



Linās AB
Company code 147689083
S. Kerbedzio 23, Panevezys

March 21, 2022

APPROVAL OF RESPONSIBLE PERSONS

Following Art. 22 of the Law on Securities of the Republic of Lithuania and the Regulations for Drawing-up and Submission of the Periodic and the Additional Information issued by the Board of Lithuanian Bank, we, Vilita Skersienė, Director of Linās AB and Egidijus Mikeliūnas, Head of finance dept. hereby confirm that to our best knowledge condensed consolidated financial statements of year 2021 of Linās AB Group of companies were drawn following the International Financial Reporting Standards (IFRS) adopted for use in the European Union and present the fair and accurate status of the consolidated assets, liabilities, financial condition and profit or loss and money flows of the Linās AB Group of companies.

Added:

AB Linās consolidated and the Company's financial statements, annual report and independent auditor's report for the year ended December 31, 2021.

Director Linās AB

Vilita Skersienė

Head of finance dept. Linās AB

Two handwritten signatures in blue ink. The top signature is smaller and more compact, while the bottom signature is larger and more stylized, with a long horizontal stroke extending to the right.

Egidijus Mikeliūnas

INDEPENDENT AUDITOR'S REPORT

To: shareholders of AB LINAS

Report on the audit of the financial statements of AB LINAS and of the consolidated financial statements of the Group

Opinion

We have audited the financial statements of AB LINAS (hereinafter – the Company), and of the consolidated financial statements of AB LINAS and its subsidiary UAB Lino apdaila (hereinafter – the Group), which comprise the statement on financial position of the Group and of the Company as of 31 December 2021, the income statement and the statement of other comprehensive income of the Group and the Company for the year then ended, the cash flow statement of the Group and the Company, the statement on changes in equity of the Group and the Company, Notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Group and of the Company present fairly, in all material respects, the financial position of the Group and the Company as of 31 December 2021, the financial performance results of the Group and the Company for the year then ended, and the cash flows of the Group and the Company in accordance with the International Financial Reporting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements of the Group and the Company* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the requirements of the Law on Audit of Financial Statements of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

1. Transactions with related parties

The Group and the Company, in their financial statements of 2021, disclosed related companies in Note 24. of section 'General' and specified key transactions with the related and associated parties in financial statement's Note 24. All the intercompany transactions are carried out at the prices set out in the contract. We reviewed transfer pricing documentation developed by the management,

contracts and transactions with the related parties and evaluated adequacy of the information disclosed in the Note 24.

2. Net realisable value for inventories

As of 31 December 2021, the inventories of the Group and the Company as recorded in the financial statements were worth EUR 5.105 million. The balance of the inventories is significant for the Group; therefore, the management is required to carry out an evaluation with a view to identifying an impairment of obsolete inventory. This is important as the inventory accounts for more than 40 percent of the entire assets of the Group. We have clarified the method used by the management to estimate the net realisable value of the inventory and the impairment of obsolete inventory. We analysed the data of the obsolete inventory, and assessed the sufficiency of the information disclosed in Note 8 of the financial statements of the Group.

Other information

The other information comprises the information included in the Group's annual report, including Corporate Governance Statement, but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

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

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

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

- The information given in the Group's annual report, including Corporate Governance Statement, for the financial year for which the financial statements are prepared is consistent with the financial statements;
- The Group's annual report, including Corporate Governance Statement, has been prepared in accordance with the requirements of the Law on Consolidated Accounts by Groups of Undertakings of the Republic of Lithuania.

Responsibilities of management and those charged with governance for the financial statement of the Group and the Company

Management is responsible for the preparation and fair presentation of the financial statements of the Group and the Company in accordance with the Law of the Republic of Lithuania on accounting and financial reporting, and International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of the financial statements of the Group and the Company that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the financial reporting of the Group and the Company process.

Auditor's responsibilities for the audit of the financial statements of the Group and the Company

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and the Company 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 the financial statements of the Group and the Company.

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

- Identified and assessed the risks of material misstatement of the financial statements of the Group and the Company, 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.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of the Group and the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements of the Group and the Company, including the disclosures, and whether the financial statements of the Group and the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group and the Company. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships

and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on other legal and regulatory requirements

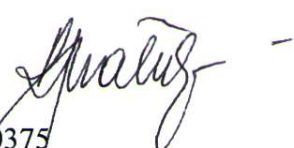
In accordance with the decision made by the General Meeting of Shareholders at 15 May 2020 we have been chosen to carry out the audit of Group's consolidated financial statements. Our appointment to carry out the audit of Group's consolidated financial statements in accordance with the decision made by the General Meeting of Shareholders is renewed every three years and the period of total uninterrupted engagement is five years.

We confirm that our opinion in the section 'Opinion' is consistent with the additional report which we have submitted to the Company and Audit Committee.

We confirm that in light of our knowledge and belief, services provided to the Group are consistent with the requirements of the law and regulations and do not comprise non-audit services referred to in Article 5(1) of the Regulation (EU) No 537/2014 of the European Parliament and of the Council.

In addition to services provided to the Group in the course of audit and disclosed in the annual report or consolidated financial statements, we have not provided any other services except for audit of consolidated financial statements.

Rita Matulienė
Certified auditor
Auditor's certificate No 000375
UAB "AUDITO SPRENDIMAI"
Audit firm's certificate No 001415
Šeimyniškių st. 16, LT-09312 Vilnius
8 April 2022





LINAS, AB

**CONSOLIDATED AND COMPANY'S
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR YEAR ENDED DECEMBER 31, 2021**

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STATEMENTS OF FINANCIAL POSITION

		The Group		The Company	
		December 31		December 31	
	Notes	2021	2020	2021	2020
ASSETS					
Non-current assets					
Intangible assets	4	89	77	89	77
Tangible assets	5	1,164	1,255	1,156	1,246
Investment property	6	374	374	374	374
Right-of-Use assets	7	356	336	299	253
Investments in subsidiaries		-	-	3	3
Loans granted from associates	24	-	1,388	-	1,388
Loans granted		-	11	-	11
Deferred income tax asset	17	17	-	13	-
Total non-current assets		2,000	3,471	1,934	3,352
Current assets					
Inventories	8	5,105	4,204	5,103	4,231
Tangible assets held for sale		-	60	-	60
Prepayments	9	805	268	804	261
Amounts receivable within one year:					
Trade accounts receivable	10	1,154	1,041	1,154	1,041
Short-term loans receivable from related companies	24	1,424	-	1,424	-
Other accounts receivable	11	147	117	139	84
Cash and cash equivalents	12	2,136	2,873	2,084	2,867
Total current assets		10,771	8,563	10,708	8,544
TOTAL ASSETS		12,771	12,034	12,642	11,896

(continued on next page)

The accompanying explanatory notes are an integral part of these consolidated and Company's financial statements.

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	Notes	The Group December 31		The Company December 31	
		2021	2020	2021	2020
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	1	6,971	6,971	6,971	6,971
Legal reserve and other reserves	13	357	318	356	317
Own shares (-)		(45)	(184)	(45)	(184)
Retained earnings		2,607	1,578	2,531	1,491
Total Equity		9,890	8,683	9,813	8,595
Liabilities					
Non-current liabilities					
Loans received	15	1,080	1,330	1,080	1,330
Other non-current liabilities		-	50	-	-
Obligations under finance lease	7	269	277	269	222
Long term provision for defined employee benefits		32	-	14	-
Total non-current liabilities		1,381	1,657	1,363	1,552
Current liabilities					
Loans received	15	-	133	-	133
Obligations under finance lease current year part	7	98	97	40	38
Trade accounts payable		450	1,042	298	926
Trade accounts payable for related companies	24	443	17	795	411
Contracts liabilities		24	66	24	66
Employment obligations		198	129	53	51
Accrued expenses		11	10	40	7
Income tax payable	17	153	48	154	47
Other current liabilities		123	152	62	70
Total current liabilities		1,500	1,694	1,466	1,749
TOTAL EQUITY AND LIABILITIES		12,771	12,034	12,642	11,896

The accompanying explanatory notes are an integral part of these consolidated and Company's financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

	Notes	The Group December 31		The Company December 31	
		2021	2020	2021	2020
Revenue of sales		16,746	14,007	16,746	14,004
Cost of sales		(13,297)	(11,709)	(13,735)	(12,151)
GROSS PROFIT		3,449	2,298	3,011	1,853
Operating and selling expenses	20	(2,399)	(1,899)	(2,022)	(1,626)
Other operating income	21	1,083	931	1,219	1,342
Other operating expenses	21	(890)	(705)	(957)	(698)
PROFIT (LOSS) FROM OPERATIONS		1,243	625	1,251	871
Financial income	22	56	38	56	38
Financial expenses	22	(55)	(53)	(51)	(50)
PROFIT (LOSS) BEFORE TAX		1,244	610	1,256	859
Income tax benefit (expense)	17	(194)	(98)	(195)	(77)
Income tax		1,050	512	1,061	782
Earnings (loss) per share, Eur*		0,044	0,021	0,044	0,033
Net profit		1,050	512	1,061	782
Other comprehensive income		18	-	18	-
Total comprehensive income		1,068	512	1,079	782

* Basic earnings per share is calculated by dividing net profit (loss) for the period by the weighted average number of ordinary shares in issue during the period. The Group has no potential convertible ordinary shares, so diluted earnings per share equals basic earnings per share.

The accompanying explanatory notes are an integral part of these consolidated and Company's financial statements.

THE GROUP'S STATEMENTS OF CHANGES IN EQUITY

The Group	Notes	Share capital	Own shares (-)	Legal and other reserves	Reserve for own shares acquisition	Retained Earnings (loss)	Total
Balance as of 31 December 2019		6,971	-	215	264	910	8,360
Impact of IFRS 16 adoption		-	-	-	-	(5)	(5)
Balance as of 31 December 2019 (corrected)		6,971	0	215	264	905	8,355
Net profit		-	-	-	-	885	885
Dividends		-	-	-	-	(370)	(370)
Own shares		-	(184)	-	-	-	(184)
Transfers to reserves		-	-	(161)	-	161	-
Balance as of 31 December 2020		6,971	(184)	54	264	1,581	8,686
Impact of IFRS 16 adoption		-	-	-	-	(3)	(3)
Balance as of 31 December 2020 (corrected)		6,971	(184)	54	264	1,578	8,683
Net profit		-	-	-	-	1,050	1,050
Unrecognized gain (loss) in the statement of comprehensive income		-	-	-	-	18	18
Total comprehensive income		-	-	-	-	1,068	1,068
Own shares		-	139	-	-	-	139
Transfers to reserves		-	-	39	-	(39)	-
Balance as of 31 December 2021		6,971	(45)	93	264	2,607	9,890

The accompanying explanatory notes are an integral part of these consolidated and Company's financial statements.

THE COMPANY'S STATEMENTS OF CHANGES IN EQUITY

The Company	Notes	Share capital	Own shares (-)	Legal and other reserves	Reserve for own shares acquisition	Retained Earnings (loss)	Total
Balance as of 31 December 2019		6,971	-	45	264	721	8,001
Impact of IFRS 16 adoption		-	-	-	-	(5)	(5)
Balance as of 31 December 2019 (corrected)		6,971	0	45	264	716	7,996
Net profit		-	-	-	-	785	785
Dividends		-	-	-	-	-	-
Own shares		-	(184)	-	-	-	(184)
Transfers to reserves		-	-	8	-	(8)	0
Balance as of 31 December 2020		6,971	(184)	53	264	1,493	8,597
Impact of IFRS 16 adoption		-	-	-	-	(2)	(2)
Balance as of 31 December 2020 (corrected)		6,971	(184)	53	264	1,491	8,595
Net profit		-	-	-	-	1,061	1,061
Unrecognized gain (loss) in the statement of comprehensive income		-	-	-	-	18	18
Total comprehensive income		-	-	-	-	1,079	1,079
Own shares		-	139	-	-	-	139
Transfers to reserves		-	-	39	-	(39)	-
Balance as of 31 December 2021		6,971	(45)	92	264	2,531	9,813

The accompanying explanatory notes are an integral part of these consolidated and Company's financial statements.

