



CONFIRMED at
the meeting of the Board by
the protocol No. 8
on 08 April, 2022

„LINAS“ AB
CONSOLIDATED ANNUAL REPORT FOR THE
YEAR 2021

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1. Accounting period the annual report is covering.

The AB „Linus“ consolidated annual report has been prepared for the year 2021.

2. Companies comprising the Company Group and their contact data.**Principal Company data**

Name	AB „Linus“ (hereinafter the Company)
Authorised (share) capital	6,971,307.10 Eur
Domicile address	S. Kerbedžio g. 23, LT-35114 Panevėžys
Telephone	(8-45) 506100
E-mail address	office@linas.lt
Webpage	www.linas.lt
Legal-organisational form	Public Limited Liability Company
Date and place of registration	08-03-1993, Company Register/ City of Panevėžys
Company registration number	003429
Date and place of re-registration	September 9, 2004, Register of Legal Persons, Registration Certificate No. 003429.
Company code	1476 89083
VAT code	LT476890811
Legal Entity Identifier (LEI) code	52990054JBNAT4BLVY62

Principal subsidiary data

Name	UAB „Lino apdaila“
Authorised (share) capital	2,896 Eur
Domicile address	S. Kerbedžio g. 23, LT-35114 Panevėžys
Telephone	(8-45) 506111
E-mail address	office@linas.lt
Legal –organisational form	Private Limited Liability Company
Date and place of registration	May 23, 2008 Register of Legal Persons, Registration Certificate No. 114552
Company code	3017 33421
VAT code	LT100004113316

3. Principal nature of activity.

Principal nature of activity is production of textile products and sales.

On December 31, 2021 the Group of companies was comprised of AB “Linus” and its subsidiary company UAB “Lino apdaila”. AB “Linus” holds 100% shares of the subsidiary company. The activity of AB “Linus” is sales of linen textile items; other activity of AB “Linus” - management of financial asset (shares and granted loans), supply of the thermal energy, rental of property. The activity of the textile products production is carried out at the subsidiary company UAB „Lino apdaila“.

4. Contracts with intermediaries of public trading securities.

On August 24, 2018 AB “Linus” has signed the service contract with the Šiaulių bankas AB (company code 112025254, Tilžės str.149, Šiauliai) regarding the management of company’s stock accounting.

5. Data on trading in securities of the issuer in regulated markets.

The total of 24,038,990 ordinary registered shares (ISIN code LT0000100661) the total nominal value of which is 6,971,307.10 Eur have been on the Baltic trading secondary list of the Vilnius Securities Exchange (VVPB symbol – LNS1).

6. Fair review of entity's position, performance and development of the entity's business, description of the principal risks and uncertainties that it faces.

Business continuity or liquidity risk relates to an organization's ability to continue as a going concern now and in the foreseeable future. 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 project delays by analyzing all available future information on Covid-19 at the time of preparing this annual report. circumstances that may cast doubt on the Group's going concern. 2021 the pandemic had an indirect positive effect as demand for natural fibers increased and supply chains were shortened.

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.

2021 sales to customers in Ukraine, Belarus and Russia totaled only 0.03%.

The Group constantly evaluates alternative suppliers of manufacturing services, therefore, in case of unfavorable situation due to the continuity of the activities of current suppliers of manufacturing services (weaving and fabric processing), it has prepared a list of alternative suppliers of manufacturing services. Potential suppliers of production services are evaluated not only in Lithuania, but also outside Lithuania.

The Group has no financial liabilities that depend on the needs of the creditor, i.e. on demand. Also, no lawsuits are currently pending, so there are no negative consequences for financial obligations arising or likely to arise from an unfavorable court decision.

The only company with a guarantee (surety) for the Company's liabilities is the subsidiary UAB Lino apdaila. The risk of business continuity of the subsidiary is minimal, therefore the possibility of loss of the guarantee is minimal.

The amount of the Group's equity is constant and sufficient. No significant changes in the amount of equity are expected.

In 2021, in continue of pandemy, raw materials crisis and war in Ukraine, according forecast of activities it wouldn't increase risk of business continuity.

The company has an emergency management commission.

By default, without assessing the outbreak of the COVID-19 virus, the Company manages liquidity risk by planning cash flows, which facilitates cash management and, in the absence of cash, the choice of financing method.

The company's conservative liquidity risk management allows it to maintain the required amount of cash, and the company seeks to maintain funding flexibility. In a company, liquidity risk management includes cash flow forecasting. The more detailed and accurate this forecast, the better the firm manages liquidity. Deferred payment for goods sold is from 14 to 30 days, in rare cases up to 60-90 days. Suppliers of services and goods are settled in an average of 30 days, and suppliers of raw materials in 0-30 days. This cash flow forecast predicts the nearest cash receipts and payments and allows you to plan short-term borrowing and investing money. At the end of the current year, the budget for the following year is drawn up. Long-term forecasting (over a year) is part of strategic business planning. These cash flow projections provide information about the amount of cash surplus and demand, when there will be a cash surplus or demand, how long the period of cash surplus or additional demand will last, how the cash surplus will be used or the demand will be financed.

Risk factors related to the activities of the issuer:

Business risk. It is a group of risks related to the environment in which the Company operates and influences the financial results of the Company: the Company's competitiveness in comparison with other manufacturers of products.

The Company faces **business risk** in its environment. Business risk is more related to the environment in which the Company operates and affects the Company's financial performance, which is the Company's competitiveness; economic viability of the Company's major customers; the political and economic environment in the European Union; legal regulations for the purchase of the main raw material.

The rise in the price of energy (gas and electricity) and the growth of wages have an impact on the Company, as production costs are rising, as are the costs of importing raw materials and transporting products.

By reducing the above-mentioned risks, the company streamlines production by digitizing and standardizing workplaces; improves planning processes; optimizes logistics routes.

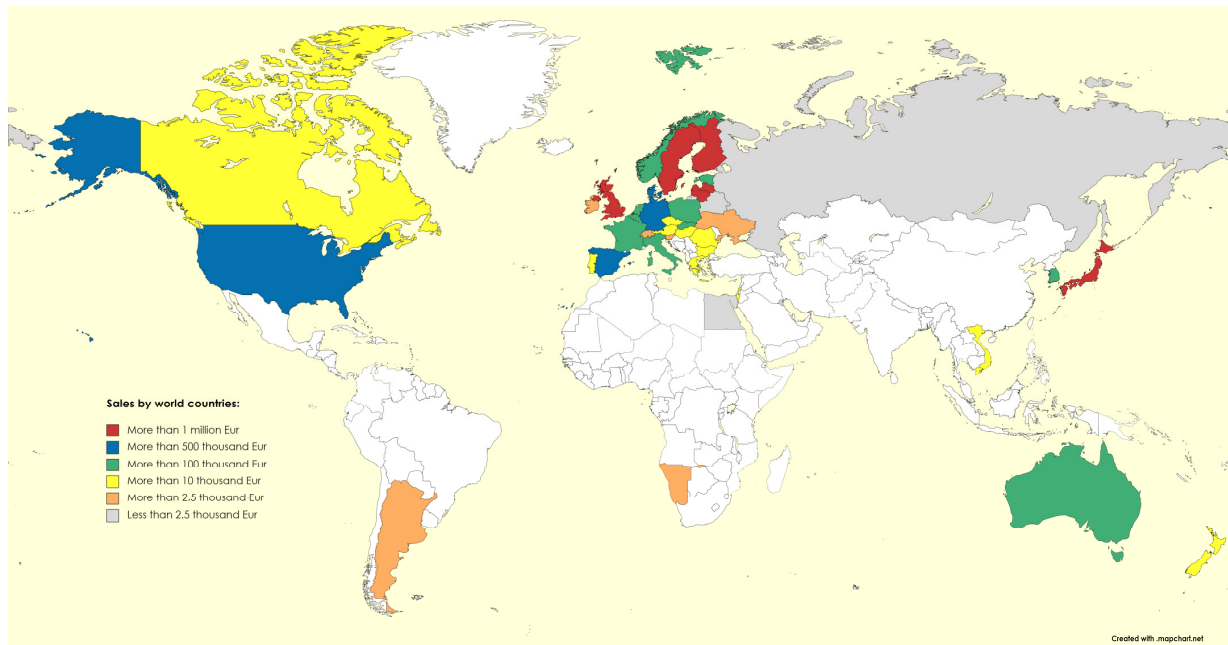
Competitive risk. The Company faces competitive risks in the domestic and export markets, which is why the Company's primary objective is to increase sales to large dealers, supermarkets to produce large batches of recurring products and thus reduce production costs.

