AB "Civinity"

SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
PREPARED ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION,
PRESENTED TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT

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(All amounts are in the thousand of euros unless otherwise stated)

INFORMATION ABOUT THE COMPANY

Name of the Company	AB „Civinity“
Legal form	Public limited liability company
Company code	302247881
Registered office address	Naugarduko g. 98, 03160 Vilnius
Date of registration	13 November 2008
Registrar	State enterprise Centre of Registers
Profile of activities	Business and other management consultations
Company’s financial year	Calendar year
Chief Executive Officer	Deividas Jacka
Auditors and address	PricewaterhouseCoopers UAB J.Jasinskio g. 16B LT-03163 Vilnius Telephone: (8~5) 239 2300 Fax: (8~5) 239 2301 Email: vilnius@lt.pwc.com

Independent auditor's report

To the shareholder of Civinity AB

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Civinity AB (the "Company") as at 31 December 2021, and the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the 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 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 Company 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 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.

Reporting on other information including the annual report

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

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

In connection with our audit of the 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the 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 financial statements

Management is responsible for the preparation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

On behalf of PricewaterhouseCoopers UAB

Rasa Radzevičienė
Partner
Auditor's Certificate No.000377

Vilnius, Republic of Lithuania
29 April 2022

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

ANNUAL REPORT OF THE COMPANY FOR THE YEAR 2021

1. Objective overview of the Company's financial position, performance and development, description of its exposure to key risks and contingencies

AB "Civinity" ("the Company") is a public limited liability company registered in the Republic of Lithuania on 13 November 2008. With effect from 13 March 2017, a private limited liability company Civinity was reorganised to a public limited liability company. The Company's name after the reorganisation is AB "Civinity". The address of its registered office is as follows: Naugarduko 98, LT 03160 Lithuania.

AB "Civinity" controls corporate group which are engaged in provision of facility management and integrated utility services in Baltics region and provides professional management, risk controls, investment planning and financial services for the Group companies Currently the Group companies operates in Lithuania, Latvia and United Kingdom (subsidiary of Civinity Engineering, UAB). Services to the group companies are provided base on transfer pricing documentation and approved principles.

AB "Civinity" gets revenues from management consulting services, what is core of company business and from investment activities in form of dividends from controlled subsidiaries and interests from loans.

The company assesses general risks relating to economical, political and social factors such Covid-19 and therefore it is careful in choosing investments. Such factors as consumer price inflation, rising remuneration base and economic growth are considered as the most important ones for the company daily operations and investment decisions.

2.Analysis of the financial and non-financial performance, information on environmental and personnel-related issues

In 2021 the Company revenue increased by EUR 1.641 thousand and amounted to EUR 3.966 thousand (2020: EUR 2.325 thousand). The key factor for the revenue increase in 2021 was 1.860 thousand dividends paid from subsidiaries in engineering business segments, where Civinity Engineering, UAB managed to increase the revenue by 49% and amounted EUR 17.000 thousand (2019: EUR 11.430 thousand) .

All expenses related with main company activated amounted EUR 2.250 thousand (2020: EUR 2.400 thousand) and majority of expenses was directly related with consulting services and remunerations for company employees. The operating result for year 2021 was EUR 1.750 thousand and exceeds year 2020 operating result in EUR 1.720 thousand amount because of non paid dividends in year 2020.

Net of tax result in 2021 was positive in ammount EUR 900 thousand and this positive increase company equity in 2021, which still remains negative in amount EUR - 2.010 thousand due unpaid dividens two years in the row.

AB "Civinity" personnel related payments including remuneration and bonuses are less for EUR 390 thousand then at 2020, but partly decrease was reasoned by transferring some administrative, operational functions to company subsidiary Civinity LT, UAB.

The Company is obliged to keep its shareholders' equity ratio not less than 50% of its authorised share capital, as imposed by the Law on Companies of Republic of Lithuania. At the end of 2021 and 2020 the Company breached mentioned ratio. During the year 2021 Company's equity increased due to the generated profit (received dividends). The management already assumed that in 2022 dividends from fully controlled subsidiaries will be 1.729 thousand and prepared the plan for the Company's activity development: AB Civinity estimate dividens from subsidiaries Civinity Namai Kaunas UAB (EUR 375 thousand), Pastatų meistrai UAB (EUR 577 thousand), Civinity namai Palanga UAB (EUR 377 thousand), Civinity namai Klaipėda UAB (EUR 133 thousand) and Debreceno valda UAB, Civinity LT UAB jointy (EUR 75 thousand).

3. The Company's key management personnel

As at 31 December 2021, the Group's key management personnel included the following persons:

- Deividas Jacka, Chairman of the Board and Chief Executive officer (since 23 December 2020),

Deividas Jacka (born in 1982) is the Chairman of the Board of Civinity AB (since 2020). He holds a Master's degree in business administration and executive MBA diploma. He is a member of the board at UAB Civinity engineering and UAB Civinity Solutions (since 2018).

- Giedrius Jakubauskas, Member of the Board and Chief Financial officer (since 23 December 2020),

Giedrius Jakubauskas (born in 1974) is the Member of the Board of Civinity AB (since 2020). He holds a Master's degree in finance. He is a member of the board at UAB Civinity solutions and UAB Civinity Engineering (since 2021).

- Giedrius Eidimtas, Member of the Board, Chief Operational officer (since 23 December 2020),

Giedrius Eidimtas (born in 1978) is the member of the Board of Civinity AB (since 2020) and chief executive officer at UAB Civinity LT. He holds a Master's degree in business administration. He is a member of the board at UAB Civinity Engineering and chairman of the board at UAB Civinity Solutions (since 2019).

- Edvinas Paulauskas, Member of the Board and Chief Operational officer (since May 2021),

Edvinas Paulauskas (born in 1978) is the member of the Board of Civinity AB and chief operational manager (since May 2021). He holds a Master of Environmental Engineering. He is a member of the board at UAB SPV-31;

- Andrius Bakštonas, Latvia country operations manager (since July 2020),

Andrius Bakštonas (born in 1978) is chief executive manager for Latvia country operations (since July 2020). He holds a Master's degree in social science. He is a member of the board at SIA Hausmaster, SIA Jūrmalas Namsaimnieks, SIA CS Apkope and other Latvian subsidiaries.

4. Number and nominal value of the shares of the Company acquired and held by the Company or the Company companies and the percentage of authorised share capital they represent

The share capital of the Company is EUR 100 thousand as of 31 December 2021. It is divided into 100 ordinary shares with the nominal value of EUR 1 thousand. All shares of the Company are paid up. During 2021 the Company neither acquired nor disposed any shares of the Company and on 31 December 2021 the Company held no shares of the Company.

The Company does not have any other classes of shares than ordinary shares mentioned below, there are no any restrictions of share rights or special control rights for the shareholders settled in the Articles of Association of the Company. No convertible securities, exchangeable securities or securities with warrants are outstanding; likewise, there are no outstanding acquisition rights or undertakings to increase share capital.

As of 31 December 2021 the sole shareholder of the Company was SIA Nord Finn Assets (Latvia).

5. Information on branches and representative offices of the entity

The Company has nor branches neither representative offices.

6. Significant events subsequent to the end of the current financial year

At 2021.12.16 Civinity, AB signed the shareholders agreement with company Sail Invest UAB and agree to merge residential companies Civinity namai UAB, Civinity namai Vilnius UAB, Servico UAB and part of Pastatų meistrai UAB under ownership of SPV-31 UAB, which already controls company Civinity Engineering UAB. The merger of the mentioned companies finished at 2022.03.01 and now SPV-31 UAB controls 100% shares of above mentioned companies.

As part of this reorganisation, the new group company Civinity Meistrai, UAB was established and will cover technical, cleaning and other services outside the Vilnius district.

At 2021.12.24 SPV-31 UAB signed shares purchase agreement with company AB "Invalda" and UAB "Inservis" (Lithuania) to acquire 100 % of shares UAB "Priemiestis", UAB "Jurita", UAB "Inservis" and SIA "Inservis". The last company operates in Latvia. The transaction and take over is arranged at April of 2022.

7. The Company's operation plans and prospects

In 2022, the Company management plan to operate consistently in view of improving its productivity, business process efficiency and optimizing business processes. A special focus will be on research and development property management solutions to improve customers service.

In 2022 the company will continue to develop their ESG policies in different areas of operations, but key focus will be on modernization (renovation) project including availability to install solar plants on roofs at multi apartment houses.

8. Financial risks of the Company

The company borrowings mostly comprise borrowings and finance lease liabilities bearing a variable interest rate linked with EURIBOR that expose the company to the interest rate risk. As at 31 December 2021 and 2020, there were no financial instruments designated to control the risk of interest rate fluctuations. The company is meeting its short term debt obligations and has the ability to pay off its short-term liabilities and is in control of liquidity risk.

Deividas Jacka
Chief Executive Officer
29 April 2022

(All amounts are in the thousand of euros unless otherwise stated)

STATEMENT OF COMPREHENSIVE INCOME

	Note	2021	2020 (restated)
Management service revenue		2 024	2 178
Dividend income		1 860	-
Interest income		82	148
Employee related expenses	7	(866)	(1 206)
IT service expenses		(606)	(212)
Depreciation and amortisation	9, 10, 11	(394)	(330)
Consulting expenses		(242)	(399)
Legal expenses		(49)	(56)
Transportation related expenses		(48)	(29)
Utilities		(21)	(20)
Impairment (reversal) of receivables		(42)	2
Other operating expenses		(76)	(48)
Loss on disposal of Property, Plan and Equipment		(2)	-
Operating profit		1 621	26
Interest expenses		(752)	(917)
Profit before income tax		868	(890)
Income tax expenses	8	-	-
Profit for the period		868	(890)
Other comprehensive income		-	-
Total comprehensive income for the period		868	(890)

The accompanying notes on pages from 13 to 31 form an integral part of these financial statements.