CASH FLOW STATEMENTS

	Notes	The Group		The Company	
		December 31		December 31	
		2021	2020	2021	2020
Cash flows to operating activities					
Net profit		1,050	512	1,061	782
Recovery of non-monetary costs (income):					
Depreciation and amortization	4,5,7	226	254	163	180
Interest expense	22	52	38	52	38
Interest income	22	(40)	(53)	(40)	(50)
Gain (loss) on disposal and write offs of non-current assets		5	(34)	5	(23)
Impairment of inventories	8	84	-	84	-
Impairment (reversal) of accounts receivable		(1)	-	(1)	-
Change in accrued charges		118	1	55	1
Income tax expense for the period	17	212	98	208	77
Decrease (increase) in deferred tax asset	17	(18)	-	(13)	-
Changes in working capital:					
(Increase) decrease in inventories		(925)	1259	(896)	1200
(Increase) decrease in trade receivables		(112)	31	(112)	31
(Increase) decrease in other receivables		(30)	118	(55)	106
(Increase) decrease in prepayments		(537)	(29)	(543)	(27)
(Decrease) increase in trade payables		(166)	(873)	(244)	(825)
Increase (decrease) in contractual obligations		(42)	(11)	(42)	(11)
(Decrease) increase income tax payables		(89)	(39)	(72)	(30)
Increase (decrease) in other payables and current liabilities		(81)	139	(14)	27
Net cash flows from operating activities		(294)	1,411	(404)	1,481
Cash flows from (to) investing activities					
Acquisition of intangible assets (except investment)	4,5,7	(61)	(42)	(56)	(42)
Transfer of intangible assets (except investment)		-	280	-	155
Net cash flows (to) investing activities		(61)	238	(56)	113
Cash flows from (to) financing activities					
Loans received	15	-	1330	-	1330
Loans granted	15	(383)	(177)	(383)	(177)
Paid interest		(56)	(23)	(56)	(23)
Financial lease payments		(100)	(98)	(41)	(39)
Own shares transfers		(157)	(184)	157	(184)
Net cash flows from (to) financial activities		(382)	848	(323)	907
Net increase (decrease) in cash and cash equivalent		(737)	2,492	(783)	2,496
Cash and cash equivalents at the beginning of the year		2873	381	2,867	371
Cash and cash equivalents at the end of the year		2,136	2,873	2,084	2,867

The accompanying explanatory notes are an integral part of these consolidated and Company's financial statements.

FINANCIALS STATEMENTS EXPLANATORY NOTES

1. General information

A public company AB Linas (hereinafter – the Company) was registered on 8 March 1993, registration No. 003429, company code – 147689083, data accumulated and stored at the Register of Legal Entities. The company is a limited liability company. Address: S. Kerbedžio St. 23, Panevėžys, LT-35114. Tel. (370 - 45) 506100, e-mail address: office@linas.lt; internet website: www.linas.lt . The Company started its operations in 1957.

As of 31 December 2021, AB Linas Company Group (hereinafter – the Group) consisted of the parent company AB Linas, and its subsidiary UAB Lino apdaila.

UAB Lino apdaila was registered in the Register of Legal Entities on 23 May 2008, registration No. 114552, company code 301733421. The registered office of the Subsidiary is located at S. Kerbedžio St. 23, Panevėžys. AB Linas owns 100 % of the shares of the Subsidiary.

Shares of AB Linas are listed in the Baltic Secondary Trading List of AB NASDAQ OMX Vilnius.

December 31, 2020 and 2021 the shareholders of the Company were:

	December 31, 2021		December 31, 2020	
	Number of shares (thousand)	Share of share capital (percent)	Number of shares (thousand)	Share of share capital (percent)
Asociacija EEEE	5,565	23.15	5,565	23.15
UAB "Verslo dizainas"	4,808	20	-	-
UAB "Vasana"	4,755	19.78	9,563	39.78
UAB "Rivena"	2,423	10.08	2,423	10.08
Other shareholders	6,488	26.99	6,488	26.99
	24,039	100	24,039	100

The Company's authorized capital was worth EUR 6,971,307.10; the capital was divided into 24,038,990 registered ordinary shares, each being of EUR 0.29 in value. The Company does not have any issued and yet unpaid shares. There were no changes in the authorized capital of the Company during the reporting period.

At December 31, 2021 the company had acquired 450 thousand. pcs. shares of the Company (1,836 thousand at 31 December 2020), which makes up 1.87% of the ownership share.

Neither the Company, nor the Subsidiary has any branches or representative offices.

At December 31, 2021 the number of employees in the Group was 120 (113 as of 31 December 2020).

The principal activity of a public company Linas is trade in linen products and provision of related services; another area of activity of the Company is management of financial assets (shares and granted loans), supply of heat energy, rent of property, accounting and administration services. The activities carried out by UAB Lino apdaila – provision of textile production services, i.e., sewing of textile articles.

The Group of companies provides services from the preparation of yarn for weaving to the delivery of the final product to the buyer.

The uniqueness of the group of companies is that the produced linen products are natural, ecological and long-lasting. Individual orders are requested to meet the needs of customers who want exclusivity.

The main incomes of Group of companies of 12 months of year 2020 were received from textile items sales activities and the services of textile items production.

During the 12 months of year 2020 the Group ordered to produce or to treat technologically: linen and tow yarns – 59 tons (12 months of year 2019 – 68 tons); raw fabrics – 623 thousand meters (12 months of year 2019 – 761 thousand meters); ready-made fabrics – 1,939 thousand meters (12 months of year 2019 – 1,931 thousand meters), 23 % of all produced fabrics were used for sewn items during 12 months of year 2020 (12 months of year 2019 – 20.4 %).

During 12 months of year 2020 the Group produced 937 thousand pcs sewn items (during 12 months of year 2019 – 823 thousand pcs), using 449 thousand meters of ready-made fabrics (during 12 months of year 2019 – 445 thousand meters).

The volume of exports during 12 months of 2020 was 74.83 % of the total product sales.

Linās AB group of companies sold linen textile goods and services for 16,746 thousand Eur during the 12 months of 2021. Comparing to the 12 months of 2020 the volume of sales increased by 2,739 thousand Eur or about 16,36 %.

During twelve months of 2021 the Group received 1,244 thousand Eur profit before taxation, the result of the same period of 2020 was 610 thousand Eur profit.

During twelve month of year 2021 the Group's operating results compared to 2020 during the same period was due to increased volumes of sales.

Due to the threat of Covid-19 spread, the Group's business continuity and preventive measures have been reviewed and implemented, and the impact of related factors on the Group's operations and results is regularly assessed.

The Company's management assessed the potential disruption of cash flows, funding sources, the impact on demand for goods and services, the risk of contamination of critical personnel and the risk of delays in ongoing projects by analyzing all information about Covid-19's future risks available at the time of these condensed interim financial statements. there are no significant circumstances that may cast doubt on the Group's going concern.

The Company's management approved these financial statements for 2022. March 21 The Company's shareholders have the statutory right to approve or not to approve these financial statements and to require management to prepare new financial statements.

2. Accounting principles

2.1. Basis of preparation of the financial statements

The Group manages accounting and prepares financial statements in accordance with International Financial Reporting Standards (IFRS) adopted in the European Union (EU), The Company's management approved these financial statements for 2022. March 21. The Company's shareholders have the statutory right to approve or not to approve these financial statements and to require management to prepare new financial statements.

Adoption of new and/or changed interpretations of IFRS and International Financial Reporting Interpretations Committee (IFRIC).

The Group and the Company have applied these IFRSs, their amendments and IFRIC for the first time in the year ended 31 December 2021:

Amendments to IFRS 16 Leases: COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendments) (issued on 31 March 2021, effective from 1 April 2021)

These amendments extend the scope of the 2020 amendments by increasing the period of eligibility to apply the practical expedient from 30 June 2021 to 30 June 2022.

On 28 May 2020, the Board issued COVID-19-Related Rent Concessions, which amended IFRS 16 Leases. The 2020 amendments permit lessees, as a practical expedient, not to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications. Among other conditions, the 2020 amendments permit a lessee to apply the practical expedient only to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. If a rent concession reduces lease payments both before and after 30 June 2021, IFRS 16 does not permit the practical expedient to be applied to that concession.

The amendments are effective in European Union for annual reporting periods beginning on or after 1 April 2021. The management of the Group and the Company has assessed that these amendments have no significant impact on these financial statements as no significant concessions/discounts have been received during the reporting period and are not expected to be received in subsequent periods.

Interest Rate Benchmark Reform – Phase 2 – IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments) (issued on 27 August 2020, effective from 1 January 2021).

These amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

The amendments are effective in European Union for annual periods beginning on or after 1 January 2021. The management of the Group and the Company has assessed that these amendments have no significant impact on these financial statements.

Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (published on 27 August 2020, effective from 1 January 2021 and must be applied retrospectively).

Amendments to IFRS 9, IAS 39 and IFRS 7 will conclude phase two focused on issues that could affect financial reporting when an existing interest rate benchmark is replaced with a risk-free interest rate (an RFR). These amendments will not have an impact on the Group and the Company financial statements.

Standards and amendments that have been approved but are not yet effective and have not been applied in advance

New standards, amendments and interpretations that are not mandatory for reporting period beginning on 1 January 2021 and have not been early adopted when preparing these financial statements are presented below: IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 (Amendments) (All issued 14 May 2020, effective from 1 January 2022)

The IASB has issued narrow-scope amendments to the IFRS Standards as follows:

- IFRS 3 Business Combinations (Amendments) update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

- IAS 16 Property, Plant and Equipment (Amendments) prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss of SPLOCI.
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments) specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.
- Annual Improvements 2018-2020 make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

The amendments are effective in European Union for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted. The management of the Group and the Company is currently assessing the impact of these amendments on the financial statements.

IFRS 17: Insurance Contracts (published 18 May 2017, effective from 1 January 2023, but not before approval by the EU)

The amendments to IFRS 17 are effective, retrospectively, for annual periods beginning on or after 1 January 2023, with earlier application permitted. The amendments aim at helping companies implement the Standard. In particular, the amendments are designed to reduce costs by simplifying some requirements in the Standard, make financial performance easier to explain and ease transition by deferring the effective date of the Standard to 2023 and by providing additional relief to reduce the effort required when applying IFRS 17 for the first time. The amendments to IFRS 4 change the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

The management has assessed that these amendments will not have any impact on the Group and the Company's financial statements.

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021, effective from 1 January 2023, but not before approval by the EU).

The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors. The amendments become effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The Amendments have not yet been endorsed by the EU. The Group and the Company has not yet evaluated the impact of the implementation of these amendments.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current (issued on 23 January 2020 and 15 July 2020 respectively, effective from 1 January 2023, but not before approval by the EU).

the amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments.

The Group and the Company is currently assessing the impact of this amendment on their financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021, effective from 1 January 2023, but not before approval by the EU).

The Amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. The Amendments have not yet been endorsed by the EU. The Group and the Company has not yet evaluated the impact of the implementation of these amendments

2.2. Correction of Errors

Standards effective from January 1, 2019 application.

The Group and the Company have applied IFRS 16 "Leases" from January 1, 2019, retrospectively, due to a calculation error in adjusting the comparative information (Notes 2.17, 7) in the financial statements for the year ended 31 December 2020. The following information is provided about the specific items of the Group's and the Company's revised statements of financial position and comprehensive income.

		The Group		
		Until clarification	Clarification	After clarification
STATEMENTS OF FINANCIALS POSITION	Notes	December 31, 2020	December 31, 2020	December 31, 2020
Right-of-Use assets	7	-	366	366
Retained earnings		1,586	(8)	1,578
Obligations under finance lease		-	277	277
Obligations under finance lease current year part		-	97	97

		The Group		
		Until clarification	Clarification	After clarification
STATEMENTS OF COMPREHENSIVE INCOME	Notes	December 31, 2020	December 31, 2020	December 31, 2020
Operating and selling expenses		(1,907)	8	(1,899)
Financial expenses		(42)	(11)	(53)

STATEMENTS OF FINANCIALS POSITION	Notes	The Company		
		Until clarification	Clarification	After clarification
		December 31, 2020	December 31, 2020	December 31, 2020
Right-of-Use assets		-	253	253
Retained earnings		1,498	(7)	1,491
Obligations under finance lease		-	222	222
Obligations under finance lease current year part		-	38	38

STATEMENTS OF COMPREHENSIVE INCOME	Notes	The Company		
		Until clarification	Clarification	After clarification
		December 31, 2020	December 31, 2020	December 31, 2020
Operating and selling expenses		(1,632)	6	(1626)
Financial expenses		(42)	(8)	(50)

2.3. Functional and financial statements currency

The amounts in these financial statements are presented in euros. Rounded to thousands unless otherwise specified. The Group and the Company maintain their accounting records and in these financial statements all amounts are accounted for and presented in the national currency of the Republic of Lithuania, the euro, which is also the functional currency of the Group and the Company.