The Company faces the main **financial risks**, which are market risks, which can be divided into three parts: interest rate risk, exchange rate risk and commodity price risk, as well as liquidity risk and credit risk.

Currency risk. The Company operates internationally and is therefore exposed to **currency risk**. In international business, the company settles accounts in foreign currencies, which exposes it to exchange rate risk, which is mainly related to US dollars. Exchange rate risk arises from the purchase of raw materials from China as well as the export of products to the United States and other countries settling for goods in a currency other than the Company's functional currency. The main currency in which the Company reports is Euro.

The Company's operating income and expenses are largely independent of changes in market interest rates. However, the Company faces interest rate risk due to long-term loans. In order to determine the impact of interest rates on the Company's results of operations, it is necessary to identify the positions that give rise to interest rate risk. Assets and liabilities that are sensitive to changes in interest rates include actual transactions of the Company such as: investments, loans granted and any other on-balance-sheet and off-balance-sheet transactions that are subject to fixed or variable interest rates and are positively correlated with interest rate fluctuations. The Company does not use any financial instruments to hedge against interest rate risk.

Credit risk. In order to avoid customer / buyer non-payment, before signing the contract of sale or sale, the responsible manager or market manager minimally checks the financial / economic situation of the Buyer in public sources (various bases, registers, etc.). Concentration of buyers may affect the Company's overall credit risk as these buyers may be similarly exposed to changes in economic conditions. The company has procedures in place (1 pic.) to ensure that sales are made within the accepted credit risk limits, that is, the company evaluates the reliability of each customer when selling or purchasing goods or services. Sales of products (unloading of goods) within the company are started if there is a 90-100% payment guarantee. The company has various payment methods / guarantees, such as: 100% prepayment; pledging of liquid real estate (value is determined by property appraisers); Bank Guarantor (Bank Guarantee - a security for a settlement, but not a settlement instrument. It is triggered when a payment is not made); documentary letter of credit (L / C); mostly used trade credit limit insurance; collection of documents.



1 pic. Geography of the Company's sales in 2021

The company pays for the goods and services purchased on time, and evaluates, ranks, determines their reliability, i.e. what kind of hedging they can require, credit line and intraday credit, and constantly monitors their payments. Because this type of risk is extremely well-managed, the company does not have any major new bad debts and can therefore plan its cash flow more easily.

Purchasing and supplier risks. Purchases of goods (basic, auxiliary materials, parts, equipment, etc.) and services in the company are carried out through public and restricted tenders or by sending inquiries to suppliers of services or goods. The supplier of the goods or services is usually selected from at least two offers submitted. The Company has procedures for identifying and analyzing **purchasing and supplier risk** factors.

Reputation risk. These risks are related to the decisions made by the Company and the behavior of employees.

Reputational risk is important to the company. The company values its reputation and reputation and takes measures to reduce reputational risk. The Company approved a Code of Ethics. The Code of Ethics would establish standards of conduct for all Group employees, regardless of their position, scope of employment, etc.

Operational risk. It is the widest group of risks covering the risks related to the activities within the Company, including the safety, reliability, legal basis, and security of internal processes and operations.

Operational risk is the risk of an increase in loss, loss of goodwill, loss of confidence, which may be caused by external environmental factors (eg natural disasters, criminal acts of third parties, etc.) or internal factors (eg inefficiency and management, use, deficiencies in internal control, ineffective procedures, malfunctions of information systems, inadequate allocation of functions or responsibilities, etc.).

In order to manage operational risk, the Company implements appropriate organizational measures, procedures and information systems supporting business processes, all of which must ensure the proper functioning of the internal control system and proper cooperation with related third parties. The Company applies the following key elements of internal control: separation of business decision making and control functions, procedures for controlling the accounting of operations execution, limits and control of decision-making powers, making collegial decisions in business processes and so on.

Representatives of potential and existing clients visited the company to carry out independent audits and positively evaluate the state of the existing infrastructure, the organization of

key operational and safety processes, the cooperation with interested third parties and the control system established.

The preparation of the Company's financial statements, internal control and financial risk management systems, and compliance with legal acts governing the preparation of financial statements are overseen by the Audit Committee. The Company is responsible for overseeing the preparation of the financial statements.

7. Analysis of financial and non-financial performance.

Indicators	The Group 2021	The Group 2020
Net profitability (<i>net profit/sales * 100</i>)	6.27%	3.66%
Return on equity ROE (<i>net profit/equity</i>)	0,11	0,06
Debt ratio (<i>liabilities/assets</i>)	0,22	0,28
Turnability of assets (<i>sales/assets</i>)	1.3	1.2
Book value of shares (<i>equity/number of shares</i>)	0.41	0.36
Net profit (loss) (thou. Eur)	1,050	512
EBITDA (mln. Eur)		
(<i>earnings before interest + interest expense + depreciation and amortization</i>)	1.457	0.770
Profit per share	0.044	0.021
Lowest share price (Eur)	0.107	0.09
Highest share price (Eur)	0.2	0.121
Closing price (Eur)	0.14	0.121
Capitalisation (mln. Eur)	3.37	2.91

Net profitability indicator help to estimate company's gain to shareholders/investitors. Return on equity ROE indicator shows how effectively is using company's equity. Debt ratio indicator shows opportunities of Group's short-term and long-term solvency to shareholders and investors. Turnability of assets shows efficiency of activity. EBITDA indicator shows Profit without influence of capital structure, profit tax and influence of depreciation and amortization. Profit per share indicator is Profit indicator in respect from shareholders.

The range pf the pure linen fabrics accounted for 90.2 % of the total products produced in 2021 (in 2020 – 86.7 %). In 2021 19.3 % of the total fabrics produced were used for sewing articles (in 2020 – 23.2 %).

In 2021 the Company Group had 1,244 thou. Eur profit before taxes, and taking into account the taxes the net profit of the Group was 1,050 thou. Eur. On 2020 the net profit of the Group was 512 thou. Eur.

Export (out of Lithuania borders) volumes during year 2021 made 74.6 % of all sold production. Geographically sales is as follows: Lithuania – 25.6 %, Sweden – 10.3%, Great Britain – 10.1 %, Latvia – 8.9 %, Finland – 6.8 %, Japan – 6.7%, Spain – 5.1 %, USA – 3.7 %, Denmark and Germany – 3.4 % each, Poland – 2.7%, France – 2.2 % and other countries – 9.9 %.

During 2021 it was bought 46 tons of cotton yarns: 97% from the Lithuanian suppliers and 3% from Germany. During 2021 it was purchased 333 tons on linen yarn, which was purchased from Chinese (4 companies) suppliers – 67.1 % , Lithuanian (4) suppliers - 20%, Italian (4) suppliers – 6.9%, Dutch (2) suppliers - 2.5 % each and remaining 0.8% from Polish, Spanish, British and USA suppliers.

1,599 thou. m of raw fabric was bought in 2021, 95 % of it – from Belarus, 3 % from Lithuania, from Portugal 1%. Pilot purchases of raw materials were made from suppliers in the Netherlands, Latvia and Estonia.

2021-12-31 Group had any debts to the banks and 1,080 thou. Eur long-term debts to others lenders.

On 2021-12-31 the sum of AB “Linus” granted loans with interests made 1,424 thou. Eur.

8. References and additional explanatory notes regarding the date provided in the consolidated financial statements.

The financial statements have been prepared following the International Financial Accounting Standards. The data provided in the annual financial statements and in the explanatory note are sufficient and comprehensive.

9. Important events after the end of the preceding financial year.

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.

10. Operating plans and forecasts of the Company Group.

In 2021 the Group of Linas, AB plans to supply linen products to customers which put value upon combination of naturalness and modernity. Companies of the Group will vouch for reliable partnership with customers and suppliers, also will vouch for safe environment to employees as before. The main objectives of the Group are: to increase volume of sales, expanding market in foreign countries and Lithuania, and to decrease cost price of production, optimizing expenses of production and activity costs, buying cheaper raw materials.

11. Information about research and development activities of the Company Group.

The Company Group was not carrying out activities related to research and development.

12. Environment control.

The items, which are produced by AB „Linus“ Group of companies, are ecological, non-waste product which is not making harmful effect for nature and ecologic. The Group is working acc.to internationally acknowledged quality requirements corresponding to OEKO-TEX 100 standard.

AB “Linus” Group of the Companies is executing it’s activity acc.to BAPM (the best accessible production methods) requirements. The Group constantly observe its indicators, executing

water taking, sewage and air pollution monitoring, planning and implementing investments, which allow to decrease production and activity expenses and energetic costs and improve environmental control of the Group.

All secondary wastes which form in the company – glass, metal, packages of paper and carton, plastic packages and others – are being sorted and passed to the waste administering companies acc.to the signed contracts.

