

Operative report 2023, 9 months

L I N E N

SIA "L. J. LINEN"
Riga, 2023

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INFORMATION ON THE COMPANY

NAME OF THE COMPANY SIA "L. J. LINEN"

LEGAL STATUS OF THE COMPANY Limited Liability Company

NUMBER, PLACE AND DATE OF REGISTRATION Nr.40003669025, Riga, 08.03.2004

ADDRESS Antonijas street 5, Rīga, LV-1010

NAME OF THE SHAREHOLDER JĀNIS KUĻIKOVSKIS 100%
**to be changed to LIONPRO BV*

BOARD

CHAIRPERSON JĀNIS KUĻIKOVSKIS
Starting 22.04.2010, can represent individually

BOARD MEMBER ZANE KUĻIKOVSKA
Starting 02.08.2018, can represent individually

BOARD MEMBER LĪVIJA KUĻIKOVSKA
Starting 22.04.2010, can represent individually

BOARD MEMBER IVANDA LEJA
Starting 19.06.2023, can represent jointly with at least 1

BOARD MEMBER TOMASS RIEKSTIŅŠ
Starting 19.06.2023, can represent jointly with at least 1

REPORTING PERIOD 1 January - 30 September 2023

REPORT OF THE MANAGEMENT

TYPE OF OPERATIONS

LINEN is engaged in global trade of animal by-products and providing a tailored agriproduct supply chain for market leaders. LINEN and its Group provides a seamless, full-cycle, door-to-door trading, and delivery service. Company is a bridge between producers of raw materials and producers of animal feeds, biofuels, and human food. Almost half of the volume in meat production is considered waste. Through reprocessing, animal protein meal and animal fats are created. These products can be further used as ingredients in animal feed, human food, organic fertilizers, and cosmetics. These ingredients constitute the main part of traded goods of LINEN. The company has a global reach with deep knowledge of these ingredients with experience of almost 30 years and clients in 46 markets. LINEN is a supplier to some of the world's largest animal feed producers and LINEN is one of the largest exporters of these ingredients to developing countries from Europe.

PERFORMANCE OF THE COMPANY DURING THE Q3 OF 2023

Q3 2023 was mainly affected by a significant decrease in purchase and sales prices of certain commodities. LINEN raised its sales volumes in metric tons as well as net turnover which has increased by 28% comparing year 2022 and at the same time increased its market share and became one of Top3 players in Europe market. Despite the drop in Gross margin numbers, LINEN management believes that this was the best decision for future Company development and relationship strengthen with its cooperation partners on the procurement side.

Beside the core business activities, LINEN is continuing to scale up its new operations with sustainable fuels and is planning to start the first collection plants in East Africa region. "We have learned our lessons in international trade by supplying used cooking oils from Asia to biggest European biofuel producers in Netherlands, United Kingdom and Italy. We are ready to take the next challenge and therefor planning invest in our own collection subsidiaries. We strongly believe in Green Policy of Europe and sustainability is one of our core elements." says Zane Kulikovska, CEO.

We express our gratitude to all investors for your trust and support during this crucial phase of LINEN's development.

Considering both the prevailing market conditions and the company's slower yet steadfast growth, the LINEN management team has opted for the early redemption of outstanding bonds. This decision is driven by our commitment to simplifying the capital structure and mitigating external financing costs.

We deeply value the trust that our bondholders have placed in us during this period. Looking ahead, as the company advances through its developmental stages with accelerated momentum, we do not discount the possibility of returning to the capital market. Our aim is to offer you fresh and promising investment opportunities.

ZANE KUĻIKOVSKA

JĀNIS KUĻIKOVSKIS

LĪVIJA KUĻIKOVSKA

IVANDA LEJA

TOMASS RIEKSTIŅŠ

PROFIT OR LOSS STATEMENT FOR YEAR 2023, 9 MONTHS

	2023, 9M EUR	2022, 9M EUR
NET TURNOVER	36 335 787	28 358 254
<i>INCOME FROM TRADE OF ANIMAL FEED INGREDIENTS</i>	36 335 787	28 358 254
COST OF SALES	(33 683 900)	(24 374 554)
GMI	2 651 887	3 983 700
	<i>GMI%</i> 7.30%	14.05%
SELLING EXPENSES	(1 047 596)	(904 027)
<i>DISTRIBUTION EXPENSES</i>	(146 106)	(680)
<i>BUSINESS TRIPS</i>	(152 911)	(188 881)
<i>PERSONNEL RELATED COSTS</i>	(384 234)	(503 939)
<i>SALES COMMISSIONS PAID</i>	(286 849)	(120 507)
<i>BANK FEES</i>	(54)	-
<i>OTHER SELLING COSTS</i>	(77 442)	(90 020)
ADMINISTRATIVE EXPENSES	(871 497)	(600 278)
EBITDA	732 794	2 479 395
	<i>EBITDA%</i> 2.02%	8,74%
EFFECT OF CURRENCY EXCHANGE	(51 180)	514 698
OTHER OPERATING INCOME	1 182 621	39 104
OTHER OPERATING EXPENSES	(744 291)	(68 595)
DEPRECIATION	(28 350)	(30 133)
EBIT	1 091 594	2 934 469
	<i>EBIT%</i> 3.00%	10.35%
CORPORATE INCOME TAX	(14 220)	(36 173)
INTEREST INCOME AND SIMILAR INCOME	102 629	86
INTEREST EXPENSES	(281 897)	(25 315)
NET INCOME	898 106	2 873 067
	<i>NET INCOME %</i> 2.47%	10.13%