2.4. Business continuity

In preparing the consolidated financial statements of the Group and the Company, management has assessed business continuity assumptions. Management believes that no events or conditions, including those related to the current COVID-19 pandemic and the war in Ukraine, cast doubt on the Group's ability to continue as a going concern. This conclusion is based on our knowledge of the Group and the Company, its expected economic prospects and the risks and uncertainties surrounding them. In addition, this conclusion is based on a review of expected changes in liquidity and capital, existing credit facilities, including contractual and expected terms and conditions. It was therefore concluded that the application of the going concern basis as a key assumption in the financial statements is justified.

2.5. Principles of consolidation

The consolidated financial statements include the Company and its subsidiaries. The financial statements of the Group companies have been prepared for the same date and using the same accounting policies.

A subsidiary is an entity that is controlled, directly or indirectly, by the Company. Control of a subsidiary arises when the Company has, or is entitled to receive, variable returns arising from those relationships and may affect the amount of variable returns due to its power to govern the investee.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. All intercompany transactions, balances and unrealized gains and losses on transactions between Group companies have been eliminated.

In the separate financial statements of the parent, investments in subsidiaries are accounted for using the cost method. The value of an investment is reduced through the recognition of an impairment loss. Such impairment is assessed and applied on a case-by-case basis.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is determined by adding together the fair value of the consideration transferred at the acquisition date and the amount of any minority interest in the acquiree, if any. The contingent portion of the consideration that the buyer will have to pay is recognized at fair value at the acquisition date. Subsequent measurement of contingent consideration that is treated as an asset or liability at fair value will be recognized in accordance with IFRS 9: through profit or loss. If the contingent consideration is classified as equity, it is not remeasured and its subsequent payment is recognized in equity. For each business acquisition, the acquirer measures the minority interest in the acquiree either at fair value or in proportion to the acquiree's identifiable net assets.

Acquisition costs incurred are written off to include administrative expenses. Acquisition costs are capitalized in the separate financial statements of the Group's components.

If the business combination is achieved in stages, the acquirer's interest in the acquiree is measured at fair value through profit or loss at the acquisition date.

Goodwill is recognized at cost and is the amount by which the total consideration transferred, including the amount of the minority interest recognized, exceeds the net amount of the assets acquired and liabilities measured. If this consideration is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the statement of comprehensive income.

After initial recognition, goodwill is carried at cost less any accumulated impairment losses. For the purpose of measuring impairment, goodwill acquired in a business combination from the acquisition date is allocated to those Group cash-generating units that are expected to benefit from the merger, regardless of whether other assets or liabilities of the acquiree are allocated to those units.

When goodwill forms part of a revenue-generating unit and part of the operations of that unit are sold, goodwill relating to the operation sold is included in the carrying amount of the disposal operation in determining the gain or loss on disposal of the operation. In this case, the goodwill sold is measured by reference to the relative value of the business sold to the remainder of the revenue-generating unit.

2.6. Investments in associates

An associate is an entity over which the Group has the power to exercise significant influence. The Group accounts for its interest in an associate using the equity method. The financial statements of associates are prepared for the same reporting year as the Group, using the same accounting policies. Any differences in accounting policies are adjusted.

Investments in associates are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Unrealized gains and losses arising from transactions between the Group and its associates are eliminated to the extent of the associate's interest in the associate. The Group does not currently have any associates.

Investments in associates are accounted for in the Company's separate financial statements using the cost method, less impairment.

2.7. Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of an intangible asset acquired in a business combination is measured at fair value at the acquisition date. Intangible assets are recognized when it is probable that future economic benefits associated with the asset will flow to the Group and the Company and the value of the asset can be measured reliably.

The useful lives of intangible assets may be finite or indefinite.

After initial recognition, intangible assets that have a finite useful life are carried at cost less any accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over their estimated useful lives. Gains or losses on derecognition of intangible assets are recognized as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

An intangible asset that has a finite useful life is assessed for impairment whenever events or changes in circumstances indicate that the asset may be impaired.

The useful lives, residual values and amortization method are reviewed annually to ensure that they are consistent with the expected pattern of use of the intangible assets other than goodwill.

Intangible assets that have an indefinite useful life are not amortized, but are reviewed annually for impairment, either individually or at the cash-generating unit level. Each year there is an evaluation of an indefinite useful life with the objective of determining whether the asset can be used indefinitely. If not, such intangible assets are reclassified prospectively from indefinite time of use.

Software

The cost of acquiring new software is capitalized and recognized as an intangible asset if it is not part of the hardware. The software is depreciated over a period of 3 to 4 years.

Expenses incurred in restoring or maintaining the expected economic benefits that the Group expects to derive from the operation of existing software systems are recognized as an expense in the period in which they are incurred.

2.8. Non-current tangible assets

Non-current tangible assets are stated at cost less accumulated depreciation and impairment losses.

The initial cost of non-current tangible assets comprises its purchase price, including non-refundable purchase taxes and all directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure, such as repairs and maintenance, incurred after an item of non-current tangible assets is ready for its intended use is usually recognized in the statement of comprehensive income in the period in which it is incurred.

Depreciation is calculated on a straight-line basis over the following time of use:

- Property – 15 years;
- Equipment – 5 years;
- Vehicles - 4–10 years;
- Other non-current tangible assets - 3-8 years.

The time of use, residual values and depreciation method are reviewed periodically to ensure that they are consistent with the expected pattern of use of the property, plant and equipment.

When events or changes in circumstances indicate that the carrying amount of an item of property, plant and equipment may not be recoverable, it is reviewed for impairment.

Non-current tangible assets are derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year in which the asset is derecognized.

Construction in progress is stated at cost. It comprises the value of construction, plant and equipment and other directly attributable costs. Depreciation on construction in progress is not calculated until construction is complete and the asset is ready for its intended use.

2.9. Investment property

Land leased to third parties is considered an investment property. The Group's and the Company's investment property consists of land that is held for capital appreciation. Investment property is stated at cost less accumulated depreciation and any accumulated impairment losses.

The initial cost of an investment property comprises its purchase price, including non-refundable purchase taxes and all directly attributable costs of bringing the asset to its working condition and location for its intended use. Costs, such as repairs and maintenance, incurred after an investment property is ready for its intended use are usually recognized in the statement of comprehensive income in the period in which they are incurred.

Depreciation of assets other than land is calculated using the straight-line method to write off such assets to their residual values.

Investment property is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year in which the asset is derecognized.

Transfers to and from investment property are made when, and only when, there is a significant change in the purpose of the property.

2.10. Financial assets (excluding derivatives classified as hedging instruments)

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

Initial recognition and measurement of financial assets

Financial assets are initially recognized at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss.

The classification of a financial asset at initial recognition depends on the contractual cash flow characteristics of the financial asset and the Group's business model governing the management of the financial asset. Except for trade receivables that do not have a significant financing component, the Group measures financial assets at fair value on initial recognition, plus transaction costs where the financial assets are not carried at fair value through profit or loss.

Trade receivables that do not include a significant financing component are measured at the transaction price in accordance with IFRS 15.

For a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, the cash flows arising from the financial asset need only be the principal and interest payments (IORPs) on the principal outstanding. This assessment is called the SPPI test and is performed for each financial instrument.

The Group's financial asset management model specifies how the Group manages its financial assets to generate cash flows. The business model determines whether the cash flows will be generated by collecting the contractual cash flows, selling the financial asset, or both.

Ordinary purchases or sales of financial assets are recognized on the trade date, i.e., y. the date on which the Group commits to purchase or sell the financial asset.

Subsequent measurement of financial assets

After initial recognition The Group measures financial assets:

- Amortized cost (debt instruments);
- At fair value through other comprehensive income, when the gain or loss accumulated on derecognition is transferred to profit or loss (debt instruments). 2021 The Group did not have such financial instruments.
- At fair value through other comprehensive income, when the gain or loss accumulated on derecognition is not transferred to profit or loss (equity instruments). 2021 The group did not have such facilities.
- At fair value through profit or loss.

Financial assets (debt financial instruments) measured at amortized cost.

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

- financial assets are held in accordance with the business model, the purpose of which is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of a financial asset may give rise to cash flows at specified dates that are only interest payments on the principal and the principal amount outstanding.

Financial assets measured at amortized cost are subsequently measured using the effective interest method, less any impairment losses. Gains or losses are recognized in the statement of comprehensive income when the assets are derecognized, replaced or impaired.

The Group's financial assets at amortized cost include trade receivables, other current and non-current receivables and loans.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets that were initially recognized at fair value through profit or loss or financial assets that are required to be measured at fair value. A financial asset is classified as held for trading if it is acquired for the purpose of selling or repurchasing in the near future.

Derivatives, including segregated embedded derivatives, are also classified as held for trading.

unless they are classified as effective hedging instruments. Financial assets related to cash flows other than principal and interest payments are classified and measured at fair value through profit or loss, regardless of business model. Notwithstanding the above criteria for designating debt instruments at amortized cost or fair value through other comprehensive income, debt instruments may be designated at fair value through profit or loss on initial recognition if this eliminates or significantly reduces accounting inconsistencies. . Financial assets at fair value through profit or loss are carried at fair value through profit or loss.

This category also includes derivatives and leased debt securities that the Group has not elected to classify as at fair value through other comprehensive income. Dividends on leased debt securities are recognized as other income in the statement of comprehensive income when the right is established.

Impairment of financial assets

Other disclosures about impairment of financial assets are also made in the following notes:

- Disclosures about significant estimates and assumptions about use are disclosed in Note 2.29
- Trade receivables, including assets arising from contracts with customers, are disclosed in Note 10.

The Group recognizes expected credit losses (ECLs) on all debt financial instruments that are not measured at fair value through profit or loss. The ECL is based on the difference between the contractual cash flows receivable and the cash flows the Group expects to receive, discounted at the approximate initial effective interest rate. ECLs are recognized in two stages. For credit exposures for which the credit risk has not increased significantly since initial recognition, the ECL shall be calculated for credit losses arising from default events that may occur over the next 12 months (12 - month ECL). For those credit exposures for which the credit risk has been significantly increased since initial recognition, an impairment loss is recognized for the amount of credit loss that is expected over the remaining life of the credit exposure, irrespective of the default period (ECL over the life of the exposure).

The Group uses a simplified method to calculate ECL for trade receivables and assets arising from contracts with customers. Therefore, the Group does not monitor for changes in credit risk, but recognizes an impairment loss at each reporting date based on the ECL over the period of validity. The Group has constructed a matrix of expected loss rates based on historical credit loss analysis and adjusted to reflect future factors specific to borrowers and the economic environment. Trade receivables were grouped by recovery date after eliminating the largest individual receivables, which are analyzed separately.

The Group considers that a debtor has defaulted on its obligations in respect of a financial asset if the contractual payments are more than 90 days overdue or if there are indications that the debtor or group of debtors is in serious financial difficulty, default (principal or interest), the likelihood that they will enter bankruptcy or reorganization proceedings and, where observable data indicate that future cash flows are expected to decline, such as changes in arrears or changes in economic conditions that correlate with default. Financial assets are written off when there is no reasonable expectation of recovering the contractual cash flows.

Expected credit losses for 12 months are assessed and accounted for in the assessment of impairment. In subsequent periods, in the absence of a significant increase in credit risk related to the borrower, the Group adjusts the 12-month expected credit loss balance based on the outstanding loan amount at the measurement date. If it is determined that the borrower's financial condition has significantly deteriorated compared to the situation at the time the loan was granted, the Company accounts for all expected credit losses over the life of the loan. Loans that are subject to expected credit losses over their estimated useful lives are classified as impaired financial assets. According to the management's assessment, ECL 2021 31 December are immaterial to these financial statements.

The maximum exposure to credit risk at the reporting date is the carrying amount of each category of financial asset as disclosed in Note 15.

