bank offered rates ("IBORs"). The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by the IBOR reform. Cash flow hedge accounting under both IFRS 9 *Financial Instruments* and IAS 39 *Financial Instruments: Recognition and Measurement* requires the future hedged cash flows to be 'highly probable'. Where these cash flows depend on an IBOR, the relief provided by the amendments requires an entity to assume that the interest rate on which the hedged cash flows are based does not change as a result of the reform. Both IAS 39 and IFRS 9 require a forward-looking prospective assessment in order to apply hedge accounting. While cash flows under IBOR and IBOR replacement rates are currently expected to be broadly equivalent, which minimises any ineffectiveness, this might no longer be the case as the date of the reform gets closer. Under the amendments, an entity may assume that the interest rate benchmark on which the cash flows of the hedged item, hedging instrument or hedged risk are based, is not altered by IBOR reform. IBOR reform might also cause a hedge to fall outside the 80–125% range required by retrospective test under IAS 39. IAS 39 has therefore been amended to provide an exception to the retrospective effectiveness test such that a hedge is not discontinued during the period of IBOR-related uncertainty solely because the retrospective effectiveness falls outside this range. However, the other requirements for hedge accounting, including the prospective assessment, would still need to be met. In some hedges, the hedged item or hedged risk is a non-contractually specified IBOR risk component. In order for hedge accounting to be applied, both IFRS 9 and IAS 39 require the designated risk component to be separately identifiable and reliably measurable. Under the amendments, the risk component only needs to be separately identifiable at initial hedge designation and not on an ongoing basis. In the context of a macro hedge, where an entity frequently resets a hedging relationship, the relief applies from when a hedged item was initially designated within that hedging relationship. Any hedge ineffectiveness will continue to be recorded in profit or loss under both IAS 39 and IFRS 9. The amendments set out triggers for when the reliefs will end, which include the uncertainty arising from interest rate benchmark reform no longer being present. The amendments require entities to provide additional information to investors about their hedging relationships that are directly affected by these uncertainties, including the nominal amount of hedging instruments to which the reliefs are applied, any significant assumptions or judgements made in applying the reliefs, and qualitative disclosures about how the entity is impacted by IBOR reform and is managing the transition process. The Amendments had no impact on the Group's consolidated financial statements.

Covid-19-Related Rent Concessions – Amendments to IFRS 16

The amendments provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; any reduction in lease payments affects only payments due on or before 30 June 2021; and there is no substantive change to other terms and conditions of the lease. If a lessee chooses to apply the practical expedient to a lease, it would apply the practical expedient consistently to all lease contracts with similar characteristics and in similar circumstances. The amendment is to be applied retrospectively in accordance with IAS 8, but lessees are not required to restate prior period figures or to provide the disclosure under paragraph 28(f) of IAS 8. The amendment had no impact on the Group's consolidated financial statements.

IFRSs issued but not yet effective

Other new standards, amendments to standards and interpretations effective for the annual periods beginning on or after 1 January 2021, yet not applied in preparing these consolidated financial statements are presented below. The new accounting pronouncements have been endorsed by the European Union unless otherwise stated.

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

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

The amendment to IAS 1 on classification of liabilities as current or non-current was issued in January 2020 with an original effective date 1 January 2022. However, in response to the Covid-19 pandemic, the effective date was deferred by one year to provide companies with more time to implement classification changes resulting from the amended guidance.

These Amendments have not yet been endorsed by the EU. The Group has not yet evaluated the impact of the implementation of these Amendments.

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

- The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such items, together with the costs of producing them, are now recognised in profit or loss. An entity will use IAS 2 to measure the cost of those items. Cost will not include depreciation of the asset being tested because it is not ready for its intended use. The amendment to IAS 16 also clarifies that an entity is "testing whether the asset is functioning properly" when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. An asset might therefore be capable of operating as intended by management and subject to depreciation before it has achieved the level of operating performance expected by management.
- The amendment to IAS 37 clarifies the meaning of "costs to fulfil a contract". The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract; and an allocation of other costs that relate directly to fulfilling. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.
- IFRS 3 was amended to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. Prior to the amendment, IFRS 3 referred to the 2001 Conceptual Framework for Financial Reporting. In addition, a new exception in IFRS 3 was added for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37 or IFRIC 21, rather than the 2018 Conceptual Framework. Without this new exception, an entity would have recognised some liabilities in a business combination that it would not recognise under IAS 37. Therefore, immediately after the acquisition, the entity would have had to derecognise such liabilities and recognise a gain that did not depict an economic gain. It was also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.
- The amendment to IFRS 9 addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.
- Illustrative Example 13 that accompanies IFRS 16 was amended to remove the illustration of payments from the lessor relating to leasehold improvements. The reason for the amendment is to remove any potential confusion about the treatment of lease incentives.

- IFRS 1 allows an exemption if a subsidiary adopts IFRS at a later date than its parent. The subsidiary can measure its assets and liabilities at the carrying amounts that would be included in its parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. IFRS 1 was amended to allow entities that have taken this IFRS 1 exemption to also measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. The amendment to IFRS 1 extends the above exemption to cumulative translation differences, in order to reduce costs for first-time adopters. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

These Amendments have not yet been endorsed by the EU. The Group has not yet evaluated the impact of the implementation of these Amendments.

Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (effective for annual periods beginning on or after 1 January 2021)
The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The amendments cover the following areas:

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

The Group is currently assessing the impact of the amendments on its financial statements.

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

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

2.3. Consolidation

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

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

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

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

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

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

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

2.4. Business combinations

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

Acquisition-related costs are expensed as incurred.

2.5. Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the consideration transferred over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Bargain purchase gain is recognised in profit or loss on the acquisition moment.

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

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

2.6. Property, plant and equipment

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

Buildings	5 – 30 years
Equipment and other assets	2 – 12 years
Vehicles	3 – 5 years

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

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

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

Property, plant and equipment acquired under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or the lease term, if shorter.

Land is not depreciated.

Depreciation of property, plant and equipment is recognised in the statement of comprehensive income. Depreciation of property, plant and equipment directly related to sales of goods and services is recognised in cost of sales and depreciation of other property, plant and equipment is recognised in operating expenses.

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

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

2.7. Investment properties

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

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

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

2.8. Intangible assets with finite useful lives

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

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

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

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

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

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

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

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

2.10. Inventories

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

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

2.11. Financial instruments

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

2.11.1. Financial assets

Initial recognition and measurement

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

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

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

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

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

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in the below categories:
- Financial assets at amortised cost,
- Financial assets at fair value through OCI,
- Financial assets at fair value through profit or loss.

a) Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

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

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

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

b) Financial assets at fair value through OCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments*: *Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

c) Financial assets at fair value through profit or loss

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

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

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

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

Derecognition

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

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

or

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

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

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

Impairment of financial assets

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

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

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

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

2.11.2. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as follows:

- financial liabilities at fair value through profit or loss,
- financial liabilities at amortised cost,
- derivatives designated as hedging instruments in an effective hedge.

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

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

Subsequent measurement

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

a) Financial liabilities at fair value through profit or loss

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

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

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

b) Financial liabilities at amortised cost

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

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

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

Derecognition

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

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

2.11.3. Offsetting of financial instruments

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

2.11.4 Reverse factoring arrangements (supply chain financing arrangements)

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

2.12. Borrowing costs

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

2.13. Derivative financial instruments and hedging activities

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

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

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

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

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

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

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

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

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the other reserves, while any ineffective portion is recognised immediately in profit or loss. The other reserves are adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

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

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

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

2.14. Provisions

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

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

2.15. Revenue from contracts with customers

a) Retail revenue

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

The Group operates a loyalty programme, which allows customers to accumulate points when they purchase products in the Group's retail stores and online. The points can be redeemed for payment of part of next purchase. A contract liability for the loyalty points is recognised at the time of the sale under contract liabilities in trade and other payables. Revenue is recognised at the earlier of when the points are redeemed or when they expire. For allocation of transaction price to the loyalty points see Note 3.1.

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

b) Commission income

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

c) Wholesale revenue

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

Contract assets

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

Trade receivables

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

Contract liabilities

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

2.16. Cost of sales

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

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

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

The Group's cost of sales can be sub-divided into: the cost of goods sold (accounting for approximately 80.5 per cent of the total cost of sales for the year ended 31 December 2020; 2019: approximately 79.9 per cent), employee remuneration costs (accounting for approximately 10 per cent of the total cost of sales for the year ended 31 December 2020; 2019: approximately 10.5 per cent) and other costs including expenses relating to logistics, utilities, depreciation and amortisation, repair and maintenance, etc (accounting for approximately 9.5 per cent of the total cost of sales for the year ended 31 December 2020; 2019: approximately 9.6 per cent).

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

2.17. Income tax

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

a) Current income tax

The current income tax expenses are based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current income tax rate is calculated on the basis of tax laws enacted or substantively enacted at the reporting date. The income tax rate for the Group companies in Lithuania comprises 15% (2019: 15%). The income tax for the Group companies, which operate in foreign countries, are calculated according to the laws of these foreign countries.

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

	2020	2019
Latvia*	20/80	20/80
Estonia*	20/80 (14/86 for regular profit distribution amount)	20/80 (14/86 for regular profit distribution amount)
Bulgaria	10%	10%
Poland	19%	19%

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

b) Deferred income tax

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

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

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

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

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

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

2.18. Employee benefits

a) Social security contributions

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

b) Termination benefits

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

c) Bonus plans

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

2.19. Leases

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

2.19.1. The Group as a lessee

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

<u>Right-of-use assets</u>

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

<u>Lease liabilities</u>

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

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

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

Short-term leases and leases of low-value assets

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

2.19.2. The Group as a lessor

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

2.19.3. Sublease

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

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

2.20. Government grants

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

2.21. Foreign currencies

a) Functional and presentation currency

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

b) Transactions and balances

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

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

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

c) Group companies

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

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

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

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

2.22. Contingencies

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

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

2.23. Dividend distribution

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

2.24. Related parties

Parties are defined as related if one party empowers another party to exercise the control or significant influence over the other party in making financial and other decisions. Related parties are defined as shareholders, key management personnel, their close relatives and companies that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Group companies. The party is also a related party if it is controlled or jointly controlled by a member of the key management personnel of the Company or of a parent of the Company or his/her close relative. The entity over which the controlling party of the Company or his close relatives have significant influence or are members of the key management personnel of that entity (or of a parent of that entity) is also considered to be related party.

2.25. Subsequent events

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

2.26. Rounding

Due to rounding the numbers in these consolidated financial statements may not sum up.

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

3. Critical accounting judgements and key sources of estimation uncertainty

3.1. Critical judgments in applying the accounting policy

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

<u>Critical judgements in allocation of transaction price to the loyalty programme points</u>

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

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

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

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

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

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

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

<u>Distinction between properties held for own use and those held to earn rental income.</u>

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

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

3.2. Key sources of estimation uncertainty

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

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

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

Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. Recoverable amounts for cash generating units are based on value in use, which is calculated from cash flow projections for five years using data from the Group's internal forecasts as well as the terminal value estimate. The key assumptions for the value in use calculations are those regarding discount rates, growth rates used to extrapolate cash flow projections beyond the period of five years, revenue and EBITDA growth. Management estimates discount rates using rates that reflect current market assessment of the time value of money and the risks specific to the cash-generating units. The discount rates ranged from 7.0 to 9.6 percent (2019: 6.4 – 7.9 percent) and terminal growth rate was from 1.0 to 1.5 percent (2019: 1.4 – 1.9 percent). These discount rates are derived from the Group's post-tax weighted average cost of capital as adjusted for the specific risks relating to each geographical region. Changes in revenue and costs, and, consequently, EBITDA, are based on historical trends and expectations of future developments in the markets the Group operates. The increase in discount rates by 0.5 percentage points and decrease in terminal growth rates by 0.5 percentage points would not result in goodwill impairment. Further information is disclosed in Note 9.

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

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

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

The post-tax discount rates used to calculate value in use range from 7.0 to 9.6 percent (2019: 6.4 – 7.9 percent) and terminal growth rates range from 1.0 to 1.5 percent (2019: 1.4 to 1.9 percent) depending on the specific country conditions in which each store operates. Pre-tax discount rates were in the range from 8.3 to 11.8 percent (2019: 7.1 to 8.6 percent).

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

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

Allowances for inventories

The Group is estimating an allowance for slow-moving inventories. For this estimation all goods are grouped according to their estimated time of selling. Inventories that were not sold in a period defined for that group of inventory are considered to become impaired. Full cost of estimated impaired inventory is included in the calculation of the allowance.

The Group is estimating the allowance for shortages of goods in the shops and warehouses. The estimate is based on forecasted shortage between actual stock counts. The estimated amount is included in allowance for inventories.

Contingent liabilities

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

4. Segment information

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

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

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

The Group restated segments information for the year ended 31 December 2019 by combining intra-group franchise, wholesale and agency services segment with other segments. Under other segments are now combined intra-group services such as IT, security, franchise, wholesale and agency of goods. Other segments include segments that are not reportable in accordance with IFRS.

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

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

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

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

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

	2019 *(restated)* Retail						
	Lithuania	Latvia	Estonia	Bulgaria	Poland	E-commerce	Total retail
Revenue	1 709 683	836 727	486 292	149 513	886 655	14 864	4 083 735
incl. external customers	*1 619 629*	*836 463*	*486 163*	*149 513*	*884 683*	*2 682*	*3 979 133*
incl. inter-segment	*90 054*	*264*	*130*	*-*	*1 972*	*12 182*	*104 601*
Interest expenses	11 794	3 297	2 250	2 147	10 916	286	30 690
EBITDA	142 488	61 478	22 398	5 612	55 370	(2 735)	284 610
Depreciation and amortisation	66 215	27 720	21 883	7 007	49 858	1 732	174 413
Net profit (loss)	83 641	27 496	(3 266)	(4 719)	(3 073)	(4 742)	95 338

	2019 *(restated)*						
	Total retail	Real estate	Other segments	Total reported segments	Other	Consolidation adjustments	Total
Revenue	4 083 735	60 951	309 336	4 454 022	4 680	(465 562)	3 993 140
incl. external customers	*3 979 133*	*4 613*	*7 153*	*3 990 900*	*934*	*1 307*	*3 993 140*
incl. inter-segment	*104 601*	*56 338*	*302 183*	*463 122*	*3 747*	*(466 869)*	-
Interest expenses	30 690	3 132	63	33 886	13 243	(14 685)	32 444
EBITDA	284 610	56 857	122 325	463 792	(4 336)	(126 037)	333 420
Depreciation and amortisation	174 413	25 409	2 515	202 337	661	(47 872)	155 126
Net profit (loss)	95 338	24 192	101 219	220 750	195 842	(287 457)	129 135

Segments' net profit (loss) includes dividends received from directly controlled subsidiaries. During the year ended 31 December 2020 dividends included in the Lithuania segment's net profit (loss) amounted to EUR 142,612 thousand (2019: EUR 24,972 thousand) and in Estonia segment's net profit (loss) amounted to EUR 1,025 thousand (2019: nil).

At the end of 2019 intra-group franchise activities were terminated and related intellectual property was transferred from separate unit providing such services to retail operators. As a result of this change, during the year ended 31 December 2020 EBITDA of retail operators in the Baltics and Bulgaria increased as compared to the year ended 31 December 2019 because no franchise fee was charged to them.

In 2020 the Group performed structural changes of the ownership structure within the Group. Gains/losses of the related transactions are reflected in "Other" column in the segment information above.

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

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

	2020	2019
Lithuania	1 682 402	1 624 142
Latvia	878 194	836 617
Estonia	503 432	486 694
Bulgaria	182 777	149 513
Poland	978 799	895 944
Other	-	229
	4 225 603	3 993 140

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

	2020	2019
Lithuania	452 854	461 417
Latvia	447 163	439 343
Estonia	177 709	191 054
Bulgaria	80 134	80 002
Poland	501 182	507 410
Other	-	54
	1 659 042	1 679 278

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

5. Property, plant and equipment

	Land and buildings	Equipment and other assets	Vehicles	Construction in progress & prepayments	Total
Cost					
At 1 January 2019	908 148	375 249	5 129	17 755	1 306 280
Additions	2 309	62 301	1 049	65 591	131 250
Disposals and write-offs	(5 822)	(23 260)	(691)	(2 676)	(32 448)
Exchange differences	2 530	1 540	53	76	4 199
Reclassifications (to) from other assets	(5 194)	416	(1)	(20)	(4 799)
Reclassifications (to) right of use assets on adoption of IFRS 16	-	-	(3 217)	-	(3 217)
Disposal of subsidiaries (Note 22)	(14)	(2 137)	(625)	(3)	(2 779)
Reclassifications	31 807	16 175	1	(47 982)	-
At 31 December 2019	933 764	430 284	1 698	32 740	1 398 486
Additions	7 261	42 762	136	38 697	88 857
Acquisition of subsidiaries	25	-	-	811	836
Disposals and write-offs	(1 199)	(11 413)	(907)	(566)	(14 086)
Exchange differences	(13 223)	(8 045)	(243)	(2 016)	(23 528)
Reclassifications (to) from other assets	(177)	(37)	497	(200)	82
Disposal of subsidiaries (Note 22)	-	(2)	-	-	(2)
Reclassifications	26 843	14 028	-	(40 871)	0
At 31 December 2020	953 293	467 577	1 181	28 595	1 450 645
Accumulated depreciation and impairment					
At 1 January 2019	444 986	228 175	1 050	5 536	679 746
Depreciation	16 461	32 156	810	-	49 426
Impairment charge (reversal)	(3 666)	490	-	41	(3 135)
Disposals and write-offs	(1 506)	(22 685)	(507)	(311)	(25 009)
Exchange differences	130	591	29	-	750
Reclassifications (to) from other assets	(701)	(93)	100	-	(694)
Reclassifications (to) right of use assets on adoption of IFRS 16	-	-	(1 588)	-	(1 588)
Disposal of subsidiaries (Note 22)	(8)	(1 346)	(353)	-	(1 708)
At 31 December 2019	455 695	237 288	(460)	5 266	697 789
Depreciation	21 065	35 351	563	-	56 980
Impairment charge (reversal)	1 621	776	-	(52)	2 346
Disposals and write-offs	(682)	(10 595)	(221)	-	(11 498)
Exchange differences	(3 592)	(4 826)	(151)	(503)	(9 072)
Reclassifications (to) from other assets	(13)	(4)	497	-	479
At 31 December 2020	474 094	257 990	228	4 711	737 024
Carrying amount					
At 31 December 2020	479 198	209 587	953	23 884	713 622
At 31 December 2019	478 070	192 996	2 158	27 474	700 698

In 2020, major part of depreciation of property, plant and equipment was accounted for as cost of sales – EUR 53,643 thousand (2019: EUR 47,964 thousand). Remaining part is accounted for as operating expenses.

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

Pledged property, plant and equipment

The Group has pledged property, plant and equipment with the total carrying value of EUR 320,642 thousand (2019: EUR 310,470 thousand) to secure banking facilities granted to the Group (Note 17).

6. Leases

The Group as a lessee

The Group has lease contracts for land, buildings and vehicles used in its operations. Leases of buildings generally have lease terms between 2 and 40 years, while vehicles generally have lease terms between 1 and 10 years. Land is leased for a period between 1 and 90 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning the leased assets. There are lease contracts that include extension options, which are further discussed below.

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

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

	Land	Buildings	Vehicle	Total
At 31 December 2020	13 313	649 605	11 883	674 801
At 31 December 2019	13 196	666 004	12 258	691 458

Additions to the right-of-use assets during 2020 were EUR 100,589 thousand (2019: EUR 103,860 thousand). In 2020, the Group recognised impairment of right-of-use assets amounting to EUR 5,206 thousand (2019: EUR 3,418 thousand).

The Group has pledged right-of-use assets with the total carrying value of EUR 3,548 thousand (2019: EUR 4,628 thousand) to secure banking facilities granted to the Group (Note 17).

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

	Land	Buildings	Vehicle	Total
2020	465	91 049	5 121	96 634
2019	843	88 393	5 012	94 249

Interest expense on lease liabilities are disclosed in Note 21. In 2020 expenses relating to short-term leases, leases of low-value assets amounted to EUR 6,126 thousand (2019: EUR 5,909 thousand).

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. In addition, the Group has ability to re-negotiate terms of lease contracts with the property owners which also contributes to the Group's flexibility. As of 31 December 2020, potential future cash outflows of EUR 171,590 thousand (2019: EUR 178,730 thousand) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

The Group as a lessor

The Group leases and subleases retail and administrative premises to various tenants. These leases have terms between 1 and 28 years.

Finance leases

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

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

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

	2020	2019
In the first year	2 861	2 772
In the second year	2 433	2 532
In the third year	2 068	2 170
In the fourth year	1 596	1 859
In the fifth year	1 431	1 357
After 5 years	3 076	3 693
	13 466	14 382
Unearned finance income	(1 253)	(1 306)
Net investment in the lease	12 212	13 077

Operating leases

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

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

	2020	2019
Not later than 1 year	25 938	20 022
Later than 1 year and no later than 5 years	44 798	34 276
Later than 5 years	22 425	10 931
	93 161	65 229

7. Investment properties

	Land and buildings
Cost	
At 1 January 2019	14 062
Exchange differences	180
Reclassifications (to) from other assets	5 325
At 31 December 2019	19 567
Exchange differences	(1 340)
Reclassifications (to) from other assets	(206)
At 31 December 2020	18 022
Accumulated depreciation	
At 1 January 2019	266
Depreciation	454
Reclassifications (to) from other assets	477
At 31 December 2019	1 197
Depreciation	549
Exchange differences	(306)
At 31 December 2020	1 440
Carrying amount	
At 31 December 2020	16 581
At 31 December 2019	18 370

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

As of 31 December 2020, the fair value of investment properties amounted to EUR 19,361 thousand (2019: EUR 19,393 thousand). It was determined by independent valuators using discounted cash flow method (hierarchy level 3). Net operating income were estimated for a period of rent contracts signed and together with estimated terminal value discounted by applying 7 – 14.9 percent discount rates (2019: 7 – 14.9 percent).

The Group has pledged investment property with the total carrying value of EUR 11,536 thousand (2019: EUR 13,459 thousand) to secure banking facilities granted to the Group (Note 17).

8. Intangible assets (except for goodwill)

	Software	Brands and trademarks	Contracts with customers	Other intangible assets	Total
Cost					
At 1 January 2019	11 478	64 042	26 627	12 869	115 016
Additions	2 495	-	-	128	2 624
Disposals and write-offs	(521)	(24)	-	(64)	(609)
Disposal of subsidiaries (Note 22)	(1 013)	(175)	-	(533)	(1 722)
Exchange differences	188	(411)	(219)	576	134
Reclassifications	(1)	-	-	1	-
Reclassifications (to) right of use assets on adoption of IFRS 16	-	-	(24 829)	-	(24 829)
Reclassifications from (to) other assets	16	-	-	(7 101)	(7 085)
At 31 December 2019	12 642	63 432	1 578	5 877	83 529
Additions	2 484	-	-	270	2 754
Disposals and write-offs	(400)	-	-	(28)	(428)
Exchange differences	(249)	(2 915)	(79)	(390)	(3 633)
Reclassifications	430	-	-	(430)	-
Reclassifications from (to) other assets	120	-	-	263	383
At 31 December 2020	15 027	60 516	1 500	5 563	82 605
Accumulated amortisation					
At 1 January 2019	7 082	7 181	2 304	4 411	20 977
Amortisation	2 803	7 761	71	361	10 996
Impairment charge (reversal)	-	-	-	217	217
Disposals and write-offs	(385)	(8)	-	(19)	(412)
Disposal of subsidiaries (Note 22)	(658)	(22)	-	(497)	(1 176)
Exchange differences	137	(374)	(258)	(99)	(594)
Reclassifications (to) right of use assets on adoption of IFRS 16	-	-	(2 206)	-	(2 206)
Reclassifications from (to) other assets	(1)	-	-	(846)	(847)
At 31 December 2019	8 978	14 539	(89)	3 527	26 956
Amortisation	1 686	8 775	53	389	10 903
Impairment charge (reversal)	-	-	-	502	502
Disposals and write-offs	(226)	-	-	(68)	(294)
Exchange differences	(362)	(1 849)	240	127	(1 844)
Reclassifications	270	-	-	(270)	-
Reclassifications from (to) other assets	3	-	-	13	16
At 31 December 2020	10 349	21 465	204	4 220	36 238
Carrying amount					
At 31 December 2020	4 677	39 052	1 295	1 343	46 368
At 31 December 2019	3 664	48 893	1 668	2 350	56 574

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

Part of amortisation of intangible assets is accounted for as costs of sales – EUR 295 thousand in 2020 (2019: EUR 346 thousand). Remaining part is accounted for as operating expenses.

Under the brands and trademarks the Group accounted for Stokrotka brand acquired in a business combination in 2018. Its carrying value amounted to EUR 28,314 thousand as of 31 December 2020 (2019: EUR 32,765 thousand) and it will be amortised over the remaining useful life of 12 years (2019: 13 years).

9. Goodwill

Cost	
At 1 January 2019	212 967
Exchange differences	833
Acquisition of subsidiaries	10
Disposal of subsidiaries (Note 22)	(764)
At 31 December 2019	213 045
Exchange differences	(4 916)
Acquisition of subsidiaries	408
At 31 December 2020	208 537
Impairment	
At 1 January 2019	867
At 31 December 2019	867
At 31 December 2020	867
Carrying amount	
At 31 December 2020	207 670
At 31 December 2019	212 178

For the purpose of impairment testing, the goodwill as of 31 December 2020 and 2019 was allocated to the below cash generating units which are also operating and reportable segments. Goodwill was allocated to cash generating units that are expected to benefit from the synergies of the business combination.

	2020	2019
Retail - Lithuania	20 419	21 347
Retail - Latvia	134 507	134 836
Retail - Estonia	12 342	12 756
Retail - Bulgaria	153	153
Retail - Poland	40 248	43 085
	207 670	212 178

Goodwill is reviewed for impairment on an annual basis or more frequently if there are indications that goodwill may be impaired. Goodwill acquired in a business combination is allocated to groups of cash-generating units according to the level at which management monitors that goodwill. In 2020 and 2019 impairment tests did not result in additional goodwill impairment.

10. Non-current receivables and prepayments

	2020	2019
Net investment in the lease (Note 6)	9 547	10 496
Prepayments	7 058	6 541
	16 605	17 038

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

11. Deferred income tax

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

Deferred tax assets	Accrued expenses	Contract liability	Tax losses	Impair-ment of assets	Different rates of depreciation and amortisation	Other	Total
At 1 January 2019	2 126	512	463	1 288	-	3 189	7 579
(Charged) / credited to statement of comprehensive income	(101)	94	597	418	4 789	1 696	7 491
Disposal of subsidiaries (Note 22)	(33)	-	-	-	-	(179)	(211)
Exchange differences	6	1	11	17	(18)	(21)	(5)
Other	(4)	-	-	(73)	393	(556)	(240)
At 31 December 2019	**1 994**	**606**	**1 070**	**1 649**	**5 164**	**4 129**	**14 614**
(Charged) / credited to statement of comprehensive income	326	(44)	52	381	2 064	1 187	3 966
Disposal of subsidiaries (Note 22)	(13)	-	-	-	-	-	(13)
Exchange differences	(45)	(3)	(67)	(114)	(87)	(149)	(464)
Other	66	-	1	70	990	(789)	338
At 31 December 2020	**2 328**	**559**	**1 056**	**1 986**	**8 132**	**4 379**	**18 441**

Deferred tax liabilities	Different rates of depreciation and amortisation	Fair value adjustments	Taxable temporary differences on investments in subsidiaries	Total
At 1 January 2019	2 938	19 553	4 300	26 792
Charged (credited) to statement of comprehensive income	2 901	(2 616)	(2 114)	(1 829)
Disposal of subsidiaries (Note 22)	(54)	(86)	-	(141)
Exchange differences	(13)	162	-	149
Other	550	-	-	550
At 31 December 2019	**6 322**	**17 012**	**2 186**	**25 521**
Charged (credited) to statement of comprehensive income	4 719	(2 295)	(69)	2 356
Exchange differences	(392)	(939)	-	(1 331)
Other	204	-	-	204
At 31 December 2020	**10 854**	**13 779**	**2 117**	**26 750**

As of 31 December 2020 deferred tax assets to be realised within one year amounted to EUR 9,737 thousand and deferred tax liabilities to be settled within one year amounted to EUR 6,278 thousand.

