



UAB JOHNSON & JOHNSON

INDEPENDENT AUDITOR'S REPORT,
COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR 2020
AND ANNUAL REPORT

UAB Johnson & Johnson

111778459, Konstitucijos av. 21C, Vilnius

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(EUR)

Translation note:

This version of the accompanying document is a translation from the original, which was prepared in Lithuanian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of this document takes precedence over this translation.

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Independent auditor's report

To the shareholder of Johnson & Johnson UAB

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Johnson & Johnson UAB (the "Company") as at 31 December 2020, and the Company's financial performance and cash flows for the year then ended in accordance with Lithuanian regulatory legislation on accounting and financial reporting and Business Accounting Standards.

What we have audited

The Company's financial statements comprise:

- the balance sheet as at 31 December 2020;
- the income statement for the year then ended;
- the statement of changes in equity for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the Law of the Republic of Lithuania on the Audit of Financial Statements that are relevant to our audit of the financial statements in the Republic of Lithuania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Law of the Republic of Lithuania on the Audit of Financial Statements.

Reporting on other information including the annual report

Management is responsible for the other information. The other information comprises the annual report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information, including the annual report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

PricewaterhouseCoopers UAB, J. Jasinskio g. 16B, LT-03163 Vilnius, Lithuania
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With respect to the annual report, we considered whether the annual report includes the disclosures required by the Law of the Republic of Lithuania on Financial Reporting by Undertakings.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the annual report for the financial year for which the financial statements are prepared, is consistent with the financial statements; and
- the annual report has been prepared in accordance with the Law of the Republic of Lithuania on Financial Reporting by Undertakings.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the annual report which we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Lithuanian regulatory legislation on accounting and financial reporting and Business Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

On behalf of PricewaterhouseCoopers UAB

Jurgita Krikščiūnienė
Assurance Director
Auditor's Certificate No.000495

Vilnius, Republic of Lithuania
22 December 2021

The auditor's electronic signature is used herein to sign only the Independent Auditor's Report

Balance sheet

Date of approval 21-Dec-21

	Note	As of 31 December 2020	As of 31 December 2019
ASSETS			
A NON-CURRENT ASSETS		739 593	968 754
1. INTANGIBLE ASSETS	3	-	53 644
1.1. Development work		-	-
1.2. Goodwill		-	53 644
1.3. Computer software		-	-
1.4. Concessions, patents, licences, trademarks and similar rights		-	-
1.5. Other intangible assets		-	-
1.6. Advances		-	-
2. TANGIBLE ASSETS		638 391	830 395
2.1. Land		-	-
2.2. Buildings and construction		-	-
2.3. Plant and machinery		-	-
2.4. Vehicles	4	80 480	76 173
2.5. Other material assets	4	557 911	754 222
2.6. Investment property		-	-
2.6.1. Land		-	-
2.6.2. Buildings		-	-
2.7. Prepayments and tangible asset construction/production in progress		-	-
3. FINANCIAL ASSETS		42 000	42 000
3.1. Shares of the Group companies		-	-
3.2. Loans to Group companies		-	-
3.3. Receivables from Group companies		-	-
3.4. Shares of associates		-	-
3.5. Loans to associates		-	-
3.6. Receivables from associates		-	-
3.7. Long-term investments		-	-
3.8. Non-current amounts receivables		42 000	42 000
3.9. Other financial assets		-	-
4. OTHER NON-CURRENT ASSETS	5	59 203	42 715
4.1. Deferred tax assets		59 203	42 715
4.2. Biological assets		-	-
4.3. Other non-current assets		-	-
B CURRENT ASSETS		30 348 976	24 081 854
1. INVENTORIES		56 990	83 775
1.1. Raw materials and consumables		-	-
1.2. Work in progress		-	-
1.3. Finished products		-	-
1.4. Acquired goods for resale	6	-	26 786
1.5. Biological assets		-	-
1.6. Property, plant and equipment for sale		-	-
1.7. Prepayments		56 990	56 990
2. AMOUNTS RECEIVABLE WITHIN ONE YEAR	7	24 704 775	22 934 523
2.1. Trade debtors	7.1	8 362 860	9 238 780
2.2. Due from related parties	7.2	15 295 622	12 716 873
2.3. Due from associates		-	-
2.4. Other amounts receivable	7.3	1 046 292	978 870
3. SHORT-TERM INVESTMENTS		-	-
3.1. Shares of the Group companies		-	-
3.2. Other investments		-	-
4. CASH AND CASH EQUIVALENTS	8	5 587 212	1 063 556
C. DEFERRED EXPENSES AND ACCRUED INCOME	9	147 802	134 703
TOTAL		31 236 372	25 185 311

(continued on next page)

Balance sheet (cont'd)

