



## **UTENOS TRIKOTAŽAS, AB**

**CONSOLIDATED AND COMPANY'S INTERIM FINANCIAL STATEMENTS**  
for the 6 months period ended 30 June 2020  
(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	BĮ 98-257
Code of the Register of Legal Entities	183709468
Authorised share capital	EUR 2 755 870
Address	J.Basanavičiaus g.122, LT-28214, Utena, Lithuania
Name of Register of Legal Entities	Registru centras VĮ
Telephone	+370 389 51445
Fax	+370 389 69358
E-mail	<a href="mailto:utenos.trikotazas@ut.lt">utenos.trikotazas@ut.lt</a>
Website	<a href="http://www.ut.lt">www.ut.lt</a>
Main activities	production of knit-wear and textile articles
Auditors	ERNST&YOUNG BALTIC UAB

## TABLE OF CONTENT

	<b>PAGE</b>
<b>FINANCIAL STATEMENTS:</b>	
BALANCE SHEET	4 - 5
STATEMENT OF COMPREHENSIVE INCOME	6
STATEMENTS OF CHANGES IN EQUITY	7
STATEMENTS OF CASH FLOWS	8
<b>EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS</b>	<b>9- 18</b>

## Statement of financial position

	Notes	Group		Company	
		2020.06.30	2019.12.31	2020.06.30	2019.12.31
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets	7	513	548	109	145
Property, plant and equipment	8	9 808	10 350	6 354	6 507
Right-of-use assets		710	802	288	365
Investment property		127	114	127	114
Investments into subsidiaries		-	-	1 553	1 553
Receivables from subsidiaries		-	-	1 160	1 126
Prepayments to subsidiaries		-	-	933	874
Deferred income tax asset		96	96	-	-
		<b>11 254</b>	<b>11 910</b>	<b>10 524</b>	<b>10 684</b>
<b>Current assets</b>					
Inventories	9	5 187	6 665	5 066	6 518
Trade receivables	10	1 312	1 234	898	966
Contract assets		1 787	2 007	1 785	1 970
Other current assets		230	224	199	177
Cash and cash equivalents	11	1 660	895	1 272	652
		<b>10 176</b>	<b>11 025</b>	<b>9 220</b>	<b>10 283</b>
<b>Total assets</b>		<b>21 430</b>	<b>22 935</b>	<b>19 742</b>	<b>20 967</b>

## Statement of financial position ( cont ' )

	Group		Company	
	2020.06.30	2019.12.31	2020.06.30	2019.12.31
<b>EQUITY AND LIABILITIES</b>				
Share capital	2 756	2 756	2 756	2 756
Legal reserve	12 574	574	574	574
Revaluation surplus	12 4 157	4 215	2 216	2 245
Reserve for acquisition of own shares	12 1 090	1 090	1 000	1 000
Foreign currency translation reserve	12 1 055	1 085	-	-
Accumulated retained earnings/ (losses)	12 (246)	1 039	2 510	3 616
	<b>9 386</b>	<b>10 759</b>	<b>9 056</b>	<b>10 191</b>
<b>Non-controlling interest</b>	<b>217</b>	<b>211</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>9 603</b>	<b>10 970</b>	<b>9 056</b>	<b>10 191</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	13 2 644	2 597	2 644	2 597
Non-current lease liabilities	587	685	206	285
Borrowings from subsidiaries	13 -	-	600	-
Deferred income tax liabilities	730	830	315	333
Provisions for employee benefits	345	276	282	212
	<b>4 306</b>	<b>4 388</b>	<b>4 047</b>	<b>3 427</b>
<b>Current liabilities</b>				
Current portion of non-current borrowings	13 378	567	378	567
Borrowings from subsidiaries	-	-	-	750
Current lease liabilities	144	148	103	107
Trade payables	1 857	2 568	1 821	2 528
Payables to other related parties and subsidiaries	606	639	1 076	697
Contract liabilities	330	133	306	134
Income tax payable	39	13	48	16
Accrued expenses and other current liabilities	14 4 134	3 072	3 286	2 172
	<b>7 521</b>	<b>7 577</b>	<b>6 639</b>	<b>7 349</b>
<b>Total liabilities</b>	<b>11 827</b>	<b>11 964</b>	<b>10 686</b>	<b>10 776</b>
<b>Total equity and liabilities</b>	<b>21 430</b>	<b>22 934</b>	<b>19 742</b>	<b>20 967</b>

## Statement of comprehensive income

### Group

	Notes	January-June		April-June	
		2020	2019	2020	2019
Sales	3,15	14 251	15 730	6 797	8 004
Cost of sales	16	(11 785)	(13 199)	(5 792)	(6 770)
<b>Gross profit</b>		<b>2 466</b>	<b>2 531</b>	<b>1 005</b>	<b>1 234</b>
Selling expenses	17	(1 064)	(1 124)	(458)	(556)
General and administrative expenses	18	(2 502)	(1 492)	(1 675)	(795)
Other operating income	18	71	60	34	29
Other operating expenses		(11)	(12)	-	(4)
<b>Operating profit (losses)</b>		<b>(1 040)</b>	<b>(37)</b>	<b>(1 094)</b>	<b>(92)</b>
Finance income	19	95	95	44	34
Finance costs	19	(340)	(80)	(35)	(22)
<b>Profit (losses) before tax</b>		<b>(1 285)</b>	<b>(22)</b>	<b>(1 085)</b>	<b>(80)</b>
Income tax		(19)	23	7	18
<b>Net profit (losses)</b>		<b>(1 304)</b>	<b>1</b>	<b>(1 078)</b>	<b>(62)</b>
<b>Net profit (losses) attributable to:</b>					
Equity holders of the Company	20	(1 315)	(11)	(1 088)	(64)
Non-controlling interest		11	12	10	2
		<b>(1 304)</b>	<b>1</b>	<b>(1 078)</b>	<b>(62)</b>

### Company

	Notes	January-June		April-June	
		2020	2019	2020	2019
Sales	6,15	12 481	13 752	5 802	7 015
Cost of sales	16	(10 404)	(11 668)	(5 013)	(6 015)
<b>Gross profit</b>		<b>2 077</b>	<b>2 084</b>	<b>789</b>	<b>1 000</b>
Selling expenses	17	(1 022)	(1 060)	(442)	(524)
General and administrative expenses	17	(2 165)	(1 105)	(1 501)	(592)
Other operating income	18	24	19	10	9
Other operating expenses	18	(10)	(9)	(1)	(3)
<b>Operating profit (losses)</b>		<b>(1 096)</b>	<b>(71)</b>	<b>(1 145)</b>	<b>(110)</b>
Finance income	19	87	90	29	70
Finance costs	19	(65)	(83)	(34)	(46)
<b>Profit (losses) before tax</b>		<b>(1 074)</b>	<b>(64)</b>	<b>(1 150)</b>	<b>(86)</b>
Income tax		(25)	16	3	18
<b>Net profit (losses)</b>		<b>(1 099)</b>	<b>(48)</b>	<b>(1 147)</b>	<b>(68)</b>

## STATEMENTS OF CHANGES IN EQUITY

Group	Share capital	Legal reserve	Revaluation surplus	Reserve for acquisition of own shares	Foreign currency translation reserve	Others reserve	Accumulated retained earnings/(losses)	Total	Non-controlling interest	Total equity
<b>Balance as of 30 June 2019</b>	2 756	574	4 272	1 090	937	3	211	9 843	332	10 175
Net profit (loss) for the year	-	-	-	-	-	-	745	745	15	760
Other comprehensive income	-	-	-	-	148	(3)	26	171	3	174
<b>Total comprehensive income (loss)</b>	-	-	-	-	148	(3)	771	916	18	934
Transfer of revaluation surplus to retained earnings	-	-	(57)	-	-	-	57	-	-	-
Reduction of non-controlling interest	-	-	-	-	-	-	-	-	(139)	(139)
<b>Balance as of 31 December 2019</b>	2 756	574	4 215	1 090	1 085	-	1 039	10 759	211	10 970
Net profit (loss) for the year	-	-	-	-	-	-	(1 315)	(1 315)	11	(1 304)
Other comprehensive income	-	-	-	-	(30)	-	(28)	(58)	(5)	(63)
<b>Total comprehensive income (loss)</b>	-	-	-	-	(30)	-	(1 343)	(1 373)	6	(1 367)
Transfer of revaluation surplus to retained earnings	-	-	(58)	-	-	-	58	-	-	-
<b>Balance as of 30 June 2020</b>	2 756	574	4 157	1 090	1 055	-	(246)	9 386	217	9 603