2.11. Derecognition of financial assets and liabilities

Financial property

A financial asset (where appropriate, part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the financial asset expires;
- The Group retains the right to receive cash flows but assumes the obligation to pay the full amount to a third party under a transfer agreement within a short period of time; and
- The Group transfers its right to receive cash flows from the asset and / or
 - a) transfers substantially all the risks and rewards incidental to ownership of the financial asset; or
 - b) neither transfers nor retains the risks and rewards of ownership of the financial asset but transfers control of that asset.

When the Group transfers rights to the cash flows of an asset but does not transfer or retain the risks and rewards of ownership of the asset and does not transfer control of the asset, the asset is recognized to the extent that the Group is still involved. A link to an asset that has been transferred as security is carried at the lower of the carrying amount of the asset and the maximum amount of consideration that the Group could be required to pay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires. When one existing financial liability is replaced by another liability to the same lender but on different terms, or when the terms of an existing liability change substantially, the change is treated as a termination of the original liability and the creation of a new liability. The difference between the respective carrying amounts is recognized in the statement of comprehensive income.

2.12. Inventory

Inventories are stated at the lower of cost and net realizable value, less any allowance for obsolete and slow-moving inventories. Net realizable value is the selling price in the ordinary course of business, less the costs of completion and distribution.

The cost of inventories is calculated using the FIFO method. Cost of finished goods and work in progress consists of an appropriate allocation of variable and fixed overheads based on normal operating practices. Inventories that are no longer available for sale are written off.

2.13. Cash and cash equivalents

Cash consists of cash on hand and in bank accounts. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. The term of such investments does not exceed three months and the risk of changes in value is very small.

In the statement of cash flows, cash and cash equivalents comprise cash on hand and in bank current accounts and deposits with original maturities of three months or less.

Restricted cash held as a deposit for trading on a futures exchange is accounted for as other current financial assets.

2.14. Non-current assets held for sale

Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if it is highly probable that the carrying amount of the asset will be recovered principally through a sale transaction rather than through continuing use. The condition is met when the sale of the asset is highly probable and the asset is in a condition for immediate sale. Management must be willing to sell and the sale must take place within one year of the reclassification date.

Property, plant and equipment and intangible assets classified as held for sale are not depreciated / amortized.

2.15. Financial liabilities

Initial recognition and measurement of financial liabilities

Financial liabilities are initially recognized at fair value through profit or loss, borrowings and payables. All financial liabilities are initially recognized at fair value and, in the case of borrowings and payables, less directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables, borrowings, including bank overdrafts and finance lease liabilities.

Subsequent evaluation

The measurement of financial liabilities depends on their classification as described below: Financial liabilities are recognized at fair value through profit or loss.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities that were initially recognized at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred in the near term for repurchase purposes.

Gains or losses arising from financial liabilities held for trading are recognized in the statement of comprehensive income.

2.16. Loans and other receivables received

Subsequent to initial recognition, loans and other payables are carried at amortized cost using the effective interest method (EIR). Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized or amortized.

Amortized cost is calculated by taking into account the discount or premium on acquisition, as well as taxes or expenses that are an integral part of the EIO. Depreciation of an EIO is included in finance costs in the statement of comprehensive income.

2.17. Lease assets and lease liabilities

The Group determines whether the arrangement is a lease or includes a lease, depending on the nature of the transaction at the date of the arrangement, when performance of the arrangement depends on the use of the specific asset or the arrangement gives the right to use the asset.

Adoption of IFRS 16 from January 1, 2019.

IFRS 16 replaces IAS 17 Leases, IFRIC 4 Testing whether an Agreement is a Lease, and SIC-15 Operating Leases. Promotion "and SIC-27 Evaluating the substance of transactions in legal leases. The standard establishes principles for recognizing, measuring, presenting and disclosing leases and requires lessees to recognize most leases in the balance sheet. The Group and the Company apply the same recognition and measurement method to all leases, except for short-term leases and leases of low value assets. The Group and the Company recognize lease obligations to pay lease payments and assets under usable rights, which means the right to use non-current assets.

Leased assets

Initial recognition of rights - of - use assets

Initially, the Group and the Company measure an asset held for use at cost, which comprises: the amount equal to the lease liability at initial recognition, the lease payments paid at or before the inception of the lease (less any lease discounts received), and all initial direct costs incurred by the Group; The Group's and the Company's estimated costs to be incurred in dismantling, removing or relocating an item of property, plant and equipment as required by the terms of a lease, unless such costs are incurred in producing the inventories. The Group and the Company undertake to cover these costs on the inception date of the lease or because they have used the leased asset for a period of time. The Group and the Company recognize these costs as part of the cost of rights-of-use assets, with the Group and the Company committing to cover these costs.

Subsequent measurement of rights - of - use assets

Subsequent measurement of rights - of - use assets

Subsequent to initial recognition, the Group and the Company measure the assets held for use at cost. In measuring assets held for use using the cost method, the Group and the Company measure assets subject to usage at cost less depreciation and any accumulated impairment losses, adjusted for the revalued amount of the lease liability.

Depreciation of assets under a right of use in accordance with IAS 16 Property, Plant and Equipment. If the lease agreement provides that the right to the leased asset is transferred to the Group and the Company at the end of the lease term, or the cost of the asset reflects the purchase option, the Group and the Company calculate depreciation from the inception of the lease to its useful life. Otherwise, the lessee depreciates the leased asset from the inception of the lease and ends before the end of the useful life of the leased asset or the lease:

- Land from 65 to 79 years;
- Premises from 2 to 10 years;
- Machinery and equipment from 2 to 4 years;
- Vehicles from 2 years.

Lease obligations

Initial measurement of the lease liability

On the commencement date, the Group and the Company measure lease liabilities at the present value of the lease payments outstanding at that date.

Rents are discounted using a rental rate that is readily applicable. If it is not possible to determine the exact rental interest rate, the Group and the Company apply the accrued credit interest rate. Leases included in the measurement of a lease liability at inception include the following payments for the right to use the leased asset during the lease term that were not paid at inception: fixed payments less any lease incentives receivable; variable rents that depend on an index or rate are initially calculated using the index or rate on the start date; the amounts that the lessee would have to pay under the residual value guarantees; the exercise price of the call option, if the Group and the Company are reasonably certain that it will exercise the option; payment of penalties for termination of the lease, if the lease term reflects the possibility for the Group and the Company to terminate the lease. Variable rents that depend on an index or rate are, for example, payments related to a consumer price index, payments related to a reference interest rate (such as LIBOR), or payments that vary according to changes in market rental rates.

Subsequent measurement of the lease liability

After the commencement date, the lessee measures the lease liability by increasing its carrying amount to reflect interest on the lease liability; reducing the carrying amount to reflect rents; and reassessing the carrying amount to reflect any revaluations or changes in leases or to reflect adjusted substantially fixed rents.

Interest on a lease for each lease term is the amount that gives rise to a constant periodic rate of interest on the remaining balance of the lease. The periodic interest rate is the discount rate or, if applicable, the adjusted discount rate.

After the commencement date, the Group and the Company recognize a gain or loss, unless the expense is included in the carrying amount of another asset in accordance with other applicable standards: interest on lease liabilities; and variable lease payments that are not included in the measurement of the lease liability in the period in which the event or condition that gave rise to the lease occurs.

Reassessment of the lease liability

After the commencement date, the lease liability is restated to reflect changes in rents. The amount of the revaluation of the lease liability is recognized by the Group and the Company as an adjustment to the asset under management. However, if the carrying amount of the asset held for use is reduced to zero and the measurement of the lease liability decreases further, the lessee shall recognize the remaining revaluation surplus in profit or loss.

Discount rate revised

The Group and the Company reassesses the lease liability by discounting the adjusted lease tax at the adjusted discount rate if the lease term changes. The Group and the Company determine the adjusted lease payments based on the adjusted lease term or the change in the possibility to acquire the leased asset, assessed taking into account the events and circumstances. The Group and the Company determine the adjusted lease payments to reflect the amounts payable under the change in the call option.

If, after a change in the lease term or after estimating a call option, the Group and the Company determine the adjusted discount rate as the interest rate specified in the lease for the lease term, if that rate can be readily determined, or the lessee's additional credit rate at the revaluation date the interest rates stipulated in the lease agreement.

Unchanged discount rate

The Group and the Company reassesses the lease liability by discounting the adjusted lease payments if:

- Changes in the amounts expected to be paid under the residual value guarantee. The Group and the Company determine the adjusted lease payments to reflect the change in the amounts expected to be paid under the residual value guarantee.
- Changes in future rents resulting from changes in the index or rate used to determine those payments, including, for example, changes in market rents following changes in market rents. The Group and the Company reassesses the lease liability to reflect those adjusted rents only when the cash flows change (i.e., when the lease adjustment takes effect). The Group and the Company determine the adjusted rents for the remaining lease term based on the revised contractual payments.

The Group and the Company apply an unchanged discount rate unless the lease has changed due to a change in variable interest rates.

In this case, the lessee applies a revised discount rate that reflects changes in interest rates.

Lease changes

The leaseholder shall account for the change in lease as a separate lease if:

- The amendment increases the amount of the lease by adding the right to use one or more items of the leased asset.
- The rent increases by an amount that is proportional to the price of the individually increased volume, and any appropriate adjustments to that separate price, depending on the circumstances of the particular contract.

If the lease modification is not accounted for as a separate lease, the Group and the Company:

- distributes the consideration in the amended contract;
- determines the period of the modified lease;
- reassesses the lease liability by discounting the adjusted rents using the adjusted discount rate.

For a change in lease that is not accounted for as a separate lease, the Group and the Company account for the reassessment of the lease liability:

- Decreasing the carrying amount of the leased asset to reflect the partial or total termination of the lease due to changes in the lease that reduce the scope of the lease. The Group and the Company recognize in profit or loss any gain or loss arising on the partial or total termination of the lease.
- Adjusting the usufruct accordingly for all other changes in the lease.

In the statement of financial position of the Group and the Company, lease liabilities are presented separately from other liabilities. The cost of a lease is presented separately from the depreciation expense of the asset managed. The related expense for the lease liability is a component of finance costs that is included in the statement of comprehensive income.

Short-term and low-value property leasing

The Group and the Company apply the exemption from the recognition of short-term leases to its short-term leases of machinery and equipment (i.e., leases with a maximum lease term of 12 months from the date of commencement) that do not have a call option. It also applies the lease of the low-value asset exemption to the lease of office equipment that is considered to be of low value. Rents for short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

Adoption of IFRS 16

From the date of application of IFRS 16, which is January 1, 2019 the Group and the Company adopted the standard retrospectively due to a calculation error in adjusting the comparative information in the financial statements as at 31 December 2020.

The Group and the Company have decided to apply a transitional practical arrangement, according to which in January 1, 2019 it did not reassess whether the contract is a lease or includes a lease. Instead, the Group and the Company have applied the standard only to contracts that were previously recognized as leases and to which IAS 17 and IFRIC 4 were applied at the date of initial application.

The Group has applied the exceptions in IFRS 16 to the following:

- Use an individual discount rate for leases of the same type, with the same asset characteristics,
- Exemptions for short-term leases, for leases that expire within 12 months from the date of initial application,
- Exclude estimates of direct costs associated with the leased asset at the date of initial application,
- The option to extend the lease is used if the contracts provide for it.

The Group has leases of land, premises, various equipment, vehicles and other equipment. Prior to the adoption of IFRS 16, the Group and the Company classified each of their leases (lessees) as finance or operating leases at the inception date.

Leases previously classified as finance leases

The Group and the Company have not changed the initial carrying amounts of recognized assets and liabilities previously classified as finance leases at the date of the initial lease (i.e., the assets and liabilities held for use are equal to the leased assets and liabilities recognized in accordance with IAS 17). The requirements of IFRS 16 have been applied to this lease since January 1, 2019.

Operating leases - The Group as lessor

Assets leased out under operating leases are recognized in the statement of financial position as property, plant and equipment and investment property. These assets are depreciated over their useful lives using the same depreciation rates as other property, plant and equipment used in the Group's operations. Rental income is recognized on a straight-line basis over the term of the lease.

Finance leases - The Group as a lessee

Leases of assets under which the risks and rewards of ownership are transferred to the Group are classified as finance leases. The Group accounts for finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased asset at the inception of the lease and the present value of the minimum lease payments.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate for the lease payments, where it is practicable to do so, otherwise the Group's alternative borrowing rate is used. Direct initial costs are included in the value of the asset. Finance lease payments are apportioned between the interest expense and the reduction of the outstanding liability. Interest is determined so that its percentage of the outstanding balance of the finance lease liability at each time of payment remains constant over the lease term.

