



CONFIRMED at
the meeting of the Board by
the protocol No. 8
on 09 April, 2020

„LINAS“ AB
CONSOLIDATED ANNUAL REPORT FOR THE
YEAR 2019

CONFIRMATION BY THE RESPONSIBLE PERSONS

Following Art.22 of the Law on Securities of the Republic of Lithuania and the Regulations for Drawing-up and Submission of the Periodic and the Additional Information issued by the Board of Lithuanian Bank, we, Vilita Skersienė, Director of Linās AB, Egidijus Mikeliūnas, Finance Manager of Linās AB, and Vanda Nekrašaitė, Chief accountant of Linās AB, hereby confirm that to our best knowledge the annual consolidated financial statements of the Linās AB were drawn following the International Financial Reporting Standards adopted for use in the European Union, and present the fair and accurate status of the assets, liabilities, financial condition and profit or loss and money flows of the Linās AB and the Company Group, and that the review of activities and business development and the condition of the Linās AB and Company Group together with the description of the principle risks and uncertainties it faces has been described correctly.

Director Linās AB

Vilita Skersienė

March 21, 2020

Head of finance dept. Linās AB

Egidijus Mikeliūnas

March 21, 2020

Chief accountant Linās AB

Vanda Nekrašaitė

March 21, 2020

INDEX

<i>1. Accounting period the annual report is covering.....</i>	<i>2</i>
<i>2. Companies comprising the Company Group and their contact data.</i>	<i>2</i>
<i>3. Principal nature of activity.....</i>	<i>2</i>
<i>4. Contracts with intermediaries of public trading securities.....</i>	<i>2</i>
<i>5. Data on trading in securities of the issuer in regulated markets.....</i>	<i>3</i>
<i>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.....</i>	<i>3</i>
<i>8. References and additional explanatory notes regarding the date provided in the consolidated financial statements.....</i>	<i>7</i>
<i>9. Important events after the end of the preceding financial year.....</i>	<i>7</i>
<i>10. Operating plans and forecasts of the Company Group.....</i>	<i>8</i>
<i>11. Information about research and development activities of the Company Group.</i>	<i>8</i>
<i>12. Environment control.</i>	<i>8</i>
<i>14. Main features of internal control and risk management systems of Group of companies in relation with consolidated financial reports preparation.....</i>	<i>9</i>
<i>15. Information about branches and representative offices of the Company.....</i>	<i>9</i>
<i>16. Issuer's structure of authorised capital and encumbrances for transfer/disposal of said securities.</i>	<i>9</i>
<i>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.</i>	<i>10</i>
<i>18. Shareholders.....</i>	<i>10</i>
<i>19. Employees.</i>	<i>11</i>
<i>20. Procedure for amendment of the Articles of association of the Issuer.</i>	<i>12</i>
<i>21. Management bodies of the Issuer.....</i>	<i>12</i>
<i>22. Data about the Supervisory Council members, Board members, Audit committee members and administration of the Company.....</i>	<i>15</i>
<i>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</i>	<i>16</i>
<i>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.....</i>	<i>16</i>
<i>25. Information on the significant transactions between related parties.....</i>	<i>17</i>
<i>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 issuer 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.....</i>	<i>17</i>
<i>27. Information on the compliance with the corporate governance code.....</i>	<i>17</i>
<i>28. Data about publicly disclosed information.....</i>	<i>17</i>

1. Accounting period the annual report is covering.

The AB „Linās“ consolidated annual report has been prepared for the year 2019.

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

Name	AB „Linās“ (hereinafter the Company)
Authorised (share) capital	6,971,307.10 Eur
Domicile address	S. Kerbedžio g. 23, LT-35114 Panevėžys
Telephone	(8-45) 506100
Fax	(8-45) 506345
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
Fax	(8-45) 506346
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, 2019 the Group of companies was comprised of AB “Linās” and its subsidiary company UAB “Lino apdaila”. AB “Linās” holds 100% shares of the subsidiary company. The activity of AB “Linās” is sales of linen textile items; other activity of AB “Linās” - 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 “Linās” 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.

2020 the outbreak of the COVID-19 virus has begun, with a possible economic link with the world. Only if the main risk is a business continuity risk:

Business continuity or liquidity risk relates to an organization's ability to continue as a going concern now and in the foreseeable future. The global pandemic declared to the World Health Organization, the state of emergency declared by the Government of the Republic of Lithuania and quarantine will have a negative impact on the Group's operations.

The company sells its products widely worldwide. Most of the production is sold in Europe. The declaration of a global pandemic and quarantines in individual countries limit the volume of sales of products, and thus the volume of production. Due to the diversification of the Company's sales portfolio, it is likely that sales volumes in different countries will fall and will be able to increase faster. It is likely that different countries will fight the COVID-19 outbreak and its aftermath of the economic recession at different rates, so that sales, as well as production, will be gradually restored over the next year and a half.

For 2019 due to the increased demand for raw materials and rising prices of raw materials, the Company, having free working capital, increased the stocks of raw materials, therefore the Company currently has a surplus of raw materials. Excess quantities of raw materials are favorable for the current economic situation affected by the outbreak of the virus, because in the event of disturbances in the international movement of goods, shortening the terms of payment for raw materials, the Company does not feel any negative or minimal impact. At the end of quarantine in Lithuania or in the countries to which the products are exported, the Company will be able to resume production immediately and is unlikely to experience temporary cash flow fluctuations due to urgently needed raw materials, relatively short deferral periods, deadlines for payments for production.

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 possibility of a pessimistic scenario of activity and business development is not ruled out: due to quarantine in Lithuania and foreign countries, retail sales of non-food products are temporarily restricted, which will affect both wholesale and retail sales, which may cause the Group to temporarily suspend operations. 2020 March. Legislative amendments adopted at the national level and the prepared Economic Stimulus Plan provide for a state subsidy to compensate for the costs of employee downtime in the event of an emergency (70% or 90%), as well as tax payments, deferral of payment of creditors' obligations and other state aid measures. The aid will enable the Group to balance cash flows and save jobs. The Group has accumulated sufficient funds to pay for employee downtime, and also has working capital agreements with the bank that would allow it to balance cash flows on favorable terms. The Group forecasts negative cash flows, but has the aforementioned banking instruments that will allow it to balance flows.

The Group has reached verbal agreements with the lessor of production equipment to reduce the rent if necessary throughout the quarantine period, which will reduce fixed costs during partial downtime. The Company has real estate related to production activities, therefore, if necessary, will consider the possibility of selling unused real estate.

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. Due to the prevailing uncertainty, it is difficult to objectively assess the risks during a pandemic, but it can be assumed that the Group should not face serious business continuity issues.

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 thirty days, and suppliers of raw materials in 15-60 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 biggest risk faced by AB Linas is the seasonality of demand: 08-11 months average monthly turnover is up to 30% higher than in other months. As a result, the production capacity of the Group and the manufacturing companies is unequally utilized. 90-100% of the production capacity is used up in demand period, up to 70% in the following months. As a result, the company is trying to equalize production capacity by manufacturing certain products during off-peak times to increase sales during peak times. Because the company's sales are closely linked to fashion, the company faces another risk in comparing production when it comes to producing non-demand products.

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 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.

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 is considering 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	Group 2019	Group 2018
Net profitability (net profit/sales * 100)	0.84	3.99
Return on equity ROE (net profit/equity)	0.01	0.06
Debt ratio (liabilities/assets)	0.23	0.22
Turnability of assets (sales/assets)	1.2	1.20
Book value of shares (equity/number of shares)	0.35	0.34
Net profit (loss) (thous. Eur)	109	508
EBITDA (mln. Eur) (earnings before interest + interest expense + depreciation and amortization)	0.269	0.825
Profit per share	0.005	0.02
Lowest share price (Eur)	0.088	0.069
Highest share price (Eur)	0.11	0.115
Closing price (Eur)	0.095	0.105
Capitalisation (mln. Eur)	2.28	2.52

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 85.7 % of the total products produced in 2019 (in 2018 – 81.4 %). In 2019 20.4 % of the total fabrics produced were used for sewing articles (in 2018 – 33.5 %).

In 2019 the Company Group had 201 thous. Eur profit before taxes, and taking into account the taxes the net profit of the Group was 168 thous. Eur. On 2018 the net profit of the Group was 508 thous. Eur.

Export (out of Lithuania borders) volumes during year 2019 made 73.5 % of all sold production. Geographically sales is as follows: Lithuania – 26.5 %, Sweden – 9.4 %, Great Britain – 9.2 %, Spain – 7.2 %, Japan – 6 %, Finland – 5.7 %, Latvia – 4.9 %, USA – 4 %, Denmark – 3.7 %, France – 3.6 %, Estonia – 3.5 %, South Korea - 3 %, Germany – 2.9 %, Belgium – 2 %, and other countries – 8.4 %.

We participated in 6 specialized textile exhibitions: in Germany, in France and in Poland.

During 2019 it was bought 25 tons of cotton yarns from the Lithuanian (90.4 %) and Polish suppliers. During 2019 it was purchased 208 tons on linen yarn, which was purchased from Chinese

suppliers (55.6 %), Lithuanian suppliers (32.5 %), Italian and Dutch suppliers (4.3 % each) and Polish suppliers (3 %).

1146 thous. m of raw fabric was bought in 2019, 85.4 % of it – from Belarus, 12 % from Estonia. Other raw fabric suppliers was from Lithuania, Portugal, Turkey and Latvia suppliers.

2019-12-31 Group had 309 thous. Eur debts to the banks. On 2019-12-31 the sum of AB “Linās” granted loans with interests made 1,353 thous. 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.

On 7 January 2020 and on 28 January 2020 during the purchase of own shares, AB “Linās” purchased total 192,656 shares. After own shares acquisition AB “Linās” holds 192,656 shares or 0.80 per cent of its own shares;

AB „Linās“ will started repeat acquisition (purchasing) of own shares on 2nd March 2020. Purchasing will end at 29th April 2020.

On 2020 March 16 The Board of the Company, assessing the current and forecasted economic situation affected by the global pandemic of the COVID-19 virus announced by the World Health Organization, emergencies and quarantines announced in the Republic of Lithuania and some countries around the world, and taking into account the Bank of Lithuania's 2020 March 12 recommendations to financial market participants on how to deal with coronavirus, convened an emergency meeting to discuss the situation regarding the Company's operations and business continuity measures and to ensure the continuity of the action plan. The board acknowledged that the expected economic recession as a result of the pandemic could affect up to 20-25 percent. sales and revenue of the group of companies, which may increase the risk of business continuity. And although the forecast for the pandemic management should coincide with the normal growth period of the group's sales (August-November), after assessing the threats, the company's board discussed and set out guidelines for ensuring business and business continuity:

1) Prepare a contingency plan including, but not limited to, the following measures:

a) update the forecasts for the financial statements for 2020 and include specific cash flow management tools;

b) to carry out a feasibility study on the use of State aid during quarantine measures and business support plan measures, with a special focus on measures to help businesses maintain liquidity, stimulate the economy, help preserve jobs and incomes to ensure the health and safety of group workers for CIVID-19, draw up a preventive action plan and start implementing it without delay;

c) preparing and regularly updating the company's booking plans. To instruct the sales manager to constantly inform the Emergency Management Commission about the execution of the order plan;

d) develop a plan for the optimal allocation of human resources and employment in 2020. period;

e) make proposals for the possible sale of real estate;

f) draw up a plan for the possible sale of finished products by e-mail. in the store and warehouse;

g) to oblige sales managers and managers to strictly follow the rules of cash flow management: to control the payment terms of customers, to strive for the most prompt payment of customers for the provided / purchased products or services; make all payments to suppliers only in writing with the directors of the company's administration and the director of finance; to seek

deferral of payment of tax liabilities in coordination with tax administrators; to seek deferral of payment of creditors' obligations in coordination with credit institutions;

h) and other measures.

2) To form an Emergency Management Commission to control the implementation of the Contingency Plan, if necessary to make proposals and decisions on the establishment and implementation of the necessary additional measures to ensure business and business continuity. The Commission to monitor the outcome of the implementation of the Contingency Plan for the group of companies and its companies and its impact on quantitative and qualitative indicators. The Commission shall report periodically, at least quarterly, and as necessary and more frequently to the Board, providing qualitative and quantitative assessments of the business activities and financial condition of the group of companies in the 2020 financial statements.

AB Linās is included in the list of businesses most affected by COVID-19. For listed entrepreneurs, from March 16. until the country is in a state of emergency, there will be an exemption from interest on arrears, no taxes will be levied on them, and they will be able to conclude an interest-free tax loan agreement upon request. These taxpayers will be subject to similar measures to facilitate the payment of state social insurance contributions.

10. Operating plans and forecasts of the Company Group.

In 2020 the Group of Linās, 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 „Linās“ 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 “Linās” 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.

Pollution characteristic of year 2019:

1. Wastes (including composite communal)	268.45 tons
2. Outflow (production)	26.5 thous. m ³

Expenses for environment control during year 2019:

1. Taxes for atmosphere pollution (mobile resources, package)	- 0.13 thous. Eur
2. Waste management	- 10.35 thous. Eur
3. Tax for outflow (production)	- 23.76 thous. Eur
(for production outflow passing to AB “Aukštaitijos vandenys”)	

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 „Linus“ 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.

The Company has not acquired any of its own shares. The subsidiary has also not acquired any of the Company’s shares. Neither the Company nor its subsidiary has bought or sold its own shares.

18. Shareholders.

The total number of shareholder of the AB „Linus“ as for December 31, 2019 was 1,114.

The shareholders holding or in command of more than 5 per cent of the authorised capital of the Company as for December 31, 2019 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	Percentage of votes held together with the persons acting together
Association “EEEE”, Savanoriu pr. 192, Kaunas, code in the Register of Enterprises 302572729	5,564,579	23.15%	23.15%	23.15%
Roocero Associated Limited, 35 Barrack Road, Belize City, Belize, code in the Register of Enterprises 106446	5,406,533	22.49%	22.49%	22.49%
Danelika Services Limited, 3 Michael Koutsofta street, Limassol, Cyprus, code in the Register of Enterprises HE289213	4,156,585	17.29%	17.29%	17.29%
„Rivena“, UAB, P.Zadeikos g. 13-35, Vilnius, code in the Register of Enterprises 302521510	2,423,030	10.08%	10.08%	10.08%

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 „Linus“ carrying votes at the general meeting of shareholders is 24,038,990.

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.

19. Employees.

The average listed number of employees in AB „Linus“ Group of companies was 148 employees on year 2019. On 2018 this average was 144. During the year the average number of employees increased by 3 or 2.8 %. The number of employees has remained stable.

Employees	2019		2018	
	Average conditional number of employees	Average salary/wage, Eur	Average conditional number of employees	Average salary/wage, Eur
Management personnel	8	2,033.0	8	1,444.5
Specialists and clerks	39	1,145.1	35	918.2
Workers	101	656.5	101	593.2
Total	148	859.6	144	719.5

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 2019 was 859.6 Eur and compared to 2018 increased by 19.5 % (in 2018 – 719.5 Eur).

AB „Linus“ Group of companies employees acc.to the education on 2019-12-31:

Employees education	Number of employees
Higher university education	36
Higher college education	10
Further education	25
Special secondary (professional) education	50
Secondary education	18
Totally:	139

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 „Linas” the management bodies of the Company are:

- General meeting of shareholders;
- Supervisory Council of AB „Linas“;
- The Board of the AB „Linas“;
- Head (Director) of the AB „Linas“.

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 May 16, 2017 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

REGINA VAIGINIENĖ– member of the Board until September 20, 2019. The company's senior Accountant – Economist. Does not hold shares of the Company.

LILJA POVILONIENĖ– member of the Board until September 20, 2019. Company accountant. Does not hold shares of the Company.

VILITA SKERSIENĖ – member of the Board since September 20, 2019. Head of administration of the Company – The Director. Does not hold shares of the Company.

RENATA RAILIENĖ – member of the Board since September 20, 2019. 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 08, 2017 by the Supervisory Council for four periods in office.

VANDA NEKRAŠAITĖ – chief of accountant of the Company since August 19, 2019. Does not hold shares of the Company.

GERDA ZABARSKIENE –chief of accountant of the Company until August 5, 2019. 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	Salary for 2019 (Eur)	Payment from profit for 2019 (Eur)	Other payments from profit (Eur)	Total (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	43,738.1	-	-	43,738.1
Total for all members of administration	131,214.2	-	-	131,214.2

Members of Audit committee were elected for four years cadence during General meeting of shareholders on November 09, 2017. Authorizations are granted to the members of Audit committee and their executing functions are according to regulations of Audit committee.

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

ZITA KELMIENĖ – independant member of Audit committee until March 29, 2019. Senior financier of Panevezio Aurida UAB since year 2007. 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.

ANA SIRIENĖ – independant member of Audit committee since May 16, 2019. Certified Internal Auditor. MB ELSAN Owner. 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 4.24 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 issuer 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 2019 the Company announced following essential events in English:

2019.02.28	Activity results of twelve months of year 2018 of company AB “Linus” and Group of companies. AB “Linus” not audited consolidated interim information of twelve months of year 2018
2019.03.01	CORRECTION. Activity results of twelve months of year 2018 of company AB “Linus” and Group of companies. AB “Linus” not audited consolidated interim information of twelve months of year 2018
2019.03.29	Regarding the resignation of the member of Audit committee
2019.03.29	AB “Linus” the Ordinary General Meeting of Shareholders convocation
2019.04.09	Draft Resolutions of the Annual General Meeting of Shareholders
2019.04.29	Correction: AB “Linus” the Ordinary General Meeting of Shareholders convocation
2019.04.29	CORRECTION: AB “Linus” the Ordinary General Meeting of Shareholders convocation
2019.04.30	AB “Linus” General Meeting of Shareholders didn’t take place. Repeated General Meeting of Shareholders will be held on May 16, 2019
2019.04.30	Draft Resolutions of the Repeated Annual General Meeting of Shareholders of AB “Linus”
2019.05.17	Resolutions of Repeated Annual General Meeting of Shareholders
2019.05.31	Activity results of three months of year 2019 of company AB “Linus” group of companies. AB “Linus” not audited consolidated interim information of three months of year 2019
2019.09.20	Regarding the resignation of the members of the Board and the election of new ones
2019.09.30	Activity results of six months of year 2019 of AB “Linus” Group of companies. AB “Linus” not audited consolidated interim information of six months of year 2019
2019.10.09	CORRECTION. Activity results of six months of year 2019 of AB “Linus” Group of

	companies. AB "Linus" not audited consolidated interim information of six months of year 2019
2019.11.29	AB "Linus" not audited consolidated interim information of nine months of year 2019
2019.12.19	Regarding acquisition (purchasing) of own shares of AB "Linus"

All information on material events made public during 2019 is available on the AB „Linus“ webpage www.linus.lt.