Company	Share capital	Legal reserve	Reserve for acquisition of own shares	Others reserve	Revaluation surplus	Accumulated retained earnings/(losses)	Total
<b>Balance as of 30 June 2019</b>	2 756	574	1 000	3	2 274	1 753	8 360
Net profit (loss) for the year	-	-	-	-	-	1 846	1 846
Other comprehensive income	-	-	-	(3)	-	(12)	(15)
<b>Total comprehensive income (loss)</b>	-	-	-	-	-	1 834	1 831
Transfer of revaluation surplus to retained earnings	-	-	-	-	(29)	29	-
<b>Balance as of 31 December 2019</b>	2 756	574	1 000	0	2 245	3 616	10 191
Net profit (loss) for the year	-	-	-	-	-	(1 099)	(1 099)
Other comprehensive income	-	-	-	-	-	(36)	(36)
<b>Total comprehensive income (loss)</b>	-	-	-	-	-	(1 135)	(1 135)
Transfer of revaluation surplus to retained earnings	-	-	-	-	(29)	29	-
<b>Balance as of 30 June 2020</b>	2 756	574	1 000	-	2 216	2 510	9 056

## STATEMENTS OF CASH FLOWS

	Group		Company	
	2020	2019	2020	2019
<b>Cash flows from operating activities</b>				
Profit (loss) for the period	(1 304)	1	(1 099)	(48)
<b>Adjustments for non-cash items:</b>				
Depreciation and amortization	532	508	387	356
(Gain) on disposal of property, plant and equipment and investment property	-	-	-	(1)
Impairment and write-off of inventories and in trade receivables	936	13	958	13
Interest expense, net of interest income	45	52	78	37
Income tax (income) expense	19	(23)	25	(16)
<b>Changes in working capital:</b>				
(Increase) decrease in inventories	636	(783)	588	(740)
(Increase) decrease in trade receivables	(174)	222	(27)	329
Decrease (increase) in receivables from subsidiaries	-	-	(93)	(87)
(Increase) decrease in other receivables and other current assets	218	80	163	122
(Increase) decrease in trade and other accounts payable	(574)	1 165	(544)	1 153
Increase (decrease) in taxes payable and other current liabilities	873	75	652	148
Income tax (paid)	(15)	(12)	(11)	(12)
<b>Net cash generated from operating activities</b>	<b>1 192</b>	<b>1 298</b>	<b>1 077</b>	<b>1 254</b>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(240)	(655)	(179)	(584)
Proceeds from sale of property, plant and equipment	-	-	-	1
Interest received	-	-	30	30
Dividends	-	-	32	46
<b>Net cash flows generated from (to) investing activities</b>	<b>(240)</b>	<b>(655)</b>	<b>(117)</b>	<b>(507)</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	-	4 782	(150)	5 232
Repayment of borrowings and financial lease payments	(142)	(5 643)	(142)	(5 643)
Interest paid	(45)	(52)	(48)	(67)
<b>Net cash flows from financing activities</b>	<b>(187)</b>	<b>(913)</b>	<b>(340)</b>	<b>(478)</b>
	<b>765</b>	<b>(270)</b>	<b>620</b>	<b>269</b>
<b>Net increase in cash and cash equivalents</b>				
<b>Cash and cash equivalents at the beginning of the period</b>	<b>895</b>	<b>703</b>	<b>652</b>	<b>120</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1 660</b>	<b>433</b>	<b>1 272</b>	<b>389</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 30 June 2020 and 31 December 2019 the shareholders of the Company were as follows:

	As of 30 June 2020		As of 31 December 2019	
	Number of shares held	Interest held(%)	Number of shares held	Interest held(%)
Koncernas SBA UAB	8 772	92.31	7 821	82.31
Algirdas Šabūnas	-	-	950	10.00
Other shareholders	731	7.69	732	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 30 June 2020 and 31 December 2019 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
		30 June 2020	31 December 2019	
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
SIA Utenas trikotaža	Cietokšņa iela 60, Daugpilis	100.00	100.00	Retail trade

## 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 6 months of 2020 comprises EUR 475 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 intems attributed to net investments, EUR	475 216
Foreign currency translation reserve on other items, EUR	505 588
<b>Other comprehensive income EUR, net</b>	<b>(30 372)</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 6 months of 2020 and for the 6 months of 2019

	Production of knitted articles	Production of functional-technical garments	Eliminations	Total
<b>of 30 June 2020</b>				
External sales	12 522	1 729	-	14 251
Internal sales	320	-	(320)	-
<b>Total revenue</b>	<b>12 842</b>	<b>1 729</b>	<b>(320)</b>	<b>14 251</b>
Gross profit	2 089	377	-	2 466
EBITDA	(697)	188	-	(509)
Profit (loss)	(1 427)	123	-	(1 304)
<b>of 30 June 2019</b>				
External sales	13 817	1 913	-	15 730
Internal sales	411	-	(411)	-
<b>Total revenue</b>	<b>14 228</b>	<b>1 913</b>	<b>(411)</b>	<b>15 730</b>
Gross profit	2 146	385	-	2 531
EBITDA	279	192	-	471
Profit (loss)	(131)	132	-	1

## 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 532 thousand as of 30 June 2020, EUR 356 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 30 June 2020 and 31 December 2019 the Companies' and the Group's Non-current assets Buildings group is recognized at fair value.

## 9. Inventories

	Group		Company	
	2020.06.30	2019.12.31	2020.06.30	2019.12.31
Raw materials	2 589	3 059	2 247	2 711
Work in progress	1 406	1 862	1 403	1 853
Finished goods	2 762	2 552	2 668	2 521
Goods for resale	6	82	-	-
	<b>6 763</b>	<b>7 555</b>	<b>6 318</b>	<b>7 085</b>
Write-down to net realisable value:				
Opening balance	(890)	(894)	(567)	(571)
Change	(686)	4	(685)	4
Closing balance	<b>(1 576)</b>	<b>(890)</b>	<b>(1 252)</b>	<b>(567)</b>
	<b>5 187</b>	<b>6 665</b>	<b>5 066</b>	<b>6 518</b>

## 10. Trade receivables

	Group		Company	
	2020.06.30	2019.12.31	2020.06.30	2019.12.31
Trade receivables, gross	1 420	1 508	979	1 214
Allowance for trade receivables:				
Opening balance	(274)	(197)	(170)	(166)
Additional allowance	(91)	(77)	(90)	(78)
Written-of	257	-	257	-
Closing balance	<b>(108)</b>	<b>(257)</b>	<b>(81)</b>	<b>(248)</b>
	<b>1 312</b>	<b>1 234</b>	<b>898</b>	<b>966</b>

Changes in impairment allowance for doubtful trade receivables as of 30 June 2020 and 31 December 2019 were recorded within the Group's and Company's general and administrative expenses.

## 11. Cash and cash equivalents

	Group		Company	
	2020.06.30	2019.12.31	2020.06.30	2019.12.31
Cash at bank and on hand	1 660	895	1 272	652
	<b>1 660</b>	<b>895</b>	<b>1 272</b>	<b>652</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.

### 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.

At the date of these financial statements the Company was not informed about any actions of the shareholders of the Co. regarding retained deficit.

The balances of other reserves as of 30 June 2020 and 31 December 2019 were as follows:

	Group		Company	
	2020.06.30	2019.12.31	2020.06.30	2019.12.31
Revaluation surplus	4 157	4 215	2 216	2 245
Legal reserve	574	574	574	574
Reserve for acquisition of own shares	1 090	1 090	1 000	1 000
Foreign currency translation reserve	1 055	1 085	-	-
Accumulated retained earnings/ (losses)	(246)	1 039	2 510	3 616
	<b>6 630</b>	<b>8 003</b>	<b>6 300</b>	<b>7 435</b>

### 13. Borrowings

	Group		Company	
	2020.06.30	2019.12.31	2020.06.30	2019.12.31
<b>Current</b>				
Current portion of non-current bank borrowings	378	567	378	567
Borrowings from subsidiaries	-	-	-	750
<b>Non-current</b>				
Borrowings from subsidiaries	-	-	600	-
Long-term bank borrowings	2 644	2 597	2 644	2 597
<b>Total borrowings</b>	<b>3 022</b>	<b>3 164</b>	<b>3 622</b>	<b>3 914</b>

The Company's borrowings from subsidiaries consist of the loan granted by subsidiary Satrija AB, amounting EUR 600 thousand with maturity as at 31 December 2022 and variable interest rate 12 month Euribor + 2.2 %.

