

## **CONFIRMATION OF RESPONSIBLE PERSONS**

Following Article 22 of the Law on Securities of the Republic of Lithuania, Periodic and Additional Information of Preparation and Submission rules of Lithuanian Bank Board, we, Petras Jašinskas, Managing Director of Utenos trikotazas, AB, Finance Director Andrej Grobov, hereby confirm that, to the best of our knowledge, the unaudited consolidated financial statements of Utenos trikotazas, AB for the 12 months of 2019, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of Utenos trikotazas, AB and the Group of undertakings.

ENCLOSURE: Unaudited consolidated financial statements for the 12 months of 2019 of Utenos trikotazas AB.

**Managing Director**

**Petras Jašinskas**

**Finance Director**

**Andrej Grobov**





## **UTENOS TRIKOTAŽAS, AB**

**CONSOLIDATED AND COMPANY'S INTERIM FINANCIAL STATEMENTS**  
for the 12 months period ended 31 December 2019  
(UNAUDITED)

## INFORMATION ABOUT COMPANY

Company name	Utenos Trikotažas AB
Legal and organisation form	Legal entity, public company
Date and place of incorporation	Registered with the Register of Legal Entities of Utena District on 6 <sup>st</sup> December 1994; reregistered with the Ministry of Economy of the Republic of Lithuania on 18 <sup>st</sup> September 1998.
Registration code	September 1998.
Code of the Register of Legal Entities	BĮ 98-257
Authorised share capital	183709468
Address	EUR 2 755 870
Name of Register of Legal Entities	J.Basanavičiaus g.122, LT-28214, Utena, Lithuania
Telephone	Registru centras VĮ
Fax	+370 389 51445
E-mail	+370 389 69358
Website	<a href="mailto:utenos.trikotazas@ut.lt">utenos.trikotazas@ut.lt</a>
Main activities	<a href="http://www.ut.lt">www.ut.lt</a>
Auditors	production of knit-wear and textile articles ERNST&YOUNG BALTIC UAB

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## REVIEW OF ACTIVITY OF THE GROUP COMPANIES

In the 12 months of 2019, Utenos trikotažas AB group of companies (hereinafter „the Group“) sold products and provided services for EUR 30.79 million, which is by 1.1 per cent higher than in the previous year when the Group’s sales accounted for EUR 30.46 million. The Group exported 79.8 per cent of products.

During the twelve months of 2019, the company Utenos trikotažas sold products and provided services for EUR 26.98 million.

The sales of the largest segment – on-demand knitwear –dropped by 0.7 per cent and reached EUR 23.1 million, private brands UTENOS and ABOUT grew by 4.7 per cent and reached EUR 4.0 million, whereas the sales of functional-technical garments produced by its subsidiary Šatrija grew by 9.1 per cent.

In the 12 months of 2019, the Group earned a pre-tax profit of EUR 759 thousand, compared with a profit of EUR 1 151 thousand in 2018. During the same period, the company Utenos trikotažas earned a pre-tax profit of EUR 1 801 thousand, whereas it recorded a profit of EUR 606 thousand a year ago.

The Group’s EBITDA amounted to EUR 1 717 thousand, which is less by 15.5 per cent than in the respective period of 2018. The Company’s EBITDA reached EUR 1 344 thousand, which is less of 24.7 per cent, compared with the first quarter of 2018, when the company’s EBITDA accounted for EUR 1 785 thousand

**Key performance indicators of the Group**
**Trade**

Revenue (EUR '000)	Group			Company		
	2019	2018	Change	2019	2018	Change
	12M	12M	%	12M	12M	%
Products manufactured on demand of other clients	23 111	23 267	(0.7)	23 100	23 159	(0.7)
Own brands (ABOUT, UTENOS)	3 990	3 812	4.7	3 879	3 812	1.7
Services of functional-technical garments manufacture	3 687	3 378	9.1	-	-	-
	<b>30 788</b>	<b>30 457</b>	<b>1.1</b>	<b>26 979</b>	<b>26 971</b>	<b>0.0</b>

Revenue (EUR '000)	Group			Company		
	2019	2018	Change	2019	2018	Change
	IV Q	IV Q	%	IV Q	IV Q	%
Products manufactured on demand of other clients	5 073	4 629	9.6	5 062	4 535	11.6
Own brands (ABOUT, UTENOS)	1 141	1 205	(5.3)	1 127	1 285	(12.3)
Services of functional-technical garments manufacture	915	950	(3.7)	-	-	-
	<b>7 129</b>	<b>6 784</b>	<b>5.1</b>	<b>6 189</b>	<b>5 820</b>	<b>6.3</b>

**Sales by regions**

Revenue (EUR '000)	Group			Company		
	2019	2018	Change	2019	2018	Change
	12M	12M	%	12M	12M	%
Export	24 554	24 705	(0.6)	22 069	22 464	(1.8)
<i>DACH (Germany, Austria, Switzerland)</i>	16 480	13 618	21.0	15 231	12 700	19.9
<i>Scandinavia (Sweden, Norway, Denmark, Finland)</i>	5 259	7 810	(32.7)	5 168	7 443	(30.6)
<i>Other regions</i>	2 815	3 277	(14.1)	1 670	2 321	(28.1)
Domestic	6 234	5 752	8.4	4 910	4 507	8.9
	<b>30 788</b>	<b>30 457</b>	<b>1.1</b>	<b>26 979</b>	<b>26 971</b>	<b>0.0</b>

Revenue (EUR '000)	Group			Company		
	2019 IV Q	2018 IV Q	Change %	2019 IV Q	2018 IV Q	Change %
Export	5 539	4 967	11.5	4 798	4 207	14.1
DACH (Germany, Austria, Switzerland)	4 088	2 985	36.9	3 836	2 735	40.2
Scandinavia (Sweden, Norway, Denmark, Finland)	785	1 199	(34.6)	765	1 013	(24.5)
Other regions	667	783	(14.8)	197	459	(57.1)
Domestic	1 589	1 817	(12.6)	1 391	1 613	(13.8)
	<b>7 128</b>	<b>6 784</b>	<b>5.1</b>	<b>6 189</b>	<b>5 820</b>	<b>6.3</b>