Director



Vilita Skersienė

Annex 1
 To AB “Linus” annual report of year 2019

Corporate Governance Reporting Form

The public limited liability company „Linus“ (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
<p><i>Principle 1: General Meeting of Shareholders, equitable treatment of shareholders, and shareholders’ rights</i></p> <p><i>The corporate governance framework should ensure the equitable treatment of all shareholders. The corporate governance framework should protect the rights of shareholders.</i></p>		
<p>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.</p>	<p>YES</p>	<p>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.</p>
<p>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.</p>	<p>YES</p>	<p>The company’s shares give all shareholders equal rights.</p>
<p>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.</p>	<p>YES</p>	<p>The recommendation is followed in accordance with the procedure established by legal acts.</p>
<p>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.</p>	<p>YES</p>	<p>The recommendation is followed in accordance with the procedure established by legal acts.</p>
<p>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</p>	<p>YES</p>	<p>The recommendation is followed in accordance with the procedure established by legal acts.</p>

<p>chosen venue, date and time of the General Meeting of Shareholders should not prevent active participation of shareholders at the General Meeting. In the notice of the General Meeting of Shareholders being convened, the Company should specify the last day on which the proposed draft decisions should be submitted at the latest.</p>		
<p>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.</p>	<p>YES</p>	<p>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.</p>
<p>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.</p>	<p>YES</p>	<p>Shareholders have the opportunity to vote both directly at shareholders' meetings and in advance.</p>
<p>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.</p>	<p>YES</p>	<p>If necessary from the shareholders, consider the recommendation taking into account the potential costs, technological possibilities and other aspects.</p>
<p>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.</p>	<p>YES</p>	<p>Where possible, recommendations are followed.</p>
<p>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</p>	<p>YES</p>	<p>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.

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.

The Supervisory Board should ensure the integrity and transparency of the Company accounting and control system.

2.1.1. Members of the Supervisory Board should act in good faith, with care and responsibility for the benefit and in the interests of the Company and its shareholders and represent their interests, having regard to the interests of employees and public welfare.	YES	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.

2.2. Formation of the Supervisory

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

2.2.1. The members of the Supervisory Board elected by the General Meeting of Shareholders should collectively ensure the diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper	YES	Recommendations are followed.
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balance between the qualifications of the members of the Supervisory Board, it should be ensured that members of the Supervisory Board, as a whole, should have diverse knowledge, opinions and experience to duly perform their tasks.		
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

<p>Principle 3: Management Board</p>		
<p>3.1.Principle and liability of management Board</p>		
<p>The Management Board should ensure the implementation of the Company's strategy and good corporate governance with due regard also to the interest of shareholders, employees and other interest groups.</p>		
<p>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.</p>	<p>YES</p>	<p>Recommendation are followed.</p>
<p>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</p>	<p>YES</p>	<p>Recommendations are followed</p>
<p>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.</p>	<p>YES</p>	<p>Recommendations are followed</p>
<p>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.</p>	<p>YES</p>	<p>Recommendations are followed acc.to circumstances</p>
<p>3.1.5. When appointing the manager of the Company, the Management Board should consider the appropriate balance between the competence.</p>		<p>Recommendations are followed</p>
<p>3.2. Formation of the Management Board</p>		
<p>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.</p>	<p>YES</p>	

<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>

<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.</p>	<p>YES</p>	
<p>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.</p>	<p>YES</p>	<p>Partially executed</p>
<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>		
<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.</p>	<p>YES</p>	<p>Recommendations are followed</p>
<p>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.</p>	<p>YES/NO</p>	<p>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.</p>
<p>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</p>	<p>YES</p>	<p>Recommendations are followed</p>

<p>submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body present at the meeting agree with such change or supplement to the agenda, or certain issues that are important to the Company require immediate resolution.</p>		
<p>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</p>	<p>YES</p>	
<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>		
<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.</p>	<p>YES/NO</p>	<p>Audit committee is formed</p>
<p>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.</p>	<p>YES/NO</p>	<p>The functions of the Nomination and Remuneration Committee are performed by the collegial bodies themselves</p>
<p>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.</p>	<p>YES/No</p>	<p>Principle is partially executed</p>
<p>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.</p>	<p>YES</p>	

<p>5.1.5. The authority of each committee formed should be determined by the collegial body itself. Committees should perform their duties according to the authority delegated to them and regularly inform the collegial body about their activities and performance on a regular basis. The authority of each committee defining its role and specifying its rights and duties should be made public at least once a year (as part of the information disclosed by the Company on its governance structure and practice on an annual basis). In compliance with the legal acts regulating the processing of personal data, companies should also include in their annual reports the statements of the existing committees on their composition, the number of meetings and attendance over the year as well as the main directions of their activities and performance.</p>	<p>YES/NO</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>	<p>YES</p>	
<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>	<p>NO</p>	<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>	<p>NO</p>	
<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-</p>		<p>The Remuneration Committee has not been formed, its functions are performed by collegial bodies</p>

<p>based remuneration, financial incentive schemes, pension arrangements and termination payments as well as conditions which would allow the Company to recover the amounts or suspend the payments by specifying the circumstances under which it would be expedient to do so; 2) submit to the collegial body proposals regarding individual remuneration for members of the collegial bodies and the heads of the administration in order to ensure that they would be consistent with the Company evaluation of the performance of the persons concerned; 3) review, on a regular basis, the remuneration policy and its implementation.</p>		
<p>5.4. Audit committee</p>		
<p>5.4.1. The key functions of audit committee are defined in the legal acts regulating the activity of the audit committee.</p>	<p>YES</p>	
<p>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.</p>	<p>YES</p>	<p>The members of the audit are acquainted with the peculiarities of the company's activities.</p>
<p>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.</p>	<p>YES</p>	<p>The company creates all the conditions for the implementation of the recommendation.</p>
<p>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.</p>	<p>YES</p>	
<p>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.</p>	<p>YES</p>	
<p>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.</p>	<p>YES</p>	

<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’sshareholders of such situation of a conflict of interest, indicate the nature of interests and, where possible, their value.</p>	<p>YES</p>	
<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>	<p>NOT APPLICABLE</p>	<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>	<p>NOT APPLICABLE</p>	<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>	<p>NOT APPLCABLE</p>	<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>	<p>NOT APPLICABLE</p>	<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</p>	<p>NOT APPLICABLE</p>	<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>

acquisition of shares.		
7.6. The Company should publish information about the implementation of the remuneration policy on its website, with a key focus on the remuneration policy in respect of the collegial bodies and managers in the next and, where relevant, subsequent financial years. It should also contain a review of how the remuneration policy was implemented during the previous financial year. The information of such nature should not include any details having a commercial value. Particular attention should be paid on the major changes in the Company remuneration policy, compared to the previous financial year.	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.
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 *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.*

<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>	<p>YES</p>	<p>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>
<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>	<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.	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>Principle 10. Selection of Company's audit firm</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	



CONFIRMED at
the meeting of the Board by
the protocol No. 8
on 09 April, 2020

„LINAS“ AB
CONSOLIDATED AND COMPANY'S
ANNUAL STATEMENTS FOR THE
YEAR 2019



SUMMARY

Independent auditor's report	3
Statement of Financial Position.....	7
Statement of Profit or Loss and Other Comprehensive Income	9
Statement of Changes in Equity	10
Statement of Cash Flows.....	12
Explanatory Memorandum.....	13

INDEPENDENT AUDITOR'S REPORT

To: shareholders of AB LINAS

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

Opinion

We have audited the financial statements of AB LINAS (hereinafter – the Company), and of the consolidated financial statements of AB LINAS and its subsidiary UAB Lino apdaila (hereinafter – the Group), which comprise the statement on financial position of the Group and of the Company as of 31 December 2019, the income statement and the statement of other comprehensive income of the Group and the Company for the year then ended, the cash flow statement of the Group and the Company, the statement on changes in equity of the Group and the Company, Notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Group and of the Company present fairly, in all material respects, the financial position of the Group and the Company as of 31 December 2019, the financial performance results of the Group and the Company for the year then ended, and the cash flows of the Group and the Company in accordance with the International Financial Reporting Standards as adopted by the European Union.

Basis for opinion

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

Key Audit Matters

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

1. Evaluation of financial assets

The Company's loans granted to the associated companies and receivables of the associated companies amounted to EUR 1,170,992 as at 31 December 2019. The Company's management assessed whether there is an indication and objective evidence that the financial asset is impaired. The as-

assessment relied on the data from the financial statements of the associated companies. The following key financial indicators were verified: profitability, EBITDA, profitability of investments, overall liquidity; it was also verified if market interest rate did not change significantly. All the information relating to the financial assets of the Group and Company is disclosed in Note 4.9 of the Group's and Company's financial statements. We obtained understanding on how management assessed financial assets and reviewed disclosures by the Company and adequacy of the assessment results.

2. Transactions with related parties

The Group and the Company, in their financial statements of 2019, disclosed related companies in Note 3 of section 'General' and specified key transactions with the related and associated parties in financial statement's Note 4.22. All the intercompany transactions are carried out at the prices set out in the contract. We reviewed transfer pricing documentation developed by the management, contracts and transactions with the related parties and evaluated adequacy of the information disclosed in the Note 4.22.

3. Net realisable value for inventories

As of 31 December 2019, the inventories of the Group as recorded in the financial statements were worth EUR 5,522,867. The balance of the inventories is material for the Group; therefore the management is required to carry out an evaluation with a view to identifying an impairment of obsolete inventory. This is important as the inventory accounts for more than 50 per cent of the entire assets of the Group. We have clarified the method used by the management to estimate the net realisable value of the inventory and the impairment of obsolete inventory. We analysed the data of the obsolete inventory and assessed the sufficiency of the information disclosed in Note 2.5 and Table 4.5 of the financial statements of the Group.

Other information

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

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

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

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

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

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

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

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

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

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

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

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

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

- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group and the Company. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

In accordance with the decision made by the General Meeting of Shareholders at 16 May 2017 we have been chosen to carry out the audit of Group's consolidated financial statements. Our appointment to carry out the audit of Group's consolidated financial statements in accordance with the decision made by the General Meeting of Shareholders is renewed every three years and the period of total uninterrupted engagement is five years.

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

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

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

Irma Kamarauskienė
Certified auditor
Auditor's certificate No 000113



UAB "AUDITO SPRENDIMAI"
Audit firm's certificate No 001415
Šeimyniškių st. 16, LT-09312 Vilnius

1 April 2020

Linax, AB
Company Code 147689083
S. Kerbedzio 23, Panevezys

CONFIRMED by
General shareholders' meeting
of
Act No.
Financial statements
formation date - 21 03 2020

STATEMENT OF FINANCIAL POSITION
31/12/2019

Formulated according to TFAS

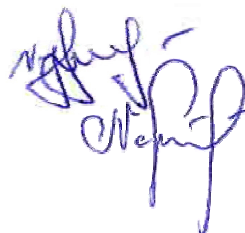
Reporting cycle 01 01 2019 - 31 12 2019

EUR

No.	ASSETS	Note No.	GROUP		COMPANY	
			Financial year	Previous financial year	Financial year	Previous financial year
A.	Long-term assets		3,437,670	3,536,810	3,300,126	3,360,894
1.	Intangible assets	2.2.;4.1.;4.3.	46,430	50,707	46,430	50,707
1.1.	Developmental works					
1.2.	Prestige					
1.3.	Software		46,430	50,707	46,430	50,707
1.4.	Concessions, patents, licenses, brands and other rights					
1.5.	Other intangible assets					
1.6.	Paid advance					
2.	Tangible assets	2.3.;4.2.;4.3.	2,018,705	2,140,370	1,878,265	1,961,558
2.1.	Land					
2.2.	Buildings and structures		1,274,217	1,381,002	1,274,216	1,380,406
2.3.	Machinery and equipment		267,003	336,644	127,725	160,986
2.4.	Means of transport		87,787	32,013	86,628	29,654
2.5.	Other equipment, appliances and instruments		15,797	16,810	15,795	16,611
2.6.	Investment property		373,901	373,901	373,901	373,901
2.6.1.	Land		373,901	373,901	373,901	373,901
2.6.2.	Buildings					
2.7.	Paid advance and executed tangible property building (production) works					
3.	Financial assets	2.4.;4.4.;4.6.	1,372,524	1,345,722	1,375,420	1,348,618
3.1.	Companies' shares of Group of companies				2,896	2,896
3.2.	Loans for the companies' of Group of companies					
3.3.	Companies' receivable sums from Group of companies					
3.4.	Shares of associated companies					
3.5.	Loans for associated companies		1,352,519	1,316,901	1,352,519	1,316,901
3.6.	Receivable sums from associated companies		19,716	28,532	19,716	28,532
3.7.	Long-term investments		290	290	290	290
3.8.	Amounts received after one year					
3.9.	Other financial assets					
4.	Other long-term assets		11	11	11	11
4.1.	Deferred corporation tax assets	2.16.3.;4.24.	11	11	11	11
4.2.	Biological property			0		0
4.3.	Other assets			0		0
B.	Short-term assets		7,395,331	7,013,264	7,305,857	7,039,527
1.	Stocks	2.5.;4.5.	5,715,047	4,678,797	5,680,494	4,713,938
1.1.	Raw materials, materials and spare parts		3,397,857	2,256,163	3,383,151	2,239,368
1.2.	Unfinished production and executed jobs		44,719	23,597		
1.3.	Production		2,077,561	2,082,260	2,104,964	2,161,931
1.4.	Goods, purchased for resell		2,730	4,443	2,730	4,443
1.5.	Biological property					
1.6.	Long-term tangible property for sale					
1.7.	Paid advance	4.6.	192,180	312,334	189,649	308,196
2.	Amounts, receivable during one year	2.6.;4.7.;4.8.	1,298,837	1,719,239	1,253,924	1,719,239
2.1.	Customers' debts		1,072,473	1,425,053	1,072,473	1,425,053
2.2.	Companies' debts of Group of companies					
2.3.	Debts of associated companies			58,649		58,649
2.4.	Other receivable amounts		226,364	235,537	181,451	235,537
3.	Short-term investments	2.7.				
3.1.	Companies' shares of Group of companies					
3.2.	Other investment					
4.	Currency and its equivalents	2.7.	381,447	615,228	371,439	606,350
C.	Transfer accounts	2.8.;4.10.	46,624	50,973	44,536	48,924
	Total assets		10,879,626	10,601,047	10,650,520	10,449,345

No.	PRIVATE ASSETS AND OBLIGATIONS	Note No.	GROUP		COMPANY	
			Financial year	Previous financial year	Financial year	Previous financial year
D.	Private assets	2.9.	8,360,122	8,251,426	8,001,638	7,833,846
1.	Capital	4.11.	6,971,307	6,971,307	6,971,307	6,971,307
1.1.	Authorized (signed) capital		6,971,307	6,971,307	6,971,307	6,971,307
1.2.	Signed unpaid capital (-)					
1.3.	Private shares(-)					
2.	Shares premiums					
3.	Revaluation reserve					
4.	Reserves	4.12.	479,319	170,290	309,029	
4.1.	Obligatory reserve		44,890	290	44,600	
4.2.	For purchase of proprietary shares		264,429		264,429	
4.3.	Other reserves		170,000	170,000		
5.	Retained profit (losses)	4.13.;4.26.	909,496	1,109,829	721,302	862,539
5.1.	Profit of reporting year (losses)		108,697	507,524	167,792	891,998
5.2.	Profit (loss) of previous year		800,799	602,305	553,510	(29,459)
6.	Change influence of exchange rate					
7.	Non-controlled part					
E.	Grants, subsidies	2.10.;4.14.	341		341	
F.	Provisions	4.10.				
1.	Provisions of pensions and similar obligations					
2.	Taxes postponements					
3.	Other provisions					
G.	Payable amounts and other obligations	2.11.;4.15.	2,510,383	2,342,005	2,642,290	2,610,354
1.	Amounts payable after one year and other long-term obligations		132,632	309,474	132,632	309,474
1.1.	Liabilities of debts					
1.2.	Debts for credit institutions	4.16.	132,632	309,474	132,632	309,474
1.3.	Received advance					
1.4.	Debts to suppliers					
1.5.	Payable sums acc.to bills and cheque					
1.6.	Payable sums for companies of Group of companies					
1.7.	Payable sums for associated companies					
1.8.	Other payable amounts and long-term obligations					
2.	Amounts payable within one year and other short-term obligations		2,377,751	2,032,531	2,509,658	2,300,880
2.1.	Liabilities of debts					
2.2.	Debts for credit institutions	4.16.	176,842	176,842	176,842	176,842
2.3.	Received advance		76,565	44,873	76,565	44,873
2.4.	Debts to suppliers		1,915,971	718,756	1,801,993	705,617
2.5.	Payable sums acc.to bills and cheque					0
2.6.	Payable sums for companies of Group of companies				359,861	545,826
2.7.	Payable sums for associated companies			881,568		722,298
2.8.	Profit tax payment obligations			2,281		0
2.9.	Obligations related to work relations	4.17.	142,153	137,268	63,382	65,808
2.10.	Other payable amounts and short-term obligations		66,220	70,942	31,015	39,616
H.	Accrued charges and deferred income	2.13.	8,780	7,616	6,251	5,145
	Total proprietary capital and obligations		10,879,626	10,601,047	10,650,520	10,449,345

Director



Vilita Skersienė

Chief accountant

Vanda Nekrašaitė

Linās, AB
Company Code 147689083
S. Kerbedzio 23, Panevezys

CONFIRMED by
General shareholders' meeting
of
Act No.
Financial statements
formation date - 21 03 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
31/12/2019

Formulated according to TFAS
Reporting cycle 01 01 2019 - 31 12 2019

EUR

No.	ARTICLES	Note No.	GROUP		COMPANY	
			Financial year	Previous financial year	Financial year	Previous financial year
1.	Sale income	2.14.2.;4.18.	12,978,240	12,709,214	12,974,658	12,705,343
1.1.	Income for sold goods		12,593,495	12,333,830	12,593,495	12,333,860
1.2.	Income for sold services		384,745	375,384	381,163	371,483
2.	Sale cost price	2.15.3.;4.18.	(11,050,093)	(10,325,934)	(11,357,088)	(10,918,890)
2.1.	Cost price of sold production		(10,836,108)	(10,106,155)	(11,143,103)	(10,701,913)
2.2.	Cost price of sold services		(213,985)	(219,779)	(213,985)	(216,977)
3.	Real value change of biological property					0
4.	GROSS PROFIT (LOSS)	4.18.	1,928,147	2,383,279	1,617,570	1,786,453
5.	Selling expenses	2.15.4.;4.19.	(682,165)	(639,763)	(679,246)	(639,254)
6.	General and administrative expenses	2.15.4.;4.19.	(1,380,929)	(1,387,435)	(1,059,454)	(1,069,963)
7.	Results of other activity		254,014	215,364	298,966	238,656
7.1.	Income	2.14.6.;4.20.	967,644	1,069,980	1,006,276	1,075,785
7.2.	Expenses	2.15.5.;4.20.	(713,630)	(854,616)	(707,310)	(837,129)
8.	Investments incomes into the shares of patronise, patronized and associated companies					600,000
9.	Incomes of other long-term investments and loans	2.14.7.;4.21.;4.25.	35,618	37,260	35,618	37,260
10.	Incomes of other interest or similar incomes	2.14.7.;4.21.	18,091	12,914	18,090	12,914
11.	Value decrease of financial property and short-term investments	2.15.6.;4.21.				0
12.	Costs of interest and other similar costs	2.15.6.;4.21.	(30,787)	(22,423)	(30,786)	(22,422)
13.	PROFIT (LOSS) BEFORE TAXATION		141,989	599,196	200,758	943,644
14.	Profit tax	2.16.;4.23.	(33,292)	(91,673)	(32,966)	(51,645)
15.	PROFIT (LOSS) BEFORE NON-CONTROLLED PART		108,697	507,524	167,792	891,998
16.	Non-controlled part					0
17.	NET PROFIT (LOSS)		108,697	507,524	167,792	891,998
18.	OTHER COMPREHENSIVE INCOME					0
19.	Earnings (loss) per share		0.005	0.021	0.007	0.037