Depreciation is charged on assets acquired under finance leases. The depreciation procedure for assets acquired under finance leases is similar to that for own assets. Such assets may not be depreciated over the lease term unless, under the lease, ownership is transferred to the Group at the end of the lease term.

Leases of assets under which all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognized as an expense in the statement of comprehensive income on a straight-line basis over the term of the lease.

2.18. The share capital

Ordinary shares are carried at their nominal value. The amount received for the shares sold in excess of their nominal value is accounted for as share premium. Incremental costs directly attributable to the issue of new shares are recognized in equity net of share premium.

2.19. Provisions

A provision is recognized when, and only when, the Group has a present obligation as a result of a past event (legal or constructive) and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation. When discounting is used, the increase in the provision that reflects the passage of time is recognized as an interest expense.

Provisions for onerous contracts

Provisions for onerous contracts are recognized when the Group has a present obligation (legal or constructive) to purchase goods from third parties in the future at a price above the market price or to sell the goods to a third party at a price below the market date. The difference between the contract value and its market price at the reporting date is recognized in the statement of comprehensive income at the cost of goods sold. Such accounting is applied to the Group's contracts when they are not derivative financial instruments.

2.20. Long-term employee benefits

According to the requirements of the Labor Code of the Republic of Lithuania, each employee leaving the Group or the Company upon reaching retirement age is entitled to a one-time 2-month period salary amount benefit.

Actuarial gains or losses are recognized in the statement of other comprehensive income.

The cost of past service is recognized as an expense on a straight-line basis over the average period until the benefit becomes vested. Any gain or loss arising on the curtailment and / or settlement of a liability is recognized immediately in the statement of comprehensive income.

The employee benefit obligation is calculated on the basis of actuarial valuations using the projected unit credit method. The liability is recognized in the statement of financial position and reflects the present value of those benefits at the statement of financial position date. The present value of employee benefit obligations is determined by discounting the estimated future cash flows at the interest rate for government securities denominated in the same currency as the benefits and with a payout period that is similar to the expected payout period. Actuarial gains and losses are recognized immediately in other comprehensive income.

2.21. Grants and subsidies

Grants and subsidies (hereinafter - grants) are recognized when there is sufficient assurance that the grant will be received and all conditions attached to the grant will be met.

Grants received in cash for the purchase, construction or other acquisition of fixed assets are treated as grants related to the asset.

The amount of the grant related to the asset is recognized as deferred income in the financial statements and used to the extent that the depreciation is charged to the amount of the related expense in the statement of comprehensive income.

Grants received to offset current or prior period expenses or unearned income, as well as all other grants other than grants related to assets, are treated as grants related to income. Grants related to revenue are recognized in profit or loss to the extent that it is probable that future economic benefits associated with the item will flow to the entity and the revenue will be recovered.

2.22. Income tax

Current and prior period income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, including adjustments for prior years.

Income tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

The calculation of income tax is based on the annual profit after deferred income tax.

The income tax of the Group and the Company is calculated in accordance with the requirements of the tax laws of the Republic of Lithuania. The corporate income tax rate in 2021 is applied to the companies of the Republic of Lithuania. 31 December and 2020 31 December - 15%.

According to the Law on Corporate Income Tax of the Republic of Lithuania since 2014. January 1 the amount of deductible tax losses carried forward may not exceed 70% of the amount of taxable profit for the year. Tax losses may be incurred indefinitely, except for losses arising from the transfer of securities and / or derivatives. Such a transfer is terminated if the Group and the Company cease to carry on the activities that gave rise to the loss, unless the Group and the Company cease to operate for reasons beyond their control. Losses from the transfer of securities and / or derivatives may be incurred for 5 years and covered only from the profits of transactions of the same type.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the temporary differences reverse. Deferred tax assets are recognized in the statement of financial position to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. If part of the deferred tax asset is not expected to be realized, that part of the deferred tax asset is not recognized in the financial statements. Deferred income tax assets and liabilities are offset to the extent that it is probable that future taxable profits will be available against which the deferred tax assets and liabilities can be utilized.

2.23. Earnings and diluted earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary registered shares in issue. Where the number of shares changes but does not affect the change in economic resources, the weighted average number of ordinary registered shares issued is adjusted in proportion to the

change in the number of shares as if it had occurred at the beginning of the previous reporting period. As there are no dilutive instruments, there is no difference between basic and diluted earnings per share (Note 18).

2.24. Revenue recognition

Revenue from contracts with customers Revenue from contracts with customers is recognized only when control of the goods or services is transferred to the customer in an amount that reflects the consideration that the Group and the Company expects to receive in exchange for those goods or services.

The preparation of financial statements in conformity with IFRS requires the application of certain assumptions and estimates by the Company's and the Group's management that have a significant effect on the amounts presented in the financial statements. In the opinion of management, the most significant estimates and related uncertainties in the calculation and recognition of revenue from contracts with customers relate to:

- The expected profit margin of the product (percentage) is used;
- The application of historical management and production accounting data to calculate the value factors associated with each stage of production.
- In addition to those discussed above, management also considered the effects of other matters on revenue recognition, such as the existence of significant financing components, non-cash settlements, discounts applied, and the like. The Company's and the Group's contracts with customers do not contain these listed contractual terms or, in the opinion of management, are immaterial in the context of the application of IFRS 15.

Contract assets - accrued income

Contract assets are a contingent right to consideration. The right is conditional because the Company or the Group must first perform another contractual performance obligation in order to be entitled to payment from the customer. If the Company / Group has an unconditional right to receive consideration from a customer, the contract assets are accounted for as a receivable and disclosed separately from other contract assets. If the Company and the Group deliver goods or provide services to a customer before or before the due date, the asset is accounted for in the amount equal to the contingent consideration earned because the order is not yet complete. Assets arising from contracts with customers - accrued income - are recognized as a trade receivable at the end of the production cycle (usually within 60 days) after all contractual obligations have been fulfilled and invoiced.

Contractual obligations - prepayments received

Contractual obligations include prepayments received from customers for future services or goods sold.

Trade receivables Trade receivables represent the right of the Company and the Group to earn a consideration that is unconditional (i.e., the consideration must be paid after the agreed date without exception). Trade receivables are usually set at 30-60 days. deferral of payment.

Interest income

Interest income is recognized on a time proportion basis using the effective interest method. When a receivable is impaired, the Company and the Group reduce it carrying amount to its recoverable amount, being the estimated future cash flows discounted at the asset's original effective interest rate, and continue to add the discount as interest income. Interest income on impaired loans is recognized using the original effective interest rate.

Dividend income

Dividend income is recognized in the period in which the right to receive payment is established. Rental income

Payments made under operating leases (net of any discounts granted to the lessee) are recognized as income on a straight-line basis over the term of the lease.

2.25. Recognition of costs

Expenses are recognized on an accrual basis. The cost is usually estimated by the amount of money paid or payable, excluding VAT. In cases where a long settlement period is expected and interest is not excluded, the cost is estimated by discounting the settlement amount at market interest rate.

2.26. Impairment of non-financial assets

The Group assesses at each reporting date whether there is any indication that a non-financial asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required (for example, prestige), the Group estimates the asset's recoverable amount. The recoverable amount of an asset is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. The recoverable amount of an asset is determined separately for each asset, unless the asset does not generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of „the time value“ of money and the risks specific to the asset. An appropriate valuation model is used to define the fair value less costs to sell. These calculations are performed using independent valuations, valuation factors or other possible fair value indicators. Impairment losses are recognized in the statement of comprehensive income in those expense items that best reflect the nature of the impaired asset.

Non-financial assets other than goodwill are measured at each reporting date. An assessment is made as to whether there is any indication that the previously recognized impairment loss may no longer exist or may have decreased. If any such indication exists, the Group estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In this case, the carrying amount of the asset is increased to its recoverable amount. This increase in value shall not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized for the asset in prior periods. Such a reversal is recognized in the statement of comprehensive income.

2.27. Segments

A business segment is a separate component of the Group that is engaged in providing an individual product or service or group of related products or services whose performance is reviewed regularly by the Group's management to determine the resources available to the segment and for which separate financial information is available.

For management purposes, the Group's operations are organized into the following operating segments according to products and services: fabrics, sewn products, yarns and manufacturing services.

The Group's and the Company's revenue by business and geographical region is disclosed in Note 3.

Revenue and expenses include revenue and expenses that can be allocated to that segment directly or through established allocation criteria. Revenue is allocated to individual countries based on the location of customers.

Costs are not allocated to individual operating segments and are presented as total expenses.

The assets and liabilities of the Group and the Company cannot reasonably be allocated to separate segments. All assets and liabilities of the Group and the Company are not allocated by business or geographical segment.

2.28. Fair value measurement

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

- In the primary market for the asset or liability, or
- in the absence of a primary market, for assets or liabilities in the most favorable market.

The main or most favorable market must be available to the Group.

The fair value of an asset or liability is determined using those assumptions that market participants would use to determine the price of the asset or liability, assuming that market participants have the best economic interests at stake.

The fair value of a non-financial asset is determined by reference to the ability of the market participant to generate the economic benefits from the most efficient or best use of the asset or by selling it to another market participant using the asset most efficiently and best.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to determine fair value, using as much relevant observable data as possible and as little unobservable data as possible.

All assets and liabilities whose fair value is determined or disclosed in the financial statements are classified according to the fair value hierarchy described below, which is based on the significant lowest level data used to determine fair value:

- Level 1 - quoted (unadjusted) prices in active markets for the same assets or liabilities;
- Level 2 - valuation methodologies that directly or indirectly monitor the lowest level data that is significant in determining fair value;
- Level 3 - valuation methodologies that do not observe the lowest level data that is significant in determining fair value.

For the revaluation of assets and liabilities in the financial statements, the Group reassesses whether the transfers have occurred between levels of the hierarchy (based on the lowest level that is significant in determining fair value in general) at the end of each reporting period.

Evaluations are performed by the Group's management on each reporting date. In order to disclose fair value, the Group and the Company have determined the classes of assets and liabilities according to the nature, characteristics and risks of the assets and liabilities and the level of the fair value hierarchy described above.

2.29. Use of estimates and assumptions in preparing financial statements

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make certain assumptions and estimates that affect the reported amounts of assets, liabilities, income and expenses and the disclosure of uncertainties.

Significant accounting decisions

The significant accounting judgments used in the preparation of these financial statements are set out below.

Assessing whether a principal or agent acting on its own account

The Group has identified itself as a person acting on its own account in the supply of goods or services because:

- controls the goods and services until they are delivered to the customer;
- is responsible for the overall performance of the contract and assumes its risk;
- can set the selling price.

The significant accounting estimates used in the preparation of these financial statements relate to depreciation (Notes 2.8, 2.9, 5 and 6) and the determination of the net value of inventories (Notes 2.12 and 8).

Possible future events may change the assumptions used in the estimates. The effects of changes in valuation will be included in financial statements as soon as they are determined.

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

December 31, 2021 and 2020

The Group assesses at least annually whether there is any indication that an intangible asset may be impaired. If any such indication exists, the Group performs an impairment test. The recoverable amount of a cash-generating asset is determined by reference to its value in use model, which is based on a discounted cash flow model. Cash flows are estimated using the forecast for the next 5 years and do not include restructuring costs for which the Group is not committed or significant future investments that would significantly increase the value of the cash-generating unit's assets.

2021 31 December there were no significant indications that the carrying amount of property, plant and equipment was in the balance sheet the value could exceed the recoverable amount, except for assets that are already impaired.

Impairment of land

At least annually, the Group assesses whether there is any indication that land carried as property, plant and equipment may be impaired. If any such indication exists, the Group performs an impairment test. The recoverable amount of land is determined as the fair value less costs to sell based on comparable market prices for similar land provided by independent appraisers.

December 31, 2021 there were no possible changes in the assumptions that would cause the carrying amount of the available land to exceed its recoverable amount, except for assets that have already been written down.

Impairment of the Company's investments and loans granted

December 31, 2021 and 2020 the Company has investments in subsidiaries. The Company assesses, at least annually, whether there is any indication that an investment in a subsidiary or associate may be impaired.

December 31, 2021 and 2020 as at the date of the investment, there was no expected change in the assumptions that would cause the carrying amount of these investments to exceed their recoverable amount.