The possibility to limit company's activity or to stop it regarding the influence on the surrounding is very small.

13. Information about financial risk management objectives, its measures for hedging major types of forecasted transactions for which hedge accounting is used, and the Company Group's exposure to the cope of price risk, credit risk, liquidity risk and cash flow risk where the Company Group uses financial instruments and where this is of importance for the evaluation of the Group's assets, equity capital, liabilities, financial position and performance results.

The Company Group was not using the financial instruments which are of importance for the evaluation of the Group's assets, equity capital, financial position and performance results.

14. Main features of internal control and risk management systems of Group of companies in relation with consolidated financial reports preparation.

The audit committee is supervising the preparation of consolidated financial reports, management systems of internal control and financial risk, observation law regulations which regulate preparation of consolidated financial reports.

The application of internal control measures of the Group are indicated by separate orders of the manager, other internal documents. The managers of the Group, through the long job experience, know very well the specific of the activity and risk fields. All this allows to implement sufficient level internal control system in the company.

Financial reports of the Group are prepared acc.to International financial accountability standards (TFAS) confirmed by EU. The same internal control organization and accounting principles are applied for all companies of the Group. When preparing these consolidated financial reports, all inter operation between the Group and balance remainders of the accounts and unrealized profit (losses) from the contracts between the Group of companies are being eliminated.

Responsible accounting employees constantly checking International financial accounting standards (TFAS), analyzing contracts which are significant for the activity of the company and the Group, ensuring timely and correct processing of collected information and its preparation for financial accountability.

15. Information about branches and representative offices of the Company.

The AB „Linus“ does not have any branches or representative offices.

16. Issuer's structure of authorised capital and encumbrances for transfer/disposal of said securities.

The authorised capital registered in the company register of the Republic of Lithuania is equal to 6,971,307.10 Eur.

The structure of the authorised capital of the AB „Linus“ according to types of shares is as below:

Type of shares	Number of shares	Nominal value (Eur)	Total nominal value	Percentage in the authorised capital
Ordinary registered shares	24,038,990	0.29	6,971,307.10	100.00
Total:	24,038,990	-	6,971,307.10	100.00

All shares of the AB „Linias“ have been paid in full and they are not subject to any encumbrances for transfer/disposal of said securities.

The shares of the Company present the same property and non-property rights and liabilities according to the indications of Joint Stock Company’s law.

17. Information about the own shares acquired and held by the Company and the Group and the same acquired and transferred during the reporting period.

In 31st December 2021, Company has acquired 450,000 pieces of own shares or 7.64% of all shares.

18. Shareholders.

The total number of shareholder of the AB „Linias“ as for December 31, 2021 was 1,203.

The shareholders holding or in command of more than 5 per cent of the authorised capital of the Company as for December 31, 2021 were:

Shareholder’s name, surname, company’s name, type, domicile address, code in the Register of Enterprises)	Number of ordinary registered shares held on property ownership right (pcs.)	Percentage of authorised capital held	Percentage of votes granted by the shares held on property ownership right
Asociacija „EEEE“, Savanorių pr. 192, Kaunas, company code 302572729	5,564,579	23.15%	23.59%
UAB „Verslo dizainas“, Savanorių pr. 192, Kaunas, company code 302529076	4,807,800	20.00%	20.38%
UAB „Vasana“, Partizanų g. 216-77, Kaunas, company code 305457041	4,755,318	19.78%	20.16%
„Rivena“, UAB, P. Žadeikos g. 13-35, Vilnius, company code 302521510	2,423,030	10.08%	10.27%

The Company has not been notified any agreements between the shareholders due to which the transfer of securities and/or voting rights could be encumbered.

The Company has not information about shareholders which are acting together.

None of the shareholders of the Company have any special control rights. All shareholders have equal rights, so the number of shares of the AB „Linias“ carrying votes at the general meeting of shareholders is 25,588,990 (own shares does not have voting rights).

19. Employees.

The average listed number of employees in AB „Linus“ Group of companies was 120 employees on year 2021. On 2020 this average was 133. During the year the average number of employees decreased by 7 or 6.2 %.

Employees	2021		2020	
	Average conditional number of employees	Average salary/wage, Eur	Average conditional number of employees	Average salary/wage, Eur
Management personnel	8	2,579	6	2,433
Specialists and clerks	31	1,434	34	1,149
Workers	81	884	73	828
Total	120	1,113	113	1,014

The salary for the group's employees was paid acc.to the regulations of Lithuanian Republic Labour codex and juridical acts implementing those regulations, to the confirmed labour payment regulations, to the employees' work and safety acts and other Lithuanian Republic juridical acts. Average calculated wage in 2021 was 1,143 Eur and compared to 2020 increased by 13 % (in 2020 – 1,014 Eur).

The Collective Agreement in AB „Linus“ Group of companies indicates:

1. One-off irretrievable pay is paid:
 - when employee of the company dies and the family of employee grows children (adoptee) till 18 years old, also the oldest if they are studying at secondary schools at day shift, at professional or higher schools at day shift (including the period of academic holidays), but no longer till 24 – 6 base social pays;
 - when spouse of company's employee dies and the family of employee grows children (adoptee) till 18 years old, also the oldest if they are studying at secondary schools at day shift, at professional or higher schools at day shift (including the period of academic holidays), but no longer till 24 – 6 base social pays.
2. Additional paid holidays:
 - up to 3 calendar days in case of death of a family member (parents, husband, wife, child, brother, sister);
 - 1 calendar day for the marriage.
3. The employees who must undergo compulsory medical examination shall be paid average wage for the time spent for such medical check-up. The employer shall also cover all the costs related to such medical checkups.

20. Procedure for amendment of the Articles of association of the Issuer.

The Law on Companies of the Republic of Lithuania provides that the right to amend the Articles of Association shall be vested exclusively in the general meeting of shareholders. Adoption of amendment of the Articles of Association requires 2/3 majority vote of the shareholders attending the meeting.

21. Management bodies of the Issuer

As determined by the Articles of Association of the AB „Linus“ the management bodies of the Company are:

- General meeting of shareholders;

- Supervisory Council of AB „Linus“;
- The Board of the AB „Linus“;
- Head (Director) of the AB „Linus“.

The Supervisory Council shall not be formed.

General meeting of the shareholders is the highest body of the company.

Only General meeting of the shareholders has the right to:

- change the regulations of the company, except the exceptions indicated by Joint Stock Company's law of Lithuanian Republic;
- to elect and revoke members of the Supervisory Council;
- to elect and revoke a certified auditor or audit firm intended to carry out an audit of a set of annual financial statements, to establish terms and conditions of payment for audit services;
- to approve the set of annual financial statements;
- to confirm the set of intermediate financial reports which is done in order to achieve the decision regarding the pay of dividends for the period shorter than financial year;
- to make a resolution on allocation of dividends for a period of less than a financial year;
- to take the decision to increase the authorized capital;
- to indicate the shares class, number and nominal value of issued company's shares and the minimal price of the emission;
- to take the decision to cancel the priority right to all shareholders to obtain company's shares of concrete emission or convertible bonds;
- to take the decision to decrease authorized capital, except the exceptions indicated in Joint Stock Company's law of Lithuanian Republic;
- to take the decision to issue convertible bonds;
- to take the decision to convert company's one class shares into the other class, to confirm the order of shares convert;
- to take the decision to obtain own shares for the Company;
- to take the decision to liquidate the company, to cancel the liquidation of the company, except the cases indicated in Joint Stock Company's law of Lithuanian Republic;
- to elect and to cancel company's liquidator, except the cases indicated in Joint Stock Company's law of Lithuanian Republic;
- to take the decision regarding company's reorganization or separation and to confirm the conditions of reorganization or separation;
- to take the decision to reorganize the company;
- to take the decision to shake-up the company;
- to take the decision regarding the allotment of profit (loss);
- to take the decision regarding the reserves making, using, decreasing or cancelling.

General Meeting of shareholders can also solve other questions, which are not attributed to the competence of other company's bodies according to Joint Stock Company's law of Lithuanian Republic, and if they are not the function of other managing bodies.

The call order of General meeting of shareholders of the company doesn't differ from the order indicated in Joint Stock Company's law of Lithuanian Republic.

The Supervisory Council is a Collegial Body supervising company's activities. The Supervisory Council is headed by a chairman. The Supervisory Council shall be composed of 3 members. The Supervisory Council shall be elected and revoked by the general shareholders' meeting. The procedure of election and revocation of the Supervisory Council shall agree with provisions of the Law on Companies of the Republic of Lithuania.