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 3 022 thousand with the maturity term effective until 29 February 2024.

On 15 April 2020, an extension of the credit agreement was signed, with a pre-existing repayment term from February 2024. By August 2024, the deferring the contributions provided for in the Treaty until 31 October 2020.

April 2020 the overdraft contract has been extended until March 30, 2021 d.ir increase the limit to EUR 1 900 thousand – and interest rate +1.85 %.

As of 30 June 2020, the Company did not have an overdraft contract

As at 30 June 2020 and at 31 December 2019 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.

### 14. Accrued expenses and other current liabilities

	Group		Company	
	2020.06.30	2019.12.31	2020.06.30	2019.12.31
Accrual for vacation reserve	1 320	1 249	933	865
Wages, salaries and social security	1 264	646	1091	491
Amounts payable for services and non-current assets	234	525	253	522
Taxes payable, except for income tax	832	269	787	203
Provisions for employee benefits	252	87	211	78
Other liabilities	232	296	11	13
	<b>4 134</b>	<b>3 072</b>	<b>3 286</b>	<b>2 172</b>

**15. Revenue**

Grup	January-June		April-June	
	2020	2019	2020	2019
Revenue from sales of goods and services	13 645	15 206	6 379	7 621
Revenue from sales of materials	606	524	418	383
	<b>14 251</b>	<b>15 730</b>	<b>6 797</b>	<b>8 004</b>

Company	January-June		April-June	
	2020	2019	2020	2019
Revenue from sales of goods and services	11 957	13 367	5 435	6 806
Revenue from sales of materials	524	385	367	209
	<b>12 481</b>	<b>13 752</b>	<b>5 802</b>	<b>7 015</b>

**16. Cost of sales**

Group	January-June		April-June	
	2020	2019	2020	2019
Materials	4 006	5 195	1 882	2 581
Wages and salaries and social security	5 151	5 159	2 445	2 593
Depreciation and amortisation	1 928	2 137	1 002	1 154
Other overhead expenses	356	372	170	193
Cost of materials sold	344	336	293	249
	<b>11 785</b>	<b>13 199</b>	<b>5 792</b>	<b>6 770</b>

Company	January-June		April-June	
	2020	2019	2020	2019
Materials	3 885	3 732	1 838	1 859
Wages and salaries and social security	3 833	4 958	1 780	2 503
Depreciation and amortisation	2 130	2 404	1 063	1 244
Other overhead expenses	234	251	109	133
Cost of materials sold	322	323	223	277
	<b>10 404</b>	<b>11 668</b>	<b>5 013</b>	<b>6 016</b>

## 17. Selling general and administrative expenses

### Group

	January-June		April-June	
	2020	2019	2020	2019
<b>Selling expenses</b>				
Wages and salaries and social security	440	433	210	206
Advertising and marketing costs	192	202	74	99
Other selling expenses	432	489	174	251
	<b>1 064</b>	<b>1 124</b>	<b>458</b>	<b>556</b>
<b>General and administrative expenses</b>				
Wages and salaries and social security	733	585	340	285
Communications and consulting services	230	271	120	148
Taxes other than income tax	63	61	41	30
Depreciation and amortization	90	72	47	55
Security	70	64	34	33
Vehicles exploitation expenses	24	46	20	21
Services of financial institutions	52	76	32	49
Premises exploitation expenses	22	18	9	7
Travel expenses	5	11	1	6
Representation expenses	10	28	3	18
Allowance (reversal) and write-off of trade receivables and inventories	936	13	893	13
Other	268	247	136	130
	<b>2 502</b>	<b>1 492</b>	<b>1 675</b>	<b>795</b>
	<b>3 566</b>	<b>2 616</b>	<b>2 133</b>	<b>1 351</b>

### Company

	January-June		April-June	
	2020	2019	2020	2019
<b>Selling expenses</b>				
Wages and salaries and social security	409	391	198	184
Advertising and marketing costs	191	199	73	97
Other selling expenses	422	470	171	243
	<b>1 022</b>	<b>1 060</b>	<b>442</b>	<b>524</b>
<b>General and administrative expenses</b>				
Wages and salaries and social security	567	429	259	204
Communications and consulting services	192	223	96	115
Taxes other than income tax	75	54	55	36
Depreciation and amortization	66	45	34	23
Security	34	31	17	16
Vehicles exploitation expenses	13	41	9	28
Services of financial institutions	50	73	31	48
Premises exploitation expenses	20	17	9	8
Travel expenses	4	7	-	2
Representation expenses	9	27	2	18
Allowance (reversal) and write-off of trade receivables and inventories	958	13	893	13
Other	176	145	95	81
	<b>2 165</b>	<b>1 105</b>	<b>1 501</b>	<b>592</b>
	<b>3 187</b>	<b>2 165</b>	<b>1 943</b>	<b>1 116</b>



## 18. Other income and expenses

### Group

	January-June		April-June	
	2020	2019	2020	2019
Rent income	11	10	5	5
Other income	60	50	29	24
<b>Other income</b>	<b>71</b>	<b>60</b>	<b>34</b>	<b>29</b>
Rent costs	(11)	(10)	-	(4)
Other expenses	-	(2)	-	-
<b>Other expenses</b>	<b>(11)</b>	<b>(12)</b>	<b>-</b>	<b>(4)</b>

### Company

	January-June		April-June	
	2020	2019	2020	2019
Gain from disposal of non-current assets	-	1	-	-
Rent income	9	7	4	3
Other income	15	11	6	6
<b>Other income</b>	<b>24</b>	<b>19</b>	<b>10</b>	<b>9</b>
Rent costs	(10)	(9)	(1)	(4)
Other expenses	-	-	-	1
<b>Other expenses</b>	<b>(10)</b>	<b>(9)</b>	<b>(1)</b>	<b>(3)</b>

## 19. Finance costs, net

### Group

	January-June		April -June	
	2020	2019	2020	2019
Foreign exchange gain (loss)	(206)	67	28	37
Interest expenses	(45)	(52)	(21)	(25)
Other	6	-	2	-
	<b>(245)</b>	<b>15</b>	<b>9</b>	<b>12</b>

### Company

	January-June		April -June	
	2020	2019	2020	2019
Foreign exchange gain (loss)	1	(2)	1	(3)
Interest expenses	(48)	(67)	(23)	(34)
Interest income	30	30	15	15
Dividends	33	46	-	46
Other	6	-	2	-
	<b>22</b>	<b>7</b>	<b>(5)</b>	<b>24</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	January-June		April -June	
	2020	2019	2020	2019
Profit/ (loss) attributable to the equity holders of the Group	(1 315)	(11)	(1 088)	(64)
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>(0,14)</b>	<b>(0,001)</b>	<b>(0,11)</b>	<b>(0,01)</b>

## 21. Subsequent sheet events

July of 2020 AB Utenos trikotažas sold its Latvian subsidiary SIA Utenas trikotaža.

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

## **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, and Živilė Jonaitytė, Chief Financial Officer of Utenos trikotazas, AB, hereby confirm that, to the best of our knowledge, the unaudited consolidated financial statements of Utenos trikotazas, AB for the 6 months of 2020, 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.

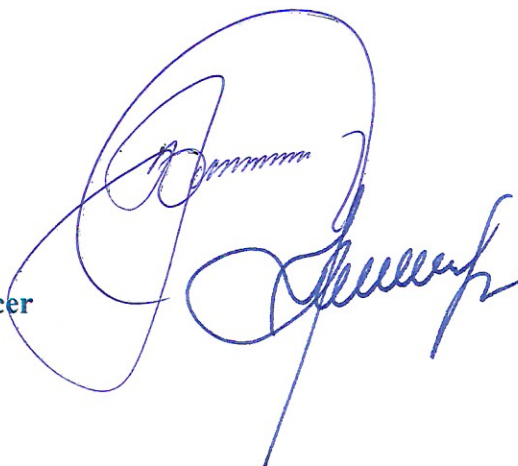
ENCLOSURE: Unaudited consolidated financial statements for the 6 months of 2020 of Utenos trikotazas AB.

**Managing Director**

**Petras Jašinskas**

**Chief Financial Officer**

**Živilė Jonaitytė**



Utena, 31 July 2020



**UTENOS TRIKOTAŽAS AB**  
**CONSOLIDATED INTERIM REPORT**  
For 6 months period  
Ended 30 June 2020

## 1. Reporting period covered by the Annual Report

The Annual Report covers the period from 1 January 2020 to 30 June 2020

All amounts in the Annual Report presented as at 30 June 2020, unless otherwise stated. Further in this report Utenos Trikotažas AB can be referred to as the Company or the Issuer.