	Note	As of 31 December 2020	As of 31 December 2019
EQUITY AND LIABILITIES			
D. SHARE CAPITAL			
1. EQUITY		17 538 613	16 079 522
1.1. Authorized capital or the main capital	1	1 005 723	1 005 723
1.2. Subscribed uncalled share capital (-)		-	-
1.3. Own shares (-)		-	-
2. SHARE PREMIUM ACCOUNT		-	-
3. REVALUATION RESERVES		-	-
4. RESERVES	10	100 579	100 579
4.1. Legal reserve		100 579	100 579
4.2. Reserve for acquiring own shares		-	-
4.3. Other reserves		-	-
5. RETAINED EARNINGS (LOSSES)	11	16 432 311	14 973 220
5.1. Current year profit (loss)		1 499 896	3 114 453
5.2. Previous year profit (loss)		14 932 415	11 858 767
E. GRANTS AND SUBSIDIES		-	-
F. PROVISIONS		-	-
1. Provisions of pensions and similar obligations		-	-
2. Tax provisions		-	-
3. Other provisions		-	-
G. AMOUNTS PAYABLES AND LIABILITIES		13 478 473	7 543 680
1. AMOUNTS PAYABLE AFTER ONE YEAR AND LONG-TERM LIABILITIES		-	-
1.1. Financial liabilities		-	-
1.2. Lease (finance lease) or similar liabilities		-	-
1.3. Prepayments received		-	-
1.4. Trade creditors		-	-
1.5. Payables under the bills and checks		-	-
1.6. Amounts payable for related parties		-	-
1.7. Amounts payable for associates		-	-
1.8. Other amounts payable and non-current liabilities		-	-
2. AMOUNTS PAYABLE WITHIN ONE YEAR AND SHORT-TERM LIABILITIES		13 478 473	7 543 680
2.1. Financial liabilities		117 023	247 064
2.2. Lease (finance lease) or similar liabilities		-	-
2.3. Prepayments received		-	-
2.4. Trade creditors	12	537 982	274 166
2.5. Payables under the bills and checks		-	-
2.6. Payables to related parties	13	6 740 340	2 055 272
2.7. Payables to associates		-	-
2.8. Payable corporate income tax		13 775	-
2.9. Employment related liabilities		742 266	932 581
2.10. Other amounts payable and current liabilities	14	5 327 087	4 034 597
H. ACCRUED EXPENSES AND DEFERRED INCOME	15	219 286	1 562 109
TOTAL EQUITY AND LIABILITIES		31 236 372	25 185 311

The accompanying notes are an integral part of these financial statements.

These financial statements were approved by the General Manager on December 21, 2021.

General Manager	Laura Saar	
Representative of a company providing accounting services	Olga Savčuk UAB Deloitte Lietuva	

Income statement

Date of approval 21-Dec-21

	Note	2020	2019
1. Sales revenue	17	59 558 274	59 697 553
2. Cost of sales		(49 433 438)	(46 438 084)
3. Biological assets fair value		-	-
4. GROSS PROFIT (LOSS)		10 124 836	13 259 469
5. Sales expenses	18	(2 883 549)	(2 357 054)
6. General and administrative expenses	19	(5 373 060)	(7 053 003)
7. Other activities result	20	11 711	-
8. Income from investments into the shares of the parent company, subsidiaries and associates		-	-
9. Other long-term investments and loan income		-	-
10. Other interest and similar income	21	667	3 498
11. Financial assets and short-term investment impairment		-	-
12. Interest and similar expenses	21	(8 883)	(6 124)
13. PROFIT (LOSS) BEFORE TAXATION		1 871 723	3 846 787
14. Income tax	5	(371 827)	(732 334)
15. NET PROFIT (LOSS)		1 499 896	3 114 453

The accompanying notes are an integral part of these financial statements.

These financial statements were approved by the General Manager on December 21, 2021.

General Manager	Laura Saar	
Representative of a company providing accounting services	Olga Savčuk UAB Deloitte Lietuva	

Statement of changes in equity

Date of approval 21-Dec-21

	Paid in authorized capital or the main capital	Share premium	Own shares (-)	Revaluation reserve (results)		Legal reserves			Retained earnings (losses)	Total
				Of non- current tangible assets	Paid up autho- rised capital	Compul- sory or reserves Capital	For acqui- ring own shares	Other reserves		
1. Balance at the end of the reporting period before previous	1 005 723	-	-	-	-	100 579	-	-	11 858 767	12 965 069
2. Result of changes in accounting policies	-	-	-	-	-	-	-	-	-	-
3. Result of correcting material errors	-	-	-	-	-	-	-	-	-	-
4. Recalculated balance at the end of the reporting period before previous	1 005 723	-	-	-	-	100 579	-	-	11 858 767	12 965 069
5. Increase / decrease in the value of non current tangible assets	-	-	-	-	-	-	-	-	-	-
6. Increase/decrease in an effective hedging instrument	-	-	-	-	-	-	-	-	-	-
7. Acquisition / sales of own shares	-	-	-	-	-	-	-	-	-	-
8. Profit / loss not recognised in the income statement	-	-	-	-	-	-	-	-	-	-
9. Net profit / loss of the reporting period	-	-	-	-	-	-	-	-	3 114 453	3 114 453
10. Dividends	-	-	-	-	-	-	-	-	-	-
11. Other payments	-	-	-	-	-	-	-	-	-	-
12. Formed reserves	-	-	-	-	-	-	-	-	-	-
13. Used reserves	-	-	-	-	-	-	-	-	-	-
14. Increase in share capital (reduction) or a shareholders' contributions (contributions repayment)	-	-	-	-	-	-	-	-	-	-
15. Other authorized capital increase (decrease)	-	-	-	-	-	-	-	-	-	-
16. Contributions to cover losses	-	-	-	-	-	-	-	-	-	-
17. Balance at the end of the previous reporting period	1 005 723	-	-	-	-	100 579	-	-	14 973 220	16 079 522
18. The long-term tangible asset value increase (decrease)	-	-	-	-	-	-	-	-	-	-
19. Effective hedging the value of the increase (decrease)	-	-	-	-	-	-	-	-	-	-
20. Acquisition / sales of own shares	-	-	-	-	-	-	-	-	-	-
21. Profit / loss not recognised in the income statement	-	-	-	-	-	-	-	-	-	-
22. Net profit / loss of the reporting period	-	-	-	-	-	-	-	-	1 499 896	1 499 896
23. Dividends	-	-	-	-	-	-	-	-	-	-
24. Other payments	-	-	-	-	-	-	-	-	(40 805)	(40 805)
25. Formed reserves	-	-	-	-	-	-	-	-	-	-
26. Used reserves	-	-	-	-	-	-	-	-	-	-
27. Increase in share capital (reduction) or a shareholders' contributions (contributions repayment)	-	-	-	-	-	-	-	-	-	-
28. Other authorized capital increase (decrease)	-	-	-	-	-	-	-	-	-	-
29. Contributions to cover losses	-	-	-	-	-	-	-	-	-	-
30. Balance at the end of the current reporting period	1 005 723	-	-	-	-	100 579	-	-	16 432 311	17 538 613