The Supervisory Council shall be appointed for a four-year period. The Supervisory Council shall perform its functions within the period fixed in the Articles of Association or until a new Supervisory Council is elected, but not longer than until the ordinary general shareholders' meeting that is held in the year of expiry of cadence of the Supervisory Council. Number of cadences of a member of the Supervisory Council is not limited. The Supervisory Council shall elect a chairman of the Supervisory Council of its members.

The members of the Supervisory Council for their activity can get the bonuses acc.to the order indicated in the article No.59 of the law of Stock Companies. Competence and decision-making of the Supervisory Council shall agree with provisions of the Law on Companies of the Republic of Lithuania.

The order of call of the Supervisor's Meeting, voting in the Meeting of the Supervisor's Council and acceptance of decisions is not differ from the one which is indicated in the law of stock companies of Lithuania Republic. The meetings of the Supervisory Council should be recorded.

The procedure of work of the Supervisory Council shall be established by the rules of procedure adopted by the Supervisory Council.

The Board is the collegial management body of the company. The Board is elected by Supervisory Council according to the order indicated in Joint Stock Company's law of Lithuanian Republic. If single members of the Board are elected, so they are elected only up to the end of existing Board cadence. The Board consists of 3 members for 4 years. The chief of the Board is elected by the Board from its members. The working order of the Board is indicated in the accepted work regulation of the Board.

Supervisory Council can cancel all the Board or its single members if there cadence is still not over. The member of Board can resign from his post even if the cadence is still not over and to inform the company in written not later 14 days.

The competence of the Company's Board the procedure of it election and dismissal are not different from the same provided for in the Law on Companies of the Republic of Lithuania.

The Board shall consider and confirm:

- Activity strategy of the Company;
- Activity report of the Company;
- Organisation/management structure of the Company and list of positions;
- List of positions to which the employees are admitted following selection procedure;
- Regulations of branches and representative offices of the Company.

The Board shall elect the head of the Company and fix his salary, other terms and conditions of the employment contract with him, confirm his job description, apply motivation and disciplinary measures.

The Board shall decide on the information to be treated as commercial (production) secret of the Company.

The Board shall adopt:

- Decisions on becoming the founder or member of other legal persons;
- Decisions on establishing branches and representative offices of the Company;
- Decisions regarding the buying of long-term asset, investment, transfer, lease, mortgage and hypotec;
- Decisions regarding the sponson or guarantee of liabilities execution of other;
- Decisions regarding the support providing;
- Decision to reorganise the Company in cases provided for in Law on Reorganisation of Companies;
- Other decisions attributed to the competence of the Board by the Articles of Association or by resolutions of the General meeting of shareholders;

Before investing the funds or other assets into other legal persons the Board must notify the creditors with who the Company has not settled accounts in the event the total outstanding amount to such creditors is exceeding 1/20 of the authorised capital of the Company.

The Board shall analyse and assess the materials presented by the head of the Company concerning:

- Implementation of the strategy of Company's activities;
- Organisation of company's activities;
- Financial condition of the Company;

- Results of business activities, budgets for income and expenses, data of stocktaking and other changes related to assets of the Company;
- A project of a set of company's annual and interim financial statements as well as a project of distribution of profit (losses) and submit them to the Supervisory Council and the general shareholders' meeting accompanied by comments, relevant offers, and the annual report of the company;
- A project of allocation of dividends for the period of less than a financial year and a set of interim financial statements submitted for its approval, and submit them to the Supervisory Council and the general shareholders' meeting accompanied by comments, relevant offers, and the interim report of the company.

The competence of company's director, the order of his election or cancelation is not differ from the order indicated in Joint Stock Company's law of Lithuanian Republic.

Director of the company:

- organizes daily activity of the company, hires or fires employees, makes and terminates job contracts with them, motivates employees or signs penalties for them;
- acts in the name of the company and has the right to sign contracts autocratically;
- has to secure company's commercial (production) secrets which he knew being at this post;
- represents the company at the court, in relationships with other juridical and physical persons;
- presents the authorization to other persons to execute ions which are at his competence;
- perform other functions established by the laws, other regulations of the Republic of Lithuania as well as by company's Articles of Association and job descriptions.

Director of the company is responsible for:

- organization of company's activity and execution of its goals;
- preparation of the set of annual financial statements and the annual report of the company;
- preparation of a resolution on the project of allocation of dividends for the period of less than a financial year, preparation of the set of interim financial statements and the interim report intended to adopt the resolution on the project of allocation of dividends for the period of less than a financial year;
- conclusion of an agreement with an auditor or an audit firm;
- presentation of information and documents for General Meeting of shareholders, for the Supervisory Council, for the Board, in the cases indicated in Joint Stock Company's law of Lithuanian Republic or according their request;
- presentation of company's documents and data to the manager of juridical persons register;
- presentation of company's documents to the Securities Commission and to Central Security Depository of Lithuania;
- public announcement of information, indicated in Joint Stock Company's law of Lithuanian Republic, in newspaper „Lietuvos rytas“;
- presentation of information to shareholders;
- presentation of all necessary documents which are indicated in the contract with an auditor or an audit company for concrete inspection;
- other post execution indicated in Joint Stock Company's law of Lithuanian Republic and other laws and regulations, also in regulations of the company and in job description of company's manager.

According to the decision of General meeting of Shareholders the Audit committee is formed at AB „Linus“. Company's Audit committee consists of three members, two of which should be independent. General Meeting of shareholders elect or cancel members of Audit committee according to the offer of company's Board. The cadence period of audit committee – four years. Continuous cadence period of the member of Audit committee could not be longer than twelve years.

Main duties of Audit committee:

- to present recommendations to company's Supervisory Council in relation with selection, nomination, repeated nomination and cancellation of external audit company and to present the contract conditions with audit company;
- to watch the execution process of external audit;
- to watch how external auditor keeps to the principles of objectivity and independence;
- to watch the preparation process of company's financial reports;
- to watch the system effectiveness of Company's internal control, risk management and internal audit, if it is working in the company;
- to execute other functions indicated in Lithuanian Republic laws and to keep to provided recommendations of management codex of companies listed at Vilnius NASDAQ OMX.

22. Data about the Supervisory Council members, Board members, Audit committee members and administration of the Company.

VIRGINIJUS KUNDROTAS – independent member of the Supervisory Council. Director of UAB “Integral Leadership Initiatives” (company code 302339130, M. Sederavičiaus St. 11, Kaunas). Head of Baltic Management Development Association (company code 135963288, E. Ožeškienės St. 18, Kaunas). Does not hold shares of the Company.

DARIUS KAZLAUSKAS – independent member of the Supervisory Council. Commercial Director of UAB “Parnidis” (company code 300080024, Kampo g. 25-40, Kaunas). Does not hold shares of the Company.

ARŪNAS KETRYS – independent member of the Supervisory Council. Deputy director of Alba UAB (company code 132713272, Neries kr. 16, Kaunas). Does not hold shares of the Company.

Members of the Supervisory Council were elected on April 30, 2021 by the General meeting of shareholders for four periods in office.

EGIDIJUS MIKELIŪNAS – Chairman of the Board and head of finance department. Holds 0,1 % shares of the Company

VILITA SKERSIENĖ – member of the Board. Head of administration of the Company – The Director. Does not hold shares of the Company.

RENATA RAILIENĖ – member of the Board. Head of administration of the subsidiary UAB “Lino apdaila” – The Director. Does not hold shares of the Company.

Members of the Board were elected on July 09, 2021 by the Supervisory Council for four periods in office.

INDRĖ GEČIAUSKIENĖ – chief of accountant of the Company until April 16, 2021. Does not hold shares of the Company.

IRMA ŠLEKYTĖ – chief of accountant of the Company since April 26, 2021 until March 15, 2022. Does not hold shares of the Company.

VANDA NEKRAŠAITĖ – chief of accountant of the Company until April 10, 2020. Does not hold shares of the Company.

INDRĖ GEČIAUSKIENĖ – chief of accountant of the Company since December, 2020. Does not hold shares of the Company.

The members of the management bodies of the AB „Linus“ have never been convicted for property, business or financial offences.

Information about total amounts and averages per person of the salaries and annual payments from profit paid during the reporting period to the members of the Supervisory Council, the Board and head of administration (head of administration of the Company and chief of accountant of the Company):

Indicator	Payment from			Total (Eur)
	Salary for 2021 (Eur)	profit for 2021 (Eur)	Other payments from profit (Eur)	
Average per member of the Supervisory Council	-	-	-	-
Total for all members of the Supervisory Council	-	-	-	-
Average per member of the Board	-	-	-	-
Total for all members of the Board	-	-	-	-
Average per member of administration	73,524	-	-	73,524
Total for all members of administration	147,048	-	-	147,048

Members of Audit committee were elected for four years cadence during General meeting of shareholders on April 30, 2021. Authorizations are granted to the members of Audit committee and their executing functions are according to regulations of Audit committee.