### Operating figures

	Group			Company		
	2019 12M	2018 12M	Change %	2019 12M	2018 12M	Change %
Manufactured items units .	2 852	3 132	(8.9)	2 725	3 008	(9.4)
Average number of employees	1 057	1 051	0.5	720	709	1.6

### Financial ratio

	Group			Company		
	2019 12M	2018 12M	Change	2019 12M	2018 12M	Change
Revenue (EUR'000)	30 788	30 457	1.1%	26 979	26 971	0.0%
Operating profit (loss) (EUR'000)	659	1 200	(45.1)%	597	1 166	(48.8)%
Operating profit (loss) margin (%)	2,1%	3,9%	(1.8) p.p	2,2%	4,3%	(2.1) p.p
EBITDA (EUR'000)	1 717	2 032	(15.5)%	1 344	1 785	(24.7)%
EBITDA margin (%)	5,6%	6,7%	(1.1) p.p	5,0%	6,6%	(1.6) p.p
Profit (loss) before tax (EUR'000)	759	1 151	(34.1)%	1 801	606	197.2%
Profit (loss) before tax, margin (%)	2,5%	3,8%	(1.3) p.p	6,7%	2,2%	4.4 p.p
Net profit (loss) for the year (EUR'000)	764	1 141	(33.1)%	1 799	571	215.1%
Net profit (loss) for the year margin (%)	2,5%	3,7%	(1.3) p.p	6,7%	2,1%	4.6 p.p
Number of shares, (thousand)	9 503	9 503	-	9 503	9 503	-

	Group			Company		
	2019	2018	Change	2019	2018	Change
	IV Q	IV Q		IV Q	IV Q	
Revenue (EUR'000)	7 129	6 784	(13.00)%	6 189	5 820	(13.60)%
Operating profit (loss) (EUR'000)	242	(47)	(38.80)%	213	58	(33.00)%
Operating profit (loss) margin (%)	3,4%	(0.7)%	(2.4) p.p	3,4%	1,0%	(1.9) p.p
EBITDA (EUR'000)	328	162	(11.40)%	465	198	4.50%
EBITDA margin (%)	5%	2%	0.2 p.p	8%	3%	2.2 p.p
Profit (loss) before tax (EUR'000)	184	(32)	(3.10)%	205	(462)	150.10%
Profit (loss) before tax, margin (%)	2,6%	(0.5)%	0.8 p.p	3,3%	(7.9)%	15.4 p.p
Net profit (loss) for the year (EUR'000)	161	(16)	1.30%	184	(470)	159.60%
Net profit (loss) for the year margin (%)	2,3%	(0.2)%	1.1 p.p	3,0%	(8.1)%	15.8 p.p
Number of shares, (thousand)	9 503	9 503	-	9 503	9 503	-

**Relative ratios**

	Group			Company		
	2019 12M	2018 12M	Change p.p	2019 12M	2018 12M	Change p.p
Return on capital employed (%)	27.7%	41.4%	(13.7)	18.9%	20.7%	(1.8)
Return on assets (%)	3.3%	5.1%	(1.8)	8.6%	2.8%	5.8
Return on shareholders' equity (%)	7.0%	10.2%	(3.3)	17.7%	6.1%	11.6
Debt ratio (%)	52.2%	49.8%	2.4	51.4%	53.9%	(2.5)
Debt-to-equity ratio (%)	109.4%	99.0%	10.4	105.7%	116.8%	(11.1)
Liquidity ratio (%)	145.4%	121.8%	23.6	140.0%	119.3%	20.7
Equity to assets ratio (%)	47.8%	50.2%	(2.4)	48.6%	46.1%	2.5