The financial statement were approved and signed by:

Chief Executive Officer	Deividas Jacka	29 April 2022
Chief Financial Officer	Giedrius Jakubauskas	29 April 2022

(All amounts are in the thousand of euros unless otherwise stated)

STATEMENT OF FINANCIAL POSITION

	Note	At 31 December 2021	At 31 December 2020 (restated)	At 1 January 2020 (restated)
ASSETS				
Non-current assets				
Intangible assets	9	590	791	552
Property, plant, and equipment	10	303	42	35
Right - of - use assets	11	137	78	139
Investments in subsidiaries	12	7 309	6 449	6 192
Loans granted to related parties	13	3 570	1 364	3 679
Other receivables	15	203	297	355
Total non-current assets		12 112	9 021	10 953
Current assets				
Trade and other receivables	15	616	827	1 121
Cash and cash equivalents	16	38	10	171
Total current assets		654	837	1 292
TOTAL ASSETS		12 766	9 858	12 245
EQUITY				
Share capital	17	100	100	100
Retained earnings (deficit)		(2 144)	(3 013)	(2 122)
Total equity		(2 044)	(2 913)	(2 022)
LIABILITIES				
Non-current liabilities				
Borrowings	18	13 300	5 668	11 914
Lease liabilities	11	311	333	445
Other payables	19	74	206	-
Total non-current liabilities		13 684	6 208	12 359
Current liabilities				
Borrowings	18	67	6 000	900
Lease liabilities	11	143	129	171
Trade and other payables	19	916	433	836
Total current liabilities		1 126	6 563	1 908
Total liabilities		14 810	12 770	14 267
TOTAL EQUITY AND LIABILITIES		12 766	9 858	12 245

The accompanying notes on pages from 13 to 31 form an integral part of these financial statements.

Chief Executive Officer	Deividas Jacka	29 April 2022
Chief Financial Officer	Giedrius Jakubauskas	29 April 2022

(All amounts are in the thousand of euros unless otherwise stated)

STATEMENT OF CHANGES IN EQUITY

	Note	Share capital	Retained earnings	Total equity
Equity as at 1 January 2020		100	(1 452)	(1 352)
Correction of error	5		(670)	(670)
Equity as at 1 January 2020 (restated)		100	(2 122)	(2 022)
Loss for the period			(890)	(890)
Total comprehensive income for the period			(890)	(890)
Equity as at 31 December 2020		100	(3 013)	(2 913)
Profit for the period			868	868
Total comprehensive income for the period		-	868	868
Equity as at 31 December 2021	17	100	(2 144)	(2 044)

The accompanying notes on pages from 13 to 31 form an integral part of these financial statements.

Chief Executive Officer	Deividas Jacka	29 April 2022
Chief Financial Officer	Giedrius Jakubauskas	29 April 2022

(All amounts are in the thousand of euros unless otherwise stated)

STATEMENT OF CASH FLOWS

	Note	2021	2020 (restated)
Cash flows from operating activities			
Profit (loss) before income tax		868	(890)
Adjustments for:			
Depreciation and amortisation	9, 10, 11	394	330
Impairment (reversal) of receivables		42	(2)
Interest expenses		752	917
Interest income		(82)	(148)
Loss on disposal of property, plant and equipment		2	-
Dividends		(1 860)	-
Changes in working capital			
(Increase) decrease in trade and other receivables	14	304	353
Increase (decrease) in trade and other payables	19	350	(197)
Cash generated from operations		772	363
Interest paid		(350)	(595)
Net cash flows generated from operating activities		422	(232)
Cash flows from investing activities			
Purchase of intangible assets	9	(135)	(500)
Purchase of property, plant and equipment	10	(262)	(55)
Sale of property, plant and equipment	10	41	15
Loans granted	13	(1 255)	(134)
Loan repayments received	13	67	2 102
Dividends received		233	
Net cash flow generated from (used in) investing activities		(1 311)	1 427
Cash flows from financing activities			
Issues of the bonds	18	7 760	
Borrowings received			3 489
Repayments of borrowings	18	(6 815)	(4 826)
Lease payments		(28)	(19)
Net cash flows generated from (used in) financing activities		917	(1 356)
Net increase (decrease) in cash flows		28	(161)
Cash and cash equivalents at the beginning of the period		10	171
Cash and cash equivalents at end of the period		38	10

The accompanying notes on pages from 13 to 31 form an integral part of these financial statements.

Chief Executive Officer	Deividas Jacka	29 April 2022
Chief Financial Officer	Giedrius Jakubauskas	29 April 2022

(All amounts are in the thousand of euros unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1.Information about the Company

Civinity, AB (referred to as the Company, registration code 302247881) is a public limited liability company registered in the Republic of Lithuania. It was established on 13 November 2008. The Company's registered office and head office address is Naugarduko g. 98, Vilnius, Lithuania. The principal activity of the Company is to provide management related services to its subsidiaries and holding activities. From 23 December 2020, the Company's chief executive officer is Deividas Jacka.
From 30 March 2020 the sole shareholder and ultimate shareholder of the Company is Nord Fin Asset, SIA (registration number 44103136863, adress: Dubultu prospekts 3, Jurmala, Latvia). Nord Fin Asset, SIA aquired 100% of shares of the Company from previuos shareholder Civinity OU. The sole ultimate beneficiary holding a 100% ownership interest of Nord Fin Asset, SIA is Deividas Jacka.

The Company's board consists of:
- Deividas Jacka, Board Member (from 10 August 2018 until 10 April 2020 and since 23 December 2020), Chairman of Board (since 22 January 2021);
- Giedrius Eidimtas, Board Member (from 25 September 2019 until 03 August 2020 and since 23 December 2020);
- Giedrius Jakubauskas, Board Member (since 21 January 2021);
- Edvinas Paulauskas, Board Member (since 6 May 2021).

As at 31 December 2021 and 2020, the Company's authorised share capital consisted of 100 ordinary registered shares with par value of EUR 1.000 each. All the shares of the Company have been fully paid up. The subsidiaries do not hold the Company's shares. The Company's shares are not publicly traded.

As at 31 December 2021, the Company had 20 employees (31 December 2020: 21 employees).

Along with these separate financial statements, the management of the Company have prepared the set of consolidated financial statements combining the balances and the financial results of the Company and its' controlling entities (the Group). The consolidated financial statements of the Group were issued and approved by the Management and are available at the Company's registered office address.

Company's direct and indirect investments into subsidiaries:

Name of subsidiary	Address	Date of acquisition or establishment	Ownership % 31 December 2021	Ownership % 31 December 2020	Activity
Direct investments					
UAB Civinity namai Kaunas	Chemijos 15, Kaunas, Lithuania	2013.02.28	100%	100%	Facility management services
UAB Civinity namai Vilnius	Naugarduko 98 Vilnius, Lithuania	2016.02.11	100%	100%	Facility management services
UAB Civinity namai Vakarai	Danės 5-41, Klaipėda, Lithuania	2014.07.11	81,72%	81,72%	Facility management services
UAB Pastatų meistrai	Naugarduko 98 Vilnius, Lithuania	2016.04.26	100%	100%	Construction and repair services
UAB Kretingos būstas	Vytauto 118, Kretinga, Lithuania	2010.08.25	100%	100%	Facility management services
UAB Debreceno valda	Danės 5-41, Klaipėda, Lithuania	2009.01.07	100%	100%	Facility management services
UAB Debreceno NT	Taikos pr. 101D, Klaipėda, Lithuania	2021.04.21	95,44%	-	Real estate administration
UAB Civinity renovacija	Naugarduko 98 Vilnius, Lithuania	2010.01.12	100%	100%	Construction and repair services
UAB Civinity namai Palanga	Virbališkės 3F-1, Palanga, Lithuania	2021.12.15	99,44%	-	Facility management services
UAB Smart technologies	Naugarduko 98 Vilnius, Lithuania	2018.08.29	100%	100%	IT services
UAB Civinity MD	Naugarduko 100 Vilnius, Lithuania	2021.12.28	100%	0%	Projects management
UAB Civinity LT	Chemijos 15, Kaunas, Lithuania	2017.12.06	100%	100%	Services center
UAB City Billing Solutions	Chemijos 15, Kaunas, Lithuania	2021.08.13	100%	0%	Accounting services
UAB Būsto administravimas	Danės 5-41, Klaipėda, Lithuania	2009.01.08	100%	100%	Holding company
SIA VBS serviss	Dēļu iela 5, Rīga, Latvia	2018.03.01	100%	100%	Facility management services
SIA SPV-4	Dēļu iela 5, Rīga, Latvia	2017.01.11	100%	100%	Holding company
SIA Pilsetas Lifti	Dēļu iela 5, Rīga, Latvia	2019.01.09	100%	100%	Construction and repair services
SIA Labo namu agentura	Dēļu iela 5, Rīga, Latvia	2017.04.11	100%	100%	Facility management services
SIA Home master	Dubultu prospekts 3, Jūrmala, Latvia	2016.07.28	100%	100%	Facility management services
SIA CS Apkope	Dēļu iela 5, Rīga, Latvia	2019.12.16	100%	100%	Construction and repair services
SIA Civinity solutions	Dēļu iela 5, Rīga, Latvia	2016.09.21	100%	100%	Facility management services
SIA Civinity LV	Dēļu iela 5, Rīga, Latvia	2017.04.04	100%	100%	Services center
SIA City billing solutions	Dēļu iela 5, Rīga, Latvia	2021.12.01	100%	100%	Accounting services
AS Civinity majas	Dēļu iela 5, Rīga, Latvia	2016.07.28	100%	100%	Facility management services
SIA ALG cleaning	Dēļu iela 5, Rīga, Latvia	2018.02.15	100%	100%	Facility management services
UAB SPV 32	A. Goštauto 40B, Vilnius, Lithuania	2018.01.29	51%	51%	Holding company
UAB SPV 31	Naugarduko 98 Vilnius, Lithuania	2018.01.29	51%	51%	Holding company
Indirect investments					
SIA Civinity Majas Jūrmala*	Dubultu prospekts 3, Jūrmala, Latvia	2014.12.29	100%	100%	Facility management services
SIA CS Renovacija **	Dubultu prospekts 3, Jūrmala, Latvia	2017.02.07	100%	100%	Construction and repair services
UAB "Civinity Solution"***	Naugarduko 98 Vilnius, Lithuania	2018.07.01	51%	51%	Commercial sector facility management services
UAB "Civinity Engineering"****	Naugarduko 98 Vilnius, Lithuania	2018.07.01	51%	51%	Commercial sector facility management services
LTD Civinity Engineering UK ****	United Kingdom	2020.12.15	51%	51%	
UAB Civinity namai Klaipėda*****	Danės 5-41, Klaipėda, Lithuania	2005.09.01	100%	100%	Facility management services
UAB Civinity namai Palanga******	Virbališkės 3F-1, Palanga, Lithuania	2007.03.14	-	99,44%	Facility management services
UAB Debreceno NT*******	Taikos pr. 101D, Klaipėda, Lithuania	2008.05.31	-	95,44%	Real estate administration

In year 2021 the Company continued internal reorganization of the group and bought shares of companies Civinity Namai Palanga, UAB and UAB "Debreceno NT" from the subsidiaries.
In year 2021 new companies were established: Civinity MD, UAB and City Billing Solution, UAB.
In Year 2020 AB Civinity increased an ownership in Civinity namai vakarai, UAB by acquiring 11,37% of shares from individuals.