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

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

Taxable temporary differences on investments in subsidiaries

As of 31 December 2020 the Group recognised deferred tax liability of EUR 2,117 thousand (2019: EUR 2,186 thousand) associated with investments in subsidiaries in Latvia and Estonia for the amounts that are planned to be distributed as dividends in the foreseeable future. Temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognised amounted to EUR 82,092 thousand as of 31 December 2020 (2019: EUR 46,964 thousand).

Tax losses

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. As of 31 December 2020 the Group did not recognise deferred income tax assets of EUR 1,391 thousand (2019: EUR 3,843 thousand) in respect of tax losses amounting to EUR 9,107 thousand (2019: EUR 30,009 thousand) that can be carried forward against future taxable income. The expiry dates of tax losses for which no deferred tax asset was recognised are provided below:

	2020	2019
Within 1 year	-	2 370
Within 2 years	4	1 775
Within 3 years	228	2 440
Within 4 years	3	16 068
Within 5 years	389	12
Indefinitely	8 483	7 344
Total	9 107	30 009

12. Inventories

	2020	2019
Goods for resale	318 248	315 085
Goods in transit	12 903	10 937
Materials	6 985	2 928
	338 136	328 950

The allowances for net realisable value of inventories, goods for resale, comprise EUR 13,235 thousand (2019: EUR 11,195 thousand). The change in allowance for inventory is accounted for in cost of sales. In 2020, increase in allowance amounting to EUR 2,040 thousand was included in cost of sales (2019: decrease of EUR 791 thousand).

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

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

	2020	2019
Trade receivables	11 646	11 075
Other receivables	43 361	47 056
Less: allowances for trade and other receivables	(3 519)	(3 718)
Trade and other receivables, net	51 487	54 413
Contract assets	3 786	3 804
Short term loans granted	70	90
	55 344	58 307
Deferred charges	5 202	5 036
Current year portion of net investment in the lease	2 666	2 581
Prepayments	2 379	2 394
Prepaid profit tax	353	1 377
VAT receivable	3 060	5 654
Other prepaid taxes	348	1 386
	69 352	76 734

Other receivables mainly relate to receivables for sold property, plant and equipment and advertising and other services provided to the Group's suppliers (see Note 2.16. for accounting policy).

Contract assets are assets recognised for services performed to the Group's customers before the end of the year, but for which invoices have not been issued at that date. After invoice is issued, which reflects the unconditional right to payment, contract assets are transferred to trade receivables.

Trade receivables and other receivables are non-interest bearing and generally have payment terms of 21 to 41 days (2019: 21 to 41 days).

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

	2020	2019
At 1 January	3 718	3 044
Impairment losses	171	990
Write-off of impairment loss due to receivables write-off	(370)	(187)
Disposal of subsidiary	-	(130)
At 31 December	3 519	3 718

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

14. Cash and cash equivalents

	2020	2019
Cash at bank	144 126	226 584
Cash on hand and in transit	39 397	46 325
	183 523	272 909

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

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

Cash in certain bank accounts and future cash inflows into these accounts amounting to EUR 48,451 thousand (2019: EUR 59,467 thousand) were pledged to the banks as security for credit facilities granted (Note 17).

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

	2020	2019
Cash and cash equivalents	183 523	272 909
Bank overdrafts (Note 17)	-	(11 350)
	183 523	261 559

15. Share capital and share premium

	2020	2019
Number of shares (in thousands)	3 514 699	3 514 699
Par value of one share	0.29	0.29
Total share capital	1 019 263	1 019 263

In 2020 and 2019 there were no changes in the Company's share capital.

Share premium

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

16. Reserves

Legal reserve

Legal reserve is a compulsory reserve under the Lithuanian legislation. Legal reserve is made up by transfers from retained earnings. The reserve should comprise 10% of the Company's share capital and could be used to cover losses of the Company. Annual transfers of 5% of the Company's net profit are compulsory until the reserve reaches 10% of the Company's share capital. As of 31 December 2020, legal reserve amounted to EUR 43,767 thousand (2019: EUR 36,163 thousand).

Reverse acquisition reserve

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

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

17. Borrowings (except for lease liabilities)

	2020	2019
Non-current		
Bank loans	156 086	196 578
Bonds	296 985	295 938
Other borrowings	87	101
	453 158	492 616
Current		
Bank loans	39 339	48 741
Bank overdrafts	-	11 350
Bonds	2 909	2 909
Loans from related parties (Note 28)	-	41 056
Other borrowings	8	8
	42 256	104 065
	495 414	596 681

On 13 September 2018 the Group issued EUR 300 million nominal value fixed 3.25% interest rate coupon bonds. Bonds are traded at Euronext Dublin (Ireland) and Nasdaq Vilnius (Lithuania) stock exchanges. Bonds will mature on 13 September 2023. The fair value of bonds amounted to EUR 320,154 thousand as of 31 December 2020 (2019: EUR 318,816 thousand)

The bank loans as of 31 December 2020 and 2019 are secured by cash in certain bank accounts (Note 14), property, plant and equipment (Note 5), right-of-use assets (Note 6) and investment property (Note 7).

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

	2020	2019
EUR	485 264	580 800
PLN	10 151	14 499
BGN	-	1 382
	495 414	596 681

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

	2020	2019
Bank loans	1.14%	1.05%
Bonds	3.65%	3.65%
Other borrowings	1.75%	0.80%
Total	2.65%	2.33%

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

	2020	2019
In the second year	58 694	39 725
In the third to fifth years (inclusive)	371 816	419 528
After five years	22 648	33 363
	453 158	492 616

For undiscounted contractual future cash outflows see Note 27.1.

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

The undrawn borrowing facilities were as follows:

	2020	2019
Expiring within one year	71 516	64 907
Expiring beyond one year	50 434	6 308
	121 949	71 214

In accordance with the Euro Medium Term Note Program issued for bonds and the agreements signed with banks the Group must comply with various covenants. As of 31 December 2020 and 2019 the Group complied with all of them.

18. Trade and other payables

	2020	2019
Trade payables	509 609	555 577
Liabilities under reverse factoring arrangement	3 963	-
Other amounts payable for services, property, plant and equipment and intangible assets	47 725	58 302
Accrued expenses	4 659	3 757
	565 956	617 636
Remuneration, social security and other related taxes	65 149	63 414
Payable taxes, other than corporate income tax	28 721	29 115
Contract liabilities	14 919	12 663
Advances received	2 306	3 386
Other	413	-
	677 463	726 214

The Group is involved in a reverse factoring arrangement with a bank under which the bank agrees to pay amounts the Group owes to the Group's suppliers and the Group agrees to pay the bank at a date later than suppliers are paid. Payables to the bank under reverse factoring arrangement amounted to EUR 3,963 thousand as of 31 December 2020 (2019: nil). Liabilities under reverse factoring arrangement have a similar nature and function to trade payables as they are part of the working capital used in the Group's normal operating cycle.

Contract liabilities represent the Group's liability to customers to transfer goods or services for the loyalty points received and gift cards. In 2020, the Group recognised EUR 12,663 thousand revenue that was included in the contract liability balance as of 31 December 2019 (2019: EUR 11,480 thousand).

19. Revenue

	2020	2019
Revenue from contracts with customers		
Retail revenue	4 118 691	3 883 807
Commission income	9 352	10 190
Wholesale revenue	54 589	51 247
Other	14 039	18 940
	4 196 672	3 964 185
Other income		
Rental income	28 932	28 955
	28 932	28 955
	4 225 603	3 993 140

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

20. Operating expenses

	2020	2019
Employee remuneration and related taxes	69 999	69 891
Long-term employee benefits	655	263
Transportation services	3 297	2 938
Property, plant and equipment, intangible assets, right-of-use assets impairment charge	8 054	502
Depreciation and amortisation	24 409	19 516
Advertising	24 777	24 490
Rental expenses	663	999
Utilities	6 558	5 453
Taxes (except for income tax)	5 202	4 528
Repair and maintenance	5 907	5 462
Other	18 149	23 364
	167 670	157 408

21. Finance costs, net

	2020	2019
Finance costs:		
Interest expenses		
– Bank borrowings	(3 661)	(4 163)
– Bonds	(10 797)	(10 757)
– Lease	(20 120)	(17 174)
– Other borrowings	(271)	(350)
	(34 849)	(32 444)
Other	16	(272)
Net foreign exchange gain/(loss)	(2 029)	(259)
	(36 863)	(32 975)
Finance income:		
Interest income on net investment in the lease	357	371
Other income	19	94
	376	465
Finance costs, net	(36 486)	(32 510)

22. Other gains (losses)

	2020	2019
Profit (loss) from disposal of subsidiaries	(50)	10 696
Profit (loss) on disposal of property, plant and equipment	(1 067)	929
	(1 117)	11 625

In 2020, the Group disposed of its wholly owned subsidiary Kametas, UAB (Lithuania). In 2019, the Group disposed of its wholly owned subsidiaries Infinite Sp.z.o.o. (Poland) and Infinite IT Solutions Sarl. (Romania).

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

23. Income tax expense

	2020	2019
Current tax	23 821	35 336
Deferred tax (Note 11)	(1 610)	(9 321)
Income tax expense	22 211	26 015

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

	2020	2019
Profit before income tax	174 792	155 150
Tax at domestic tax rate of 15% (2019: 15%)	26 219	23 272
Income not subject to tax	(936)	(1 184)
Expenses not deductible for tax purposes	1 719	6 102
Tax losses for which no deferred income tax was recognised	13	43
Utilisation of previously unrecognised tax losses	(1 274)	(131)
Tax incentives (charity, etc)	(730)	(571)
Adjustments in respect of prior year	17	1
Effect of different tax rates of foreign subsidiaries	(2 847)	(2 159)
Other	30	641
Income tax expense	22 211	26 015
Effective income tax rate	13%	17%

24. Government grants

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

25. Earnings per share

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

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

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

	2020	2019
Profit attributable to ordinary equity holders of the parent (EUR thousand)	152 581	129 135
Weighted average number of ordinary shares (in thousands)	3 514 699	3 514 699
Basic/diluted earnings per share (EUR/share)	0,043	0,037

26. Dividends per share

Dividends declared in 2020 and 2019 amounted to EUR 86,562 thousand (EUR 0.02 per share) and EUR 82,000 thousand (EUR 0.02 per share), respectively.

27. Financial risk management

27.1. Financial risk factors

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

a) Market risk

Foreign currency exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to USD due to purchasing of goods in foreign countries while income is mostly denominated in local currencies. The potential adverse effect from foreign exchange risk is substantially diminished, because the Group companies use foreign currency policies for the management of open currency exposure by currency acquisitions. In 2020 and 2019, the Group was using derivative financial instruments to be able to hedge its risks arising from foreign currency fluctuations ("forwards").

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

Interest rate risk

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

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

The Group's borrowings with variable interest rates amounted to EUR 11,552 thousand as of 31 December 2020 (2019: EUR 83,236 thousand) with repricing periods between 1 - 6 months (2019: 1 - 6 months). The remaining borrowings are with fixed interest rates. Fair value of bonds is disclosed in Note 17, fair value of other borrowings approximates their carrying value. The Group estimates that the increase / decrease of variable interest rates by 50 basis points, applied to exposed amounts as of 31 December 2020 and with all other variables held constant, would result in an increase / decrease in interest expense of EUR 58 thousand and EUR 58 thousand, respectively (2019: EUR 128 thousand and EUR 18 thousand, respectively).

b) Credit risk

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

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

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

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

The amounts presented in the consolidated statement of financial position are net of allowances for doubtful amounts estimated. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, type of service, collateral received). Some of the Group's accounts receivable are secured by pledged inventory and real estate and bank guarantees and insurance. The Group's accounts receivable secured by collateral amounted to EUR 2,013 thousand as of 31 December 2020 (2019: EUR 1,662 thousand). A loss allowance has not been recognised for the amount of accounts receivable covered by collateral. Collateral obtained by the Group has not affected the expected credit losses as of 31 December 2020 (2019: resulted in a decrease of EUR 9 thousand). COVID-19 pandemic did not have material effect on the ECLs and allowances for doubtful amounts receivable.

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

31 December 2020

	Current	1-30 days past due	31-90 days past due	>90 days past due	Total
Expected credit loss rate	0.1%-1%	0.5%-8%	7%-50%	100%	
Gross carrying amount-receivables from non-related parties	44 862	5 119	889	3 697	54 566
Gross carrying amount-receivables from related parties	345	48	46	2	441
Contract assets	3 724	62	-	-	3 786
Cash and cash equivalents	183 523	-	-	-	183 523
Expected credit loss	(28)	(134)	(96)	(3 261)	(3 520)
	232 426	5 096	838	438	238 796

31 December 2019

	Current	1-30 days past due	31-90 days past due	>90 days past due	Total
Expected credit loss rate	0.1%-1%	0.5%-8%	7%-50%	100%	
Gross carrying amount-receivables from non-related parties	42 496	6 298	1 009	3 415	53 219
Gross carrying amount-receivables from related parties	4 696	50	164	2	4 913
Contract assets	3 377	-	-	427	3 804
Cash and cash equivalents	272 909	-	-	-	272 909
Expected credit loss	(87)	(181)	(248)	(3 202)	(3 718)
	323 391	6 167	925	643	331 126

c) Liquidity risk

The Group is exposed to liquidity risk due to different maturity profiles of receivables and payables. Major amount of operating cash is collected from retail customers, therefore the Group does not have significant amount of trade receivables while payables to suppliers outstanding as of 31 December 2020 had weighted average payment term of 43 days.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding. The management believes that the Group will have sufficient cash resources through earning cash from operating activities and utilising undrawn credit facilities from various banks (Note 17). In order to manage short term liquidity risks the Group targets to increase average credit portfolio maturity with longer term credit agreements. In March 2021, the Group completed commercial paper offering with 12 months maturity, the value of the transaction being EUR 40,000 thousand (Note 32).

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

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

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

	2019				
	Borrowings from banks and bonds	Lease liabilities	Borrowings from related and other companies	Other financial liabilities	Total
In the first year	63 001	105 927	41 064	617 932	827 924
In the second year	39 717	99 382	8	176	139 283
In the third year	56 589	93 522	8	368	150 487
In the fourth year	335 560	84 703	8	499	420 770
In the fifth year	27 352	74 211	8	331	101 902
After five years	33 296	361 490	67	496	395 350
	555 515	819 235	41 165	619 802	2 035 717

27.2. Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The capital management strategy aims to continually optimise its financial structure by maintaining an optimum balance between net debt and EBITDA also equity and total assets in order to minimise the cost of capital and maintain the Group's credit rating at a level that allows it to access a wide range of financing sources and instruments.

The Group's equity is comprised of issued share capital, share premium, legal reserve, reverse acquisition reserve, foreign currency translation reserve and retained earnings attributable to equity holders. Management's focus is to ensure the Group companies have sufficient equity capital to comply with capital adequacy ratios, the minimum capital rules set by local legislation and meet covenants set in bank credit agreements and Euro Medium Term Note Programme Prospectus.

27.3. Fair value of financial instruments

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

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

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

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

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

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

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

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

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

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

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

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

28. Related party transactions

Relates parties below include the Group's parent Uzdaroji Akcine Bendrove Vilniaus Prekyba and other related parties that are entities controlled by the Group's ultimate controlling party. The ultimate controlling party of the Group is Mr. N. Numa.

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

The following transactions were carried out with related parties:

	2020	2019
Sales of goods and services:		
Sales of goods to other related parties	1 326	1 211
Sales of services to other related parties	10 161	8 092
	11 487	9 303

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

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

	2020	2019
Purchases of goods and services:		
Purchases of goods from other related parties	4 837	5 187
Purchases of services from parent company	826	973
Purchases of services from other related parties	18 109	15 492
	23 772	21 653

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

	2020	2019
Sales of property, plant and equipment to:		
Other related parties	53	5 506
	53	5 506

	2020	2019
Purchases of property, plant and equipment from:		
Other related parties	758	676
	758	676

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

	2020	2019
Non-current receivables and prepayments:		
Other related parties	4 514	4 630
	4 514	4 630

Non-current receivables and prepayments include net investment in the lease recognised for the sublease of premises to related parties.

	2020	2019
Trade and other receivables, prepayments and other short-term financial assets from:		
Trade and other receivables - other related parties	441	4 913
Current year portion of net investment in the lease - other related parties	1 543	1 262
	1 983	6 175

	2020	2019
Trade and other payables to:		
Parent company	82	84
Other related parties	4 523	5 981
	4 605	6 065

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

c) Borrowings

	2020	2019
Non-current borrowings:		
Lease liabilities to other related parties	91 364	101 745
	91 364	101 745

	2020	2019
Current borrowings:		
Loans from other related parties	-	41 056
Lease liabilities to other related parties	11 435	11 421
	11 435	52 476

d) Finance income/costs

	2020	2019
Interest expenses to:		
Other related parties	2 122	2 261
	2 122	2 261

Loans borrowed from related parties are unsecured and their weighted average interest rate as of 31 December 2019 was 0.8%.

	2020	2019
Interest income from:		
Other related parties	106	94
	106	94

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

e) Key management compensation

	2020	2019
Salaries including related taxes	1 259	1 829
Termination benefits	78	317
Payment of long term employee benefits	-	2 088
(Release) of provision for long term employee benefits	-	(39)

29. Cash flow information

29.1. Non-cash investing and financing activities

Non-cash investing and financing activities in 2020 and 2019 are provided below:

- Additions to right-of-use assets and lease liabilities amounted to EUR 100,589 thousand (Note 6) (2019: EUR 103,860 thousand).
- Lease liability remeasurements, including effect of foreign exchange rate changes, amounted to EUR 13,432 thousand (2019: EUR 35,759 thousand).

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

29.2. Changes in liabilities arising from financing activities

The below table summarises changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes during the year ended 31 December 2020 and 2019:

	2020								
	Balance at 31 December 2019	Dividends declared	Cash received	Cash paid	Increase in lease liabilities	Interest expenses	Interest paid	Other	Balance at 31 December 2020
Borrowings, excl. bank overdrafts	585 332	-	-	(90 038)	-	14 729	(13 345)	(1 263)	495 415
Lease liabilities	687 894	-	-	(106 327)	87 157	20 120	-		688 844
Dividend payable	-	86 562	-	(86 562)		-	-	-	-
Total liabilities arising from financing activities	1 273 226	86 562	-	(282 927)	87 157	34 849	(13 345)	(1 263)	1 184 259

	2019										
	Balance at 31 December 2018	Recognised on adoption of IFRS16	Dividends declared	Cash received	Cash paid	Disposal of subsidiary	Increase in lease liabilities	Interest expenses	Interest paid	Other	Balance at 31 December 2019
Borrowings, excl. bank overdrafts	571 334	-	-	72 355	(59 501)	-	-	15 270	(14 263)	137	585 332
Lease liabilities	1 954	632 273	-	-	(102 448)	(713)	139 655	17 174	-		687 894
Dividend payable	-	-	82 000	-	(82 000)	-		-	-	-	-
Total liabilities arising from financing activities	573 288	632 273	82 000	72 355	(243 949)	(713)	139 655	32 444	(14 263)	137	1 273 226

30. Contingent liabilities

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

As of the date of the approval of these consolidated financial statements, all legal proceedings in which Maxima Latvija SIA was involved as of 31 December 2019 relating to the collapse of parts of the roof of the trade centre "Maxima XX" located in Priedaines iela 20, Riga, Latvia, that occurred on 21 November 2013, with a claim amount of EUR 100 thousand were terminated due to the concluded settlement agreements of EUR 2 thousand.

Separately, an employee of Maxima Latvija SIA (who was responsible for labour safety in the aforementioned store) was participating as defendant in a criminal case initiated based on breach of labour safety rules. Maxima Latvija SIA could theoretically be held liable in criminal proceedings if the court found that the employee (i) was guilty of alleged irregularities and (ii) the employee was acting in accordance with Maxima Latvija SIA instructions. According to official expert findings, the collapse was due to inadequate design and not due to employee violations, and therefore, in the view of Maxima Latvija SIA management, there were no causal relationship between the collapse of the roof and the alleged violations of the Maxima Latvija SIA employee. Decision of the court of first instance was delivered on 18 February 2020. The court acquitted the employee of Maxima Latvija SIA. Decision of the court was appealed.

The Group believes that liabilities relating to the above ongoing proceedings would not, individually or in the aggregate, require additional accruals or provisions to be recorded as of 31 December 2020.

Corporate income tax case in Poland

The Group is involved in an ongoing tax dispute with the Polish tax authorities relating to Emperia Holding Sp.z.o.o. (previously Emperia Holding S.A.) (“Emperia Holding”) corporate income tax liability for the fiscal year ended 31 December 2011. In 2010, Emperia Holding established P1 sp. z o.o. ("P1"), a 100 per cent owned subsidiary and, in 2011, it made an in-kind contribution to P1 of the shares of certain of its distribution company subsidiaries (the "Distribution Subsidiaries") (which was treated as tax neutral step by Emperia Holding). At the end of 2011, P1 disposed of its shares in the Distribution Subsidiaries to an entity outside the Emperia Holding group.

In 2011, P1's share capital was reduced through the compulsory redemption of 13,200,000 shares with an aggregate nominal value of PLN 1,320,000,000 (the "P1 Redemption"). Emperia Holding received remuneration for the redemption of its P1 shares which was treated as tax exempt dividend-type income since Emperia Holding had held 100 percent of P1's shares for a period exceeding two years.

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

Emperia Holding has subsequently filed a complaint to the Administrative Court in Warsaw (Wojewódzki Sąd Administracyjny w Warszawie), requesting the annulment of both first and second instance decisions. On 17 July 2018 the court of first instance annulled the decision of the second instance tax authority. The court held that the case should ultimately be resolved by the tax authority of the second instance, however, such tax authority must take into account certain considerations espoused by the court during its ruling. On 28 November 2018, the Director of the Tax Administration Chamber in Warsaw filed a cassation complaint with the Supreme Administrative Court.

On 25 July 2019, the Supreme Administrative Court annulled the judgement of the Provincial Administrative Court and remitted the case for reconsideration to the Provincial Administrative Court in Warsaw which on 20 November 2019 adopted favourable judgement to Emperia Holding – annulled the tax decisions of both instances and discontinued the tax proceedings.

On 19 February 2020 the Director of the Tax Chamber filed a cassation complaint to the Supreme Administrative Court. On 15 December 2020, the Supreme Administrative Court issued a judgment annulling the judgment of the court of first instance (the Provincial Administrative Court) and referred the case back to that court. The case is currently pending before the Provincial Administrative Court which set a date of 22 April 2021 for the examination of this case.

Whilst resolution of the matter is pending, Emperia Holding has provided the tax authorities with collateral securing the Shortfall, together with default interest, in the form of a bank guarantee up to a maximum of PLN 200 million.

The management believes that the final outcome of the court will be beneficial to the Group, therefore no provision was formed in the consolidated financial statements as of 31 December 2020.

31. COVID-19

The Group's results of the year ended 31 December 2020 were affected by COVID-19 pandemic. The Group's revenue growth was negatively impacted by the lockdown measures taken by the national governments to tackle COVID-19 pandemic in the second quarter of 2020, especially. On the other hand COVID-19 pandemic accelerated consumer shift to e-commerce and this resulted in increased Group's revenue of online sales, however this only partially compensated negative impact on revenue from lockdown measures.

During the year the Group incurred additional costs amounting to EUR 9 million relating to protection of health of the Group's employees and customers and compensations to employees for the work in COVID-19 pandemic environment. Moreover, the Group provided temporary rent concessions to tenants that suffered from the lockdown resulting in the decrease of rent income. The government's assistance of EUR 10.8 million was received in Poland for the protection of jobs threatened by COVID-19 pandemic (Note 24).

Overall during the COVID-19 pandemic the Group's financial position remained stable, which implies that the Group's business model is resilient to the negative economic cycles.

As in 2021 the world is still exposed to the pandemic, the Group's management monitors the situation and takes adaptive decisions to the changing environment. The Group's priority to maintain a safe environment to its employees and customers remains unchanged.

32. Events after the reporting period

In March 2021, the Group completed commercial paper offering with 12 months maturity. The nominal value of the transaction amounted to EUR 40 million. The notes were placed at 0.618% yield. They are not listed and were subscribed by various institutional investors. The issued notes are unsecured and will be used for general short-term financing purposes of the Group.

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

Appendix 1
NASDAQ STRUCTURED TABLE FOR DISCLOSURE

MAXIMA GRUPĖ, UAB (the Company), acting in compliance with paragraph 24.5 of the Listing Rules of AB Nasdaq Vilnius, hereby discloses how it complies with the Corporate Governance Code for the Companies listed on Nasdaq Vilnius (the Code) as well as its specific provisions or recommendations. In case of non-compliance with the provisions or recommendations of this Code, we specify it along with the reasons for such non-compliance. In addition, we provide other explanatory information in this form.

SUMMARY OF THE CORPORATE GOVERNANCE REPORT

The Company's bodies, as per its articles of association, are the general meeting of shareholders, the supervisory board, the management board (the Board), and the chief executive officer as a one-person management body. The general meeting of shareholders elects the supervisory board, which is composed of five members elected for a term of four years. As of MAXIMA GRUPĖ's annual report's (the Report) date of signing, the supervisory board comprised of 3 members. The Board is a collegial management body with eight members whom the supervisory board elects for a four-year period. As of this Report's date of signing, the Board is comprised of 7 members.

A standing audit committee reporting to the supervisory board is also formed in the Company. It is composed of three members who are elected by the supervisory board for a term of four years. There are two independent members on the audit committee (including the chairman). The audit committee's functions are established by legal acts of the Republic of Lithuania and the Bank of Lithuania as well as the audit committee regulations approved by the Company's supervisory board.

Additional information about the Company's governance, shareholders' rights, the Board and audit committee activities, the composition of the supervisory board and the Board, internal control and risk management systems, and other essential matters related to the Company's governance is provided in the Company's consolidated annual report for the financial year ended 31 December 2020.

STRUCTURED TABLE FOR DISCLOSURE:

PRINCIPLES/ RECOMMENDATIONS	YES/NO/ NOT APPLICABLE	COMMENTS
Principle 1: General meeting of shareholders, equitable treatment of shareholders, and shareholders' rights The corporate governance framework should ensure the equitable treatment of all shareholders. The corporate governance framework should protect the rights of shareholders.		
1.1. All shareholders should be provided with access to the information and/or documents established in the legal acts on equal terms. All shareholders should be furnished with equal opportunity to participate in the decision-making process where significant corporate matters are discussed.	Not applicable	The Company has sole shareholder.
1.2. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all of their holders.	Yes	All the Company's shares provide the same voting, ownership, dividend, and other rights.
1.3. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	Not applicable	The Company publicly offers only bonds.
1.4. Exclusive transactions that are particularly important to the company, such as transfer of all or almost all assets of the company which in principle would mean the transfer of the company, should be subject to approval of the general meeting of shareholders.	No	The Company's general meeting of the shareholders has the competence envisaged in the Law on Companies. The Company's articles of association do not require shareholders' approval for transactions that are conducted. Thus, exclusive transactions that are particularly important to the Company are not subject to approval of the general meeting of shareholders of the Company. The decision to deviate from this recommendation was adopted by the shareholder of the Company when the Articles of Association were approved. Given that the Company has one sole shareholder, granting such competence to the shareholders meeting is not relevant.