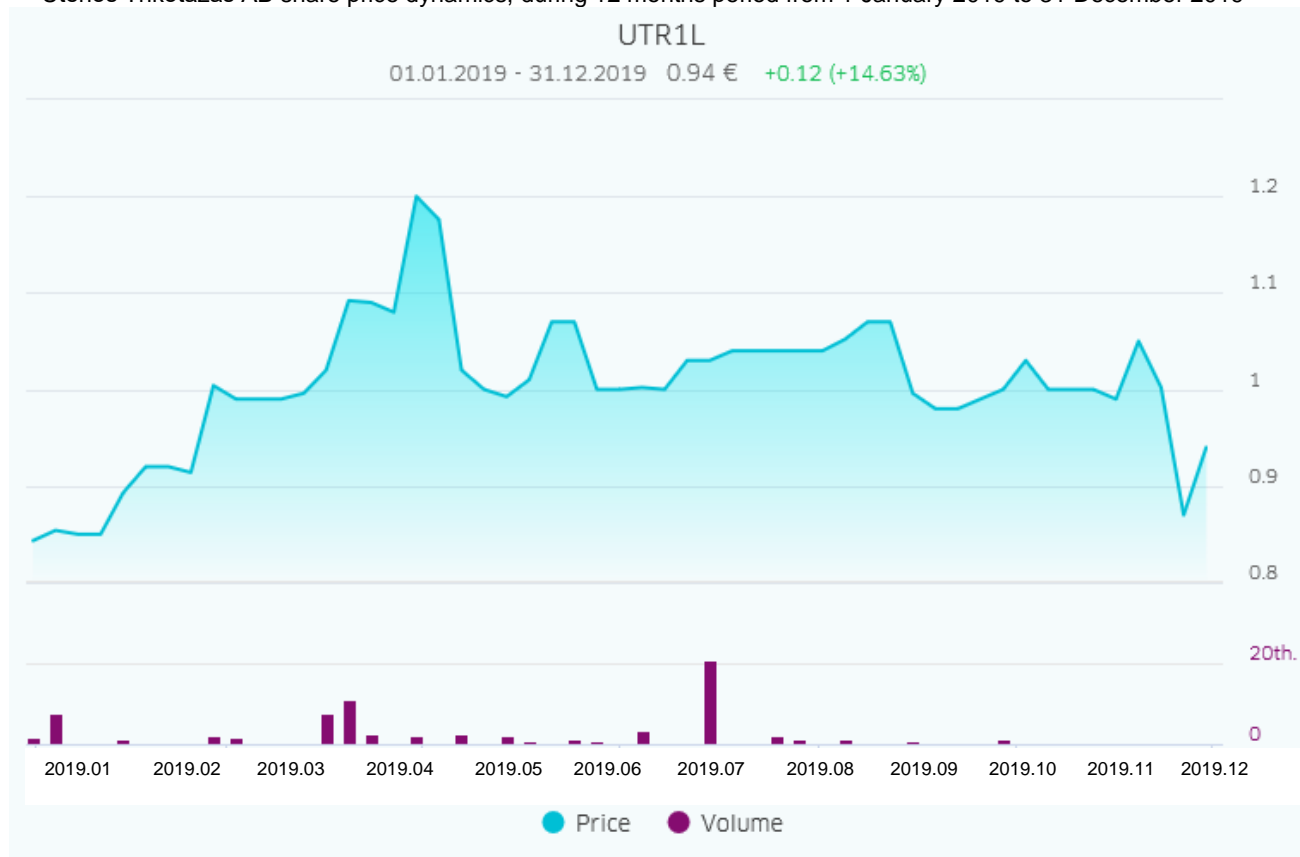
**Ratios related with the share price**

	2019 12M	2018 12M	Change
P/E	12.15	7.04	5.11
EPS	0.08	0.12	(0.04)
EV/EBITDA	7.02	5.70	1.32



## Information regarding the price of shares and their dynamics

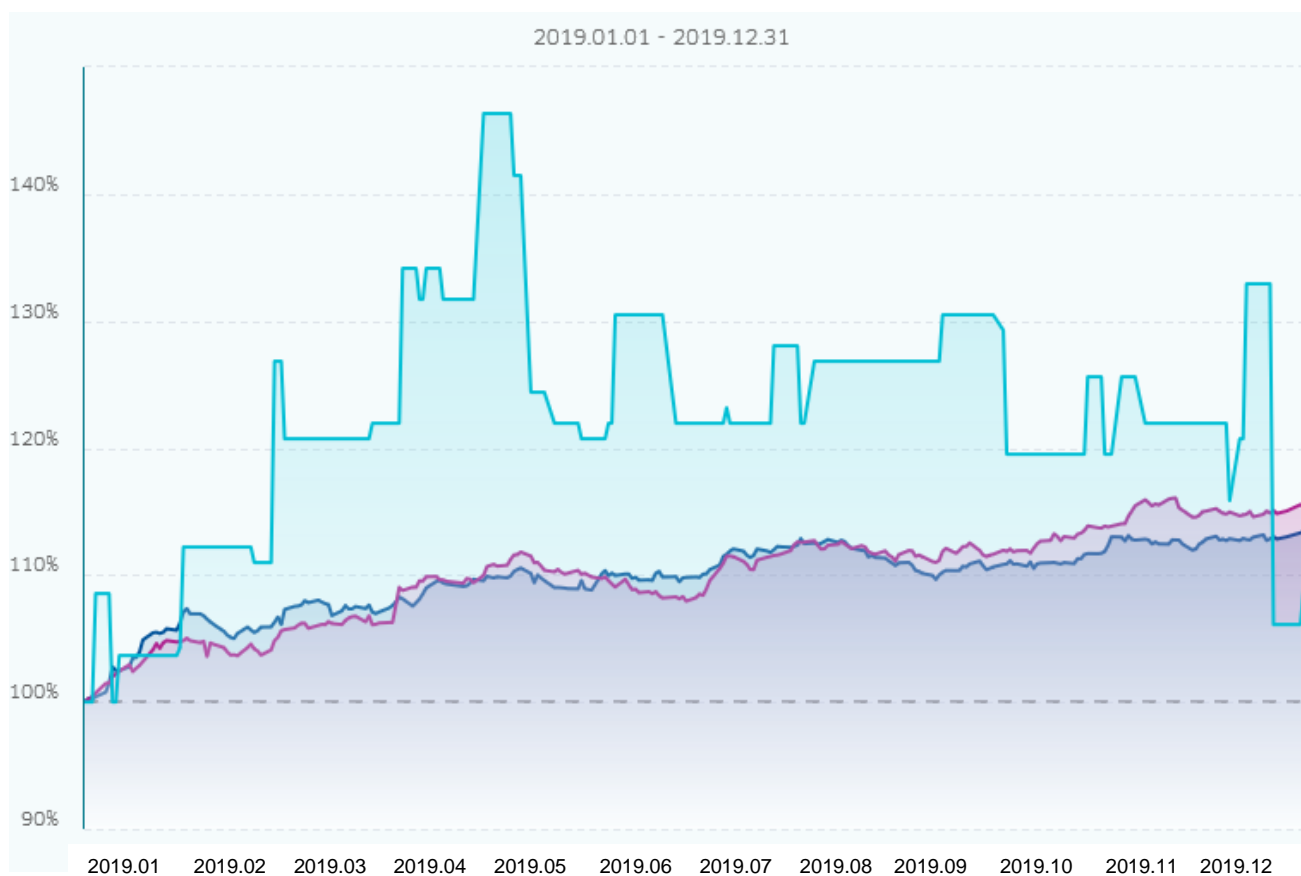
Utenos Trikotažas AB share price dynamics, during 12 months period from 1 January 2019 to 31 December 2019



### Price ratios

	2019 12 M	2018 12 M
Open price, EUR	0.82	0.95
High price, EUR	1.20	1.25
Low price, EUR	0.81	0.82
Last price, EUR	0.94	0.82
Traded volume	79 171	602 135
Turnover, million EUR	0.08	0.50
Capitalisation, million EUR	8.93	7.79

**Utenos Trikotažas AB, OMX Baltic Benchmark GI and OMX Vilnius Index dynamics during 12 months period from 1 January 2019 to 31 December 2019**



Index/ Equity	2019.12.31	2018.12.31	Change, %
—OMX Baltic Benchmark GI	992.83	873.81	13.62
—OMX Vilnius	712.14	616.9	15.44
—UTR1L	0.94 EUR	0.82 EUR	14.63