* - control via the subsidiary UAB Civinity namai Kaunas;
** - control via the indirect subsidiary SIA Civinity Majas Jūrmala
*** - control via subsidiary UAB SPV 31;
**** - control via subsidiary UAB SPV 32, in 2020 Civinity Engineering UAB established company Civinity Engineering UK in United Kingdom
***** - control via subsidiary UAB "Būsto administravimas";
****** - control via indirect subsidiary UAB Civinity namai Klaipėda;
******* - control directly (72,54%) and via subsidiaries UAB Civinity namai (12,84%), UAB Kretingos būstas (10,04%), as at 31 December 2020.

On 16 December 2021 Civinity AB together with SAIL INVEST UAB signed the SPV 31 UAB shareholders agreement which completed the acquisition of 51% of the share capital in SPV 31 UAB. The consideration for SPV 31 UAB shares were paid by transferring of Civinity Namai UAB, Civinity Namai Vilnius UAB and Pastatų meistrai UAB (building maintenance and construction activities Vilnius) shares to SPV31 UAB. According to July 20, 2021, CIVINITY AB and SAIL INVEST UAB merger agreement CIVINITY AB was obliged no later than 1 March 2022, to transfer Civinity Namai UAB, Civinity Namai Vilnius UAB and Pastatų meistrai UAB (building maintenance and construction activities Vilnius) shares to Group company SPV31 UAB. As of 1 March 2022, SPV31 UAB becomes the sole shareholder of the Civinity Namai UAB, Civinity Namai Vilnius UAB and Pastatų meistrai UAB (building maintenance and construction activities Vilnius) companies. According to March 1, 2022, CIVINITY AB and SAIL INVEST UAB Board of Directors Protocol the decision to increase the share capital of SPV 31 UAB was initiated. The authorized capital of the SPV31 UAB was increased to 6 533 125 EUR on 18 March 2022. On March 1, 2022 SAIL INVEST UAB as a common shareholder transfered SERVICO UAB shares into new subsidiary SPV31 UAB to continuously execute building maintenance and construction functions. All the above listed transactions are treated as single transaction of acquisition of the control to SPV 31 UAB.

The shareholder of the Company has a statutory right not to approve the annual financial statements and to require preparation of a new set of the financial statements.

1.2. COVID-19 impact on the Company's activities

On March 2020 announced quarantine continues in 2021. COVID-19 did not have a significant impact on the Company's operations and results, was introduced a hybrid work module for its employees and still large number of employees continued to work remotely. The Company management, assessed the potential impact of key COVID-19 factors on the Company strategic goals, cash flows, financial results and assessed that this matter will not affected the Company's results as the Company remained less affected by the current economic situation.

2. BASIS OF PREPARATION AND SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Companies financial statements are set out below.

2.1.Basis of preparation

These financial statements include the Company's financial statements for the year ended 31 December 2021.

The Company's financial statements and certain notes to the financial statements related to the previous reporting period have been restated in order to correct misstatements. The Company decided that its previously prepared audited financial statements and the related notes to the financial statements contained misstatements regarding the matters described in Note 5.

The presented financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by and effective in the European Union (the "EU"). These are the Company's first financial statements prepared in accordance with IFRS, hence they are covered by IFRS 1 First-time adoption of International Financial Reporting Standards.

During the transition to IFRS, there were differences between the Company's financial statements prepared under the Lithuanian Business Accounting Standards (BAS) and the Company's financial statements prepared under IFRS that were related to the classification of amounts presented in the financial statements, therefore, additional information on the transition from BAS to IFRS is disclosed in Note 6.

The financial statements have been prepared on a going concern basis and under the historical cost convention.

The Company's liquidity ratio (total current assets / total current liabilities) was approximately equal to 0,58 as at 31 December 2021 (31 December 2020: 0,13). The increase of Company's liquidity ratio is related to new issue of EUR 8 millions bonds emission with a long term repayment schedule (Note 19). The Company is the holding entity controlling the Civinity group cash flows and approving the cash distribution within the group. Therefore, if required, the Company will be able to borrow additional required cash from subsidiaries or distribution of dividends from subsidiaries to finance it's operations.
The management is planning the allocation of EUR 1.729 thousand dividends from the subsidiaries in year 2022: Civinity Namai Kaunas UAB (EUR 375 thousand), Pastatų meistrai UAB (EUR 577 thousand), Civinity namai Palanga (EUR 377 thousand), Civinity namai Klaipėda UAB (EUR 133 thousand) and Debreceno valda, Civinity LT jointy (EUR 75 thousand).
Received dividends will cover the Company's expenses budgeted for year 2022 and existing liabilities.Therefore these financial statements are prepared on going concern basis.

As of the date of the authorization of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 31 December 2021 and are relevant to the Company's operations have been adopted by the EU through the endorsement procedure established by the European Commission.

All amounts in the financial statements, including amounts disclosed in notes to the financial statements, are presented in the thousands euros (EUR) unless otherwise stated.
The Company's financial year starts as at 1st of January and ends as at 31st of December of the corresponding calendar year.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to make assumptions in the process of applying the Company's accounting policies. The areas involving important assumptions, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3 'Critical accounting estimates.

2.2. New and amended standards and their interpretations adopted by the Company

(a) IASB Standards or interpretations effective for the first time for the year ending 31 December 2021

The following IFRSs and amendments thereto were adopted by the Company for the first time for the financial year ended 31 December 2021:

Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The Phase 2 amendments address issues that arise from the implementation of the reforms (among which - accounting for changes in the basis for determining contractual cash flows as a result of IBOR reform, end date for Phase 1 relief for non-contractually specified risk components in hedging relationships, additional temporary exceptions from applying specific hedge accounting requirements, additional IFRS 7 disclosures related to IBOR reform) including the replacement of one benchmark with an alternative one. These amendments had no significant impact on the Company's 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. These amendments had no significant impact on the Company's financial statements.

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

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. An entity will use IAS 2 to measure the cost of those items where 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 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.
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.
The amendment to IFRS 9 addresses which fees should be included in the 10% test for derecognition of financial liabilities.
Illustrative Example 13 that accompanies IFRS 16 was amended to remove the illustration of payments from the lessor relating to leasehold improvements.
IFRS 1 allows an exemption if a subsidiary adopts IFRS at a later date than its parent.
The requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41 was removed.
In the opinion of the Company, these amendments will not have any impact on the the Company's financial statements.

Covid-19-related rent concessions – Amendments to IFRS 16

In May 2020 an amendment to IFRS 16 was issued that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19, resulting in a reduction in lease payments due on or before 30 June 2021, was a lease modification. An amendment issued on 31 March 2021 extended the date of the practical expedient from 30 June 2021 to 30 June 2022. In the opinion of the Company, these amendments will have no significant impact on the Company's financial statements.

(c) Standards, interpretations and amendments that have not been endorsed by the European Union and that have not been early adopted by the Company

(All amounts are in the thousand of euros unless otherwise stated)

-IFRS 14 Regulatory deferral accounts
-Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28
-Classification of liabilities as current or non-current – Amendments to IAS 1
-Classification of liabilities as current or non-current, deferral of the effective date – Amendments to IAS 1
-Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies
-Amendments to IAS 8: Definition of Accounting Estimates
-Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12

The Company are currently assessing the impact of these amendments on the Company's financial statements.
There are no other new standards, amendments to the existing standards or interpretations that are not yet effective and that could have a material impact on the Company.

2.3.Investments in subsidiaries

Investments in subsidiaries are stated at costs less impairment, if any.

2.4.Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company financial statements are presented in Euro (EUR), which is the functional and presentation currency of the Company.

2.5.Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis within other income or other expenses.
The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

2.6.Intangible assets

Intangible assets, if they are acquired separately from the business (including computer software) are stated at cost, less subsequent accumulated amortisation and impairment losses. Cost includes the purchase price of intangible assets from a third party as well as costs for the development of intangible assets, if such assets are being developed. Amortisation is calculated on the straight-line method to allocate the cost of intangible asset over estimated benefit period as follows:

- Computer software, licences	3 years
- Trademark	10 years
- Other	3 years

Useful lives and amortisation methods of the intangible assets are reviewed, and adjusted if appropriate, at each reporting date. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software programs are recognised as an expense as incurred.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or loss arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are included within 'Other gain / (loss) – net' in the statement of profit or loss.

Subsequent expenditure is recognised in profit or loss when incurred. Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

2.7.Property, plant, and equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and impairment losses.

Cost includes all expenditure that is directly attributable to the acquisition of assets. 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 Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

When components of property, plant and equipment have different useful lives, they are accounted for as separate items (main components) of property, plant and equipment.
The depreciation of property, plant and equipment is started from the date on which they are ready for their intended use.
Land is not depreciated. Depreciation of other assets is calculated using the straight-line method over useful lives established as follows (in years):

- Vehicles	5-10 years
- Equipment	5 years

Depreciation methods, useful lives and residual values are reviewed each reporting period and adjusted, if it is required due to the nature of use of non-current assets.
Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the asset is derecognised.
Construction in progress is stated at cost. Construction in progress comprises the cost of buildings, structures and facilities and other directly attributable costs, capitalised interest. Construction in progress is not depreciated for as long as the construction works have not been completed and assets have not been brought into use.
General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

2.8.Financial assets and liabilities

Under IFRS 9, Financial Instruments, the Company classifies its financial assets into the following 3 categories: financial asset at amortised cost, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss.
Subsequent to initial recognition, financial assets are classified into the afore-mentioned categories based on the business model the Company applies when managing its financial assets. The business model applied to the Company of financial assets is determined at a level that reflects how all Companys of financial assets are managed together to achieve a particular business objective of the Company. The intentions of the Company's management regarding individual items of instruments have no effect on the adopted business model. The Company may adopt more than one business model to manage its financial assets. The Company may adopt more than one business model to manage its financial assets.