1.5. Procedures for convening and conducting a general meeting of shareholders should provide shareholders with equal opportunities to participate in the general meeting of shareholders and should not prejudice the rights and interests of shareholders. The chosen venue, date, and time of the general meeting of shareholders should not prevent active participation of shareholders at the general meeting. In the notice of the general meeting of shareholders being convened, the company should specify the last day on which the proposed draft decisions should be submitted at the latest.	Not applicable	The Company has one sole shareholder.
1.6. With a view to ensure the right of shareholders living abroad to access the information, it is recommended, where possible, that documents prepared for the general meeting of shareholders in advance should be announced publicly not only in Lithuanian language but also in English and/or other foreign languages in advance. It is recommended that the minutes of the general meeting of shareholders after the signing thereof and/or adopted decisions should be made available publicly not only in Lithuanian language but also in English and/or other foreign languages. It is recommended that this information should be placed on the website of the company. Such documents may be published to the extent that their public disclosure is not detrimental to the company or the company's commercial secrets are not revealed.	Not applicable	The Company has one sole shareholder and there are no shareholders living abroad.
1.7. Shareholders who are entitled to vote should be furnished with the opportunity to vote at the general meeting of shareholders both in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	Yes	The Company has one sole shareholder who is able to exercise the right to vote at the general meeting of shareholders both in person, and by completing the general voting ballot.
1.8. With a view to increasing the shareholders' opportunities to participate effectively at general meetings of shareholders, it is recommended that companies should apply modern technologies on a wider scale and thus provide shareholders with the conditions to participate and vote in general meetings of shareholders via electronic means of communication. In such cases the security of transmitted information must be ensured, and it must be possible to identify the participating and voting person.	Not applicable	The Company has one sole shareholder.

1.9. It is recommended that the notice on the draft decisions of the general meeting of shareholders being convened should specify new candidatures of members of the collegial body, their proposed remuneration and the proposed audit company if these issues are included into the agenda of the general meeting of shareholders. Where it is proposed to elect a new member of the collegial body, it is recommended that the information about his/her educational background, work experience and other managerial positions held (or proposed) should be provided.	Yes	Every candidate to a collegial body must declare what positions they hold where, and how their other activities are related to the Company and to other persons associated with the Company, as well as his/her educational background and work experience. Information on proposed audit company is also provided to the shareholder prior to adoption of the decision of the sole shareholder.
1.10. Members of the company's collegial management body, heads of the administration or other competent persons related to the company who can provide information related to the agenda of the general meeting of shareholders should take part in the general meeting of shareholders. Proposed candidates to member of the collegial body should also participate in the general meeting of shareholders in case the election of new members is included into the agenda of the general meeting of shareholders.	Yes	When needed, members of the Company's collegial body, heads of the administration, and other competent persons related to the Company who can provide information related to the agenda of the general meeting of shareholders participate in the general meeting of the shareholders. Proposed candidates to member of the collegial body participate in the general meeting of the shareholders in case the election of new members is included into the agenda of the general meeting of the shareholders.

Principle 2: Supervisory Board

2.1. Functions and liability of the supervisory board

The supervisory board of the company should ensure representation of the interests of the company and its shareholders, accountability of this body to the shareholders and objective monitoring of the company's operations and its management bodies as well as constantly provide recommendations to the management bodies of the company.

The supervisory board should ensure the integrity and transparency of the company's financial accounting and control system.

2.1.1. Members of the supervisory board should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders and represent their interests, having regard to the interests of employees and public welfare.	Yes	To the best of the Company's knowledge, all the members of the supervisory board act in good faith and with care and responsibility on behalf of the Company and its shareholders, and represent their interests, having regard also for employees' interests and the public welfare.

2.1.2. Where decisions of the supervisory board may have a different effect on the interests of the company's shareholders, the supervisory board should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed about the company's strategy, risk management and control, and resolution of conflicts of interest.	Yes	The Company's shareholder is properly informed about such matters.
2.1.3. The supervisory board should be impartial in passing decisions that are significant for the company's operations and strategy. Members of the supervisory board should act and pass decisions without an external influence from the persons who elected them.	Yes	To the best of the Company's knowledge, the supervisory board acts impartially in taking decisions that are significant for the Company's operations and strategy, and the work and decisions of its members are not influenced by the persons who elected them. The regulations for the supervisory board's work establish the procedure for adopting decisions and the obligations of members of the supervisory board.
2.1.4. Members of the supervisory board should clearly voice their objections in case they believe that a decision of the supervisory board is against the interests of the company. Independent members of the supervisory board should: a) maintain independence of their analysis and decision-making; b) not seek or accept any unjustified privileges that might compromise their independence.	Yes	The regulations for the supervisory board's work establish the duty of the members of supervisory board to act for the benefit of the Company and their right to vote against proposed decisions. There is no requirement for the Company to have independent supervisory board members, therefore the Company does not have independent members.
2.1.5. The supervisory board should oversee that the company's tax planning strategies are designed and implemented in accordance with the legal acts in order to avoid faulty practice that is not related to the long-term interests of the company and its shareholders, which may give rise to reputational, legal or other risks.	Yes	The supervisory board oversees the work of the Board and the CEO of the Company and approves the Company's strategy. These functions amongst others, also include the oversight of tax planning strategies and the assessment of potential risks.
2.1.6. The company should ensure that the supervisory board is provided with sufficient resources (including financial ones) to discharge their duties, including the right to obtain all the necessary information or to seek independent professional advice from external legal, accounting, or other experts on matters pertaining to the competence of the supervisory board and its committees.	Yes	The supervisory board is provided with sufficient resources.

2.2. Formation of the supervisory board

The procedure of the formation of the supervisory board should ensure proper resolution of conflicts of interest and effective and fair corporate governance.

2.2.1. The members of the supervisory board elected by the general meeting of shareholders should collectively ensure the diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance between the qualifications of the members of the supervisory board, it should be ensured that members of the supervisory board, as a whole, should have diverse knowledge, opinions and experience to duly perform their tasks.	Yes	The members of the supervisory board collectively ensure an appropriate diversity of qualifications, professional experience and competences (in areas of marketing, finance and management), with multifaceted expertise, and include persons of both sexes. More detailed information about supervisory board members' experience, qualifications and positions held is provided in the Company's annual report.
2.2.2. Members of the supervisory board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience.	Yes	Members of the supervisory board are appointed for a term of four years and can be re-elected. New members of the supervisory board appointed during the term of the supervisory board are appointed for the remaining term of the supervisory board.
2.2.3. Chair of the supervisory board should be a person whose current or past positions constituted no obstacle to carry out impartial activities. A former manager or management board member of the company should not be immediately appointed as chair of the supervisory board either. Where the company decides to depart from these recommendations, it should provide information on the measures taken to ensure impartiality of the supervision.	Yes	The supervisory board elects a chairperson from among its members. The current chairwoman of the supervisory board is a member of the Board of the Company's sole shareholder and has not been the Company's CEO or a member of its Board.
2.2.4. Each member should devote sufficient time and attention to perform his duties as a member of the supervisory board. Each member of the supervisory board should undertake to limit his other professional obligations (particularly the managing positions in other companies) so that they would not interfere with the proper performance of the duties of a member of the supervisory board. Should a member of the supervisory board attend less than a half of the meetings of the supervisory board throughout the financial year of the company, the shareholders of the company should be notified thereof.	Yes	To the best of the Company's knowledge, the members of the Company's supervisory board have devoted due attention to performing their duties. Every meeting has been attended by all of the supervisory board's members.
2.2.5. When it is proposed to appoint a member of the supervisory board, it should be announced which members of the supervisory board are deemed to be independent. The supervisory board may decide that, despite the fact that a particular member meets all the criteria of independence, he/she cannot be considered independent due to special personal or company-related circumstances.	Not applicable	There is no requirement for the Company to have independent supervisory board members.

2.2.6. The amount of remuneration to members of the supervisory board for their activity and participation in meetings of the supervisory board should be approved by the general meeting of shareholders.	Yes	Remuneration to members of the supervisory board for their activities falls within the competence of the Company's general meeting of shareholders.
2.2.7. Every year the supervisory board should carry out an assessment of its activities. It should include evaluation of the structure of the supervisory board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the supervisory board, and evaluation whether the supervisory board has achieved its objectives. The supervisory board should, at least once a year, make public respective information about its internal structure and working procedures.	No	It is not the practice of the Company for the supervisory board to assess its own activities.

Principle 3: Management Board

3.1. Functions and liability of the management board

The management board should ensure the implementation of the company's strategy and good corporate governance with due regard to the interests of its shareholders, employees and other interest groups.

3.1.1. The management board should ensure the implementation of the company's strategy approved by the supervisory board if the latter has been formed at the company. In such cases where the supervisory board is not formed, the management board is also responsible for the approval of the company's strategy.	Yes	The supervisory board of the Company approved the Company's strategy on 29 January 2019. Its implementation is ensured by the Board and the CEO of the Company.
3.1.2. As a collegial management body of the company, the management board performs the functions assigned to it by the Law and in the articles of association of the company, and in such cases where the supervisory board is not formed in the company, it performs inter alia the supervisory functions established in the Law. By performing the functions assigned to it, the management board should take into account the needs of the company's shareholders, employees and other interest groups by respectively striving to achieve sustainable business development.	Yes	The Board performs the functions assigned to it by the Law on Companies and by the Company's articles of association. The Board takes into account the needs of the Company's shareholders, employees and other interest groups, striving to achieve sustainable business development.
3.1.3. The management board should ensure compliance with the laws and the internal policy of the company applicable to the company or a group of companies to which this company belongs. It should also establish the respective risk management and control measures aimed at ensuring regular and direct liability of managers.	Yes	The Board ensures compliance with the applicable laws and its own internal policy, and also establishes risk management and control measures to ensure the regular and direct accountability of managers.

3.1.4. Moreover, the management board should ensure that the measures included into the OECD Good Practice Guidance on Internal Controls, Ethics and Compliance are applied at the company in order to ensure adherence to the applicable laws, rules and standards.	Yes	The Company has adopted and abides by a Corruption Prevention Policy.
3.1.5. When appointing the manager of the company, the management board should take into account the appropriate balance between the candidate's qualifications, experience and competence.	Yes	In appointing the head of the Company, the balance of the person's qualifications, experience and competence is taken into account.
3.2. Formation of the management board		
3.2.1. The members of the management board elected by the supervisory board or, if the supervisory board is not formed, by the general meeting of shareholders should collectively ensure the required diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance in terms of the current qualifications possessed by the members of the management board, it should be ensured that the members of the management board would have, as a whole, diverse knowledge, opinions and experience to duly perform their tasks.	Yes	The members of the Board collectively have broad experience, qualifications, knowledge and competencies. The representation of both sexes on the Board is ensured as much as possible. More detailed information about the experience and qualifications of the members of the Board is provided in the Company's annual report.
3.2.2. Names and surnames of the candidates to become members of the management board, information on their educational background, qualifications, professional experience, current positions, other important professional obligations and potential conflicts of interest should be disclosed without violating the requirements of the legal acts regulating the handling of personal data at the meeting of the supervisory board in which the management board or individual members of the management board are elected. In the event that the supervisory board is not formed, the information specified in this paragraph should be submitted to the general meeting of shareholders. The management board should, on yearly basis, collect data provided in this paragraph on its members and disclose it in the company's annual report.	Yes	Information about candidates to the Board is provided to the supervisory board in advance without violating personal data protection requirements. Information about the members of the Board is provided in the Company's annual report.
3.2.3. All new members of the management board should be familiarized with their duties and the structure and operations of the company.	Yes	New members of the Board are acquainted with the most important information about the Company, including their duties and the structure and operations of the Company.

3.2.4. Members of the management board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience and sufficiently frequent reconfirmation of their status.	Yes	Members of the Board are elected for a four-year term and can be re-elected. New members of the Board appointed during term of the Board are appointed for the remaining term of the Board.
3.2.5. Chair of the management board should be a person whose current or past positions constitute no obstacle to carry out impartial activity. Where the supervisory board is not formed, the former manager of the company should not be immediately appointed as chair of the management board. When a company decides to depart from these recommendations, it should furnish information on the measures it has taken to ensure the impartiality of supervision.	Yes	The current and past positions held by the chairman of the Board are no obstacle to his acting impartially. Information about other positions held by the chairman of the Board is included in the Company's annual report.
3.2.6. Each member should devote sufficient time and attention to perform his duties as a member of the management board. Should a member of the management board attend less than a half of the meetings of the management board throughout the financial year of the company, the supervisory board of the company or, if the supervisory board is not formed at the company, the general meeting of shareholders should be notified thereof.	Yes	Every member of the Board devotes sufficient time to the performance of their duties. There were no such Board members who missed more than half of the meetings.
3.2.7. In the event that the management board is elected in the cases established by the Law where the supervisory board is not formed at the company, and some of its members will be independent, it should be announced which members of the management board are deemed as independent. The management board may decide that, despite the fact that a particular member meets all the criteria of independence established by the Law, he/she cannot be considered independent due to special personal or company-related circumstances.	Not applicable	The supervisory board is formed at the Company. Members of the Company's supervisory board are not subject to the requirement of independence.
3.2.8. The general meeting of shareholders of the company should approve the amount of remuneration to the members of the management board for their activity and participation in the meetings of the management board.	No	The amount of remuneration to members of the Board for their work thereon is set by the supervisory board, which is composed of representatives appointed by the sole shareholder.

3.2.9. The members of the management board should act in good faith, with care and responsibility for the benefit and the interests of the company and its shareholders with due regard to other stakeholders. When adopting decisions, they should not act in their personal interest; they should be subject to no-compete agreements and they should not use the business information or opportunities related to the company's operations in violation of the company's interests.	Yes	To the Company's knowledge, all the members of the Board act in good faith, with care and responsibly, for the benefit of the Company and its shareholders, and represent their interests with due regard to other stakeholders. The members of the Board are subject to confidentiality obligations.
3.2.10. Every year the management board should carry out an assessment of its activities. It should include evaluation of the structure of the management board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the management board, and evaluation whether the management board has achieved its objectives. The management board should, at least once a year, make public respective information about its internal structure and working procedures in observance of the legal acts regulating the processing of personal data.	No	It is not the practice of the Company for the Board to assess its own activities. The supervisory board, within the limits of its competence, oversees the work of the Board.

Principle 4: Rules of procedure of the supervisory board and the management board of the company

The rules of procedure of the supervisory board, if it is formed at the company, and of the management board should ensure efficient operation and decision-making of these bodies and promote active cooperation between the company's management bodies.

4.1. The management board and the supervisory board, if the latter is formed at the company, should act in close cooperation in order to attain benefit for the company and its shareholders. Good corporate governance requires an open discussion between the management board and the supervisory board. The management board should regularly and, where necessary, immediately inform the supervisory board about any matters significant for the company that are related to planning, business development, risk management and control, and compliance with the obligations at the company. The management board should inform the supervisory board about any derogations in its business development from the previously formulated plans and objectives by specifying the reasons for this.	Yes	The Board and supervisory board work in close cooperation and are in regular contact (including related to the matters indicated in the recommendation).

4.2. It is recommended that meetings of the company's collegial bodies should be held at the respective intervals, according to the pre-approved schedule. Each company is free to decide how often meetings of the collegial bodies should be convened but it is recommended that these meetings should be convened at such intervals that uninterruptable resolution of essential corporate governance issues would be ensured. Meetings of the company's collegial bodies should be convened at least once per quarter.	Yes	Meetings of the Board and of its supervisory board are held regularly and at intervals which ensure the uninterrupted resolution of essential matters.
4.3. Members of a collegial body should be notified of the meeting being convened in advance so that they would have sufficient time for proper preparation for the issues to be considered at the meeting and a fruitful discussion could be held and appropriate decisions could be adopted. Along with the notice of the meeting being convened all materials relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body present at the meeting agree with such change or supplement to the agenda, or certain issues that are important to the company require immediate resolution.	Yes	Members of the Company's collegial bodies are informed in advance about meetings that are convened and have sufficient time to be acquainted with the relevant materials.
4.4. In order to coordinate the activities of the company's collegial bodies and ensure effective decision-making process, the chairs of the company's collegial supervision and management bodies should mutually agree on the dates and agendas of the meetings and close cooperate in resolving other matters related to corporate governance. Meetings of the company's supervisory board should be open to members of the management board, particularly in such cases where issues concerning the removal of the management board members, their responsibility or remuneration are discussed.	Yes	As needed, the chairs of the supervisory board and the Board coordinate meeting dates and agendas and work together closely.

Principle 5: Nomination, remuneration and audit committees

5.1. Purpose and formation of committees

The committees formed at the company should increase the work efficiency of the supervisory board or, where the supervisory board is not formed, of the management board which performs the supervisory functions by ensuring that decisions are based on due consideration and help organise its work in such a way that the decisions it takes would be free of material conflicts of interest.

Committees should exercise independent judgment and integrity when performing their functions and provide the collegial body with recommendations concerning the decisions of the collegial body. However, the final decision should be adopted by the collegial body.

5.1.1. Taking due account of the company-related circumstances and the chosen corporate governance structure, the supervisory board of the company or, in cases where the supervisory board is not formed, the management board which performs the supervisory functions, establishes committees. It is recommended that the collegial body should form the nomination, remuneration and audit committees.	Yes/No	An audit committee was active in the Company in 2020. Nomination and remuneration committees are not formed as the supervisory board or the shareholder itself performs those functions when necessary and decided not to form such committees.
5.1.2. Companies may decide to set up less than three committees. In such case companies should explain in detail why they have chosen the alternative approach, and how the chosen approach corresponds with the objectives set for the three different committees.	No	Taking into account the small number of managerial positions in the company, it was decided not to form three separate committees, and these functions are performed by the supervisory board or the shareholder where necessary under their competences, prescribed by law.
5.1.3. In the cases established by the legal acts the functions assigned to the committees formed at companies may be performed by the collegial body itself. In such case the provisions of this Code pertaining to the committees (particularly those related to their role, operation and transparency) should apply, where relevant, to the collegial body as a whole.	Yes	When necessary the Company's supervisory board itself performs the functions, which are assigned to nomination and remuneration committees.
5.1.4. Committees established by the collegial body should normally be composed of at least three members. Subject to the requirements of the legal acts, committees could be comprised only of two members as well. Members of each committee should be selected on the basis of their competences by giving priority to independent members of the collegial body. The chair of the management board should not serve as the chair of committees.	Yes	The audit committee comprises three members, of whom two are independent. These members were selected based on their competences. Chair of the Board is neither chair, nor member of the audit committee.
5.1.5. The authority of each committee formed should be determined by the collegial body itself. Committees should perform their duties according to the authority delegated to them and regularly inform the collegial body about their activities and performance on a regular basis. The authority of each committee defining its role and specifying its rights and duties should be made public at least once a year (as part of the information disclosed by the company on its governance structure and practice on an annual basis). In compliance with the legal acts regulating the processing of personal data, companies should also include in their annual reports the statements of the existing committees on their composition, the number of meetings and attendance over the year as well as the main directions of their activities and performance.	Yes	The audit committee's regulations are approved by the supervisory board. The audit committee submits activity reports to the supervisory board. Information about the composition, activities and functions of the audit committee is published in the Company's annual report.

5.1.6. With a view to ensure the independence and impartiality of the committees, the members of the collegial body who are not members of the committees should normally have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or request that certain employees of the company or experts would participate in the meeting. Chair of each committee should have the possibility to maintain direct communication with the shareholders. Cases where such practice is to be applied should be specified in the rules regulating the activities of the committee.	Yes	The audit committee may invite selected persons to its meetings. The chair of the audit committee has the possibility to directly communicate with the shareholder if necessary.
5.2. Nomination committee		
5.2.1. The key functions of the nomination committee should be the following: 1) to select candidates to fill vacancies in the membership of supervisory and management bodies and the administration and recommend the collegial body to approve them. The nomination committee should evaluate the balance of skills, knowledge and experience in the management body, prepare a description of the functions and capabilities required to assume a particular position and assess the time commitment expected; 2) assess, on a regular basis, the structure, size and composition of the supervisory and management bodies as well as the skills, knowledge and activity of its members, and provide the collegial body with recommendations on how the required changes should be sought; 3) devote the attention necessary to ensure succession planning.	Not applicable	This committee is not formed in the Company. These functions are performed by the supervisory board where applicable.
5.2.2. When dealing with issues related to members of the collegial body who have employment relationships with the company and the heads of the administration, the manager of the company should be consulted by granting him/her the right to submit proposals to the Nomination Committee.	Not applicable	This committee is not formed in the Company. These functions are performed by the supervisory board when necessary.
5.3. Remuneration committee		

5.3.1. The main functions of the remuneration committee should be as follows: 1) submit to the collegial body proposals on the remuneration policy applied to members of the supervisory and management bodies and the heads of the administration for approval. Such policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as conditions which would allow the company to recover the amounts or suspend the payments by specifying the circumstances under which it would be expedient to do so; 2) submit to the collegial body proposals regarding individual remuneration for members of the collegial bodies and the heads of the administration in order to ensure that they would be consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned; 3) review, on a regular basis, the remuneration policy and its implementation.	Not applicable	This committee is not formed in the Company. These functions are performed by the supervisory board or the shareholder (in relation to supervisory board).
5.4. Audit committee		
5.4.1. The key functions of the audit committee are defined in the legal acts regulating the activities of the audit committee.	Yes	The audit committee performs the functions in the Company that legal acts envisage for it.
5.4.2. All members of the committee should be provided with detailed information on specific issues of the company's accounting system, finances and operations. The heads of the company's administration should inform the audit committee about the methods of accounting for significant and unusual transactions where the accounting may be subject to different approaches.	Yes	The representatives of the Company's administration regularly participate in meetings of the audit committee and provide it with all detailed information regarding relevant issues.
5.4.3. The audit committee should decide whether the participation of the chair of the management board, the manager of the company, the chief finance officer (or senior employees responsible for finance and accounting), the internal and external auditors in its meetings is required (and, if required, when). The committee should be entitled, when needed, to meet the relevant persons without members of the management bodies present.	Yes	The audit committee, as needed, can and does invite any representative of the Company and external auditors to its meetings.

5.4.4. The audit committee should be informed about the internal auditor's work program and should be furnished with internal audit reports or periodic summaries. The audit committee should also be informed about the work program of external auditors and should receive from the audit firm a report describing all relationships between the independent audit firm and the company and its group.	Yes	The audit committee meets with the internal auditors and receives information about internal audit results, recommendations and their implementation, as well as the work program. The committee also regularly holds the meetings with external auditors and receives information about audit status and results, and about any relationships between the Company and the external auditor.
5.4.5. The audit committee should examine whether the company complies with the applicable provisions regulating the possibility of lodging a complaint or reporting anonymously his/her suspicions of potential violations committed at the company and should also ensure that there is a procedure in place for proportionate and independent investigation of such issues and appropriate follow-up actions.	Yes	the Audit Committee examines whether the Company complies with applicable regulations governing the ability of employees to lodge a complaint or report anonymously allegations of irregularity to the Company.
5.4.6. The audit committee should submit to the supervisory board or, where the supervisory board is not formed, to the management board its activity report at least once in every six months, at the time that annual and half-yearly reports are approved.	Yes	The Company's audit committee submits its activity report to the supervisory board once a year: at the time of annual financial statements approval and other times under the request of Supervisory board or whenever the committee deems necessary.

Principle 6: Prevention and disclosure of conflicts of interest

The corporate governance framework should encourage members of the company's supervisory and management bodies to avoid conflicts of interest and ensure a transparent and effective mechanism of disclosure of conflicts of interest related to members of the supervisory and management bodies.

Any member of the company's supervisory and management body should avoid a situation where his/her personal interests are or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory or management body should, within a reasonable period of time, notify other members of the same body or the body of the company which elected him/her or the company's shareholders of such situation of a conflict of interest, indicate the nature of interests and, where possible, their value.	Yes	The members of the Company's supervisory and management bodies have the duty to avoid conflict of interest situations. If such situation occurs, such person must notify other members of the same body or the body of the company which elected him/her or the company's shareholder of such situation of a conflict of interest, indicate the nature of interests and, where possible, their value.

Principle 7: Remuneration policy of the company

The remuneration policy and the procedure for review and disclosure of such policy established at the company should prevent potential conflicts of interest and abuse in determining remuneration of members of the collegial bodies and heads of the administration, in addition it should ensure the publicity and transparency of the company's remuneration policy and its long-term strategy.

7.1. The company should approve and post the remuneration policy on the website of the company; such policy should be reviewed on a regular basis and be consistent with the company's long-term strategy.	No	The legislation does not impose any obligation on the Company to approve and disclose the remuneration policy. The Company does not currently have approved remuneration policy.
7.2. The remuneration policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as the conditions specifying the cases where the company can recover the disbursed amounts or suspend the payments.	No	As legislation does not impose any obligation on the Company to approve and disclose the remuneration policy, the Company does not currently have approved remuneration policy.
7.3. With a view to avoid potential conflicts of interest, the remuneration policy should provide that members of the collegial bodies which perform the supervisory functions should not receive remuneration based on the company's performance.	Yes	The members of the supervisory board do not receive remuneration based on the Company's performance.
7.4. The remuneration policy should provide sufficient information on the policy regarding termination payments. Termination payments should not exceed a fixed amount or a fixed number of annual wages and in general should not be higher than the non-variable component of remuneration for two years or the equivalent thereof. Termination payments should not be paid if the contract is terminated due to inadequate performance.	No	As legislation does not impose any obligation on the Company to approve and disclose the remuneration policy, the Company does not currently have approved remuneration policy. Termination payments are made on the basis and according to the provisions of the labour code and agreements.

7.5. In the event that the financial incentive scheme is applied at the company, the remuneration policy should contain sufficient information about the retention of shares after the award thereof. Where remuneration is based on the award of shares, shares should not be vested at least for three years after the award thereof. After vesting, members of the collegial bodies and heads of the administration should retain a certain number of shares until the end of their term in office, subject to the need to compensate for any costs related to the acquisition of shares.	Not applicable	No financial incentive system is applied in the Company.
7.6. The company should publish information about the implementation of the remuneration policy on its website, with a key focus on the remuneration policy in respect of the collegial bodies and managers in the next and, where relevant, subsequent financial years. It should also contain a review of how the remuneration policy was implemented during the previous financial year. The information of such nature should not include any details having a commercial value. Particular attention should be paid on the major changes in the company's remuneration policy, compared to the previous financial year.	No	As legislation does not impose any obligation on the Company to approve and disclose the remuneration policy, the Company does not currently have approved remuneration policy.
7.7. It is recommended that the remuneration policy or any major change of the policy should be included on the agenda of the general meeting of shareholders. The schemes under which members and employees of a collegial body receive remuneration in shares or share options should be approved by the general meeting of shareholders.	No	The legislation does not impose any obligation on the Company to approve and disclose the remuneration policy.

Principle 8: Role of stakeholders in corporate governance

The corporate governance framework should recognize the rights of stakeholders entrenched in the laws or mutual agreements and encourage active cooperation between companies and stakeholders in creating the company value, jobs and financial sustainability. In the context of this principle the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interests in the company concerned.