**BALANCE SHEET**

	<b>Group</b>		<b>Company</b>	
	<b>2019.12.31</b>	<b>2018.12.31</b>	<b>2019.12.31</b>	<b>2018.12.31</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	548	655	144	249
Property, plant and equipment	10 427	9 661	6 584	6 130
Investment property	114	90	114	90
Investments into subsidiaries	-	-	1 553	1 550
Receivables from subsidiaries	-	-	2 000	1 788
Right-of-use assets	734	815	288	321
Deferred income tax asset	96	104	-	-
	<b>11 919</b>	<b>11 325</b>	<b>10 683</b>	<b>10 128</b>
<b>Current assets</b>				
Inventories	6 665	5 827	6 518	5 678
Trade receivables	1 234	2 419	966	2 081
Other current assets	2 007	2 416	1 970	2 328
Current financial assets	253	339	178	277
Cash and cash equivalents	895	703	652	120
	<b>11 054</b>	<b>11 704</b>	<b>10 284</b>	<b>10 484</b>
<b>Total assets</b>	<b>22 973</b>	<b>23 029</b>	<b>20 967</b>	<b>20 612</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to the shareholders of the Company</b>				
Share capital	2 756	2 756	2 756	2 756
Revaluation surplus	574	574	574	574
Legal reserve	4 203	4 340	2 245	2 303
Reserve for acquisition of own shares	1 090	90	1 000	-
Foreign currency translation reserve	1 085	936	-	-
Cash flow hedge reserve	-	(4)	-	(4)
Accumulated retained earnings/ (losses)	1 052	2 150	3 617	3 731
	<b>10 760</b>	<b>10 842</b>	<b>10 192</b>	<b>9 360</b>
<b>Non-controlling interest</b>	<b>211</b>	<b>319</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>10 971</b>	<b>11 161</b>	<b>10 192</b>	<b>9 360</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	2 597	379	2 597	379
Long term lease obligations	691	689	285	237
Deferred income tax liabilities	-	-	-	1 200
Non-Current financial liabilities	834	822	337	374
Provisions for employee benefits	276	240	212	188
	<b>4 398</b>	<b>2 130</b>	<b>3 431</b>	<b>2 378</b>
<b>Current liabilities</b>				
Current portion of non-current borrowings	567	2 871	567	2 871
Current financial liabilities	-	1 239	750	1 240
Current portion of derivative financial instruments	-	13	-	13
Short term lease obligations	150	127	107	84
Trade payables	2 568	2 577	2 528	2 498
Payables to other related parties and subsidiaries	996	36	995	57
Income tax payable	50	4	12	-
Accrued expenses and other current liabilities	3 273	2 871	2 385	2 111
	<b>7 604</b>	<b>9 738</b>	<b>7 344</b>	<b>8 874</b>
<b>Total liabilities</b>	<b>12 002</b>	<b>11 868</b>	<b>10 775</b>	<b>11 015</b>
<b>Total equity and liabilities</b>	<b>22 973</b>	<b>23 029</b>	<b>20 967</b>	<b>20 612</b>

**STATEMENT OF COMPREHENSIVE INCOME**
**Group**

	Notes	January-December		October-December	
		2019	2018	2019	2018
Sales	6,15	30 788	30 457	7 129	6 784
Cost of sales	16	(25 181)	(24 601)	(5 712)	(5 604)
<b>Gross profit</b>		<b>5 607</b>	<b>5 856</b>	<b>1 417</b>	<b>1 180</b>
Selling expenses	17	(2 217)	(2 037)	(563)	(516)
General and administrative expenses	17	(2 843)	(2 739)	(637)	(740)
Other operating income	18	127	138	26	35
Other operating expenses	18	(15)	(18)	(1)	(6)
<b>Operating profit (losses)</b>		<b>659</b>	<b>1 200</b>	<b>242</b>	<b>(47)</b>
Finance income	19	302	225	23	39
Finance costs	19	(202)	(274)	(81)	(24)
<b>Profit (losses) before tax</b>		<b>759</b>	<b>1 151</b>	<b>184</b>	<b>(32)</b>
Income tax		5	(10)	(23)	16
<b>Net profit (losses)</b>		<b>764</b>	<b>1 141</b>	<b>161</b>	<b>(16)</b>
<b>Net profit (losses) attributable to:</b>					
Equity shareholders of the Company	20	735	1 107	151	(34)
Non-controlling interest		29	34	10	18
		<b>764</b>	<b>1 141</b>	<b>161</b>	<b>(32)</b>

## Statements of comprehensive income (cont'd)

### Company

	Notes	January-December		October-December	
		2019	2018	2019	2018
Sales	6, 15	26 979	26 971	6 189	5 820
Cost of sales	16	(22 260)	(21 997)	(5 015)	(4 882)
<b>Gross profit</b>		<b>4 718</b>	<b>4 974</b>	<b>1 173</b>	<b>938</b>
Selling expenses	17	(2 095)	(1 916)	(534)	(484)
General and administrative expenses	17	(2 060)	(1 933)	(431)	(402)
Other operating income	18	44	52	5	10
Other operating expenses	18	(10)	(11)	-	(4)
<b>Operating profit (losses)</b>		<b>597</b>	<b>1 166</b>	<b>213</b>	<b>58</b>
Finance income	19	1 368	108	31	28
Finance costs	19	(164)	(668)	(39)	(548)
<b>Profit (losses) before tax</b>		<b>1 801</b>	<b>606</b>	<b>205</b>	<b>(462)</b>
Income tax		(2)	(35)	(21)	(8)
<b>Net profit</b>	20	<b>1 799</b>	<b>571</b>	<b>184</b>	<b>(470)</b>