The business model for managing of financial assets is based not merely on an assertion, but also on facts that are observable in the activities that the Company undertakes in order to achieve the objectives of the business model. In determining the business model applicable for managing financial assets, the Company makes its decision in view of not individual factors or activity, but in view of all evidence that is available in the course of the assessment.
The Company recognises a financial asset in its statement of financial position only when the Company becomes a party to the contractual provisions of the instrument. The purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting.
At initial recognition, the Company measures financial assets at fair value, except for trade receivables that do not have a significant financing component. Transaction costs comprise all charges and commission that the Company would not have paid if it had not entered into an agreement on the financial instrument.
In view of the business model applied for managing the Company of financial assets, the accounting for financial assets is as follows:

Financial assets measured at amortised cost
Loans granted by the Company and amounts receivable are accounted for under the business model the purpose of which is to hold financial assets in order to collect contractual cash flows that can contain cash flows related to the payment of the principal amount and interest inflows.
Loans and amounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the date of the statement of financial position. These are classified as non-current assets.
Loans and receivables are initially recognised at cost (the fair value of consideration receivable) and subsequently carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when these assets are derecognised, impaired or amortised.

Financial assets at fair value through profit or loss
The Company measures financial assets, which are stated at fair value in subsequent periods, through profit or loss, using the business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
The Company does not have any financial assets held for trading and acquired for the purpose of selling in the near term and attributes to this category only financial assets arising from the disposal of business or investments classified as non-equity contingent consideration.

Effective interest method

The effective interest method is used in the calculation of the amortised cost of a financial asset and in the allocation of the interest revenue in profit or loss over the relevant period.
The effective interest rate is the rate that exactly discounts estimated future cash inflows through the expected life of the financial asset to the gross carrying amount of the financial asset that shows the amortised cost of the financial asset, before adjusting for any loss allowance. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. There is an assumption that the cash flows and the expected life of a Company of similar financial instruments can be estimated reliably. However, when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or Company of financial instruments), the Company uses the contractual cash flows over the full contractual term of the financial instrument (or Company of financial instruments).

Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

a) significant financial difficulty of the borrower;
b) a breach of contract, such as a default or event that is past due for more than 90 days;
c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
e) the disappearance of an active market for that financial asset because of financial difficulties;
f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The combined effect of several events that may occur simultaneously or subsequently throughout the term of validity of the agreement on the financial assets may have caused financial assets to become credit-impaired.
The lifetime expected credit losses of loans receivable and trade receivables are recognised in profit or loss through the contra account of doubtful receivables.
The Company writes off the loans receivable and trade receivables when it loses the right to receive contractual cash flows from financial assets.

Derecognition of financial assets
The Company derecognises financial assets in case of the following:
- the rights to receive cash flows from the asset have expired;
- the Company has retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through" arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset:

•if the Company has not retained control, it shall derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer;
•if the Company has retained control, it shall continue to recognise the financial asset to the extent of its continuing involvement in the financial asset.

Whether the Company has retained control of the transferred asset depends on the transferee's ability to sell the asset. If the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer, the Company has not retained control. In all other cases, the Company has retained control.

Financial liabilities

Liabilities are classified as financial liabilities at fair value through profit or loss, or other financial liabilities. The Company does not have any financial liabilities at fair value through profit or loss.

Other financial liabilities

Other financial liabilities, including borrowings, are recognised at fair value, less transaction costs.
In subsequent periods, other financial liabilities are measured at amortised cost using the effective interest rate method. Interest expenses are recognised using the effective interest rate method.
Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.
If a financing agreement concluded before the balance sheet date proves that the liability was non-current by its nature as of the date of the balance sheet, that financial liability is classified as non-current.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is settled, 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 derecognition of the original liability and the recognition of a new liability. The difference between the respective carrying amounts is recognised in the statement of comprehensive income.

2.9.Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash on hand and short-term deposits with an original maturity of three months or less.

2.10.Non-financial assets

Non-financial assets are assessed for impairment when events and circumstances indicate that the value of assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Where the carrying amount of an asset exceeds its recoverable amount, impairment loss is accounted for in profit or loss. The previously recognised impairment loss is reversed when there are indications that recognised loss on impairment of an asset no longer exists or has reduced significantly. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal is accounted for in profit or loss under the same item as impairment loss.

2.11.Inventories

Inventories are initially recorded at acquisition cost. Costs of purchased inventory are determined after deducting rebates and discounts. Subsequently inventories are recognised at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion, marketing and distribution. The cost of inventories is determined using the first-in, first-out (FIFO) method. Inventories that are no longer expected to be realised are written off.

2.12.Provisions

Provisions are recognised when the Company has a legal obligation or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. At each date of the preparation of the statement of financial position the Company assesses the existing provisions and adjusts them in order to best reflect current estimates. If the effect of the time value of money is material, the amount of provision is discounted using the effective pre-tax discount rate set based on the interest rates for the period and taking into account specific risks associated with the provision as appropriate. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

2.13.Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

The Company has issued only ordinary shares.

The Company is obliged to keep its shareholders' equity ratio not less than 50% of its authorised share capital, as imposed by the Law on Companies of Republic of Lithuania. No other external capital requirements have been imposed on the Company.

2.14.Leases

The Company recognises a right-of-use asset and a corresponding lease liability at the lease commencement date, i.e. at the date at which the leased assets are available for use by the Company. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the outstanding lease payments at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. To determine the incremental borrowing rate, the Company uses recent financing received under other contracts of financial liabilities.

Lease liabilities are subsequently measured using the effective interest rate method. The lease term is a non-cancellable period of lease; periods covered by options to extend and terminate the lease (if such options exist) are only included in the lease term if it is reasonably certain that the lease will be extended or not terminated.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee (no residual value guarantees as at 31 December 2021), or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised (no extension options were accounted for the leases due to uncertainties as at 31 December 2021).

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability. No lease incentives, initial direct costs, restoration costs or other costs were recognised for the leased assets by the Company as at 1 January 2020, 31 December 2020 and as at 31 December 2021.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The leased term straight-line basis was applied for depreciation of the right-of-use assets leased by the Company as at 1 January 2020, 31 December 2020 and as at 31 December 2021.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in the statements of comprehensive income.

2.15.Revenue recognition

Management services revenue
Revenue comprises the fair value of the consideration received or receivable for the services in the ordinary course of the Company's activities. Revenue of the Company is shown net of value -added tax, returns, rebates and discounts, sales taxes. Revenue is measured based on the consideration specified in a contract with a customer. Revenue from contracts with customers is recognised when a performance obligation by transferring service to a customer is satisfied at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. Revenue from contracts with customers is recognized when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. More over the Company also are responsible for the quality of rendered services and are the owners of pricing.

Interest income
Interest income is recognized on a time - proportion basis using the effective interest method to the gross carrying amount of a financial asset except for credit-impaired financial assets. Interest revenue for credit-impaired financial assets is calculated by applying the e effective interest rate to the amortised cost of the financial asset from initial recognition.

Dividend income
Dividend income from investments is recognized when the right to receive payment has been established.

2.16.Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

2.17.Income tax and deferred income tax

Income tax expenses comprise current income tax and deferred income tax.

Current income tax and deferred income tax are charged or credited to profit or loss, except when they relate to items included directly to other comprehensive income or equity, in which case the deferred income tax is also accounted for in other comprehensive income or equity.

Current year income tax is calculated in accordance with tax legislation that has been enacted or substantially enacted at the end of the reporting period in the countries in which the Company operate and earn taxable profit. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The standard income tax rate applied to companies in the Republic of Lithuania was 15% in 2020 and 2021. From 2010 in Lithuania tax losses may be transferred at no consideration or for an agreed consideration between the Company's subsidiaries, if the set terms are fulfilled.

Deferred tax assets are recognised only to the extent that is probable that future taxable profit will be available against which the temporary differences can be utilised.

Tax losses operating in Lithuania can be carried forward for indefinite period of time, except for losses arising from the disposal of securities and/or derivative financial instruments. In Lithuania such carrying forward of tax losses is discontinued if the Company ceases the activities that gave rise to these losses, except when the Company ceases the activities for reasons that are beyond its control. In Lithuania losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and can only be used to reduce the taxable income earned from the transactions of the same nature. With effect from 1 January 2014, in Lithuania tax losses of the previous years can be used to reduce taxable profit of the current tax year by maximum 70%.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current year income tax assets against current year income tax liabilities, and when deferred income tax assets and liabilities relate to income taxes that are applied by the same fiscal authority on the same taxable entity or on different taxable entities, when there is intention to set off balances on a net basis.

2.18.Employee benefits

Social security contributions

The Company pays social security contributions to the social security fund ("the Fund") on behalf of its employees based on the defined contribution plan in accordance with the local legal requirements. A defined contribution plan is a plan under which the Company pays fixed contributions into the Fund and will have no legal or other obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior period. Social security contributions are recognised as expenses on an accrual basis and included in payroll expenses.

Bonus plans
The Company recognises a liability and an expense for bonuses based on a formula that takes into consideration budgeted financial (EBITDA, Revenue rate, NPS) and individual targets, where contractually obliged or where there is a current or past practice that has created a constructive obligation.

Termination benefits

Termination benefits are payable when employment is terminated by the Company or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

2.19.Fair value estimation

The different levels of methods used to measure the fair value of the financial instruments (which are carried at fair value in the statement of financial position) have been defined as follow:

In determining the fair value of assets and liabilities the Company uses as much as possible inputs that are observable in the market. A fair value hierarchy categorises into three levels the inputs to valuation techniques used to measure fair value:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2);
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The inputs used to measure the fair value of an asset or a liability might be categorised within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

3. CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements requires the Company management to exercise its judgement and use estimates that affect reported amounts of income and expenses, assets and liabilities, disclosure of contingent liabilities at the date of the preparation of the financial statements. Uncertainties relating to these assumptions and estimates may cause important adjustments to the carrying amounts of the related assets and liabilities in the next financial year.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Recoverable amount of Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment. Due to possible impairment indicators of investments in certain subsidiaries, the Company has performed impairment tests as at 31 December 2021. Each subsidiary is treated as a separate cash-generating unit for the purpose of impairment testing. The recoverable amount is determined based on value-in-use calculation. The investment's value in use is calculated by discounting future cash flows to their present value using a pre-tax discount rate reflecting actual market assumptions regarding the time value of money and the risks specific to the asset concerned. An impairment loss is recognised for the amount by which the investments in subsidiary carrying amounts exceeds its recoverable amount.