Director

Vilīta Skersienė

Chief accountant

Vanda Nekrašaitė

Linas, AB
 Company Code 147689083
 S. Kerbedzio 23, Panevezys

CONFIRMED by
 General shareholders' meeting
 of
 Act No.
 Financial statements
 formation date - 21 03 2020

STATEMENT OF LINAS, AB ENTERPRISE GROUP CHANGES IN EQUITY
31/12/2019

Reporting cycle 01 01 2019 - 31 12 2019

EUR

	Remarks No.	Paid-up authorized capital	Additions to shares	Private shares (-)	Revaluation reserve (results)		Law covered reserves		Other reserves	Unappropriated profit (loss)	The influence of currency rate change	Not controlled part	Total
					Long-term tangible assets	Financial assets	Obligatory	Private shares procurement					
		1	2	3	4	5	6	7	8	9	10	11	12
Remainder on 31 December, 2017		6,971,307	0	0	0	0	290	0	170,000	602,305	0	0	7,743,902
Profit/loss not acknowledged in statement of profit or loss and other comprehensive income													0
Net profit / loss of the current period	2.9.;4.13.									507,524			507,524
Part of profit allocated for dividend payment										0			0
Formed reserves	2.9.;4.12.								170,000	(170,000)			0
Liquidates reserves	2.9.;4.12.								(170,000)	170,000			0
Remainder on 31 December, 2018		6,971,307	0	0	0	0	290	0	170,000	1,109,829	0	0	8,251,426
Profit/loss not acknowledged in statement of profit or loss and other comprehensive income													0
Net profit / loss of the current period	2.9.;4.13.									138,732			138,732
Formed reserves	2.9.;4.12.						44,600	264,429	170,000	(479,029)			0
Liquidates reserves	2.9.;4.12.								(170,000)	170,000			0
Remainder on 31 December, 2019		6,971,307	0	0	0	0	44,890	264,429	170,000	939,532	0	0	8,390,158

Director

Vilita Skersienė

Chief accountant

Vanda Nekrašaitė

Linas, AB
 Company Code 147689083
 S. Kerbedzio 23, Panevezys

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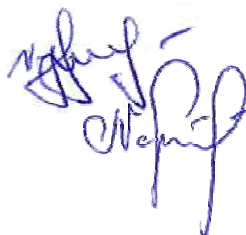
STATEMENT OF CHANGES IN EQUITY
31/12/2019

Reporting cycle 01 01 2019 - 31 12 2019

EUR

	Remarks No.	Paid-up authorized capital	Additions to shares	Private shares (-)	Revaluation reserve (results)		Law covered reserves		Other reserves	Unappropriated profit (loss)	The influence of currency rate change	Not controlled part	Total
					Long-term tangible assets	Financial assets	Obligatory	Private shares procurement					
		1	2	3	4	5	6	7	8	9	10	11	12
Remainder on 31 December, 2017		6,971,307	0	0	0	0	0	0	0	(29,459)	0	0	6,941,848
Profit/loss not acknowledged in statement of profit or loss and other comprehensive income													0
Net profit / loss of the current period	2.9.;4.13.									891,998			891,998
Part of profit allocated for dividend payment													0
Formed reserves	2.9.;4.12.												0
Liquidates reserves	2.9.;4.12.												0
Remainder on 31 December, 2018		6,971,307	0	0	0	0	0	0	0	862,539	0	0	7,833,846
Profit/loss not acknowledged in statement of profit or loss and other comprehensive income													0
Net profit / loss of the current period	2.9.;4.13.									197,618			197,618
Formed reserves	2.9.;4.12.						44,600	264,429		(309,029)			0
Liquidates reserves	2.9.;4.12.												0
Remainder on 31 December, 2019		6,971,307	0	0	0	0	44,600	264,429	0	751,128	0	0	8,031,464

Director



Vilita Skersienė

Chief accountant

Vanda Nekrašaitė

Linas, AB
Company Code 147689083
S. Kerbedzio 23, Panevezys

Formed in direct pattern
CONFIRMED by
General shareholders' meeting
of
Act No.
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formation date - 21 03 2020

STATEMENT OF CASH FLOWS

31/12/2019

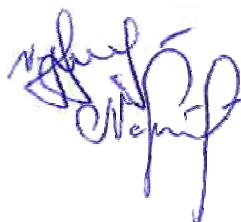
Reporting cycle 01 01 2019 - 31 12 2019

EUR

No.	Articles	Note No.	GROUP		COMPANY	
			Financial year	Previous financial year	Financial year	Previous financial year
I.	Primary activity currency circulation					
I.1.	Earnings of report period (including VAT)		14,883,859	13,801,242	14,876,013	13,794,651
I.1.1.	Earnings from clients		14,648,630	13,705,197	14,644,079	13,700,281
I.1.2.	Other earnings		235,229	96,045	231,934	94,370
I.2.	Report period payouts		(14,834,321)	(13,392,554)	(14,828,976)	(13,383,802)
I.2.1.	Payouts to suppliers of products, raw materials and services(including VAT)		(13,225,283)	(11,624,762)	(14,008,280)	(12,542,425)
I.2.2.	Monetary payouts related to work relations		(1,429,475)	(1,539,471)	(656,570)	(651,581)
I.2.3.	Taxes paid to budget		(39,963)	(39,351)	(27,433)	(7,637)
I.2.4.	Other payouts		(139,600)	(188,970)	(136,693)	(182,159)
	Cash circulation of primary activity		49,538	408,688	47,037	410,849
II.	Currency circulation of investment activity		0	0	0	0
II.1.	Procurement of long-term assets (excluding investments)		(86,579)	(249,124)	(85,208)	(244,998)
II.2.	Transfer of long-term assets (excluding investments)		0	0	0	0
II.3.	Procurement of long-term investments		0	0	0	0
II.4.	Procurement of short-term investments		0	0	0	0
II.5.	Transfer of short-term investments		0	0	0	0
II.6.	Transfer of long-term investments		0	0	0	0
II.7.	Provision of loans		0	0	0	0
II.8.	Return of loans		0	0	0	0
II.9.	Received dividends		0	0	0	0
II.10.	Interest received for loans granted and investment		0	0	0	0
II.11.	Other currency circulation increases of investment activities		0	0	0	0
II.12.	Other currency circulation decreases of investment activities		0	0	0	0
	Cash circulation of investment activity		(86,579)	(249,124)	(85,208)	(244,998)
III.	Currency circulation of financial activity		0	0	0	0
III.1.	Currency circulation related to company owners		0	0	0	0
III.1.1.	Emission of shares		0	0	0	0
III.1.2.	Owners' contributions to loss reimbursements		0	0	0	0
III.1.3.	Procurement of own shares		0	0	0	0
III.1.4.	Payout of dividends		0	0	0	0
III.2.	Currency circulation related to other financial sources		0	(199,063)	0	(199,063)
III.2.1.	Increase of financial debts		0	0	0	0
III.2.1.1.	Receipt of loans from credit institutions		105,488	0	105,488	0
III.2.1.2.	Receipt of loans from associated and third parties		0	0	0	0
III.2.1.3.	Emission of bonds		0	0	0	0
III.2.2.	Reduction of financial debts		(300,383)	(199,063)	(300,383)	(199,063)
III.2.2.1.	Return of loans to credit institutions		(282,330)	(176,842)	(282,330)	(176,842)
III.2.2.2.	Return of loans to associated and third parties		0	0	0	0
III.2.2.3.	Procurement of bonds		0	0	0	0
III.2.2.4.	Interest paid		(18,053)	(22,221)	(18,053)	(22,221)
III.2.2.5.	Leasing (financial rent) payments		0	0	0	0
III.2.3.	Interests received for bank accounts		0	0	0	0
III.2.4.	Increase of company's other liabilities		0	0	0	0
III.2.5.	Reduction of company's other liabilities		0	0	0	0
III.3.	Other increases of currency circulation of financial activity		(911)	212	(911)	211
III.4.	Other reductions of currency circulation of financial activity		1,652	(842)	1,652	(841)
	Cash circulation of financial activity		(194,154)	(199,694)	(194,155)	(199,694)
IV.	Impact of currency exchange rates to cash and equivalent currency remainder		(2,585)	700	(2,585)	700
V.	Net currency circulation increase (reduction)		(233,780)	(39,430)	(234,911)	(33,143)
VI.	Currency and currency equivalents at the beginning of the period	2.7.	615,228	654,658	606,350	639,493
VII.	Currency and currency equivalents at the end of the period	2.7.	381,447	615,228	371,439	606,350

Director

Chief accountant



Vilita Skersienė

Vanda Nekrašaitė

Public company AB LINAS

Entity code 147689083

S. Kerbedžio St. 23, Panevėžys

APPROVED

General meeting of shareholders

Resolution No.

of _____ 2020

Financial statements drawing up
date

21 March 2020

NOTES**TO THE FINANCIAL STATEMENTS FOR 2019****31 December 2019**

Beginning of the reporting period – 01-01-2019

End the reporting period – 12-01-2019

I. GENERAL PART

1. AB Linas started its operations in 1957. A public company AB Linas (hereinafter – the Company) was registered on 8 March 1993, registration No. 003429, company code – 147689083, data accumulated and stored at the Register of Legal Entities. Address: S. Kerbedžio St. 23, Panevėžys, LT-35114. Tel. (370 - 45) 506100, fax.: (370 - 45) 506345, E-mail address: office@linas.lt; internet website: www.linas.lt. The Company operates in accordance with the Law on Companies of the Republic of Lithuania, the Company's Articles of Association, other effective legal acts of the Republic of Lithuania.

As of 31 December 2019, AB Linas Company Group (hereinafter – the Group) consisted of the parent company AB Linas, and its subsidiary *UAB Lino apdaila* (hereinafter – the Subsidiary). UAB Lino apdaila was registered in the Register of Legal Entities on 23 May 2008, registration No. 114552, company code 301733421. The registered office of the Subsidiary is located at S. Kerbedžio St. 23, Panevėžys. AB Linas owns 100 % of the shares of the Subsidiary.

Copies of the consolidated financial statements of the Group are available at the Register of Legal Entities of the Republic of Lithuania of the State Enterprise Centre of Registers and on the website of the Stock Exchange AB NASDAQ OMX Vilnius.

With respect to drawing up the financial statements for 2019 the Group is subject to the requirements of for a large company.

2. The financial year of the Group starts on 1 January and ends on 31 December.

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

Companies related to the Group:

- *UAB Rivena*, company code 302521510, registered office address – P. Žadeikos St. 13-35, Vilnius, type of activities – rent of movable and immovable property, development of immovable property projects;

4. Starting from 1 January 2015, the currency of the financial statements of AB Linas is euro.

5. Acting in accordance with the Law on the Euro Adoption in the Republic of Lithuania, and the Law on Redenomination to the Euro of the Capital and of the Nominal Value of Securities of Public Limited Liability Companies and Private Limited Liability Companies and Amendment of the Articles of Association of These Companies of the Republic of Lithuania, at the General meeting of shareholders of 19 May 2015 the shareholders of the Company determined that the nominal value of the Company's shares is EUR 0.29, and the Company's authorised capital is equal to EUR 6,971,307.10. The Company's Articles of Association were registered in the Register of Legal Entities on 16 June 2017.

6. On 31 December 2019, the Company's authorised capital was worth EUR 6,971,307.10; the capital was divided into 24,038,990 registered ordinary shares, each being of EUR 0.29 in value. The Company does not have any issued and yet unpaid shares. Shares of AB Linas are listed in the Baltic Secondary Trading List of AB NASDAQ OMX Vilnius.

7. Average number of employees at the Group and the Company by categories:

	Average payroll of the employees of the Group		Average number of employees of the Company	
	2019	2018	2019	2018
Key executives	3	3	2	2
Unit managers	5	5	4	1
Specialists	39	37	29	31
Workers	101	100	19	19
Total	148	145	54	53

Note. Key positions assigned to the key executives of the Group and the Company are the Director and the Finance Manager.

8. The principal activity of the Group is production and sales of textile products.

The principal activity of a public company Linas is trade in linen products and provision of related services; another area of activity of the Company is management of financial assets (shares and granted loans), supply of heat energy, rent of property, accounting and administration services.

The activities carried out by UAB Lino apdaila – provision of textile production services, i.e. sewing of textile articles.

9. During 2019, the Group delivered the following production: 823 thous. pieces sewn (1,053 thous. in 2018), for which the Company used 445 thous. m. of finished fabrics (623 thous. m. in 2018).

During 2019, the Group ordered to produce the following production services for the Group: dyed yarn – 68 tonnes (67 tonnes in 2018); woven raw fabric – 761 thous. m. (669 thous. m. in 2018); finishing carried out for 1,931 thous. m. of fabric (1,948 thous. m in 2018). During 2019 for sewn items was used 20.4 % of all fabric (28.6 % in 2018)

Linen textile products are organic and do not produce any adverse effect upon nature and the environment. The Group operates according to universally recognised quality requirements compliant with OEKO-TEX 100 standards.

10. The export (outside Lithuania) accounted for 73.5 % of the total realised Group's output. Breakdown of sales by counties:

Country	Comparative weighing, %
Lithuania	26.5
Sweden	9.4
Great Britain	9.2
Spain	7.2
Japan	6.0
Finland	5.7
Latvia	4.9
United States of America	4.0
Denmark	3.7
France	3.6
Estonia	3.5
South Korea	3.0
Germany	2.9
Belgium	2.0
Other countries (less than 2 %)	8.4

11. During 2019, the AB Linas company Group sold linen articles and provided services for total EUR 12,978 thous. EUR. As compared to 2018, the sales income decreased by 269 thous. EUR, or by 2.1%.

During 2019, the Group's principal activity's result was a profit 133 thous. EUR, compared to 508 thous. EUR in 2018.

The Group results of 2019 comparing with 2018 determined:

- the shortage of flax fibers on the market and the increase in prices, which increased the cost of sales;
- decrease in sales of sewn products (28.6% in terms of sewn fabric meters), which had a negative impact on the Subsidiary's results.

New textile products and the collections of the AB Linas company Group are created taking into account the trends of the coming season, stylistic directions, fashion and technology innovations. The AB Linas company Group produces and supplies linen textile articles to consumers who appreciate the combination of naturalness and modernity, high quality of products, flexibility, tailor-made production according to individual customer requirements, speed of order execution.

The Group operates company textile product stores: Gija, address: S. Kerbedžio St. 23, Panevėžys, and an online store www.linodovanos.lt.

12. *UAB Audito sprendimai* (company code 220258280) carried out an audit of the financial statements of the Company for 2019, and the consolidated financial statements of the Group for 2019. During 2019, EUR 5,180 were recorded in costs for the services provided by *UAB Audito sprendimai*.

During the financial year EUR 2,460 were recorded for the audit of the financial statements for 2019 of *UAB Lino apdaila* carried out by *UAB Audito sprendimai*.

The accrued costs related to audit are carried in the 'Accrued costs and deferred income' of the Statement of financial position for 2019.

13. The data submitted in the annual financial statements are based on the stock-taking of the assets operated by the Group and its liabilities.

14. The data submitted in the annual financial statements of the Group and the Company for 2019, and the Notes to the financial statements comply with the provisions of the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), the legal acts of the Republic of Lithuania governing accounting and the drawing up of financial statements, as well as other legal acts of the Republic of Lithuania.

15. Risk management

2020 the outbreak of the COVID-19 virus has begun, with a possible economic link with the world. Only if the main risk is a business continuity risk:

Business continuity or liquidity risk relates to an organization's ability to continue as a going concern now and in the foreseeable future. The global pandemic declared to the World Health Organization, the state of emergency declared by the Government of the Republic of Lithuania and quarantine will have a negative impact on the Group's operations.

The company sells its products widely worldwide. Most of the production is sold in Europe. The declaration of a global pandemic and quarantines in individual countries limit the volume of sales of products, and thus the volume of production. Due to the diversification of the Company's sales portfolio, it is likely that sales volumes in different countries will fall and will be able to increase faster. It is likely that different countries will fight the COVID-19 outbreak and its aftermath of the economic recession at different rates, so that sales, as well as production, will be gradually restored over the next year and a half.

For 2019 due to the increased demand for raw materials and rising prices of raw materials, the Company, having free working capital, increased the stocks of raw materials, therefore the Company currently has a surplus of raw materials. Excess quantities of raw materials are favorable for the current economic situation affected by the outbreak of the virus, because in the event of disturbances in the international movement of goods, shortening the terms of payment for raw materials, the Company does not feel any negative or minimal impact. At the end of quarantine in Lithuania or in the countries to which the products are exported, the Company will be able to resume production immediately and is unlikely to experience temporary cash flow fluctuations due to urgently needed raw materials, relatively short deferral periods, deadlines for payments for production.

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 possibility of a pessimistic scenario of activity and business development is not ruled out: due to quarantine in Lithuania and foreign countries, retail sales of non-food products are temporarily restricted, which will affect both wholesale and retail sales, which may cause the Group to temporarily suspend operations. 2020 March. Legislative amendments adopted at the national level and the prepared Economic Stimulus Plan provide for a state subsidy to compensate for the costs of employee downtime in the event of an emergency (70% or 90%), as well as tax payments, deferral of payment of creditors' obligations and other state aid measures. The aid will enable the Group to balance cash flows and save jobs. The Group has accumulated sufficient funds to pay for employee downtime, and also has working capital agreements with the bank that would allow it to balance cash flows on favorable terms. The Group forecasts negative cash flows, but has the aforementioned banking instruments that will allow it to balance flows.

The Group has reached verbal agreements with the lessor of production equipment to reduce the rent if necessary throughout the quarantine period, which will reduce fixed costs during partial downtime. The Company has real estate related to production activities, therefore, if necessary, will consider the possibility of selling unused real estate.

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. Due to the prevailing uncertainty, it is difficult to objectively assess the

risks during a pandemic, but it can be assumed that the Group should not face serious business continuity issues.

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 thirty days, and suppliers of raw materials in 15-60 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.