**STATEMENTS OF CHANGES IN EQUITY**

Group	Share capital	Foreign currency translation reserve	Reserve for acquisition of own shares	Other reserve	Legal reserve	Revaluation surplus	Accumulated retained earnings/ (losses)	Non-controlling interest		Total equity
								Total	Terest	
<b>Balance as of 31 December 2017</b>	2 756	574	3 107	-	142	(21)	528	7 176	260	7 436
Impact of application of IFRS 15		-	-	-	-	-	367	367	-	367
<b>Balance as of 31 December 2018</b>	2 756	574	3 107	-	-	(21)	895	7 543	260	7 803
Net profit (loss) for the year	-	-	-	-	-	-	1 107	1 107	34	1 141
Other comprehensive income	-	-	1 304	-	794	17	77	2 192	25	2 217
<b>Total comprehensive income (loss)</b>	-	-	1 304	-	794	17	1 184	3 299	59	3 358
Transfer of revaluation surplus to retained earnings	-	-	(71)	-	-	-	71	-	-	-
<b>Balance as of 31 December 2018</b>	2 756	574	4 340	90	936	(4)	2 150	10 842	319	11 161
Net profit (loss) for the year	-	-	-	-	-	-	735	735	29	764
Other comprehensive income	-	-	-	-	149	4	(20)	133	(28)	105
<b>Total comprehensive income (loss)</b>	-	-	-	-	149	4	715	868	1	869
Transfer of revaluation surplus to retained earnings	-	-	(137)	-	-	-	137	-	-	-
Reserve for acquisition of own shares	-	-	-	1 000	-	-	(1 000)	-	-	-
Reduction of non-controlling interest of share capital	-	-	-	-	-	-	-	-	(109)	(109)
Dividends paid	-	-	-	-	-	-	-	(950)	(950)	-
<b>Balance as of 31 December 2019</b>	2 756	574	4 203	1 090	1 085	-	1 052	10 759	211	10 970

Company	Share capital	Legal reserve	Reserve for acquisition of pwn shares	Revaluation surplus	Others reserve	Accumulated retained earnings/ (losses)	Total
<b>Balance as of 31 December 2017</b>	<b>2 756</b>	<b>574</b>	-	<b>1 709</b>	<b>(21)</b>	<b>2 672</b>	<b>7 690</b>
Impact of application of IFRS 15	-	-	-	-	-	367	367
<b>Balance as of 31 December 2018</b>	<b>2 756</b>	<b>574</b>	-	<b>1 709</b>	<b>(21)</b>	<b>3 039</b>	<b>8 057</b>
Net profit (loss) for the year	-	-	-	-	-	571	571
Other comprehensive income (loss)	-	-	-	638	17	77	732
<b>Total comprehensive income (loss)</b>	-	-	-	<b>638</b>	<b>17</b>	<b>648</b>	<b>1 303</b>
Transfer of revaluation surplus to retained earnings	-	-	-	(44)	-	44	-
<b>Balance as of 31 December 2018</b>	<b>2 756</b>	<b>574</b>	-	<b>2 303</b>	<b>(4)</b>	<b>3 731</b>	<b>9 360</b>
Net profit (loss) for the year	-	-	-	-	-	1799	1799
Other comprehensive income (loss)	-	-	-	-	4	(21)	(17)
<b>Total comprehensive income (loss)</b>	-	-	-	-	<b>4</b>	<b>1780</b>	<b>1782</b>
Transfer of revaluation surplus to retained earnings	-	-	-	(58)	-	58	-
Reserve for acquisition of own shares	-	-	1 000	-	-	(1 000)	-
Dividends paid	-	-	-	-	-	(950)	(950)
<b>Balance as of 31 December 2019</b>	<b>2 756</b>	<b>574</b>	<b>1 000</b>	<b>2 245</b>	-	<b>3 617</b>	<b>10 192</b>

**STATEMENTS OF CASH FLOWS**

	<b>Group</b>		<b>Company</b>	
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities</b>				
Profit (loss) for the period	764	1 141	1 799	571
<b>Adjustments for non-cash items:</b>				
Depreciation and amortization	1 057	854	747	664
(Gain) on disposal of property, plant and equipment and investment property	(10)	-	(11)	-
Impairment and write-off of i accounts receivable and inventories	139	104	138	604
Interest expense, net of interest income	-	200	-	-
Elimination of financial (income) costs	99	75	65	60
Income tax (income) expense	(10)	10	2	35
<b>Changes in working capital:</b>				
(Increase) decrease in inventories	(886)	1 293	(888)	1 315
(Increase) decrease in trade receivables	1 542	(3 124)	1 385	(2 968)
Increase (decrease) in non-current receivables from subsidiaries	-	-	(212)	(91)
(Increase) decrease in other receivables and other current assets	58	163	99	93
(Increase) decrease in trade and other accounts payable	336	11	334	107
Increase (decrease) in taxes payable and other current liabilities	(139)	(278)	53	(162)
Income tax (paid)	(107)	(46)	(54)	(55)
<b>Net cash generated from operating activities</b>	<b>2 843</b>	<b>403</b>	<b>3 457</b>	<b>173</b>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(997)	(831)	(899)	(641)
Acquisition of intangible assets	(42)	(223)	(42)	(223)
Proceeds from sale of property, plant and equipment	10	-	11	-
Investments in subsidiaries (acquisition)	-	-	(3)	-
Dividends received	9	-	69	-
Interest received	-	-	46	10
<b>Net cash flows generated from (to) investing activities</b>	<b>(1 020)</b>	<b>(1 054)</b>	<b>(818)</b>	<b>(854)</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	5 000	1 653	5 773	1 793
Repayment of borrowings and financial lease payments	(6 326)	(860)	(6 327)	(1 060)
Share capital reduction income	(108)	(114)	(134)	(137)
Dividends paid	(59)	-	(59)	-
<b>Net cash flows from financing activities</b>	<b>(1 493)</b>	<b>679</b>	<b>(746)</b>	<b>596</b>
Dividends payable netted off with loan	-	-	(1 222)	-
Non-cash investing and financing activities	(138)	-	(138)	-
<b>Net increase in cash and cash equivalents</b>	<b>192</b>	<b>28</b>	<b>532</b>	<b>(85)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>703</b>	<b>675</b>	<b>120</b>	<b>205</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>895</b>	<b>703</b>	<b>652</b>	<b>120</b>



## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

### 1. General information

The Company is engaged in production of knit-wear and textile articles.

The shares of Utenos Trikotažas AB are listed on the additional List of the NASDAQ OMX Vilnius Stock Exchange.