The accompanying notes are an integral part of these financial statements.

These financial statements were approved by the General Manager on December 21, 2021.

General Manager

Laura Saar

Representative of a company
providing accounting services

Olga Savčuk
UAB Deloitte Lietuva

Date of approval 21-Dec-21

Cash flow statement

	As of 31 December 2020	As of 31 December 2019
1. Cash flows from operating activities		
1.1. Net profit (loss)	1 499 896	3 114 453
1.2. Depreciation and amortization	313 522	307 825
1.3. Elimination of results of disposals of non-current tangible and intangible assets	-	-
1.4. Elimination of results of financial and investing activities	-	-
1.5. Other non-cash transactions elimination	(40 805)	0
1.6. (Increase) decrease the group companies and associated companies receivables	-	-
1.7. (Increase) decrease in amounts receivables after one year	-	-
1.8. (Increase) deferred tax assets	(16 488)	34 469
1.9. (Increase) decrease in inventories	26 786	(25 894)
1.10. (Increase) decrease in prepayments	-	7 794
1.11. (Increase) decrease in trade receivables	875 919	(565 588)
1.12. (Increase) decrease of group companies and associated companies debt	(2 578 749)	(3 280 670)
1.13. (Increase) decrease in other amounts receivable	(67 423)	(780 439)
1.14. (Increase) decrease short-term investments	-	-
1.15. (Increase) decrease of deferred costs and accrued income	(13 099)	58 210
1.16. Increase (decrease) in provisions	-	-
1.17. Increase (decrease) of long-term debt to suppliers and advances received	-	-
1.18. Increase (decrease) of under the bills and checks after one year accounts payable	-	-
1.19. Increase (decrease) of long-term debt group companies and associates	-	-
1.20. Increase (decrease) of short-term debts to suppliers and advances received	263 816	54 483
1.21. Increase (decrease) of under the bills and checks in one year accounts payable	-	-
1.22. Increase (decrease) of short-term debt group companies and associates	4 685 068	(3 059 615)
1.23. Increase (decrease) in income tax liability	13 775	-
1.24. Increase (decrease) in employment-related liabilities	(190 315)	113 367
1.25. Increase (decrease) in other payables and liabilities	1 292 491	(190 095)
1.26. Increase (decrease) accrued expenses and deferred income	(1 342 823)	1 403 807
Net cash flows from (used in) operating activities	4 721 571	(2 807 890)
2. Cash flows from investing activities		
2.1. Acquisition of non-current assets (except for investments)	(114 492)	(66 562)
2.2. Transfer of non-current assets (except for investments)	46 618	35 562
2.3. Acquisition of long-term investments	-	-
2.4. Transfer of long-term investments	-	-
2.5. Loans issued	-	(42 000)
2.6. Loans recovered	-	-
2.7. Dividends, interest received	-	-
2.8. Other increase in cash flow from investing activities	-	-
2.9. Other decrease in cash flow from investing activities	-	-
Net cash flows from (used in) investing activities	(67 874)	(73 000)
3. Cash flows from financing activities		
3.1. Cash flow related to shareholders	-	-
3.1.1. Emission of share	-	-
3.1.2. Owners contributions against losses	-	-
3.1.3. Redemption of own shares	-	-
3.1.4. Dividends paid	-	-
3.2. Cash flows related to other financing activities	-	-
3.2.1. Increase in financial liabilities	-	247 064
3.2.1.1. Loans received	-	247 064
3.2.1.2. Bonds emission	-	-
3.2.2. Decrease in financial liabilities	(130 041)	-
3.2.2.1. Loans repaid	(130 041)	-
3.2.2.2. Bond purchase	-	-
3.2.2.3. Paid interest	-	-
3.3. Cash flows from financing activities	-	-
3.3.1. Increase in other company liabilities	-	-
3.3.2. Decrease in other company liabilities	-	-
3.3.3. Other increase in cash flow from financing activities	-	-
3.3.4. Other decrease in cash flow from financing activities	-	-
Net cash flows from (used in) financing activities	(130 041)	247 064
4. Foreign exchange effect on the balance of cash and cash equivalents	4 523 656	(2 633 826)
5. Net increase (decrease) in cash and cash equivalents	1 063 556	3 697 382
6. Cash and cash equivalents at the beginning of the year	5 587 212	1 063 556
7. Cash and cash equivalents at the end of the year	6 650 768	4 760 938

The accompanying notes are an integral part of these financial statements.