Valuation of inventories

The Group's management has made assumptions for measuring inventories below their fair value. The key factors included in the measurement of the fair value of management's inventories are: inventory obsolescence, market prices, and post-balance sheet selling prices. Future events may change these assumptions. Changes in these effects are recorded in the financial statements as they occur.

2.30. Uncertainties

Contingent liabilities are not recognized in the financial statements, except for contingent liabilities related to business combinations. They are disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when it is probable that future economic benefits or service potential will flow to the entity.

2.31. Subsequent events

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

2.32. Offsetting and rounding

In preparing the financial statements, assets and liabilities and income and expenses are not offset unless a separate IFRS requires or permits such offsetting.

Due to rounding of individual amounts to thousands of euros, the figures in the tables may not add up, such rounding errors are insignificant in these financial statements.

3. Segment information

For management purposes, the segments of the textile manufacturing business are divided into products and services, fabrics, sewing products, yarns and manufacturing services. They are measured at profit or loss.

The following is information on the textile business segments of the Group and the Company:

The Group	Fabrics	Sewn items	Yarns	Manufacturing services	Total
December 31, 2021					
Income (third parties)	11,389	4,966	32	359	16,746
Cost (third parties)	(9,098)	(3,963)	(41)	(195)	(13,297)
Gross profit (loss)	2,291	1,003	(9)	164	3,449
Operating and selling expenses	-	-	-	-	(2,399)
Segment operating profit (loss)	2,291	1,003	(9)	164	1,050

The Group	Fabrics	Sewn items	Yarns	Manufacturing services	Total
December 31, 2020					
Income (third parties)	9,625	4,079	42	261	14,007
Cost (third parties)	(8,083)	(3,340)	(138)	(148)	(11,709)
Gross profit (loss)	1,542	739	(96)	113	2,298
Operating and selling expenses	-	-	-	-	(1,907)
Segment operating profit (loss)	1,542	739	(96)	113	391

Inter-segment transactions are eliminated on consolidation

(Continued on next page)

The following is information on the textile business segments:

The Company	Fabrics	Sewn items	Yarns	Manufacturing services	Total
December 31, 2021					
Income (third parties)	11,389	4,966	32	359	16,746
Cost (third parties)	(9,098)	(4,401)	(41)	(195)	(13,735)
Gross profit (loss)	2,291	565	(9)	164	3,011
Operating and selling expenses	-	-	-	-	(2,022)
Segment operating profit (loss)	2,291	565	(9)	164	989

The Company	Fabrics	Sewn items	Yarns	Manufacturing services	Total
December 31, 2020					
Income (third parties)	9,625	4,079	42	258	14,004
Cost (third parties)	(8,083)	(3,785)	(138)	(145)	(12,151)
Gross profit (loss)	1,542	294	(96)	113	1,853
Operating and selling expenses	-	-	-	-	(1,626)
Segment operating profit (loss)	1,542	294	(96)	113	227

The following is information on the textile business geographical segments of the Group:

The Group	Lithuania	Europe countries	Scandinavian countries	USA	Other countries	Total
December 31, 2021						
Income	4,215	7,196	3,018	630	1,687	16,746
Cost	(3,251)	(5,939)	(2,180)	(487)	(1,440)	(13,297)
Gross profit (loss)	964	1,257	838	143	247	3,449
Operating and selling expenses	-	-	-	-	-	(2,399)
Segment operating profit (loss)	964	1,257	838	143	247	1,050

The Group	Lithuania	Europe countries	Scandinavian countries	USA	Other countries	Total
December 31, 2020						
Income	3,803	6,165	1,970	402	1,667	14,007
Cost	(3,192)	(5,251)	(1,543)	(311)	(1,412)	(11,709)
Gross profit (loss)	611	914	427	91	255	2,298
Operating and selling expenses	-	-	-	-	-	(1,907)
Segment operating profit (loss)	611	914	427	91	255	391

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The following is information on the textile business geographical segments of the Company:

The Company	Lithuania	Europe countries	Scandinavian countries	USA	Other countries	Total
December 31, 2021						
Income	4,215	7,196	3,018	630	1,687	16,746
Cost	(3,387)	(6,118)	(2,246)	(502)	(1,482)	(13,735)
Gross profit (loss)	828	1,078	772	128	205	3,011
Operating and selling expenses	-	-	-	-	-	(2,022)
Segment operating profit (loss)	828	1,078	772	128	205	989

The Company	Lithuania	Europe countries	Scandinavian countries	USA	Other countries	Total
December 31, 2020						
Income	3,800	6,165	1,970	402	1,667	14,004
Cost	(3,335)	(5,435)	(1,597)	(322)	(1,462)	(12,151)
Gross profit (loss)	465	730	373	80	205	1,853
Operating and selling expenses	-	-	-	-	-	(1,626)
Segment operating profit (loss)	465	730	373	80	205	227

4. Intangible assets

The Ground and the Company	Software	Other intangible assets	Prepayments for unfinished projects	Total
Costs:				
Balance as at 31 December 2019	105	-	-	105
Acquisitions	37	-	-	37
Balance as at 31 December 2020	142	-	-	142
Acquisitions	10	3	-	13
Overwriting from one article to another	(87)	18	69	-
Balance as at 31 December 2021	65	21	69	155
Accumulated amortization:				
Balance as at 31 December 2019	58	-	-	58
Amortization	6	-	-	6
Balance as at 31 December 2020	64	-	-	64
Amortization	1	1	-	2
Balance as at 31 December 2021	65	1	-	66
Net book value as at 31 December 2021	0	20	69	89
Net book value as at 31 December 2020	77	77	-	77
Net book value as at 31 December 2019	46	46	-	46

The Group has no internally generated intangible assets. Amortization of intangible assets is included in operating expenses in the statement of comprehensive income (Note 20).

December 31, 2021 the acquisition cost of fully amortized, but still used intangible assets of the Group and the Company amounted to 65 thousand Eur (December 31, 2020 - EUR 65 thousand).

The company December 31, 2021 reclassified 69 thousand from the acquisition of software to unfinished projects, as the planned acquisition of software project is not yet complete.

5. Non-current tangible assets

The Group	Land	Buildings and structures	Machinery and equipment	Motor Vehicles	Other property, plant and equipment	Construction in progress and prepayments	Total
Balance as at 31 December 2019							
Acquisitions	-	1,586	1,324	247	61	-	3,218
Assets sold and written off	-	-	-	6	4	1	11
Balance as at 31 December 2020	-	-	(587)	(50)	-	-	(637)
Acquisitions	-	1,586	737	203	65	1	2,592
Assets sold and written off	-	-	4	-	12	32	48
Reclassifications to other tangible assets	-	-	(2)	-	(13)	-	(15)
Reclassifications	-	-	-	(6)	-	-	(6)
Balance as at 31 December 2021	-	-	20	(20)	1	(1)	-
Accumulated depreciation:	-	1,586	759	177	65	32	2,619
Balance as at 31 December 2019							
Depreciation	-	311	1,057	160	45	-	1,573
Assets sold and written off	-	107	26	17	6	-	156
Balance as at 31 December 2020	-	-	(354)	(38)	-	-	(392)
Depreciation	-	418	729	139	51	-	1,337
Assets sold and written off	-	106	5	16	6	-	133
Reclassifications to other tangible assets	-	-	(2)		(13)	-	(15)
Reclassification	-	-	-	(1)	-	-	(1)
Balance as at 31 December 2021	-	-	20	(20)	-	-	-
	-	524	752	134	45	-	1,455
Net book value as at 31 December 2021							
Net book value as at 31 December 2020	-	1,062	7	43	20	32	1,164
Net book value as at 31 December 2019	-	1,168	8	64	14	1	1,255
Balance as at 31 December 2019	-	1,275	267	87	16	-	1,645

The Company	Land	Buildings and structures	Machinery and equipment	Motor Vehicles	Other property, plant and equipment	Construction in progress and prepayments	Total
Cost:							
Balance as at 31 December 2019	-	1,580	883	231	54	-	2,748
Acquisitions	-	-	-	6	4	1	11
Assets sold and written off	-	-	(232)	(50)	-	-	(282)
Balance as at 31 December 2020	-	1,580	651	187	58	1	2,477
Acquisitions	-	-	-	-	10	32	42
Assets sold and written off	-	-	-	-	(13)	-	(13)
Reclassifications to other tangible assets	-	-	-	(6)	-	-	(6)
Reclassifications	-	-	14	(14)	1	(1)	0
Balance as at 31 December 2021	-	1,580	665	167	56	32	2,500
Accumulated depreciation:							
Balance as at 31 December 2019	-	306	755	144	38	-	1,243
Depreciation	-	106	11	18	6	-	141
Assets sold and written off	-	-	(115)	-38	-	-	(153)
Balance as at 31 December 2020	-	412	651	124	44	0	1231
Depreciation	-	106	-	15	6	-	127
Assets sold and written off	-	-	-	-	(13)	-	(13)
Reclassifications to other tangible assets	-	-	-	(1)	-	-	(1)
Reclassification	-	-	14	(14)	-	-	-
Balance as at 31 December 2021	-	518	665	124	37	0	1344
Net book value as at 31 December 2021	-	1,062	0	43	19	32	1,156
Net book value as at 31 December 2020	-	1,168	0	63	14	1	1,246
Net book value as at 31 December 2019	-	1,274	128	87	16	-	1,505

Depreciation of non-current tangible assets is included in operating and selling expenses and other operating expenses in the statement of comprehensive income (Notes 20, 21).

December 31, 2021 the acquisition cost of fully depreciated but still used property, plant and equipment of the Group and the Company amounted to LTL 870 thousand, respectively. EUR and 773 thousand. (December 31, 2020: EUR 868 thousand and EUR 780 thousand). December 31, 2021 was reclassified from the group of vehicles to the group of machinery and equipment for use.

6. Investment property**The Ground and the Company****Cost:**

	Land	Total
Balance as at 31 December 2019	416	416
Balance as at 31 December 2020	416	416
Balance as at 31 December 2021	416	416

Impairment losses

Balance as at 31 December 2019	42	42
Balance as at 31 December 2020	42	42
Balance as at 31 December 2021	42	42

Net book value as at 31 December 2021**374 374****Net book value as at 31 December 2020****374 374****Net book value as at 31 December 2019****374 374**

The Group's investment property consists of land that is held for capital appreciation.

The fair value of the Group's and the Company's investment property in 2021 31 December is 374 thousand, respectively. EUR (374 thousand in 2020). The fair value was estimated based on the analysis of price changes (source: <https://www.aruodas.lt/kainu-statistika/>) using the comparable price method (level 2). The price level remained similar during the period under review, so we assume that the carrying amount of the investment property is equal to its fair value.

7. Right-of-use assets and lease liabilities

The Group	Land	Buildings and structures	Machinery and equipment	Motor Vehicles	Total
Cost:					
Balance as at 31 December 2019	269	193	70	5	537
Acquisitions			125	-	125
Assets sold and written off	(80)	(29)	(70)		(179)
Balance as at 31 December 2020	189	164	125	5	483
Acquisitions	80	1		-	81
Assets sold and written off				(5)	(5)
Balance as at 31 December 2021	269	165	125	0	559
Accumulated depreciation:					
Balance as at 31 December 2019	4	36	55	2	97
Depreciation	3	39	46	2	90
Assets sold and written off	-		(70)		(70)
Balance as at 31 December 2020	7	75	31	4	117
Depreciation	4	39	47	1	91
Assets sold and written off	-	-	-	(5)	(5)
Balance as at 31 December 2021	11	114	78	0	203
Net book value as at 31 December 2021	258	51	47	0	356
Net book value as at 31 December 2020	182	89	94	1	366
Net book value as at 31 December 2019	265	157	15	3	440

The Company	Land	Buildings and structures	Machinery and equipment	Motor Vehicles	Total
Cost:					
Balance as at 31 December 2019	269	154		5	428
Acquisitions			2	-	2
Assets sold and written off	(80)	(29)			(109)
Balance as at 31 December 2020	189	125	2	5	321
Acquisitions	80	1	-	-	81
Assets sold and written off				-5	-5
Balance as at 31 December 2021	269	126	2	0	397
Accumulated depreciation:					
Balance as at 31 December 2019	4	29	0	2	35
Depreciation	3	28	0	2	33
Assets sold and written off	-		-		-
Balance as at 31 December 2020	7	57	0	4	68
Depreciation	4	29	1	1	35
Assets sold and written off	-	-	-	(5)	(5)
Balance as at 31 December 2021	11	86	1	0	98
Net book value as at 31 December 2021	258	40	1	0	299
Net book value as at 31 December 2020	182	68	2	1	253
Net book value as at 31 December 2019	265	125	0	3	393

Depreciation expense of the Group and the Company on December 31, 2021 was 91 thousand euros and 35 thousand euros (December 31, 2021 - 90 thousand euros and 33 thousand euros).