Liquidity risk is the risk that the Group and the Company will not be able to fulfil its financial liabilities when due. The purpose of management the liquidity risk is to ensure, as efficient as possible, the sufficient liquidity of the company Group, enabling the Group to fulfil its obligations, under regular and complex conditions, without suffering unacceptable loss or being exposed to the risk of losing reputation.

Data of the relative financial indicators of the AB Linas Group.

Ratios	Group			Company		
	2019	2018	Change	2019	2018	Change
Debt-equity ratio	0.30	0.28	0.02	0.33	0.33	0.00
Short-term solvency (quick ratio) coefficient	0.71	1.15	-0.44	0.65	1.01	-0.36
Gross debt coefficient	0.23	0.22	0.01	0.25	0.25	0.00
Overall solvency coefficient	3.33	3.52	-0.19	3.03	3.00	0.03

During 2019, the operations of the Company and the Group companies was profit generating, its financial status was stable, and although the solvency ratios suffered some marginal negative trends (decrease), the gross solvency ratio remains of proper level, the working capital was positive, therefore it could be assumed that in the near future the Group is not expect to face any serious going concern issues.

Note 4.15 to the financial statements presents the information on the financial liabilities by their due term (in years) of the Group and the Company as of 31 December 2019 and 31 December 2018.

AB Linas has concluded with the Bank an account crediting contract, according to which the Company was granted a credit facility of 145 thous. EUR. The Company was granted a credit amount of 290 thous. EUR according to the liabilities limit contract concluded between the Bank and AB Linas, and a credit of 840 thous. EUR according to the crediting contract. For 2019, 309 thous. EUR were recorded as the financial loans to credit institutions in the statement on financial position of the Group and the Company. No leasing (financial lease) or factoring obligations have been undertaken by the Company or the Group. The terms for the repayment of the debts to credit institutions as of 31 December 2019 and 31 December 2018 are disclosed in Note 4.16 to the financial statements.

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 biggest risk faced by AB Linas is the seasonality of demand: 08-11 months average monthly turnover is up to 30% higher than in other months. As a result, the production capacity of the Group and the manufacturing companies is unequally utilized. 90-100% of the production capacity is used up in demand period, up to 70% in the following months. As a result, the company is trying to equalize production capacity by manufacturing certain products during off-peak times to increase sales during peak times. Because the company's sales are closely linked to fashion, the company faces another risk in comparing production when it comes to producing non-demand products.

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 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.

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.

A comparative analysis of the amounts receivable by the Group and the Company in the course of one year from the Group's companies, associated companies as of 31 December 2019 and 31 December 2018:

	Outstanding debts, EUR	Overdue debts, EUR				Total, EUR
		Less than 30 days	30-90 days	90-180 days	More than 180 days	
Group						
31 December 2019	1,201,650	139,560	14,326	434	1,435	1,353,923
31 December 2018	1,326,021	143,091	10,204	1,562	2,821	1,483,702
Company						
31 December 2019	1,201,650	139,560	14,326	434	1,435	1,353,923
31 December 2018	1,326,021	143,091	10,204	1,562	2,821	1,483,702

On 31 December 2019, 91.6 per cent of the amounts receivable from buyers (i.e. associated companies) were insured by credit insurance (88.29 per cent on 31 December 2018). Maximum possible loss in the carrying amount due to risk related to the amounts receivable from the buyers, the associated companies are marginal, estimated at 0.4 per cent. Regarding the overdue amounts receivable from buyers, associated companies, there are no indications that the debtors will not be able to discharge their payment obligations.

There is a possible credit risk arising from the financial assets consisting of the amount receivable after one year, loans to associated companies, loans to associated companies, related to the inability of the clients to fail upon their obligations, and is equal to the carrying amount.

For the purpose of managing the risk the companies guarantee their obligations related to the loans by their asset, guarantees or sureties. In relation to drawing up its financial statements the Group companies determine if there are any objective assumptions that the financial assets may suffer some impairment.

As of 31 December 2019, the value of granted guarantees is sufficient to cover the debts. Note 4.25 to the financial statements presents the information on the rights and obligations of the Group and the Company not indicated in the statement on financial position as of 31 December 2019 and 31 December 2018.

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 is considering 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.

II.ACCOUNTING POLICY

1. Legal acts underlying the drawing up of the financial statements

The Group manages accounting and prepares financial statements in accordance with International Financial Reporting Standards (IFRS) adopted in the European Union (EU) and legal acts regulating accounting and preparation of financial statements of the Republic of Lithuania, as well as the requirements of other legal acts of the Republic of Lithuania.

The Group and the Company have applied the following International Financial Reporting Standards and their amendments relevant to the Group and the Company:

IFRS 16 Leases (effective for annual periods beginning on or after 1 January 2019, at the latest). The new standard sets out the principles for recognizing, measuring, presenting and disclosing leases. Under all types of leases, the lessee acquires the right to use the property at the inception of the lease and, if the lease payments are made over a period of time, also receives financing. As a result, IFRS 16 removes the distinction between leases and operating leases or finance leases, as required by IAS 17, and provides a general accounting model for the lessee instead. Lessees shall recognize: (a) assets and liabilities of all leases of more than 12 months, unless the value of the assets transferred under the lease is insignificant; (b) depreciation of the leased asset separately from interest on the lease liability in the income statement. IFRS 16 translates, in substance, lessor accounting requirements as defined in IAS 17. For this reason, the lessor must further subdivide the lease into an operating lease or a finance lease and account for the two types of lease differently. The lease agreements of the Group and the Company are short-term in nature, as they can be terminated in full within 1 month. The agreements do not create long-term liabilities, therefore Management believes that the application of the standard does not have a significant impact on the financial statements.

IFRIC Interpretation 23 Uncertainty About the Treatment of Income Taxes (effective for annual periods beginning on or after 1 January 2019, at the latest). It clarifies how the recognition and measurement requirements in IAS 12 are to be applied when there is uncertainty about the treatment of income tax. Management believes that the adoption of the amendments does not have a material impact on the financial statements.

2015-2017 Annual Improvements to International Financial Reporting Standards (effective for annual periods beginning on or after 1 January 2019; not yet endorsed by the European Union). The narrow amendments affect four standards: IFRS 3; IFRS 11; 12th drive TAS; 23rd time TAS. The purpose of the annual improvements is to address non-urgent but necessary issues discussed by the IASB during the project cycle that relate to inconsistencies in International Financial Reporting Standards or in cases where wording needs to be clarified. Management believes that the adoption of the amendments does not have a material impact on the financial statements.

“Long-term interests in associates and joint ventures” are amendments to IAS 28 (effective for annual periods beginning on or after 1 January 2019). The purpose of the amendments is to clarify that the impairment requirements of International Financial Reporting Standard (IFRS) 9 “Financial Instruments” apply to long-term interests in associates and joint ventures. Management has

performed an impact assessment of the application of the standard and believes that it will not affect the financial statements of the Group and the Company.

Advance Payment Features with Negative Compensation - Amendments to IFRS 9 (effective for annual periods beginning on or after 1 January 2019, at the latest). The purpose of the amendments is to clarify the grouping of certain prepaid financial assets in application of IFRS 9. Management has performed an impact assessment of the application of the standard and believes that it will not affect the financial statements of the Group and the Company.

Amendment, reduction or settlement of the plan (amendments to IAS 19) (effective for annual periods beginning on or after 1 January 2019, at the latest). The objective of the amendments is to clarify that, following a change, curtailment or settlement of a defined benefit plan, an entity should apply the updated assumptions used to reassess the net defined benefit liability (asset) for the remainder of the reporting period. Management has performed an impact assessment of the application of the standard and believes that it will not affect the financial statements of the Group and the Company.

These amendments and improvements did not have a material impact on the financial statements of the Group and the Company.

Within the Group and the Company, the following standards and interpretations that have been approved but are not yet effective will be applied when the EU enters into force and is adopted:

International Accounting Standard (IAS) 1 Presentation of Financial Statements, IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, IAS 34 Interim Financial Reporting, IAS 37 Provisions, Contingent Liabilities and Contingent Liabilities. contingent assets”, IAS 38 Intangible Assets, International Financial Reporting Standard (IFRS) 2 Share-based Payment, IFRS 3 Business Combinations, IFRS 6 Exploration for and Evaluation of Mineral Resources, International Financial Reporting Interpretations Committee's (IFRIC) Interpretation 12 Service Concession Arrangements, IFRIC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments, IFRIC Interpretation 20 Costs of Removing the Surface Layer of the Open-Air Mining Stage, IFRIC 22 Interpretation on Foreign Exchange Transactions and Prepayments and Standing Interpretation (SIC) Interpretation 32 “Intangible Assets. Website development costs” (effective at the latest from the beginning of its first financial year beginning on or after 1 January 2020). The purpose of the amendments is to replace references in previous standards and interpretations to previous bases with new references to revised Conceptual Basis. The Company and the Group are currently assessing the impact of the amendments on the financial statements.

Amendments to International Accounting Standard (IAS) 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020, effective for annual periods beginning on or after 1 January 2020). later, the beginning). The Company and the Group are currently assessing the impact of the amendments on the financial statements.

IAS 39 Financial Instruments. Recognition and measurement, IFRS 7 Financial Instruments: Recognition and Measurement. Disclosure”and amendments to IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2020). The amendments provide for the temporary and limited hedge accounting requirements set out in International Accounting Standard (IAS) 39 Financial Instruments: Recognition and Measurement. Recognition and Measurement”and International Financial Reporting Standard (IFRS) 9“ Financial Instruments”, exceptions to allow companies to continue to comply with the requirements, assuming that existing interest rate benchmarks do not change as a result of interbank interest rate reform. The Company and the Group are currently assessing the impact of these amendments on the financial statements and will integrate their provisions into their accounting policies.

1. Accounting policy

The Company and the company Group have put in place an accounting policy that has been approved by the Manager of the Company and compliant with the provisions of the International Financial Reporting Standards (IFRS) and providing the rules on the measurement of the Company's assets, equity and liabilities, and recognition and the recording in accounting of the Company's income and expenditures underlying the drawing up of financial statements.

2.1. Group level accounting

2.1.1. Subsidiaries are considered to be the companies in which the Group directly or indirectly holds more than half of voting shares or can control by other ways.

2.1.2. The subsidiaries are consolidated as of the date when the Group acquires the control of the companies, and the consolidation is terminated after the control is lost. The inter-group transactions, the balances and unrealised profit/loss from the inter-group transactions are eliminated.

2.1.3. The companies constituting the AB Linas Group apply the same accounting policy in all material respects. There are no material differences in the accounting policies due to which the financial statements of the Group's companies should be rearranged.

2.2. Accounting of non-current intangible assets

2.2.1. Any assets of intangible substance intended to be used in the operations of the Group's companies for longer than one year, is recognised in the accounting as intangible assets provided the assets meet the following criteria:

- a) the Group companies can reasonably expect to obtain economic benefits from the assets;
- b) the acquisition (production) cost of the assets can be reliably measured and separated from the cost of other assets;
- c) the Group companies can manage such assets, control them or restrict the right of others to use them.

2.2.2. The Group's companies have established EUR 900 as a minimum acquisition (production) costs, above which any acquired intangible assets must be assigned to non-current intangible assets.

2.2.3. The non-current intangible assets are recorded in the statement on financial position at residual value that shall be computed deducting the accrued amortisation from the acquisition cost.

2.2.4. The non-current intangible assets are amortised applying the amortisation rates set forth by the Group's companies. Appreciation is calculated applying the straight-line (linear) method. Intangible assets are amortised starting from the 1st day of the month following the start of the utilisation of the assets. The computation of amortisation is terminated starting from the first day of the next month, after the write-off of intangible assets, and in case the assets are sold, the computation of amortisation is terminated as of the sales day.

2.2.5. Subsequent maintenance costs of non-current intangible assets are recognised as expenses of the reporting period when they are incurred.

2.2.6. The Group's companies do not have any non-current intangible assets whose control is limited by legal acts or specific contracts.

2.2.7. No non-current intangible assets of the Group have been pledged as the security of the discharge of the obligations.

2.2.8. Prepayments for non-current intangible assets are recorded in the account of paid advances.

2.2.9. The other information about the non-current intangible assets of the Group and the Company is disclosed in Notes 4.1 and 4.3 to the financial statements.

2.3. Accounting of non-current tangible assets

2.3.1. Tangible assets acquired by the Group are considered non-current assets if the assets have all of the following features:

- a) the Company expects to use it for a period longer than one year;
- b) the Company reasonably expects a flow of economic benefits from such asset in future periods;
- c) the Company can reliably measure the acquisition (production) cost of the asset;
- d) the assets acquisition (production) cost is no lower than the minimum acquisition cost set forth for the entire non-current tangible assets, – EUR 900.00.
- e) risk related to tangible asset has been transferred to the Companies.

2.3.2. Non-current tangible assets are recorded in accounting at their acquisition (production) cost.

2.3.3. The prepayments for non-current tangible assets are recorded in the account of prepaid advances and/or the tangible assets construction (production) works.

2.3.4. The Group companies account for the non-current tangible assets using the acquisition cost method. According to the acquisition cost method the acquired assets of the Company are measured at acquisition cost; in the financial statements such assets are shown at residual value that is computed by deducting the accrued depreciation and the assets impairment if the assets were written down.

2.3.5. The depreciation of non-current assets is computed applying the depreciation rates in years that are established having regard to the planned useful life time, planned intensity of the use, the use environment, the estimated liquidation value and other factors.

2.3.6. The depreciation of the non-current tangible assets is computed under the straight – line (linear) depreciation method; the depreciation is first computed from the 1st of the next month after the assets are prepared to be used in the operations, and no longer computed from the 1st of the next month after the assets are written off or transferred, when the assets are no longer use and when the entire value is transferred to the costs (less the liquidation value).

2.3.7. After the Group companies transfer non-current tangible assets, the companies register the result of such operation – profit or loss from the assets transfer. The profit or loss from the transfer of a non-current tangible asset is computed by deducting from the proceeds the residual value of the transferred asset and all the costs related to the assets transfer. The profit or loss of the transfer of non-current assets, except the financial assets, is assigned to the revenues or costs of other activities.

2.3.8. Any pledged non-current tangible assets or leased from third parties is carried out in the off-balance statements.

2.3.9. The Group's companies do not have any non-current intangible assets depreciated within more than 20 years or whose control is limited by legal acts or specific contracts.

2.3.10. The Group owns non-current material assets pledged as the guarantee for the obligations, in the form of immovable property – buildings and structures, located at Kerbedžio St. 23, Panevėžys.

2.3.11. The other information about the non-current tangible assets of the Group and the Company is disclosed in Notes 4.2 and 4.3 to the financial statements.

2.4. Accounting of financial assets

2.4.1. In the balance sheet the financial assets are broken-down into current and non-current assets.

2.4.2. Financial assets are classified in four groups: financial assets carried at fair value in the income statement, investment held to maturity; loans and amounts receivable; financial assets available for sale.

2.4.3. For the purpose of initially recognising the financial assets the Group companies carry the assets at fair value without deducting any transaction costs incurred in relation to the sales or other transfer of the assets. Exceptions are permitted in the following cases: loans and amounts receivable – non-derivative financial assets with fixed or otherwise established payments, non-quoted at active market – are assessed at amortised cost using the effective interest method; investment held to maturity are measured at amortised cost using an effective interest method; investment in equities that

do not have a quoted market price and whose fair value cannot be reliably measured, also the derivative financial instruments, related to non-quoted equity instruments, and measured at cost when used for settlement.

2.4.4. Profit or loss is recognised through profit or loss, when such financial assets are written-off, impaired or amortised.

2.4.5. When drawing up its financial statements the Group companies determine whether there is any evidence of impairment of the financial assets. In case there is some evidence of impairment of the loans, amounts receivable or the investment held to maturity and measured at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The loss amount is recognised in the income statement and other statement of comprehensive income. If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed (for financial assets carried at cost). When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from equity and recognised in profit or loss even though the financial asset has not been derecognised (for financial assets available for sale).

2.4.6. Other information related to financial assets is disclosed in Note 4.4. to the financial statements.

2.5. Inventories accounting

2.5.1. Inventories is current assets (raw materials, materials, assembly components, work in progress, finished goods and goods purchased for resale) that the Company uses to generate income in the course of one year. The tangible assets that are used in the activities of the Group's companies for more than one year is assigned to current assets – the inventories, when the value of a unit assets is lower than the minimum value of non-current tangible assets set by the Group.

2.5.2. For the purpose of the inventories measurement the Group uses the FIFO method, i.e. based on the assumption that the inventories that were acquired earliest are sold the first.

2.5.3. The inventories of the Group (except the work in progress) are accounted for according to the constantly accounted inventories method, i.e. the accounting records each inventories acquisition (production) or sale (consumption) of inventories. Work in progress is accounted for on a periodic basis, and the accounting period is one month.

2.5.4. When recording in the accounting the inventories are measured at acquisition cost, and with respect to drawing up the financial statements – at the at the lower of the acquisition (production) cost and the realisable value.

2.5.5. Within the Group the production cost consists of direct and indirect expenses. The direct production expenses include the expenses for principal raw materials (materials), components, technological energy costs and direct compensation expenses. The indirect production expenses are the expenses that are not directly related to the production, but are facilitating the production, the expenses that are may not without having significant costs to be assigned to specific products or their groups.

2.5.6. The unit cost of produced semi-finished or finished goods is established by allocating the raw materials expenses for products proportionately to the raw materials consumption norms, and alloctaing other direct and indirect production expenses for products to the norms set by the Group.

2.5.7. Inventories are usually written down to net realisable value item by item or by identical inventories groups. The net realisable value is determined taking into aaccount the purpose for which the inventories are held. Materials and other supplies held for use in the production of inventories are

not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost, unless the Group accumulates excessive quantities of raw or other materials. The amount of the writing down of all inventories to the net realisable value and all inventories loss are recognised as general and administrative costs of the period in which the writing down operation is performed. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of general or administrative expense in the period in which the reversal occurs.

2.5.8. The information about the inventories of the Group and the Company is disclosed in Note 4.7 to the financial statements.

2.5.9. The advances paid for inventories and the services are recorded in the advance account for non-current assets. The information about the advances paid for non-current assets and the services of the Group and the Company is disclosed in Note 4.6 to the financial statements.

2.6. Accounting of receivables

2.6.1. Amounts receivable are the funds or other financial assets receivable from third parties. The receivables include the moneys receivable from third parties for sold production, provided services and short-term loans, interest receivable for rented loans, paid advances for receivable financial assets and other debts to the company recorded under the contracts.

2.6.2. The amounts receivable do not include the advances paid for non-financial assets (e.g. non-current tangible assets, intangible assets, inventories, etc.).

2.6.3. The amounts received in the course of one year are registered at acquisition cost, i.e. the value of receivable consideration.

2.6.4. In relation to drawing up the annual financial statements the amounts receivable are shown at fair value. i.e., less the share of doubtful debts. The costs of doubtful debts are registered in the general and administrative costs, and are included in the income statement and the statement on other comprehensive income.