These financial statements were approved by the General Manager on December 21, 2021.

General Manager	Laura Saar
Representative of a company providing accounting services	Olga Savčuk UAB Deloitte Lietuva

Notes to the financial statements

1 General information

UAB Johnson & Johnson (hereinafter "the Company") is a private limited liability company registered in Lithuania. The address of its registered office as of 31 December 2020 was as follows:

Konstitucijos av. 21C, Vilnius
Lithuania

The Company is engaged in wholesale and retail sale of medical goods, wholesale of medicines and management activities of clinical research. The Company was registered on 14 August 2002.

As of 31 December 2020 and 2019 the shareholders of the Company were as follows:

	2020		2019	
	Number of shares held	Percentage	Number of shares held	Percentage
Johnson & Johnson AB (Sweden), which is wholly owned by Johnson & Johnson Corporate (USA)	34 728	100.00%	34 728	100.00%

Company's owner Johnson & Johnson AB financial statements are announced <https://www.jnj.com/about-jnj/annual-reports>.

The Company is wholly owned by its parent company Johnson & Johnson AB, code 556063-2514, registered office address: Staffans vag. 2, S-191 84 Sollentuna, Sweden.

The Company's ultimate parent company is Johnson & Johnson Corporate, code 5106301000, registered office address: One Johnson & Johnson Plaza, New Brunswick, New Jersey 08933, USA.

All the shares of the Company are ordinary shares with a nominal value of EUR 28,96 each and were fully paid as of 31 December 2020 and 2019.

On 2015 September 25th The Company established branch in Estonia, on October 2nd branch in Latvia. Branches started legal activities since 1st January, 2016.

Late in 2019 news first emerged from China about the COVID-19 (Coronavirus). There is no tangible impact on the Company's sales or supply chain to date, at the same time Management continue to closely monitor the potential impact of these events and will take all possible measures to mitigate possible consequences.

In 2020, the average number of employees of the Company was 68 (2019 – 78).

The financial year of the Company coincides with the calendar year.

2 Accounting principles

The principal accounting policies adopted in preparing the Company's financial statements for 2020 are as follows:

2.1. Basis of preparation

These financial statements have been prepared in accordance with Lithuanian regulatory legislation on accounting and financial reporting, and Business Accounting Standards (BAS).

The financial statements have been prepared on the accrual and going concern basis assuming that the Company will be able to continue its operations in the foreseeable future.

2.2. Presentation currency

The amounts shown in these financial statements are presented in the local currency of the Republic of Lithuania, Euro (EUR).

2.3. Intangible assets

Intangible assets are measured initially at cost. Intangible assets are recognized if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives.

Software

Software is amortized over a period of 3 years.

Goodwill

The Company accounts for the acquired identifiable assets and liabilities of another company at their fair value at acquisition date. Difference between the acquisition cost and the fair value of the net assets at acquisition date is considered to be goodwill (negative goodwill). The goodwill (negative goodwill) is presented in the financial statements at cost less its amortisation and impairment. The goodwill (negative goodwill) is presented in separate financial statements of the Company in the intangible assets caption.

The goodwill is amortised during a 5-year period, using the straight-line method. The amount of amortisation is included into the operating expenses in the income statement.

2 Accounting principles (cont'd)

2.4. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment.

When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement.

The initial cost of property, plant and equipment comprises its purchase price, including all directly attributable costs of bringing the asset to its working condition and location for its intended use. The minimum asset capitalisation value for computers, printers, servers and server components is equal to EUR 1, and for the rest of the assets it is equal to EUR 1 000.

Depreciation is computed on a straight-line basis over the following average estimated useful lives:

Medical equipment	1-3 years
Motor vehicles	6-10 years
Computer hardware, communication equipment	3 years
Furniture	6 years
Other PP&E	4-20 years

The useful lives are reviewed periodically to ensure that the period of depreciation is consistent with the expected pattern of economic benefits from items in property, plant and equipment.

2.5. Inventories

Inventories are valued at the lower of cost or net realizable value, less write-down to net realizable value for obsolete and slow-moving items. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Cost is determined by the first-in, first-out (FIFO) method. The cost of inventories includes the purchase price, adjusted with inventory write-downs and received discount amounts, taxes (excluding those to be recovered later), fees, inventories transportation and other costs directly associated with inventories acquisition. Inventory items that are no longer suitable for sale are written off.

Inventories are reviewed for write-down to net realizable value whenever events or changes in circumstances indicate that carrying amount of inventories may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, a loss for write-down to net realizable value is recognized in the income statement.

2.6. Compensation for the employees with the parent company's shares or share options

The Company's employees have received parent company's shares or share options as a motivation tool. When the Company's employees receive shares or exercise share options, the parent company invoices the Company which has to compensate to the parent company the market value of shares and share options at the moment they are transferred or exercised.