## 2. Issuer and its contact data

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	BĮ 98-257
Code of the Register of Legal Entities	183709468
Authorised share capital	EUR 2 755 870
Address	J.Basanavičiaus g.122, LT-28214, Utena, Lithuania
Name of Register of Legal Entities	Registru centras VĮ
Telephone	+370 389 51445
Fax	+370 389 69358
E-mail	<a href="mailto:utenos.trikotazas@ut.lt">utenos.trikotazas@ut.lt</a>
Website	<a href="http://www.ut.lt">www.ut.lt</a>
Main activities	production of knit-wear and textile articles
Auditors	ERNST&YOUNG BALTIC UAB

## 3. Nature of the Issuer's operations

Utenos Trikotažas AB operates in the field of textile industry. The Company's principal activity is production of knit-wear and textile articles.

The Company's profile of activities:

- production of knit-wear and textile articles;
- production of mass-consumption goods which is closely related to principal activities;
- retail and wholesale trade in own production and production of other companies in local and foreign markets;
- rendering of services to natural and legal persons.

## 4. Agreements with intermediaries of securities' public turnover

On 25 September 2005, the Issuer concluded a service agreement with the Department of Safe Custody Services of SEB Vilniaus Bankas AB, address Gedimino pr. 12, LT-01103 Vilnius. Under this agreement the accounting of the Issuer's securities is handled in Šiaulių bankas AB.

On 25 April 2007, the Issuer concluded an agreement with OMX Exchanges Ltd. on the system of service provision, disclosure and communication of information.

## 5. Overview of the company's activities, uncertainties and risk factors

Sales of Utenos trikotažas AB (hereinafter referred to as the Group), the largest group of textile companies in Central and Eastern Europe, dropped in H1 2020. The main reason of this decline is COVID-19 and its outcomes on economic situation in the main export markets and Lithuania. In 2020 The Group's largest export regions remain the German-speaking countries of Germany, Austria and Switzerland and Scandinavia.

The main risks associated with Utenos trikotažas AB activities are:

- The general economic status of the main export markets;
- The general economic status of the Republic of Lithuania;
- Foreign exchange rate fluctuations;
- Amendment of laws and legal acts of the Republic of Lithuania;
- Changes in accounting and tax regulation

**Economic factors.** The coronavirus (COVID 19) pandemic and the announcement of quarantine in Lithuania and other export markets have affected the performance of the Company and the Group. As the full impact of the coronavirus on the economy of the country and major sales markets is yet unknown, the management is unable to fully assess the impact on the Group's operations and results in 2020. It is expected that sales trends in H2 2020 will remain similar to those in H1 2020.

Having observed the unfolding situation in textile sector and in the main export markets and having assessed the financial situation of certain clients, the management of the Company has formed impairment for inventories and trade receivables in Q2 2020.

Potential risks caused by the COVID 19 on the Company's performance and going concern:

- Decline in retail and wholesale trade, channel redistribution
- Settlement risk
- Liquidity risk
- Supply risks, disruptions in movement of goods
- Business suspension in the framework of an epidemic
- Funding risk

In managing the situation, the management of the Company takes measures to optimize the Company's costs, working capital and to manage cash flows as appropriate. Investments planned by the Company that are considered as not essential are suspended and credit risk of receivables is managed by hedging them.

Management has drafted action plans for a different time and circumstance scenarios. When faced with decline in orders received, the down-scaling of production and reduction of administrative time, as well as avoidable costs may be implemented as appropriate.

The Company's operations are also dependent on state politics, political and economic developments in Lithuania and in the World (which effect Lithuania). The Company and the Group use instruments ensuring that production is sold to reliable customers. The Company's and the Group's policy focuses on maintaining adequate amount of cash and cash equivalents or maintaining funding by keeping adequate credit lines available with the purpose of implementing commitments provided for in their strategic plans.

The Company continues to improve the management system according to EN ISO 9001, EN ISO 14001, SA 8000 and other relevant requirements.

**Social risk factors.** The Company focuses attention on improvement of working conditions, training of personnel, and qualification development.

**Technical and technological risk factors.** The condition of the Company's major facilities is good and does not pose any risk to operations. Utenos Trikotažas AB regularly invests in renovation of facilities and introduction of the latest technologies. In first half of 2020 the Group's investments in production facilities and equipment amounted to EUR 220.0 thousand.

**Ecological risk factors.** The environment management system meeting the requirements of ISO 14001 has been introduced at the Company. Key environmental strategic objectives include:

- Reduction of environmental pollution through efficient and economical use of raw materials and energy resources;
- Reduction in waste volume, improvement of management of waste and chemical materials, reduction of use of dangerous chemical substances in the production process.

## 6. Key performance indicators of the Group

### Trade

Revenue (EUR '000)	Group			Company		
	2020 I H	2019 I H	Change %	2020 I H	2019 I H	Change %
Products manufactured on demand of other clients	9,618	11,965	(19.6)	9,618	11,965	(19.6)
Own brands (ABOUT, UTENOS)	2,904	1,852	56.8	2,863	1,787	60.3
Services of functional-technical garments manufacture	1,729	1,913	(9.6)	-	-	-
	<b>14,251</b>	<b>15,730</b>	<b>(9.4)</b>	<b>12,481</b>	<b>13,752</b>	<b>(9.2)</b>

Revenue (EUR '000)	Group			Company		
	2020 II Q	2019 II Q	Change %	2020 II Q	2019 II Q	Change %
Products manufactured on demand of other clients	4,238	6,099	(30.5)	4,238	6,099	(30.5)
Own brands (ABOUT, UTENOS)	1,642	944	73.9	1,564	916	70.7
Services of functional-technical garments manufacture	917	961	(4.6)	-	-	-
	<b>6,797</b>	<b>8,004</b>	<b>(15.1)</b>	<b>5,802</b>	<b>7,015</b>	<b>(17.3)</b>

### Sales by regions

Revenue (EUR '000)	Group			Company		
	2020 I H	2019 I H	Change %	2020 I H	2019 I H	Change %
Export	10,377	12,523	(17.1)	9,342	11,289	(17.3)
<i>DACH (Germany, Austria, Switzerland)</i>	7,633	8,078	(5.5)	6,948	7,324	(5.1)
<i>Scandinavia (Sweden, Norway, Denmark, Finland)</i>	1,374	3,226	(57.4)	1,374	3,155	(56.5)
<i>Other regions</i>	1,370	1,219	12.4	1,020	810	25.9
Domestic	3,874	3,207	20.8	3,140	2,463	27.5
	<b>14,251</b>	<b>15,730</b>	<b>(9.4)</b>	<b>12,482</b>	<b>13,752</b>	<b>(9.2)</b>

Revenue (EUR '000)	Group			Company		
	2020 II Q	2019 II Q	Change %	2020 II Q	2019 II Q	Change %
Export	4,577	6,378	(28.2)	4,004	5,684	(29.6)
<i>DACH (Germany, Austria, Switzerland)</i>	3,376	3,666	(7.9)	2,923	3,235	(9.7)
<i>Scandinavia (Sweden, Norway, Denmark, Finland)</i>	577	1 917	(69.9)	577	1,862	(69.0)
<i>Other regions</i>	624	795	(21.5)	504	587	(14.2)
Domestic	2,220	1,626	36.5	1,798	1,331	35.1
	<b>6,797</b>	<b>8,004</b>	<b>(15.1)</b>	<b>5,802</b>	<b>7,015</b>	<b>(17.3)</b>

During the first six months of 2020, the company Utenos trikotažas sold products and provided services for EUR 12,5 million. The sales volume, compared with the first half of 2019, which is less 1,27 million 9.2 per cent. The company's export sales reached 74.8 per cent, in Lithuania sold 25.2 per cent of products.

In first half of 2020 year, the Utenos trikotažas AB group of companies (hereinafter „the Group“) sold products and provided services for EUR 14,3 million, The group exported 72.8 per cent, in Lithuania sold 27.2 per cent of total production.

In first half of 2020 year, the Group's sales in Lithuania amounted to EUR 3,9 million, which is more by EUR 0,7 million as compared to 2019 the same period.

In first half of 2020 year, the Group's exports to Western Europe and other regions amounted to EUR 10,4 million, which is less by EUR 2,1 million compared to 2019 year the same period.