8.1. The corporate governance framework should ensure that the rights and lawful interests of stakeholders are protected.	Yes	The Company respects the rights of stakeholders.

8.2. The corporate governance framework should create conditions for stakeholders to participate in corporate governance in the manner prescribed by law. Examples of participation by stakeholders in corporate governance include the participation of employees or their representatives in the adoption of decisions that are important for the company, consultations with employees or their representatives on corporate governance and other important matters, participation of employees in the company's authorized capital, involvement of creditors in corporate governance in the cases of the company's insolvency, etc.	Yes	Stakeholders participate in the corporate governance of the Company in the manner established by the law.
8.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	Yes	Stakeholders are provided with information in the manner established by the law.
8.4. Stakeholders should be provided with the possibility of reporting confidentially any illegal or unethical practices to the collegial body performing the supervisory function.	Yes	The Company has set up an internal channel for submitting information about violations, and the Company Prevention Manager has been appointed for this purpose. The company has an approved Corruption Prevention policy. The Company's Prevention Manager regularly informs the Company's Audit Committee of its performance.

Principle 9: Disclosure of information

The corporate governance framework should ensure the timely and accurate disclosure of all material corporate issues, including the financial situation, operations and governance of the company.

9.1. In accordance with the company's procedure on confidential information and commercial secrets and the legal acts regulating the processing of personal data, the information publicly disclosed by the company should include but not be limited to the following:		
9.1.1. operating and financial results of the company;	Yes	This information is published in the Company's consolidated financial statements.
9.1.2. objectives and non-financial information of the company;	Yes	This information is published in the Company's consolidated annual report.
9.1.3. persons holding a stake in the company or controlling it directly and/or indirectly and/or together with related persons as well as the structure of the group of companies and their relationships by specifying the final beneficiary;	Yes	This information is published in the Company's consolidated financial statements to the extent Company deemed necessary.

9.1.4. members of the company's supervisory and management bodies who are deemed independent, the manager of the company, the shares or votes held by them at the company, participation in corporate governance of other companies, their competence and remuneration;	Yes	This information is published in the Company's consolidated annual report. As the legal acts do not require to disclose the remuneration of the members of the Company's supervisory and management bodies, this information is not disclosed.
9.1.5. reports of the existing committees on their composition, number of meetings and attendance of members during the last year as well as the main directions and results of their activities;	Yes	This information is published in the Company's consolidated annual report.
9.1.6. potential key risk factors, the company's risk management and supervision policy;	Yes	This information is published in the Company's consolidated annual report.
9.1.7. the company's transactions with related parties;	Yes	This information is published in the Company's consolidated annual report.
9.1.8. main issues related to employees and other stakeholders (for instance, human resource policy, participation of employees in corporate governance, award of the company's shares or share options as incentives, relationships with creditors, suppliers, local community, etc.);	Yes	The relevant information is published in the Company's consolidated annual report.
9.1.9. structure and strategy of corporate governance;	Yes	This information is published in the Company's consolidated annual report.
9.1.10. initiatives and measures of social responsibility policy and anti-corruption fight, significant current or planned investment projects. This list is deemed minimum and companies are encouraged not to restrict themselves to the disclosure of information included into this list. This principle of the Code does not exempt companies from their obligation to disclose information as provided for in the applicable legal acts.	Yes	This information is published in a separate corporate social responsibility report of the Company and its controlled group, which is published together with consolidated annual report of the Company for the first time this year.
9.2. When disclosing the information specified in paragraph 9.1.1 of recommendation 9.1, it is recommended that the company which is a parent company in respect of other companies should disclose information about the consolidated results of the whole group of companies.	Yes	Consolidated information is disclosed.

9.3. When disclosing the information specified in paragraph 9.1.4 of recommendation 9.1, it is recommended that the information on the professional experience and qualifications of members of the company's supervisory and management bodies and the manager of the company as well as potential conflicts of interest which could affect their decisions should be provided. It is further recommended that the remuneration or other income of members of the company's supervisory and management bodies and the manager of the company should be disclosed, as provided for in greater detail in Principle 7.	Yes	The information about professional experience, qualifications and potential conflicts of interest, if any, of the members of the Company's supervisory and management bodies, the Chief Executive Officer is disclosed. As the legal acts do not require to disclose the remuneration of the members of the Company's supervisory and management bodies, chief executive officer, this information is not disclosed.
9.4. Information should be disclosed in such manner that no shareholders or investors are discriminated in terms of the method of receipt and scope of information. Information should be disclosed to all parties concerned at the same time.	Yes	Information is disclosed through securities exchanges in Lithuania and Ireland.

Principle 10: Selection of the company's audit firm

The company's audit firm selection mechanism should ensure the independence of the report and opinion of the audit firm.

10.1. With a view to obtain an objective opinion on the company's financial condition and financial results, the company's annual financial statements and the financial information provided in its annual report should be audited by an independent audit firm.	Yes	The Company's and the Group's annual financial statements are audited.
10.2. It is recommended that the audit firm would be proposed to the general meeting of shareholders by the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company.	Yes	The Company's auditor was selected from tender applications. The Audit Committee had a meeting with all audit firms involved in the selection process. Following the opinion of the Audit Committee, the supervisory board proposed the audit firm to the sole shareholder.
10.3. In the event that the audit firm has received remuneration from the company for the non-audit services provided, the company should disclose this publicly. This information should also be available to the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company when considering which audit firm should be proposed to the general meeting of shareholders.	Yes	The Company disclose information about amounts it has paid the auditor for non-audit services in its consolidated annual report.

2020 MAXIMA GRUPĖ

CORPORATE SOCIAL RESPONSIBILITY REPORT

MAXIMA GRUPĖ

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Dear Reader,

It is with great pleasure that I share with you MAXIMA Group's first Social Responsibility Report, covering the period of our 2020 financial year. It presents an overview of how we understand our social and environmental impact, and our responsibility as a member of society. I welcome you on a tour of our Group's activities towards sustainable development. This report is also a great opportunity for us to demonstrate our accountability to you, our stakeholder, and an invitation to get to know us better.

MAXIMA Group owes its leading position in grocery stores across the Baltics to the commitment of its employees and business partners, and to the trust placed in us by our customers. We opened our first store 30 years ago, and from the very beginning we chose to build our success on our principles, mutual trust between us and our partners, and a determination to overcome any and all challenges. Over the years, we have defined our sustainability priorities, including our contribution to the environment and society, and improvement of our key stakeholders' well-being. The areas of focus we have identified include activities affecting the supply chain, our employees, customers, the communities in which we operate, and the environment. Although we have already started working on these issues, we want to strengthen our activities and make them more unified and integrated into all our business processes in the immediate future.

We entered 2020 with great plans and expectations to create a better shopping experience for our customers. Additionally, we planned to increase environmentally friendly resources and activities within the Group. However, the realities of 2020 brought unexpected challenges for everyone.

We always knew the importance of the strength of our team and the foundations on which our business is built. But the COVID-19 pandemic proved us just how important it really is. Helpful attitude of each of our employees-heroes brought us all closer and gave us more opportunities to provide help for those in need. The health and safety of our employees and our customers as well as the widespread and equal availability of our products have become a priority for us. More than ever before, we felt a deep responsibility and connection to the communities in which we operate. Together with our employees and business partners, we have put our best efforts towards ensuring that our customers have daily access to essential products. Furthermore, in spring 2020, within less than a month we doubled our BARBORA e-commerce capabilities to ensure a safer shopping experience for our customers in the three Baltic countries. By the end of 2020, we were delivering up to 12,000 orders per day. From the start of the pandemic to the end of 2020, this has enabled our customers to avoid at least 1.8 million social contacts and this number is further growing.

I am proud of how much we have managed to achieve together during this difficult time. I am also aware that without the efforts of hundreds of our heroes: doctors, pharmacists, policemen, volunteers, and other essential workers, we would not be able to be where we are today. We hope to continue supporting the efforts of our community heroes by providing services and products to make their life easier as they focus on managing the pandemic.

*Finally, I wish to say **“AČIŪ”, “PALDIES”, “AITÄH“, „DZIĘKUJĘ”** and **“БЛАГОДАРЯ“** to everyone who contributed to our combined efforts during the COVID-19 pandemic. We are grateful to:*

- *over 40,000 employees-heroes of our Group, especially those who worked in shops, warehouses, production and e-commerce. We are grateful for their courage, strength, and hard work as they remained on the front lines of our fight against the COVID-19 pandemic, irrespective of the personal risks each of them took on;*
- *our suppliers who displayed strong cooperation and a helpful attitude, ensuring that all necessary products would reach thousands of our stores each day;*
- *our 1.3 million daily customers in our shops and the communities we are working in, who trusted us as a safe and accessible partner during these challenging times.*

We greet 2021 with great optimism and adaptive processes for our fight against the pandemic. We aim to concentrate on delivering a great and affordable shopping experience for ever more customers, unifying our sustainability policies and integrating the necessary measures throughout our value chain.

Stay safe and responsible.

Mantas Kuncaitis

CEO and Chairman of the Board
of MAXIMA GRUPĖ, UAB

1. ABOUT MAXIMA GROUP

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A short introduction and history

The MAXIMA Group of companies (hereinafter – "the Group" or "MAXIMA Group"), controlled by MAXIMA GRUPĖ, UAB (hereinafter "MAXIMA GRUPĖ") headquartered in Vilnius, is the largest group of retail companies of Lithuanian origin in the Baltics. The Group consists of MAXIMA retail chains in Lithuania, Latvia, and Estonia, the STOKROTKA retail chain in Poland, the T-MARKET retail chain in Bulgaria and e-grocer BARBORA, which operates in the Baltic countries and has recently launched operations in Poland. The Group also includes FRANMAX, UAB (hereinafter "FRANMAX"), which provides information technology and support services for the Group's companies, and MAXIMA International Sourcing, UAB (hereinafter "MAXIMA International Sourcing"), which provides centralized services of wholesale and agency of food and consumables to the Group's retail companies.

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Key numbers about MAXIMA Group

Total number of employees:

40,109

(*Does not include employees of UAB "Loganas", UAB "Eigeris" and UAB "Akonkagva")

Daily customers:

More than

1,3 million

Total sales:

EUR 4,226 million

Trade area:

~875,000 sq. m.

Total number of stores

1,323

(*Including 85 franchise stores)

Active loyalty card holders:

3,1 million

E-commerce orders within 2020:

2,3 million

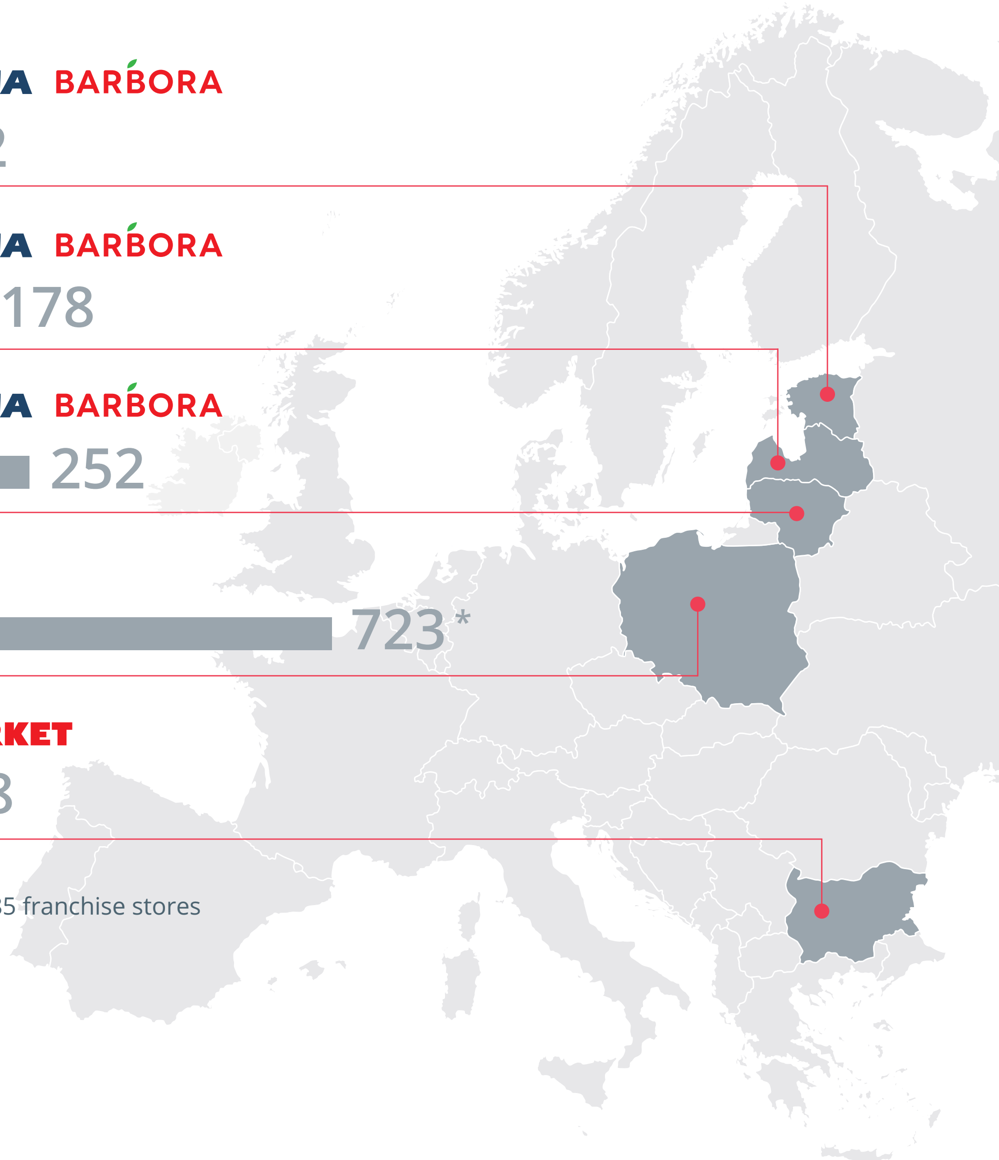
Products sold in 2020:

3,383 million

NUMBER OF STORES

		Number of stores
Estonia	MAXIMA, BARBORA	82
Latvia	MAXIMA, BARBORA	178
Lithuania	MAXIMA, BARBORA	252
Poland	stokrotka	723 *
Bulgaria	T MARKET	88

*including 85 franchise stores



At the Group, we believe that community is our greatest strength. Over the past three decades, the Group has grown to become a staple part of the communities it services. We are proud to have developed from a single store in Vilnius to Lithuania's largest grocery retailer, expanding into over 1,300 locations across the Baltic States, Poland, and Bulgaria. During this time, we have gained the trust of consumers to become their primary choice in the Baltic countries. And we have no plans to slow down. That is why we recently launched our e-platform BARBORA to serve customers in Lithuania, Latvia, Estonia, and Poland. We owe our position as market leader to our network of employees, suppliers, customers, and stake-holders, as we firmly believe that reaching our common goals brings success and allows us to become even greater as a whole.

OUR STORY

The story of the Group began long before the MAXIMA brand came into being. In 1992, Lithuania, which had regained its independence just a few years before, was bravely fighting with instability and difficulties caused by political and economic changes. Shoppers were resorting to open air markets to satisfy their needs, as store shelves were often empty. Seeking room for improvement, a group of like-minded students saw an opportunity for a modern, functional solution to the problem of supply chain disruption. With the goal of getting products to the customer as efficiently as possible, they started their business by opening three shops. Here is how things went from there:

1994

Customers were introduced to a new, standardized type of store called "VILNIAUS PREKYBA" ("VILNIUS TRADE").

Vilniaus prekyba

1998

MAXIMA

A modernized retail network was established, with stores divided by size: MINIMA, MEDIA, and MAXIMA. This year is considered the official birthyear of the MAXIMA brand.

2001

We celebrated our transformation into an international company as we expanded beyond the borders of Lithuania and opened our first stores in Latvia and Estonia.

2005

T MARKET

Our T-MARKET retail chain began operating in Bulgaria.

2005-2006

A decision was made to rebrand all the stores owned by the company in Lithuania, Latvia, and Estonia under one name – MAXIMA. They were sorted MAXIMA X – our neighborhood convenience stores, MAXIMA XX – our medium sized stores, and MAXIMA XXX – our large supermarkets.

2007

MAXIMA GRUPĖ

MAXIMA GRUPĖ was established to centralize and manage retail business more efficiently in Lithuania and abroad.

Development in the Baltic States and Bulgaria continued.

2012

The Group expanded its territory and acquired the ALDIK chain of stores in Poland.

2015

BARBORA

E-grocer BARBORA started its first operations in MAXIMA shops in Lithuania.

2018

MAXIMA GRUPĖ became the main shareholder of the Polish company, operating the retail chain STOKROTKA.

BARBORA started operations in Latvia and Estonia.

MAXIMA GRUPĖ received a BB+ credit rating witha stable outlook and placed a EUR 300 million issue of 5 year bonds.

2019

stokrotka

The ALDIK retail chain in Poland was merged with STOKROTKA and continued operations under one name – STOKROTKA.
A new company called MAXIMA International Sourcing, which concentrates centralized procurement competencies, was introduced into the Group.

2021

BARBORA started operations in Poland.

We continue to grow and improve our relationship with the community and environment there.

[GRI 102-2] [GRI 102-5] [GRI 102-45]

WHO WE ARE TODAY

MAXIMA Group is the largest retail store chain and employer in the Baltics, employing more than 40,000 employees in five countries — Lithuania, Latvia, Estonia, Poland, and Bulgaria. The Group owns 1,238 MAXIMA, T-MARKET, and STOKROTKA stores (and 85 more STOKROTKA stores operate under franchise).

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

When developing businesses, Group companies use IT services provided by FRANMAX. The main subsidiaries included in the Group are: MAXIMA LT, UAB (hereinafter "MAXIMA Lithuania"); MAXIMA LATVIJA, SIA (hereinafter "MAXIMA Latvia"); MAXIMA EESTI, OÜ (hereinafter "MAXIMA Estonia); MAXIMA BULGARIA EOOD (hereinafter "T-MARKET"); STOKROTKA SP. Z O.O. (hereinafter "STOKROTKA"); RADAS, UAB which manages our e-commerce business under the BARBORA brand in Lithuania, Latvia, Estonia, and Poland (hereinafter collectively "BARBORA"); FRANMAX; MAXIMA International Sourcing, as well as more than 90 real estate companies which own our stores and is operated by us in Lithuania, Latvia, Estonia, Bulgaria, and Poland.

Our principal business activity is retail in food and consumables. Each MAXIMA retail store is classified as one of three types of shops: MAXIMA X, MAXIMA XX, and MAXIMA XXX, with customers' needs and expectations in mind. MAXIMA X, our smallest shops, serve as local convenience stores and can be found in residential areas. These shops offer goods for daily meal preparation and function as local grocery stores. MAXIMA XX is our supermarket format, providing a wider selection of goods for customers who want to shop fast but have a range of choices. MAXIMA XXX stores are our largest shopping option, located strategically within a city. They offer the widest selection of high-quality, low-priced products and services. Additionally, these stores offer fresh meat and deli sections, bakeries, smokeries, and market areas next to the store. We have also launched an e-commerce channel, BARBORA, that allows customers to order food and other products online. The Group also owns and operates the retail chains STOKROTKA in Poland and T-MARKET in Bulgaria.

[GRI 102-12] [GRI 102-13]

ASSOCIATIONS AND INITIATIVES

Our companies stay informed about new developments in our sector through membership in industry associations and national and international organizations:

- **MAXIMA Lithuania** Lithuania participates in the Lithuanian Association of Trade Enterprises.
- **MAXIMA Latvia** is a member of the Foreign Investors Council of Latvia, the Latvian Chamber of Commerce and Industry, and the Latvian Employers' Confederation, as well as is a partner of the Latvian Retailers' Association.
- **MAXIMA Estonia** is a member of the Estonian Trade Association, the Estonian Employers' Confederation, Estonian Marketing Association, European Personnel Management Association, and PARE – a network of personnel and people management professionals in Estonia. It is also involved in a PARE group that unites companies employing people with disabilities.
- **T-MARKET** is a member of the Association for Modern Trade.

Few highlights of our CSR in 2020

The Group's companies are regularly awarded industry prizes and international recognition for their initiatives and quality of service. In 2020, MAXIMA Lithuania was awarded the **QUDAL Award** by the Swiss certification agency Icertias for providing the **highest quality of vegetables and fruits** on the Lithuanian market. Furthermore, another Group company MAXIMA Latvia was given an award by Icertias in the **"Customer's Friend"** category that is granted to companies that invariably offer customers such impressive experiences that they choose to recommend them to their friends and colleagues, and a **Best Buy Award** granted as proof that our customers purchase the highest quality products at the best prices. The MAXIMA brand **was named number two in DDB Brand Capital's ranking of the most beloved brands** in the Baltic States, as well as the second most beloved brand in Lithuania and third in Latvia during the Baltic Brand Awards ceremony in Latvia, providing further proof of our popularity with shoppers.

Our companies have been recognized as good places to work. In 2020, BARBORA Lithuanian branch was selected **TOP Employer**, with 750 new employees joining the team. MAXIMA Lithuania was recognized as one of the most attractive employers in the country according to the **TOP Employer** ranking held by a major job search portal, where we ranked highest among trading companies and third in the overall list of winners.
This year, MAXIMA Latvia garnered the **TOP 500 largest employers' valuation** of the year – an award the company has received consecutively for several years now. Our initiatives in innovation and information technologies were also highly rated, e.g. in 2020, MAXIMA Estonia's mobile application providing customers with innovative and contactless shopping in our stores received the **Annual Trade Award.**

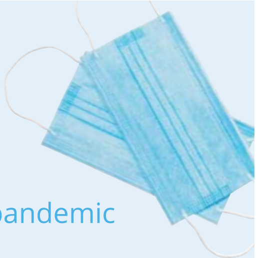
"Thank you Heroes"

initiative launched by MAXIMA Lithuania united our fight with COVID-19

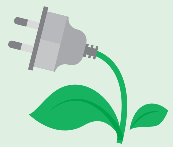
Ačiū HEROJAMS MAXIMA

At least **90%**
of Group companies implemented Suppliers Code of Conduct and Corruption Prevention Policy*
(*as of the publication of this report)

More than
EUR 9 million
additional direct costs related to the COVID-19 pandemic



100%
of T-MARKET stores across Bulgaria have been powered entirely by green energy for one year now



~EUR 49 million
Total employee benefits, of which **36%** are discretionary incentive payments and benefits-in-kind

MAXIMA Lithuania is saving around
30 thous. m³
of water each month by eliminating all live fish aquariums from stores

3 Employer of the Year Awards

~EUR 1.7 million
invested in our communities

[GRI 102-18]

Governance at MAXIMA GRUPĖ

Governance of MAXIMA GRUPĖ is rooted in transparency and effective corporate governance based on international best practices, ensuring the success and sustainability of the Group's activities.

Our three-tier management system includes the CEO (General Manager) who manages the company's daily operations and represents the company in its dealings with third parties; the Board of Directors – a collegial management body that is responsible for strategic management and approving core transactions to be concluded by the company, along with electing the chairman and calling general meetings of the shareholders; and the Supervisory Board, which oversees the activities of the CEO and Board of Directors, including appointing and removing members of the Board of Directors. The Supervisory Board is also responsible for submitting comments and proposals to the General Meeting of Shareholders on the Company's business strategy, financial statements, and other reports on the Board of Directors and the CEO. MAXIMA GRUPĖ also has an Audit Committee that helps the Supervisory Board ensure the process for auditing the Company's financial statements is effective and reliable.

BOARD OF DIRECTORS

MANTAS KUNCAITIS
Chairman of the Board
MAXIMA GRUPĖ
CEO

JOLANTA BIVAINYTĖ
Board Member
MAXIMA Lithuania
CEO

TOMAS RUPŠYS
Board Member
Maxima Latvia
CEO

ARŪNAS ZIMNICKAS
Board Member
STOKROTKA
President of the Management Board

EDVINAS VOLKAS
Board Member
MAXIMA Estonia
CEO

PETAR PETROV PAVLOV
Board Member
MAXIMA Bulgaria
CEO

VITALIJ RAKOVSKI
Board Member
MAXIMA GRUPĖ
CFO

SUPERVISORY BOARD

EVELINA ČERNIENĖ
Chairwoman of the Supervisory Board

LAIMONAS DEVYŽIS
Member of the Supervisory Board

POVILAS ŠULYS
Member of the Supervisory Board

AUDIT COMMITTEE

IRENA PETRUŠKEVIČIENĖ
Independent Member
Chairwoman of the Audit Committee

RASA MILAŠIŪNIENĖ
Independent Member

RYTIS JEZEPČIKAS
Member

[GRI 102-16]

OUR WORKING PRINCIPLES

Our work is grounded in excellence by ensuring that our customers can purchase their desired product as conveniently as possible, delivering the best prices, quality, assortment, and services.

Our working principles are centered on people:

We work for the customer by offering exactly what they need at a fair price, ensuring that they return to our stores.

We value everyone equally, and our interaction and relationships are based on mutual respect, whether they involve colleagues, partners, or clients. We are a responsible member of society.

Awareness, responsibility and self-belief form the basis for our culture, that unifies every single one of us to work as a team.

We get things done by promoting activity, taking responsibility for our actions and decisions, and encouraging initiatives brought forward by members of our community.

[GRI 205-2]

ETHICS & CORPORATE GOVERNANCE

All of the Group's companies conduct their activities fairly, ethically, and in accordance with the laws of their countries.

Our three key policies include:

1. **Equal Opportunities and Diversity Policy;**
2. **Corruption Prevention Policy;**
3. **Suppliers Code of Conduct.**

Among our most significant commitments are our anti-corruption practices. The Group's Corruption Prevention Policy covers all actions and procedures that are prohibited in our business. We act with responsibility and transparency, and follow the principle of zero tolerance for corruption. Each of the Group's companies have appointed a person or department to ensure compliance with the policies that have been developed. Our Corruption Prevention Policy is communicated to all Group employees and governing body members.

These policies were developed based on our company's existing internal principles as well as the Code of Business Ethics applied by our shareholder, VILNIAUS PREKYBA. All of the policies were approved by most of the Group's main companies in 2020 and the process of their adoption is to be finalized in the first half of 2021. We educate our employees, business partners and stakeholders by making these policies public on our websites, intranet, and internal company materials. Some of our companies have already conducted internal trainings for employees, especially in relation to anti-corruption issues, while others are planning to conduct them in 2021. As we fine-tune the procedures related to these policies, we hope to create a reliable, continuous system for informing our community about the principles we follow.

Each company has internal and external hotlines (e-mails and/or phone numbers) that our stakeholders can use to report inappropriate behavior. All of our companies have an appointed person or department responsible for investigating any such complaints and observations. Reports must be properly investigated and documented.

[GRI 102-15]

RISK MANAGEMENT

We seek to promote a work culture that takes a proactive approach to risk management and lets us meet stakeholder expectations. We believe that properly managed risks can even add value to our Group and stakeholders, and we aim to push ourselves and our industry towards greater sustainability.

As we employ our strategies to monitor financial, business, and compliance risks, we also aim to mitigate environmental and sustainability risks by reducing packaging, implementing new methods to increase energy efficiency across stores and warehouses, and minimizing waste throughout the entire value chain. The safety of our stakeholders, and customers, as part of them, is our greatest priority. Therefore, we monitor standards for food and non-food products, product origins and conditions, and provide training for our employees in quality assurance.