BALANCE SHEET AS OF 30 SEPTEMBER 2023

	30.09.2023. EUR	30.09.2022. EUR
NON-CURRENT ASSETS	2 807 686	136 932
INTANGIBLE FIXED ASSETS	42 094	30 335
<i>INTANGIBLE ASSETS</i>	42 094	30 335
PROPERTY, PLANT AND EQUIPMENT	42 366	103 797
<i>OTHER FIXED ASSETS</i>	42 366	83 797
<i>ADVANCE PAYMENTS FOR FIXED ASSETS</i>	-	20 000
LONG-TERM ASSETS	2 723 226	2 800
<i>INVESTMENTS IN SUBSIDIARIES</i>	2 723 226	2 800
CURRENT ASSETS	15 895 104	14 685 264
INVENTORIES	182 878	110 867
<i>FINISHED GOODS AND GOODS FOR SALE</i>	182 878	108 614
<i>ADVANCE PAYMENTS FOR GOODS</i>	-	2 253
RECEIVABLES	15 638 574	14 419 984
<i>TRADE RECEIVABLES</i>	9 837 421	3 822 674
<i>IC TRADE RECEIVABLES</i>	4 867 741	10 351 908
<i>RECEIVABLES FROM RELATED PARTIES</i>	36 000	-
<i>OTHER RECEIVABLES</i>	878 373	228 673
<i>PREPAID EXPENSES</i>	19 039	16 729
CASH AND CASH EQUIVALENTS	73 652	154 413
TOTAL ASSETS	18 702 790	14 822 196

BALANCE SHEET AS OF 30 SEPTEMBER 2023

	30.09.2023. EUR	30.09.2022. EUR
CAPITAL AND RESERVES	11 440 126	8 096 859
<i>SHARE CAPITAL</i>	3 532	2 842
<i>ACCUMULATED PROFIT</i>	11 436 594	8 094 017
<i>A) BROUGHT FORWARD</i>	10 538 487	5 220 950
<i>B) CURRENT YEAR</i>	898 106	2 873 067
NON-CURRENT LIABILITIES	2 000 000	1 500 000
<i>LOANS FROM FINANCIAL INSTITUTIONS</i>	2 000 000	1 500 000
CURRENT LIABILITIES	5 262 666	5 225 339
<i>SHORT TERM LIABILITIES FROM FINANCIAL INSTITUTIONS</i>	1 000 000	-
<i>SHORT TERM LIABILITIES FROM RELATED PARTIES</i>	314 950	-
<i>TRADE PAYABLES</i>	3 353 791	4 901 887
<i>PAYABLES TO RELATED PARTIES</i>	72 968	-
<i>ACCRUED LIABILITIES</i>	512 369	323 452
<i>OTHER CURRENT LIABILITIES</i>	8 089	-
<i>TAXES AND SOCIAL INSURANCE CONTRIBUTIONS</i>	499	-
EQUITY AND LIABILITIES	18 702 790	14 822 196

FINANCIAL COVENANTS

30.09.2023.
EUR

EQUITY RATIO AT LEAST 40% (FORTY PER CENT) CALCULATED AT THE END OF EACH QUARTER **61.17%**

TOTAL EQUITY 11 440 126

TOTAL ASSETS 18 702 792

NET DEBT LEVERAGE RATIO LESS THAN 2X (TWO TIMES) CALCULATED FOR THE RELEVANT PERIOD AT THE END OF EACH QUARTER **1.40**

ROLLING EBITDA 2 095 844

NET DEBT 2 926 348

CASH AND CASH EQUIVALENTS (73 652)

LOANS FROM FINANCIAL INSTITUTIONS 3 000 000

INTEREST COVERAGE RATIO OF AT LEAST 3X (THREE TIMES), CALCULATED FOR THE RELEVANT PERIOD AT THE END OF EACH QUARTER **7.43**

ROLLING EBITDA 2 095 844

ROLLING INTEREST EXPENSES 281 897

ACCOUNTS RECEIVABLES COVERAGE RATIO OF AT LEAST 1.5X (ONE AND A HALF TIMES), CALCULATED AT THE END OF EACH QUARTER **3.28**

TRADE RECEIVABLES 3RD PARTIES 9 837 421

LOANS FROM FINANCIAL INSTITUTIONS 3 000 000