### Operating figures

	Group			Company		
	2020 I H	2019 I H	Change %	2020 I H	2019 I H	Change %
Manufactured items units	1,926	1,529	26.0	1,797	1,460	23.1
Average number of employees	980	1,062	(7.7)	663	730	(9.2)

	Group			Company		
	2020 II Q	2019 II Q	Change %	2020 II Q	2019 II Q	Change %
Manufactured items units	837	837	0.0	747	802	(6.9)
Average number of employees	930	1,064	(12.6)	615	730	(15.8)

### Production (units '000)

	Group			Company		
	2020 I H	2019 I H	Change %	2020 II Q	2019 II Q	Change %
Utenos trikotažas AB	1,797	1,460	23.1	747	802	(6.9)
Šatrija AB	61	64	(4.7)	31	30	3.3
MTF Mrija PAT	68	5	----	59	5	----
Gotija UAB	-	-	-	-	-	-
SIA Utenas trikotaža	-	-	-	-	-	-
	<b>1,926</b>	<b>1,529</b>	<b>26.0</b>	<b>837</b>	<b>837</b>	<b>0.0</b>



## Financial ratios

	Group			Company		
	2020 I H	2019 I H	Change	2020 I H	2019 I H	Change
Revenue (EUR'000)	14,251	15,730	(9.4) %	12,481	13,752	(9.2) %
Operating profit (loss) (EUR'000)	(1,040)	(37)	----	(1,096)	(71)	----
Operating profit (loss) margin (%)	(7.3)	(0.2)	(7.1) p.p	(8.8)	(0.5)	(8.3) p.p
EBITDA (EUR'000)	(509)	471	----	(709)	285	----
EBITDA margin (%)	(3.6)	3	(6.6) p.p	(5.7)	2.1	(7.8) p.p
Profit (loss) before tax (EUR'000)	(1,285)	(22)	----	(1,074)	(64)	----
Profit (loss) before tax, margin (%)	(9.0)	(0.1)	(8.9) p.p	(9)	(0.5)	(8.1) p.p
Net profit (loss) for the year (EUR'000)	(1,304)	1	----	(1,099)	(48)	----
Net profit (loss) for the year margin (%)	(9.2)	0.0	(9.2) p.p	(8.8)	(0.3)	(8.5) p.p
Number of shares, (thousand)	9,503	9,503	-	9,503	9,503	-

	Group			Company		
	2020 II Q	2019 II Q	Change	2020 II Q	2019 II Q	Change
Revenue (EUR'000)	6,796	8,004	(15.1) %	5,802	7,015	(17.3) %
Operating profit (loss) (EUR'000)	(1,094)	(92)	----	(1,145)	(110)	----
Operating profit (loss) margin (%)	(16.1)	(1.1)	(14.9)p.p	(19.7)	(1.6)	(18.2) p.p
EBITDA (EUR'000)	(829)	171	----	(949)	75	----
EBITDA margin (%)	(12.3)	2.1	(14.3)p.p	(16.4)	1.1	(17.4) p.p
Profit (loss) before tax (EUR'000)	(1,085)	(80)	----	(1,150)	(86)	----
Profit (loss) before tax, margin (%)	(16.0)	(1.0)	15.0) p.p	(19.8)	(1.2)	(18.6) p.p
Net profit (loss) for the year (EUR'000)	(1,078)	(62)	----	(1,147)	(68)	----
Net profit (loss) for the year margin (%)	(15.9)	(0.8)	(15.1)p.p	(19.8)	(1.0)	(18.8) p.p
Number of shares, (thousand)	9,503	9,503	-	9,503	9,503	-

## Relative ratios

	Group			Company		
	2020 I H	2019 I H	Change p.p	2020 I H	2019 I H	Change p.p.
Return on capital employed (%)	(20.7)	21.0	(41.7)	7.8	4.5	3,3
Return on assets (%)	(2.7)	2.6	(5.3)	3.8	0.6	3,2
Return on shareholders' equity (%)	(5.9)	5.7	(11.6)	8.2	1.5	6,7
Debt ratio (%)	55.2	55.1	0.1	54.1	60.5	(6.4)
Debt-to-equity ratio (%)	123.2	122.9	0.3	118.0	152.9	(34.9)
Liquidity ratio (%)	135.3	136.5	(1.2)	138.9	139.8	(0.9)
Equity to assets ratio (%)	44.8	44.9	(0.1)	45.9	39.5	6.4

### Ratios related with the share price

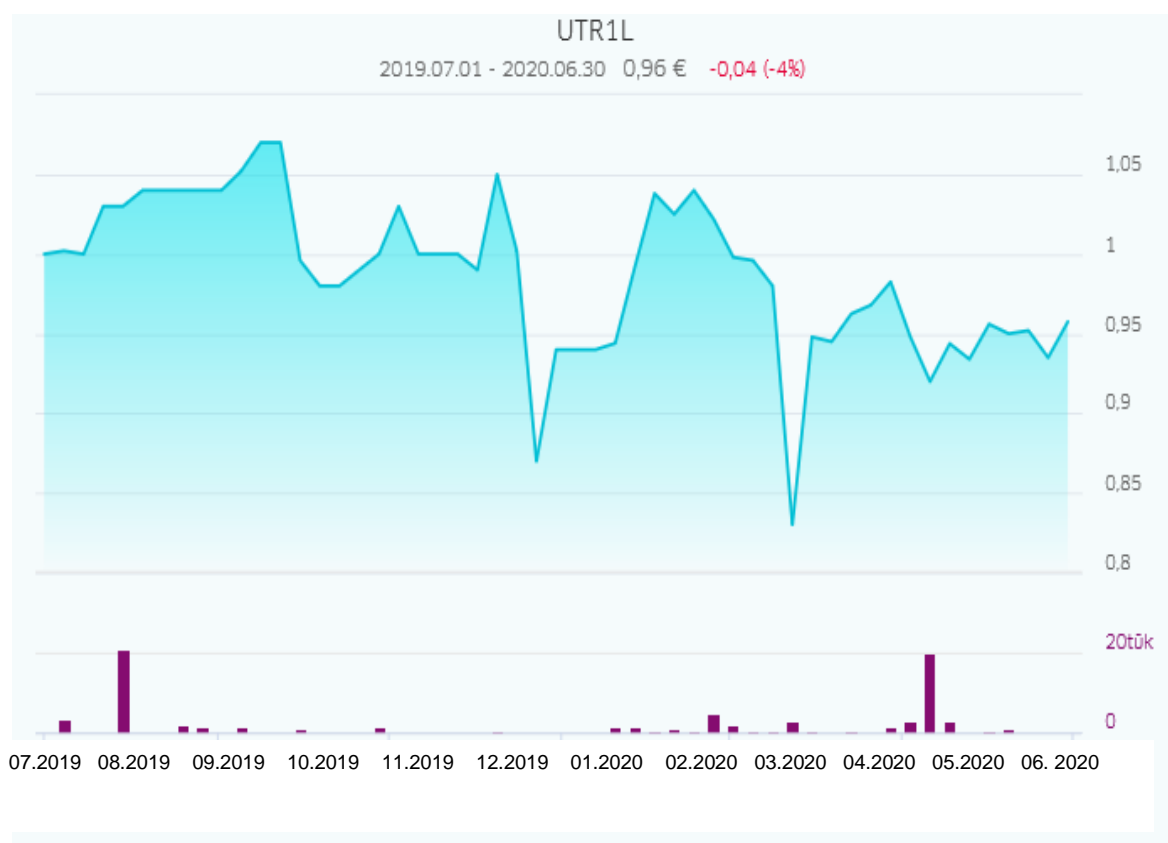
	2020 I H	2019 I H	changes
P/E	(16,00)	17,57	(33.57)
EPS	(0,06)	0,06	(0.12)
EV/EBITDA	12,47	8,34	4.13

### 7. Information about trade in the Issuer's securities in regulated markets

The Company's shares are listed on the additional List of the National Stock Exchange, as well on the Baltic List of the Lithuanian, Latvian and Estonian stock market. 9 503 000 of ordinary registered shares have been registered for public turnover of securities. A nominal value of one share is EUR 0.29.