(All amounts are in the thousand of euros unless otherwise stated)

4. FINANCIAL RISK MANAGEMENT

4.1.Financial risk factors

The Company's management is responsible for the development and monitoring of the Company's risk management system. The objective of the risk management policy at the Company is to incorporate risk management function in the Company's normal business operations and management. Risk management is the process involving the identification, assessment and control of business risks which can prevent or impede the achievement of the Company's business objectives.

The Company's risk management policy focuses on financial, operational and legal risks. Strategic risk management decisions are taken by the Board at the Company level. Operational risk management is conducted by executive officers of the company. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

The Company's main financial liabilities comprise borrowings, trade payables and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company holds various financial assets: trade receivables, loans granted and other amounts receivable. The Company has not used any derivative financial instruments, because, in view of management, there is no such need.

The main risks arising from financial instruments are market risk (including cash flow and fair value interest rate risk, price risk), liquidity risk and credit risk. The risks are identified and described below.

Market risk

Cash flow and fair value interest rate risk. The Company is exposed to risk of changes in market interest rates mainly from assets and liabilities which are subject to variable interest rates.

As at 31 December 2021, 2020 and 2019, financial assets and liabilities exposing the Company to interest rate risk were as follow:

	At 31 December 2021	At 31 December 2020	At 1 January 2020
Loans granted	3 570	1 364	3 679
Borrowings	13 366	11 668	12 814
Lease liabilities	454	462	616

As at 31 December 2021 and 31 December 2020, there were no interest-free borrowings.

In December 2017 the Company non-publicly issued the bonds for the value of EUR 11 million. The issue of the bonds was subscribed by the independent funds of the Polish Investment Company "Credit Value Investments" (CVI). The par value of each bond is EUR 100 thousand, the bonds to be redeemed upon four years with semi-annual interest payment schedule and variable rate calculated as 6-month EURIBOR plus a margin of 7%. In September 2021 the Company issued new bonds emission for the value of EUR 8 million and repaid the remaining previously hold bonds. The issue of new bonds emission was subscribed by the independent Company Legispritus UAB. The nominal value of each bond is EUR 1 thousand, the bonds to be redeemed upon two years with semi-annual interest payment schedule and variable rate calculated as 6-month EURIBOR plus a margin of 5%.

The table below presents the sensitivity analysis of the Company's profit before tax to reasonably possible changes in variable interest rates (EURIBOR) with all other variables held constant (by assessing impact on borrowings with a variable interest rate).
There is no impact on the Company's equity, except for impact on the current year profit.

		Impact on profit before income tax		
2021	Increase / decrease, pp	2021	2020	2019
in EUR	1%	(102)	(108)	(98)
in EUR	-1%	102	108	98

Foreign exchange risk

The Company's financial assets and liabilities as at 31 December 2021 and 2020 are denominated in the euros, therefore the Company is not exposed to foreign exchange risk.

Liquidity risk

The Company's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet its commitments at a given date in accordance with its strategic plans.
The Company's objective is to maintain balance between the continuity and flexibility of funding using bank borrowings. Liquidity risk management consists of non-current and current liquidity risk management. The liquidity ratio, when current liabilities exceeds current assets is constant at the end of financial year as company significant part of their investing activities expenses "cover" with dividends payable from subsidiaries in following financial year.

The Company's liquidity ratio (total current assets / total current liabilities) was approximately equal to 0,58 as at 31 December 2021 (31 December 2020: 0,13). The increase of Company's liquidity ratio is related with new bond emission equal to EUR 8 millions, which was used to refinance remaining EUR 6 millions portion CVI Dom Maklerski sp. z.o.o. Bonds.

The table below summarises the contractual maturity profile of financial liabilities:

At 31 December 2021

Non-derivative financial liabilities	Carrying amount	Total contractual cash flows	3 months or less	3-12 months	1-5 years	More than 5 years
Lease liabilities	454	470	39	121	310	-
Bonds	7 827	8 800	-	400	8 400	-
Borrowings from related parties	5 540	6 024	-	208	5 817	-
Trade payables	432	432	432	-	-	-
Total	14 252	15 727	471	728	14 527	-

At 31 December 2020

Non-derivative financial liabilities	Carrying amount	Total contractual cash flows	3 months or less	3-12 months	1-5 years	More than 5 years
Lease liabilities	462	501	50	141	310	-
Bonds	6 000	6 350	105	6 245	-	-
Borrowings from related parties	5 668	6 164	-	213	5 952	-
Trade payables	162	162	162	-	-	-
Total	12 292	13 177	317	6 599	6 261	-

Cash flows included in the maturity analysis are not expected to arise significantly earlier or be equal to a significantly different amount.

(All amounts are in the thousand of euros unless otherwise stated)

At 1 January 2020

Non-derivative financial liabilities	Carrying amount	Total contractual cash flows	3 months or less	3-12 months	1-5 years	More than 5 years
Lease liabilities	616	467	30	91	346	-
Bonds	8 500	2 996	149	2 847	-	-
Borrowings from related parties	4 314	4 832	75	226	4 530	-
Trade payables	571	571	571	-	-	-
Total	14 002	8 867	826	3 164	4 877	-

Credit risk

Credit risk arises from cash and cash equivalents, outstanding trade and other receivable and outstanding loans granted to related parties.

The Company's aging and expected credit loss calculation procedures are disclosed in Note 15.

Maximum exposure to credit risk is as follows:

	At 31 December 2021	At 31 December 2020	At 1 January 2020
Trade and other receivables	747	1 124	1 369
Loans granted to related parties	3 570	1 364	3 679
Cash and cash equivalents	38	10	171
Total	4 355	2 498	5 219

The credit quality of cash and cash equivalents can be assessed by reference to the external credit ratings of banks.

The ratings of the rating agencies:

Moody	At 31 December 2021	At 31 December 2020	At 1 January 2020
Aa3	36	10	171
Baa2	2	-	-
Total	38	10	171

Although economic circumstances may impact the recoverability of trade and other receivables, in view of management, the Company is not exposed to significant risk of incurring losses that would exceed already recognised amount of impairment (note 15).

Company's loans granted are to related parties (mostly to the subsidiaries and the shareholder) and the risk for the repayment failure is considerred to be low. Therefore the expected credit loss is immaterial and is not recognized (see note 13).

Cash and cash equivalents include cash and cash balances in bank accounts, therefore credit risk arising from them is minimal.

Cyber security risks

The Company managing the data with customer data used for invoicing and internal financial information. Therefore the Company prepared control and security procedures, which are continuously reviewed

4.2.Capital management

The primary objective of the Company's capital management is to ensure that the Company complies with externally imposed capital requirements, keeps respective capital ratios in order to strengthen its business and maximise return to shareholders, avoids damaging trust of investors, creditors and the market, and maintains business expansion in future.

The Company defines its capital as the authorised share capital and retained earnings. The Company manages its capital structure and makes the adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities.

The Company is obliged to keep its shareholders' equity ratio not less than 50% of its authorised share capital, as imposed by the Law on Companies of Republic of Lithuania. At the end of 2021 and 2020 the Company breached mentioned provision. During the year 2021 Company's equity increased due to the generated profit (received dividends). The management considers different options, including dividends distributions from subsidiaries, to restore equity ratio to required level. The management already assumed that in 2022 dividends from fully controlled subsidiaries will be 1.729 thousand.

Through the term of EUR 8 million bonds emission, the Company has to follow its business-financial activity covenants:
1. Group consolidated DEBT / EBITDA shall be not higher above 4. On 31 December 2021 Civinity Group consolidated DEBT / EBITDA ratio was 2,15 - the requirement of the covenant was maintained;
2. Equity to Assets ratio shall not be lower 0,1. On 31 December 2021 Civinity Group consolidated Equity to Assets ratio was 0,14 - the requirement of the covenant was maintained;
3. Newly provided loans, guarantees and sureties to other entities, which are not direct or indirect Group companies shall not exceed EUR 500 thousand. On 31 December 2021 Civinity Group consolidated newly provided loans, guarantees and sureties to other entities, which are not direct or indirect Group companies amounted EUR 46 thousand - the requirement of the covenant was maintained;
4. The Company shall not, and shall ensure that Group Companies shall, carry out any merger or any other business combination or corporate reorganization involving a consolidation of the assets and obligations of the Company or any other Group company with any other companies or entities, if such transaction is expected to lead to non-compliance with the Financial covenant mentioned in the article No.1 above. On 31 December 2021 the requirement of the covenant was maintained.

4.3.Fair value estimation

The following methods and assumptions are used to determine the fair value of each class of financial assets and liabilities:

- The carrying amount of current trade and other receivable, trade and other payables and borrowings approximates their fair value.

- The fair value of the remaining financial instruments is determined using discounted cash flow analysis. The Company also has long term bonds (Note 4.1 Liquidity risk).

Trade and other amounts receivable, borrowings and trade and other amounts payable are attributed to Level 3 of the fair value hierarchy, and cash and cash equivalents are attributed to Level 1. There are no financial assets or financial liabilities that would be attributed to Level 2 of the fair value hierarchy.

(All amounts are in the thousand of euros unless otherwise stated)

5. CORRECTION OF ERRORS FOR PREVIOUS PERIOD

The Company decided that its previously prepared audited financial statements and the related notes to the financial statements contained inaccuracies regarding the below described matters:

(i) Impairment of Investments in subsidiaries

In February 2018 the Company acquired subsidiary SIA ALG Cleaning. SIA ALG Cleaning provides mainly cleaning services to the largest hotels in Latvia. COVID-19 business restriction significantly impacted hotels sector with the major decrease in customers. Therefore, ALG Cleaning services provided to the hotels significantly decreased and the subsidiary faced negative financial results in 2019. As a result, Civinity AB has made full impairment of goodwill recognised on acquisition in its consolidated accounts as at 1 January 2020. Management therefore determined that based on the recoverability test performed impairment for full investment in subsidiary was also required to be recognised for ALG Cleaning SIA in the separate Civinity AB financial statements already as at 1 January 2020.

