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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AB UTENOS TRIKOTAŽAS UNDER RESTRUCTURING

Report on the Audit of the Consolidated Financial Statements of the Group and the Company

Qualified Opinion

We have audited the accompanying separate financial statements of AB "Utenos Trikotažas" under restructuring (the Company) and the accompanying consolidated financial statements submitted documents in the file abutenostrikotazas-2024-12-31-en.zip (generated Hash Code: jqlFcnjahgKJNbg=), of the Company and its subsidiaries (the Group), which comprise the separate and consolidated statement of financial position as at December 31, 2024, and the separate and consolidated profit (loss) and statement of comprehensive income, the separate and consolidated statement of changes in equity and the separate and consolidated statement of cash flows for the year then ended, and notes to the separate and consolidated financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion, the separate and consolidated financial statements, except the impact of the matter discussed in the section "Basis for Qualified Opinion", are presented fairly, in all material respects of the separate and consolidated financial position of the Company and the Group, respectively, as at December 31, 2024, and of their separate and consolidated financial performance and their separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Basis for Qualified Opinion

Panevėžys Regional Court, by its ruling of 4 October 2024, c. b. No. eB2-287-589/2024, initiated a restructuring case against AB "Utenos Trikotažas" and approved a restructuring plan for a four-year period. The Company's liabilities as of 31 December 2024 amounted to 15,337 thousand EUR and exceeded the Company's assets by 1,269 thousand EUR, and its equity does not meet the requirements of the Law on Joint Stock Companies of the Republic of Lithuania. These events indicate that a material uncertainty exists that may cast significant doubt on the Company's and the Group's ability to continue as a going concern, and therefore the Company and the Group may not be able to realise its assets and discharge its liabilities in the ordinary course of business and restore its equity requirements. The financial statements of the Company and the Group have been prepared on a going concern basis.

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 Separate and the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the requirements of the Law on Audit of Financial Statements and Other Assurance Services of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania. We have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements and Other Assurance Services 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 qualified opinion.

Other matters

AB “Utenos Trikotažas” under restructuring in 2023 December 31 the financial statements of the past year were audited by another auditor, who in 2024 April 5th expressed an unmodified opinion on such financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and the consolidated 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 issue and our response to it is described below.

1. Net realizable value of inventories and write-down for obsolete inventories (in consolidated and separate financial statements)

See significant accounting policies in the financial statements – Note 2.10 “Inventories”; financial disclosures – Note 10 “Inventories”

As of 31 December 2024 The carrying amount of inventories of the Company and the Group as of 31 December 2024 is 3,654 thousand EUR and 3,689 thousand EUR, respectively (2,444 thousand EUR and 2,501 thousand EUR as of 31 December 2023) or 26% and 24% (18% and 17% as of 31 December 2023) of the total assets of the Company and the Group, therefore, management must assess whether the carrying amount of inventories is not less than the net realizable value at the end of the year. In addition, management must make a judgement in determining the write-down of inventories due to obsolescence, based on the obsolescence rates, and in assessing whether the level of impairment is sufficient, considering the obsolescence of inventories and their actual use. Based on the above circumstances, we assessed this as a key matter during the audit.

How we examined the key matter during the audit

- We assessed compliance with applicable accounting standards;
- We obtained an understanding of the process (including assumptions and methods) by which management estimates the net realizable value of inventories and write-down due to obsolescence;
- We examined the calculations of net realizable value performed by the Group and the Company based on sales through 2025;
- We analyzed the data on inventory obsolescence and the rates applied in calculating the write-down, and compared the write-down due to obsolescence with the historical data of the Company and the Group;
- We assessed the adequacy of the information disclosed by the Group and the Company in Notes 2.10 and 10

2. Impairment of property, plant and equipment (consolidated financial statements)

See Significant accounting policies – Note 2.6 “Property, plant and equipment”, Note 4 “Significant accounting estimates and judgements used in the preparation of the financial statements”; Note 7 “Property, plant and equipment”