CSR-RELATED RISKS

TYPE OF RISK	DESCRIPTION	MITIGATION
Environment and sustainability risk	Failure to reduce the environmental impact of our business (packaging and waste, energy usage across stores, warehouses and offices), could lead to fines or other penalties and could have a significant impact on the operations and reputation of the Group	Reducing packaging; implementing new methods to increase energy efficiency across stores and warehouses; implementing methods to reduce waste throughout the entire value chain.
Product safety and liability risks	The manufacturing, packaging, marketing, distribution, and sale of products entail an inherent risk of product and public liability, product recall, and resultant adverse publicity.	Product safety policies and control standards for food and non-food products; standardized procedures; performance-tracking; tracing of product origin; third-party certification; sample testing; compliance with rules for product transportation, storage, sale, and sanitation; employee training in quality assurance.
Supplier choice risk	The chosen suppliers, not following our accepted sustainability principles, could lead to adverse publicity and/or financial performance.	Publicizing the Supplier Code of Conduct; introducing terms and conditions thereof to each of the suppliers; supplier surveys and audits; info lines for information collection.
Human resources risk	The Group's ability to continue to conduct and expand operations depends on its ability to attract and retain a large and growing number of personnel. If the Group is unable to locate, to attract, and to retain qualified personnel, the quality of service provided to customers may decrease and the Group's financial performance may be adversely affected.	Monitoring the labour market and providing employee benefits in line with the market; processes ready for employee onboarding, training, and development; development of corporate culture.
Occupational health and safety risk	Risks related to occupational health and safety may result in workplace accidents impacting a company's business operations. Group companies employ personnel in certain locations that are inherently dangerous working environments where the use of machinery and the presence of heavy loads pose risks of accident or injury.	Safe and comfortable working environments; compliance with employees' working hours and holiday schedule; safety trainings;regular medical examinations and health screenings for employees.

We have compiled this report as a guide across a wide range of activities aiming to help us achieve our sustainability goals. We are excited to share how we are improving for the well-being of our stakeholders.
Thank you for choosing us!

2. SUSTAINABILITY IN MAXIMA GROUP

Our approach

Our focus: we are a responsible leading retailer that creates shared value for its customers, suppliers, and the societies in which it operates.

We are working to ensure sustainable, long-term, and successful activities harmonizing the interests of various stakeholders, including customers, employees, suppliers, business partners, shareholders, and society. This means a wide variety of social, environmental, and economic issues are relevant to us. To ensure our activities deliver the best positive impact for our stakeholders and our business, we focus on those areas that matter most – our material issues.

We strive to keep our promises to all our stakeholders on a daily basis and to create sustainable environments both inside and outside the organization. We want to ensure the well-being of our employees, create a strong and trust-based environment that is directly related to customer satisfaction, initiate and execute long-term cooperation projects with partners, reduce the environmental impact of all business operations, and work with communities to address socioeconomic issues.

Our approach to sustainability is in line with our goals as a business. One of our leading goals is to create value for our customers, suppliers, and the communities in which we operate. We aim to create value by ensuring a sustainable business model that elevates our shareholders and makes the company a valued member of society while promoting personal well-being, as well as respect and care for the environment. We have observed that, in addition to price and quality, our customers care for their communities and environment, and are holding us accountable for our actions regarding sustainability.

With these goals in mind, we are developing our Corporate Social Responsibility (CSR) activities to define our aims and initiatives for social responsibility in these focus areas: Suppliers, Customers, Employees, Community, and Environment.

Our path towards a more enhanced and unified approach to corporate social responsibility was recently marked by an important milestone. At the end of 2019, MAXIMA GRUPĖ became a member of the **United Nations Global Compact Initiative**, committing to uphold the ten principles of the Global Compact in the areas of human rights, environmental protection, work environment, and anti-corruption. In 2020, we stepped up in this area even more. The Group created a unified internal CSR reporting system, forming the basis for our first corporate social responsibility report to our stakeholders. This process will be further improved, and reporting will continue in forthcoming years. Next year, we are planning to work even more on unifying our sustainability policies and integrating the necessary measures throughout our value chain.

Our efforts to care for the well-being of the public and our employees have been recognized, as MAXIMA Latvia received the Gold Rating in the Sustainability Index for the fourth time in a row last year.

[GRI 102-40] [GRI 102-43]

Our stakeholders

IN DIALOGUE WITH STAKEHOLDERS

As part of our Group's corporate social responsibility targets, this report aims to provide a clear view of our responsibilities, results to date, and areas for future improvement, along with an outline of what we do to support our relationships with key stakeholders. Through this process, we can define MAXIMA Group's key sustainability topics.

We define our stakeholders as those groups that affect company activities and who can have an impact on our organization. They influence our daily business operations, transactions, and decisions, and play a major role in shaping the landscape of the Group's value chain. We feel responsible to all our stakeholders and we make every effort to maintain long-term and trustworthy relationships with them.

We are deeply involved in dialogues with our stakeholders, and want to engage them in our development processes. As we continue to review our CSR practices, we have committed ourselves to understanding the view and position of our stakeholders regarding our Group. We communicate with them on a regular basis as efficiently as possible through various channels and try to respond promptly to common concerns, issues, and interests. The following table maps out our stakeholders and divides them into groups.

STAKEHOLDER TABLE [GRI 102-42] [GRI 102-44]

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

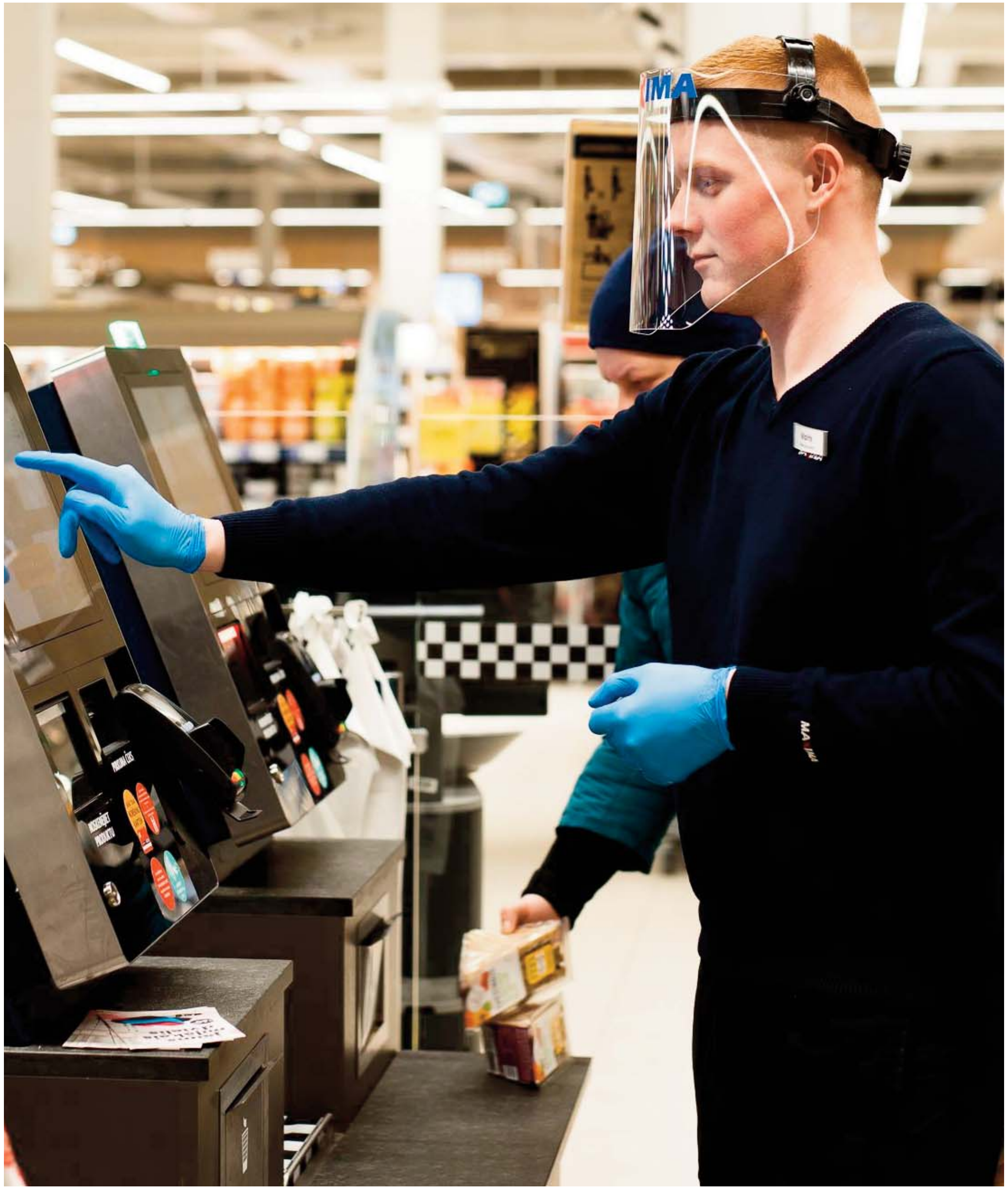
> *We feel optimistic about what we can achieve. Sustainable growth presents its own unique challenges, but we seek to contribute to the preservation of our planet and care for our community while adding value to the business itself. Fortunately, we are at an advantage as we already have a strong network of customers, employees, producers and suppliers, NGOs, municipalities, market regulators, charities, local communities, and environmental organizations that can work with us along the way.*

3. OUR RESPONSE TO COVID-19

Effects of the pandemic

Our response to the COVID-19 pandemic was a true test of our crisis preparedness as a business. We had to stay ahead of the curve to protect the safety of the people who make up our organization: our customers and communities; employees in stores, warehouses, production and offices; and our suppliers. Within 48 hours, the daily routine of thousands of employees was turned on its head and we had to adjust to the "new normal" for the retail sector.

We quickly realized that a holistic COVID-19 response would involve more than the health and safety of our stakeholders. We made sure that not only our customers would be equipped with everything they needed, but other stakeholders as well. Bearing in mind that the pandemic would slow economic development, we decided to freeze prices on products and goods for the duration of the state of emergency, and even continued to find opportunities to lower prices. We enhanced our cooperation with our business partners, e.g. tenants in our shops (by reducing rent and extending payment periods) and suppliers (by being more flexible with regard to supply terms). Furthermore, the crisis also encouraged us to enhance our philanthropic activities by providing additional support to those who need aid, e.g. hospitals, families in need, and people who had lost their jobs due to the pandemic.



Dealing with COVID-19 on a daily basis

During the pandemic, the work of our heroes — store employees, cashiers, e-commerce employees, and others who continue to distribute food, is valued even more, increasing the value of these professions. Along with the work of doctors, police officers, and other essential workers, the work of retail employees is seen as an essential service to the communities in which we operate. Thanks to their courage, we were able to keep our stores open during lockdowns so that our customers would have access to food and other essential products without interruption. We helped our customers avoid social contact by expanding BARBORA's e-commerce services in all three Baltic states and accommodating e-commerce in T-MARKET and STOKROTKA.

We are also grateful to our customers who have continued to place their trust in us by complying with our safety measures. Their choices, including shopping less often, buying more at once, and increasing their use of the technology in our stores, like our self-service checkouts and contactless payment options, also made a great impact on the safety of the shopping experience for everyone. We appreciate their efforts to avoid crowding. We have also been inspired by our community's willingness to help each other. We have seen members of our networks helping out work colleagues and neighbors, volunteering in groups to provide assistance, and purchasing necessities for those who need them most. Without the strength of our community, we would be in a much weaker place.

Our COVID-19 strategy has been applied to our main stakeholder groups: customers, employees, partners in the supply chain, and the communities we serve.

CUSTOMER SAFETY

Our goal has been to make safety as convenient as possible to keep our customers protected. Some of the measures we have taken include:

Masks: Masks are mandatory in all our stores, and we provide free masks to all our employees, while MAXIMA Lithuania, Latvia, Estonia, and T-MARKET also offer free masks to customers.

Disinfection: We disinfect our surfaces at least once a day, depending on the department (retail, production, and logistics). We disinfect shopping baskets and carts, SCO-s (self-scan and checkout technology), open counters, and checkout screens frequently – some as often as every hour. We also provide free hand sanitizer to our customers and employees.

Social distancing: Our strategy for social distancing and regulating customer flow depends on regulations for customer limits and the distance between customers. We have made following guidelines easier for our customers by recommending limited access to our shops (e.g. one family member at a time), tracing the number of clients in every store, and placing two-meter distance markings on our floors. We also use printed, audio, and video messages to remind clients to wear masks, avoid standing in groups, and observe safety rules. Plexiglas partitions separate employees from customers at registers, info desks, and counters. MAXIMA Lithuania and MAXIMA Estonia also keep every other cash register open to help customers maintain a safe distance between themselves.

Adjusted hours: We have been responsive to legal requirements affecting shopping hours and have also implemented our own initiatives for a safer shopping experience. MAXIMA Latvia provides printed information at entrances of shops to show color-coded hours when client traffic is higher and lower (green, yellow, red), and our Latvian stores were open for longer hours during the holiday period. During the peak time of the pandemic, T-MARKET and STOKROTKA were open exclusively to customers over 60 for two hours every morning.

EMPLOYEE SAFETY

The health and safety of our employees has also been a priority in our COVID-19 response. We are aware of the risks our employees face and applaud them for their dedication and courage – especially those who are unable to do their job from the safety of their home. With this in mind, we have taken the following steps:

Safety equipment: Masks, rubber gloves, shields, and sanitizers have been provided to all our employees at no cost.

Health checks & thermometers: Our employees are reminded regularly to stay home if they experience symptoms of COVID-19. Shift supervisors or managers are authorized to make decisions to send employees who are unwell home.

Employees of MAXIMA Lithuania sign a daily temperature measurement log, and have their temperature measured by thermometer twice a day. The temperature of office and logistics employees is measured once a day and twice a day respectively by thermal imagers. MAXIMA Latvia and Estonia, BARBORA, and STOKROTKA have also made temperature checks mandatory upon entering any office.

COVID-19 tests: Tests are available to employees in Estonia, Bulgaria, Latvia, and Lithuania. MAXIMA Latvia cooperates with laboratories to make the distribution of COVID-19 tests more efficient. MAXIMA Lithuania has performed over 33,400 PCR tests for prophylactic risk assessment.

Remote work: To encourage social distancing and avoid crowding, all office staff have been offered the opportunity to work remotely provided they can carry out their tasks from home. MAXIMA Estonia and MAXIMA Latvia have provided training sessions for employees who began working from home, including on topics such as remote work safety, usage of MS Teams, and well-being.

LOGISTICS SAFETY

Logistics processes need protection to prevent interruptions in the flow of goods to our customers. In addition to the measures provided to our store and office employees, we have also taken further steps for warehouse employees and transport companies:

Hygiene procedures: We have installed hand disinfection stations for drivers, provided face masks and protective equipment, and require temperature checks. We disinfect rooms, halls, and common areas.

Limiting contact: We have modified shift times and breaks between shifts to keep employees partially segregated and have increased the frequency of buses transporting employees to and from work. In MAXIMA Lithuania and MAXIMA Estonia, dining areas have installed separators to limit how many people can sit at a table at a time. In some areas, drivers are separated from employees.

COMMUNITY SUPPORT

When the COVID-19 pandemic hit, we were one of the first companies to react immediately and set clear goals for how we would help our communities and provide support during the uncertainties of the COVID-19 lockdown.

Our main goals included support for each local community and drawing the public's attention to the importance of following the necessary restrictions.

When the pandemic burst, MAXIMA Lithuania has reviewed its social activities to target and enhance the help for those, who are in need during this tense period. The company unified all its activities, related to social and community support, under the umbrella of its integrated still ongoing social and internal initiative "THANK YOU HEROES" („AČIŪ HEROJAMS"). The initiative unifies our struggle and direct our social support to the institutions, occupations and persons, fighting the pandemics on everyday basis. The company further extended the campaign and rooted it throughout all its daily operations – from now on, throughout related broad communication and other activities, MAXIMA Lithuania expresses its gratitude to all the heroes we encounter every day – policemen, medics, volunteers, pharmacists and our employees, especially in stores, leading us through the tough and unexpected challenges we face.

Support provided to community medical institutions

- Disposable face masks to the organization "Ankstukai," which helps families with premature babies (MAXIMA Lithuania)
- Needed supplies to the Vilnius University Hospital's Santaros Clinic's Center for Rare Infectious Diseases to ensure hygienic conditions (MAXIMA Lithuania)
- Meals for children and medical staff at the Children's Hospital (MAXIMA Latvia)
- Over 20 tons of supplies to medical facilities struggling with COVID-19 (STOKROTKA)
- Food and necessities to hospital staff (MAXIMA Estonia)
- Masks and equipment to several hospitals (T-MARKET)

Food donations

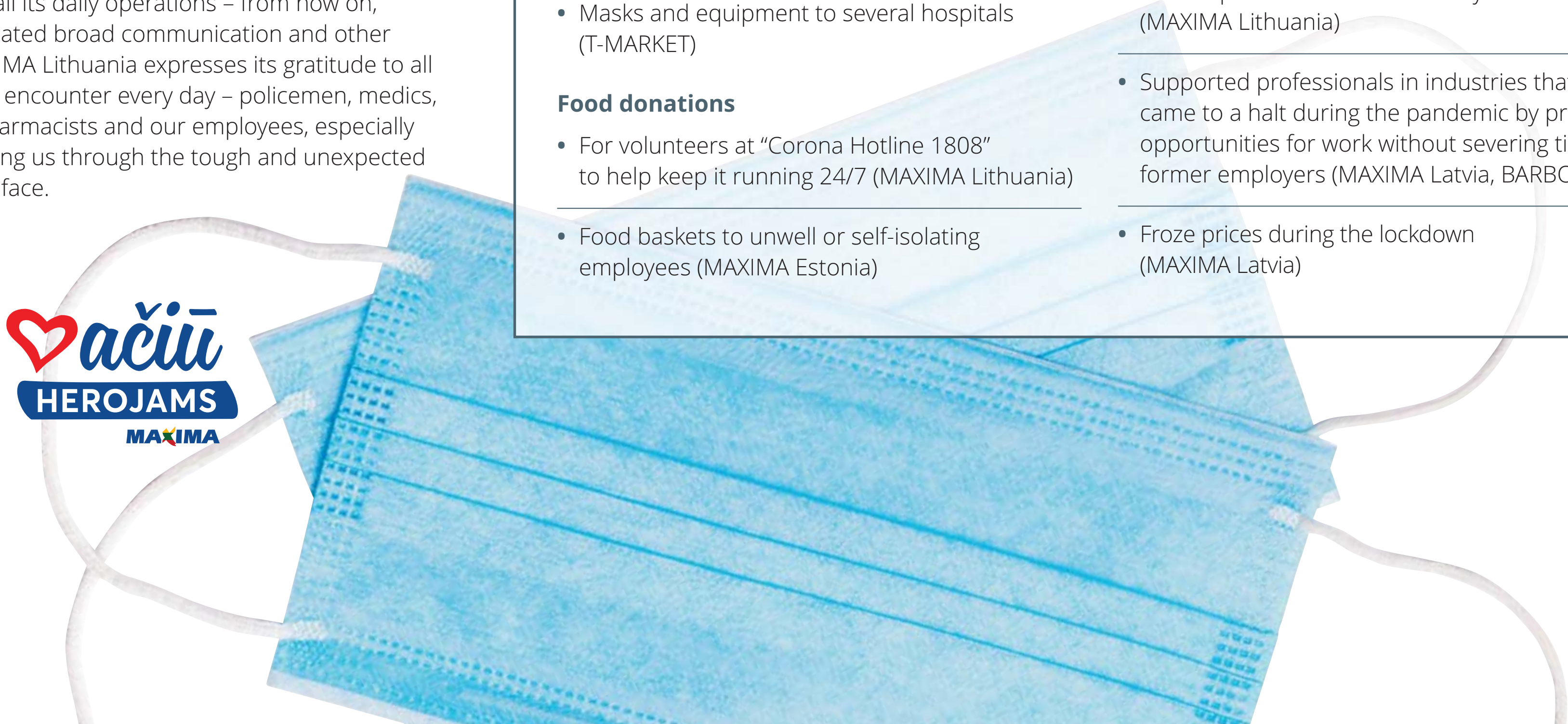
- For volunteers at "Corona Hotline 1808" to help keep it running 24/7 (MAXIMA Lithuania)
- Food baskets to unwell or self-isolating employees (MAXIMA Estonia)

Financial support

- Discounts for in-store tenants who could not operate due to restrictions. Yearly discounts provided by Group companies — more than EUR 1.6 million
- E-commerce delivery fee discounts during the COVID-19 pandemic (BARBORA)

Market support

- Initiated "Together for Lithuania" campaign which aims to help the Lithuanian economy cope with the pandemic. MAXIMA unified 80 Lithuanian suppliers and producers to provide significant discounts on more than 500 most popular Lithuanian goods to encourage customers to choose and consume more Lithuania-sourced food products. It's estimated, that due to this initiative, Lithuanian customers saved up to EUR 1.5 million every month (MAXIMA Lithuania)
- Supported professionals in industries that came to a halt during the pandemic by providing opportunities for work without severing ties with former employers (MAXIMA Latvia, BARBORA)
- Froze prices during the lockdown (MAXIMA Latvia)



BARBORA: Front-line service during the pandemic

Our e-grocery BARBORA was on the front lines of our COVID-19 management strategy. While other businesses were just setting up their online activity, we managed to use our existing online store to ensure safe shopping practices for our customers. As a reaction to the pandemic, we nearly doubled BARBORA capabilities in less than a month. We encouraged our customers to use this service to order goods for relatives living at other addresses or cities to minimize contact and keep everyone safe. We knew our strategy was working when we saw increased demand and growth in this area, as people who were in quarantine, self-isolation, or at risk saw online stores and home delivery as their only choice given the situation.

Response strategy: After the announcement of the first lockdown in the spring of 2020, BARBORA implemented all preventive and security measures recommended by authorities, and some remained in place even after restrictions were loosened. Workers in direct contact with food wore disposable gloves. Premises, vehicles, and equipment were regularly disinfected. Later, our online shop implemented more stringent safety measures as the number of people infected with the virus grew. All BARBORA warehouse employees were required to have their temperature measured every morning, wear masks and disposable gloves during work, maintain a safe distance, and work in a manner that would put couriers and staff in minimal contact. We offered COVID-19 testing to employees who came into contact with colleagues who had tested positive. Where possible, all employees were moved to remote work.

Customer safety: During this period, BARBORA adjusted its practices to accommodate customers. We maximized the number of delivery slots and required that customers pay for goods online before delivery in order to minimize contact. We implemented contactless front door delivery (purchases were previously brought inside customers' houses) and provided free deliveries in all countries during the lockdown period.

Member of the community: BARBORA proved its worth in mitigating job losses resulting from the pandemic. Within two months we hired over 1,000 new employees in three Baltic states on permanent contracts. In this way, we did our best to help our communities overcome economic difficulties in this unpredictable time. BARBORA truly became one of our greatest weapons in the fight against COVID-19.

BARBORA EXPRESS

BARBORA EXPRESS was one of the solutions we implemented in response to the pandemic. The new online service offered customers the opportunity to order food and household goods through the BARBORA online platform for pick-up at a convenient store location. These express pick-up points (132 in the Baltic countries) helped deliver goods to customers in a fast and safe manner even in more remote areas.

The uncertainty brought about by COVID-19 is a major challenge we have faced. We are proud to have remained stable during the pandemic as we have provided continuous service to our community in a safe manner. We always value the engagement of our stakeholders, and the pandemic has proven our importance to the society, and the strength of our communities in persevering through difficult times.

4. SUPPLY CHAIN — RESPECT, TRUST, TRANSPARENCY

Our focus: MAXIMA Group is a valued long-term ally, enabling its partners to grow and thrive together.

Our strategic partners play a central role in the story of our success, and we greatly value these relationships. Three core principles are the foundation for our close cooperation with strategic partners: respect, trust, and transparent communication. We seek to build constructive and mutually beneficial relationships, and we expect the same standards of business ethics from our partners. Our sustainable practices also support local producers so that we can maintain our collaboration and close relationships for many years to come.

Challenges and directions for the future

One of the greatest challenges in our work with partners is being on the same page about our practices and expectations. Transparent communication is one way to address this issue. So our directions for the future focus on fine-tuning the systems that communicate our standards and expectations, such as anti-corruption training and a cohesive Supplier Code of Conduct.

More than	More than	Almost
5,000	**60%**	**64%**
suppliers	of Group suppliers are local (vary to more than 80% in some countries)	suppliers have been working with the Group for over 5 years

[GRI 102-9]

Responsible sourcing

The Group's supply chain model has changed over the years as we have expanded our geographical reach. The majority of the supply chain is directly managed by local Group companies. They are primarily responsible for expanding the regionality and local sourcing of products. Every country individually accounts for about 80% of products, negotiation, and purchasing processes. The remaining 20% of the Group's supply chain is built on a centralized delivery model. MAXIMA International Sourcing provides centralized sourcing, purchasing, and negotiation services to our retail chains, develops private label brands, and engages in wholesale activities. As a wholesaler, MAXIMA International Sourcing buys goods from suppliers and delivers the products via warehouse or directly to operators.

The Group manages and operates owned and leased regional warehouses. Highly centralized delivery model increases operational efficiency and allows the Group to control the quality of its products and service better. MAXIMA does not have its own delivery fleet, therefore it gets this service from delivery companies. Most non-food items are purchased through MAXIMA International Sourcing, which assures that their quality can be thoroughly checked. When a product is introduced, manufacturers submit certificates for assessment. After it passes, the product is tested in a laboratory.

Partnerships with suppliers

Our cooperation with suppliers has always been based on partnership, responsibility, and mutual trust. Thanks to the commitment and cooperation of suppliers, customers in the countries where we operate have access to fresh, high-quality products.

Each company carries out internal procedures and audits to evaluate a supplier's reliability and transparency. Suppliers are also evaluated for production, service, and product quality.

THE SUPPLIER CODE OF CONDUCT

In 2020, we wrote down our principles and defined a Code of Conduct for Suppliers, clarifying our expectations regarding human rights and the environment.

Human rights & well-being

The Group's companies abide by the principle that respect is the foundation of personal and business relationships. We expect suppliers to respect human rights and comply with all relevant legislation and regulations in the countries in which they operate, and to behave fairly, respectfully, and justly towards their employees. We also expect suppliers to ensure working hours, wages (at least minimum wage), and overtime policy are in compliance with local laws, providing appropriate work conditions and equal opportunities for growth. Our suppliers are also responsible for protecting employees from verbal or psychological harassment, sexual abuse and coercion, and situations that give rise to the threat of physical and psychological violence. A safe and healthy work environment motivates employees to strive for good performance and to contribute to our common goals.

Environment

Our company carries out day-to-day activities in accordance with environmental laws, regulations, standards and permits, and expects suppliers to do the same. We expect suppliers to take responsibility for the environmental impact of their activities, and to use environmentally responsible technologies and operational practices whenever possible.

By articulating this Code of Conduct, we hope that we can increase cooperation with ethically minded suppliers.

LOCAL SUPPLIERS

As community members with an interest in sustainable development, we are committed to partnerships with local suppliers, producers, and farmers, helping them enter the market and grow. In this way, we support our communities and minimize our negative impact on the environment.