2.6.5. For the purpose of assessing the doubtful debts the Group applies the direct doubtful debts cost estimation method. The debts whose recoverability is doubtful are transferred to the controlled debts accounts. Amounts receivable are recognised as doubtful having received reliable information of a failure to cover the debts.

2.6.6. Notes 4.7 and 4.8 to the financial statements disclose information about the amounts receivable by the Company and the Group within one year, and doubtful debts and the long-term and short-term loans indicating the currency, interest rates and recovery terms.

2.7. Short-term investment and accounting of monetary assets

2.7.1. The monetary assets of the Group are the cash in euros and foreign currency held in cash and the settlement accounts of banks and money equivalents. At the end of the financial year the Group did not have any money equivalents.

2.7.2. The short-term investment item includes short-term investment in shares and other securities, short-term term deposits and other investment.

2.8. Deferred charges and accrued income

2.8.1. Deferred charges and accrued income are not broken down into long-term and short-term costs or income.

2.8.2. Deferred charges result when the Company during the accounting period and previous accounting periods paid for services of continued nature, the amounts paid for which will be evenly recognised as costs in the course of the future reporting period, when they are incurred.

2.8.3. Accrued income are the amounts recognised as income earned by the Company during the accounting period and previous accounting periods, in respect of which the borrower assumes a

responsibility to pay during the coming reporting periods for services of continued nature, the income earned for which is accrued evenly having regard to the service completion level.

2.8.4. The information about the deferred costs of the Group and the Company is presented in Note 4.10 to the financial statements.

2.9. Equity accounting

2.9.1. The Company's owner's equity includes: the paid-up share of the authorised capital, share premium, legal reserve, other reserves and the retained profit (loss). The information about the Company's authorised capital is presented in Note 4.11 to the financial statements.

2.9.2. The Company has not acquired any own shares. The subsidiary of AB Linas does not have any shares of the Company.

2.9.3. The information about the Company's reserves is presented in Note 4.1 to the financial statements.

2.9.4. The draft profit (loss) distribution drafted by the management of AB Linas is submitted in Note 4.13 to the financial statements.

2.9.5. The profit distribution statement approved by the meeting of shareholders is included in the financial statements of the period according to which the resolution on the profit distribution was passed irrespective of when the profit was earned.

2.10. Accounting of grants and subsidies

2.10.1. A grant (subsidy) is recognised if it is reasonably guaranteed that the Group meets the conditions for granting the grant (subsidy) and there is evidence that the grant (subsidy) will be granted.

2.10.2. Grants (subsidies) are accounted for at accrual principle, i.e., grants received or parts thereof are recognised as used in the periods in which the costs related to the grants (subsidies) are incurred. The statement on financial position records the unused part of the grant (subsidy).

2.10.3. Grants (subsidies) are accounted for at income method. The grants related to income and granted to compensate costs and loss in income, as well as all other grants not assigned to the grants related to the assets.

2.10.4. The grant (subsidy) received by the Group for compensating incurred expenses is recognised to the extent of incurred expenses for the compensation of which the grant is intended, i.e. by reducing the compensatory expenses amounts in the income statement and the statements of comprehensive income.

2.10.5. The information about the grants (subsidies) received (receivable) by the Group and the Company is presented in Note 4.14 to the financial statements.

2.11. Accounting of liabilities

2.11.1. The Group's financial accounting records the existing liabilities, i.e. when the Group companies acquire the liabilities that have to be fulfilled.

2.11.2. The liabilities are grouped according to the due long-term liabilities are those to be discharged by the Company within later than one coming year; short-term liabilities are those to be discharged within one normal operating cycle of the Company or within 12 months.

2.11.3. Initially financial liabilities are measured at fair value – at transaction price (fair value of the compensation due), and subsequently, the financial liabilities are measured at amortised costs using the effective interest method.

2.11.4. The Group's company estimates the liabilities to the employees for the earned annual leaves. The annual leave accrual costs are calculated on a monthly basis. Upon the end of a financial year the amount of accrued annual leave pay is reviewed, by accurately computing the leave time earned and not yet used by the employee and determining an exact amount of accrued annual leave (including social insurance). Due to the insignificance of the amounts the contributions from the

annual leave pays to the Guarantee fund is not computed. The information about the accrued holiday amounts of the Group and the Company is presented in Note 4.17 to the financial statements.

Short-term employee benefits are employee benefits for the period in which the employees were providing the services. Such benefits include salaries and wages, social insurance contributions, bonuses, paid leaves and other benefits.

Long-term benefits to employees – severance payments for compensation of persons of pensionable age. According to *IAS 1 Presentation of financial statements* an economic entity discloses the nature and the amount of the cost when the amounts are material. As required by IAS 19 Employee benefits the management carried out an evaluation of long-term benefits and believes that the severance pays are insignificant and will not affect the financial statements of the Group and the Company.

2.11.5. The companies of AB Linas Group do not have any loans that are guaranteed by the Government or any third parties by pledged assets.

2.11.6. In relation to drawing up the financial statements certain amounts paid in advance by customers and carried for more than one year, and there are indications that some of the amounts (or part thereof) may not be claimed, are transferred to the contrarian account. Respectively, the reduction in the liabilities is shown in the contrarian account of the Group's doubtful debt costs.

2.11.7. The information about the long-term and short-term liabilities of the Group and the Company is presented in Note 4.15 to the financial statements.

2.11.8. The information about the condition of the Group's or the Company's debts to credit institutions is presented in Note 4.16 to the financial statements.

2.12. Provisions

2.12.1. Provisions are recognised if they have been caused by past events and are existent on the end date of accounting periods of financial statements.

2.12.2. The amounts of the provisions reflect the extent to which the expenses reliably measured on the end date of the accounting period could cover a legal obligation of an irrevocable commitment.

2.12.3. When drawing up the financial statements of the Companies in the Group the provisions are reviewed and their value is adjusted having regard to any any new events and circumstances.

2.13. Accrued costs and deferred income

2.13.1. Accrued costs and deferred income are not broken down into long-term and short-term costs or income.

2.13.2. Accrued charges are the amounts consistently recognised by the Company as costs for the received continuous services during the accounting period and during the previous accounting periods, that the Company committed to pay during the coming accounting period.

2.13.3. Deferred income are the amounts not yet earned by the Company, but already paid by the buyers (customers) for services of continuous nature, and that will be uniformly recognised during the coming reporting periods, when the amounts are earned after the services are rendered.

2.14. Accounting of revenues

2.14.1. Revenues in the Company are recognised according to the accrual principle, i.e., recorded in the accounting when earned regardless of the receipt of the monies. Advance payments and other prepayments are not recognised as revenues. Any proceeds received during the accounting period which are not considered to represent income are shown in the statement of financial condition as liabilities. Revenues are measured at fair value.

2.14.2. The Group generates its principal revenues from the sale of textile products, fabric, finished goods and yarn; also the revenues of the sale of production services.

2.14.3. The income from the provision of services is recognised, recorded in the accounting and represented in the financial statements when the services have been provided and the income amount may be reliably measured.

2.14.4. The revenues and the costs are considered to include the revenues and the costs that can be assigned to the segment directly or according to the established allocation criteria. The Group companies assign the income from the customers to different parties. The basis on which the income is allocated to individual parties is the location of the customers. The costs are not assigned to individual segments and are represented as general costs of the Company, in case it is not possible to allocate the costs to individual segments. Note 4.18 to the financial statements presents the information about the Group's operating income and costs according to business and geographical segments.

2.14.5. The assets and liabilities of the Group and AB Linas may not be reasonably assigned to the defined segments. All the assets and liabilities of the Group and the Company are not broken down according to the values by business and geographic segments.

2.14.6. Other operating income – income from the sale of the goods held for resale and dispensable inventories; income from the production of non-typical activities and sales of services; gain from the transfer of non-current assets except financial assets; other income from non-typical activities and one-off economic operations. Note 4.20 to the financial statements presents the information about the income and the costs of other activities.

2.14.7. The income from financial and investment activities are considered to include: income for cash held in banks; gain from the change in the exchange rate; recognised fines and late interests for late settlements; income from interest for granted loans, investment transfer gains and other income related to financial assets management. Dividends received from the subsidiary UAB Lino apdaila are acknowledged as incomes of financial and investment and are shown in the incomes (looses) report, applying cost-price method. Note 4.21 to the financial statements presents the information about the income and costs of financial and investment activities of the Group and the Company.

2.15. Cost accounting

2.15.1. Costs are a decrease in economic benefits in the form of outflows or depletions in assets or increase in liabilities during the reporting period, Costs are considered only the part of expenses which has been incurred while earning the income of the reporting period and may not be related to the earning of income in future periods. The costs falling for different reporting periods are allocated to the periods in which they will generate economic benefit to the Company.

2.15.2. Costs are recognised on the basis of the accrual and comparability principles in the reporting period during which the related income is earned, regardless of the time of spending the cash.

2.15.3. The cost of sales comprises the costs of sales and the costs related to the provision of production services.

2.15.4. The costs that cannot be related to the costs of specific sold Goods or services, and which are related to the operating activities of the Company, are recorded in the accounting as sales or general and administrative costs. Note 4.19 to the financial statements presents the information about the costs of sale, general and administrative costs.

2.15.5. The other operating costs include profit and loss from transfer of non-current and current assets, other income and expenses not related to the Company's operating, financial and investment activities, costs of one-off and ad hoc economic operations.

2.15.6. Costs of financing and investment activities include interest on loans, fines, late interests for overdue settlement, costs of the negative impact of the change in the exchange rate, loss from the transfer of investment, costs of revaluation of loans, cost of provision of financial services, other costs of financial-investment activities.

2.16. Accounting of corporate income tax

2.16.1. The corporate income tax due for an accounting year is shown in the financial accounting not when the obligation to pay the tax arises, but rather when, upon the end of the reporting period the profit for the accounting year is computed, that in accordance with the procedure for the calculation of the corporate income tax is adjusted by the costs not reducing the profit tax and tax exempt revenues. The effective corporate income tax rate is 15%.

2.16.2. The advance corporate income tax in the Group is computed on the basis of the performance results of the previous year. The advance corporate income is declared according to the procedure approved by the STI under the Ministry of Finance, and paid in the procedure set forth in the Law on Income Tax.

2.16.3. The income tax costs for the accounting year are computed by adjusting the corporate income tax of the reporting period by deferred corporate income tax. Deferred income tax reflects the net tax effect due to temporary differences between the value of assets and liabilities in the financial and tax statements. Deferred tax assets and liabilities are measured at tax rates that are expected to apply in the period when the liability is settled or asset realised. The deferred tax assets are recognised in the statement of financial position to the extent that the management of the Company expects that the assets shall be realised in immediate future having regard to the forecasts of the taxable profit. Where it is believed that part of the deferred tax asset is not going to be realised, that part of the deferred tax asset is not recognised in the financial statements.

2.16.4. The tax specification of the Group's income tax costs and the deferred income tax is presented in Notes 4.23 and 4.24 to the financial statements.

2.17. Earnings per share

2.17.1. Earnings per share is computed by dividing the net profit (net loss) of the Company for the reporting period by the weighted average number of registered ordinary shares issued during the period concerned. The Group does not have any potentially convertible ordinary shares, therefore the reduced earnings per share corresponds to ordinary profit per share.

2.17.2. The information on earnings per share is presented in Note 4.26 to the financial statements.

2.18. Foreign currency

The operations in foreign currency are converted into euros at an official rate set for the specific day by the Bank of Lithuania. Monetary assets and liabilities are converted into euros at the exchange rate effective at the date of the drawing up the financial statements. The financial statements for 31 December 2019 and 2018 were drawn up using the following exchange rates:

2019

EUR 1 = USD 1.1189

2018

EUR 1 = USD 1.1454

The profit and loss related to monetary operations are recognised in the income statement for the period, and the statement on other comprehensive income. Profit and loss arising from conversion are accounted for at the end of the period at an effective foreign currency exchange rate.

2.19. Financial relations with the managers of the Company and other related persons

The parties are considered related when one of the parties exercises control or significant influence upon the other party in making financial or operating decisions.

The number of the managers in the Company and the Group, the nature of related party transactions, amounts charged to the managers and other related parties during the accounting period and the previous accounting period, and the outstanding balance at the end of the accounting period are disclosed in Note 4.24 to the financial statements. The other information on related party transactions is disclosed in Note 4.11 to the financial statements.

3. Changes in the accounting policies and corrections of material errors

3.1. The group manages its accounts and draws up financial statements according to the requirements of legal acts of the Republic of Lithuania governing financial accounting and reporting, other legal acts, the requirements of the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

3.2. The Group and the Company have decided that an error is considered material, if: 1) its amount is larger than 10% of part of the statement on financial position, or the income statements and the statement on comprehensive income, and 2) if the error accounts for 2.5% of the value of the assets in the statement on financial position, or 0.5% of the sales revenues as presented in the financial statements. Any error below the threshold is considered immaterial.

3.3. For the purpose of drawing up the financial statements for 2019, the insignificant and immaterial errors for previous financial periods were corrected respectively. No material errors were detected.

4. Notes to the financial statements

The notes regarding the material financial indicators are presented in the following Tables of the Notes to financial statements:

4.1. The status and the development of the non-current intangible assets of the Group and the Company during the accounting period (Table 4.1.1. Changes in the non-current intangible assets of the AB Linas group and AB Linas).

4.2. The status of the non-current tangible assets of the Group and the Company and its development during the accounting period (Table 4.2.1. Changes in the non-current tangible assets of AB Linas; Table 4.2.2. Changes in the non-current tangible assets of AB Linas Group).

For the purpose of comparing the carrying amount of the investment assets with the fair value of the investment assets, and check for any impairment indications, the management of the Company performed an independent assets valuation according to the provisions of IFRS 13. The fair value is the price for which the asset would be sold in the market under the current market conditions on the valuation date. When establishing the fair value of investment assets account was taken of the qualities of the assets that would be considered by market participants for the purpose of valuing the assets on the valuation date:

- physical qualities of the asset (location and size of the immovable property);
- legal restrictions for the use of the asset (e.g. territorial plans applicable for the immovable property);

Besides, for the purpose of establishing the fair value of the non-financial assets account was taken of the ability of the market participant to generate economic benefit by the first and the best way, or by selling the assets to another market participant which is the first and the best method. The investment assets, plots of land, were considered plots of land of commercial purpose. An analysis of the development of the prices for commercial purpose land plots during 2019 (source: <https://www.aruodas.lt/kainu-statistika/>) showed that during the period concerned the prices remained of the same level, therefore an assumption was made that the carrying amount of the asset corresponds to its fair value.

4.3. The other information about the non-current intangible and non-current tangible assets of the Group and the Company – the applicable average non-current assets amortisation and depreciation rates by assets groups (Table 4.3.1. Average useful life of the non-current intangible and tangible assets; the acquisition (production) cost of the asset that is amortised or depreciated but still used in the activities; Table 4.3.2. Completely amortised or depreciated non-current intangible and tangible assets used in the operations); the information about leased non-current tangible assets (Table 4.3.3 Lease of non-current tangible assets).

The effect of the difference in the depreciation of the non-current assets of the Company and the Group upon the financial indicators is immaterial, therefore that does not require any recalculation of the indicators of non-current assets and the depreciation ratios.

AB Linas is for an unlimited period of time leasing to UAB Lino apdaila (company code 301733421) the premises located at S. Kerbedžio St. 23, Panevėžys. In the course of the financial year the income from the premise lease amounted to 9.6 thous. EUR (7 thous. EUR in 2018).

During 2019, the Company was renting administrative premises in Vilnius. During the financial year the Company was charged 26 thous. EUR in the general and administrative costs (21 thous. EUR in 2018).

AB Linas is for an unlimited period of time leasing production machinery an equipment, tools and fixtures, all being 233 thous. EUR value. During the financial year AB Linas earned EUR 37.2 thous. EUR income from the lease of the equipment (in 2018 – 37.2 thous. EUR). AB Lino apdaila is for an unlimited period of time leasing production machinery an equipment, tools and fixtures, all being 399 thous. EUR value. During the financial year AB Lino apdaila charged 48 thous. EUR income from the premise lease (in 2018 – 48 thous. EUR).

UAB Lino apdaila (company code 301733421) for an unlimited period of time leases production equipment, instruments, tools, and facilities. During the financial year the income from the lease of the instruments and equipment amounted to 56 thous. EUR (72 thous. EUR in 2018).

4.4. Non-current financial assets and their development during the accounting period (Table 4.4.1. Changes in non-current financial assets of AB Linas Group and Table 4.4.2. Changes in the non-current financial assets of AB Linas).

4.5. Total value of the inventory of the Group and the Company, and the value according to inventory type, the value of the inventory included in the accounting at the net realisable value, as well as the amount of writing-down to the value; the writing-down restatement amount; the value of pledged inventories; inventories kept at third parties (Table 4.5.1. Inventories of AB Linas Group, Table 4.5.2. Inventories of AB Linas).

4.6. Advances paid by the Group and the Company to suppliers for current assets and services (Table 4.6. Advances for current assets and services).

4.7. The amounts receivable by the Group and the Company by major groups of receivables, their change compared to the previous financial year (Table 4.7. Amounts receivable in one year).

4.8. The amounts receivable by the Group and the Company within one year and recognised in the financial accounting as doubtful, costs of doubtful debts incurred in the course of the financial year, and the recovered doubtful debts (Table 4.8. Doubtful debts).

4.9. Short-term and long-term loans granted by the Group and the Company and the amounts receivable after one year, their value, recovery terms, charged interest, amounts of repaid loans, written-off amounts written down in previous periods (Table 4.9. Loans granted by AB Linas Group and AB Linas to associated companies and the amounts receivable from associated companies):

4.9.1. As of 31 December 2019, UAB Rivena, company code 302521510, registered office address P. Žadeikos t. 13-35, LT-06324, Vilnius, indebtedness amount according to the financing contract of 19 November 2014 is 1,171 thous. EUR and 182 thous. EUR accrued interest (146 thous. EUR in 2018) are recognised as long-term amount receivable. In return for the disbursed project financing amount a land plot was pledged to AB Linas; the land plot since 10 May 2016 was owned by UAB Kuprionis, company code 301166750, and which according to mortgage bonds is valued at EUR 1,593,000. According to the report of independent assets valuers the market value of the land plot is EUR 1,341,000. At the time of valuation (14-11-2014) there were some structures on the land plot. The structures located on the land plot are of very poor condition, in need of an overhaul repair, and the preparation of a detailed plan of the plot of land is in progress. As of the transaction date the interest rates indicated in the contract are close to the market rates. At the end of each accounting year the interest rate is reviewed for significant deviations from the market interest rates. The interest income is accumulated and will be paid together with the loan.