8. Stocks

	The Group December 31		The Company December 31	
	2021	2020	2021	2020
Raw materials	2,515	2,167	2,488	2,153
Finished Productions	2,633	2,020	2,685	2,077
Work in progress	27	16		
Goods for resale	14	1	14	1
Write-downs to net realizable value	(84)	-	(84)	-
Total	5,105	4,204	5,103	4,231

December 31, 2021 inventories of the Group and the Company amounting to 5,105 thousand Eur (2020 - 4,204 thousand Eur) were pledged to banks as collateral for loans (Note 18), the value of collateral pledged under pledge notes was 1,448 thousand Eur.

9. Prepayments

	The Group December 31		The Company December 31	
	2021	2020	2021	2020
Prepayments to suppliers for resale of long-term assets	604	-	604	-
Prepayments to suppliers for raw materials, goods, services	201	268	200	201
Impairment of doubtful prepayments to suppliers	-	-	-	-
Total	805	268	804	201

Advance payment is interest free and usually has a term of 30-180 days.

10. Accounts receivable

The Group's and the Company's trade receivables consist of trade receivables from Lithuanian and foreign customers, interest is not charged on trade receivables and the settlement term is 30-90 days.

IFRS 9 requires the Group and the Company to recognize expected credit losses for all debt instruments that are not carried at fair value through profit or loss and for assets arising from contracts with customers. The Group and the Company use the Expected Loss Rate (TNN) matrix to calculate the expected credit loss (ECL) on trade receivables. Expected credit loss rates are based on the customer default history, which is grouped by customer type. The TNN matrix is based on the

Group's and the Company's historical information on customer defaults. The Group and the Company adjust the values of the matrix to include projected future information. For example, if next year's economy is expected to deteriorate / slow down according to future projections (e.g., GDP levels), which may increase the growth of defaults, historical expected loss rates will be adjusted to reflect future projections. Historical credit loss rates are reviewed for each reporting period. In assessing impairment of trade receivables, individual trade receivables are grouped according to the period of maturity. The Company has calculated the expected credit loss rate used to calculate the ECL and has determined that the calculated amounts do not have a material impact on the financial statements.

Trade receivables are secured by credit insurance or collateral.

Limitation analysis of the Group's and the Company's trade receivables in December 31, 2021 and December 31, 2021.

The Group/The Company	Receivables that are not past due and are not impaired	Receivables that are past due but not impaired					Total
		Less than 30 days	31 - 90 days	91 - 180 days	181 - 365 days	More than 365 days	
	Not overdue						
2021	1,014	90	26	15	9	-	1,154
2020	902	106	13	12	8	-	1,041

11. Other receivables

Other receivables of the Group and the Company comprise:

	The Group December 31		The Company December 31	
	2021	2020	2021	2020
Receivable taxes	142	74	136	74
Other receivables	5	43	3	10
Total:	147	117	139	84

12. Cash and cash equivalents

	The Group December 31		The Company December 31	
	2021	2020	2021	2020
Cash in bank	1,734	2,871	1,682	2,865
Cash in hand	8	2	8	2
Letter of credit	394	-	394	-
Total:	2,136	2,873	2,084	2,867

13. Reserves

Legal reserve

The required reserve is required under the legislation of the Republic of Lithuania. At least 5 percent of the net profit calculated in accordance with International Financial Reporting Standards must be transferred to it annually until the reserve reaches 10 percent authorized capital. December 31, 2021 legal reserve was 92 thousand Eur (53 thousand - December 31, 2020). Legal reserve in December 31, 2021 and December 31, 2020 was not fully formed.

Reserve for acquisition of own shares

The Annual General Meeting of the Company, held on May 16, 2019, the decision formed 264 thousand reserves for the acquisition of own shares. The purpose of acquisition own shares is to maintain and increase the price of the Company's shares. The term during which the Company may acquire its own shares is 18 months from the date of the decision. During the financial year ended at December 31, 2021, the Company transferred 1,385,833 units. treasury shares, the net result from this operation is recognized directly in the statement of changes in equity.

14. Grants and subsidies

	The Group		The Company	
	December 31		December 31	
	2021	2020	2021	2020
Balance at the beginning of the period	42	0	9	0
Subsidy amounts received	5	303	1	149
Subsidy receivables	1	42	0	9
Amounts of subsidies used	(46)	303	(10)	149
Balance at end of period	1	42	-	9

Subsidy amounts were received for staff downtime that occurred in 2020 for Covid-19.

15. Borrowings

	The Group		The Company	
	December 31		December 31	
	2021	2020	2021	2020
Non-current borrowings	1,080	1,330	1,080	1,330
Other non-current borrowings	1,080	1,330	1,080	1,330
Current borrowings	-	133	-	133
Current bank borrowings secured by the Group assets	-	133	-	133

Interest payable is usually paid monthly. As at December 31, 2021, the amount of unused credit limits and overdrafts of the Group and the Company amounted to LTL 434 thousand. EUR (December 31, 2020 - EUR 1,141 thousand). Weighted interest rate 3%.

December 31, 2021 and 2020 the Company complied with all obligations under the credit agreements.

145 thousand Eur credit sum is granted to the Company acc. to the account lending contract which was signed between the bank and AB "Linās" on 2012 04 10 Company's reserves, the balancing value of which are 1 448 thousand Eur according to the mortgage sheets, are mortgaged for the credit sum UAB "Lino apdaila" is guarantee for all credit sum and term to ensure credit sum The validation term of account credit contract is till March 31, 2022 Alternate interests are paid for used credit, which are accounted as three months term Eur EURIBOR plus bank margin.

According to the financial obligations limit contract signed between the bank and AB "Linās" on 07 10 2013, the credit of 290 thousand Eur is granted to the Company, for which company resources are mortgaged with the latest mortgage, the balance value of which acc. to the mortgage sheets are 1 448 thousand Eur For the insurance of credit sum the warranty for all credit sum and term is received from UAB "Lino apdaila" The validation term of the financial obligations limit contract has been extended until 2022 September 30,. Alternate interests are paid for used credit, which are accounted as six months term Eur EURIBOR plus bank margin

According to the loan agreement, concluded on 17/04/2020 between Linās AB and Verslo dizainas, UAB was granted 1.330 thousand Eur. On 16 June 2021 the loan was taken over by Verslo dizainas, UAB parent company Lidera LT, UAB according to the assignment agreement.

16. Trade debts

Trade debts are interest-free and are usually paid within 30 days.

17. Income tax

	The Group December 31		The Company December 31	
	2021	2020	2021	2020
Income tax expense components:				
Income tax expense for the year	(212)	(98)	(208)	(77)
Deferred income tax expense (income)	18	-	13	-
Income tax expense recognized in the statement of comprehensive income	(194)	(98)	(195)	(77)
	The Group December 31		The Company December 31	
	2021	2020	2021	2020
Deferred income tax assets				
Impairment of inventories	13		13	
Long-term employee benefits	8		3	
Others	-		-	
Deferred income tax assets, net	21	0	16	0
Deferred income tax liability				
Depreciation of non-current tangible assets	(3)		(3)	
Others	-		-	
Deferred income tax liability	(3)	0	(3)	0
Deferred income tax, net	18	0	13	0

	The Group December 31		The Company December 31	
	2021	2020	2021	2020
Profit before tax	1,244	610	1,256	859
Income tax calculated at the tax rate specified in the regulatory enactments	(187)	(92)	(188)	(129)
Constant differences	(7)	(6)	(5)	52
Temporary differences	(18)		(15)	
Income tax (income) expenses	(212)	(98)	(208)	(77)

Comparison of the amount of income tax expense recognized for the year with the amount of income tax expense that would have been calculated on the pre-tax profit using the statutory income tax rate.

2021 deferred income tax assets and liabilities related to the Group's companies operating in Lithuania are accounted for using 15% tax rate (15% in 2020).

18. Earnings per share

Earnings per share represent the Group's net profit divided by the number of shares. The Company has no dilutive measures, so basic and diluted earnings per share are equal. The calculation of earnings per share is as follows:

	The Group December 31		The Company December 31	
	2021	2020	2021	2020
Profit (loss) attributable to shareholders of the Group	1,050	512	1,061	782
Weighted number of shares for the period	24,039	24,039	24,039	24,039
Earnings per share, Eur	0.044	0.021	0.044	0.033

19. Financial assets and liabilities and risk management

Credit risk

None of the Group's customers accounts for more than 10%. The Group has no significant credit risk concentrations in the Group. The Group considers the risk concentration related to receivables to be low because the main customers are concentrated in several jurisdictions and sectors and operate in large independent markets. The Group has measures in place to ensure on an ongoing basis that products are sold only to customers with a relevant credit history and do not exceed an acceptable credit risk limit. December 31, 2021 part of the receivables of Linās, AB customers are insured with an insurance limit of 920 thousand Eur (861 thousand as at December 31, 2020). The Group does not warrant against the obligations of other parties. The maximum exposure to credit risk is the carrying amount of each financial asset, including derivative financial instruments, if any. Therefore, the Group's management believes that the maximum risk is equal to the amount of other receivables from customers, cash and cash equivalents, less any impairment of doubtful receivables at the reporting date. Part of the trade receivables and other receivables are secured by collateral. Interest rate risk

The majority of the Group's financial liabilities consist of loans with variable interest rates, which are linked to EURLIBOR, EURIBOR and give rise to interest rate risk. The Group and the Company do not have any financial instruments designed to manage the risk of interest rate fluctuations. There is no direct effect of changes in interest rates on equity.

The sensitivity of the Group's and the Company's pre-tax profit to potential changes in interest rates does not have a significant impact.

Liquidity risk

It is the policy of the Group and the Company to maintain a sufficient amount of cash and cash equivalents or to secure funding through appropriate lines of credit to meet the obligations set out in its strategic plans. The Group's liquidity (total current assets / total amounts payable and liabilities within one year) and contingency ratios (total current assets - inventories) / total amounts payable and liabilities within one year in December 31, 2021 were 7.18 and 3.77, respectively, the Company's 7.30 and 3.48 (respectively 5.05 and 2.53 and the Company's 4.88 and 2.43 as at December 31, 2020).

The table below summarizes the maturity of the Group's financial liabilities by undiscounted contractual payments (scheduled interest payments):

The Group	On request	until 3 months	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years	After 5 years	Total
Leasing liabilities	-	23	58	99	117	495	792
Loans to banks	-	-	-	-	-	-	-
Loans to others	-	-	-	-	-	-	-
Loans to related companies	-	-	-	1,123	-	-	1,123
Trade debt	-	450	-	-	-	-	450
Trade payables to related companies	-	443	-	-	-	-	443
Accrued charges	-	11	-	-	-	-	11
Other liabilities	-	91	189	-	-	-	280
December 31, 2021 balance	-	1,018	247	1,222	117	495	3,099
Leasing liabilities	-	23	76	96	98	401	694
Loans to banks	-	136	-	-	-	-	136
Loans to others	-	-	-	-	1,423	-	1,423
Loans to related companies	-	-	-	-	-	-	-
Trade debt	-	926	-	-	-	-	926
Trade payables to related companies	-	411	-	-	-	-	411
Accrued charges	-	10	-	-	-	-	10
Other liabilities	-	117	100	50	-	-	267
December 31, 2020 balance	-	1,623	176	146	1,521	401	3,867

The table below summarizes the maturity of the Company's financial liabilities in terms of undiscounted contractual payments (scheduled interest payments):

The Company	On request	until 3 months	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years	After 5 years	Total
Leasing liabilities	-	8	14	40	117	495	674
Loans to banks	-	-	-	-	-	-	-
Loans to others	-	-	-	-	-	-	-
Loans to related companies	-	-	-	1,123	-	-	1,123
Trade debt	-	298	-	-	-	-	298
Trade payables to related companies	-	795	-	-	-	-	795
Accrued charges	-	8	-	-	-	-	8
Other liabilities	-	61	154	-	-	-	215
December 31, 2021 balance	-	1,170	168	1,163	117	495	3,113
Leasing liabilities	-	8	32	37	55	401	533
Loans to banks	-	136	-	-	-	-	136
Loans to others	-	-	-	-	1,423	-	1,423
Loans to related companies	-	-	-	-	-	-	-
Trade debt	-	926	-	-	-	-	926
Trade payables to related companies	-	411	-	-	-	-	411
Accrued charges	-	7	-	-	-	-	7
Other liabilities	-	117	-	-	-	-	117
December 31, 2020 balance	-	1,605	32	37	1,478	401	3,553

Fair value of financial assets and liabilities

The carrying amounts of the Company's financial instruments accounted for in the financial statements approximate their fair values.