Shop locally

One way we can help our suppliers is by encouraging our customers to shop locally through product listings, advertising, joint communication campaigns, and exclusive products only available to the Group's customers. For example, MAXIMA Lithuania initiated the "Together for Lithuania" promotional campaign for local products. The campaign encouraged customers to choose local products by lowering their prices. T-MARKET organized the "Choose Bulgaria" campaign, which promotes local dairy, fruits and vegetables, eggs, fish, and fresh meat. MAXIMA Latvia organized the "We for Latvia" campaign, which was broadcast on television, radio, internet, and in outdoor spaces, inviting customers to buy local products made in Latvia. The company developed special price tags and pallet designs to highlight products manufactured in Latvia. MAXIMA Estonia organized the "Choose Local" promotional campaign, which increased the visibility of local products and provided further motivation for consumers to choose these goods.

Supplier support

We take additional measures to make cooperation with local suppliers as easy as possible. MAXIMA Estonia has introduced simplified contracts for small local suppliers. MAXIMA Latvia was among the initiators and supporters of a reduction of VAT on products made in Latvia and led studies on "product patriotism" that highlighted how cooperation with local producers benefits the population, economy, environment, and country.

We want to foster long-term partnerships because we know that reliable relationships ensure reliable products. For example, a manufacturer that has been with us for a long time can apply an innovative approach to a new product trusting that we will provide support. In return, we know that we will receive a high-quality product, as our long-term partners have repeatedly shown their commitment to quality and high standards. We are also proud of the business partnerships that have allowed us to coordinate efforts to fight COVID-19. We know we can count on our trusted suppliers to step in and help our common communities.

MĒS PAR LATVIJU!

išvien DĖL LIETUVOS MAXIMA

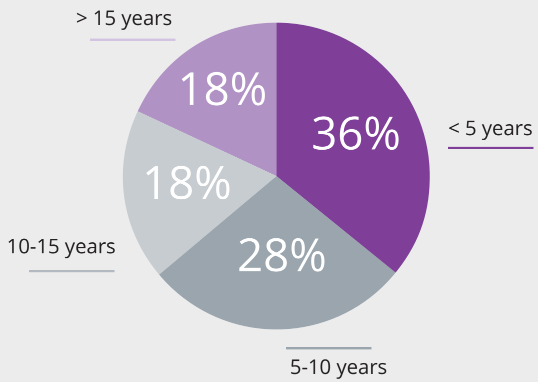
Наше си е! БЪЛГАРСКО!

VALI KODUMAINE!

[GRI 204-1]

Proportion of local suppliers within the Group

Percentage of suppliers cooperating with the Group on a long-term basis*



* In above chart suppliers from MAXIMA International Sourcing are not included as the company is newly established.

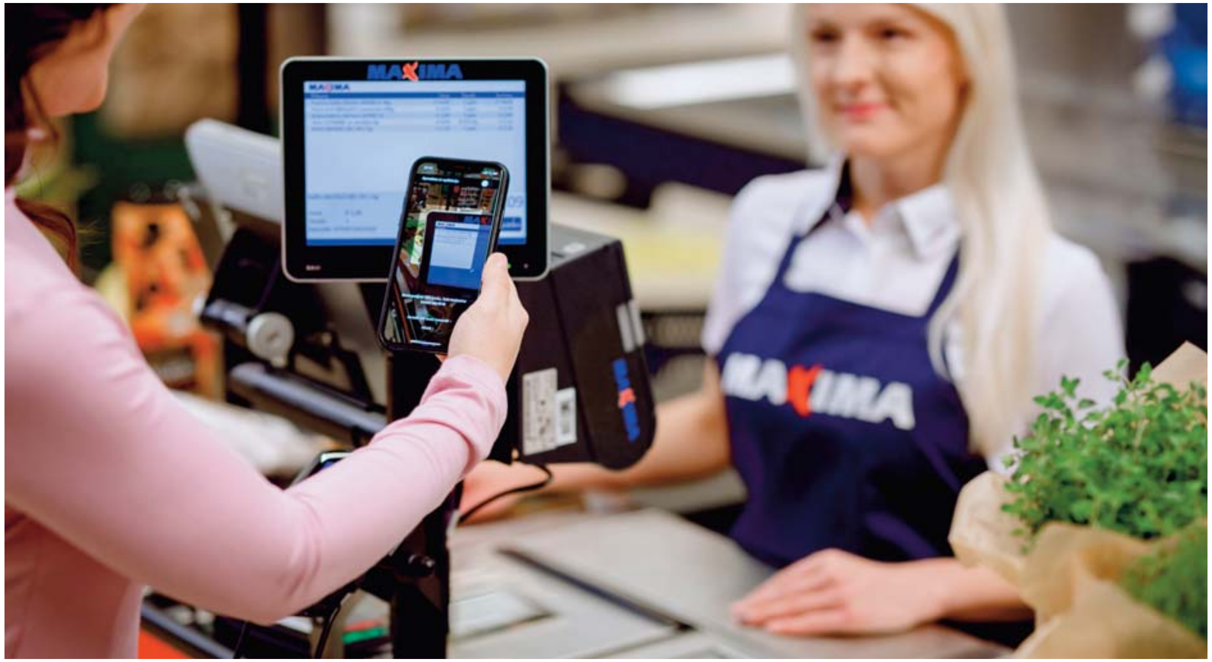
5. CUSTOMERS — HEALTH AND WELL-BEING

Our focus: stores that are accessible to every single customer and make healthy food available to everyone.

All of our decisions are focused on the well-being and satisfaction of our key stakeholder: the customer. Thanks to the trust of our customers, we can operate and continuously develop, becoming increasingly accessible to our customers with every passing year. For this reason, we want our customers to have the best possible shopping experience. With a wish to create value for the customer, we aim to implement modern, digital solutions. Most of all, we want to focus on protecting our customers' health, which is even more important during the COVID-19 pandemic. Whatever challenges life brings, we will continue to develop ourselves so we can better serve our customers and provide them with a diversity of choices they can make for their own well-being.

Challenges and directions for the future

We are constantly adapting to our customers' changing needs and expectations. As the pandemic is not yet over and new COVID strains arise, we need to ensure the continuous safety of customers in our stores. We also want to adapt to our customers' needs by expanding our logistics and enhancing store layouts to provide convenient, effortless shopping experiences. Our customers' interests are important to us, therefore we pay more attention to their changing habits by promoting healthier products and reviewing the composition of current products, e.g., reducing fat, sugar, and so on.
We challenge ourselves by adapting new technologies to make customers' experiences easier, faster, and more convenient.



1.3 million customers daily

3.1 million active loyalty card holders

Almost **40%** of purchases were made at lower-than-regular prices

2,175 self-service checkouts

Scan&Go implemented in **3** out of **5** countries

Responsible products and services

With an intention to create value for the customer, we are providing choice. Our customers are able to select:

- The highest quality product at the lowest possible price
- Products that are sourced both locally and globally

In addition to offering a wide variety of products and services, we have implemented practices to ensure that they are sourced responsibly and safely.

In 2020, MAXIMA Latvia's efforts were recognized by the Switzerland-based International Certification Association ICERTIAS when it received the association's **Best Buy Award (Quality at Best Price).** This achievement is a proof that customers are satisfied with the products received and the company's price-to-quality ratio in retail.

LOW PRICES

The accessibility of our products is important, as we want as many customers as possible to be able to buy the products they need. Our price strategy ensures affordability and competitive prices across our product groups. For example, MAXIMA Latvia has prioritized lowering prices on top-quality products. As a leading retailer, the company feels it is its duty to ensure that MAXIMA customers in Latvia have better access to high-quality products at lower prices every day. These efforts can promote a balanced diet while enabling people to put the money they save towards improving their health and well-being in other ways. The company allocated EUR 7.2 million to achieving its long-term price lowering program, reducing prices by up to 40% on several thousand basic items and fresh produce within a year. It also managed to freeze prices to slow down inflation and reduce commodity prices in certain categories.

LOCAL CHOICES

We are making large-scale product changes across all of our categories to provide customers with the choices they need. In 2020, MAXIMA Estonia launched innovations in its range of fresh meat and poultry, fish and fish products, deep-freeze products, ice cream, and soft drinks. Thanks to these innovations, offerings of fresh meat increased by over 30%, with 96% of the increase in fresh meat coming from Estonian suppliers. These changes were inspired by our goal to provide our customers with the power to choose sustainably when making their purchasing decisions. They can now choose to purchase either locally or globally, as we have the assortment to satisfy both needs.

[GRI 416-1]

PRODUCT SAFETY AND QUALITY

Our focus on product quality is what makes our company trustworthy in the eyes of our customers. We assemble products carefully and deliver food goods by special transport that maintains the necessary temperature to preserve the freshness and quality of the products. We carefully track expiration dates so our customers can keep them for as long as possible. Our products must pass several checks before they arrive on our shelves, as our customers deserve only the healthiest, highest-quality products available.

Additionally, our e-grocer BARBORA provides customers with a special "freshness guarantee". BARBORA personnel are specifically trained to pick the best and freshest products to be delivered. Perishable products that should be utilized within 12 hours of delivery (such as ready-to-eat products) are marked with a sticker that says "Today" when ordering. Our BARBORA trucks are equipped with special temperature compartments for carrying cold and frozen products.

Our comprehensive selection process for new suppliers and products ensures that products meet the requirements noted in our specifications. We also collect additional documentation to classify the products, such as eco certification and safety data sheets. Planned and ad hoc laboratory testing is performed to evaluate the safety characteristics of food and non-food products. We check our own brand products to ensure that all European and local requirements are met. The quality of our products is also maintained by planned and ad hoc supplier audits carried out to ensure that the production environment and safety assurance procedures are satisfactory.

In 2020, MAXIMA Lithuania was awarded the **QUDAL** Award by ICERTIAS **for the highest quality vegetables and fruits sold on the Lithuanian market**. The award was based on customer satisfaction surveys conducted by the agency, which means that customers in Lithuania recognize our efforts to sell only the best and freshest products.

INCLUSIVITY

We want our shops to be an inclusive environment for all. This idea has led to initiatives such as the introduction of Quiet Hours at STOKROTKA to provide a dementia and autism-friendly shopping experience for our customers.

BARBORA has also become one of the tools uniting our customers and providing accessible shopping for everyone. Home delivery is extremely important for people with limited mobility, disabilities, or health problems. Online shopping can make their everyday lives much easier. The possibility of having multiple delivery addresses on the same customer account makes BARBORA a meaningful tool for taking care of elderly relatives and people in isolation during the pandemic. It can also help those who are temporarily abroad take care of their parents and other family members.

QUICK RESPONSE

When it comes to their orders, our clients expect efficiency and speed. Our companies have developed various procedures for managing customer requests. For example, MAXIMA Lithuania manages customer requests through its Customer Request Management System. All incoming requests are registered in the FRESHDESK system. Incoming requests can be received by phone, e-mail, post, website, social networks, or in-shop. MAXIMA Latvia has implemented a Customer Complaint and Recommendation Procedure that involves contact via an info line, e-mail, and social networks. STOKROTKA has a Customer Service Office that replies to customers as soon as possible, no later than within seven days. These services are available 24/7. Similar customer service lines are used in other countries and by BARBORA.

Making healthy choices affordable

The events of 2020 have reminded us that without our health we have nothing. We can see very clearly that it is our responsibility to offer healthy products at an accessible price and to educate our customers about the choices they make so they could live healthier lives.

HEALTHY PRODUCTS

We help our customers make healthier choices by increasing the availability of seasonal products – especially fruits and vegetables. We are pleased to support local producers by offering customers the benefits of local farm products. Providing people with quality vitamin-rich food is especially important during the pandemic, and it also increases the volume of orders for local businesses. In addition to price freezes, this provides customers with better access to healthier products.

PRIVATE LABEL

MAXIMA offers a wide selection of products under our private labels. Group companies offer fresh food within their shops: brands like MEISTRO KOKYBĖ (Lithuania), MEISTARA MARKA (Latvia), and MEISTRITE KVALITEET (Estonia) include freshly-prepared meats and seafood, confections and baked goods, salads, and sandwiches. We offer a range of fresh and frozen products and brands exclusive to Group companies, including dairy and meat products, spices and salads, high-quality seafood, ice cream, dumplings, grocery items, and other products. These products are all available at an accessible price.

We are also launching initiatives to develop our private labels and offer healthier ready-made options in our stores.

LESS SUGAR

We are changing some of our products to cut the amount of sugar content. For example, our FAVORIT label tomatoes and canned beans no longer contain any added sugar. Also, Group companies like MAXIMA Estonia are cutting salt and sugar in their deli and confectionery offerings, labeling these items “low salt” and “no sugar.” Company is planning to reduce the amount of sugar in children’s products to a minimum by 2025.

GROWING ECO AND BIO PRODUCTS

Since 2010, our private brand EKOLOGICA has provided customers with organic products such as fresh fruit and vegetables, oils, flour, and more. These products are grown in sustainable ways, respecting natural ecosystems and cycles, and abiding by laws regulating organic production. EKOLOGICA products are marked with the European Union’s organic logo and specify where the ingredients were produced or grown.

CUSTOMER AWARENESS

Shopping at our stores can be an educational experience for our customers. For example, we show our customers how to change their consumption habits by providing advice on how to be “zero-waste”. By increasing customer awareness, we bring value to their lives as we help them make decisions that can lead to better health and benefits for the environment.

PACKAGING AND LABELLING [GRI 417-1]

We are adapting packaging and labeling to provide full nutritional information to our customers. We provide nutritional information per 100 g and per portion whenever the size of the packaging allows it. We want the most important information to be present on the front of the packaging so the customer can be more informed. We comply with all European Union regulations in this process. As the producer is liable for product labeling compliance, our product quality experts work with producers to ensure all product labeling meets legal requirements. 100% of our own products, whether newly-introduced or modified, are checked for compliance with European and local legislation.

RESPONSIBLE COMMUNICATION

We put significant effort into ensuring that our communication with clients is truthful, transparent, and up-to-date. MAXIMA Lithuania and MAXIMA Latvia have defined communication principles according to their customer service standards and follow best trade and advertising practices as recognized by the international community.

A better shopping experience

We see ourselves as a modern player on the retail market, so we want to provide a modern experience for our customers. We take the latest innovations and trends into consideration when we design tools for our shoppers.

TECHNOLOGY AND INNOVATION

We want to use the newest technology available to provide the safest, most efficient, and most convenient shopping experience. Digitalization and new technological solutions like the following can help us achieve this goal:

- MAXIMA Lithuania, MAXIMA Latvia, and MAXIMA Estonia launched a MAXIMA mobile application (app) enabling customers to pay for their purchases in store with their phone. The app allows people to stay on top of their expenditures, monitor their purchases and savings, and search for the nearest stores.
- MAXIMA also unveiled Scan&Go — a new checkout service in the Baltics. Scan&Go enables shoppers to scan products using a portable scanner, place them in their bag, and pay for their goods in a special payment area without removing the products from their bag. MAXIMA Estonia upgraded their version of the MAXIMA app with Scan&Go. Now customers can scan and pay using the app alone. The launch of this app was a great success in Estonia, earning MAXIMA Estonia the Annual Trade Award in 2020.
- The app provides a unique, modern service with a range of functions that can be accessed through a single interface. It has been created with the demands of today's users in mind. This is confirmed by the number of users: within six months the app was downloaded in Estonia almost 70,000 times and more than 80,000 times in Latvia. For MAXIMA Lithuania, the total number of users is currently more than 170,000.
- Many of our stores have a self-service price check. This lets customers check the price of any product before getting to the checkout. Most MAXIMA stores in the Baltics also have self-service scales that assure customers they are purchasing the exact amount of product they need. Finally, self-service checkouts are integrated into all of the Group's companies to some extent to help customers shop quickly and efficiently.
- MAXIMA Latvia is even experimenting with Artificial Intelligence (AI) solutions. Artificial Intelligence solutions are being piloted by MAXIMA to ensure that customers' favorite products, such as dairy products, meats, and beverages are readily available. Meanwhile, BARBORA is testing new AI solutions to help customers with their regular shopping basket.
- STOKROTKA has remodeled its stores to include self-service checkouts to diversify the ways customers can pay for their purchases.
- The MAXIMA XXX store at the AKROPOLE shopping center in Riga, operated by MAXIMA Latvia, was the first store in the Baltics to introduce electronic price tags for thousands of goods, making work easier for employees and providing transparent, up-to-date information for buyers. Today, electronic price tags are being tested in some MAXIMA Lithuania and MAXIMA Estonia stores, as well.

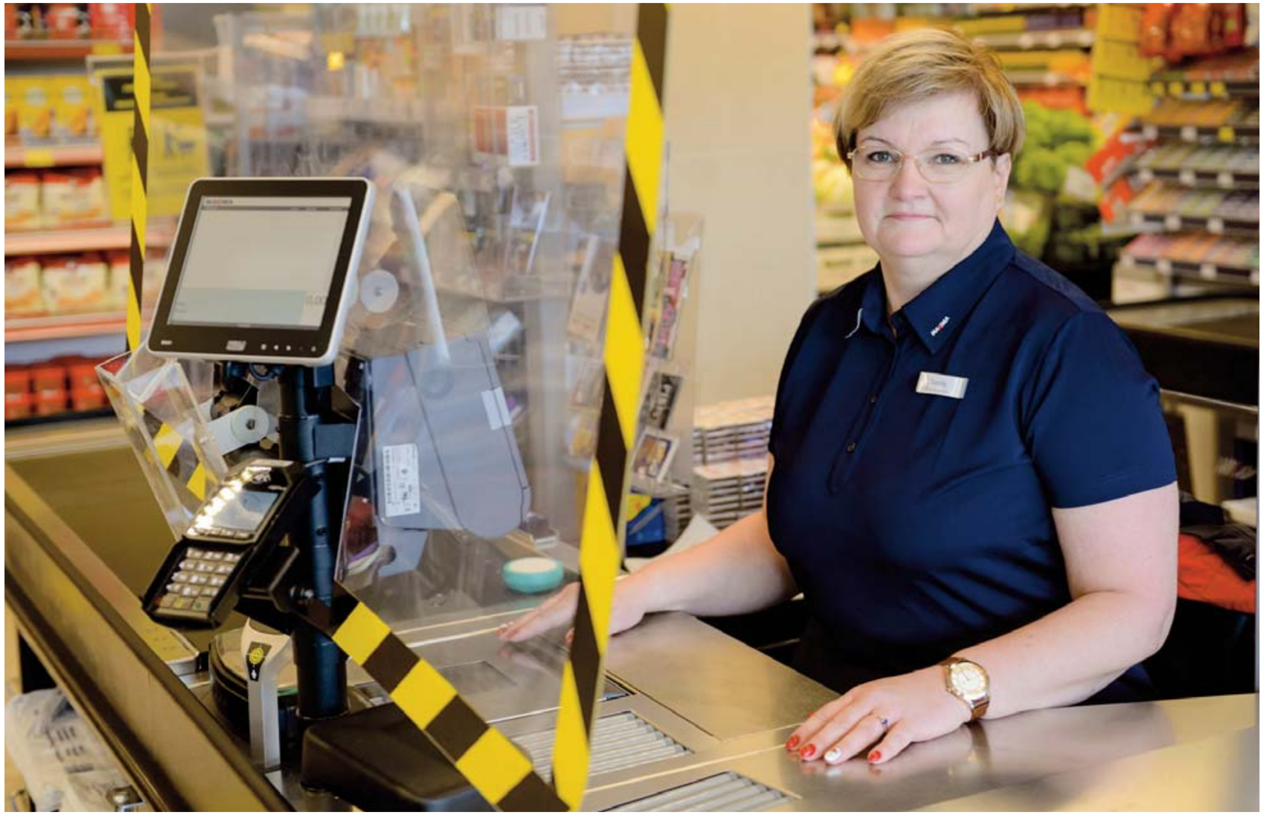
6. OUR PEOPLE — EVERY PERSON COUNTS

Our focus: to be a valued and attractive employer, employing the most qualified employees in every area of its activities.

Our employees are an essential pillar of our organization. They regularly demonstrate their commitment, expertise, and energy, allowing us to reach far and beyond each and every day. In 2020, MAXIMA proved that it is a responsible, stable, and health-conscious organization. Our companies have been recognized as good places of employment. BARBORA Lithuanian branch and MAXIMA Lithuania have both been named “Employer of the Year” in Lithuania. These awards indicate their position as two of the most attractive employers in their country among trading companies. MAXIMA Latvia enjoys a similar award for several years in a row now.

Challenges and directions for the future

Our ability to conduct and expand operations depends on our capacity to attract and retain a large number of quality personnel. The most significant challenge in this area comes from managing and responding to external factors that may affect whom we can hire. These external factors include the availability of a sufficient number of qualified people in the workforce of the markets in which our businesses operate, unemployment levels within those markets, prevailing wage rates, changing demographics, health and other insurance costs, and new or revised employment and labor laws and regulations. We strive to provide attractive working conditions to high-quality employees.

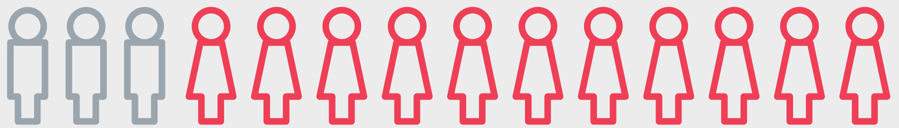


As an employer, we have given ourselves the following tasks. First, we monitor the labor market to provide our employees with appealing benefits in line with market standards. Second, we continue to develop processes that prepare our employees for their work assignments and pursuing the career. For that,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

Number of employees employed by the Group* [GRI 102-8]

men
8,086

women
32,023



total **40,109***

Number of employees employed by type of contract and employment type*

Type of contract

	Permanent employment contract	Temporary employment contract
Men	7,018	1,068
Women	27,017	5,006
Total	34,035	6,074

Type of employment

	Part time			Full time
	0.25	0.5	0.75	1
Men	37	259	1,392	6,396
Women	91	880	4,741	26,313
Total	128	1,139	6,133	32,709

Our team

We can only achieve our goals successfully when all of us work effectively together as a team. Our employees are our core asset, and we have only been able to achieve our present success thanks to their hard work, loyalty, dedication, and teamwork. In return, we do our best to create an atmosphere for growth and success by collecting feedback from our employees, offering additional benefits, and providing opportunities for professional development.

At the same time, we contribute to improving the family time of our employees, by co-financing fitness club memberships or giving allowances to employees with children.

Parental leave rate* [GRI 401-3]

	Men	Women	Total
Percentage of employees that are entitled to parental leave	100%	100%	100%
Number of employees that took their parental leave	51	1,224	1,275
Number of employees who returned after their parental leave	27	730	757
Return rate (how many employees tend to come back to work after their parental leave has ended)	53%	60%	59%

* The data referred above does not include 622 employees of UAB "Loganas", UAB "Eigeris" and UAB "Akonkagva", as these companies are not part of the Group from 01-03-2021.

BENEFITS

In addition to safe working conditions, our companies want employees to enjoy benefits that can make their employment more rewarding. Our employees at stores, warehouses, and other locations have access to free food or paid lunches. Many of our companies offer various forms of health insurance, free vaccinations, and free health check-ups. Employees commuting from different cities receive accommodation allowances. They also have access to discounts at our stores and partner locations.

Our companies organize annual employee events, like summer festivals and Christmas parties, which bring our employees together to celebrate their achievements, provide entertainment, and communicate our culture, thus strengthening our team's cohesion.

Some of our companies, such as in Lithuania, Latvia, and Estonia, are offering employees psychological and social support in relation to the COVID-19 pandemic.

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

- Long-term employee rewards
- Pharmacy vouchers for employees raising disabled children
- Co-financing fitness club memberships
- Free qualification courses
- Tuition support
- Summer camps for employees' children
- Easter and Christmas gifts
- Christmas gifts for employees' children
- Financial wedding and childbirth gifts
- Payments in case of death in the family, disability or illness
- Various special bonuses (best employee, reference bonus, etc.)

MAXIMA Lithuania, Latvia, and Estonia are also very proud of our MAXIMALIST program, which provides long-term scholarships to high-achieving children of employees. Since its inception 15 years ago, this project has become inseparable from the MAXIMA brand and raised many young talents, who are creating value for our communities. This program is well known and valuated not only by our current, but also by potential employees.

EMPLOYEE FEEDBACK

We monitor employee satisfaction by conducting regular surveys. Although the pandemic interrupted our evaluation processes in some countries, the evaluations performed in 2020 show higher scores in most surveys. The employee feedback we are most proud of:

MAXIMA Latvia's engagement index (80.4) increased by 5% and is well above the industry average of 66%. Some areas needing for improvement were also indicated for further focus of the company.

In 2020 **BARBORA** disseminated a newcomer adaptation questionnaire. Responses showed that in their first three months of work, new employees in logistics and distribution centers were concerned about the lack of feedback from supervisors about their work. This helped BARBORA implement new processes for providing more frequent feedback on employee performance.

STOKROTKA conducts an annual employee satisfaction survey among employees and managers. The results show 86.7% satisfaction in supermarkets and 90.1% satisfaction in smaller shops – an improvement from 2019.

T-MARKET measured and saw improvement in 25 categories, including satisfaction with the company, management, teamwork, motivation, and stress. The survey also indicated additional areas for improvement.

A work environment that accords with our culture

THE WORKPLACE

Our culture promotes awareness, responsibility and self-belief. As part of this, mutual respect, diversity, and equal treatment are fostered in the Group. We want to be sure we apply these principles in the workplace. With this in mind, we can be certain that our professional relationships will remain among our greatest assets.

FAIR HIRING [GRI 406-1]

Our hiring policy, which we have outlined in our Equal Opportunities and Diversity Policy, implemented in 2020, protects candidates from discrimination on the basis of their beliefs, age, gender, relationship status, maternity/paternity, race, religion, or sexual orientation.

We welcome applications from candidates with a wide range of qualifications and experience, and invite all who could potentially contribute to the objectives of our organization. Job vacancies are open to any applicant and every candidate is given equal consideration for the job, including internal applicants. Our companies have established appropriate recruitment procedures.

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

INVOLVING EMPLOYEES

Today's business practice shows that involving employees in solving internal challenges can become a formula for a company's success. This format is equally beneficial for young people, who get the opportunity to gain experience and pursue a career, as well as for the companies themselves, giving impetus to process improvement. Therefore, the businesses abroad widely practice forming "shadow boards". In 2020, our company MAXIMA Lithuania has followed this example, actively involving various employees of the company in the newly created eight-member **"Speed Board" ("Greičio valdyba"),** whose ideas and insights will contribute to internal changes within the company. Members of "Speed Board" were thoroughly chosen from the company's existing employees with various competences. In their daily tasks, the members of this board are getting acquainted with the daily work of managers, learns to form and to share new ideas, as well as develop their personal competences, and, respectively, changes the company itself. The "Speed Board" members are also participating in various strategic topics such as shaping MAXIMA formats, assortment, and others. Within their daily tasks and activities, the members of this group are assisted by experienced mentors – the various specialists and managers of MAXIMA Lithuania. The project was a great success within the company and among its employees. It is anticipated to be continued for a new term of office with new candidates in 2021.

Diversity within the Group by gender, age, and employee category* [GRI 405-1]

		< 30 years		30-50 years		> 50 years	
Managers at the company (Clevel) by gender and age group	**Men**	4	0.01%	60	0.15%	11	0.03%
	Women	6	0.01%	75	0.19%	23	0.06%
Directors of departments, unit managers by gender and age group	**Men**	10	0.02%	141	0.35%	14	0.03%
	Women	11	0.03%	132	0.33%	24	0.06%
Regional and shop managers by gender and age group	**Men**	32	0.08%	131	0.33%	7	0.02%
	Women	70	0.17%	882	2.20%	266	0.66%
Others (office employees, shop employees, warehouse employees and etc.)	**Men**	2,653	6.61%	3,224	8.04%	1,799	4.49%
	Women	5,561	13.86%	14,174	35.34%	10,795	26.91%

* The data referred above does not include 622 employees of UAB "Loganas", UAB "Eigeris" and UAB "Akonkagva", as these companies are not part of the Group from 01-03-2021.