As of 31 December 2019 and 31 December 2018 the shareholders of the Company were as follows:

	As of 31 December 2019		As of 31 December 2018	
	Number of shares held	Interest held(%)	Number of shares held	Interest held(%)
Koncernas SBA UAB	7 822	82.31	7 822	82.31
Algirdas Šabūnas	950	10.00	950	10.00
Other shareholders	731	7.69	731	7.69
	<b>9 503</b>	<b>100.00</b>	<b>9 503</b>	<b>100.00</b>

All the shares are registered ordinary shares with a par value of EUR 0.29 each. As of 31 December 2019 and 31 December 2018 subsidiaries did not hold any shares of the Company. The Company did not hold its own shares within this period.

The consolidated group (hereinafter "the Group" ) consists of the Company and the following subsidiaries:

	Registered address	Group's share (%)		Profile
		31 December 2019	31 December 2018	
Šatrija AB	Šatrijos str. 3, Raseiniai	89.78	89.78	Sewing of clothes
Gotija UAB	Laisvės Str. 33, Kaunas	100.00	100.00	Retail trade
PAT MTF Mrija	Matrosovo Str. 13, Mukachev, Ukraine	98.95	98.95	Production of knitted articles

## 2. Form and contents of the financial statements

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

## 3. Change in the accounting method of the Companies' and the Group's Non-current assets Buildings group

In order to achieve a more accurate accounting of the financial results in March 31, 2013 the Non-current assets Buildings group accounting method was changed to the fair value method, as the book value of the Companies' and the Group's Non-current assets Buildings group, which was carried at historical cost, less subsequent accumulated depreciation, had not corresponded with the buildings market value.

## 4. Consolidation

The consolidated financial statements of the Group include Utenos trikotažas AB and its subsidiaries as well as associated companies. The financial statements of the subsidiaries are prepared for the same reporting year, using consistent accounting policies.

Subsidiaries are consolidated from the date from which effective control is transferred to the Company and cease to be consolidated from the date on which control is transferred out of the Group. All intercompany transactions, balances and unrealised gains and losses on transactions among the Group companies have been eliminated. The equity and net income attributable to non-controlling interests are shown separately in the statement of financial position and the statement of comprehensive income.

## 5. Financial risk factors

Due to the geo-political situation in Ukraine and significant drop in the value of UAH against EUR, the Management of the Group and the Company re-designated loan granted, related interests and other long term receivables as a part of net investment in Mrija PAT MTF. Accordingly gains (losses) arising from foreign exchange related to the monetary items considered to be part of net investment into foreign operation is accounted in Group's consolidated financial statements through other comprehensive income (loss).

Amount of monetary items attributed to net investment amounts to EUR 3.5 million and foreign currency exchange difference related to this amount for the 12 months of 2019 comprises EUR 149 thousand, which is accounted in the Group's consolidated financial statements through other comprehensive income.

### **Other comprehensive income (loss) from foreign currency translation included in the consolidated statements of changes in equity in other comprehensive income attributable to the equity holders of the Company:**

Foreign currency exchange difference on monetary items attributed to net investments, EUR	(608 351)
Foreign currency translation reserve on other items, EUR	756 886
<b>Other comprehensive income EUR, net</b>	<b>148 535</b>

## 6. Segment information

The Group has two main business segments: production of knitted articles and production of functional-technical garments

In assessing operational performance of segments the Group's Board takes into account the sales revenue, gross profit, EBITDA (earnings before financial activity result, taxes, depreciation and amortization), profit (loss) ratios, therefore the report on the Group's segments discloses these items in respect of each segment. As the Board also assesses other items of the statement of comprehensive income by each segment, these items are presented in the report on the Group's segments. Inter-segment transactions are eliminated on consolidation.

Below, there is a summary of major indicators for the main business segments of the Group included in the statement of comprehensive income for the 12 months of 2019 and for the 12 months of 2018:

<b>of 31 December 2019</b>	<b>Production of knitted articles</b>	<b>Production of functional-technical garments</b>	<b>Eliminations</b>	<b>Total</b>
External sales	27 101	3 687	-	30 788
Internal sales	846	-	(846)	-
<b>Total revenue</b>	<b>27 947</b>	<b>3 687</b>	<b>(846)</b>	<b>30 788</b>
<b>Gross profit</b>	<b>4 797</b>	<b>810</b>	-	<b>5 607</b>
<b>EBITDA</b>	<b>1 298</b>	<b>419</b>	-	<b>1 717</b>
<b>Profit (loss)</b>	<b>505</b>	<b>259</b>	-	<b>764</b>

<b>of 31 December 2018</b>	<b>Production of knitted articles</b>	<b>Production of functional-technical garments</b>	<b>Eliminations</b>	<b>Total</b>
External sales	27 079	3 378	-	30 457
Internal sales	922	-	(922)	-
<b>Total revenue</b>	<b>28 001</b>	<b>3 378</b>	<b>(922)</b>	<b>30 457</b>
<b>Gross profit</b>	<b>5 126</b>	<b>730</b>	-	<b>5 856</b>
<b>EBITDA</b>	<b>1 609</b>	<b>423</b>	-	<b>2 032</b>
<b>Profit (loss)</b>	<b>826</b>	<b>315</b>	-	<b>1 141</b>

## 7. Non-current intangible assets

Amortization expenses of intangible assets are included within general and administrative expenses in profit and loss statement.

## 8. Non-current tangible assets

Depreciation of non-current tangible property amounted to EUR 1 057 thousand as of 31 December 2019, EUR 755 thousand are included into cost of sales in the Group's Profit (loss) statement. The remaining amounts were included in general and administrative expenses and inventories in the statement of financial position.

As of 31 December 2019 and 31 December 2018 the Companies' and the Group's Non-current assets Buildings group is recognized at fair value.