The carrying amount of property, plant and equipment of the Company and the Group as at 31 December 2024 was 5,819 thousand EUR and 6,572 thousand EUR, respectively (31 December

2023: 6,276 thousand EUR and 7,111 thousand EUR). During 2024, the Company and the Group incurred a loss before tax of 3,460 thousand EUR and 1,890 thousand EUR, respectively. The above circumstances indicate that the value of certain assets or cash-generating units of the Company and the Group may be impaired. Any such impairment would be recognized as the amount by which the carrying value of the asset or cash-generating unit exceeds its recoverable amount. In determining the recoverable amount of an asset or cash-generating unit, management is required to make significant judgments, including judgments related to future cash flows from operating activities, growth rates and discount rates. The Company's and the Group's projected cash flows from operating activities are primarily determined by assumptions related to sales volumes. These forecasts may vary significantly due to uncertainty in market conditions. Therefore, we identified this area as a key audit matter.

How we examined the key matter during the audit

- we assessed compliance with applicable accounting standards;
- we considered the appropriateness of the value in use model ("impairment model") used to calculate the recoverable amount by comparing it with the relevant requirements of financial reporting standards;
- based on our understanding of the Company's and the Group's operations and business units, we assessed the appropriateness of the allocation of assets to cash-generating units;
- we assessed the quality of the Company's and the Group's forecasts by comparing historical projections with actual results and comparing the cash flows forecasted in the impairment model with the forecasts approved by the Board;
- based on our knowledge of the Company and the Group, its past performance, business and customers and our experience in the sector, we tested significant assumptions for forecasted cash flows and growth. In performing this procedure, we:
  - checked the discount rate used based on publicly available market data adjusted for risk factors specific to the Company and the Group and the industry in which it operates;
  - assessed the reasonableness of the assumptions relating to sales volumes and profit margins by comparing them with historical results and industry forecasts;
- assessed the integrity of the impairment model, including the accuracy of the key calculation formulas;
- considered the sensitivity of the impairment model to changes in key assumptions, such as projected growth and discount rates, in order to identify assumptions that are subject to a higher risk of bias or inconsistency in application;
- considered the adequacy of the Company's and the Group's disclosures relating to the impairment test.

Other information

The other information comprises the information provided in the consolidated management report, including information on corporate governance and remuneration and consolidated information on sustainability issues, but does not include the financial statements and our auditor's report thereon. Management is responsible for the presentation of the other information.

Our opinion on separate and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

In addition, our responsibility is to assess whether the financial information presented in the consolidated management report is consistent with the consolidated financial statements for the same financial year and whether the consolidated management report, including information on the company's governance and remuneration, excluding consolidated information on sustainability issues, has been prepared in accordance with applicable legal requirements. According to the Law on Reporting of Enterprises and Groups of Enterprises of the Republic of Lithuania, the Group is not required to prepare information on sustainability issues for 2024. However, at its discretion, the Group has presented information on sustainability issues in the consolidated management report, for which we did not provide assurance on sustainability reporting, as we were not appointed to perform such services. In our opinion, based on the work performed during the audit of the financial statements, in all material respects:

- The information given in the consolidated management report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The consolidated management report, including the requirements for the information on corporate governance matters and remuneration and excluding the requirements for the information on consolidated sustainability matters, has been prepared in accordance with the requirements of the Law on Reporting by Undertakings and Groups of Undertakings of the Republic of Lithuania.

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

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

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company’s and 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 Company and the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor’s responsibilities for the audit of the separate and consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company and the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose 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 separate and the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the benefits of public interest in such communication.

Report on other legal and regulatory requirements

Other requirements for the auditor's report under Regulation (EU) of the European Parliament and of the Council 537/2014.

In accordance with the decision made by shareholders on 2024-10-03, we were appointed for the first time to audit the consolidated financial statements of the Group. Our appointment to audit the consolidated financial statements of the Group is renewed annually by the decision of the General Meeting of Shareholders and the total uninterrupted period of appointment is 2 years.

We confirm that our opinion expressed in the section "Qualified Opinion" is consistent with the audit report on the consolidated financial statements, which we have submitted to the Group and its Audit Committee together with this auditor's report.

