



UAB JOHNSON & JOHNSON

INDEPENDENT AUDITOR'S REPORT,
COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR 2019
AND ANNUAL REPORT

UAB Johnson & Johnson

111778459, Konstitucijos av. 21C, Vilnius

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

(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.

CONTENTS

PAGES

INDEPENDENT AUDITOR'S REPORT	2-3
FINANCIAL STATEMENTS	
BALANCE SHEET	4-5
INCOME STATEMENT	6
STATEMENT OF CHANGES IN EQUITY	7
CASH FLOW STATEMENT	8
NOTES TO THE FINANCIAL STATEMENTS	9-17
ANNUAL REPORT	18



Independent auditor's report

To the shareholders 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 2019, and of its financial performance and its 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 2019;
- the statement of income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows 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 Ethics Standards Board for Accountants' Code of Ethics for Professional 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.



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 respect.

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

Rasa Radzevičienė
Partner
Auditor's Certificate No. 000377
Vilnius, Republic of Lithuania
26 August 2020

Balance sheet

Date of approval 26-Aug-20

	Note	As of 31 December 2019	As of 31 December 2018
ASSETS			
A NON-CURRENT ASSETS		968 754	1 238 049
1. INTANGIBLE ASSETS	3	53 644	107 288
1.1. Development work		-	-
1.2. Goodwill		53 644	107 288
1.3. Computer software		-	-
1.4. Concessions, patents, licences, trademarks and similar rights		-	-
1.5. Other intangible assets		-	-
1.6. Advances		-	-
2. TANGIBLE ASSETS		830 395	1 053 576
2.1. Land		-	-
2.2. Buildings and construction		-	-
2.3. Plant and machinery		-	-
2.4. Vehicles	4	76 173	117 318
2.5. Other material assets	4	754 222	936 258
2.6. Investment property		-	-
2.6.1. Land		-	-
2.6.2.		-	-
2.7. Prepayments and tangible asset construction/production in progress		-	-
3. FINANCIAL ASSETS		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		42 000	-
3.6. Receivables from associates		-	-
3.7. Long-term investments		-	-
3.8. Non-current amounts receivables		-	-
3.9. Other financial assets		-	-
4. OTHER NON-CURRENT ASSETS	5	42 715	77 184
4.1. Deferred tax assets		42 715	77 184
4.2. Biological assets		-	-
4.3. Other non-current assets		-	-
B CURRENT ASSETS		24 081 854	22 070 884
1. INVENTORIES		83 775	65 675
1.1. Raw materials and consumables		-	-
1.2. Work in progress		-	-
1.3. Finished products		-	-
1.4. Acquired goods for resale	6	26 786	892
1.5. Biological assets		-	-
1.6. Property, plant and equipment for sale		-	-
1.7. Prepayments		56 990	64 784
2. AMOUNTS RECEIVABLE WITHIN ONE YEAR	7	22 934 523	18 307 827
2.1. Trade debtors	7.1	9 238 780	8 673 192
2.2. Due from related parties	7.2	12 716 873	9 436 204
2.3. Due from associates		-	-
2.4. Other amounts receivable	7.3	978 870	198 431
3. SHORT-TERM INVESTMENTS		-	-
3.1. Shares of the Group companies		-	-
3.2. Other investments		-	-
4. CASH AND CASH EQUIVALENTS	8	1 063 556	3 697 382
C. DEFERRED EXPENSES AND ACCRUED INCOME	9	134 703	192 913
TOTAL		25 185 311	23 501 846

(continued on next page)

Balance sheet (cont'd)