The following methods and assumptions are used to measure each type of financial asset and financial liability:

- The carrying amounts of current trade receivables, current trade payables, current liabilities and other receivables and payables approximate their fair values.
- The fair value of long-term debt is determined based on the market price of the same or a similar loan or the interest rate that is currently applicable to debt of the same maturity. The fair value of long-term floating rate debt is close to its carrying amount.

Foreign exchange risk

The currency risk of the Group and the Company is caused by import and export activities. Group policy seeks to align cash flows from highly probable future sales with purchases in each foreign currency. The Group does not use any financial instruments to manage foreign currency risk.

except that it is seeking to meet its monetary obligations in euro.

December 31, 2021 and 2020 The Group's monetary assets and monetary liabilities denominated in different currencies were as follows (euro equivalent):

	December 31, 2021		December 31, 2020	
The Group	Assets	Liabilities	Assets	Liabilities
Euros	4,740	2,857	5,312	3,285
USA dollars	139		97	
	4,879	2,857	5,409	3,285

	December 31, 2021		December 31, 2020	
The Company	Assets	Liabilities	Assets	Liabilities
Euros	4,676	2,805	5,273	3,235
USA dollars	139		97	
	4,815	2,805	5,370	3,235

The table below shows the sensitivity to the realistic change in the exchange rate, with all other variables related to the Group's pre-tax profit unchanged (due to the change in the fair value of monetary assets and liabilities). There is no direct effect of exchange rate fluctuations on equity.

The Group / The Company	Exchange rate increase / decrease	Impact on profit before tax (in thousands of euros) at the end of the year	
		December 31, 2021	December 31, 2020
USA dollars	15,00%	(21)	(16)
USA dollars	(15,00%)	21	16

Capital management

The objective of the Group's and the Company's management policy is to maintain a significant proportion of equity in relation to borrowed funds in order not to discredit the confidence of investors, creditors and the market, as well as to support future business development. Management monitors the return on capital and makes proposals for the payment of dividends to ordinary shareholders, taking into account the Company's financial performance and strategic plans. The primary objective of capital management is to ensure that the Group and the Company comply with external capital requirements and that they maintain appropriate capital ratios to support their business and maximize shareholder benefits. 2021 31 December The capital of the Company and the Group consisted of the authorized capital in the amount of LTL 6,971 thousand. EUR, own shares with the value of (-) 45 thousand EUR, retained earnings, other and required reserves. According to the Law on Companies of the Republic of Lithuania, the equity of a public limited company must be at least 50% of the size of the company's authorized capital. 2021 and 2020 The Company and its subsidiaries registered in Lithuania have complied with these requirements.

In 2021, no changes were made to capital management objectives, policies or processes.

The Group and the Company measure capital using the ratio of liabilities to equity.

The management of the Group and the Company has not set a specific target-to-equity ratio, but seeks to strike a balance between the higher return that can be achieved with a higher level of borrowed funds and the security provided by a higher level of equity.

20. Operating Expenses

	The Group December 31		The Company December 31	
	2021	2020	2021	2020
Selling expenses				
Expenses on commissions	(290)	(269)	(290)	(269)
Wages and salaries and social security	(260)	(189)	(260)	(189)
Evaluate of customers creditworthiness and insurance costs of marketable credits	(23)	(19)	(23)	(19)
Expenses on productions advertising and fair	(40)	(43)	(40)	(43)
Expenses on transporting of sold production	(16)	(32)	(16)	(32)
Depreciation	(1)	-	(1)	-
Other sales expenses	(33)	(75)	(33)	(75)
	(663)	(627)	(663)	(627)
General and administrative expenses				
Wages and salaries and social security	(770)	(564)	(601)	(418)
Rent, operating and repairing expenses	(396)	(146)	(274)	(146)
Depreciation and amortization	(176)	(192)	(113)	(124)
Expenses of security services	(39)	(33)	(26)	(22)
Expenses of info technologies	(39)	(35)	(35)	(32)
Expenses of operating tax	(28)	(26)	(28)	(26)
Expenses of social guarantees, stated in collective agreement	(21)	(17)	(15)	(12)
Expenses of bank services	(18)	(19)	(17)	(18)
Legal services expenses	(19)	(22)	(19)	(22)
Expenses of support provided	(7)	(16)	(7)	(5)
Telecommunications expenses	(7)	(10)	(6)	(9)
Representation expenses	(4)	(4)	(3)	(4)
Other expenses	(2120)	(188)	(215)	(161)
	(1,736)	(1,272)	(1,359)	(999)
Total operating expenses	(2,399)	(1,899)	(2,022)	(1,626)

21. Other Income (Expenses)

	The Group December 31		The Company December 31	
	2021	2020	2021	2020
Other activity income				
Income for thermal heating supply	821	409	912	444
Income of rent	117	153	128	148
Income of various storages selling	96	313	106	327
Gains of disposals of fixed assets	-	38	-	27
Other incomes	49	18	73	396
	1,083	931	1,219	1,342
Other activity (expenses)				
Expenses for thermal heating supply	(684)	(370)	(760)	(370)
Deprecation of rent property, plant, equipment	(48)	(60)	(48)	(55)
Net cost of sold various storages	(158)	(275)	(149)	(273)
	(890)	(705)	(957)	(698)

22. Financial activity income (expenses)

	The Group		The Company	
	December 31		December 31	
	2021	2020	2021	2020
Financial activity income				
Income interest of borrowings	36	38	36	38
Foreign exchange gain	16	-	16	-
Other income	4	-	4	-
	56	38	56	38
Financial activity (expenses)				
Expenses of interest	(42)	(40)	(42)	(40)
Loss of foreign exchange	-	(1)	-	(1)
Exchange rate loss	(13)	(12)	(9)	(9)
	(55)	(53)	(51)	(50)

23. Off-balance sheet liabilities and contingencies

December 31, 2021 The Group is committed to purchase property, plant and equipment for 821 thousand Eur (0 thousand as at December 31, 2020), which will be resold to the related company.

The Company's subsidiary UAB Lino apdaila has provided the Bank with LTL 434 thousand. Guarantees in the amount of EUR 1,274 thousand (2020: EUR 1,274 thousand) for loans received by AB Linas. UAB Lino apdaila is obliged to fully cover the Company's liabilities to the bank if AB Linas is unable to do so. The Group's management believes that the Company for which the guarantee has been provided will meet its obligations to creditors. December 31 2021 and 2020 did not record in the financial statements any liabilities relating to that guarantee.

On July 28, 2021 the Bank of Lithuania has decided to postpone the decisions on the tender offer submitted by UAB Verslo dizainas in order to delist the shares of Linas, AB from trading on the regulated market of Nasdaq Vilnius AB, and on the tender offer for 2006. The acceptance of the approval circulars of the acquired control of Linas, AB will be completed by UAB Vasana and UAB Verslo dizainas until the implementation of the purchase and sale agreements of Linas, AB shares and until the Bank of Lithuania investigates whether trading in Linas, AB shares December 20, 2019 until March 9, 2021 without prejudice to the legislation in force. The Group did not recognize any liabilities in respect of that decision in the consolidated financial statements as at December 31, 2021.

24. Related Parties Transactions

The parties are considered related when party has to possibility to control the other or have significant influence over the other party in making financial and operating decisions.

The related parties of the Group for the years ended 31 December 2021 and 31 December 2020 were as follows:

Members of the board of the Company: Egidijus Mikeliūnas, Vilita Skersienė, Renata Railienė.

Subsidiary company Lino Apdaila, UAB

The Group's transactions with related parties in 12 month ended 31 December 2021 and 2020 were as follow:

As at December 31, 2021	Purchases	Sales	Non-current loan receivable	Payables
UAB „Rivena“	-	36	1,424	-
UAB „Lidera LT“	18	-	-	1,083
UAB „Verslo dizainas“	18	-	-	-
UAB „Audilina“	4,896	942	-	440
Total	4,932	978	1,424	1,523

As at December 31, 2020	Purchases	Sales	Non-current loan receivable	Payables
UAB „Rivena“	-	36	1,388	-
UAB „Verslo dizainas“	28	-	-	1,347
Total	28	36	1,388	1,347

The Company's transactions with related parties in 12 month ended 31 December 2021 and 2020 were as follow:

As at December 31, 2021	Purchases	Sales	Non-current loan receivable	Payables
UAB „Lino apdaila“ (subsidiary)	1,685	153	-	353
UAB „Rivena“	-	36	1,424	-
UAB „Lidera LT“	18	-	-	1,083
UAB „Verslo dizainas“	18	-	-	-
UAB „Audilina“	4,896	942	-	440
Total	6,617	1,131	1,424	1,876

As at December 31, 2020	Purchases	Sales	Non-current loan receivable	Payables
UAB „Lino apdaila“ (subsidiary)	1,414	87	-	411
UAB „Rivena“	-	36	1,388	-
UAB „Verslo dizainas“	28	-	-	1,347
Total	1,442	112	1,388	1,758

A loan of 1,170 thousand Eur was granted to UAB Rivena until September 1, 2022. Interest receivable during 2021 amounted to 254 thousand Eur (218 thousand Eur in 2020).

The Group and the Company have no guarantees or pledges related to amounts payable or receivable from related parties in December 31, 2021 (December 31, 2020 was a pledge of non-current tangible assets of UAB „Rivena“ for the granted loan).

Receivables and payables from related parties / related parties will be settled in cash or offset against amounts due / receivable from the respective related parties / related parties.

December 31, 2021 and 2020 the annual interest rate on loans granted and received by the Company to related parties is 3%.

Transactions with related parties include the sale of goods and purchases of goods and the financing of ordinary activities that are carried out on market terms. Interest payable is usually paid at the end of the loan agreement.

The Group's receivables and payables from related parties were not past due and impaired.

25. Management remuneration and other benefits

The Group's management consists of the Board of Directors and the directors of each Group company. December 31, 2021 Remuneration accrued to the Group's management (3 persons) and the Company (2 persons) amounted to 175 thousand Euros and 147 thousand Euros (As at December 31, 2020 - 147 thousand Eur and 121 thousand Eur).

During the financial year ended December 31, 2021 and 2020 there were no other payments or transfers or accruals to / from management, and no other loans or guarantees were received / granted.

26. Subsequent events

At March 15, 2022 UAB Rivena has completed the repayment of the entire loan and interest to the Company in accordance with the November 19, 2014 financing agreement. The total amount of covered debt is 1,431 thousand. EUR (EUR 1,171 thousand loan and EUR 260 thousand interest). UAB Rivena no longer has any debt obligations to the Company.

March 18, 2022 The company has finished covering its long-term debt to UAB Lidera LT. During 2020 March. the entire remaining loan was repaid - 1,080 thousand EUR and the full balance of accrued interest - 3 thousand. Eur. The company no longer has any debt obligations to UAB Lidera LT.

On March 24, 2022, the existing overdraft agreement with Luminor Bank on 145 thousand Eur was extended until 03/10/23.

In 2022 due to the protracted raw materials crisis and the war in Ukraine, as a significant part of raw materials was purchased from Belarus, the supply of raw fabrics is partially disrupted. There are no disruptions to the supply of yarns, manufacturing services and auxiliary raw materials. The company has always valued alternative raw material suppliers, so the regrouping of raw fabric supply is currently underway. The current situation does not have a significant impact on the Company's operations.

There were no other significant events after the balance sheet events that could have a material impact on December 31, 2021 the financial statements of the Company and the Group.

The consolidated financial statements of the Group and the financial statements of the Company were approved and signed in March 21, 2022.