### 8. Information regarding the price of shares and their dynamics

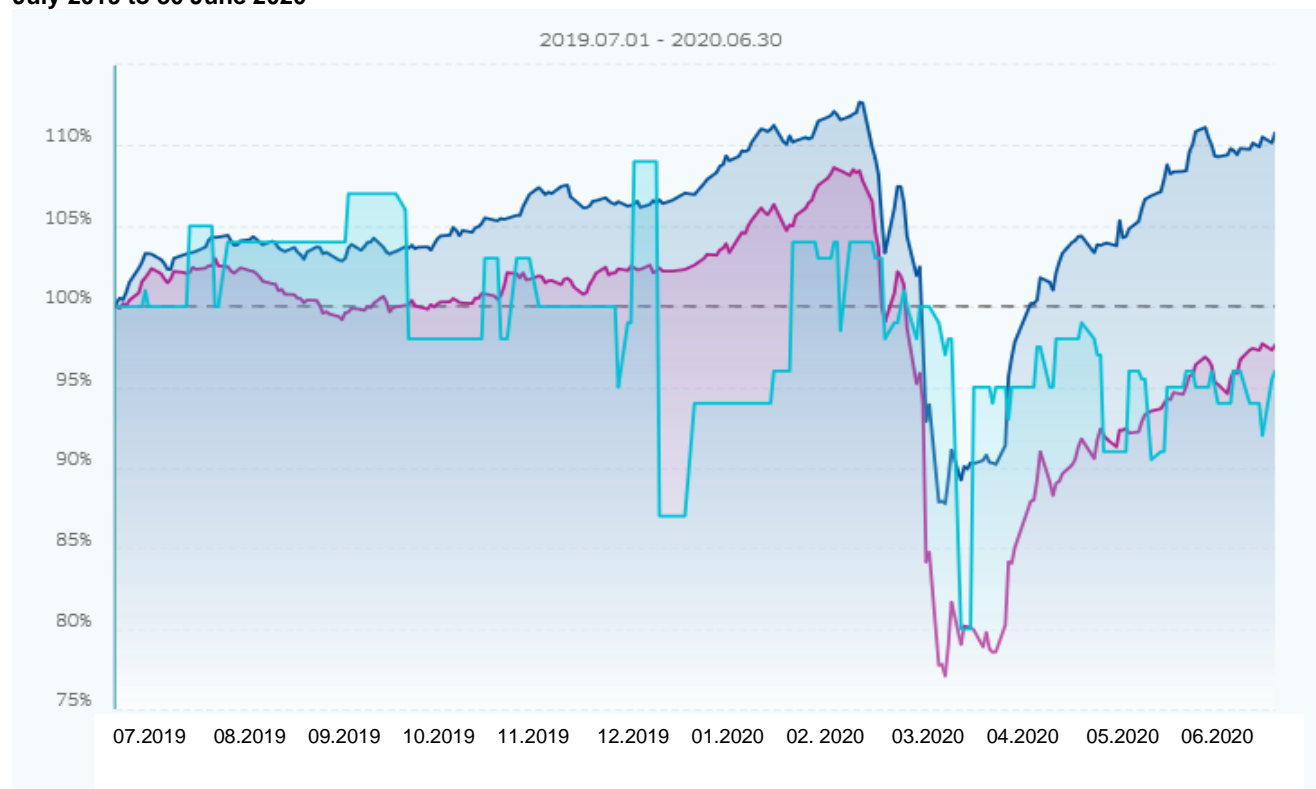
Utenos Trikotažas AB share price dynamics, during 12 months period from 1 July 2019 to 30 June 2020.



#### Price ratios

	2020 I H	2019 I H
Open price, EUR	0.94	0.82
High price, EUR	1.04	1.20
Low price, EUR	0.8	0.81
Last price, EUR	0.96	1.00
Traded volume	46,345	50,380
Turnover, million EUR	0.04	0.05
Capitalisation, million EUR	9.12	9.50

**Utenos Trikotažas AB, OMX Baltic Benchmark GI and OMX Vilnius Index dynamics during 12 months period from 1 July 2019 to 30 June 2020**



Index/ Equity	2020.06.30	2019.06.30	2020.06.30 /2019.06.30 Change, %
—OMX Baltic Benchmark GI	737.71	665.87	10.79
—OMX Vilnius	887.11	908.85	(2.39)
—UTR1L	0.96 EUR	1 EUR	(4)

**9. Dividend policy**

The dividend decision adopted by the General Meeting of Shareholders, based on the proposal of the Board.  
2019 April At the General Meeting of Shareholders it was decided by the decision of the shareholders to pay dividends of 10 cents each. per share.

**10. References to and additional explanations of data presented in the financial statements**

All first half year of 2020 and 2019 financial data presented in this Annual Report is calculated based on the financial information presented in the Group's financial statements for the first half 2020, prepared in accordance with the International Financial Reporting Standards as adopted by the EU. These financial statements were audited by the auditor assigned under established procedure.

## 11. Main features of the Group's internal control and risk management systems related to the preparation of the consolidated financial statements

The consolidated financial statements of Utenos Trikotažas Group are prepared according to International Financial Reporting Standards (IFRS) as adopted by the EU. The principles of internal control organisation and accounting are consistently applied to all companies of Utenos Trikotažas Group. In preparing the consolidated financial statements all inter-company transactions and balances are eliminated.

Internal controls in Utenos Trikotažas AB includes control procedures over processes related to sales and manufacturing of production, supply, financial reports preparation.

## 12. Social responsibility

Utenos Trikotažas AB in order to implement the development of corporate social responsibility in partnership with business, social and international partners was recertified the international standard of social responsibility SA 8000 on 01 May 2019. 28 May 2019 the subsidiary PAT MTF Mrija was granted the SA 8000 standard of social responsibility .

SA 8000 standard objectives:

- Ensure social welfare of workers and employees;
- Improve social responsibility not only inside the Company, but also encourage subcontractors;
- Demonstrate to the Western partners that Utenos Trikotažas AB managers of all levels treat their workers civilized and the Company had implemented core human rights conventions and directives.

Utenos Trikotažas AB management ensured that wages paid shall be sufficient to meet the basic needs of personnel and to provide some discretionary income.

Social responsibility (SA 8000) standard demands:

- The work for children under 16 years must not be practiced;
- Forced labor, verbal abuse or physical punishment must be avoided; working conditions must be healthy and safe;
- Discrimination based on nationality, race, religion, sex, sexual orientation, membership in organizations or political affiliation, age or disability must be prevented; employing, dismissing or retiring must not become a cause to work successfully, feel happy and needed.
- Equal pay for equal work and same opportunities for learning and promotions for men and women;
- People should work under well-defined working time schedules (work start, work end, lunch break and rest breaks); overtime work or work on rest days or holidays must be provided in the collective agreement or harmonized with workers' representatives – Council of Trade Unions.
- Payment and additions for work done must be clear to employees and all this must be harmonized in the collective agreement or with workers' representatives – Council of Trade Unions.

## 13. Information about the Company's own share acquisitions

No own shares were acquired by Company during the current accounting period.

## 14. Significant events subsequent to the end of the previous financial year

On 06 January 2020 Regarding changes in management of AB "UTENOS TRIKOTAŽAS"

On 07 January 2020 UAB koncernas "SBA" acquired 10% of AB "UTENOS TRIKOTAŽAS" shares

On 08 January 2020 Notification and public disclosure of transactions by persons discharging managerial responsibilities and persons closely associated with them in AB "Utenos trikotažas"

On 08 January 2020 Notification on the disposal of voting rights

On 12 January 2020 Reporting dates in 2020

On 24 February 2020 Greenpeace : Utenos trikotažas becomes the first producer in the world to fully comply with organization's environmental standards

On 28 February 2020, announcement of unaudited interim consolidated financial statements of Utenos Trikotažas AB of 2019

On 06 April 2020, the general meeting of shareholders of Utenos Trikotažas AB was convened. Draft decisions of the Annual General Meeting of Shareholders

On 28 April 2020, annual information 2019

On 28 April 2020, decisions of the general shareholder meeting were announced.

On 30 April 2020, announcement of the performance results for the first quarter of 2020.

## 15. The Company's operating plans and objectives

In 2020, sales in the II- half of the year are planned to be maintained at I-half-year level. The creation and production of new and innovative materials will remain one of the company's key priorities. In addition, Utenos Trikotažas joined Greenpeace's Detox campaign in 2018, thus confirming its commitment to carrying out clean, eco-friendly production and eliminating raw materials which may have adverse effects on humans and the environment from all stages of production by 2020. The strengthening of environmentally-friendly production is one of the priority directions in the company's strategy. It is expected that due to impact of COVID-19 sales trends in H2 2020 will remain similar to those in H1 2020

## 16. Structure of the Issuer's authorised share capital

As at 30 June 2020, the Company's authorised share capital was comprised of 9 503 000 ordinary registered shares with a nominal value of EUR 0.29 each.