## 9. Inventories

	Group		Company	
	2019.12.31	2018.12.31	2019.12.31	2018.12.31
Raw materials	3 059	3 243	2 711	3 240
Work in progress	1 862	1 535	1 853	1 161
Finished goods	2 552	1 885	2 521	1 848
Goods for resale	82	58	-	-
	<b>7 555</b>	<b>6 721</b>	<b>7 085</b>	<b>6 249</b>
Write-down to net realisable value:				
Opening balance	(894)	(795)	(571)	(471)
Change	4	(99)	4	(100)
Closing balance	(890)	(894)	(567)	(571)
	<b>6 665</b>	<b>5 827</b>	<b>6 518</b>	<b>5 678</b>

## 10. Trade receivables

	Group		Company	
	2019.12.31	2018.12.31	2019.12.31	2018.12.31
Trade receivables, gross	1 508	2 616	1 214	2 251
Allowance for trade receivables:				
Opening balance	(197)	(193)	(170)	(166)
Change	(77)	(4)	(78)	(4)
Closing balance	(274)	(197)	(248)	(170)
	<b>1 234</b>	<b>2 419</b>	<b>966</b>	<b>2 081</b>

Changes in impairment allowance for doubtful trade receivables as of 31 December 2019 and 31 December 2018 were recorded within the Group's and Company's general and administrative expenses.

## 11. Cash and cash equivalents

	Group		Company	
	2019.12.31	2018.12.31	2019.12.31	2018.12.31
Cash at bank and on hand	895	703	652	120
	<b>895</b>	<b>703</b>	<b>652</b>	<b>120</b>

## 12. Other reserves and retained earnings (deficit)

### Revaluation surplus

Revaluation surplus reflects the result of the revaluation (net of deferred tax) of the property, plant and equipment.

### Legal reserve

A legal reserve is a compulsory reserve under the Lithuanian legislation. Annual transfers of not less than 5 % of net profit of the Company calculated according to the Lithuanian Company's law, are compulsory until the reserve reaches 10 % of the share capital. Legal reserve is fully formed by the Company. The legal reserve cannot be distributed as dividends but can be used to cover cumulated losses.

### Foreign currency translation reserve

The foreign currency translation reserve represents translation differences arising on consolidation of financial statements of foreign subsidiaries.

### Reserve for acquisition of own shares

2019 m. april according to the shareholders of AB Utenos trikotažas a reserve of 1 000 thousand EUR was formed for acquisition of own shares.

### Cash flow hedge reserve

The Company's loan with DNB Bankas AB is with floating interest rate that is linked to EURIBOR. On 26 November 2014 the Company signed interest rate swap contract with DNB Bankas AB in order to avoid the interest rate fluctuations. The agreement is valid until 25 November 2019. The fair value of interest rate swap contract used for interest rate risk hedging was EUR 3 thousand as of 31 December 2019 and EUR 13 thousand as of 31 December 2018 accounted under non-current.

### Accumulated retained earnings (losses)

Pursuant to the provisions of the Law on Limited Liability Companies of the Republic of Lithuania, if the total of retained earnings at the beginning of the financial year and net profit (loss) for the year is negative, the General Shareholders' Meeting has to make a decision to cover these losses. Transfers to distributable results should be made in the following sequence:

transfer from reserves not used in the reporting financial year;  
transfer from the compulsory legal reserve;  
transfer from the share premium.

The balances of other reserves as of 31 December 2019 and 31 December 2018 were as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2019.12.31</b>	<b>2018.12.31</b>	<b>2019.12.31</b>	<b>2018.12.31</b>
Revaluation surplus	4 203	4 340	2 245	2 303
Legal reserve	574	574	574	574
Reserve for acquisition of own shares	1 090	90	1 000	-
Foreign currency translation reserve	1 085	936	-	-
Cash flow hedge reserve	-	(4)	-	(4)
Accumulated retained earnings/ (losses)	1 052	2 150	3 617	3 731
	<b>8 004</b>	<b>8 086</b>	<b>7 436</b>	<b>6 604</b>

### 13. Borrowings

The Company's borrowings from subsidiaries consist of the loan granted by subsidiary Satrija AB, amounting EUR 750 thousand with maturity as at 31 December 2020 and variable interest rate 12 month Euribor + 1.9 %.

As at 28 March 2019, the Company has signed a long-term credit agreement and an overdraft agreement with OP Corporate Bank plc Lithuania. The main purpose of these loans of EUR 5 000 thousand is to refinance the Company's liabilities to AB Luminor bank. The amount of the long-term credit is EUR 3 164 thousand with the maturity term effective until 29 February 2024.

As at 31 December 2019, overdraft agreement amounting EUR 0 .

As at 31 December 2019 and at 31 December 2018 the bank borrowings were secured by property plant and equipment. The interest rate for the borrowings is based on variable interest rate, therefore, in the opinion of management, the carrying amount of borrowings approximates their fair value.

The interest rate for the borrowings is based on variable interest rate, therefore, in the opinion of management, the carrying amount of borrowings approximates their fair value.

**14. Accrued expenses and other current liabilities**

	Group		Company	
	2019.12.31	2018.12.31	2019.12.31	2018.12.31
Accrual for vacation reserve	1 249	1 235	865	778
Wages, salaries and social security	646	634	491	553
Amounts payable for services and non-current assets	525	368	522	367
Taxes payable, except for income tax	257	204	203	176
Prepayments received	133	94	134	115
Other liabilities	463	337	170	122
	<b>3 273</b>	<b>2 872</b>	<b>2 385</b>	<b>2 111</b>

**15. Revenue**

Revenue (EUR '000)	Group			Company		
	2019	2018	Change	2019	2018	Change
	12M	12M	%	12M	12M	%
Export	24 554	24 705	(0.6)	22 069	22 464	(1.8)
<i>DACH (Germany, Austria, Switzerland)</i>	16 480	13 618	21.0	15 231	12 700	19.9
<i>Scandinavia (Sweden, Norway, Denmark, Finland)</i>	5 259	7 810	(32.7)	5 168	7 443	(30.6)
<i>Other regions</i>	2 815	3 277	(14.1)	1 670	2 321	(28.1)
Domestic	6 234	5 752	8.4	4 910	4 507	8.9
	<b>30 788</b>	<b>30 457</b>	<b>1.1</b>	<b>26 979</b>	<b>26 971</b>	<b>0.0</b>