The Company has therefore made retrospective adjustment to these separate financial statements in order to correct error: impairment loss of EUR 661 thousand was recognised through the opening equity as at 1 January 2020.

(ii) Deferred income tax asset

The Company is loss making for many years and profit was not foreseeable already in 2019. Management therefore determined that deferred income tax assets should not have been recognised historically. The Company therefore made retrospective adjustment by derecognising deferred income tax asset in full which in turn has an effect on these separate financial statements.

(iii) Loans granted to related parties

The Company has classified loans granted to subsidiaries SPV-31 and SPV-31 as prepayments in the financial statements for the year ended 31 December 2021. The Company has re-evaluated historical presentation and concluded that loans granted should be presented as loans granted to related parties ("Loans granted to group companies" in the previous year financial statements prepared according the Business Accounting Standards). The Company therefore made retrospective adjustment to the Statement of Financial position as at 1 January 2020 and 31 December 2020 in order to correct the error. The correction did not have an impact on the profit for either of the periods.

(iv) Lease receivable

In 2019, the Company has leased out the vehicles however these items were recognised as Property, plant and equipment and lease revenue has been recognised in the following years. Based on IFRS 16 Leases, the leased out vehicles should be derecognised from Property, plant and equipment, sale should be recorded and lease receivable should be recognised. The Company therefore made retrospective adjustment in order to correct the error: property, plant and equipment by amount of EUR 123,6 thousand decreased and other receivables increased in the opening Statement of Financial position as at 1 January 2020 (by EUR 106 thousand as at 31 December 2020).

(v) Accruals

The Company has accrued EUR 76 thousand for bonuses as at 31 December 2020. However, the management already were aware that the bonuses will not be paid at the date of signing the financial statements for the year ended 31 December 2020. Therefore, the accrued bonuses had to be reversed already in the prior year financial statements as at 31 December 2020. The Company therefore made retrospective adjustment by derecognising liability in the Statement of Financial position and decreasing expenses in the Statement of Comprehensive income.

(vi) Payables to related parties

At as 31 December 2020 Company's interest payables for the borrowings were classified as the short term. However based on the signed loan agreements interests payables should be classified as a long term. Therefore the Company made retrospective adjustment by decreasing short term payables to the related parties and increasing long term borrowings in the statement of the financial position.

The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Statement of Financial Position

	Error item	At 31 December 2020 (as previously reported)	Increase / (Decrease)	At 31 December 2020 (restated)	At 1 January 2020 (as previously reported)	Increase / (Decrease)	At 1 January 2020 (restated)
Property, plant, and equipment	(iv)	183	(106)	77	235	(124)	112
Investments in subsidiaries	(i)	7 110	(661)	6 449	6 853	(661)	6 192
Deferred income tax asset	(ii)	15	(15)	0	9	(9)	0
Loans granted to related parties	(iii)	367	997	1 364	2 485	1 194	3 679
Other receivables	(iv)	-	61	61	-	55	55
Total non-current assets		**8 466**	**275**	**8 741**	**10 135**	**455**	**10 590**
Prepayments	(iii)	1 009	(1 009)	-	1 300	(1 300)	-
Trade and other receivables	(iv)	668	58	727	842	174	1 016
Total current assets		**1 688**	**(951)**	**737**	**2 313**	**(1 126)**	**1 187**
TOTAL ASSETS		**10 154**	**(676)**	**9 478**	**12 448**	**(670)**	**11 777**
Retained earnings (deficit)	(i), (ii), (v)	(2 412)	(600)	(3 013)	(1 452)	(670)	(2 122)
Total equity		**(2 312)**	**(600)**	**(2 913)**	**(1 352)**	**(670)**	**(2 022)**
Borrowings		5 478	182	5 661	11 890	-	11 890
Total non-current liabilities		**5 742**	**186**	**5 928**	**11 996**	**-**	**11 996**
Payables to the related parties	(vi)	182	(182)	-	293	-	293
Employees related liabilities	(v)	108	(76)	32	135	-	135
Total current liabilities		**6 725**	**(262)**	**6 463**	**1 803**	**-**	**1 803**
Total liabilities		**12 466**	**(76)**	**12 391**	**13 799**	**-**	**13 799**
TOTAL EQUITY AND LIABILITIES		**10 154**	**(676)**	**9 478**	**12 448**	**(670)**	**11 777**

Statement of Comprehensive Income

	Error item	2020 (as previously reported)	Increase / (Decrease)	2020 (restated)
Admnistrative expenses	(iv), (v)	(2 420)	122	(2 299)
Other activity net result	(iv)	46	(46)	-
Results from operating activities		**(50)**	**76**	**26**
Profit before income tax		**(966)**	**76**	**(890)**
Income tax expense	(ii)	-	-	-
Profit for the period		**(966)**	**76**	**(890)**

6. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

These financial statements for the year ended 31 December 2021 are the Company's first financial statements prepared in accordance with IFRS, as adopted by the EU. The Company's financial statements for earlier periods were prepared in accordance with the Lithuanian Business Accounting Standards (BAS). The Company prepared its financial statements under the requirements of IFRS effective as at 31 December 2021, including the opening IFRS statement of financial position as at 1 January 2020 and all other periods presented in its first IFRS financial statements, as required by IFRS 1 First-time adoption of international financial reporting standards. At the time of preparation of these financial statements, the Company's opening statement of financial position was prepared as at 1 January 2020, which is the date of the Company's transition to IFRS. This note explains the fundamental adjustments made with respect to the statement of financial position prepared in accordance with BAS as at 1 January 2020, as well as the adjustments of the latest financial statements for the year ended 31 December 2020 prepared in accordance with the Lithuanian BAS.

When preparing these consolidated financial statements, the Group applied the following mandatory exceptions to the retrospective application:

- Estimates made were consistent with those made under Local GAAP.
- Derecognition of financial assets and liabilities. The derecognition criteria for non-derivative financial assets and liabilities under IFRS 9 were applied prospectively from the date of transition to IFRS standards onwards.
- Hedge accounting. This exception was not applicable as the Company does not apply hedge accounting.
- Non-controlling interests. This exception was not applicable as the Company has no non-controlling interests.
- Classification and measurement of financial assets. The Company assesses whether its financial assets meet the conditions for measurement at amortised cost based on the facts and circumstances that exist at the date of transition to IFRSs. If it is impracticable for the Company to apply the effective interest method in IFRS 9 retrospectively, the fair value of the financial asset or the financial liability at the date of transition to IFRS is the new gross carrying amount of that financial asset or the new amortised cost of that financial liability at the date of transition to IFRS.
- Embedded derivatives. This exception was not applicable as the Company has no embedded derivatives.
- Impairment of financial assets. At the date of transition to IFRS, the Company uses reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that the financial instruments were initially recognised and compares that to the credit risk at the date of transition to IFRS.
- Government loans. This exception was not applicable as the Company has no government loans.

The Company has applied the following optional exemptions:

Leases

The Group recognised lease liabilities and right-of-use assets and applied the following to all leases at the date of transition to IFRS:

- Measurement of lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition.
- Measurement of right-of-use assets at their carrying amounts as if IFRS 16 had been applied since the commencement date of the lease but using the lessee's incremental borrowing rate at the date of transition.

In addition, at the date of transition, The Company applied all three options listed below on a lease-by lease basis:

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics (for example, similar remaining lease term for a similar class of underlying assets in a similar economic environment).
- Elected to account for leases that end within 12 months of the date of transition to IFRS as if they were short-term leases accounted for in accordance with paragraph 6 of IFRS 16.
- Elected to account for leases for which the underlying asset is of low value in accordance with paragraph 6 of IFRS 16.

On first-time adoption of IFRSs, the Company:

- recognised all assets and liabilities whose recognition is required by IFRSs;
- did not recognise items as assets or liabilities if IFRSs do not permit such recognition;
- reclassified items of assets and liabilities that it recognised in accordance with previous Lithuanian Business accounting standards (hereinafter "BAS") as one type of asset, liability or component of equity, but different type of asset, liability or component of equity in accordance with IFRSs;
- applied IFRSs in measuring all recognised assets and liabilities.

All adjustments to balances in the opening statement of financial position arising from transition to IFRSs are recognised within retained earnings (deficit) on the date of transition.

The accounting policies described in Note 2 were applied when preparing the financial statements for the year ended 31 December 2021, the comparative information for the year ended 31 December 2020 presented in these financial statements, and the opening statement of financial position as at 1 January 2020 (the date of transition to IFRSs) under IFRS, as adopted by the EU.

Explanations of impact of transition to IFRSs:

Under IFRSs, the Company recognises the right-of-use assets and the corresponding lease liability (see Note 11 Right-of-use assets and Lease liabilities), which are initially measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition. Subsequently, the assets are measured less accumulated amortisation and impairment (also accounted for in the statement of comprehensive income), whereas the lease liability is increased by the amount of interest on the lease liability (also accounted for in the statement of comprehensive income) and reduced by the amount of lease payments made. If the Company is a sub-lessor of the right-of-use asset, the lease is classified as a finance lease and lease receivables are recognised.
The impact on right to use assets, lease receivables (the Company sub-leases vehicles and premises) and lease liabilities amounted to EUR 468 thousand as at 1 January 2020 and EUR 380 thousand as at 31 December 2020. No material impact to net assets. Lease payments are also presented in the single line item (classification within non-current liabilities and within current liabilities of EUR 445 thousand EUR and 171 thousand respectively as at 1 January 2020 and EUR 333 thousand and EUR 129 thousand as at 31 December 2020 respectively).

In addition, under IFRSs the Statement of Comprehensive income is presented by nature (presented by function under BAS).