2.7. Financial assets

Cash and cash equivalents, contractual right to receive cash or other financial assets from another company are classified as financial assets.

Contractual right to receive cash or other financial assets from another company consists of receivables for goods sold, services delivered, prepayments for financial assets and other contractually registered financial receivables of the Company.

Receivables are initially recorded at acquisition cost. Current receivables are subsequently carried at cost less impairment.

Cash includes cash on hand and at bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

2.8. Financial liabilities

Financial liabilities cover amounts payables for the goods and services received.

Financial liabilities are recorded when the Company assumes a commitment to pay cash or any other financial assets. Amounts payable for goods and services received are stated at acquisition cost.

2.9. Operating lease

Where the Company is a lessee

Leases where the lessor retains all the risk and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

2 Accounting principles (cont'd)

2.10. Income tax and deferred income tax

Income tax charge is based on profit for the year and considers deferred taxation. Income tax is calculated based on the Lithuanian tax legislation.

The standard income tax rate in the Republic of Lithuania in 2020 and 2019 was 15%.

Tax losses can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments. Such carrying forward is disrupted if the Company changes its activities due to which these losses were incurred, except when the Company does not continue its activities due to reasons which do not depend on Company itself. The losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and only be used to reduce the taxable income earned from the transactions of the same nature.

Deferred taxes are calculated using the balance sheet liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse based on tax rates enacted or substantially enacted at the balance sheet date.

2.11. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown, net of value-added tax, estimated returns, rebates and discounts. Revenue is recognized as follows:

- a) Sales of goods. Revenue from sale of goods is recognized when substantially all the risks and rewards of ownership of goods have been passed to the customer.
- b) Sales of services. Revenue from sale of services is recognized in the period when the services have been provided by reference to the time of completion of the specific transaction, and assessed on the basis of the actual services provided as a proportion of the total services to be provided.

2.12. Expense recognition

Expenses are recognized on the basis of accrual and revenue and expense matching principles in the reporting period when the income related to these expenses was earned, irrespective of the time the money was spent. In those cases when the costs incurred cannot be directly attributed to the specific income and they will not bring income during the future periods, they are expensed as incurred.

Cost of sales includes the cost of inventories sold, less subsequent adjustments (inventory write-down amounts and discounts received).

The amount of expenses is usually accounted as the amount paid or due to be paid, excluding VAT.

2.13. Foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies on the balance sheet date are recognized in the income statement. Such balances are translated at period-end exchange rates.

2.14. Subsequent events

Subsequent events which provide additional information about the Company's position at the balance sheet date (adjusting events) are disclosed in financial statements. Subsequent events that are not adjusting events are described in notes when material.

2.15. Intercompany offsetting

When preparing the financial statements, assets and liabilities, as well as revenue and expenses are not set off, except the cases when certain Business Accounting Standards specifically require such set-off.

2.16. Cash flow statement

For the purpose of cash flow statement, cash and cash equivalents include cash on hand and at bank. Interest paid is classified as financing activity. Interest received is classified as investing activity.

2.17. Changes in accounting policy

There were no changes in accounting policies in 2020.

3 Intangible assets

	Software	Goodwill	Total
Cost:			
Balance as of 31 December 2019	50 125	268 221	318 346
Additions	-	-	-
Disposals	-	-	-
Write-offs	-	-	-
Reclassifications	-	-	-
Balance as of 31 December 2020	50 125	268 221	318 346
Accumulated amortization:			
Balance as of 31 December 2019	50 125	214 576	264 701
Charge for the year	-	53 644	53 644
Disposals	-	-	-
Write-offs	-	-	-
Reclassifications	-	-	-
Balance as of 31 December 2020	50 125	268 220	318 345
Net book value as of 31 December 2020	-	-	-
Net book value as of 31 December 2019	-	53 644	53 644

Amortization is charged to general and administrative expenses. The cost of software of the Company which is fully amortised but is still in use amounted to EUR 50 125 as of 31 December 2020 (EUR 50 125 as of 31 December 2019).

Goodwill

On 25 September 2015 The Company established branch in Estonia, on 2 October 2015 branch in Latvia. Branches were transferred from group company as of 1st January 2016 Janssen-Cilag Polska Sp.z.o.o. according to business transfer agreement for amount of EUR 268 221, in the financial statements amount is recorded as goodwill, intangible assets, applying 5 year amortisation period.

4 Property, plant and equipment

	Motor vehicles	Other PP&E	Total
Cost:			
Balance as of 31 December 2019	166 159	1 368 870	1 535 029
Additions	59 947	54 545	114 492
Disposals	(46 100)	(5 118)	(46 618)
Write-offs	-	-	-
Reclassifications	-	-	-
Balance as of 31 December 2020	180 006	1 422 897	1 602 903
Accumulated depreciation:			
Balance as of 31 December 2019	89 986	614 647	704 633
Charge for the year	24 587	250 339	274 926
Disposals	(15 047)	-	(15 047)
Write-offs	-	-	-
Reclassifications	-	-	-
Balance as of 31 December 2020	99 526	864 986	964 512
Net book value as of 31 December 2020	80 480	557 911	638 391
Net book value as of 31 December 2019	76 173	754 222	830 395

The depreciation charge of the Company's property, plant and equipment for the year 2020 amounts to EUR 274 926 (EUR 268 443 in the year 2019). The depreciation charge has been included into general and administrative expenses.