	Note	As of 31 December 2019	As of 31 December 2018
EQUITY AND LIABILITIES			
D. SHARE CAPITAL			
1. EQUITY		16 079 522	12 965 069
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	14 973 220	11 858 767
5.1. Current year profit (loss)		3 114 453	1 185 949
5.2. Previous year profit (loss)		11 858 767	10 672 818
E. GRANTS AND SUBSIDIES		-	-
F. PROVISIONS		-	-
1. Provisions of pensions and similar obligations		-	-
2. Tax provisions		-	-
3. Other provisions		-	-
G. AMOUNTS PAYABLES AND LIABILITIES		7 543 680	10 378 475
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		7 543 680	10 378 475
2.1. Financial liabilities		247 064	-
2.2. Lease (finance lease) or similar liabilities		-	-
2.3. Prepayments received		-	-
2.4. Trade creditors	12	274 166	219 683
2.5. Payables under the bills and checks		-	-
2.6. Payables to related parties	13	2 055 272	5 114 887
2.7. Payables to associates		-	-
2.8. Payable corporate income tax		-	-
2.9. Employment related liabilities		932 581	819 215
2.10. Other amounts payable and current liabilities	14	4 034 597	4 224 691
H. ACCRUED EXPENSES AND DEFERRED INCOME	15	1 562 109	158 302
TOTAL EQUITY AND LIABILITIES		25 185 311	23 501 846

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

These financial statements were approved by the General Manager on August 26, 2020.

General Manager Laura Saar

Representative of a company providing accounting services Olga Savčuk
UAB Deloitte Lietuva

Income statement

Date of approval 26-Aug-20

	Note	2019	2018
1. Sales revenue	17	59 697 553	44 529 884
2. Cost of sales		(46 438 084)	(35 847 403)
3. Biological assets fair value		-	-
4. GROSS PROFIT (LOSS)		13 259 469	8 682 481
5. Sales expenses	18	(2 357 054)	(2 162 184)
6. General and administrative expenses	19	(7 053 003)	(5 061 623)
7. Other activities result	20	-	(165)
8. Income from investments into the shares of the parent company, subsidiaries and associates		-	-
9. Other long-term investments and loan incomes		-	-
10. Other interest and similar income	21	3 498	16 642
11. Financial assets and short-term investment impairment		-	-
12. Interest and similar expenses	21	(6 124)	(5 943)
13. PROFIT (LOSS) BEFORE TAXATION		3 846 787	1 469 207
14. Income tax	5	(732 334)	(283 258)
15. NET PROFIT (LOSS)		3 114 453	1 185 949

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

These financial statements were approved by the General Manager on August 26, 2020.

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

Date of approval 26-Aug-20

Cash flow statement

	As of 31 December 2019	As of 31 December 2018
1. Cash flows from operating activities		
1.1. Net profit (loss)	3 114 453	1 185 949
1.2. Depreciation and amortization	307 825	329 055
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	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	34 469	(5 210)
1.9. (Increase) decrease in inventories	(25 894)	-
1.10. (Increase) decrease in prepayments	7 794	7 794
1.11. (Increase) decrease in trade receivables	(565 588)	(2526 904)
1.12. (Increase) decrease of group companies and associated companies debt	(3 280 670)	(1 789 676)
1.13. (Increase) decrease in other amounts receivable	(780 439)	592 489
1.14. (Increase) decrease short-term investments	-	-
1.15. (Increase) decrease of deferred costs and accrued income	58 210	(60320)
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	54 483	(68 060)
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	(3 059 615)	1 917 028
1.23. Increase (decrease) in income tax liability	-	-
1.24. Increase (decrease) in employment-related liabilities	113 367	70 025
1.25. Increase (decrease) in other payables and liabilities	(190 095)	1 172 304
1.26. Increase (decrease) accrued expenses and deferred income	1 403 807	(280 874)
Net cash flows from (used in) operating activities	(2 807 890)	543 599
2. Cash flows from investing activities		
2.1. Acquisition of non-current assets (except for investments)	(66 562)	(92 902)
2.2. Transfer of non-current assets (except for investments)	35 562	-
2.3. Acquisition of long-term investments	-	-
2.4. Transfer of long-term investments	-	-
2.5. Loans issued	(42 000)	(45 000)
2.6. Loans recovered	-	-
2.7. Dividends, interest received	-	815
2.8. Other increase in cash flow from investing activities	-	(815)
2.9. Other decrease in cash flow from investing activities	-	-
Net cash flows from (used in) investing activities	(73 000)	(137 902)
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	-	-
3.2.1.1. Loans received	247 064	-
3.2.1.2. Bonds emission	-	-
3.2.2. Decrease in financial liabilities	-	-
3.2.2.1. Loans repaid	-	-
3.2.2.2. Bond purchase	-	-
3.2.2.3. Paid interest	-	-
3. Cash flows from financing activities		
3.2.3. Increase in other company liabilities	-	-
3.2.4. Decrease in other company liabilities	-	-
3.2.5. Other increase in cash flow from financing activities	-	-
3.2.6. Other increase in cash flow from financing activities	-	-
Net cash flows from (used in) financing activities	247 064	-
4. Foreign exchange effect on the balance of cash and cash equivalents		
5. Net increase (decrease) in cash and cash equivalents	(2 633 826)	405 697
6. Cash and cash equivalents at the beginning of the year	3 697 382	3 291 685
7. Cash and cash equivalents at the end of the year	1 063 556	3 697 382