BARBORA — A SUCCESS STORY

One of our proudest achievements in 2020 was the growth of BARBORA, which more than doubled in the past year.

During the COVID-19 lockdown periods, we provided temporary employment opportunities to workers from industries whose main activities were shut down, such as cafes and restaurants. At BARBORA, these employees could secure a steady income until they were able to return to their regular job.

BARBORA's greatest expansion came during the second wave of COVID-19. By this time, we were prepared for the growing needs of shoppers and hired 750 new employees in Lithuania in various departments, including administration, couriers, and order pickers. We hope that most of these employees will remain with our company beyond the pandemic period.

OPPORTUNITIES TO GAIN EXPERIENCE

Our employment practices adapt to changes in society. Over the summer, MAXIMA Latvia was the country's largest employer of young people aged 14–17. Employing young people helped our current store employees, who were already under increased pressure because of the pandemic. It also allows young people to gain useful work experience and skills for the future, such as budgeting, adaptability, and communication.

[GRI 102-8]

Number of employees employed by age and gender*

	< 30 years	30-50 years	> 50 years
Men	2,699	3,556	1,831
Women	5,648	15,263	11,112
Total	**8,347**	**18,819**	**12,943**

* The data referred above does not include 622 employees of UAB "Loganas", UAB "Eigeris" and UAB "Akonkagva", as these companies are not part of the Group from 01-03-2021.

Customer satisfaction is heavily dependent on the well-being of our employees. When we build new shops or modify existing ones, we strive to improve employee facilities as well, providing an ergonomic work environment, a kitchen and dining area for free meals prepared on site, lounges for rest and relaxation, and other comforts and conveniences.

We also want to improve working conditions by providing workers with state-of-the-art equipment that makes their jobs easier – like modern convection cookers, cooling chambers, multifunctional mixers, the latest generation of ovens, modern meat and sausage-making equipment, and other technological solutions in both storage rooms and cooking areas. These tools help production workers perform their tasks quickly and efficiently, saving their time and energy.

We also try to make the process of organizing goods more efficient for our employees. Merchandise containers are organized on the floor according to item category locations, which are zoned by special floor markings. Empty containers are separated and designated for removal during the arrival of the delivery transport. Consistency in categories and zoning allows our goods to remain organized. That way our employees always know where the items belong and where to find them.

EMPLOYEE HELPLINE

We want to make sure our employees are treated fairly and their voices are heard. So we have created helplines to communicate with them on issues like corruption, abuse, problems related to working conditions, or occupational health and safety. Employees can report unfair behavior or violations by phone, e-mail, or to designated individuals. Systems of reporting may differ between companies, but every one of our employees is provided with the possibility to be heard.

Health and safety

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

Workplace health and safety are fundamental, so we our occupational health and safety management measures are developed in accordance with legislative regulations and internal risk assessment procedures. Workplace risk assessment is carried out regularly in all countries. Procedures that are included in our health and safety system include: risk evaluation (internal and external); preventative measures determination; documentation preparation and issue; work environment monitoring/supervision; preventive and corrective action planning; training and communication; medical examination; personal protective and safety equipment; and accident investigation. Each company follows its procedures according to the laws of its country.

HAZARD IDENTIFICATION & RISK ASSESSMENT

Our companies employ different risk assessment strategies in accordance with relevant legal regulations. MAXIMA Lithuania's provisions are contained in internal documents, and risk assessment is performed by an independent service provider. The results are shown to managers who prepare strategies to manage these risks. They are then presented to employees and tracked by continuous internal controls. MAXIMA Latvia follows a similar procedure, hiring a subcontractor for annual risk evaluations in each structural unit, including internal controls by an internal health and safety specialist. MAXIMA Estonia registers and addresses risks internally. Their work environment council meets at least twice a year – more often if necessary. STOKROTKA performs risk assessment and hazard identification according to Polish legal requirements, and health and safety inspections are carried out regularly. T-MARKET provides risk documentation to all offices, stores, and workshops. BARBORA has prepared a guide to risk analysis and assessment, which is updated annually.

REPORTING THREATS

There are occasions when our employees may notice threats to themselves or other employees. These threats must be reported according to each company's guidelines. Each company has implemented the necessary systems for such reporting and has delegated responsible internal unit/employee positions (e.g. working environment commissioners).

PROCEDURES FOR DANGEROUS SITUATIONS

Our employees must be prepared for critical situations. They are made aware of our procedures through trainings and are encouraged to stop work if they encounter a dangerous situation. In most of our companies, the rules are enumerated in the Internal Rules of Working Procedures manual. Employees are encouraged to stop work immediately if a risk is discovered or if a situation poses imminent danger to the employee's life or health. They must then report the situation to a supervisor as soon as possible. Some companies, such as T-MARKET, provide employees with action plans on crisis prevention and what to do during a crisis, such as when encountering aggressive behavior, injuries, robbery, natural disasters, fire, accidents, or evacuations.

OCCUPATIONAL HEALTH SERVICES

We follow all safety instructions and legal requirements regarding the medical health of our employees. All our companies provide employee health check-ups before the start of their employment and continue these check-ups regularly throughout their careers. Some companies engage independent third-party professionals to carry out these services, while other companies hire internal medical staff.

PROMOTING EMPLOYEE HEALTH

We do what we can to help our employees stay healthy. Almost all companies provide free seasonal flu vaccination for willing employees. Many of the companies (MAXIMA Lithuania, MAXIMA Latvia, MAXIMA GRUPĖ, FRANMAX) provide all employees with health insurance after the initial probationary period of their employment. STOKROTKA provides this service to some employees. STOKROTKA provides employees with a "FitProfit" card that gives them access to sports and leisure activities at over 3,500 facilities across Poland.

EMPLOYEE INVOLVEMENT IN HEALTH AND SAFETY

Our employees have the possibility to have their voices heard, and we encourage them to participate in the consultation and evaluation of our occupational health and safety management systems. MAXIMA Lithuania and MAXIMA Estonia have an anonymous hotline for suggestions. An employee complaints commission has been established by MAXIMA Lithuania. There are also elected employee health and safety representatives, including an occupational health and safety committee composed of an equal number of employers and workers' health and safety representatives. MAXIMA Latvia collects employee feedback during monitoring visits. Special working groups are formed as needed. Employees are kept informed through the company intranet, newsletters, e-mails, trainings, and other meetings. STOKROTKA has a permanent Occupational Health and Safety Commission consisting of employee and employer representatives that collects and analyzes employee opinions. T-MARKET involves employees in quarterly working groups and provides trainings and discussions on specific issues.

We regularly update our employees on the most current safety issues and procedures through annual training sessions and visual aids. Employees are trained in general occupational health and safety issues, along with certification of personnel working with potentially hazardous equipment. Our new and existing employees are trained by certified managers in areas such as first aid and fire safety.

The Group's strong focus on employee safety contributes to the development of a more cohesive, stable, and healthy team. We regularly assess the situation in our shops, logistics centers and other places of operations, and monitor whether employees are complying with safety requirements, particularly, of late, with regard to COVID-19 prevention. The assessments provide a sense of security for employees and promote responsible behavior within the team.

Work-related injuries* [GRI 403-9]

Total number of work related injuries	446
The number of fatalities as a result of work-related injury	0
The number of serious work-related injuries (excluding fatalities)	7
Rate of recorded work-related injuries[1]	6.2
Rate of serious work-related injuries (excluding fatalities)[1]	0.1

[1] Rates are calculated by dividing the number of injuries by the total number of hours worked during the reporting period multiplyed by 1,000,000

* The data referred above does not include 622 employees of UAB "Loganas", UAB "Eigeris" and UAB "Akonkagva", as these companies are not part of the Group from 01-03-2021.

Employee training and development [GRI 404-2]

It is important for us that our employees stay informed about the latest procedures and industry standards within our company and beyond. We want them to benefit from learning opportunities. Our training courses are an opportunity for career development, allowing employees to deepen their understanding of their role and tasks. In a typical situation, our employee's first training would occur before their first day on the job: either in person or online. In the wake of COVID-19, we switched our training to online courses wherever possible. Our training courses are available to all employees whose positions require special skills and knowledge, such as store employees, warehouse employees, cashiers, employees preparing food, and BARBORA pickers/couriers. Additionally, all new employees are required to take and pass work safety and company policy trainings. Throughout their careers, employees are provided opportunities to further develop their skills, acquire new knowledge, or change qualifications, if necessary.

Our courses provide information that helps employees develop their expertise and familiarizes them with safety and best practices in different situations. If needed, employees may participate in external (including online) courses, but internal courses make up the majority of our training sessions, as they address the specifics of work knowledge and internal processes.

PERFORMANCE REVIEW

The Group's employees are receiving performance reviews in accordance with established internal procedures. In some of our companies all administrative staff are receiving regular performance and career development reviews while others provide them only at management levels. In our stores, employee evaluation takes place in two ways: some are evaluated monthly, depending on quality KPIs and turnover results, while for others, evaluations are less frequent, and the criteria depend on their team's goals, company goals, and the like. Group-wide, more than half of our employees receive regular performance and career development reviews in one form or another.

[GRI 404-3]

Percentage of employees receiving regular performance and career development reviews*

		Employees who received a performance review	Percentage
Total:	40,109	22,930	57.17%
Administration employees	2,738	1,869	68.26%
Men	820	575	70.12%
Women	1,918	1,292	67.36%
Others (shops, warehouses, etc.)	37,371	21,061	56.36%
Men	7,266	3,344	46.02%
Women	30,104	17,717	58.85%

* The data referred above does not include 622 employees of UAB "Loganas", UAB "Eigeris" and UAB "Akonkagva", as these companies are not part of the Group from 01-03-2021.

7. COMMUNITY — PROSPERITY

Our focus: MAXIMA Group is a valued, caring member of society, always working hand-in-hand with the communities in which we operate.

In 2020, we continued to show that we are a responsible, stable, and health-conscious corporate citizen. Once again, we demonstrated that we could create greater positive impact and more value if we go beyond our role as a retail company and engage in initiatives to help and support our communities. By creating equal opportunities for all members of society to achieve their full potential, we help contribute to a safer, more productive and more stable society. For this reason, social inclusion initiatives and cooperation on projects with non-governmental organizations are amongst the fundamentals of our activities. In the past year, our companies engaged in many social initiatives and charity events to contribute to their local communities. Each country team defined its own priorities based on the country's location, social situation, pressing concerns, and vulnerable groups. Our approach is best demonstrated by the diversity of actions we take to make our communities better.

Challenges and directions for the future

Our aim for the future is to keep up our momentum and build on the success of our initiatives and cooperation. We want to widen our impact by getting our partners involved in our existing community activities. We are also constantly looking for new initiatives to offer our help and resources. By setting more unified targets for cooperation in each country, we believe we will be able to reach our goals.

EUR 1,733,311
Total amount contributed to our community

EUR 116,034
Community support

EUR 270,208
Social initiatives

EUR 1,347,069
Charity

Supporting communities

Our business operations extend across five countries, which means we are responsible for millions of people with a wide range of needs. We would like to thank the members of our communities for their engagement in addressing local challenges, helping those who are disadvantaged, working with local organizations, and organizing projects related to health care as well as people with disabilities. By being attentive to the needs of our communities, we maintain a close partnership with the people we serve. Constantly increasing the scope of our business, we also attach great importance to taking into account local needs when opening new stores and expanding existing ones.

[GRI 413-1]

TAKING COMMUNITY INTO ACCOUNT

The Group's stores are generally located in areas subject to detailed urban planning, and the detailed plans specify, among other things, allowable locations and sizes of facilities. Preparing for construction, renovation, and paving of parking lots must be coordinated with relevant authorities. All planning documents are subject to impact assessment in terms of both environmental and social impact resulting from implementation of building plans. The impact assessment is then publicized on the website of the responsible authority, in the construction information system, and, in some countries, on the bulletin board of the authority, on a stand next to the project site itself, and/or at a public meeting.

During the pandemic, live meetings with the public were organized remotely by means of live online audio-visual broadcasting. This allowed interested members of the public to submit suggestions and questions, and receive answers live. An overview of the results of these public consultations were made publicly available. The Group's companies always take public opinion into consideration and try to find the optimal solutions.

LOCAL SUPPORT

The members of our vibrant communities have many innovative ideas and we are eager to make them happen! For the past five years, MAXIMA Lithuania has been running the "We Are Community" program, which aims to support local communities and their initiatives. Each year, the best ideas earn awards and funding. The theme for 2020 was "Second Life," with many projects implemented to give items, traditions, and infrastructures a new, "second" life.

In addition to their creativity, the members of our communities show their constant engagement in local issues by volunteering their time to various causes. We want to recognize these people for the time they have spent making their communities a better place. For example, MAXIMA Lithuania is partnering with the Lithuanian Deaf Society by giving additional benefits to its members and rewarding volunteers with gift cards.

We recognize that our decisions now will affect the citizens of tomorrow, which is why we are developing a sustainability approach with a view to the future. For this reason, we are focusing on engagement in three main areas: community health, education, and support for disadvantaged groups. We hope that the investments we make into our communities will help contribute to the common good, providing solutions for generations to come.

COMMUNITY HEALTH

Promoting healthy habits

The future of our society depends on the health of our communities, especially children. The Group's companies have supported initiatives to promote healthy habits and an active lifestyle. For example, MAXIMA Latvia, an official partner of the Latvian Athletics Association, has organized events to improve children and youth sports training programs by making them more interesting, innovative, and attractive for children and their families. The "Children's Athletics" program was launched in Latvia in cooperation with local governments, sports academies, and fitness clubs, with the participation of children in Riga, Liepaja, Saldus, Ogre, Jelgava, and Bauska. Children also participated in competitions at the Children's Athletics Festival. The Latvian Athletics Association and MAXIMA Latvia continue to work together to develop children's athletics and physical fitness, making it a real community effort. MAXIMA Latvia has also encouraged children and families to live a healthy lifestyle by supporting orienteering programs, hockey academies, and other activities. In Bulgaria, T-MARKET is a sponsor of the Plovdiv Marathon.

Support for hospitals, people with illnesses or disabilities

Unfortunately, our communities face many health challenges. The Group's companies want to contribute to solutions in this vulnerable sphere. We are involved in initiatives promoting healthier food in hospitals and rehabilitation centers and providing support to ill and disabled people. We strengthened our cooperation with these partners during the COVID-19 pandemic by extending additional support to hospitals. We provided safety measures and equipment, donated face masks, and provided meals to hospital staff.

The Group's companies are also involved in initiatives to support elderly people, people with disabilities, and families of people battling illnesses. For example, MAXIMA Latvia established long term cooperation with children's rehabilitation center POGA. The program cares for infants with mobility issues. MAXIMA Estonia has been collecting empty bottles and packaging and donating the money received from recycling to the Estonian Association of Parents of Children with Cancer. The Association finances a support center, summer camps, and entertainment for children during hospital stays. MAXIMA Lithuania has worked with the Disabled People's Union of Kaunas Region. It has also organized events for children through SOS Children's Village, the Mothers' Union, and the Rimantas Kaukėnas Charitable Fund. MAXIMA Lithuania has sponsored therapy for children at the Dolphin Assisted Therapy Center and organized a campaign together with the non-profit organization Ankstukai that raised funds for families with premature babies. In Poland, STOKROTKA participates in the Great Orchestra of Christmas Charity, which raises money for pediatric and elderly care. The organization purchases medical equipment for Polish hospitals and clinics while also running medical and educational programs. STOKROTKA was also a sponsor of the Seventh Santa Claus Charity Run, organized by the Foundation for Sport Development in Lublin. Proceeds from the run were donated to sponsor long-term therapy for a child who had experienced cerebral strokes.

And we are always prepared to react to unexpected health crises. *You can see how we supported our communities during the COVID-19 crisis in page 19*

EDUCATION

Education plays an important role in a sustainable future. We are involved in many educational initiatives, rewarding the brightest minds in our communities with opportunities to further their studies.

One of our biggest achievements is our long-running "LITHUANIAN MAXIMALISTS" ("LIETUVOS MAXIMALISTAI") project in Lithuania, which provides scholarships for children throughout all the country with outstanding academic results (implemented by "MAXIMA Lithuania"). This project has grown over 15 years ago from our program for motivation for our employees' children "MAXIMALISTS". The received scholarships allow gifted children a possibility to prepare and participate in various national and international science, art, ecological, innovation and sport competitions or to acquire means necessary for further development of their talents.

HOLIDAY SEASON SUPPORT

The spirit of the Christmas season inspires additional giving. Our holiday initiatives are beloved by our customers and employees, and have become annual traditions. In the period leading up to Christmas, MAXIMA Estonia brings the "Angel Tree" to all of its stores. Customers can take an angel from the tree and grant the wish they find there of one of almost 2,000 children selected by social workers and by the Estonian Association of Large Families. In 2020, the Angel Tree was also put up in the MAXIMA Estonia office, carrying the wishes of 43 children from low -income families. MAXIMA Estonia employees supplemented requests that remained unfulfilled by customers to ensure all selected children received a gift. In Bulgaria, T-MARKET participated in the Social Kitchen Project, preparing and donating hot soup to disadvantaged members of the community over a period of three weeks. This initiative brought warm food to 500 people during the winter period. Meanwhile, STOKROTKA and the Polish Red Cross organized a Christmas food drive, collecting dry goods for the most vulnerable, such as the elderly and ill who were in isolation during the holiday season. STOKROTKA has also supported Christmas initiatives such as the We Give Help Foundation, a figure-skating championship, and the Pioneers Club from Koszalin, who were collecting Christmas Eve products for the disadvantaged. For over ten years, MAXIMA Lithuania has been cooperating with the Order of Malta on their Christmas initiatives. As a part of this cooperation, MAXIMA Lithuania employees donated Christmas meals to more than 800 elderly people. MAXIMA Lithuania also participated in the Order's' Easter activities, thanks to which more than 525 elderly people and over 380 children received Easter packages of groceries. Similar Easter initiatives were sponsored in other countries, such as in Bulgaria, where T-MARKET donated 3,000 Easter cakes to those in need.

Cooperation with food banks

Food waste, or the loss of food that is not eaten, is a major 21st century ethical, economic, and environmental concern. Most of the products we sell are food, therefore we draw our greatest attention to planning our orders and selling, to reduce the waste as much as it is possible. However, these processes cannot be managed 100%, so we are constantly looking for ways to use surplus food, such as by donating it to food banks. In our opinion, cooperation with food banks is the perfect solution to the problem of excess food, as it also allows us to support those in need in our communities.

Group companies take an individualized approach to their cooperation with food banks. MAXIMA Latvia addresses food waste by donating to food charities, optimizing supplies, and adhering to food waste norms. The company was among the initiators of legislation that would allow food donations to charities and individuals. In 2020, MAXIMA Latvia donated 230,000 items of fresh produce and packaged groceries worth EUR 150,000 to six charity organizations. MAXIMA Latvia has also been an active supporter of the Children's Clinical University Hospital, the Riga East University Hospital, Hospiss LV, and many other charitable organizations including the Samaritan Association of Latvia, Food for Life, Foundation of Latvian Children, Association of Latvian Foster Families, and the Union of People with Hearing Disabilities.

STOKROTKA regularly donates food to Polish organizations, with 500 tons of food donated in 2020. Over 91 tons were donated to Caritas and 409 tons were donated to the Federation of Food Banks. The food (mostly cold cuts, fruits, and vegetables) was used to prepare meals and packages for people who have found themselves in difficult situations. STOKROTKA donated packages with private label goods, including sweets, coffee, tea, energy drinks, and hand creams to paramedics of the Ambulance Station "Czechów," to nurses at the Stefan Kardynał Wyszyński Province Specialist Hospital, and to blood and bone marrow donors at the RCKiK donation center in Lublin. They have also supplied food baskets to thousands of families through The Volunteer Center in Lublin.

MAXIMA Lithuania works hand-in-hand with the Lithuanian Food Bank. In 2020, the company transferred food products worth more than EUR 530,000 to the organization. Additionally, MAXIMA Lithuania and MAXIMA Estonia stores periodically organize food drives that allow customers to buy and donate food themselves right in our stores.

Our e-commerce company BARBORA also has long-standing arrangements with the Food Bank. Customers shopping at BARBORA can choose to donate Food Bank products they purchase directly from home.

You can read about our other efforts to minimize food waste in page 51.

8. ENVIRONMENT — CLEAN AND SUSTAINABLE

Our focus: clean and sustainable business practices that have as little impact as possible on the environment.

Our common welfare depends on the health of our environment. As we are faced with new ecological challenges, we are obliged to make every effort possible to use natural resources, protect the environment and to contribute to a sustainable future. Therefore, environmental awareness is a key part of our corporate social responsibility approach. As one of the largest company groups in the Baltics, we are constantly looking for ways to be more environmentally friendly, use energy and other resources more efficiently, and reduce our negative impact.

Challenges and directions for the future

We are committed to practices that will maintain a clean environment, as we understand that a sustainable future is dependent on the decisions we make today. At the Group, we are constantly challenging ourselves, our employees, and our partners to find more sustainable packaging methods and implement renewable solutions to meet climate targets, accelerate emissions reduction, and manage food waste.

More than
30%
energy savings after each store renovation

More than
65%
of our total waste is recycled

More than
42%
of electricity consumed by us is from renewable sources

[GRI 102-11]

Our environmental approach

Given the wide range of our Group's operations, it behooves all of our companies to take special responsibility for the environment. Over the years, we have been trying to reduce our environmental impact, whether in purchasing, logistics, store organization, or educating employees and customers. We continue to do this by identifying and addressing our sustainability priorities: counteracting climate change through energy efficient operations, responsible waste management, and prevention of food waste.

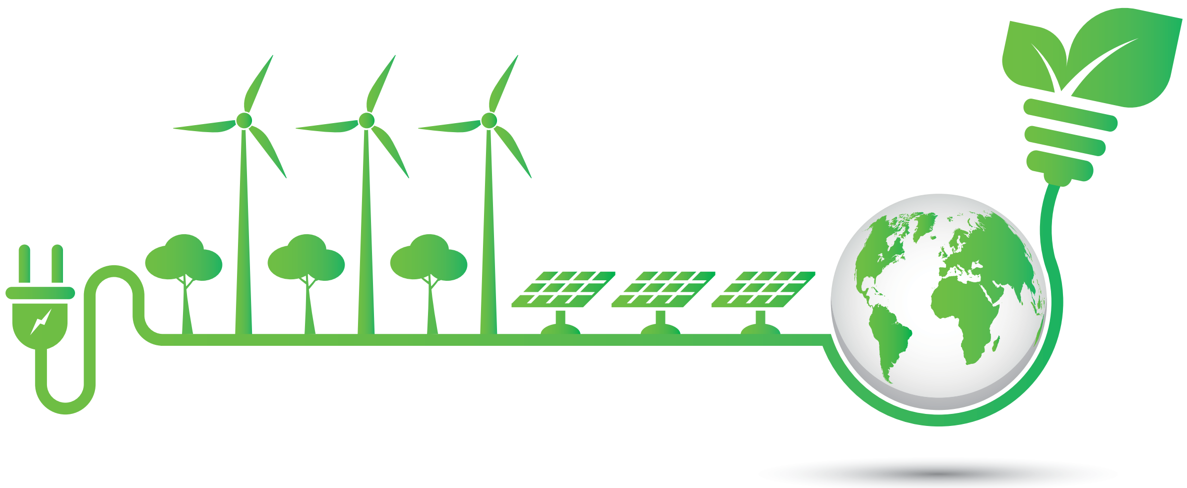
The environment is a critical factor we take into account when assessing risks and opportunities within the organization. One of the major factors affecting our business is climate change. Climate change can have serious effects on the food retail industry, impacting agriculture and fisheries. We have seen that produce can be exposed to unexpected environmental factors like droughts, heavy rain, floods, and wildfires. For example, Lithuania suffered a severe drought in the summer of 2020, which cut the year's harvest by up to one half, thus increasing prices for our customers as demand for products remained the same. In Estonia, shorter winters and colder summers are also affecting yields of local producers, leading to price increases as production is reduced and land where produce can grow becomes more expensive. We have also observed that a decreased supply of local food can increase competition between retailers, resulting in higher prices. The Group tries to mitigate the risks of climate change by remaining attentive to the situation around the globe and taking whatever steps it can.

In recent years, we have devoted resources to making MAXIMA a more sustainable retailer. In 2019, MAXIMA Lithuania and the Nordic Investment Bank (NIB) signed a 10-year EUR 52 million loan agreement according to which the Group's companies in the Baltics will allocate money for green investments. These investments will go towards enhancing the energy efficiency of newly opened and renovated stores in the Baltics. With this funding, we can upgrade store refrigeration systems and cooling technologies, install energy-saving lighting solutions, and build solar power plants. We are sure this will result in a better shopping experience for customers and a positive shift towards sustainable measures within the sector.

Climate and energy

We see the effective use of energy resources as the foundation of our sustainable development. Therefore, we have been working on improving our energy efficiency not only when opening new stores and modernizing existing ones, but also across our whole business operation from start to finish. We can achieve this goal with the use of renewable energy solutions, improved logistics, and other strategies. All units work to reduce energy consumption at all levels. Though our companies each have individualized their commitments and implementation, we are all headed in the same direction.

A sustainable energy policy is crucial at all stages of our business, including goal planning, implementation, and evaluation. It is an essential aspect of our Group's energy management system, and our companies strive to achieve the latest global standards. For example, MAXIMA Latvia was issued the energy management system certificate LVS ISO 50001: 2012 by the internationally accredited certification organization, Bureau Veritas.



We believe in saving energy at every stage, from the beginning of sourcing to the moment the product ends up in the client's basket. Here is how we address energy efficiency within our logistics processes, store activity, and office infrastructure.

[GRI 302-4]

ENERGY EFFICENCY IN LOGISTICS

Before our product arrives on the store shelf, it needs to travel from its origins to warehouses and distribution centers. Our energy efficiency solutions at this stage include changes in lighting, electric equipment, and greener transportation solutions.

Lighting in STOKROTKA's distribution centers is currently being changed to LED, which are significantly more efficient than fluorescent and last longer than incandescent lights. This means decreased use of energy and resources to illuminate workplaces. MAXIMA Latvia has implemented motion-activated lighting in aisles and ramp gates of its distribution center, decreasing the amount of unnecessary energy usage. It is also a convenient solution for our employees, who do not have to worry about switching the lights on and off. Our offices in Lithuania have also adopted motion -activated lighting which can be regulated to different levels of brightness and natural light to save energy.

We are opting for more efficient, state-of-the-art equipment to increase the comfort of our employees while becoming more environmentally friendly. For example, equipment in MAXIMA Latvia's distribution centers is powered by lithium-ion batteries. MAXIMA Latvia has the largest fleet of lithium-ion powered forklifts in the Baltics, with the number still growing.

The use of such loaders can increase work efficiency and reduce power consumption by up to 30%.
In addition, distribution centers in Estonia use nitrogen as an environmentally benign, natural refrigerant.
Transport has a significant impact on the environment, which is why we are switching to greener solutions here, too. MAXIMA Latvia's logistics partners are required to use cars that are less than 10 years old. Because of this rule, 80% of trucks delivering goods to MAXIMA Latvia are even younger – less than five years old.
T-MARKET employee cars were replaced with new hybrids that can reach speeds of 45 km/h using electric power. The use of electric power reduces harmful emissions and minimizes fuel consumption.
A significant part of MAXIMA Estonia's employee fleet has been replaced with hybrid Toyotas. Meanwhile, twenty-one trucks operated by STOKROTKA are Euro 6 compliant. The use of these vehicles reduces the negative impact of our transportation systems on the environment.