Other property, plant and equipment that was fully depreciated but was still in use amounted to EUR 241 975 as of 31 December 2020 (EUR 162 318 as of 31 December 2019).

5 Income tax

	2020	2019
Components of the income tax expense (income)		
Current income tax for the reporting year	312 624	765 672
Deferred income tax expense (income)	59 203	(33 338)
Income tax expenses (income) recorded in income statement	371 827	732 334

For the year 2020 and 2019 deferred income tax assets were accounted at 15% rate. The changes of temporary differences before the tax effect in the Company were as follows:

	2020	2019
Accrued bonus expenses	-	-
Vacation reserve	(2 870)	9 995
Other accrued expenses	19 358	32 720
Total temporary differences	16 488	42 715

6 Inventories

	2020	2019
Inventories at acquisition cost	-	26 786
Total inventories at the end of financial year	-	26 786

7 Trade receivables

7.1 Short-term trade receivables

	2020	2019
Trade receivables, gross	8 362 860	9 539 357
Trade receivable value decrease	-	(300 578)
	8 362 860	9 238 780

7.2 Receivables from related parties

	2020	2019
J.C. General Services CVBA	13 093 401	10 188 655
Janssen-Cilag AB	4 375	77 881
Janssen-Cilag A/S	26 977	32 213
Cilag GmbH International	45 158	47 005
UAB JOHNSON & JOHNSON	371 265	875 834
JOHNSON & JOHNSON INTERNATIONAL	32 256	16 006
JANSSEN BIOLOGICS B.V.	19 110	14 700
UAB JOHNSON & JOHNSON	519 420	-
JOHNSON & JOHNSON LLC	133 415	-
OMRIX BIOPHARMACEUTICALS NV	13 860	-
UAB "JOHNSON & JOHNSON" FILIĀLE	268 610	305 881
UAB "JOHNSON & JOHNSON" EESTI	349 460	415 819
Janssen Pharmaceutica NV	362 236	676 451
JOHNSON & JOHNSON AB LATVIJAS	56 080	32 025
Johnson & Johnson Poland Sp. z o.o.	-	7 455
Johnson & Johnson Romania S.R.L.	-	2 100
JANSSEN R&D, LLC	-	24 847
	15 295 622	12 716 873

Receivables from related parties are in euros at the end of current financial year.

7.3 Other receivables

	2020	2019
Value added tax overpayment	63 362	584 256
Loans granted to non-profit organizations	-	6 000
Corporate income tax advance	32 850	-
Interests for loans granted to non-profit organizations	-	-
Other accounts receivable	950 081	388 614
	1 046 292	978 870

Structure of receivables by maturity

	2020	2019
Payment terms is not overdue		
Short-term customer debts	7 326 855	1 415 828
Related parties debts	15 295 622	12 716 873
Other amount receivable	1 046 292	978 870
Overdue receivables (no recognised impairment)		
Short-term customer debts	826 542	5 516 833
Related parties debts	-	-
Other amount receivable	-	-
From 30 days till 90 days		
Short-term customer debts	199 588	2 306 119
Related parties debts	-	-
Other amount receivable	-	-
More than 90 days		
Short-term customer debts	9 876	-
Related parties debts	-	-
Other amount receivable	-	-
Overdue receivables (recognised impairment)		
Short-term customer debts	-	300 578
Related parties debts	-	-
Other amount receivable	-	-
Decrease of value (-)		(300 578)
Total	24 704 775	22 934 523

8 Cash and cash equivalents

	2020	2019
Cash at bank	5 587 212	1 063 556
	5 587 212	1 063 556

The Company has an agreement with AB Swedbank. Agreement with AB Swedbank does not state any limit for credit cards bank account, but employees have a credit limit from 1 000 EUR up to 34 328 EUR. Additionally, The Company has signed a services agreement with Luminor Bank, employees have a credit limit from 51 000 EUR.

9 Prepaid expenses and accrued income

	2020	2019
Accrued revenue	138 431	-
Insurance	-	-
Accrued expenses for medicine verification service	-	49 779
Membership	-	-
Adjustments of costs of sale	-	-
Other	9 371	84 924
	147 802	134 703

10 Reserves

A legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfers of not less than 5% of net profit, which is calculated in accordance with the Lithuanian accounting policies, are compulsory until the reserve reaches 10% of the share capital. Legal reserve can be used to cover the Company's losses only.