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

These financial statements were approved by the General Manager on August 26, 2020.

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

Statement of changes in equity

Date of approval 26-Aug-20

	Paid in authoriz- ed capital or the main capital	Share pre- mium	Own sha- res (-)	Revaluation reserve (results)		Legal reserves			Retained earnings (losses)	Total
				Of non- current tangible assets	Paid up autho- rised capital	Compul- sory or reserves (reserve) Capital	For acqui- ring own shares	Other re- serves		
1. Balance at the end of the reporting period before previous	1 005 723	-	-	-	-	100 579	-	-	10 672 818	11 779 120
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	-	-	10 672 818	11 779 120
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	-	-	-	-	-	-	-	-	1 185 949	1 185 949
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	-	-	11 858 767	12 965 069
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	-	-	-	-	-	-	-	-	3 114 453	3 114 453
23. Dividends	-	-	-	-	-	-	-	-	-	-
24. Other payments	-	-	-	-	-	-	-	-	-	-
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	-	-	14 973 220	16 079 522

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

These financial statements were approved by the General Manager on August 26, 2020.

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 2019 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 2019 and 2018 the shareholders of the Company were as follows:

	2019		2018	
	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 2019 and 2018.

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

In 2019, the average number of employees of the Company was 78 (2018 – 70).

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 2019 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.

2 Accounting principles (cont'd)

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.

2.4. 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 2019 and 2018 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

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 2019.

3 Intangible assets

	Software	Goodwill	Total
Cost:			
Balance as of 31 December 2018	50 125	268 221	318 346
Additions	-	-	-
Disposals	-	-	-
Write-offs	-	-	-
Reclassifications	-	-	-
Balance as of 31 December 2019	50 125	268 221	318 346
Accumulated amortization:			
Balance as of 31 December 2018	50 125	160 932	211 057
Charge for the year	-	53 644	53 644
Disposals	-	-	-
Write-offs	-	-	-
Reclassifications	-	-	-
Balance as of 31 December 2019	50 125	214 576	264 701
Net book value as of 31 December 2019	-	53 644	53 644
Net book value as of 31 December 2018	-	107 289	107 289

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 2019 (EUR 50 125 as of 31 December 2018).

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 2018	184 229	1 319 800	1 504 029
Additions	-	66 562	66 562
Disposals	(18 070)	(17 492)	(35 562)
Write-offs	-	-	-
Reclassifications	-	-	-
Balance as of 31 December 2019	166 159	1 368 870	1 535 029
Accumulated depreciation:			
Balance as of 31 December 2018	66 910	383 542	450 452
Charge for the year	28 598	239 846	268 443
Disposals	(5 522)	(8 740)	(14 262)
Write-offs	-	-	-
Balance as of 31 December 2019	89 986	614 647	704 633
Net book value as of 31 December 2019	76 173	754 222	830 395
Net book value as of 31 December 2018	117 319	936 258	1 053 577

The depreciation charge of the Company's property, plant and equipment for the year 2019 amounts to EUR 268 443 (EUR 275 411 in the year 2018). 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 162 318 as of 31 December 2019 (EUR 40 300 as of 31 December 2018).