On 1 September 2015, the Bank, AB Linas and UAB Rivena (company code 302521510, registered office address P. Žadeikos St. 13-35, Vilnius) concluded a loan subordination agreement according to which the rights of AB Linas and the liabilities of UAB Rivena according to the loan agreement are subordinated with respect to the rights of the bank arising from the crediting agreement

between the Bank and UAB Rivena. The term of validity of the loan subordination agreement is until 6 August 2022. The term for the repayment of the loan granted by the Company to UAB Rivena and the interest is 1 September 2022.

On 4 December 2014, based on the contract on the claim transfer AB Linas transferred the right of claim in the amount of EUR 45,000 against UAB Rivena (company code 302521510, registered office address P. Žadeikos St. 13-35, Vilnius) to UAB Lino linija (company code 303185361, registered office address Veiverių St. 9B-62, Vilnius). The contract on the transfer of the claim right provides that UAB Lino linija will pay the amount of the transferred claim in the course of five years starting with March 2018. During 2019, UAB Lino linija paid 11 thous. EUR of the transferred claim amount. The amounts receivable are discounted according to the average market interest rate. In the statement on financial position the financial assets are shown at amortised cost.

4.10. The deferred charges and accrued income according to the major cost groups of the future periods of the Group and the Company (Table 4.10. Deferred charges and accrued income).

4.11. The composition of the Company's authorised capital, the number of shares and their nominal value, the number of the Company's shares owned by the State, the municipality or the Company itself (own shares) or the subsidiary, and the amount, and the shareholders holding more than 5% (Table 4.11. Structure of the authorised capital and the major shareholders of AB Linas).

In 2019, the average sale price of the Company's shares was EUR 0.10, and EUR 0.10 in 2018.

4.12. Information about the reserves of the Group and the Company (Table 4.12. Reserves of AB Linas Group and AB Linas).

4.13. Draft distribution of the Company's profit/loss (Table 4.13. Draft distribution of the profit /loss of AB Linas).

4.14. Grants and subsidies received (receivable) by the Group and the Company (Table 4.14. Grants and subsidies).

During 2019, the Group used grants (subsidies) for wages for 2 thous. EUR (in 2018 - 0), the amount received from the Lithuanian Labour Exchange.

4.15. Long-term and short-term liabilities of the Group and the Company according to the indebtedness cover period, specifying the debt liabilities secured by the assets of the Company (Table 4.15. Long-term and short-term liabilities).

4.16. Status of the debts of the Group and the Company to credit institutions (Table 4.16. Status of the debts of AB Linas Group and AB Linas to credit institutions).

According to the account crediting agreement of 10 April 2012 between the Bank and AB Linas the Company was granted a credit of EUR 145,000, to secure which the Company pledged its inventories whose carrying amount according to the pledge bonds was EUR 1,448,000. For the purpose of hedging the credit amount UAB Lino apdaila issued surety for the entire amount and the term of the credit. The account crediting contract is valid until 31 March 2023. The credit was issued for variable interest, computed as a three months' EURIBOR plus the bank margin.

According to the contract on financial liabilities limits of 7 October 2013 between the Bank and AB Linas, the Company was granted a credit of EUR 290,000, to secure which the Company pledged, by a secondary pledge, the Company's inventories with the carrying amount according to the pledge bonds EUR 1,448,000. For the purpose of hedging the credit amount UAB Lino apdaila issued surety for the entire amount and the term of the credit. The contract on financial liabilities limits is valid until 30 September 2022. The used credit amount is charged with variable interest, computed as a three months' EURIBOR plus the bank margin.

According to the credit contract of 26 September 2016 between the Bank and AB Linas, the Company was granted a credit of EUR 840,000. The maximum mortgage contract was concluded for the purpose of securing the obligations of the Company; according to the mortgage contract AB Linas pledged its immovable property, and UAB Lino apdaila issued a surety for the full amount and term of the credit. The credit agreement expired on 15 September 2021.

4.17. Annual leave accruals of the Group and the Company (Table 4.17. Annual leave accruals).

4.18. Operating activities of the Group and the Company.

The principal activity of the Group is production and sales of textile products. The information about the sales of the textile articles, i.e. the textile production business and geographic segments is presented in Table 4.18.1. Information about the textile production business segments of AB Linas Group, Table 4.18.2. Information about the textile production business geographic segments of AB Linas Group, Table 4.18.3. Information about the textile production business segments of AB Linas, Table 4.18.4. Information about the textile production business geographic segments of AB Linas.

The Group companies assign the income from the customers to different parties. The basis on which the income is allocated to individual parties is the location of the customers. In the course of the accounting year the Group's income from the transactions with its major customer accounted for 18.5 % of the total income (15.9 % in 2018). The income is recorded in the sewn articles segment and the European countries geographic segments.

In 2019, the income of UAB Lino apdaila for the production services provided to AB Linas accounted for 1,246 thous. EUR (1,979 thous. EUR in 2018), where the cost of the services was equal to 1,003 thous. EUR (1,373 thous. EUR in 2018). As of 31 December 2019, the amount payable by AB Linas to the subsidiary was 360 thous. EUR (indebtedness on 31 December 2018 - 546 thous. EUR). In 2019, the income of UAB Lino apdaila for the production services provided to other third parties accounted for 4 thous. EUR (4 thous. EUR in 2018), where the cost of the services was equal to 3 thous. EUR (3 thous. EUR in 2018).

The assets and liabilities of the Group and AB Linas may not be reasonably assigned to the defined segments. All the assets and liabilities of the Group and the Company are not broken down according to the values by business and geographic segments.

4.19. The information about the Group's and the Company's sales, general and administrative costs (Table 4.19. Sales, general and administrative costs).

4.20. Information about the other operating income and costs of the Group and the Company (Table 4.20. Other activities).

4.21. The income and expenditure from the financial and investment activities of the Group and the Company according to all significant amounts (Table 4.21. Financial and investment activities).

4.22. Information about the financial relations with the managers of the Group and the Company and other related persons. (Table 4.22. Financial relations with the managers of the Group and the Company and other related persons).

According to the financing contract of 19 November 2014, UAB Rivena, company code 302521510, registered office address – P. Žadeikos St. 13-35, LT-06324, Vilnius, and AB Linas agreed that AB Linas will finance an immovable property project on behalf of UAB Rivena. As of 31 December 2019, UAB Rivena was indebted to the financing of the project 1,171 thous. EUR and 182 thous. EUR in interest (146 thous. EUR in 2018), that were recognised long-term amounts receivable. In return for the disbursed project financing amount a land plot was pledged to AB Linas; the land plot since 10 May 2016 was owned by UAB Kuprionis, company code 301166750, and which according to mortgage bonds is valued at EUR 1,593,000. According to the report of independent assets valuers the market value of the land plot is EUR 1,341,000. At the time of valuation (14-11-2014) there were some structures on the land plot. The structures located on the land plot are of very poor condition, in need of an overhaul repair, and the preparation of a detailed plan of the plot of land is in progress.

As of the transaction date the interest rates indicated in the contract are close to the market rates. At the end of each accounting year the interest rate is reviewed for significant deviations from the market interest rates. The interest income corresponds to actually incoming cash flows.

On 1 September 2015, the Bank, AB Linas and UAB Rivena (company code 302521510, registered office address P. Žadeikos St. 13-35, Vilnius) concluded a loan subordination agreement according to which the rights of AB Linas and the liabilities of UAB Rivena according to the loan agreement are subordinated with respect to the rights of the bank arising from the crediting agreement between the Bank and UAB Rivena. The Loan subordination contract expires on 6 August 2022

4.23. Income tax due (Table 4.23.1. Specification of the income tax costs; Table 4.23.2. Recalculation of the income tax costs having regard to the permanent and temporary differences in the accounting and the taxable profit).

4.24. Deferred income tax of the Group and the Company (Table 4.24. Deferred income tax).

4.25. Material amounts recorded in the off-balance-sheet accounts – collaterals, guarantees, sureties (Table 4.25. Rights and obligations not included in the statement on financial position). Bankrupt individual company Ramūnas Lenčiauskas, removed from the Register of Legal Entities on 20 August 2018. According to the case law of the Supreme Court of Lithuania according to Article 6.128 (3) of the [Civil Code](#) having liquidated a legal entity, the obligations of such legal entity expire, thus the surety obligation on the part of AB Linas for the individual Ramūnas Lenčiauskas company in the amount of EUR 4,566,000.

4.26. Earnings (loss) per share (Table 4.26. Profit (loss) per share).

In 2019, the immaterial errors were corrected by applying a perspective method.

Important event after the last day of interim financial period:

On 7 January 2020 and on 28 January 2020 during the purchase of own shares, AB “Linas” purchased total 192,656 shares. After own shares acquisition AB “Linas” holds 192,656 shares or 0.80 per cent of its own shares;

AB „Linas“ will start repeat acquisition (purchasing) of own shares on 2nd March 2020. Purchasing will end at 29th April 2020.

On 2020 March 16 The Board of the Company, assessing the current and forecasted economic situation affected by the global pandemic of the COVID-19 virus announced by the World Health Organization, emergencies and quarantines announced in the Republic of Lithuania and some countries around the world, and taking into account the Bank of Lithuania's 2020 March 12 recommendations to financial market participants on how to deal with coronavirus, convened an emergency meeting to discuss the situation regarding the Company's operations and business continuity measures and to ensure the continuity of the action plan. The board acknowledged that the expected economic recession as a result of the pandemic could affect up to 20-25 percent. sales and revenue of the group of companies, which may increase the risk of business continuity. And although the forecast for the pandemic management should coincide with the normal growth period of the group's sales (August-November), after assessing the threats, the company's board discussed and set out guidelines for ensuring business and business continuity:

1) Prepare a contingency plan including, but not limited to, the following measures:

a) update the forecasts for the financial statements for 2020 and include specific cash flow management tools;

b) to carry out a feasibility study on the use of State aid during quarantine measures and business support plan measures, with a special focus on measures to help businesses maintain liquidity, stimulate the economy, help preserve jobs and incomes to ensure the health and safety of group workers for COVID-19, draw up a preventive action plan and start implementing it without delay;

c) preparing and regularly updating the company's booking plans. To instruct the sales manager to constantly inform the Emergency Management Commission about the execution of the order plan;

d) develop a plan for the optimal allocation of human resources and employment in 2020. period;

e) make proposals for the possible sale of real estate;

f) draw up a plan for the possible sale of finished products by e-mail. in the store and warehouse;

g) to oblige sales managers and managers to strictly follow the rules of cash flow management: to control the payment terms of customers, to strive for the most prompt payment of customers for the provided / purchased products or services; make all payments to suppliers only in writing with the directors of the company's administration and the director of finance; to seek deferral of payment of tax liabilities in coordination with tax administrators; to seek deferral of payment of creditors' obligations in coordination with credit institutions;

h) and other measures.

2) To form an Emergency Management Commission to control the implementation of the Contingency Plan, if necessary to make proposals and decisions on the establishment and implementation of the necessary additional measures to ensure business and business continuity. The Commission to monitor the outcome of the implementation of the Contingency Plan for the group of companies and its companies and its impact on quantitative and qualitative indicators. The Commission shall report periodically, at least quarterly, and as necessary and more frequently to the Board, providing qualitative and quantitative assessments of the business activities and financial condition of the group of companies in the 2020 financial statements.

AB Linas is included in the list of businesses most affected by COVID-19. For listed entrepreneurs, from March 16. until the country is in a state of emergency, there will be an exemption from interest on arrears, no taxes will be levied on them, and they will be able to conclude an interest-free tax loan agreement upon request. These taxpayers will be subject to similar measures to facilitate the payment of state social insurance contributions.

4.1. LONG-TERM INTANGIBLE ASSETS

4.1.1. Changes of Linas, AB enterprise group and Linas, AB long-term intangible assets

EUR

Indicators	Develop- mental works	Prestige	Software	Concessions, patents, licenses, brands and other rights	Other intangible assets	Paid advance	Total
Residual value at the end of previous financial year			50,707				50,707
a) Procurement cost price of long-term intangible assets							
At the end of previous financial year			100,854				100,854
Changes of financial year							
· Procurement of assets			3,840				3,840
· Written-off property because of the accounting evaluation change (-)							
· Assets, transferred to other individuals and discarded (-)							
· Transcription from one article to another +/-(-)							
At the end of financial year			104,694				104,694
b) Amortization							
At the end of previous financial year			50,147				50,147
Changes of financial year			8,117				8,117
· Written-off property because of the accounting evaluation change (-)							
· Financial year amortization			8,117				8,117
· Restorational records (-)							
· Assets, transferred to other individuals and discarded (-)							
· Transcription from one article to another +/-(-)							
At the end of financial year			58,264				58,264
e) Residual value at the end of financial year (a) - (b)			46,430				46,430

4.2. LONG TERM TANGIBLE ASSETS

4.2.1. Changes of Linas, AB long-term tangible assets

EUR

Indicators	Land	Buildings and structures	Machinery and equipment	Means of transport	Other equipment, appliances and instruments	Investment property	Paid advance and executed tangible property building (production) works	Total
Residual value at the end of previous financial year		1,381,002	336,644	32,013	16,810	373,901		2,140,370
a) Procurement of cost price long-term tangible assets								
At the end of previous financial year		1,585,638	1,322,629	172,223	56,491	415,901		3,552,882
Changes of financial year			1,133	75,455				76,588
· Procurement of assets			1,133	75,455	4,632			81,220
· Written-off property because of the accounting evaluation change (-)								
· Assets, transferred to other individuals and discarded (-)								
· Transcription to short-time assets+/(-)								
· Transcription from one article to another +/(-)								
At the end of financial year		1,585,638	1,323,762	247,678	61,123	415,901		3,634,102
b) Revaluation								
At the end of previous financial year								0
Changes of financial year								
· Increase (decrease) of value +/(-)								
· Assets, transferred to other individuals and discarded (-)								
· Transcription from one article to another +/(-)								
At the end of financial year								
c) Depreciation (-)								
At the end of previous financial year		204,636	985,985	140,210	39,681			1,370,512
Changes of financial year		106,785	70,774	19,681	5,645			202,885
· Written-off property because of the accounting evaluation change (-)								
· Financial year depreciation		106,785	70,774	19,681	5,645			202,885
· Restorational records (-)								
· Assets, transferred to other individuals and discarded (-)								
· Transcription from one article to another +/(-)								
At the end of financial year		311,421	1,056,759	159,891	45,326			1,573,397
d) Decrease of value								
At the end of previous financial year						42,000		42,000
Changes of financial year								
· Decrease of value of financial year								
· Restorational records (-)								
· Assets, transferred to other individuals and discarded (-)								
· Transcription from one article to another +/(-)								
At the end of financial year						42,000		42,000
e) Residual value at the end of financial year (a) + (b) - (c) - (d)		1,274,217	267,003	87,787	15,797	373,901		2,018,705

4.2.2. Changes of Linas, AB enterprise group long-term tangible assets

EUR

Indicators	Land	Buildings and structures	Machinery and equipment	Means of transport	Other equipment, appliances and instruments	Investment property	Paid advance and executed tangible property building (production) works	Total
Residual value at the end of previous financial year		1,380,406	160,986	29,654	16,611	373,901		1,961,558
a) Procurement of cost price long-term tangible assets								
At the end of previous financial year		1,580,320	883,219	155,456	49,006	373,901		3,041,902
Changes of financial year		0	0	75,455	4,632	0		80,088
· Procurement of assets				75,455	4,632			80,088
· Written-off property because of the accounting evaluation change (-)								
· Assets, transferred to other individuals and discarded (-)								
· Transcription to short-time assets +/-(-)								
· Transcription from one article to another +/-(-)								
At the end of financial year		1,580,320	883,219	230,911	53,638	373,901		3,121,989
b) Revaluation								
At the end of previous financial year								0
Changes of financial year								
· Increase (decrease) of value +/-(-)								
· Assets, transferred to other individuals and discarded (-)								
· Transcription from one article to another +/-(-)								
At the end of financial year								
c) Depreciation (-)								
At the end of previous financial year		199,914	722,233	125,802	32,395			1,080,344
Changes of financial year		106,190	33,261	18,481	5,448			163,380
· Written-off property because of the accounting evaluation change (-)								
· Depreciation of financial year		106,190	33,261	18,481	5,448			163,381
· Restorational records (-)								
· Assets, transferred to other individuals and discarded (-)								
· Transcription from one article to another +/-(-)								
At the end of financial year		306,104	755,494	144,283	37,843			1,243,724
d) Decrease of value								
At the end of previous financial year								0
Changes of financial year								
· Decrease of value of financial year								
· Restoration records (-)								
· Assets, transferred to other individuals and discarded (-)								
· Transcription from one article to another +/-(-)								
At the end of financial year								0
e) Residual value at the end of financial year (a) + (b) - (c) - (d)		1,274,216	127,725	86,628	15,795	373,901		1,878,265

4.3. OTHER INFORMATION ON LONG-TERM INTANGIBLE, LONG-TERM TANGIBLE ASSETS

4.3.1. Average useful service period of long-term intangible and tangible assets

No.	Long-term asset groups	GROUP	COMPANY
1.	Long-term intangible asset groups		
1.1.	Concessions, patents, licenses, brands and other rights	-	-
1.2.	Software	4	4
1.3.	Other intangible assets	4	4
2.	Long-term tangible asset groups		
2.1.	Buildings and structures	15	15
2.2.	Machines and equipment	6	6
2.3.	Means of transport	6	6
2.4.	Other equipment, appliances and instruments	5	5

* The average useful time of buildings and constructions is indicated for 15 years as the buildings were obtained in 1958. Construction and their condition have not been improved over the entire period since construction began.