Utenos Trikotažas AB authorised share capital according to types of shares:

Type of shares	Number of shares	Nominal value (EUR)	Total nominal value (EUR)	Percentage in the authorised share capital (%)
Ordinary registered shares	9 503 000	0.29	2 755 870	100.00

All shares of Utenos Trikotažas AB are fully paid.

All shares of the Company are ordinary registered shares of one class granting equal rights to their holders (shareholders).

An ordinary registered share grants the following property rights to its holder (shareholder):

1. to receive a part of the Company's profit (dividend);
2. to receive a part of assets of the Company in liquidation;
3. to receive shares without payment if the authorised capital is increased out of the Company's funds, except in cases specified in the Law on Companies of the Republic of Lithuania;
4. to have the pre-emption right in acquiring shares or convertible debentures issued by the Company, except in cases when the General Meeting of Shareholders decides to withdraw the pre-emption right in the manner prescribed by the Lithuanian Law on Companies in acquiring the Company's newly issued shares or convertible debentures for all the shareholders;
5. to lend to the Company in the manner prescribed by law; however, when borrowing from its shareholders, the Company may not pledge its assets to the shareholders. When the Company borrows from a shareholder, the interest may not be higher than the average interest rate offered by commercial banks of the locality where the lender has his place of residence or business, which was in effect on the day of conclusion of the loan agreement. In such a case the Company and shareholders shall be prohibited from negotiating a higher interest rate;
6. to transfer all or part of the shares into the ownership of other persons;
7. to force other shareholders to sell their shares to them or to force other shareholders to buy their shares from them in cases and manner prescribed by the Law on the Law on Securities Market;
8. other property rights established by laws.

An ordinary registered share grants the following non-property rights to its holder (shareholder):

1. to attend the General Meetings of Shareholders;
2. to vote at General Meetings of Shareholders according to voting rights carried by their shares; One ordinary registered share carries one vote;
3. to receive information on the Company specified by laws;
4. to file a claim with the court for reparation of damage resulting from nonfeasance or malfeasance by the company manager and Board members of their obligations prescribed by laws or these Articles of Association as well as in other cases laid down by laws;
5. other non-property rights established by laws.

## 17. Restrictions on disposal of securities

There are no restrictions.

## 18. Shareholders

As at 30 June 2020, the total number of shareholders of Utenos Trikotažas AB was 1 188.

The table below indicates shareholders owning or holding more than 5 per cent of the Issuer's authorised share capital as at 30 June 2020.

Names of shareholders	Company codes	Registration address	Number of ordinary registered shares held	Share in the authorised capital, (%)	Share of votes held, (%)
Koncernas SBA UAB	132206739	Laisvės pr.3, Vilnius, Lithuania	8 772	92.31	92.31
Other shareholders	-	-	731	7.69	7.69

## 19. Shareholders holding special control rights and descriptions of these rights

There are no such shareholders.

## 20. All restrictions regarding voting rights

There are no restrictions.

## 21. All mutual agreements between shareholders of which the Issuer is aware and due to which restrictions on transfer of securities and/or voting rights may be imposed

There are no such agreements.

## 22. Management of the Group companies

Company name	Managers
Utenos Trikotažas AB	Petras Jašinskas
Šatrija AB	Giedrius Grondskis
MTF Mrija PAT	Tatjana Roshchina
Gotija UAB	Kristina Šašilaitė
SI A Utenas Trikotaža	Toma Šedytė

## 23. Management incentives

Management incentives are assigned by the decision of the Board taking into account the objectives met.

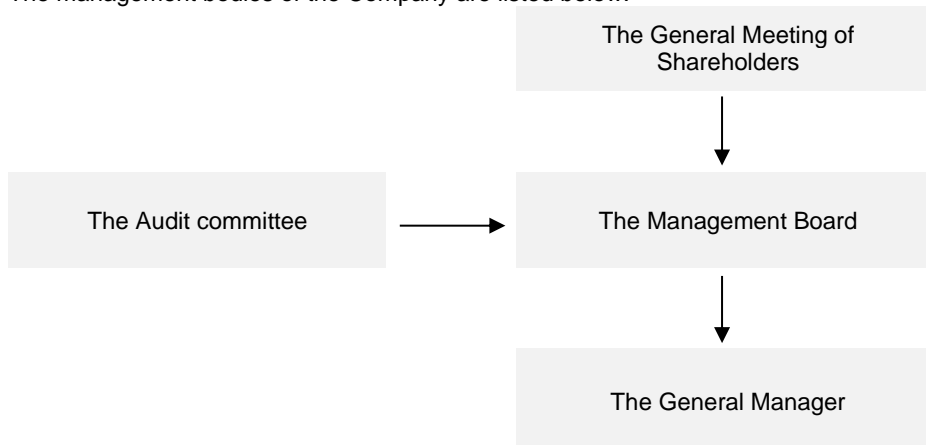
## 24. Amendment procedure of the Issuer's Articles of Association

The Articles of Association of the Company shall be amended by the decision of the General Meeting of Shareholders adopted in the manner prescribed by laws, except in cases specified in the Lithuanian Law on Companies. Following the decision by the General Meeting of Shareholders to amend the Company's Articles of Association, the full text of the amended Articles of Association shall be drawn up and signed by the person authorised by the General Meeting of Shareholders.

On the Company's Articles of Association is equal to EUR 2 755.9 thousand and is divided into 9 503 000 ordinary registered shares with a nominal value of EUR 0.29 each.

## 25. Issuer's management bodies

The management bodies of the Company are listed below:



The Articles of Association of Utenos Trikotažas AB stipulate that the Company shall have the following bodies: the General Meeting of Shareholders, the Board and the General Manager. The Supervisory Board shall not be set up at the Company.

**The Company's Board** shall be granted all powers stipulated in the Company's Articles of Association including powers assigned to it by laws. The Board shall deal with deliberation of collegial issues and decision making.

The Board shall deliberate and approve the Company's operating strategy, management structure and job descriptions of employees. The Board shall elect and remove from office the Company Manager, fix his salary and set other terms of the employment contract. The Board shall specify information classified as the Company's commercial secret. The Board shall analyse and assess the Company's draft annual and consolidated financial statements and proposed profit (loss) appropriation and shall submit them to the General Meeting of Shareholders. The Board shall pass other decisions assigned within its powers by legal acts, by the Company's Articles of Association and by the decisions of the General Meeting of Shareholders. The Board shall have a responsibility of convening and arranging the General Meetings of Shareholders in due time. The Board of Utenos Trikotažas AB shall be composed of 4 members elected for the period of 4 years.

**The Audit committee** consists of 2 (two) independent members. The Audit committee members by the submission of the Board are being appointed and withdrawn by the General Meeting of Shareholders. The members of the Committee are elected for the term of 4 (four) years.

### **Genadijus Makuševas (b. 1959)**

Utenos Trikotažas AB independent auditor from 26 April 2017, re-elected for four years term.

#### Education:

- Vilnius University, Financial Accounting 1980.
- Ministry of Finance of the Republic of Lithuania, Certified Auditor, Certificate No. 000162, 1996;
- Various E&Y, ACCA, Grant Thornton, Mazars, Praxity International Accounting and Audit Standards, Audit Methodology and Management Professional Training Courses.

#### Workingplace:

- Grant Thornton Baltic UAB General Manager, auditor.
- Renovacija, UAB General Manager

#### Participation in the management of other companies:

- Chairman of the Board of Grant Thornton Baltic UAB;
- Member of the Board of Association of Lithuanian accounting companies,

**Arvydas Dalikas (b. 1954)**

AB Utenos trikotažas has an independent auditor since 2017. April 26, for a four-year term.

## Education:

- Vilnius University, 1982, Financial Accounting
- Kaunas Polytechnic, technologist, 1972;
- Vilnius University Vocational Improvement Center, basics of audit profession 1994-1995;
- Ministry of Finance of the Republic of Lithuania, certified auditor, certificate Nr. 000052. 1996;
- Institute of Certified Public Accountants of Ireland, improvement courses, 2010;

## Workplace:

- MGI In salvo UAB audit company General Manager

## Participation in the management of other companies:

- Member of the international audit network "MGI Worldwide" UAB MGI In salvo since 2004;
- Member of the Lithuanian Audit Chamber's Quality Control Committee since 2009;
- Member of the Court of Auditors of the Republic of Lithuania, President 2009-2015;
- JSC "ADKF", general Manager, owner since 1991;
- Kaunas Construction Repair Trust, Restoration Board, Senior Accountant, Centralized Accounting, 1984-1992

## The Duties of the Audit Committee:

1. To observe the process of preparation of the Company's financial reports;
2. To review the systems of internal control, risk management and internal audit, if it exists in the Company;
3. To observe the process of external audit;
4. To observe how the external auditor or audit company follows the principles of independence and objectivity;
5. To provide the Board of the Company with written recommendations regarding the selection, appointment and recall of an external audit company.
6. To immediately inform the Managing Director of the company about information provided by the audit company to audit committee about audit related problematic issues especially when significant control defects related to financial statements occur.