Revenue (EUR '000)	Group			Company		
	2019	2018	Change	2019	2018	Change
	IV Q	IV Q	%	IV Q	IV Q	%
Export	5 539	4 967	11.5	4 798	4 207	14.1
<i>DACH (Germany, Austria, Switzerland)</i>	4 088	2 985	36.9	3 836	2 735	40.2
<i>Scandinavia (Sweden, Norway, Denmark, Finland)</i>	785	1 199	(34.6)	765	1 013	(24.5)
<i>Other regions</i>	667	783	(14.8)	197	459	(57.1)
Domestic	1 589	1 817	(12.6)	1 391	1 613	(13.8)
	<b>7 128</b>	<b>6 784</b>	<b>5.1</b>	<b>6 189</b>	<b>5 820</b>	<b>6.3</b>

**16. Cost of sales**

Group			October-December	
	2019	2018	2019	2018
Wages and salaries and social security	10 274	9 680	2 535	2 531
Materials	10 263	10 584	2 139	1 923
Other overhead expenses	3 889	3 666	834	964
Depreciation and amortisation	755	671	204	186
	<b>25 181</b>	<b>24 601</b>	<b>5 712</b>	<b>5 604</b>

**Company**

			October-December	
	2019	2018	2019	2018
Wages and salaries and social security	7 405	6 973	1 807	1 705
Materials	9 840	10 383	2 071	2 058
Other overhead expenses	4 500	4 148	1 004	991
Depreciation and amortisation	515	493	133	128
	<b>22 260</b>	<b>21 997</b>	<b>5 015</b>	<b>4 882</b>

**17. Selling general and administrative expenses**
**Group**

			October-December	
	2019	2018	2019	2018
<b>Selling expenses</b>				
Wages and salaries and social security	827	747	200	166
Advertising and marketing costs	433	413	144	116
Other selling expenses	957	877	219	234
	<b>2 217</b>	<b>2 037</b>	<b>563</b>	<b>516</b>
<b>General and administrative expenses</b>				
Wages and salaries and social security	1 011	1 048	173	190
Communications and consulting services	468	389	57	75
Taxes other than income tax	92	148	(28)	43
Depreciation and amortization	167	77	87	17
Security	131	119	33	34
Vehicles exploitation expenses	101	62	14	9
Services of financial institutions	111	64	18	16
Premises exploitation expenses	39	47	10	12
Travel expenses	26	17	6	3
Representation expenses	44	35	7	9
Impairment and write-off (reversal) of Inventories	140	289	73	170
Other	513	444	187	162
	<b>2 843</b>	<b>2 739</b>	<b>637</b>	<b>740</b>
	<b>5 060</b>	<b>4 776</b>	<b>1 200</b>	<b>1 256</b>



**Company**

			<b>October-December</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Selling expenses</b>				
Wages and salaries and social security	750	671	183	146
Advertising and marketing costs	426	408	141	114
Other selling expenses	919	837	210	224
	<b>2 095</b>	<b>1 916</b>	<b>534</b>	<b>484</b>
<b>General and administrative expenses</b>				
Wages and salaries and social security	711	770	100	116
Communications and consulting services	392	319	58	47
Taxes other than income tax	91	105	6	30
Depreciation and amortization	158	68	89	15
Security	62	59	15	15
Vehicles exploitation expenses	89	52	16	4
Services of financial institutions	104	58	15	15
Premises exploitation expenses	37	45	10	12
Travel expenses	12	12	2	3
Representation expenses	41	32	6	8
Impairment and write-off (reversal) of inventories	140	138	73	18
Other	223	275	41	118
	<b>2 060</b>	<b>1 933</b>	<b>431</b>	<b>402</b>
	<b>4 155</b>	<b>3 849</b>	<b>965</b>	<b>886</b>

**18. Other income and expenses**
**Group**

			October-December	
	2019	2018	2019	2018
Gain from disposal of non-current assets	10	-	-	-
Rent income	21	18	6	5
Other income	96	120	20	30
<b>Other income</b>	<b>127</b>	<b>138</b>	<b>26</b>	<b>35</b>
Rent costs	(13)	(11)	(1)	(2)
Other expenses	(2)	(7)	-	(4)
<b>Other expenses</b>	<b>(15)</b>	<b>(18)</b>	<b>(1)</b>	<b>(6)</b>

**Company**

			October-December	
	2019	2018	2019	2018
Gain from disposal of non-current assets	11	-	-	-
Rent income	16	14	5	4
Other income	17	38	-	6
<b>Other income</b>	<b>44</b>	<b>52</b>	<b>5</b>	<b>10</b>
Rent costs	(10)	(11)	-	(5)
Other expenses	-	-	-	1
<b>Other expenses</b>	<b>(10)</b>	<b>(11)</b>	<b>-</b>	<b>(4)</b>

## 19. Finance costs, net

### Group

	2019		2018	
	2019	2018	2019	2018
Foreign exchange gain (loss)	217	66	(26)	46
Interest expenses	(126)	(115)	(41)	(31)
Interest income	9	-	9	-
	<b>100</b>	<b>(49)</b>	<b>(58)</b>	<b>15</b>

### Company

	2019		2018	
	2019	2018	2019	2018
Foreign exchange gain (loss)	-	6	-	-
Interest expenses	(133)	(136)	(33)	(35)
Interest income	69	60	24	15
Dividends	1 267	10	-	-
Other	1	-	1	-
Share capital reduction income	-	(500)	-	(500)
	<b>1 204</b>	<b>(560)</b>	<b>(8)</b>	<b>(520)</b>

## 20. Basic/dilutive earnings per share

Profit (loss) per share reflect the Group's net profit/(loss), divided by the outstanding number of shares. Calculation of the profit/(loss) per share is presented below:

### Group

	2019		2018	
	2019	2018	2019	2018
Profit/ (loss) attributable to the equity holders of the Group	735	1 107	151	(34)
Weighted average number of shares in issue (thousand)	9 503	9 503	9 503	9 503
<b>Basic/dilutive earnings per share (in EUR)</b>	<b>0.08</b>	<b>0.12</b>	<b>0.02</b>	<b>0.00</b>

## 21. Post balance sheet events

There were no material post balance sheet events, that could make a significant impact for the financial statement of the Group and the Company.