4.3.2. Totally amortized or deteriorated long-term intangible and tangible assets which is still used

No.	Title of asset group	GROUP		COMPANY	
		Number of exploited inventory units	Purchase cost price (Eur)	Number of exploited inventory units	Purchase cost price (Eur)
1.	Long-term intangible asset groups				
1.1.	Concessions, patents, licenses, brands and other rights				
1.2.	Software	6	74,204	6	74,204
	Total	6	74,204	6	74,204
2.	Long-term tangible asset groups				
2.1.	Buildings and structures	3	5,317		
2.2.	Machinery and equipment	38	718,392	3	628,058
2.3.	Means of transport	6	132,039	4	117,590
2.4.	Other equipment, appliances and instruments	21	42,331	15	34,845
	Total	65	892,762	22	780,493

4.3.3. Rent of long-term tangible assets

No.	Leasehold long-term tangible assets group	GROUP		COMPANY	
		Rent period	Rent tax during financial year (Eur)	Rent period	Rent tax during financial year (Eur)
1.	Buildings and structures, totally		26,353		26,353
1.1.	Administrative premises in Vilnius	until 2020-12-31	26,353	until 2020-12-31	26,353
2.	Means of transport	until 2020-12-31	2,200	until 2020-12-31	2,200
3.	Machinery and equipment, other equipment, appliances and instruments	termless	56,000		

4.4. LONG-TERM FINANCIAL ASSETS

4.4.1. Changes of long-term financial assets of Linas, AB enterprise group

EUR

Run. No.	Indicators	Associated companies					Other amounts receivable after one year		Other companies' securities acquisition price	Total
		Value of loans, granted to associated companies	Accrued interest revenues from the loans to associated companies	Reduction of value of the loans, granted to associated companies (-)	Value of the amounts, receivable from associated companies	Reduction of value of the amounts, receivable from associated companies (-)	The value of receivables	Reduction of value of receivables (-)		
1.	Remainder in the beginning of financial year	1,170,991	145,909	0	28,532	0	17,507	(17,507)	290	1,345,723
2.	Changes of financial year	0	35,618	0	(8,816)	0			0	26,802
2.1.	Other investments									
2.2.	Acquisitions, calculated interest, granting of loans		35,618							35,618
2.3.	Transfer from the sums receivable after one year									
2.4.	Sales, return of loans and other receivable amounts (-)				(8,816)					(8,816)
3.	Remainder in the end of financial year (1 + 2)	1,170,991	181,527	0	19,716	0	17,507	(17,507)	290	1,372,524

4.4.2. Changes of long-term financial assets of Linas, AB

EUR

Run. No.	Indicators	Company of Group of companies		Associated companies					Other amounts receivable after one year		Other companies' securities acquisition price	Total
		Subsidiaries' shares acquisition cost price	The value of loans, granted to subsidiaries	Value of loans, granted to associated companies	Accrued interest revenues from the loans to associated companies	Reduction of value of the loans, granted to associated companies (-)	Value of the amounts, receivable from associated companies	Reduction of value of the amounts, receivable from associated companies (-)	The value of receivables	Reduction of value of receivables (-)		
1.	Remainder in the beginning of financial year	2,896	0	1,170,991	145,910	0	28,532	0	17,507	(17,507)	290	1,348,618
2.	Changes of financial year	0	0	0	35,618	0	(8,816)	0	0	0	0	26,802
2.1.	Investments in subsidiaries											0
2.2.	Other investments											0
2.3.	Acquisitions, calculated interest, granting of loans				35,618							35,618
2.4.	Transfer from the sums receivable after one year											0
2.5.	Sales, return of loans and other receivable amounts (-)						(8,816)					(8,816)
3.	Remainder in the end of financial year (1 + 2)	2,896	0	1,170,991	181,528	0	19,716	0	17,507	(17,507)	290	1,375,420

4.5. STOCKS

4.5.1. Stocks of enterprise group of Linas, AB

EUR

Run. No.	Indicators	Raw materials, materials and spare parts	Unfinished production and executed jobs	Production	Goods, purchased for resell	Total
1.	Cost price of purchased stocks					
1.1.	At the end of last financial year	2,256,163	23,597	2,161,931	4,443	4,446,134
1.2.	At the end of financial year (incl. stocks en route and by the third parties)	3,397,857	44,719	2,104,964	2,731	5,550,271
2.	Depreciation until net possible selling value (restitution)					
2.1.	At the end of last financial year	0	0	0	0	0
2.2.	At the end of financial year	0	0	0	0	0
3.	Net value possible sales at the end of financial year (1-2)					
3.1.	At the end of last financial year (1.1.-2.1.)	2,256,163	23,597	2,161,931	4,443	4,446,134
3.2.	At the end of financial year (incl. stocks en route and by the third parties) (1.2-2.2)	3,397,857	44,719	2,104,964	2,731	5,550,271
4.	Balance value of mortgage stocks at the end of previous financial year (31/12/2018)	826,845		2,084,998		3,059,286
5.	Value of mortgage stocks according to mortgage papers (31/12/2018)	289,620		1,158,480		1,448,100
6.	Balance value of mortgage stocks at the end of financial year (31/12/2019)	909,944		2,213,693		3,123,637
7.	Value of mortgage stocks according to mortgage papers (31/12/2019)	289,620		1,158,480		1,448,100

4.5.2. Stocks of Linas, AB

EUR

Run. No.	Indicators	Raw materials, materials and spare parts	Raw materials, materials and spare parts are at the third parties	Unfinished production and executed jobs	Production	Goods, purchased for resell	Total
1.	Cost price of purchased stocks						
1.1.	At the end of last financial year	1,285,826	953,541	0	2,161,931	4,443	4,405,741
1.2.	At the end of financial year (incl. stocks en route and by the third parties)	2,142,439	1,240,712	0	2,104,964	2,731	5,490,846
2.	Depreciation until net possible selling value (restitution)						
2.1.	At the end of last financial year	0	0	0	0	0	0
2.2.	At the end of financial year	0	0	0	0	0	0
3.	Net value possible sales at the end of financial year (1-2)						
3.1.	At the end of last financial year (1.1.-2.1.)	1,285,826	953,541	0	2,161,931	4,443	4,405,741
3.2.	At the end of financial year (incl. stocks en route and by the third parties) (1.2-2.2)	2,142,439	1,240,712	0	2,104,964	2,731	5,490,846
4.	Balance value of mortgage stocks at the end of previous financial year (31/12/2018)	699,390	127,455		2,084,998		2,911,843
5.	Value of mortgage stocks according to mortgage papers (31/12/2018)	289,620			1,158,480		1,448,100
6.	Balance value of mortgage stocks at the end of financial year (31/12/2019)	399,814	510,130		2,213,693		3,123,637
7.	Value of mortgage stocks according to mortgage papers (31/12/2019)	289,620			1,158,480		1,448,100

4.6. PAID ADVANCE FOR CURRENT ASSETS AND SERVICES

EUR

Run. No.	Biggest paid advance groups	GROUP		COMPANY	
		Financial year	Last financial year	Financial year	Last financial year
1	Paid advance to the reserve providers	169,052	299,963	166,821	298,017
2	Paid advance to the service providers	23,128	12,371	22,828	10,179
3	Balance value of uncertain paid advance	0	0	0	0
3.1.	Uncertain paid advance	192	192	160	160
3.2.	Part of uncertain paid advance written-off to the expenses (-)	(192)	(192)	(160)	(160)
4.	Paid advance	192,180	312,334	189,649	308,196

4.7. AMOUNTS RECEIVABLE WITHIN ONE YEAR

EUR

Run. No.	Largest groups of receivable amounts	GROUP		COMPANY	
		Financial year	Last financial year	Financial year	Last financial year
1.	Customers' debts	1,072,473	1,440,849	1,072,473	1,425,053
2.	Companies' debts of Group of companies	0	0	0	0
3.	Debts of associated companies	0	60,653		58,649
4.	Other receivable amounts	226,364	177,145	181,451	235,537
.1.	Receivable VAT	137,971	90,961	138,811	209,428
2.2.	Budget debt to the enterprise	0		0	0
2.3.	Debt of social insurance to the enterprise	0	0		
2.4.	Amounts receivable from accountable persons	2,629	1,884	2,629	2,318
2.5.	Part of current year of long term loans provided for third parties	0	0	0	0
2.6.	Other accumulated receivable interests for provided long-term loans of part of current year	0	0	0	0
2.7.	Amounts receivable from employees for loans provided	0	0	0	0
2.8.	Advance payment for employees	4,085	11,477		
2.9.	Receivable sums from requisition rights transfer	0	0	0	0
2.10.	Receivable grants in coming periods	0	0	0	0
2.11.	Profit tax paid in advance	77,299	72,823	35,631	21,119
2.14.	Other amounts receivable (amounts receivable from var. debtors)	4,380	0	4,380	2,672
	Amount receivable within one year, total	1,298,837	1,678,647	1,253,924	1,719,239

4.8. UNCERTAIN DEBTS

EUR

Run. No.	Uncertain debts by groups	GROUP				COMPANY			
		Financial year		Last financial year		Financial year		Last financial year	
		Uncertain debts	Expenses of uncertain debts	Uncertain debts	Expenses of uncertain debts	Uncertain debts	Expenses of uncertain debts	Uncertain debts	Expenses of uncertain debts
1.	Uncertain debts at the beginning of the financial year	76,876		3,244,696		74,293		3,242,113	
2.	Part of uncertain debts written-off to the expenses at the beginning of the financial year (-)	(76,876)		(3,244,696)		(74,293)		(3,242,113)	
3.	Balance value of uncertain debts at the beginning of the financial year	0		0		0		0	
4.	Debts acknowledge as uncertain within financial year			2,660				2,660	
5.	Part of uncertain debt written-off to expenses within financial year			(2,660)				(2,660)	
6.	Uncertain debts acknowledge as expenses within financial year				2,444				2,444
7.	Written-off to expenses without transferring debt into uncertain debts of foreign consumer account								
8.	Uncertain debts recovered within financial year (restoring of written-off debts (-))			(64)	(64)			(64)	(64)
9.	Impact of currency exchange rates to advance payment								
10.	Impact of currency exchange rates to debts of foreign consumer								
11.	Uncertain debts written-off from financial accounting (-)	(3,953)		(3,170,480)		(3,953)		(3,170,480)	
12.	Uncertain debt at the end of financial year	72,923	0	76,876	0	70,340	0	74,293	0
13.	Part of uncertain debt written-off to expenses at the end of financial year (-)	(72,923)	0	(76,876)	0	(70,340)	0	(74,293)	0
14.	Balance value of uncertain debts at the end of the financial year	0		0		0		0	

4.9. LINAS, AB ENTERPRISE'S GROUP AND LINAS, AB LOANS FOR ASSOCIATED COMPANIES AND RECEIVABLE SUMS FROM ASSOCIATED COMPANIES

Run. No.	Loans provided and receivable amounts	Currency of loan	Term of recovery	Financial year			Last financial year		
				Value of financial assets 31 12 2019, Eur	Interest payable for loan provided 31 12 2019 Eur	During 2019 y. calculated interest income, Eur	Value of financial assets 31 12 2018, Eur	Interest payable for loan provided 31 12 2018 Eur	During 2018 y. calculated interest income, Eur
1.	Loans provided for associated companies and receivable sums from associated companies			1,170,992	145,909	35,618	1,170,992	110,292	35,715
	UAB „Rivena“ (company code 302521510)	EUR	iki 2022-09-01	1,170,992	145,909	35,618	1,170,992	110,292	35,715
2.	Total			1,170,992	145,909	35,618	1,170,992	110,292	35,715

4.10. COSTS AND ACCRUED REVENUES OVER THE COMING PERIODS

EUR

Run. No.	The large cost groups for the coming periods	GROUP		COMPANY	
		Financial year	Last financial year	Financial year	Last financial year
1	Advance payments for media and information publications	913	741	913	741
2	Insurance fees	14,564	16,754	12,476	14,705
3	Fairs' costs for the coming periods	30,488	29,107	30,488	29,107
4	Other costs for the coming periods	659	4,371	659	4,371
5	Costs and accrued revenues over the coming periods	46,624	50,973	44,536	48,924

4.11. STRUCTURE OF STATUTORY CAPITAL OF LINAS, LLC AND MAIN SHAREHOLDERS

Run. No.	Indicators	Number of shares	%	Amount (Eur)
1	Joint-stock capital structure at the end of financial year			
	According to type of shares			
	1.1. Ordinary shares	24,038,990		6,971,307
	1.2. Preference shares	0		0
	1.3. Shares of employees	0		0
	1.4. Special shares	0		0
	1.5. Other shares	0		0
	TOTAL:	24,038,990	100.00%	6,971,307
2	State or municipal capital	0		0
3	Own shares, owned by the enterprise itself	0		0
4	Shares which hold subsidiary companies.	0		0
5	Shareholders who have more than 5% of enterprise's shares (2019-12-31)			
5.1.	Association "EEEE" (company code 302572729, address: Savanorių pr. 192, Kaunas)	5,564,579	23.15%	1,613,728
5.2.	Company "Roocero Associates Limited" (company code 106446, address: 35 Barrack Road, Belize, Belize)	5,406,533	22.49%	1,567,895
5.3.	Company "Danelika Services Limited" (company code HE289213, address: 3 Michael Koutsofta Street, Limassol, Cyprus)	4,156,585	17.29%	1,205,410
5.4.	UAB "Rivena" (company code 302521510, address: P.Žadeikos g. 13-35, Vilnius)	2,423,030	10.08%	702,679

4.12. RESERVES OF LINAS, LLC ENTERPRISE GROUP AND LINAS, AB

EUR

Run. No.	Indicators	GROUP		COMPANY	
		At the end of financial year	At the end of last financial year	At the end of financial year	At the end of last financial year
1	Compulsory reserve	44,890	290	44,600	0
2	Other reserves	434,429	170,000	264,429	0
2.1.	Reserve for own shares acquisition	264,429		264,429	
2.2.	Unappropriated reserve for investment	0			
2.3.	Reserve for support and benefits in line with collective agreement	0			
2.4.	Reserve for development of business projects	170,000	170,000		
3	Total reserves	479,319	170,290	309,029	0

4.13. PROFIT (LOSS) ASSIGNMENT PROJECT

EUR

Run. No.	Articles	Amount
1.	Retained earnings (loss) of the previous financial year at the end of the current year	553,510
2.	Net profit (loss) for the current year	167,792
3.	Unadmitted profit (loss) of accounting financial year in statement of profit or loss and other comprehensive income	0
4.	Transfers from reserves, total	0
4.1.	- from obligatory reserve	0
4.2.	- from reserve for business projects development	0
4.3.	- from reserve for support	0
5.	Contributions by shareholders to cover losses	0
6.	Appropriated profit (loss), total	721,302
7.	Appropriation of profit	8,390
7.1.	part of profit admitted to compulsory reserve	8,390
7.2.	part of profit admitted to reserve to obtain own shares	0
7.3.	part of profit admitted to other reserves:	0
7.3.1.	to reserve for support	0
7.3.2.	to reserve for project of business development	0
7.4.	part of profit admitted to pay the dividends	0
7.5.	part of profit admitted for annual payoffs (bonuses) to members of Board, employees bonuses and other aims;	0
8.	Retained earnings (loss) at the end of the current year to be carried forward to the following financial year	712,912

4.14. GRANTS AND SUBVENTIONS

EUR

Run. NO.	Type of grants (subventions)	Remainder at the beginning of period	Received amounts of grants (subventions)	Receivable amounts of grants (subventions)	Used amounts of grants (subventions)	Returned amounts of grants (subventions)	Remainder at the end of period
1.	GROUP						
1.1.	Grants related to income (compensation of expenses)	0	2,690	341	2,690	0	341
1.2.	Grants related to assets						
1.3.	Subventions						
2.	COMPANY						
2.1.	Grants related to income (compensation of expenses)	0	1,028	341	1,028	0	341
2.2.	Grants related to assets						
2.3.	Subventions						

4.15. LONG-TERM AND SHORT-TERM OBLIGATIONS

EUR

Run. No.	Indicators	GROUP				COMPANY			
		Debts payable or parts thereof		Total debts at the end of financial year	Total debts at the end of last financial year	Debts payable or parts thereof		Total debts at the end of financial year	Total debts at the end of last financial year
		within one financial year	after one year			within one financial year	after one year		
1.	Financial debts:	176,842	132,632	309,474	486,316	176,842	132,632	309,474	486,316
1.1.	For leasing (financial lease) or similar obligations	0	0	0	0	0	0	0	0
1.2.	For credit institutions	176,842	132,632	309,474	486,316	176,842	132,632	309,474	486,316
1.3.	Other financial debts	0	0	0	0	0	0	0	0
2.	Other debts	2,200,910	0	2,200,910	1,855,689	2,332,816	0	2,332,816	2,124,038
2.1.	Debts for suppliers	1,915,971	0	1,915,971	718,756	1,801,993	0	1,801,993	705,617
2.2.	Payable sums for companies of Group of companies	0	0	0	0	359,861	0	359,861	545,826
2.3.	Payable sums for associated companies	0	0	0	881,568	0	0	0	722,298
2.4.	Received advance	76,565	0	76,565	44,873	76,565	0	76,565	44,873
2.5.	Obligations related to industrial relations	142,153	0	142,153	137,268	63,382	0	63,382	65,808
2.5.1	<i>wage payable</i>	53,878	0	53,878	43,925	21,809	0	21,809	20,934
2.5.2	<i>social insurance payable</i>	20,609	0	20,609	33,154	9,943	0	9,943	17,021
2.5.3	<i>Compulsory health insurance contributions</i>	9,293	0	9,293	5,688	4,432	0	4,432	2,905
2.5.4	<i>payable RIT from wage</i>	16,012	0	16,012	6,533	6,756	0	6,756	3,524
2.5.5	<i>leave accumulation</i>	42,363	0	42,363	47,969	20,443	0	20,443	21,425
2.6.	VAT payable	35,032	0	35,032	31,023	0	0	0	0
2.7.	Other taxes payable	6,065	0	6,065	5,062	6,035	0	6,035	5,062
2.8.	Profit tax payment obligations	0	0	0	2,281	0	0	0	0
2.9.	Payable amounts for sales services	18,705	0	18,705	25,214	18,705	0	18,705	25,214
2.10.	Various other payable amounts	6,419	0	6,419	9,644	6,275	0	6,275	9,340
	Total	2,377,751	132,632	2,510,383	2,342,005	2,509,658	132,632	2,642,290	2,610,354

Guarantee debts of Linas, AB enterprise group

Run. No.		Financial year debts guaranteed by		Last year financial debts guaranteed by	
		Government	Group of enterprises by mortgaged assets	Government	Group of enterprises by mortgaged assets
1.	Financial debts:	0	3,914,100	0	3,914,100
1.1.	Leasing (financial lease) or similar obligations		0		0
1.2.	For credit institution		3,914,100		3,914,100
1.3.	Other financial debts		0		0
2.	Other debts	0	0	0	0

4.16. STATE OF DEBTS FOR CREDIT INSTITUTIONS OF LINAS, AB ENTERPRISE GROUP AND LINAS, AB

Run. No.	Debts for credit institutions	At the end of the financial year		At the end of the last financial year	
		Amount of loan	Date of loan return	Amount of loan	Date of loan return
1.	Enterprise leasing liabilities (financial lease), payable in Eur				
2.	Enterprise debts for credit institutions, payable in Eur	309,474 EUR		486,316 EUR	
2.1.	Long-term liabilities in accordance with the loan agreements of 26-09-2016	132,632 EUR	2021-09-15	309,474 EUR	2021-09-15
2.2.	The share of debts to credit institutions during the current year (the loan agreement of 26-09-2016)	176,842 EUR	2019-12-31	176,842 EUR	2019-12-31
	Total	309,474 EUR		486,316 EUR	