101,8 MWh
Total electricity produced by our solar power stations in 2020

280
Number of stores with LED lighting

37
Number of stores with natural refrigerants (CO_2, WL)

9
Number of stores with electric vehicle charging stations (both owned or leased parking lots)

[GRI 302-4]

ENERGY EFFICIENCY IN OUR STORES

Our stores are the final stop in our supply chain, as from there the product goes home with the customer. We are improving our stores by implementing sophisticated solutions like in-store LED lighting (e.g., all new and renovated stores in Lithuania, Latvia, Estonia and Poland are equipped with LED lighting solutions), up-to-date ventilation, heating, air conditioning, and cooling systems, and green energy sourcing.

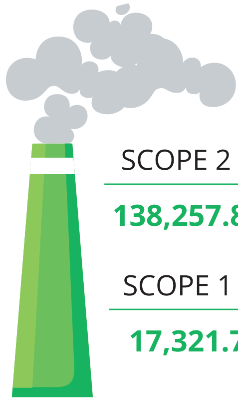
Every fifth MAXIMA Lithuania store implements energy efficiency solutions that save natural resources, such as energy-efficient heating and ventilation systems, energy-saving condensing gas boilers, and aerothermal heat pumps. Our new and renovated stores contain a new generation of cooling systems through which heat is recovered and used to heat the store – a modern, closed-loop solution. These devices are saving about 290 MWh of energy every year.

We also try to source green energy from wind, solar, and hydro, such as by installing solar panel arrays on the rooves of our buildings. Two such arrays were installed at our stores – both of them in Lithuania: one at the MAXIMA XX store on P. Žvirka street in Vilnius, and another on the roof of the MAXIMA XX store on J. Basanavičiaus Street in Kėdainiai.

Furthermore, almost 80 percent of total energy consumed by MAXIMA Lithuania is purchased from third party producers who use green sources, such as wind, solar, and hydro. This company decision shows how we prioritize our long-term vision like sustainability, over short-term savings.

Our T-MARKET chain is well ahead of the curve, as all 88 of the chain's stores in Bulgaria are 100% powered by green energy. This has been made possible through cooperation with a Bulgarian company that produces energy through photovoltaic installations, wind generators, and biomass processing plants. By decreasing the excessive burning of fossil fuel, T-MARKET is supporting Bulgaria's transition to a low-carbon economy.

GHG EMISSIONS: [GRI 305-1][GRI 305-2]



SCOPE 2

138,257.87 tones CO_2 eq

SCOPE 1

17,321.73 tones CO_2 eq

Total energy consumption within the Group [GRI 302-1]

Total electricity consumption	497,067.92 (MWh)
Total electricity consumption from non-renewable sources	287,550.93 (MWh)
Total electricity consumption from renewable sources	209,516.99 (MWh)
Total heating energy consumption	113,538.42 (MWh)
Total energy consumption	1,107,674.26 (MWh)

Materials and waste management

Our society has become dependent on plastic. After all, this material has made it possible for us to provide safe, fresh food conveniently and inexpensively. However, we recognize that our planet and waste management infrastructure have a limited ability to handle the volume of plastic that is being produced and thrown away each day. We strive to protect the environment by reducing the excessive use of plastic and minimizing the entry of plastic waste into nature and water. For this reason, we have developed an approach to plastic that aims to optimize use and increase recycled materials.

MATERIALS IN OUR PRODUCT DEVELOPMENT

While developing and producing of our own private label products, ordered in a centralized manner, we ensure that manufacturers include recyclable materials in the production of product packaging. Moreover, we are reducing the amount of combined packaging to a minimum and replacing it with paper. We use 40% recycled plastic to produce shopping bags, and 10% recycled raw materials to produce household appliances and tableware. Plastics and metals that have been made defective during the manufacturing process are recycled on site and reused.

We want our private label products to be made with safe materials, so all our requirements for producers are prepared according to REACH legislation and Packaging Waste Directive 94/62/EC. We choose the safest technological processes in our production. For example, our textile manufacturers must use dyed raw materials and work only with approved dye suppliers. Each product is tested by accredited laboratories in keeping with the highest standards.

IN-STORE PACKAGING

At MAXIMA Lithuania, we are implementing environmentally friendly solutions like purchasing new containers with silicone fastening straps and reducing disposable packaging. We are also trying to phase out all disposable plastic products, including plastic earplugs, cutlery, plates, straws, drink mixers, balloon sticks, polystyrene foam food and beverage containers, lids, and products made of clear plastic. By 2025, we want to ensure that all plastic packaging from our private label products is 100% recyclable. This plastic reduction initiative has been inspired by the reconstruction of our shop on the Lithuanian Curonian Spit – a unique sand dune peninsula that is a UNESCO World Heritage Site. A few years ago we eliminated all single-use plastic at this location, offering eco-friendly alternatives.

We are cooperating with scientists and institutions to analyze the possibilities of replacing plastic packaging with environmentally friendly materials like hemp fiber, starch, or biomaterials. We are prioritizing sustainable, non-toxic, reusable products and systems to reduce waste. We are in the process of launching more sustainable shopping bags (paper bags, bags from degradable or already reused plastic, etc.) in all countries in which we operate. We further encourage our customers to use these bags through attractive pricing, customer education, and by other means. We trust our customers to make the right decisions.

PACKAGING FOR PURCHASES

All our companies are moving away from plastic bags and we want to help our customers choose less harmful ways to get their purchases home. At MAXIMA Lithuania, our customers can choose from different packaging alternatives, such as cardboard boxes, recycled paper bags, or recycled plastic. We remind our customers to save clean, undamaged plastic bags for reuse. We have observed that our customers tend to be environmentally conscious, often choosing bags made of jute fiber. New, non-plastic bags are made of kraft, or hard paper, which makes them more resistant to tearing even as they withstand weights of up to 10 kg. During lockdown, the use of plastic bags decreased by as much as 2% compared to the previous year.

STOKROTKA has introduced paper bags for bread to reduce the number of HDPE bags used in our stores. Meanwhile, T-MARKET is planning to launch paper bags and textile bags to reduce the use of nylon.

One of our leaders in the movement towards plastic-free shopping is MAXIMA Latvia. As early as 2008, MAXIMA Latvia was the first retail company in Latvia to completely abandon free plastic bags for the sake of the environment. Polyethylene bags at checkouts have been replaced by EPI, which is a material that decomposes faster in the natural environment. Customers also have the option of purchasing paper and cloth bags along with cardboard boxes, and MAXIMA Latvia packs deli products sold by weight in food wrapping paper instead of plastic bags. MAXIMA Latvia reported having the lowest price for paper bags in the Baltics, making the choice easy and obvious for customers.

Our e-commerce leader BARBORA is also very proud of its accomplishments in this area. As a food delivery company, it follows strict legal regulations for product packaging (e.g. separating food and non-food products). As a result of this and due to the volume of products purchased, BARBORA customers tend to have more shopping bags than in-person customers. However, the company has recently introduced environmentally friendly packaging and has been working to encourage customers to choose paper instead of plastic bags. This has led to great results: paper bag usage by customers has increased from 18% in 2019 to 50% in 2020. Moreover, BARBORA has also reviewed their goods picking and packing processes and reduced the number of bags used for packing of separate goods wherever possible.

SEPARATING WASTE

We can help our customers make better recycling decisions, too. Our private label packaging has a recycling and green dot symbol clearly displayed on visible parts of the packaging next to other important labeling information. We also try to use blended recycled materials in our packaging. MAXIMA International Sourcing and MAXIMA Lithuania work with the EEPA, which is the association of distributors of electronics, and other organizations to provide public education on this topic. For example, they organized the "Learn More About Sorting" campaign, which was broadcast through all types of media.

Our stores, distribution centers and offices have different waste strategies. For example, T-MARKET gathers waste in a distribution center, separates the plastic and transfers it for recycling. They have also installed specialized paper presses across the country to optimize utilization of transport packaging. MAXIMA Lithuania stores and offices provide containers for sorting waste. They have also conducted internal audits of how waste is sorted in supermarkets and provide educational activities to employees and customers. STOKROTKA separates waste in store, while MAXIMA Latvia and MAXIMA Lithuania provide containers for customers to return batteries and used household appliances, such as phone chargers or hair dryers. This prevents harmful waste from reaching landfills. MAXIMA Estonia also separates waste, including cardboard and paper, polyethylene, bio-waste, and animal waste, along with wood, styrofoam and other plastic waste when necessary. They store animal waste in separate refrigerators while bio-waste containers are located only in shops where local authorities provide for removal of this type of waste. Offices also sort paper, bio-waste, and bottles. The logistics center sorts cardboard, plastic, transparent packaging, mixed packaging, wood, bio-waste, and animal waste. This cross-section shows that we are involved in the separation and recycling of waste at all levels.

REDUCING PAPER USAGE

MAXIMA Estonia stores are paving the way to paperless shopping by issuing receipts for purchases at the self-checkout counters only at the customer's request when prompted on the screen. The 385 self-service checkouts are set to a default mode which does not automatically provide customers with a purchase receipt upon finishing the transaction. The customer must choose the option to print a receipt. This decision was prompted by research which showed that most customers do not take the paper receipt when it is automatically issued at the self-checkout counter. The company plans to implement a similar solution at regular checkouts. This will significantly decrease the amount of paper used – by up to 154,000 rolls or 16,500 kilometers of cashier's check paper per year. Additionally, customers shopping with the MAXIMA Estonia mobile app receive only electronic receipts for all their purchases.

STOKROTKA and some of our other companies have implemented electronic invoicing systems, enabling us to save at least 60% of the paper intended for these purposes.

[GRI 306-2]

Waste by type and disposal method

Waste for recycling	[tonne]
Cardboard waste	35,112.0
Paper waste	565.4
Glass waste	848.9
Metal waste	242.3
Styrofoam waste	95.3
Polyethylene waste	2,635.4
Hard plastic waste	430.9
Multilayerd packaging waste	1,514.8
Timber waste	816.8
Food waste of animal origin	4,538.8
Fats' waste of animal origin	403.4
Food waste of non – animal origin	8,165.0
Waste from cooking oil	8,566.8
Total weight of hazardous waste	265.8
Waste handed to farmers	
Waste of animal origin given to farmers	134.6
Waste of non-animal origin given to farmers	256.0
Fats' waste handed over to farmers	5.6
Non-recydlable waste	
Non-recyclable production waste	33,005.9

Food waste

Food waste is currently one of the most pressing ethical and economic issues, as it generates about 8% of global greenhouse gas emissions and wastes natural resources. Nearly one third of all food produced in the world is never eaten. As one of the biggest food retailers in the Baltics, we must take action to prevent and reduce food waste and increase the sustainability of the food system.
For example, by 2025 MAXIMA Lithuania aims to reduce food waste by 30%. We have analyzed our supply chain and identified three areas with potential for reducing food waste: distribution centers, transportation, and shops. Our companies are taking several preventive measures to minimize food waste and develop alternative pathways to save it from ending up in landfills.

PREVENTING FOOD WASTE

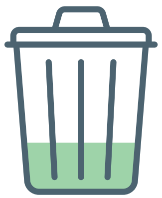
The first step in decreasing food waste is to ensure that the adequate quantities of products are ordered for sale. We are also regularly checking the level of losses at stores, in order to minimize it as much as it is possible. Furthermore, it is very important the products are stored and transported in ways that will keep them from spoiling. We actively monitor food storage temperatures along the whole food supply chain, such as when receiving and transporting food, storing food in logistics centers, and when displaying products in stores.

Our companies minimize food waste by discounting products that have a shorter expiry date so that the customer would be more likely to notice and purchase this product. Some Group companies conduct educational campaigns that encourage customers to avoid wasting food.

In our fight against food waste, we try to keep our options open as to what to do with surplus food that is unsuitable for donation. Food products that have reached the end of their shelf life are used as animal feed, compost, biomass, electricity, and heat production. For example, 40 tons of food waste, such as vegetables, fruits, and bread, were collected by MAXIMA Lithuania and given to farmers who feed livestock and poultry or make compost with the products that are no longer suitable for human consumption. To prevent unsold food from ending up in landfills, MAXIMA Lithuania transfer products that are no longer suitable for consumption (500 tons of plant waste, 30 tons of fat, and 190 tons of animal by-products per month) to one of our partners who converts them into biomass and biogas. We also cooperate with a high-quality, certified company that collects and converts used oils into biodiesel.

Finally, we are proud of our companies' cooperation with food banks, which helps save nutritious food for redistribution to those in need.

For more information, please refer to page 43.



By 2025, MAXIMA Lithuania is aiming to reduce food waste by

30%

9. ABOUT THIS REPORT

[GRI 102-45] [GRI 102-50] [GRI 102-51] [GRI 102-52] [GRI 102-53] [GRI 102-54] [GRI 102-56]

This is the Group's first annual Corporate Social Responsibility Report. It contains data for the financial year starting on the 1st of January and ending on the 31st of December 2020. The scope of reporting includes MAXIMA GRUPĖ, UAB and all of its direct and indirect subsidiaries.

In 2020 the Group's main subsidiaries are provided in the table herein. Other subsidiaries not listed below are mainly involved in real estate management. The Group owns 100% of shares in all subsidiaries.

Name	Country of incorporation	% held by the Group on 2020, 31 December	Principal business activities
MAXIMA GRUPĖ, UAB	Lithuania		Holding company
MAXIMA LT, UAB	Lithuania	100%	Retail in food and consumables
MAXIMA Latvija SIA	Latvia	100%	Retail in food and consumables
MAXIMA Eesti OU	Estonia	100%	Retail in food and consumables
MAXIMA Bulgaria EOOD	Bulgaria	100%	Retail in food and consumables
Stokrotka Sp. z.o.o.	Poland	100%	Retail in food and consumables
BARBORA, UAB	Lithuania	100%	E-trade
PATRIKA SIA	Latvia	100%	E-trade
SUPERSA OU	Estonia	100%	E-trade
FRANMAX, UAB	Lithuania	100%	IT and supporting services
MAXIMA INTERNATIONAL SOURCING, UAB	Lithuania	100%	Wholesale and agency of food and consumables

This report has been prepared in accordance with the GRI Standards: Core Option. These guidelines provide a framework for a consolidated approach to reporting, maintaining the highest degree of transparency and consistency. The standards allow this information to be reliable and useful to markets and society. All presented data have been consulted internally and verified by employees responsible for individual areas of our business so that they are true and up to date. *Moreover, this report has been read by our auditors (see the statement in the financial report).*

We are committed to reporting annually on our sustainability performance. In case of any question, feel free to contact us at: **CSR@maximagrupe.eu**

Materiality topics

[102-46] [102-47]

According to GRI Standards guidelines, the content of this report is a product of the materiality definition process. The report was prepared based on internal and external consultation and an overview of trends and issues important for the retail industry, and it contains strategic aspects for the Group's sustainable development.

As a result, topics were categorized into five main categories: supply chain, customers, employees, communities, and environment. In 2020, the topic of COVID-19 and its consequences was also relevant.

LIST OF MATERIAL TOPICS:

1. MAXIMA Group response to COVID-19

2. Supply chain

- Responsible sourcing
- Partnership with suppliers

3. Customers

- Products quality and safety
- Healthy products
- Shopping experience

4. Employees

- Responsible workplace
- Safety and health of employees
- Training and development of employees

5. Society and local communities

- Supporting local communities
- Food donation

6. Environment

- Environmental protection and climate change
- Packaging of products
- Preventing food waste

GRI Standards Content Index

[GRI 102]

GENERAL DISCLOSURES

GRI Standard Number	Indicator name	Page
1. Organizational profile		
102-1	Name of the organization	4
102-2	Activities, brands, products and services	7
102-3	Location of headquarters	4
102-4	Location of operations	4
102-5	Ownership and legal form	7
102-6	Markets served	4
102-7	Scale of the organization	4
102-8	Information on employees and other workers	33, 36, 58
102-9	Description of the supply chain	23
102-10	Significant changes to the organization and its supply chain	n/a
102-11	Precautionary Principle or approach	45
102-12	External initiatives	7
102-13	Membership in associations	4, 7
2. Strategy		
102-14	Statement from senior decision-maker	2
102-15	Key impacts, risks, and opportunities	11
3. Ethics and integrity		
102-16	Values, principles, standards and norms of behavior	10
4. Governance		
102-18	Governance structure	9

GRI Standard Number	Indicator name	Page
5. Stakeholder engagement		
102-40	List of stakeholder groups	14
102-41	Collective bargaining agreements	52%
102-42	Identifying and selecting stakeholders	15
102-43	Approaches to stakeholder engagement	14
102-44	Key topics and concerns raised	15
6. Reporting practice		
102-45	Entities included in the consolidated financial statement	7, 52
102-46	Defining report content and topic Boundaries	52
102-47	List of material topics	52
102-48	Restatements of information	Not applicable as it is first report
102-49	Changes in reporting	Not applicable as it is first report
102–50	Reporting period	52
102-51	Date of most recent report	52
102-52	Reporting cycle	52
102-53	Contact point for questions regarding the report	52
102-54	Claims of reporting in accordance with the GRI Standards	52
102-55	GRI Index	54-56
102-56	External assurance	52

Management approach [GRI 103]

GRI Standard Number	Indicator name	Page
103-1	Explanation of topics identified as significant, with an indication of their restriction	22, 26, 32, 33, 35, 40, 41, 44, 45, 48, 50
103-2	Management approach and its elements	22, 26, 32, 33, 35, 40, 41, 44, 45, 48, 50
103-3	Assessment of management approach	22, 26, 32, 33, 35, 40, 41, 44, 45, 48, 50

SPECIFIC STANDARD DISCLOSURES

Economic Category

GRI Standard Number	Indicator name	Page
GRI 204: Procurement Practices		
204-1	Proportion of spending on local suppliers	25
GRI 205: Anti-corruption		
205-2	Communication and training about anti-corruption policies and procedures	11 partially reported

Environment Category

GRI Standard Number	Indicator name	Page
GRI 302: Energy		
302-1	Energy consumption within the organization	47
302-4	Reduction of energy consumption	46, 47 partially reported
GRI 305: Emissions		
305-1	Direct (Scope 1) GHG emissions	47
305-2	Energy indirect (Scope 2) GHG emissions	47
GRI 306: Effluents and Waste (2016)		
306-2	Waste by type and disposal method	50

Social Category

GRI Standard Number	Indicator name	Page
GRI 401: Employment		
401-1	New employee hires and employee turnover	59-60
401-3	Parental leave	33 partially reported
GRI 403: Occupational Health and Safety (2020)		
403-1	Occupational health and safety management system	37
403-2	Hazard identification, risk assessment, and incident investigation	37
403-3	Occupational health services	37
403-4	Worker participation, consultation, and communication on occupational health and safety	37
403-5	Worker training on occupational health and safety	37
403-6	Promotion of worker health	37
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	37
403-9	Work-related injuries	38
GRI 405: Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	35
GRI 406: Non-discrimination		
406-1	Incidents of discrimination and corrective actions taken	35
GRI 413: Local communities		
413-1	Operations with local community engagement, impact assessments, and development programs	41
GRI 416: Customer Health and Safety		
416-1	Assessment of the health and safety impacts of product and service categories	28
GRI 417: Marketing and Labeling		
417-1	Requirements for product and service information and labeling	30

Appendix

Total number of employees by employment contract (permanent and temporary), by region* [GRI 102-8]

	MAXIMA Lithuania		MAXIMA Latvia		MAXIMA Estonia		STOKROTKA		T-MARKET		BARBORA		Other**		The Group (Consolidated Data)	
	P	T	P	T	P	T	P	T	P	T	P	T	P	T	P	T
Men	2,176	124	1,638	3	819	36	903	886	508	0	865	12	109	7	7,018	1,068
Women	10,380	510	6,066	3	2,933	39	4,738	4,422	1,694	3	1,029	23	177	6	27,017	5,006
Total	**12,556**	**634**	**7,704**	**6**	**3,752**	**75**	**5,641**	**5,308**	**2,202**	**3**	**1,894**	**35**	**286**	**13**	**34,035**	**6,074**

P = Permanent, T = Temporary

* The data referred above does not include 622 employees of UAB "Loganas", UAB "Eigeris" and UAB "Akonkagva", as these companies are not part of the Group from 01-03-2021.

** MAXIMA International Sourcing, MAXIMA GRUPĖ, FRANMAX, EMPERIA HOLDING Sp. z o.o., ELPRO DEVELOPMENT Sp. z o.o.

Appendix

New employee hires and employee turnover* [GRI 104-1]

		MAXIMA Lithuania			MAXIMA Latvia			MAXIMA Estonia		
		< 30 yrs.	30–50 yrs.	> 50 yrs.	< 30 yrs.	30–50 yrs.	> 50 yrs.	< 30 yrs.	30–50 yrs.	> 50 yrs.
Total number of new employee hires during the reporting period	Men	757	404	308	744	462	314	564	268	237
	Women	1,164	981	611	934	1,037	727	710	598	380
	Total	**1,921**	**1,385**	**919**	**1,678**	**1,499**	**1,041**	**1,274**	**866**	**617**
Total percentage of new employee hires during the reporting period	Men	51.53%	27.50%	20.97%	48.95%	30.39%	20.66%	52.76%	25.07%	22.17%
	Women	42.24%	35.60%	22.17%	34.62%	38.44%	26.95%	42.06%	35.43%	22.51%
	Total	**45.47%**	**32.78%**	**21.75%**	**39.78%**	**35.54%**	**24.68%**	**46.21%**	**31.41%**	**22.38%**
Total number of seasonal workers hires during the reporting period	Men		561			96			26	
	Women		1,016			124			35	
	Total		**1,577**			**220**			**61**	
Total percentage of seasonal workers hires during the reporting period	Men		35.57%			43.64%			42.62%	
	Women		64.43%			56.36%			57.38%	
	Total		**100.00%**			**100.00%**			**100.00%**	
Total number of employee turnover during the reporting period	Men	743	503	425	657	478	329	556	288	261
	Women	1,248	1,409	1,164	775	982	714	618	603	484
	Total	**1,991**	**1,912**	**1,589**	**1,432**	**1,460**	**1,043**	**1,174**	**891**	**745**
Total number of employee turnover during the reporting period	Men	5.63%	3.81%	3.22%	8.52%	6.20%	4.27%	14.53%	7.53%	6.82%
	Women	9.46%	10.68%	8.82%	10.05%	12.74%	9.26%	16.15%	15.76%	12.65%
	Total	**15.09%**	**14.50%**	**12.05%**	**18.57%**	**18.94%**	**13.53%**	**30.68%**	**23.28%**	**19.47%**

* The data referred above does not include 622 employees of UAB "Loganas", UAB "Eigeris" and UAB "Akonkagva", as these companies are not part of the Group from 01-03-2021.

Appendix

New employee hires and employee turnover* [GRI 104-1]

		STOKROTKA			T-MARKET			BARBORA		
		< 30 yrs.	30–50 yrs.	> 50 yrs.	< 30 yrs.	30–50 yrs.	> 50 yrs.	< 30 yrs.	30–50 yrs.	> 50 yrs.
Total number of new employee hires during the reporting period	Men	417	264	45	37	276	4	726	219	15
	Women	1,125	1,601	353	267	315	204	806	302	30
	Total	**1,542**	**1,865**	**398**	**304**	**591**	**208**	**1,532**	**521**	**45**
Total percentage of new employee hires during the reporting period	Men	57.44%	36.36%	6.20%	11.67%	87.07%	1.26%	75.63%	22.81%	1.56%
	Women	36.54%	52.00%	11.46%	33.97%	40.08%	25.95%	70.83%	26.54%	2.64%
	Total	**40.53%**	**49.01%**	**17.66%**	**27.56%**	**53.58%**	**18.86%**	**73.02%**	**24.83%**	**2.14%**
Total number of seasonal workers hires during the reporting period	Men		751						1	
	Women		1,289						0	
	Total		**2,040**						**1**	
Total percentage of seasonal workers hires during the reporting period	Men		36.81%						100.00%	
	Women		63.19%						0.00%	
	Total		**100.00%**						**100.00%**	
Total number of employee turnover during the reporting period	Men	430	316	64	304	177	40	655	220	12
	Women	1,136	1,694	536	359	482	357	770	315	38
	Total	1,566	2,010	600	663	659	397	1,425	535	50
Total number of employee turnover during the reporting period	Men	3.93%	2.89%	0.58%	13.79%	8.03%	1.81%	33.96%	11.40%	0.62%
	Women	10.38%	15.47%	4.90%	16.28%	21.86%	16.19%	39.92%	16.33%	1.97%
	Total	14.30%	18.36%	5.48%	30.07%	29.89%	18.00%	73.87%	27.73%	2.59%

* The data referred above does not include 622 employees of UAB "Loganas", UAB "Eigeris" and UAB "Akonkagva", as these companies are not part of the Group from 01-03-2021.

Appendix

New employee hires and employee turnover* [GRI 104-1]

		Other**			The Group (Consolidated Data)		
		< 30 yrs.	30–50 yrs.	> 50 yrs.	< 30 yrs.	30–50 yrs.	> 50 yrs.
Total number of new employee hires during the reporting period	Men	18	15	0	3,263	1,908	923
	Women	29	24	0	5,035	4,858	2,305
	Total	**47**	**39**	**0**	**8,298**	**6,766**	**3,228**
Total percentage of new employee hires during the reporting period	Men	54.55%	45.45%	0.00%	53.54%	31.31%	15.15%
	Women	54.72%	45.28%	0.00%	41.28%	39.83%	18.90%
	Total	**54.65%**	**45.35%**	**0.00%**	**45.36%**	**36.99%**	**17.65%**
Total number of seasonal workers hires during the reporting period	Men		1,435				
	Women		2,464				
	Total		**3,899**				
Total percentage of seasonal workers hires during the reporting period	Men		36.80%				
	Women		63.20%				
	Total		**100.00%**				
Total number of employee turnover during the reporting period	Men	15	23	5	3,360	2,005	1,136
	Women	27	50	1	4,933	5,535	3,294
	Total	**42**	**73**	**6**	**8,293**	**7,540**	**4,430**
Total number of employee turnover during the reporting period	Men	5.02%	7.69%	1.67%	8.38%	5.00%	2.83%
	Women	9.03%	16.72%	0.33%	12.30%	13.80%	8.21%
	Total	**14.05%**	**24.41%**	**2.01%**	**20.68%**	**18.80%**	**11.04%**

* The data referred above does not include 622 employees of UAB "Loganas", UAB "Eigeris" and UAB "Akonkagva", as these companies are not part of the Group from 01-03-2021.

** MAXIMA International Sourcing, MAXIMA GRUPĖ, FRANMAX, EMPERIA HOLDING Sp. z o.o., ELPRO DEVELOPMENT Sp. z o.o.

1 April 2021

Responsibility statement of responsible persons

Hereby we confirm that, to the best of our knowledge and belief, the consolidated financial statements of MAXIMA GRUPĖ, UAB (hereinafter "the Company") and its subsidiaries (hereinafter together "the Group") for the year ended 31 December 2020 prepared in accordance with International Financial Reporting Standards as adopted by the European Union, present fairly the financial position of the Group as of 31 December 2020 and its financial performance and cash flows for the year then ended.

In addition, we confirm that the consolidated annual report includes a fair view of the development and performance of the business of the Group, the Group's financial position together with a description of the principle risks and uncertainties the Group faces.

Mantas Kuncaitis	Vitalij Rakovski
Chief Executive Officer	Chief Financial Officer