ANA SIRIENĖ – independant member of Audit committee. Head of committee. Certified Internal Auditor. MB ELSAN Owner. Does not hold shares of the Company.

LINA BELICKIENĖ – independant member of Audit committee. Senior accountant of Panevežio miesto greitosios medicinos pagalbos stotis UAB since year 2008. Does not hold shares of the Company.

LINA LIESYTĖ – member of Audit committee. Senior accountant of AB “Linus” since year 2008. Does not hold shares of the Company.

23. All material agreements to which the Issuer is a party and which would come into effect, be amended or terminated in case of change in the issuer’s control, also their impact except the cases where the disclosure of the nature of the agreements would cause significant damage to the Issuer

None.

24. All agreements of the Issuer and the members of its management bodies or the employee agreements providing for a compensation in case of the resignation or in case they are dismissed without due reason or their employment is terminated in view of the change of control of the Issuer.

None.

25. Information on the significant transactions between related parties.

Information on the transactions between the related parties is provided in section 24 of the explanatory notes to the financial statements.

26. Information about signed bad contracts (which are not corresponding the goals, present common market conditions, breaking the interest of shareholders or interest of other persons, etc.) of the company in the name of insuuer during the accounting period, which had or in future will have negative influence on the activity of issuer and (or) activity results, also the information about the contracts which were signed during the conflicts between issuer managers,

controlling shareholders or other related parties obligations for issuer and their private interest and (or) other obligations.

None.

27. Information on the compliance with the corporate governance code.

The information regarding compliance with the corporate governance code is presented in Annex 1.

28. Data about publicly disclosed information.

During January – December of year 2021 the Company announced following essential events:

2021-11-30	Activity results of nine months of year 2021 of company AB “Linus” Group of companies. AB “Linus” not audited consolidated interim information of nine months of year 2021
2021-09-30	Activity results of six months of year 2021 of AB “Linus” Group of companies
2021-07-30	The decision of the Bank of Lithuania to postpone decisions approval of circulars of tender offers submitted by UAB “Verslo dizainas”
2021-07-09	The Board and the Chairman of the Board of AB Linas have been elected
2021-05-31	Activity results of three months of year 2021 of company AB “Linus” group of companies. AB “Linus” not audited consolidated interim information of three months of year 2021
2021-05-31	Regarding intention to announce a mandatory offer
2021-05-25	Resolutions of the extraordinary General Meeting of Shareholders
2021-04-30	Activity results of year 2020 of AB “Linus” and the Group of companies
2021-04-30	Resolutions of the Annual General Meeting of Shareholders
2021-04-26	Notice on the intent to remove the shares of AB “Linus” from NASDAQ OMX Vilnius stock exchange and to suspend public offer of shares
2021-04-26	AB “Linus” the extraordinary General Meeting of Shareholders convocation
2021-04-16	Notification of the acquisition of a block of the voting rights
2021-04-16	Notification of the disposal of a block of the voting rights
2021-04-09	Draft Resolutions of the Annual General Meeting of Shareholders
2021-03-31	AB “Linus” the Ordinary General Meeting of Shareholders convocation
2021-02-26	Activity results of twelve months of year 2020 of company AB “Linus” Group of companies. AB “Linus” not audited consolidated interim information of twelve months of year 2020
2021-01-19	Regarding the sale of AB Linas own shares

All information on material events made public during 2021 is available on the AB „Linus“ webpage www.linus.lt.

Director



Vilita Skersienė

Corporate Governance Reporting Form

The public limited liability company „Linas“ (hereinafter referred to as the “**Company**”), hereby discloses how it complies with the Corporate Governance Code for the listed NASDAQ OMX Vilnius as well as its specific provision or recommendations. In case of non-compliance with this Code or some of its provisions or recommendations the specific provisions or recommendations that are not complied with must be indicated and the reasons for such non-compliance must be specified. In addition, other explanatory information indicated in this form must be provided.

Summary of the Corporate Governance Report:

According to the By-Laws, the governing bodies of the Company are the General Shareholder’s Meeting, the Supervisory Council, the Board and CEO. The Supervisory Council and the Board represents the shareholders, the Supervisory Council performs supervision functions and the Board performs control functions. The Supervisory Council consists of three independent members elected for the term of four year. The Board consists of three members elected for the term of four years. Audit committee is formed in the company which is appointed and cancelled by general meeting of shareholders. Audit committee is formed from three members the two of who is independent. The cadence period of Audit committee is four years. The Board elects and recalls CEO of the Company, sets his/her remuneration and other conditions of the employment agreement.

Structured table for disclosure

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
<i>Principle 1: General Meeting of Shareholders, equitable treatment of shareholders, and shareholders’ rights</i>		
<i>The corporate governance framework should ensure the equitable treatment of all shareholders. The corporate governance framework should protect the rights of shareholders.</i>		
1.1. All shareholders should be provided with access to the information and/or documents established in the legal acts on equal terms. All shareholders should be furnished with equal opportunity to participate in the decision-making process where significant corporate matters are discussed.	YES	The company publishes the most important information and presents it at the general meetings of shareholders. It also enables access to information in other ways and participation in the management of the company in the ways and according to the procedure provided by legal acts.
1.2. It is recommended that the Company capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all of their holders.	YES	The company's shares give all shareholders equal rights.
1.3. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	YES	The recommendation is followed in accordance with the procedure established by legal acts.
1.4. Exclusive transactions that are particularly important to the Company, such as transfer of all or almost all assets of the Company which in principle would mean the transfer of the Company, should be subject to approval of the General Meeting of shareholders.	YES	The recommendation is followed in accordance with the procedure established by legal acts.
1.5. Procedures for convening and conducting a General Meeting of Shareholders should provide shareholders with equal opportunities to participate in the General Meeting of Shareholders and should not prejudice the rights and interests of shareholders. The chosen venue, date and time of the General Meeting of Shareholders should not prevent active participation of shareholders at the General Meeting. In the notice of the General Meeting of Shareholders	YES	The recommendation is followed in accordance with the procedure established by legal acts.

being convened, the Company should specify the last day on which the proposed draft decisions should be submitted at the latest.		
1.6. With a view to ensure the right of shareholders living abroad to access the information, it is recommended, where possible, that documents prepared for the General Meeting of Shareholders in advance should be announced publicly not only in Lithuanian language but also in English and/or other foreign languages in advance. It is recommended that the minutes of the General Meeting of Shareholders after the signing thereof and/or adopted decisions should be made available publicly not only in Lithuanian language but also in English and/or other foreign languages. It is recommended that this information should be placed on the website of the Company. Such documents may be published to the extent that their public disclosure is not detrimental to the Company or the Company commercial secrets are not revealed.	YES	All meeting documents are prepared in Lithuanian and English languages. The recommendations are followed, and the rights of shareholders living abroad to receive and acquaint with information are ensured.
1.7. Shareholders who are entitled to vote should be furnished with the opportunity to vote at the General Meeting of Shareholders both in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the General voting ballot.	YES	Shareholders have the opportunity to vote both directly at shareholders' meetings and in advance.
1.8. With a view to increasing the effectively at General Meetings of Shareholders, it is recommended that companies should apply modern technologies on a wider scale and thus provide shareholders with the conditions to participate and vote in General Meetings of Shareholders via electronic means of communication. In such cases the security of transmitted information must be ensured, and it must be possible to identify the participating and voting person.	YES	If necessary from the shareholders, consider the recommendation taking into account the potential costs, technological possibilities and other aspects.
1.9. It is recommended that the notice on the draft decisions of the General Meeting of Shareholders being convened should specify new candidatures of members of the collegial body, their proposed remuneration and the proposed audit Company if these issues are included into the agenda of the General Meeting of Shareholders. Where it is proposed to elect a new member of the collegial body, it is recommended that the information about his/her educational background, work experience and other managerial positions held (or proposed) should be provided.	YES	Where possible, recommendations are followed.
1.10. Members of the Company's collegial management body, heads of administration or other competent persons related to the agenda of general meeting of shareholders should take part in the general meeting of shareholders. Proposed candidates to member of the collegial body should also participate in the general meeting of shareholders in case election of new members is included into agenda of the general meeting of shareholders	YES	Where possible, recommendations are followed.