We confirm that, to the best of our knowledge and belief, the services provided to the Group comply with the requirements of applicable laws and regulations and do not include non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council.

During the audit period, in addition to the services disclosed in the management report or the consolidated financial statements, we provided the Group with financial statement translation services into English.

Report on the compliance of format of the consolidated and the company financial statements with the requirements for the European Single Electronic Reporting Format

We have been engaged based our agreement by the management of the Company to conduct a reasonable assurance engagement for the verification of compliance with the applicable requirements of the European single electronic reporting format of consolidated financial statements, including Consolidated management report, for the year ended 31 December 2024 submitted documents in the file abutenostrikotazas-2024-12-31-en.zip (generated Hash Code: jqlFcnjahgKJNbg=) (hereinafter referred to as the single electronic reporting format for consolidated financial statements) complies with the established requirements.

Description of a subject and applicable criteria

The Single Electronic Reporting Format of the consolidated and company financial statements has been applied by the management of the Company to comply with the requirements of art. 3 and 4 of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation"). The applicable requirements regarding the Single Electronic Reporting Format of the consolidated financial statements are contained in the ESEF Regulation.

The requirements described in the preceding paragraph determine the basis for application of the Single Electronic Reporting Format of the consolidated and company financial statements and, in our view, these requirements constitute appropriate criteria to form a reasonable assurance conclusion.

Responsibilities of management and those charged with governance

The management of the Company is responsible for the application of the Single Electronic Reporting Format for the consolidated and company financial statements that comply with the requirements of the ESEF Regulation.

This responsibility includes the selection and application of appropriate markups in iXBRL using ESEF taxonomy and designing, implementing and maintaining internal controls relevant for the preparation of the Single Electronic Reporting Format of the consolidated and company financial statements which is free from material non-compliance with the requirements of the ESEF Regulation.

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

Our responsibility

Our responsibility was to express a reasonable assurance conclusion whether the Single Electronic Reporting Format of the consolidated and company financial statements complies with the ESEF Regulation.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) ‘Assurance Engagements other than Audits and Reviews of Historical Financial Information’ (the „ISAE 3000 (R)”). This standard requires that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance whether the Single Electronic Reporting Format of the consolidated financial statements is prepared, in all material aspects, in accordance with the applicable requirements. Reasonable assurance is a high level of assurance, but it does not guarantee that the service performed in accordance ISAE 3000 (R) will always detect the existing material misstatement (significant noncompliance with the requirements).

Summary of the work performed

Our planned and performed procedures were aimed at obtaining reasonable assurance that the Single Electronic Reporting Format of the consolidated financial statements was applied, in all material aspects, in accordance with the applicable requirements and such application is free from material errors or omissions.

Our procedures included in particular:

• obtaining an understanding of the internal control system and processes relevant to the application of the Single Electronic Reporting Format of the consolidated financial statements, including the preparation of the XHTML format and marking up the consolidated financial statements;

• verification whether the XHTML format was applied properly;

• obtaining sufficient appropriate evidence as to the operating effectiveness of relevant controls over the marking up process when the assessment of the risks of material misstatement includes an expectation that such internal controls are operating effectively or procedures other than testing controls cannot alone provide sufficient appropriate evidence;

• evaluating the completeness of marking up the consolidated and company financial statements using the iXBRL markup language according to the requirements of the implementation of single electronic format as described in the ESEF Regulation;

• evaluating the appropriateness of the Group’s' use of XBRL markups selected from the ESEF taxonomy and the creation of extension markups where no suitable element in the ESEF taxonomy has been identified; and

• evaluating the appropriateness of anchoring of the extension elements to the ESEF taxonomy.

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

Conclusion

In our opinion, the Single Electronic Reporting Format of the consolidated and company financial statements for the year ended 31 December 2024 complies, in all material respects, with the ESEF Regulation.

The engagement partner on the audit resulting in this independent auditor’s report is Genadij Makušev.

April 4, 2025

Certified auditor
Genadijus Makuševas
Auditor certificate No. 000162

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