## Audit committee rights:

- To get complete information and (or) documents (their copies) needed for the audit committee to perform their duties. On the audit committee request Administration of the Company must provide the information and (or) documents (their copies) to the Audit committee per 3 working days.
- To get complete information on details of accounting, financial and other operations of the company. On the audit committee request Administration of the Company as well as on its own initiative must inform the audit committee of the methods used to account for significant and (or) unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in off shores and (or) activities carried out through special purpose vehicles (organizations), for the purpose to clarify the justification of such operations.

Audit committee members may be remunerated for their operations. Remunerations and the payment terms are determined by the submission of the board by the General shareholders meeting.



## 26. Members of the collegial bodies, the Company Manager, the Finance Manager

As at 30 June 2020:

Position	Name, surname	Number of the Issuer's shares held	Beginning of the term of office	End of the term of office
<b>Board</b>				
Chairman of the Board	Arūnas Martinkevičius	-	2020.04.28	2021.04.30
Member of the Board	Dovilė Tamoševičienė	-	2020.04.28	2021.04.30
Member of the Board	Vytautas Vaškys	3	2013.04.30	2021.04.30
Member of the Board	Giedrius Grondskis	-	2017.04.26	2021.04.30
<b>Head of Administration and the Chief Financial Officer</b>				
General Manager	Petras Jašinskas	-	2020.01.07	-
Finance Director	Živilė Jonaitytė	-	2020.03.02	-
<b>The Audit committee</b>				
The independent auditor	Genadijus Makušėvas	-	2013.04.30	2021.04.30
Member of the audit committee	Arvydas Dalikas	-	2017.04.26	2021.04.30

Chairman of the Board Arūnas Martinkevičius holds 90 % stake in UAB Koncernas "SBA"

During the whole practice of the Company no remunerations to the members of a collegial body (Members of the Board, Members of the audit committee) for their work and participation in the meetings of the collegial body were paid.

### Information about board members:

#### Arūnas Martinkevičius (b. 1962)

Utenos trikotažas AB board member from 28 April 2020 to 30 April 2021

Education:

- Kaunas University of Technology, bachelor in Management

Working place:

- President of Koncernas SBA, UAB

Participation in the management of other companies:

- Koncernas SBA UAB the chairman of the board
- SBA Modular UAB, the chairman of the board
- SBA Baldų Kompanija UAB, the board member

#### Dovilė Tamoševičienė (b. 1978)

Utenos trikotažas AB board member from 28 April 2020 to 30 April 2021

Education:

- Vilnius University Master's degree in Economics

Working place:

- Business Control Director UAB Koncernas "SBA"

Participation in the management of other companies:

- Kauno baldai, AB the board member
- Šatrija AB, the board member
- SBA Competence and Service Center UAB the board member
- Robotex UAB the board member
- Klaipėdos Baldai, AB supervisory board member

### **Vytautas Vaškys (b. 1967)**

Utenos Trikotažas AB board member from 29 April 2009, re-elected for four years term on 26 April 2017.

Education:

Kaunas University of technology, Master degree in International Management and Business Administration (EMBA).

Working place:

- Koncernas SBA UAB, business risks director.

Participation in the management of other companies:

- Enteco Baltic UAB, the chairman of the board
- Kauno baldai AB the chairman of the board
- Euromodus UAB, the board member
- Šatrija AB, the board member
- Urban Inventors UAB, the board member
- SBA Baldų Kompanija UAB, the board member
- MTF Mrija PAT, the chairman of supervisory board
- SBA Competence and Service Center, UAB the board member

### **Giedrius Grondskis (b. 1973)**

Member of the board of Utenos trikotažas AB from 26 April 2017, for a four-year term..

Education:

- Doctor of the KTU Social Sciences (Administration and Management).

Workplace:

- Šatrija AB, general manager

Participation in the management of other companies:

- Kauno Baldai UAB Member of the Board

During the first half 2020, no loans, guarantees, sponsorships were issued and no assets were disposed to members of the Company's Board and Administration

## **27. Information about significant agreements**

The Company has concluded no significant agreements in which the Company is a party to and which would come into effect, change or terminate as a result of the change in the control of the Company.

## **28. Information about the compliance with the Governance Code**

Utenos Trikotažas AB confirms its substantial compliance with the principles of the Governance Code approved by the Vilnius Stock Exchange for the companies listed on the regulated market.

## **29. Data on publicly announced information**

The Company announces information on significant events (as well as other information required by laws) through the system of information disclosure and communication Globe Newswire. Publicly announced information is also available on the Company's website at [www.ut.lt](http://www.ut.lt) and on the website of the Vilnius Stock Exchange at [www.baltic.omxgroup.com](http://www.baltic.omxgroup.com).

### 30. Company's auditor

The Company concluded a contract for audit of the financial statements for 2019 and 2020 y. (with the possibility of extending the contract in 2021 y) with ERNST & YOUNG BALTIC UAB (identification code 110878442, the registered address: Subačiaus str. 7, Vilnius). The annual remuneration for the audit services EUR is 23 000 (twenty three thousand euros) plus VAT.

### 31. General information on the Group of companies

#### 31.1. Companies that constitute the Group, their contact data and principle activities

Company name	<b>Šatrija AB</b>
Legal form	Public company
Date and place of incorporation	1955 m. Šatrijos g. 3, 4400 Raseiniai
Company code	172285032
Address	Šatrijos g. 3, 4400 Raseiniai
Telephone	8 (428) 70611
Fax	8 (428) 70611
E-mail	<a href="mailto:raseiniai@satrija.lt">raseiniai@satrija.lt</a>
Website	<a href="http://www.satrija.lt">www.satrija.lt</a>
Principal activities	Sewing of clothes
Company name	<b>Mukačevska Trikotažnaja Fabrika Mrija PAT</b>
Legal form	Open public company
Date and place of incorporation	1971 m. Matrosova 13, 89600 Mukačevo, Ukraine
Company code	307253
Address	Matrosova 13, 89600 Mukačevo, Ukraine
Telephone	+ 380 (3131) 52780
Fax	+380 (3131) 52780
E-mail	<a href="mailto:mriya@mk.ukrtel.net">mriya@mk.ukrtel.net</a>
Website	<a href="http://www.mriyamukachevo.com">www.mriyamukachevo.com</a>
Principal activities	Production of knit-wear articles
Company name	<b>Gotija UAB</b>
Legal form	Private company
Date and place of incorporation	1994 m. Laisvės al. 33, Kaunas
Company code	134181619
Address	Laisvės al. 33, Kaunas
Telephone	8 (37) 205879
Fax	8 (37) 205879
E-mail	<a href="mailto:gotija@ut.lt">gotija@ut.lt</a>
Website	None
Principal activities	Retail trade in clothes
Company name	<b>Utenas Trikotaža SIA</b>
Legal form	Private company
Date and place of incorporation	2019 m. Cietokšna iela 60, Daugavpils, Latvija
Company code	40203234380
Address	Cietokšna iela 60, Daugavpils
Telephone	+ 371 (656) 37547
Fax	-
E-mail	<a href="mailto:OutletDaugavpils@ut.lt">OutletDaugavpils@ut.lt</a>
Website	None
Principal activities	Retail trade in clothes

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### **31.2. Trade in securities of the Group companies in regulated markets**

Subsidiaries Šatrija AB, PAT MTF Mrija, Gotija UAB and SIA Utenas trikotaža do not trade in securities in regulated markets.

### **32. Information on harmful transactions in which the issuer is a party.**

There were no harmful transactions (those that are not in line with issuer's goals, not under usual market terms, harmful to the shareholders' or stakeholders' interests, etc.) made in the name of the issuer that had or potentially could have negative effects in the future on the issuer's activities or business results. There were also no transactions where a conflict of interest was present between issuer's management's, controlling shareholders 'or other related parties' obligations to the issuer and their private interests.

General Manager Petras Jašinskas

31 July 2020