<p>Principle 2: Supervisory Board 1 For the purposes of this Code, heads of the administration are the employees of the company who hold top level management positions.</p> <p>2.1. Functions and liability of the Supervisory Board The Supervisory Board of the Company should ensure representation of the interests of the Company and its shareholders, accountability of this body to the shareholders and objective monitoring of the Company operations and its management bodies as well as constantly provide recommendations to the management bodies of the Company.</p> <p>The Supervisory Board should ensure the integrity and transparency of the Company accounting and control system.</p>		
2.1.1. Members of the Supervisory Board should act in good faith, with care and responsibility for the benefit and in the interests of the Company and its shareholders and represent their interests, having regard to the interests of employees and public welfare.	YES	All members of the Supervisory Board are independent, which ensures the impartiality of decisions.
2.1.2. Where decisions of the Supervisory Board may have a different effect on the interests of the Company Supervisory Board should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed about the Company risk management and control, and resolution of conflicts of interest.	YES	All members of the supervisory board are independent, which ensures responsible decisions of the members vis-à-vis all stakeholders.
2.1.3. The Supervisory Board should be impartial in passing decisions that are significant for the Company strategy. Members of the Supervisory Board should act and pass decisions without an external influence from the persons who elected them.	YES	All members of the supervisory board are independent, which ensures responsible decisions of the members vis-à-vis all stakeholders.
2.1.4. Members of supervisory board should clearly voice their objections in case they believe that decision of supervisory board is against the interest of the company. Independent members of supervisory board should: a) maintain independence of their analysis and decision making; b) not seek or accept any unjustified privileges that might compromise their independence.	YES	
2.1.5. The Supervisory Board should oversee that the Company are designed and implemented in accordance with the legal acts in order to avoid faulty practice that is not related to the longterm interests of the Company and its shareholders, which may give rise to reputational, legal or other risks.	YES	
2.1.6. The Company should ensure that the Supervisory Board is provided with sufficient resources (including financial ones) to discharge their duties, including the right to obtain all the necessary information or to seek independent professional advice from external legal, accounting or other experts on matters pertaining to the competence of the Supervisory Board and its committees.	YES	The recommendation is followed in accordance with the procedure established by legal acts.
<p>2.2. Formation of the Supervisory</p> <p>Board The procedure of the formation of the Supervisory Board should ensure proper resolution of conflicts of interest and effective and fair corporate governance.</p>		
2.2.1. The members of the Supervisory Board elected by the General Meeting of Shareholders should collectively ensure the diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance between the qualifications of the members of the Supervisory Board, it should be ensured that	YES	Recommendations are followed.

members of the Supervisory Board, as a whole, should have diverse knowledge, opinions and experience to duly perform their tasks.		
2.2.2. Members of the Supervisory Board should be appointed for a specific term, subject to individual reelection for a new term in office in order to ensure necessary development of professional experience.	YES	Recommendations are followed.
2.2.3. Chair of the Supervisory Board should be a person whose current or past positions constituted no obstacle to carry out impartial activities. A former manager or Management Board member of the Company should not be immediately appointed as chair of the Supervisory Board either. Where the Company decides to depart from these recommendations, it should provide information on the measures taken to ensure impartiality of the supervision.	YES	Recommendations are followed.
2.2.4. Each member should devote enough time and attention to perform his duties as a member of the Supervisory Board. Each member of the Supervisory Board should undertake to limit his other professional obligations (particularly the managing positions in other companies) so that they would not interfere with the proper performance of the duties of a member of the Supervisory Board. Should a member of the Supervisory Board attend less than a half of the meetings of the Supervisory Board throughout the financial year of the Company, the shareholders of the Company should be notified thereof.	YES	
2.2.5. When it is proposed to appoint a member of the Supervisory Board, it should be announced which members of the Supervisory Board are deemed to be independent. The Supervisory Board may decide that, even though a particular member meets all the criteria of independence, he/she cannot be considered independent due to special personal or Company related circumstances.	YES	Recommendations are followed.
2.2.6. The amount of remuneration to members of the Supervisory Board for their activity and participation in meetings of the Supervisory Board should be approved by the General Meeting of Shareholders.	NOT APPLICABLE	During the reporting period, the members of the Supervisory Board acted free of charge
2.2.7. Every year the Supervisory Board should carry out an assessment of its activities. It should include evaluation of the structure of the Supervisory Board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the Supervisory Board, and evaluation whether the Supervisory Board has achieved its objectives. The Supervisory Board should, at least once a year, make public respective information about its internal structure and working procedures.	YES	Partially executed

Principle 3: Management Board		
3.1.Principle and liability of management Board		
The Management Board should ensure the implementation of the Company's strategy and good corporative governance with due regard also to the interest of shareholders, employees and other interest groups.		
3.1.1. The Management Board should ensure the implementation of the Company strategy approved by the Supervisory Board if the latter has been formed at the Company. In such cases where the Supervisory Board is not formed, the Management Board is also responsible for the approval of the Company's strategy.	YES	Recommendation are followed.
3.1.2. As a collegial management body of the Company, the Management Board performs the functions assigned to it by the Law and in the Statutes of the Company, and in such cases where the Supervisory Board is not formed in the Company, it performs inter alia the Supervisory functions established in the Law. By performing the functions assigned to it, the Management Board should consider the needs of the Company other interest groups by respectively striving to achieve sustainable business development	YES	Recommendations are followed
3.1.3. The Management Board should ensure compliance with the laws and the internal policy of the Company applicable to the Company or a group of companies to which this Company belongs. It should also establish the respective risk management and control measures aimed at ensuring regular and direct liability of managers.	YES	Recommendations are followed
3.1.4. Moreover, the management board should ensure that the measures included into OECD Good Practice Guidance on International Control. Ethic and Compliance are applied at the company in order to assure adherence to applicable laws, rules and standards.	YES	Recommendations are followed acc.to circumstances
3.1.5. When appointing the manager of the Company, the Management Board should consider the appropriate balance between the competence.		Recommendations are followed
3.2. Formation of the Management Board		
3.2.1. The members of the Management Board, elected by the Supervisory Board or, if the Supervisory Board is not formed, by the General Meeting of Shareholders should collectively ensure the required diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance in terms of the current qualifications possessed by the members of the Management Board, it should be ensured that the members of the Management Board would have, as a whole, diverse knowledge, opinions and experience to duly perform their tasks.	YES	

<p>3.2.2. Names and surnames of the candidates to become members of the Management Board, information on their educational background, qualifications, professional experience, current positions, other important professional obligations and potential conflicts of interest should be disclosed without violating the requirements of the legal acts regulating the handling of personal data at the meeting of the Supervisory Board in which the Management Board or individual members of the Management Board are elected. If the Supervisory Board is not formed, the information specified in this paragraph should be submitted to the General Meeting of Shareholders. The Management Board should, on yearly basis, collect data provided in this paragraph on its members and disclose it in the Company annual report.</p>	<p>YES</p>	<p>The recommendation is followed in accordance with the procedure established by legal acts.</p>
<p>3.2.3. All new members of the Management Board should be familiarized with their duties and the structure and operations of the Company.</p>	<p>YES</p>	<p>Recommendations are followed</p>
<p>3.2.4. Members of the Management Board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience and sufficiently frequent reconfirmation of their status.</p>	<p>YES</p>	<p>Recommendations are followed</p>
<p>3.2.5. Chair of the Management Board should be a person whose current or past positions constitute no obstacle to carry out impartial activity. Where the Supervisory Board is not formed, the former manager of the Company should not be immediately appointed as chair of the Management Board. When a Company decides to depart from these recommendations, it should furnish information on the measures it has taken to ensure the impartiality of supervision.</p>	<p>YES</p>	<p>The chairman of the board is the chief financial officer of the company, but does not vote when decisions are made that could cause a conflict of interest</p>
<p>3.2.6. Each member should devote enough time and attention to perform his duties as a member of the Management Board. Should a member of the Management Board attend less than a half of the meetings of the Management Board throughout the financial year of the Company, the Supervisory Board of the Company or, if the Supervisory Board is not formed at the Company, the General Meeting of Shareholders should be notified thereof.</p>	<p>YES</p>	
<p>3.2.7. In the event that the management board is elected in the cases established by the Law where the supervisory board is not formed at the company, and some of its members will be independent⁴, it should be announced which members of the management board are deemed as independent. The management board may decide that, despite the fact that a particular member meets all the criteria of independence established by the Law, he/she cannot be considered independent due to special personal or company-related circumstances.</p>	<p>NOT APPLICABLE</p>	
<p>3.2.8. The General Meeting of Shareholders of the Company should approve the amount of remuneration to the members of the Management Board for their activity and participation in the meetings of the Management Board.</p>	<p>YES</p>	<p>Currently, the members of the Board act free of charge, but if the situation changes, their remuneration would be determined by the company's general meeting of shareholders.</p>