11 Proposed profit distribution

	Amount (EUR)
Profit (loss) brought forward from the previous financial year	14 932 415
Net profit for the year	1 499 896
Profit for the year not recognized in the income statement	-
Profit to be distributed in the end of the year	16 432 311
Shareholder's contribution to cover losses	-
Transfers from reserves	-
Profit to be distributed	16 432 311
Profit distribution:	-
- to legal reserves	-
- to other reserves - dividends	-
- other	-
Profit to be carried forward at the end of the current year	16 432 311

12 Trade payables

	2020	2019
Trade payables within one year	537 982	274 166

13 Transactions with related parties

Compensations received for medical products registration, provision of pharmacovigilance, medical information, quality assurance, financial services, business support, and management of clinical research services to related parties were as follows:

	Parent company		Other group companies		Associated companies		Other related parties	
	2020	2019	2020	2019	2020	2019	2020	2019
During reporting period								
Purchase	-	76 783	57 921 718	76 612 070	-	-	-	-
Sales	-	1 182 331	5 599 189	3 821 527	-	-	-	-
At the end of reporting period								
Receivable amount	-	-	15 295 622	12 716 873	-	-	-	-
Payable amount	-	-	6 740 340	2 055 272	-	-	-	-

Payables to related parties within one year

	2020	2019
J.C. General Services CVBA	736 451	-
Janssen Pharmaceutica N.V.	4 484 184	-
Johnson & Johnson Poland Sp. z o.o.	69 577	35 148
Johnson & Johnson Romania S.R.L.	2 655	-
UAB "JOHNSON & JOHNSON" EESTI	494 032	365 221
UAB "JOHNSON & JOHNSON" FILIALĖ	336 490	489 157
UAB JOHNSON & JOHNSON	304 304	193 319
JOHNSON & JOHNSON AB LATVIJAS	2 649	-
GMED Healthcare	57 332	838 350
Janssen-Cilag OY	113 667	86 248
Johnson & Johnson Medical NV/SA	11 549	19 960
Johnson & Johnson AB Estijos filialas	13 832	12 818
Janssen Pharmaceutical Sciences Unlimited	-	15 051
W125 JOHNSON & JOHNSON	29 640	-
Johnson & Johnson S.R.O.	14 363	-
Johnson & Johnson S.R.O.	7 250	-
Johnson & Johnson S.E. D.O.O.	25 529	-
Johnson & Johnson D.O.O.	12 163	-
JNJ GLOBAL BUSINESS SERVICES S.R.O.	4 873	-
UAB JOHNSON & JOHNSON	151	-
Johnson & Johnson Medical GMBH	14 870	-
Johnson & Johnson D.O.O. Ogranak U	4 780	-
	6 740 340	2 055 272

Receivables from related parties are detailed in Note 7.

13 Transactions with related parties (cont'd)

Management

Laura Saar was appointed as the Company's General Manager from 1 April 2020
No loans or guarantees were provided to the management.

	2020	2019
A. Significant management payments assessed during the year for:	-	-
Management	-	-
B. Employment-related payments assessed during the year for:		
Management	227 242	69 621
Total:	<u>227 242</u>	<u>69 621</u>
Average number of management members during the year	2	2

14 Other current amounts payable and liabilities within one year

	2020	2019
Accrued payable amounts by signed contracts with VLK	4 288 495	3 175 804
Other current payables	47 323	55 709
Taxes payable	991 269	803 083
	<u>5 327 087</u>	<u>4 034 597</u>

15 Accrued expenses and deferred revenue

	2020	2019
Accrued travel expenses	-	-
Accrued audit expenses	10 113	16 959
Accrued advertising and sales promotion expenses	-	5 000
Accrued adjustment to cost of goods sold	4 117	327 358
Other accrued expenses	205 057	1 212 792
	<u>219 286</u>	<u>1 562 109</u>

16 Off-balance sheet liabilities

Off-balance sheet liabilities related with the Company's activity for 2020 are as follows:

16.1. Operating lease

The Company concluded contracts of operating lease for 44 cars. In 2019 - 39 cars.

Minimal future lease payments according to the non-cancellable operating lease contracts are as follows:

	2020	2019
Within one year	155 587	118 470
Later than one year and no later than five years	313 386	156 923
	<u>468 973</u>	<u>275 393</u>

The Company on 13th of April 2017 has signed contract for rent of premises with UAB Forumas 3 and UAB Forumas 1. For the premises covering the area of 634,83 square meters Company has to pay EUR 13 607 monthly rent fee without VAT with effect from 1 September 2017. For first four years company will receive 50% discount for rent fee. Contract for rent is signed for 5 years and 2 months.

UAB Johnson & Johnson Latvia branch rents premises from SIA "Kontor", from 25th May 2017 new agreement was signed for new premises, monthly rent fee without VAT is EUR 3 395.

Estonia branch rents premises from "Technopolis Ülemiste" AS, monthly rent fee without VAT is EUR 3 135.

16.2. Guarantees

In 2020 Luminor Bank AS issued guarantess on behalf of the Company to National Health Insurance fund, these are guarantees related to secure fulfillment of the Company's obligations based on the agreements with National Health Insurance fund. The amount of guarantees is 53 562 EUR and duration period varies from 2021 till June, 2022.

17 Sales

The Company's sales by activities are presented below:

	2020	2019
Wholesale of medicines	51 388 605	49 081 354
Trade in medical equipment	5 162 605	7 151 671
Provision of services	3 007 065	3 464 528
	59 558 274	59 697 553

Sales by countries are presented below:

	2020	2019
Lithuania	32 827 014	33 172 923
Estonia	15 507 851	15 327 346
Latvia	11 223 410	11 197 283
	59 558 274	59 697 553

18 Selling expenses

	2020	2019
Selling employees payroll expenses	2 833 451	2 310 490
Marketing expenses	50 099	46 564
	2 883 549	2 357 054

19 General and administrative expenses

The Company has made the reclassification of mapping in 2020 to standardize the same mapping rules for the main company and branches. These changings of accounting policy have impacted significant differences of selling employees payroll expenses and wages and salaries (general and administrative expenses) compared with 2019 data. For 2019 year amounts weren't corrected due to the fact that changes would be immaterial and would not have significant impact for impact for Income statement.