(All amounts are in the thousand of euros unless otherwise stated)

Reconciliation of the Statement of Financial Position

	Under BAS 31 December 2020 (restated)	Effect of transition to IFRS	Under IFRS 31 December 2020	Under BAS 1 January 2020 (restated)	Effect of transition to IFRS	Under IFRS 1 January 2020
ASSETS						
Non-current assets						
Intangible assets	791	-	791	552	-	552
Property, plant, and equipment	77	(35)	42	112	(76)	35
Right - of - use assets	-	78	78	-	139	139
Investments in subsidiaries	6 449	-	6 449	6 192	-	6 192
Loans granted to related parties	1 364	-	1 364	3 679	-	3 679
Other receivables	61	236	297	55	300	355
Total non-current assets	8 741	280	9 021	10 590	363	10 953
Current assets						
Trade and other receivables	727	100	827	1 016	105	1 121
Cash and cash equivalents	10	-	10	171	-	171
Total current assets	737	100	837	1 187	105	1 292
TOTAL ASSETS	9 478	380	9 858	11 777	467	12 245
EQUITY						
Share capital	100	-	100	100	-	100
Retained earnings (deficit)	(3 013)	-	(3 013)	(2 122)	-	(2 122)
Total equity	(2 913)	-	(2 913)	(2 022)	-	(2 022)
LIABILITIES						
Non-current liabilities						
Borrowings	5 668	-	5 668	11 914	-	11 914
Lease liabilities	53	280	333	82	363	445
Other payables	206	-	206	-	-	-
Total non-current liabilities	5 928	280	6 208	11 996	363	12 359
Current liabilities				-	-	
Borrowings	6 000	-	6 000	900	-	900
Lease liabilities	29	100	129	66	105	171
Trade and other payables	277	157	433	600	236	836
Employees related liabilities	32	(32)	-	135	(135)	-
Other payables and current liabilities	125	(125)	-	102	(102)	-
Total current liabilities	6 463	100	6 563	1 803	105	1 908
Total liabilities	12 391	380	12 770	13 799	467	14 267
TOTAL EQUITY AND LIABILITIES	9 478	380	9 858	11 777	467	12 245

Reconciliation of the Statement of Comprehensive Income

	2020		
	Under BAS 2020 (restated)	Effect of transition to IFRS	Under IFRS 2020
Sales revenues	2 178	(2 178)	-
Management service revenue	-	2 178	2 178
Dividend income	-	-	-
Interest income	148	-	148
General and administrative expenses	(2 299)	2 299	-
Other activity result (net)	-	-	-
Employee related expenses	-	(1 206)	(1 206)
IT service expenses	-	(212)	(212)
Depreciation and amortisation	-	(330)	(330)
Consulting expenses	-	(399)	(399)
Legal expenses	-	(56)	(56)
Transportation related expenses	-	(29)	(29)
Utilities	-	(20)	(20)
Impairment (restore) of receivables	-	2	2
Other operating expenses	-	(48)	(48)
Results from operating activities	27	-	26
Interest expenses	(917)	-	(917)
Profit before income tax	(890)	-	(890)
Income tax expense	-	-	-
	-		
Profit for the period	(890)	-	(890)
Other comprehensive income	-		-
Total comprehensive income for the period – net of tax	(890)	-	(890)

(All amounts are in the thousand of euros unless otherwise stated)

7. EMPLOYEE RELATED EXPENSES

Employee related expenses	2021	2020
Salaries	851	1 164
Social insurance expenses	15	42
Total employee related expenses	**866**	**1 206**

8. INCOME TAX

Income tax expenses and income, and the components of assets and liabilities:

Components of income tax (expenses) income	2021	2020
Current year income tax expenses	-	-
Deferred income tax change	-	-
Income tax (expenses) income recognised in profit or loss	**-**	**-**

There are no income tax expenses (income) recognised in other comprehensive income or directly in equity. Deferred income tax assets are recognised to the extent that is probable that these assets will be realised in future periods. Deferred income tax assets were calculated using a tax rate of 15 per cent.

Company is not recognizing deferred income tax assets due to the future uncertainty and estimates that deferred tax assets will not be utilised in the future.

The movement in deferred income tax assets and liabilities of the Company during 2021 is as follows:

	Balance at 31 December 2021	Balance at 31 December 2020	Balance at 1 January 2020
Deferred income tax assets			
Accruals	15	9	23
Taxable losses	319	193	193
Deferred income tax assets	**334**	**202**	**216**
Deferred income tax assets – net	**334**	**202**	**216**
Unrecognised deferred tax asset	**(334)**	**(202)**	**(216)**
Total deferred tax assets	**-**	**-**	**-**

The total amount of income tax expenses can be reconciled to the theoretical amount of income tax using the Company’s income tax rates as follows:

	2021	2020
Profit (loss) before income tax	**868**	**(890)**
Income tax expenses calculated using a tax rate of 15%	130	(134)
Non taxable income	(280)	
Non deductable expenses	23	
Transferred taxable losses to subsidiaries		134
Not recognized deferred tax assets	126	-
Income tax expenses recognised in the statement of comprehensive income	**-**	**-**

9. INTANGIBLE ASSETS

	Trademark	Computer software, licences	Other	Total
At 1 January 2020				-
Cost or fair value	-	735	-	735
Accumulated depreciation	-	(183)	-	(183)
Net book amount	**-**	**552**	**-**	**552**
Year ended 31 December 2020				
Opening net book amount	-	552	-	552
Additions	360	140	-	500
Depreciation charge	-	(262)	-	(262)
Closing net book amount	360	431	-	791
At 31 December 2020				-
Cost or fair value	360	875	-	1 235
Accumulated depreciation	-	(444)	-	(444)
Net book amount	**360**	**431**	**-**	**791**
Year ended 31 December 2021				
Opening net book amount	360	431		791
Additions	-	98	36	135
Depreciation charge	(36)	(295)	(5)	(335)
Closing net book amount	324	234	32	590
At 31 December 2021				-
Cost or fair value	360	973	36	1 370
Accumulated depreciation	(36)	(739)	(5)	(780)
Net book amount	**324**	**234**	**32**	**590**

(All amounts are in the thousand of euros unless otherwise stated)

10. PROPERTY, PLANT AND EQUIPMENT

	Equipment	Prepayments	Total
At 1 January 2020			-
Cost or fair value	97	-	97
Accumulated depreciation	(61)	-	(61)
Reclassifications to the right-of-use assets			
Net book amount	**35**	**-**	**35**
Year ended 31 December 2020			
Opening net book amount	35	-	35
Additions	55	-	55
Transfer	(79)	-	(79)
Depreciation charge	(24)	-	(24)
Depreciation transfer	54	-	54
Closing net book amount	42	-	42
At 31 December 2020			
Cost or fair value	72	-	72
Accumulated depreciation	(31)	-	(31)
Net book amount	**42**	**-**	**42**
Year ended 31 December 2021			
Opening net book amount	42	-	42
Additions	-	262	262
Depreciation charge	(1)	-	(1)
Closing net book amount	41	262	303
At 31 December 2021			-
Cost or fair value	72	262	335
Accumulated depreciation	(32)	-	(32)
Net book amount	**41**	**262**	**303**

Company's property, plant and equipment with the acquisition cost of EUR 22 thousand as at 31 December 2021 (31 December 2020: EUR 37 thousands) were fully depreciated but still in use.

11. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The balance sheet shows the following amounts relating to leases:

Right-of-use assets	At 31 December 2021	At 31 December 2020	At 1 January 2020
Buildings	24	43	63
Vehicles	113	35	76
	137	**78**	**139**

Lease receivables	At 31 December 2021	At 31 December 2020	At 1 January 2020
Current	133	143	165
Non-current	184	241	312
	317	**384**	**477**

Lease liabilities	At 31 December 2021	At 31 December 2020	At 1 January 2020
Current	143	129	171
Non-current	311	333	445
	454	**462**	**616**

Additions to the right-of-use assets during the 2021 financial year were EUR 58 thousands (in year 2020 it was no additions).

Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:	2021	2020
Depreciation charge of right-of-use assets		
Buildings	17	28
Vehicles	36	25
	53	**53**
Interest expense (included in finance cost)	4	4
	4	**4**

The total cash outflow for leases in 2021 was EUR 50 thousands (in 2020 was EUR 154 thousands).

(All amounts are in the thousand of euros unless otherwise stated)

12. INVESTMENT IN SUBSIDIARIES

Movement of the investments into subsidiaries and associate during the respective year is provided below:

	At 31 December 2021	At 31 December 2020	At 1 January 2020
At the beginning of the period	6 449	6 192	4 540
Purchase of interest in subsidiaries	855	6	2 310
Impairment of investments	-	-	(661)
Share capital increase of subsidiaries	-	251	-
Subsidiaries established	5	-	3
	7 309	6 449	6 192

The list of the Company's direct holdings into subsidiaries and associates are provided below:

Name of subsidiary	At 31 December 2021	At 31 December 2020	At 1 January 2020
UAB Civinity namai Kaunas	190	190	190
UAB Civinity namai Vilnius	82	82	82
UAB Civinity namai Vakarai	253	253	246
UAB Pastatų meistrai	4	4	4
UAB Kretingos būstas	14	14	14
UAB Debreceno valda	91	91	91
UAB Debreceno NT	46	-	-
UAB Civinity renovacija	-	-	-
UAB Civinity namai Palanga	810	-	-
UAB Smart technologies	3	-	-
UAB Civinity MD	3	-	-
UAB Civinity LT	3	3	3
UAB City Billing Solutions	3	3	3
UAB Būsto administravimas	682	682	682
SIA VBS serviss	1 175	1 175	1 175
SIA SPV-4	3	3	3
SIA Pilsetas Lifti	61	61	61
SIA Labo namu agentura	801	801	801
SIA Home master	59	59	59
SIA CS Apkope	703	703	703
SIA Civinity solutions	1 755	1 755	1 504
SIA Civinity LV	3	3	3
SIA City billing solutions	1	1	1
AS Civinity majas	564	564	564
UAB SPV 32	1	1	1
UAB SPV 31	1	1	1
SIA ALG Cleaning	661	661	661
Impairment in subsidiaries	(661)	(661)	(661)
Total	7 309	6 448	6 191

In 2019 year the Company recognised impairment EUR 661 thousand in the subsidiary SIA ALG cleaning.