3.2.9. The members of the Management Board should act in good faith, with care and responsibility for the benefit and the interests of the Company and its shareholders with due regard to other stakeholders. When adopting decisions, they should not act in their personal interest; they should be subject to noncompete agreements and they should not use the business information or opportunities related to the Company's operations in violation of the Company's interests.	YES	
3.2.10. Every year the Management Board should carry out an assessment of its activities. It should include evaluation of the structure of the Management Board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the Management Board, and evaluation whether the Management Board has achieved its objectives. The Management Board should, at least once a year, make public respective information about its internal structure and working procedures in observance of the legal acts regulating the processing of personal data.	YES	Partially executed
<p>4.Principle 4: Rules of procedure and of Supervisory Board and the Management Board of the company</p> <p><i>The rules of procedure of Supervisory Board, if it is formed at the company and of the management board should ensure efficient operation and decision making of those bodies and promote active cooperation of between the company's management bodies.</i></p>		
4.1. The Management Board and the Supervisory Board, if the latter is formed at the Company, should act in close cooperation in order to attain benefit for the Company and its shareholders. Good corporate governance requires an open discussion between the Management Board and the Supervisory Board. The Management Board should regularly and, where necessary, immediately inform the Supervisory Board about any matters significant for the Company that are related to planning, business development, risk management and control, and compliance with the obligations at the Company. The Management Board should inform the Supervisory Board about any derogations in its business development from the previously formulated plans and objectives by specifying the reasons for this.	YES	Recommendations are followed
4.2. It is recommended that meetings of the Company's collegial bodies should be held at the respective intervals, according to the preapproved schedule. Each Company is free to decide how often meetings of the collegial bodies should be convened but it is recommended that these meetings should be convened at such intervals that uninterrupted resolution of essential corporate governance issues would be ensured. Meetings of the Company's collegial bodies should be convened at least once per quarter.	YES/NO	Meetings of collegial bodies are held according to a preliminary schedule. Meetings of the Board of the Company are held at least once a quarter, meetings of the Supervisory Board of the Company are held at least once every six months.
4.3. Members of a collegial body should be notified of the meeting being convened in advance so that they would have enough time for proper preparation for the issues to be considered at the meeting and a fruitful discussion could be held and appropriate decisions could be adopted. Along with the notice of the meeting being convened all materials relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or	YES	Recommendations are followed

supplemented during the meeting, unless all members of the collegial body present at the meeting agree with such change or supplement to the agenda, or certain issues that are important to the Company require immediate resolution.		
4.4. In order to coordinate the activities of the Company's collegial bodies and ensure effective decision-making process, the chairs of the Company's collegial supervision and management bodies should mutually agree on the dates and agendas of the meetings and close cooperate in resolving other matters related to corporate governance. Meetings of the Company's Supervisory Board should be open to members of the Management Board, particularly in such cases where issues concerning the removal of the Management Board members, their responsibility or remuneration are discussed	YES	
<p>Principle 5: Nomination, remuneration and audit committees</p> <p>5.1. Purpose and formation of committees <i>The committees formed at the Company should increase the work efficiency of the Supervisory Board or, where the Supervisory Board is not formed, of the Management Board which performs the Supervisory functions by ensuring that decisions are based on due consideration and help organise its work in such a way that the decisions it takes would be free of material conflicts of interest.</i></p> <p><i>Committees should exercise independent judgment and integrity when performing their functions and provide the collegial body with recommendations concerning the decisions of the collegial body. However, the final decision should be adopted by the collegial body.</i></p>		
5.1.1. Taking due account of the company-related circumstances and the chosen corporate governance structure, the supervisory board of the company or, in cases where the supervisory board is not formed, the management board which performs the supervisory functions, establishes committees. It is recommended that the collegial body should form the nomination, remuneration and audit committees.	YES/NO	Audit committee is formed
5.1.2. Companies may decide to set up less than three committees. In such case companies should explain in detail why they have chosen the alternative approach, and how the chosen approach corresponds with the objectives set for the three different committees.	YES/NO	The functions of the Nomination and Remuneration Committee are performed by the collegial bodies themselves
5.1.3. In the cases established by the legal acts the functions assigned to the committees formed at companies may be performed by the collegial body itself. In such case the provisions of this Code pertaining to the committees (particularly those related to their role, operation and transparency) should apply, where relevant, to the collegial body as a whole.	YES/No	Principle is partially executed
5.1.4. Committees established by the collegial body should normally be composed of at least three members. Subject to the requirements of the legal acts, committees could be comprised only of two members as well. Members of each committee should be selected on the basis of their competences by giving priority to independent members of the collegial body. The chair of the Management Board should not serve as the chair of committees.	YES	
5.1.5. The authority of each committee formed should be determined by the collegial body itself. Committees should perform their duties according to the authority delegated to them and regularly inform the collegial body about their activities and	YES/NO	

<p>performance on a regular basis. The authority of each committee defining its role and specifying its rights and duties should be made public at least once a year (as part of the information disclosed by the Company on its governance structure and practice on an annual basis). In compliance with the legal acts regulating the processing of personal data, companies should also include in their annual reports the statements of the existing committees on their composition, the number of meetings and attendance over the year as well as the main directions of their activities and performance.</p>		
<p>5.1.6. With a view to ensure the independence and impartiality of the committees, the members of the collegial body who are not members of the committees should normally have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or request that certain employees of the Company or experts would participate in the meeting. Chair of each committee should have the possibility to maintain direct communication with the shareholders. Cases where such practice is to be applied should be specified in the rules regulating the activities of the committee.</p>	YES	
<p>5.2. Nomination committee</p>		
<p>5.2.1. The key functions of the nomination committee should be the following: 1) to select candidates to fill vacancies in the membership of Supervisory and management bodies and the administration and recommend the collegial body to approve them. The nomination committee should evaluate the balance of skills, knowledge and experience in the management body, prepare a description of the functions and capabilities required to assume a particular position and assess the time commitment expected; 2) assess, on a regular basis, the structure, size and composition of the Supervisory and management bodies as well as the skills, knowledge and activity of its members, and provide the collegial body with recommendations on how the required changes should be sought; 3) devote the attention necessary to ensure succession planning.</p>	NO	<p>The Nomination Committee has not been formed, its functions are performed by collegial bodies</p>
<p>5.2.2. When dealing with issues related to members of the collegial body who have employment relationships with the Company and the heads of the administration, the manager of the Company should be consulted by granting him/her the right to submit proposals to the Nomination Committee.</p>	NO	
<p>5.3. Remuneration committee</p>		
<p>The main functions of the remuneration committee should be as follows: 1) submit to the collegial body proposals on the remuneration policy applied to members of the Supervisory and management bodies and the heads of the administration for approval. Such policy should include all forms of remuneration, including the fixed rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as conditions which would allow the Company to recover the amounts or suspend the payments by specifying the circumstances under which it would be expedient to do so; 2) submit to the collegial body proposals regarding individual remuneration for</p>		<p>The Remuneration Committee has not been formed, its functions are performed by collegial bodies</p>

members of the collegial bodies and the heads of the administration in order to ensure that they would be consistent with the Company evaluation of the performance of the persons concerned; 3) review, on a regular basis, the remuneration policy and its implementation.		
5.4. Audit committee		
5.4.1. The key functions of audit committee are defined in the legal acts regulating the activity of the audit committee.	YES	
5.4.2. All members of the committee should be provided with detailed information on specific issues of the Company's accounting system, finances and operations. The heads of the Company's administration should inform the audit committee about the methods of accounting for significant and unusual transactions where the accounting may be subject to different approaches.	YES	The members of the audit are acquainted with the peculiarities of the company's activities.
5.4.3. The audit committee should decide whether the participation of the chair of the Management Board, the manager of the Company, the chief finance officer (or senior employees responsible for finance and accounting), the internal and external auditors in its meetings is required (and, if required, when). The committee should be entitled, when needed, to meet the relevant persons without members of the management bodies present.	YES	The company creates all the conditions for the implementation of the recommendation.
5.4.4. The audit committee should be informed about interim auditor's work program and should be furnished with internal audit reports or periodic summaries. The audit committee should also be informed about the work program of external auditors and should receive from the audit firm a report describing all relationships between the independent audit firm and the Company and its group.	YES	
5.4.5. The audit committee should examine whether the Company complies with the applicable provisions regulating the possibility of lodging a complaint or reporting anonymously his/her suspicions of potential violations committed at the Company and should also ensure that there is a procedure in place for proportionate and independent investigation of such issues and appropriate follow-up actions.	YES	
5.4.6. The audit committee should submit to the Supervisory Board or, where the Supervisory Board is not formed, to the Management Board its activity report at least once in every six months, at the time that annual and half-yearly reports are approved.	YES	