5 Income tax

	2019	2018
Components of the income tax expense (income)		
Reclassifications	-	-
Deferred income tax expense (income)	(33 338)	(5 210)
Income tax expenses (income) recorded in income statement	(33 338)	(5 210)

For the year 2019 and 2018 deferred income tax assets were accounted at 15% rate. The changes of temporary differences before the tax effect in the Company were as follows:

	2019	2018
Accrued bonus expenses	-	47 316
Vacation reserve	9 995	28 035
Other accrued expenses	32 720	1 833
Total temporary differences	42 715	77 184

6 Inventories

	2019	2018
Inventories at acquisition cost	26 786	892
Total inventories at the end of financial year	26 786	892

7 Trade receivables

7.1 Short-term trade receivables

	2019	2018
Trade receivables, gross	9 539 357	8 680 590
Trade receivable value decrease	(300 578)	(7 398)
	9 238 780	8 673 192

7.2 Receivables from related parties

	2019	2018
J.C. General Services CVBA	10 188 655	8 974 048
Janssen Pharmaceutica NV	676 451	302 686
Janssen-Cilag AB	77 881	43 631
Janssen-Cilag A/S	32 213	28 592
Actelion Pharmaceuticals Sverige AB	-	27 617
Johnson & Johnson AB, Latvijas filiāle	-	22 190
Johnson & Johnson International, Inc.	-	13 330
Janssen Research & Development, LLC	-	11 760
Johnson & Johnson Poland Sp. z o.o.	7 455	6 500
Cilag GmbH International	47 005	4 550
Johnson & Johnson S.R.O.	-	1 300
Johnson & Johnson Romania S.R.L.	2 100	-
UAB "JOHNSON & JOHNSON" EESTI	415 819	-
UAB "JOHNSON & JOHNSON" FILIĀLE	305 881	-
UAB JOHNSON & JOHNSON	875 834	-
JOHNSON & JOHNSON INTERNATIONAL	16 006	-
JANSSEN R&D, LLC	24 847	-
JANSSEN BIOLOGICS B.V.	14 700	-
JOHNSON & JOHNSON AB LATVIJAS	32 025	-
	12 716 873	9 436 204

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

7.3 Other receivables

	2019	2018
Value added tax overpayment	584 256	90 267
Loans granted to non-profit organizations	6 000	90 000
Corporate income tax advance	-	17 129
Interests for loans granted to non-profit organizations	-	1 035
Other accounts receivable	388 614	-
	978 870	198 431

Structure of receivables by maturity

	2019	2018
Payment terms is not overdue		
Short-term customer debts	1 415 828	6 969 697
Related parties debts	12 716 873	9 436 204
Other amount receivable	978 870	198 431
Overdue receivables (no recognised impairment)		
Short-term customer debts	5 516 833	1 602 257
Related parties debts	-	-
Other amount receivable	-	-
From 30 days till 90 days		
Short-term customer debts	2 306 119	96 419
Related parties debts	-	-
Other amount receivable	-	-
More than 90 days		
Short-term customer debts	-	4 819
Related parties debts	-	-
Other amount receivable	-	-
Overdue receivables (no recognised impairment)		
Short-term customer debts	300 578	7 398
Related parties debts	-	-
Other amount receivable	-	-
Decrease of value (-)	(300 578)	(7 398)
Total	22 934 522	18 307 827

8 Cash and cash equivalents

	2019	2018
Cash at bank	1 063 556	3 697 382
	1 063 556	3 697 382

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 2 027,34 EUR up to 8 700 EUR. Additionally, The Company has signed a services agreement with Luminor Bank, employees have a credit limit from 3 000 EUR up to 10 000 EUR.