13. LOANS GRANTED TO RELATED PARTIES

Debtor	Repayment date	Weighted average interests * 31 December 2021	Weighted average interests * 31 December 2020	At 31 December 2021	At 31 December 2020	At 1 January 2020
Parent	2023.12.31	5%		821	-	16
Subsidiaries	2023.12.31 /2024.12.31	5%	7%	2 729	1 347	3 663
Other related parties	2022.12.31	5%	5%	20	16	-
Total				3 570	1 364	3 679
Expected credit loss (note 4.1.)				-	-	-
Total loans granted				3 570	1 364	3 679
Non current				3 570	1 364	3 679
Current				-	-	-
Total loans granted				3 570	1 364	3 679

The fair value of loans receivable approximates their carrying amount. The interest rates of loans are reviewed at the end of each financial year and are adjusted in line with actual interest rate applicable for the company from financial institutions. Thus majority of the loans are with 5% interest rate and met rates for 2021, October Civinity AB bonds emission. The 65% from granted loans are issued to group companies (subsidiaries) to finance their core activities and development projects. Significant part of loans are issued to parent company SIA NORD FIN ASSETS and will be settled with dividends in the future.
Loans granted are issued with a fixed margin + 6 month EURIBOR.

(All amounts are in the thousand of euros unless otherwise stated)

Loans granted movement:

	At 31 December 2021	At 31 December 2020
Beginning of the year		
Proceeds from loans granted	1 364	3 679
Interest charged	92	18
Loans repayment as non monetary transaction	-	(365)
Loans repayment as monetary transaction	(67)	(2 102)
Loans granted as monetary transaction	1 255	134
Loans granted as non-monetary transaction	925	-
End of the year	3 570	1 364

14. FINANCIAL INSTRUMENTS BY CATEGORY

	At 31 December 2021	At 31 December 2020	At 1 January 2020
Financial assets at amortised cost			
Loans granted to related parties	3 571	1 364	3 679
Trade and other receivables	731	1 010	1 296
Cash and cash equivalents	38	10	171
Total	4 340	2 383	5 146

Financial liabilities at amortised cost	At 31 December 2021	At 31 December 2020	At 1 January 2020
Borrowings	13 366	11 668	12 814
Lease liabilities	454	462	616
Trade and other payables	432	158	571
Total	14 252	12 288	14 001

15. TRADE AND OTHER RECEIVABLES

	At 31 December 2021	At 31 December 2020	At 1 January 2020
Trade receivables from related parties	415	626	819
Trade receivables, net	415	626	819
Lease receivables from related parties, gross	317	384	477
Prepayments	72	-	108
Other receivables	15	114	72
Total	819	1 124	1 477
Non current	203	297	355
Current	616	827	1 121

Expected credit loss

The Company applies the simplified, individual approach for calculation of lifetime expected credit losses using the provision matrix for 3rd parties trade receivables. Company receivables from the 3rd parties are insignificant, and expected loss is not calculated for the receivables from the 3rd parties.

Company estimates trade receivables from the related parties as minor risk receivables, because more then 80% of issued invoices for the services rendered are covered at the date these financial statements are signed. Company's management considers that loss allowance provision is immaterial and therefore is not recognized.
Lease receivables are also from related parties therefore the risk is considered to be low and possible credit loss is treated as immaterial.
Other receivables are immaterial, therefor the loss allowances are not calculated.

Trade receivables from related parties

	Not past due and past due up to 30 days	31-60 days past due	61-90 days past due	91-120 days past due	121-180 days past due	180-360 days past due	More than 361 days	Total
31 December 2021	136	44	9	8	6	136	76	**415**
31 December 2020	442	20	5	4	4	103	48	**626**
1 January 2020	238	166	56	101	17	173	68	**819**

Expected changes in macroeconomic situation is incorporated as part of the internal rating model. The Company's management reviews key macroeconomic indicators for the markets where Company's debtors are operating and determines if there are expected significant changes that would effect ECL.

16. CASH AND CASH EQUIVALENTS

	At 31 December 2021	At 31 December 2020	At 1 January 2020
Cash at bank	38	10	171
Cash and cash equivalents	38	10	171

The Company cash and cash equivalents, were pledged to secure the fulfilment of the Company's liabilities according to the bonds issued (note 18).

17. SHARE CAPITAL AND LEGAL RESERVE

Share capital
As at 31 December 2021 and 31 December 2020, the Company's authorised share capital consisted of 100 ordinary registered shares with par value of EUR 1.000 each. All shares are fully paid-up.

(All amounts are in the thousand of euros unless otherwise stated)

The Company's Articles of Association do not provide for any restrictions of shareholders' rights to shares or any derivative control rights. The Company has not issued any convertible securities, exchangeable securities or guarantee securities. As at 31 December 2021 and 31 December 2020, there were no unfulfilled acquisition rights or commitments to increase authorised share capital.

Legal reserve

A legal reserve is a compulsory reserve under the Lithuanian legislation. Annual transfers of 5 per cent of net profit are required until the reserve reaches 10 percent of the authorised share capital.

18. BORROWINGS

	At 31 December 2021	At 31 December 2020	At 1 January 2020
Non-current			
Bonds	7 827	-	7 600
Borrowings from the related parties	5 540	5 668	4 314
	13 366	5 668	11 914
Current			
Bonds	-	6 000	900
Borrowings from the related parties	-	-	-
	-	6 000	900
Total	13 366	11 668	12 814

Borrowings movement:

	At 31 December 2021	At 31 December 2020
Bonds at the beginning of the year	6 000	8 500
Proceeds from issue of bonds	8 000	-
Capitalization of the bonds	(240)	-
Bonds repaid	(6 000)	(2 500)
Interest charged	417	595
Interest repaid	(350)	(595)
Bonds at the end of the year	7 827	6 000
Borrowings from the related parties at the beginning of the year	5 668	4 314
Proceeds from borrowings as non monetary transaction	2 300	-
Proceeds from borrowings as monetary transaction	-	3 489
Borrowings repaid as monetary transaction	(815)	(2 326)
Borrowings repaid as non-monetary transaction	(1 796)	-
Interest charged	183	191
Other borrowings at the end of the year	5 540	5 668
Total borrowing at the end of the year	13 366	11 668

The contractual maturity of borrowings:

	At 31 December 2021		At 31 December 2020		At 1 January 2020	
	Fixed interest rate	Variable interest rate	Fixed interest rate	Variable interest rate	Fixed interest rate	Variable interest rate
Within one year	-	5 540	6 000	-	900	-
One to five years	7 827	-	-	5 668	7 600	4 314
	7 827	5 540	6 000	5 668	8 500	4 314

Bonds

In October 2021 the Company issued EUR 8.000 thousand unsecured bonds. It was signed agreement with Šiaulių bankas AB to act as distributor. The par value of each bond is EUR 1,0 thousand and the bonds shall be redeemed during two years with semi-annual interest payment schedule and 6-month EURIBOR plus 5% margin variable annual interest rate. Details of the covenant requirements are disclosed in the note 4.2.

New bonds issue was used to refinance reminding part EUR 6.000 thousand from previous placement and reminding part will be used for company investments and acquisitions. In 2017 issued bonds the par value of each bond was EUR 100 thousand, the bonds were redeemed during four years with semi-annual interest payment schedule and 6-month EURIBOR plus 7% margin variable annual interest rate. In December 2020 the Company repaid EUR 2.500 thousand portion of the bonds (EUR 2019 - 900 thousand).

The covenants are stated on consolidated group results: financial debt to EBITDA should be lower than 4 and calculated semi annually for the last 12 months according audited annual (consolidated) financial statements and set of unaudited half yearly financial statements. Additionally there are stated equity to assets ratio covenant, which should not be lower then 0.1 and limitations on loans, guarantees, sureties and mergers.

19. TRADE AND OTHER PAYABLES

	At 31 December 2021	At 31 December 2020	At 1 January 2020
Trade payables to related parties	209	-	292
Trade payables to 3rd parties	222	162	279
Prepayments received	98	1	28
Employees related benefits	117	108	135
Payable VAT	-	29	32
Accrued expenses	136	16	70
Other taxes related payables	206	324	-
Total	990	640	836
Non-current liabilities	74	206	-
Current other liabilities	916	433	836

(All amounts are in the thousand of euros unless otherwise stated)

20. RELATED-PARTIES TRANSACTIONS

The parties are deemed to be related when one party has a power to exercise control over the other party or make significant influence on its financial and operation decisions.
During 2021 and 2020, the Company's related parties are as follows:
- Ultimate Parent and Parent entity - Nord Fin Assets, SIA (registration number 44103136863, Latvia);
- Company's subsidiaries

Other related parties:
- Management and the Board (note 1);

Remuneration of the key Company's management

Payments made to the Company's Directors and Board members and executive personnel:

	2021	2020
Wages and salaries, bonuses	409	441
Expenses of social security contributions	7	28
Car rent expenses	11	12
Total remuneration of key management personnel	428	480

No loans, guarantees or any other amounts were paid or calculated to the Company's management and no assets were transferred. Company leases vehicles to the Chief Executives Officer for the total yearly amount of EUR 35 thousand.

Other transactions with related parties

Presented below are the transactions with related parties reported in the Company's statement of comprehensive income and the statement of financial position as at 31 December 2021 and 31 December

	2021	2020
Sale of services		
Subsidiaries	2 024	2 178
	2 024	2 178
	2021	2020
Other income		
Dividends from Subsidiaries	1 860	-
Intersts income	82	148
	82	148
	2021	2020
Purchases of goods and services		
Subsidiaries	211	2 161
	211	2 161

Trade and other receivable

	31 December 2021	31 December 2020
Parent company	4	1
Subsidiaries	230	326
	234	327

Trade and other receivable

	31 December 2021	31 December 2020
Subsidiaries	209	-
	209	-

Loans granted and interest receivable from related parties

	31 December 2021	31 December 2020
Parent company	822	-
Subsidiaries	2 759	1 363
	3 580	1 363

21. EVENTS AFTER THE REPORTING PERIOD

At 2021.12.16 AB Civinity signed the shareholders agreement with company Sail Invest UAB and agree to merge residential companies Civinity namai, Civinity namai Vilnius, Servico and part of Pastatų meistrai under ownership of SPV-31, UAB. The merger of the companies finished at 2022.03.01. Separated part from Pastatų meistrai, the group company Civinity Meistrai, UAB was established and will cover technical, cleaning and other services outside the Vilnius district (Note 1).

At 2021.12.24 SPV-31 UAB signed shares purchase agreement with company AB Invalda and UAB Inservis (Lithuania) to acquire 100 % of shares UAB Priemiestis, UAB Jurita, UAB Inservis and SIA Inservis. The last company operates only in Latvia. The transaction partly will be financed by bank credit issued to SPV-31 and take over of the companies is arranged at May of 2022.

The Russia forces invade to Ukraine at 2022.02.24 will not significally affect the Company's operations.