4.17. ACCUMULATIONS OF LEAVES

EUR

Run. No.	Indicators	GROUP		COMPANY	
		Financial year	Last financial year	Financial year	Last financial year
1.	Remainder of accumulative leaves at the beginning of the year	47,967	67,679	21,424	28,593
1.1.	Accumulative leaves at the beginning of the year	36,620	51,670	16,357	21,830
1.2.	Social insurance of accumulative leaves at the beginning of the year	11,347	16,009	5,067	6,763
2.	Accumulated leaves within a year (leaves with social insurance directed to expenses)	146,251	129,230	72,135	60,842
2.1.	Accumulated leaves	154,216	98,652	75,575	46,447
2.2.	Accumulated social insurance from accumulated leaves	(7,965)	30,578	(3,440)	14,395
3.	Accumulated leaves amount covered by accumulated leavess (within a financial year for employees practically counted leaves with social insurance)	(151,856)	(148,942)	(73,117)	(68,011)
3.1.	Leaves expenses covered by accumulated leaves	(149,209)	(113,702)	(71,845)	(51,920)
3.2.	Leaves with social insurance expenses covered by accumulated leaves	(2,647)	(35,240)	(1,272)	(16,091)
4.	Remainder of accumulative leaves at the end of the year	42,363	47,967	20,443	21,424
4.1.	Accumulated leaves at the end of the year	41,627	36,620	20,087	16,357
4.2.	Social insurance from accumulated leaves at the end of the year	735	11,347	355	5,067
5.	Change of accumulated leave remainder within a year (4 - 1)	(5,605)	(19,712)	(982)	(7,169)
5.1.	Change of accumulated leave remainder	5,007	(15,050)	3,730	(5,473)
5.2.	Change of social insurance from accumulated leave remainder	(10,612)	(4,662)	(4,712)	(1,696)

4.18. PRODUCTION OF TEXTILE PRODUCTS

4.18.1. Information of Linas, AB enterprise group about segments of textile products production business

EUR

Indicators	Segments (production, goods, types of activity)								Group's Total	
	Fabric		Sewn products		Yarns		Production services		2019 y.	2018 y.
	2019 y.	2018 y.	2019 y.	2018 y.	2019 y.	2018 y.	2019 y.	2018 y.		
Income	8.622.039	7.229.290	3.936.964	5.061.193	34.491	43.378	384.746	375.353	12.978.240	12.709.214
Cost price	7.248.076	5.661.707	3.555.829	4.400.777	32.203	43.671	213.985	219.779	11.050.093	10.325.934
Gross profit (losses)	1.373.963	1.567.583	381.135	660.416	2.288	(293)	170.761	155.574	1.928.147	2.383.280
Selling expenses, general and administrative									2.067.095	2.027.198
Profit (losses) of main activity	1.373.963	1.567.583	381.135	660.416	2.288	(293)	170.761	155.574	(138.948)	356.082

4.18.2. Information of Linas, AB enterprise group about segments of textile products of geographical production business

EUR

Indicators	Segments (regions)										Group's Total	
	Skandinavian countries		European countries		USA		Lithuania		Other countries		2019 y.	2018 y.
	2019 y.	2018 y.	2019 y.	2018 y.	2019 y.	2018 y.	2019 y.	2018 y.	2019 y.	2018 y.		
Income	2.038.280	2.239.629	5.608.391	6.013.909	529.396	390.210	3.441.300	2.690.698	1.360.873	1.374.768	12.978.240	12.709.214
Cost price	1.619.358	1.742.540	4.925.257	5.051.101	398.532	278.244	2.909.639	2.103.175	1.197.307	1.150.873	11.050.093	10.325.934
Gross profit (losses)	418.922	497.089	683.134	962.808	130.864	111.966	531.661	587.523	163.566	223.895	1.928.147	2.383.281
Selling expenses, general and administrative expenses											2.067.095	2.027.198
Profit (losses) of main activity	418.922	497.089	683.134	962.808	130.864	111.966	531.661	587.523	163.566	223.895	(138.948)	356.083

4.18.3. Information of Linas, AB about segments of textile products business

EUR

Indicators	Segments (production, goods, types of activity)								Group's Total	
	Fabric		Sewn products		Yarns		Production services		2019 y.	2018 y.
	2019 y.	2018 y.	2019 y.	2018 y.	2019 y.	2018 y.	2019 y.	2018 y.		
Income	8.622.039	7.229.290	3.936.964	5.061.193	34.491	43.378	381.164	371.482	12.974.658	12.705.343
Cost price	7.449.443	5.996.913	3.654.617	4.661.329	33.098	43.671	219.930	216.978	11.357.088	10.918.891
Gross profit (losses)	1.172.596	1.232.377	282.347	399.864	1.393	(293)	161.234	154.504	1.617.570	1.786.452
Selling expenses, general and administrative expenses	0	0	0	0	0	0	0	0	1.738.700	1.709.217
Profit (losses) of main activity	1.172.596	1.232.377	282.347	399.864	1.393	(293)	161.234	154.504	(121.130)	77.235

4.18.4. Information of Linas, AB about segments of textile products of geographical business

EUR

Indicators	Segments (regions)										Group's Total	
	Skandinavian countries		European countries		USA		Lithuania		Other countries		2019 y.	2018 y.
	2019 y.	2018 y.	2019 y.	2018 y.	2019 y.	2018 y.	2019 y.	2018 y.	2019 y.	2018 y.		
Income	2.038.280	2.239.629	5.608.391	6.013.909	529.396	390.210	3.437.718	2.686.827	1.360.873	1.374.768	12.974.658	12.705.343
Cost price	1.664.347	1.843.104	5.062.091	5.342.605	409.604	294.302	2.990.475	2.221.589	1.230.571	1.217.291	11.357.088	10.918.891
Gross profit (losses)	373.933	396.525	546.300	671.304	119.792	95.908	447.243	465.238	130.302	157.477	1.617.570	1.786.452
Selling expenses, general and administrative expenses											1.738.700	1.709.217
Profit (losses) of main activity	373.933	396.525	546.300	671.304	119.792	95.908	447.243	465.238	130.302	157.477	(121.130)	77.235

4.19. SELLING EXPENSES, GENERAL AND ADMINISTRATIVE EXPENSES

EUR

Run. No.	Indicators	GROUP		COMPANY	
		Financial year	Last financial year	Financial year	Last financial year
1	Expenses of sales	682,165	639,763	679,246	639,254
1.1	Expenses of commissions	202,529	213,308	202,529	213,308
1.2	Expenses of transporting of sold production	71,144	56,385	68,225	55,876
1.3	Expenses of production advertising and fair	43,878	108,239	43,878	108,239
1.4	Expenses of sales number employees wage and other with employees related expenses	250,858	217,392	250,858	217,392
1.5	Evaluate of customers creditworthiness and insurance costs of marketable credits	20,499	19,759	20,499	19,759
1.6	Other sales expenses	93,257	24,680	93,257	24,680
2	General and administration expenses	1,380,931	1,387,435	1,059,454	1,069,963
2.1	Expenses related with employees wage and other with employees related	674,354	603,197	505,364	441,005
2.2	Training costs of administration employees	8,805	7,747	8,805	7,384
2.3	Rent, exploitation and repairing expenses	347,547	395,834	218,500	284,056
2.4	Expenses of security services	32,583	32,583	21,722	21,722
2.5	Expenses of deterioration and amortization of non-current asset	102,940	83,293	95,010	74,826
2.6	Expenses of info technologies	33,159	38,648	29,844	35,565
2.7	Connection expenses	10,412	11,366	8,640	8,850
2.8	Expenses of bank services	20,075	20,566	19,791	20,161
2.9	Legal services expenses	32,273	12,308	29,598	12,308
2.10	Expenses of activity tax	35,248	35,980	35,105	34,539
2.11	Expenses of support provided	23,904	27,114	23,904	27,114
2.12	Expenses of social guarantees, stated in collective agreement	4,597	8,240	3,546	7,644
2.13	Representation expenses	10,726	8,153	10,726	8,135
2.14	Low-value assets acquisition expenses	1,935	11,827	1,689	11,354
2.15	Expenses of property value decrease	1,601	2,600	1,601	2,600
2.16	Various other general and administration expenses	40,772	87,979	45,609	72,700
3	TOTAL SELLING EXPENSES, GENERAL AND ADMINISTRATIVE EXPENSES	2,063,096	2,027,198	1,738,700	1,709,217

4.20. OTHER ACTIVITY

EUR

Run. No.	Indicators	GROUP		COMPANY	
		Financial year	Last financial year	Financial year	Last financial year
1.	INCOME OF OTHER ACTIVITY - TOTAL Specification of significant amount:	967,644	1,069,980	1,006,276	1,075,785
1.1.	Income of various storages selling	174,419	74,014	186,521	74,021
1.2.	Income of rent	201,602	209,504	163,826	168,104
1.3.	Income of accounting and administration services	88,800	45,600	88,800	68,400
1.4.	Incomes of thermal energy supply	522,374	739,937	556,680	764,335
1.5.	Various other non-typical activity income	(20,521)	819	9,479	819
1.6.	Incomes of customers' in advance payments which are written in the financial accounting	970	106	970	106
2.	EXPENSES OF OTHER ACTIVITY - TOTAL Specification of significant amount:	713,630	854,616	707,310	837,129
2.1.	Net cost of sold various storages	112,803	44,402	109,470	41,559
2.2.	Net cost of rent	107,448	119,795	75,874	82,174
2.3.	Expenses of accounting and administration services	58,026	61,937	58,026	61,937
2.4.	Expenditures of thermal energy supply	435,338	628,326	463,925	651,303
2.5.	Various other non-typical activity expenses	15	156	15	156
3.	RESULT OF OTHER ACTIVITY (1-2)	254,014	215,364	298,966	238,656

4.21. FINANCIAL AND INVESTMENT ACTIVITY

EUR

Run. No.	Indicators	GROUP		COMPANY	
		Financial year	Last financial year	Financial year	Last financial year
1.	FINANCIAL AND INVESTMENT ACTIVITY INCOME - TOTAL Specification of significant amount:	53,709	38,173	53,708	38,173
1.1.	Positive result of changes of currency exchange	15,864	11,962	15,863	11,962
1.2.	Income of other interests	37,845	37,260	37,845	37,260
1.3.	Fines and penalties for the drawn debts	0	946	0	946
1.4.	Income of other financial-investment activity	0	6	0	6
1.5.	Income from investments in shares of parent, subsidiary and associate	0	0	0	600,000
2.	FINANCIAL AND INVESTMENT ACTIVITY EXPENSE S- TOTAL Specification of significant amount:	30,787	56,946	30,786	56,852
2.1.	Expenses of interests	0	456	0	456
2.2.	Fines and delay fees	12,733	1	12,732	
2.3.	Negative result of changes of currency exchange	0	(255)	0	(255)
2.4.	Expenses of other financial-investment activity	22,922	(18,773)	22,922	(18,679)
3.	FINANCIAL AND INVESTMENT ACTIVITY RESULT (1-2)	53,709	38,173	53,708	38,173

4.22. FINANCIAL CONNECTIONS WITH MANAGERS AND OTHER RELATED PERSONS

EUR

No.	Indicators	GROUP				COMPANY			
		Financial year	Remainder at the end of financial year	Last financial year	Remainder at the end of last financial year	Financial year	Remainder at the end of financial year	Last financial year	Remainder at the end of last financial year
A.	Amount, related with industrial relations, calculated within a year:	131,160	7,719	86,196	7,066	104,155	6,414	75,148	5,136
1.	For managers	131,160	7,719	86,196	7,066	104,155	6,414	75,148	5,136
2.	For other related persons	0	0	0	0	0	0	0	0
B.	Loans granted by Group (Company):	-	1,170,992	-	1,170,992	-	1,170,992	-	1,170,992
1.	For managers	-	-	-	-	-	0	-	0
2.	For other related persons	-	1,170,992	-	1,170,992	-	1,170,992	-	1,170,992
C.	Receivable loans:	-	-	-	-	-	-	-	-
1.	From managers	-	-	-	-	-	-	-	-
2.	From other related persons	-	-	-	-	-	-	-	-
D.	Repaid the loan for Group (Company):	-	-	-	-	-	-	-	-
1.	From managers	-	-	-	-	-	-	-	-
2.	From other related persons	-	-	-	-	-	-	-	-
E.	Gratuitously transferred asset and gifts:	-	-	-	-	-	-	-	-
1.	For managers	-	-	-	-	-	-	-	-
2.	For other related persons	-	-	-	-	-	-	-	-
F.	Various guarantees provided by name of Group (Company):	-	-	-	0	-	-	-	-
1.	For managers	-	-	-	-	-	-	-	-
2.	For other related persons	-	-	-	0	-	-	-	-
G.	Received various guarantees:	-	1,592,910	-	1,592,910	-	2,867,340	-	2,867,340
1.	From managers	-	-	-	0	-	-	-	-
2.	From other related persons	-	1,592,910	-	1,592,910	-	2,867,340	-	2,867,340
H.	Other significant amounts, calculated within a year (obligations of Group (Company) to related persons):	0	0	1,260	60	1,245,453	359,861	1,983,397	545,856
1.	For managers	0	0	1,200	0	0	0	1,200	0
2.	For members of the Board	-	-	-	-	-	-	-	-
3.	For other related persons	0	0	60	60	1,245,453	359,861	1,982,197	545,856
I.	Other significant obligations for Group (Company):	43,618	181,527	49,617	145,909	131,167	181,527	103,414	145,909
1.	Of managers	-	-	-	-	-	-	-	-
2.	Of other related persons	43,618	181,527	49,617	145,909	131,167	181,527	103,414	145,909
J.	Sold asset:	301	-	449	-	12,583	-	609	-
1.	For managers	301	-	48	-	301	-	48	-
2.	For other related persons	0	-	401	-	12,282	-	561	-
K.	Provisions of liabilities and requisition cover:	-	-	-	-	-	-	-	-
1.	For managers	-	-	-	-	-	-	-	-
2.	For other related persons	-	-	-	-	-	-	-	-
L.	Accepted as doubtful debts (Financial assets depreciation amounts):	-	-	-	-	-	-	-	-
1.	Of managers	-	-	-	-	-	-	-	-
2.	Of other related persons	-	-	-	-	-	-	-	-
M.	The asset of the third parties in the enterprise	-	-	-	-	-	-	-	-
1.	Of managers	-	-	-	-	-	-	-	-
2.	Of other related persons	-	-	-	-	-	-	-	-
N.	The asset of enterprise at the third parties	-	0	-	0	-	398,710	-	173,132
1.	Of managers	-	-	-	-	-	-	-	-
2.	Of other related persons	-	0	-	0	-	398,710	-	173,132
O.	Dividends received from related parties								600,000
	Average number of administration managers within a year	3	X	3	X	2	X	2	X
	Number of Board members per year	3	X	3	X	3	X	3	X

4.23. PROFIT TAX

4.23.1. Specification of expenses of profit tax

EUR

Run. No.	Expenses of profit tax	GROUP		COMPANY	
		Financial year	Last financial year	Financial year	Last financial year
1.	Expenses of profit tax	33,292	91,631	32,966	51,641
1.1.	Reporting year profit tax according to Profit tax declaration	30,036	91,631	29,826	51,641
1.2.	Corrections of profit tax of last year in perspective way	3,256	0	3,140	0
2.	Expenses (incomes) of delayed taxes	0	42	0	4
2.1.	Expenses (incomes) of delayed taxes, determined by appearance and (or) disappearance of temporary differences	0	42	0	4
3.	Expenses of profit tax , stated in statement of profit or loss and other comprehensive income	33,292	91,673	32,966	51,645

4.23.2. Recalculation of expenses of profit taxes, according to regular and temporary difference of accounting and taxable profit

EUR

Run. No.	Expenses of profit tax	GROUP		COMPANY	
		Financial year	Last financial year	Financial year	Last financial year
1.	Accountable profit (loss) before taxing (according to statement profit or loss and other of comprehensive income)	139,761	597,554	198,530	340,361
2.	The profit/loss, which emerged as the result of calculation of interest in the financial accounting by applying the depreciated cost price, using the factual interest method	2,344	1,642	2,228	1,642
3.	Profit tax before correction cause of regular and temporary differences	29,780	89,633	29,780	51,054
4.	Correction of expenses of profit tax	3,512	2,040	3,186	591
4.1.	Correction of profit tax expenses cause of regular differences	256	316	46	(1,133)
4.2.	Correction of profit tax expenses cause of temporary differences (from profit declaration)	0	(42)	0	(4)
4.3.	Correction of profit tax expenses regarding temporal differences (profit tax property (obligations) decrease (increase))	0	42	0	4
4.4.	Correction of profit tax of last period in perspective way	3,256	1,724	3,140	1,724
4.5.	Profit tax expenditures correction regarding investment project implementation	0	0	0	0
4.6.	Correction of the profit tax costs as the result of increase of the revenues over the taxable period (reduction of costs) in accordance with Paragraph 2 of Article 40 of the Law on Profit Tax				
5.	Expenses of profit tax, stated in statement of profit or loss and other comprehensive income	33,292	91,673	32,966	51,645

4.24. EXTENDED PROFIT TAX

EUR

Run. No.	Reasons of originated extended tax	GROUP				COMPANY			
		Statement of financial position		Statement of profit or loss and other comprehensive income		Statement of financial position		Statement of profit or loss and other comprehensive income	
		Financial year	Last financial year	Financial year	Last financial year	Financial year	Last financial year	Financial year	Last financial year
1.	Obligation of extended tax at the beginning of financial year	0	0	0	0	0	0		
2.	Asset of extended tax at the beginning of financial year	10	54			10	15		
	Changes of asset of extended tax (increase +, decrease -)								
3.1.	Income tax on long-term assets depreciation costs, which are recognized in the taxation accounting as allowed deductions	0	(44)			0	(5)		
3.2.	Income tax on long-term assets depreciation costs, which are not recognized in the taxation accounting as allowed deductions	0	0			0	0		
3.	Changes of asset of extended tax, total	0	(44)			0	(5)		
4.	Expenses (incomes) of extended tax			0	42			0	4
5.	Obligation of extended tax at the end of financial year	0	0			0	0		
6.	Asset of extended tax at the end of financial year	10	10			10	10		

4.25. RIGHTS AND OBLIGATIONS, NOT STATED IN THE STATEMENT OF FINANCIAL POSITION

EUR

Run. No.	Indicators	GROUP		COMPANY	
		Financial year	Previous financial year	Financial year	Previous financial year
1	The value of deposit for the loans granted by bank	3,914,100	3,914,100	3,914,100	3,914,100
2	Sponsions of third parties for the loans received by the enterprise	0	0	1,274,430	1,274,430
3	Received guarantess, sponsions				
4	Tangible valuables of enterprise trusted to the third parties	29,194	29,194	29,194	29,194
5	Property sublease for third persons	794,600	1,108,424	519,308	783,938
6	Sponsions for the third parties	0	0		
7	Confirmed notes in circulation	0	0	0	0
8	The asset of the third parties in the enterprise	0	0	0	0
9	Property of third parties mortgaged for the company	1,592,910	1,592,910	1,592,910	1,592,910

4.26. EARNINGS (LOSS) PER SHARE

Run. No.	Indicators	GROUP		COMPANY	
		Financial year	Last financial year	Financial year	Last financial year
1.	Average number of shares	24,038,990	24,038,990	24,038,990	24,038,990
2.	Net profit (loss), in EUR	108,696	507,524	167,792	891,998
3.	Earnings per share, in EUR	0.005	0.020	0.007	0.037