9 Prepaid expenses and accrued income

	2019	2018
Accrued revenue	-	109 603
Insurance	-	48 977
Accrued expenses for medicine verification service	49 779	27 000
Membership	-	7 333
Adjustments of costs of sale	-	-
Other	84 924	-
	134 703	192 913

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

Item	Amount (EUR)
Profit (loss) brought forward from the previous financial year	11 858 767
Net profit for the year	3 114 453
Profit for the year not recognized in the income statement	-
Profit to be distributed in the end of the year	14 973 220
Shareholder's contribution to cover losses	-
Transfers from reserves	-
Profit to be distributed	14 973 220
Profit distribution:	-
- to legal reserves	-
- to other reserves - dividends	-
- other	-
Profit to be carried forward at the end of the current year	14 973 220

12 Trade payables

	2019	2018
Trade payables within one year	274 166	219 683

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	
	2019	2018	2019	2018	2019	2018	2019	2018
During reporting period								
Purchase	76 783	-	76 612 070	33 121 476	-	-	-	-
Sales	1 182 331	-	3 821 527	1 543 476	-	-	-	-
At the end of reporting period								
Receivable amount	-	-	12 716 873	9 436 204	-	-	-	-
Payable amount	-	-	2 055 272	5 114 887	-	-	-	-

Payables to related parties within one year

	2019	2018
Janssen Pharmaceutica N.V.	-	2 410 485
J.C. General Services CVBA	-	1 437 609
GMED Healthcare	838 350	872 895
Janssen-Cilag OY	86 248	131 802
Janssen-Cilag AB	-	87 599
Janssen- Cilag Polska Sp. z.o.o. Lenkija	-	64 159
Johnson & Johnson S.R.O.	-	27 203
Johnson & Johnson S.E. d.o.o	-	22 495
Johnson & Johnson Global Business Services S.R.O.	-	20 662
Johnson & Johnson Medical NV/SA	19 960	19 487
Johnson & Johnson AB Latvijos filialas	-	8 527
Johnson & Johnson AB Estijos filialas	12 818	5 849
Johnson & Johnson D.O.O. Ogranak u Beogradu	-	4 096
Johnson & Johnson Romania S.R.L.	-	2 019
Janssen Pharmaceutical Sciences Unlimited	15 051	-
Johnson & Johnson Medical LTD	-	-
AB Johnson & Johnson (parent company)	-	-
JOHNSON & JOHNSON POLAND SP. Z O.O	35 148	-
UAB JOHNSON & JOHNSON	193 319	-
UAB "JOHNSON & JOHNSON" EESTI	365 221	-
UAB "JOHNSON & JOHNSON" FILIÄLE	489 157	-
	2 055 272	5 114 887

Payables to related parties will be settled in euros. Payables to related parties are EUR 2 055 272 as of 31 December 2019 (EUR 5 114 887 as of 31 December, 2018).

Receivables from related parties are detailed in Note 7.

Management

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

A. Significant management payments assessed during the year for:	2019	2018
Management	-	-
B. Employment-related payments assessed during the year for:		
Management	69 621	183 327
Total:	69 621	183 327
Average number of management members during the year	2	2

14 Other current amounts payable and liabilities within one year

	2019	2018
Accrued payable amounts by signed contracts with VLK	3 175 804	4 047 903
Other current payables	55 709	82 504
Taxes payable	803 083	94 285
	4 034 596	4 224 691

15 Accrued expenses and deferred revenue

	2019	2018
Other accrued expenses	1 212 792	109 609
Accrued travel expenses	-	16 993
Accrued audit expenses	16 959	11 349
Accrued advertising and sales promotion expenses	5 000	11 200
Accrued adjustment to cost of goods sold	327 358	9 151
	1 562 109	158 302

16 Off-balance sheet liabilities

Off-balance sheet liabilities related with the Company's activity for 2019 are as follows:

16.1. Operating lease

The Company concluded contracts of operating lease for 36 cars. In 2019, the lease expenses of the Company amounted to EUR 208 640 (EUR 163 312 in 2018).