<p>Principle 6. Preventon and disclosure of conficts of interest</p> <p><i>The corporate governance framework shold encourage members Company's supervisory and management bodies to avoid confilcts of interest and ensure transparent and effective mechanism of disclosure of conficts of interests related to the members of the supervisory and management body.</i></p>		
<p>Any member of the Company Supervisory and management body should avoid a situation where his/her personal interests are or may be in conflict with the Company interests. In case such a situation did occur, a member of the Company Supervisory or management body should, within a reasonable period of time, notify other members of the same body or the body of the Company which elected him/her or the Company's shareholders of such situation of a conflict of interest, indicate the nature of interests and, where possible, their value.</p>	YES	
<p>Principle 7: Remuneration policy of the Company</p> <p><i>The remuneration policy and the procedure for review and disclosure of such policy established at the Company should prevent potential conflicts of interest and abuse in determining remuneration of members of the collegial bodies and heads of the administration, in addition it should ensure the publicity and transparency of the Company's remuneration policy and its long-term strategy.</i></p>		
<p>7.1. The Company should approve and post the remuneration policy on the website of the Company, such policy should be reviewed on a regular basis and be consistent with the Company's long-term strategy.</p>	NOT APPLICABLE	<p>The remuneration policy has not yet been approved when preparing the report on compliance with the governance code, therefore the principle is not relevant for the company during the reporting period.</p>
<p>7.2. The remuneration policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as the conditions specifying the cases where the Company can recover the disbursed amounts or suspend the payments.</p>	NOT APPLICABLE	<p>The remuneration policy has not yet been approved when preparing the report on compliance with the governance code, therefore the principle is not relevant for the company during the reporting period.</p>
<p>7.3. With a view to avoid potential conflicts of interest, the remuneration policy should provide that members of the collegial bodies which perform the Supervisory functions should not receive remuneration based on the Company's performance.</p>	NOT APPLICABLE	<p>The remuneration policy has not yet been approved when preparing the report on compliance with the governance code, therefore the principle is not relevant for the company during the reporting period.</p>
<p>7.4. Remuneration policy should provide enough information on the policy regarding termination payments. Termination payments should not exceed a fixed amount or a fixed number of annual wages and in General should not be higher than the nonvariable component of remuneration for two years or the equivalent thereof. Termination payments should not be paid if the contract is terminated due to inadequate performance.</p>	NOT APPLICABLE	<p>The remuneration policy has not yet been approved when preparing the report on compliance with the governance code, therefore the principle is not relevant for the company during the reporting period.</p>
<p>7.5. If the financial incentive scheme is applied at the Company, the remuneration policy should contain enough information about the retention of shares after the award thereof. Where remuneration is based on the award of shares, shares should not be vested at least for three years after the award thereof. After vesting, members of the collegial bodies and heads of the administration should retain a certain number of shares until the end of their term in office, subject to the need to compensate for any costs related to the acquisition of shares.</p>	NOT APPLICABLE	<p>The remuneration policy has not yet been approved when preparing the report on compliance with the governance code, therefore the principle is not relevant for the company during the reporting period.</p>
<p>7.6. The Company should publish information about</p>	NOT	<p>The remuneration policy has not yet been</p>

the implementation of the remuneration policy on its website, with a key focus on the remuneration policy in respect of the collegial bodies and managers in the next and, where relevant, subsequent financial years. It should also contain a review of how the remuneration policy was implemented during the previous financial year. The information of such nature should not include any details having a commercial value. Particular attention should be paid on the major changes in the Company remuneration policy, compared to the previous financial year.	APPLICABLE	approved when preparing the report on compliance with the governance code, therefore the principle is not relevant for the company during the reporting period.
7.7. It is recommended that the remuneration policy or any major change of the policy should be included on the agenda of the General Meeting of Shareholders. The schemes under which members and employees of a collegial body receive remuneration in shares or share options should be approved by the General Meeting of Shareholders.	NOT APPLICABLE	The remuneration policy has not yet been approved when preparing the report on compliance with the governance code, therefore the principle is not relevant for the company during the reporting period.
<p>8. Rules of shareholders in corporate governance</p> <p><i>The corporate governance framework should recognize the rights of stakeholders entrenched in the laws or mutual agreements and encourage active corporation between companies and stakeholders in creating the Company value, jobs and financial sustainability. In the context of this principle the concept „stakeholders“ includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.</i></p>		
8.1. The corporate governance framework should ensure that the rights and lawful interests of stakeholders are protected	YES	
8.2. The corporate governance framework Company applies a should create conditions for stakeholders to participate in corporate governance in the manner prescribed by law. Examples of participation by stakeholders in corporate governance include the participation of employees or their representatives in the adoption of decisions that are important for the Company, consultations with employees or their representatives on corporate governance and other important matters, participation of employees in the Company authorized capital, involvement of creditors in corporate governance in the cases of the Company's insolvencys, etc.	YES	Follow recommendation acc.to circumstances
8.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	YES	
8.4. Where stakeholders participate in the corporate governance process, they should have access to the relevant information.	YES	

Principle 9: Disclosure of information <i>The corporate governance framework should ensure the timely and accurate disclosure of all material corporate issues, including the financial situation, operations and governance of the Company.</i>		
<p>9.1. In accordance with the Company procedure on confidential information and commercial secrets and the legal acts regulating the processing of personal data, the information publicly disclosed by the Company should include but not be limited to the following:</p> <p>9.1.1. operating and financial results of the Company;</p> <p>9.1.2. objectives and non-financial information of the Company;</p> <p>9.1.3. persons holding a stake in the Company or controlling it directly and/or indirectly and/or together with related persons as well as the structure of the group of companies and their relationships by specifying the final beneficiary;</p> <p>9.1.4. members of the Company Supervisory and management bodies who are deemed independent, the manager of the Company, the shares or votes held by them at the Company, participation in corporate governance of other companies, their competence and remuneration;</p> <p>9.1.5. reports of the existing committees on their composition, number of meetings and attendance of members during the last year as well as the main directions and results of their activities;</p> <p>9.1.6. potential factors, the Company's risk management and supervision policy;</p> <p>9.1.7. the Company transaction with related parties;</p> <p>9.1.8. main issues related to employees and other stakeholders (for instance, human resource policy, participation of employees in corporate governance, award of the Company's shares or share option as incentives, relationships with creditors, suppliers, local community, etc.);</p> <p>9.1.9. structure and strategy of corporate governance;</p> <p>9.1.10. initiatives and measures of social responsibility policy and anti-corruption fight, significant current or planned investment projects.</p> <p>This list is deemed minimum and companies are encouraged not to restrict themselves to the disclosure of information included into this list. This principle of the Code does not exempt companies from their obligation to disclose information as provided for in the applicable legal acts.</p>	YES	Significant events and key information of the company are made public in accordance with the procedure established by legal acts. Shareholders have access to non-confidential information and other means.
<p>9.2. When disclosing the information specified in paragraph 9.1.1 of recommendation 9.1, it is recommended that the Company which is a parent Company in respect of other companies should disclose information about the consolidated results of the whole group of companies.</p>	YES	
<p>9.3. When disclosing the information specified in paragraph 9.1.4 of recommendation 9.1, it is recommended that the information on the professional experience and qualifications of members of the Company Supervisory and management bodies and the manager of the Company as well as potential conflicts of interest which could affect their decisions should be provided. It is further recommended that the remuneration or other income of members of the Company Supervisory and management bodies and the manager of the Company should be disclosed, as provided for in greater detail in Principle 7.</p>	YES	The recommendation is followed in accordance with the procedure established by legal acts.

9.4. Information should be disclosed in such manner that no shareholders or investors are discriminated in terms of the method of receipt and scope of information. Information should be disclosed to all parties concerned at the same time.	YES	
<p><i>Principle 10. Selection of Company's audit firm</i></p> <p><i>The Company's audit firm selection mechanism should ensure the independence of the report and option of the audit firm.</i></p>		
10.1. With a view to obtain an objective opinion on the Company's financial condition and financial results, the Company's annual financial statements and the financial information provided in its annual report should be audited by an independent audit firm.	YES	
10.2. It is recommended that the audit firm would be proposed to the General Meeting of Shareholders by the Supervisory Board or, if the Supervisory Board is not formed at the Company, by the Management Board of the Company.	YES	
10.3. If the audit firm has received remuneration from the Company for the nonaudit services provided, the Company should disclose this publicly. This information should also be available to the Supervisory Board or, if the Supervisory Board is not formed at the Company, by the Management Board of the Company when considering which audit firm should be proposed to the General Meeting of Shareholders.	YES	