	2020	2019
Wages and salaries	731 815	1 682 990
Representation and events expenses	528 636	761 417
Accounting, legal expenses, and other consultations	406 015	472 485
Car expenses	404 664	242 231
Other employee-related expenses	115 786	117 589
Depreciation and amortization	240 737	212 749
Travel expenses	56 449	300 215
Utility, telephone, and other office expenses	388 036	107 816
Premises rent	250 075	163 283
Sponsorship	-	-
Registration of medicines and other expense	82 633	191 783
Computer maintenance	37 976	27 335
Warehousing and transportation services	36 695	29 531
Business Support expenses	1 631 089	1 481 536
Other	462 454	1 262 043
	5 373 060	7 053 003

20 Other operating result

	2020	2019
Other miscellaneous income	11 711	-
	11 711	-

21 Income (expenses) from financing and investing activities

	2020	2019
Foreign exchange loss	8 216	2 626
	8 216	2 626

22 Contingent liabilities

During 2020 the Company had no tax audits. The tax authority has a right to inspect accounting books and accounting entries and calculate additional taxes or penalties at any time during 3 successive years after the current year. The management of the Company is not aware of any circumstances at which a potential significant liability could arise.

23 Subsequent events

There are no post balance sheet events, to be reported in FS.

ANNUAL REPORT OF UAB "JOHNSON & JOHNSON" FOR 2020

1. An overview of an entity's position, performance and development of the entity's business, a description of the principal risks and uncertainties that it faces

UAB "Johnson & Johnson" (the "Company") was registered on 14 August 2002, code 111778459, the data about the Company is accumulated and kept by the Register of Legal Persons, VAT payer number LT117784515. The registered office of the Company is located at Konstitucijos av. 21C, Vilnius, the Republic of Lithuania. The data about the Company is collected and kept by the Register of Legal Entities.

The share capital of the Company amounts to EUR 1 005 723. The share capital is fully paid. The share capital is divided into 34,728 ordinary registered shares with a nominal value of EUR 28,96 each.

100 percent of the Company's shares are owned by the sole shareholder – Swedish company Johnson & Johnson AB.

The managing bodies of the Company are: the Board of Directors and the Head of the Company (General Manager).

As of 31 December 2020 the Board of the Company consisted of 3 members and the members were: Laura Saar, Kęstutis Česevičius and Kairit Sildre.

The General Manager of the Company from 1 April 2020 is Laura Saar.

Development of the Company's business in 2020:

The Company continues strengthening its trade relations with existing clients and business expansion in Lithuania and other Baltic countries. Such strategy results in a growing market share in sale of medical equipment & devices and pharmaceuticals.

In the current market situation the management of the Company does not see risks and uncertainties which could jeopardize the business in Lithuania.

2. Analysis of financial and non-financial performance, information relating to environmental and employee matters

During the year 2020 the Company was mainly engaged in activities of sale of medical equipment & devices and pharmaceuticals.

Financial data

The revenue of the Company from activity, carried out in 2020, amounted to EUR 59 558 275. Net profit of the Company during the year of 2020 amounts to EUR 1 424 204.

Other information

72 employees were employed in the Company in the end of the year 2020. 82 individuals including administrative staff were employed in the Company at the end of the year 2019.

In 2020, the average number of employees of the Company was 68 (2019 – 78).

3. References to and additional explanations of the data presented in annual financial statements

Information is provided in the Explanatory Notes to the 2020 Financial Statements.

4. The number of acquired or transferred own shares of the Company during the accounting fiscal year, the amount of their nominal values and portion in the authorized capital of the Company, the justification of acquisition or transfer of such shares, payment for such shares

The Company has not acquired and transferred its own shares in 2020.

5. The number, nominal value and portion in the authorized capital of other companies' shares acquired by the Company during the accounting fiscal year

The Company did not acquire shares of other companies in 2020.

6. Information on the Company's branches and representative offices

On 25 September 2015 The Company established branch in Estonia, on 2 October 2015 branch in Latvia. Branches started legal activities since 1 January 2016.

7. Major events in the Company after the end of the current fiscal year

There were no major events after the current financial year end.

8. The plans and prognoses of the Company

In the 2021 fiscal year the Company intends to improve the quality of its services and service of the clients as well as to increase the sales volumes.

9. Information about activities of the Company in the field of research and development

The Company did not execute any research and development activity during the current financial year or after the current financial year end.

10. Where the Company uses financial instruments and where this is of importance for the evaluation of the Company's assets, equity, liabilities, financial position and results of operations, the Company shall disclose financial risk management objectives, hedging instruments in respect of its main categories of transactions qualifying for hedge accounting, and the Company's exposure to price risk, credit risk, liquidity risk and cash flow risk

The Company is not exposed to specific financial risks. The Company sells its equipment and pharmaceuticals in Lithuania and other Baltic countries markets. The Company's financial risks are disclosed in the financial statements.

General Manager	Laura Saar	
Representative of a company providing accounting services	Olga Savčuk UAB Deloitte Lietuva	

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