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

	2019	2018
Within one year	73 066	81 952
Later than one year and no later than five years	31 036	157 276
	104 102	239 228

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 2019 Lumino 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 Healt Insurance fund. The amount of guarantees is 117 753 EUR and duration period varies from 2020 till October, 2021.

17 Sales

The Company's sales by activities are presented below:

	2019	2018
Wholesale of medicines	49 081 354	38 793 549
Trade in medical equipment	7 151 671	5 736 335
Provision of services	3 464 528	-
	59 697 553	44 529 884

Sales by countries are presented below:

	2019	2018
Lithuania	33 172 923	27 145 320
Estonia	15 327 346	9 156 475
Latvia	11 197 283	8 228 089
	59 697 553	44 529 884

18 Selling expenses

	2019	2018
Selling employees payroll expenses	2 310 490	1 774 411
Marketing expenses	46 564	387 773
	2 357 054	2 162 184

19 General and administrative expenses

	2019	2018
Wages and salaries	1 682 990	2 549 063
Representation and events expenses	761 417	1 218 359
Accounting, legal expenses, and other consultations	472 485	502 422
Car expenses	242 231	418 562
Other employee-related expenses	117 589	546 557
Depreciation and amortization	212 749	317 649
Travel expenses	300 215	253 273
Utility, telephone, and other office expenses	107 816	223 305
Premises rent	163 283	212 268
Sponsorship	-	172 013
Registration of medicines and other expense	191 783	120 532
Computer maintenance	27 335	39 239
Warehousing and transportation services	29 531	31 857
Compensations for medicine registration, business support, quality assurance, financial services, and provision of pharmacovigilance activity	1 481 536	(1 543 476)
Other	1 262 043	-
	7 053 003	5 061 623

Compensations for medicine registration activity consists of medicine registration services to related parties.

Medicine registration activities undertaken by the Company include such activities as new products registration, product licence maintenance, collaboration with regulatory authorities.

20 Other operating result

	2019	2018
Fixed asset disposal profit	-	(165)
	-	(165)

21 Income (expenses) from financing and investing activities

	2019	2018
Interest income	-	16 642
Foreign exchange gain (loss)	2 626	(5 943)
	2 626	10 699

22 Contingent liabilities

During 2019 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 were no post-balance sheet events, except for mentioned below.

Late in 2019 news first emerged from China about the COVID-19 (Coronavirus). The situation at year end, was that a limited number of cases of an unknown virus had been reported to the World Health Organisation. In the first few months of 2020 the virus had spread globally and its negative impact has gained momentum. While this is still an evolving situation at the time of issuing these financial statements, it appears that the negative impact on global trade and on the Company may be more severe than originally expected. Although the situation is still evolving at the date of issue of these financial statements, there is no tangible impact on the Company's sales or supply chain to date, however, the impact of this situation on the Company in the future cannot be predicted. Management will continue to closely monitor the potential impact of these events and will take all possible measures to mitigate possible consequences. Management considers this outbreak to be a non-adjusting post balance sheet event.

ANNUAL REPORT OF UAB "JOHNSON & JOHNSON" FOR 2019

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 2019 the Board of the Company consisted of 3 members and the members were: Aki Henrikki Kasvi, 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 2019:

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 2019 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 2019, amounted to EUR 59 697 553. Net profit of the Company during the year of 2019 amounts to EUR 3 114 453.

Other information

82 employees were employed in the Company in the end of the year 2019. 77 individuals including administrative staff were employed in the Company at the end of the year 2018.

In 2019, the average number of employees of the Company was 78 (2018 – 62).

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

Information is provided in the Explanatory Notes to the 2019 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 2019.

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 2019.

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, except for mentioned in Note 23.

8. The plans and prognoses of the Company

In the 2019 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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