

KONICA MINOLTA BALTIA UAB
INDEPENDENT AUDITOR'S REPORT,
FINANCIAL STATEMENTS AND ANNUAL REPORT
31 MARCH 2020

Translation note:

This version of the accompanying documents 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 the accompanying documents takes precedence over this translation.

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Independent auditor's report

To the shareholders of Konica Minolta Baltia UAB

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Konica Minolta Baltia UAB ("the Company") as at 31 March 2020, 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 March 2020;
- 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

A handwritten signature in blue ink, appearing to read 'Rasa Selevičienė'.

Rasa Selevičienė
Assurance Director
Auditor's Certificate No. 000504

Vilnius, Republic of Lithuania
26 May 2020

APPROVED
on 2020

INCOME STATEMENT for the year 2019

Reporting period: from 1 April 2019 to 31 March 2020

(EUR)

No	Items	Note	Reporting period**	Previous reporting period*
1.	Sales revenue	1	12,274,112	11,033,104
2.	Cost of sales	2	(9,074,287)	(8,131,339)
3.	Change in fair value of biological assets		-	-
4.	GROSS PROFIT (LOSS)		3,199,825	2,901,765
5.	Selling expenses	3	(584,861)	(187,227)
6.	General and administrative expenses	3	(2,751,207)	(1,971,345)
7.	Results of other activities	4	46,924	52,461
8.	Income from investments in the parent company, subsidiaries and associates		-	-
9.	Income from other long-term investments and loans		-	-
10.	Other interest and similar income	5	385	575
11.	Impairment of financial assets and short-term investments		-	-
12.	Interest and other similar expenses	5	(1,744)	(3,110)
13.	PROFIT (LOSS) BEFORE INCOME TAX		(90,678)	793,119
14.	Income tax	6	5,595	(75,824)
15.	NET PROFIT (LOSS)		(85,083)	717,295

* The 12-month period ended 31 March 2019.

** The 12-month period ended 31 March 2020.

Finance Director

(signature)

Andrius Majauskas

Chief Accountant

(signature)

Nomeda Jocevičienė

These financial statements were approved by the Company's Finance Director on 26 May 2020.

Explanatory notes on pages 13 to 28 form an integral part of these financial statements.

BALANCE SHEET

As at 31 March 2020

Reporting period: from 1 April 2019 to 31 March 2020

(EUR)

No	Items	Note	At 31 March 2020	At 31 March 2019
	ASSETS			
A.	NON-CURRENT ASSETS		2,658,594	1,853,157
1.	INTANGIBLE ASSETS	7	16,486	4,982
1.1.	Development works		-	-
1.2.	Goodwill		-	-
1.3.	Computer software		11,000	1,030
1.4.	Concessions, patents, licences, trademarks and similar rights		5,486	3,952
1.5.	Other intangible assets		-	-
1.6.	Prepayments made		-	-
2.	PROPERTY, PLANT AND EQUIPMENT	7	2,605,255	1,811,296
2.1.	Land		-	-
2.2.	Buildings and structures		110,665	114,679
2.3.	Plant and machinery		-	-
2.4.	Motor vehicles		160	231,261
2.5.	Other fixtures, fittings and tools		2,494,430	1,465,356
2.6.	Investment property		-	-
2.6.1.	Land		-	-
2.6.2.	Buildings		-	-
2.7.	Prepayments made and PP&E construction (production) in progress		-	-
3.	FINANCIAL ASSETS		8,963	14,693
3.1.	Shares of group companies		-	-
3.2.	Loans granted to group companies		-	-
3.3.	Amounts receivable from group companies		-	-
3.4.	Shares of associates		-	-
3.5.	Loans granted to associates		-	-
3.6.	Amounts receivable from associates		-	-
3.7.	Long-term investments		-	-
3.8.	Amounts receivable after one year	8	8,963	14,693
3.9.	Other financial assets		-	-
4.	OTHER NON-CURRENT ASSETS		27,890	22,186
4.1.	Deferred income tax assets	6	27,890	22,186
4.2.	Other non-current assets		-	-
4.3.	Other assets		-	-
B.	CURRENT ASSETS		5,118,553	5,483,669
1.	INVENTORIES	9	1,008,379	536,533
1.1.	Raw materials, consumables and components		186	725
1.2.	Unfinished goods and work in progress		-	-
1.3.	Finished goods		-	-
1.4.	Goods for resale		1,003,227	530,027
1.5.	Biological assets		-	-
1.6.	Non-current assets held for sale		-	-
1.7.	Prepayments made		4,966	5,781
2.	AMOUNTS RECEIVABLE WITHIN ONE YEAR	10	2,946,634	4,466,297
2.1.	Trade receivables		1,649,013	2,024,032
2.2.	Receivables from associates		-	-
2.3.	Receivables from group companies	17	1,236,630	2,440,343
2.4.	Other amounts receivable		60,991	1,922
3.	SHORT-TERM INVESTMENTS		-	-
3.1.	Shares of group companies		-	-
3.2.	Other investments		-	-
4.	CASH AND CASH EQUIVALENTS	11	1,163,540	480,839
C.	DEFERRED EXPENSES AND ACCRUED REVENUE		8,431	18,445
	TOTAL ASSETS		7,785,578	7,355,271

Explanatory notes on pages 13 to 28 form an integral part of these financial statements.

BALANCE SHEET (continued)
As at 31 March 2020

No	Items	Note	At 31 March 2020	At 31 March 2019
	EQUITY AND LIABILITIES			
D.	EQUITY		5,918,258	6,003,341
1.	SHARE CAPITAL		419,225	419,225
1.1.	Authorised (subscribed) share capital or core capital	12	419,225	419,225
1.2.	Subscribed unpaid share capital (-)		-	-
1.3.	Own shares, member shares (-)		-	-
2.	SHARE PREMIUM		-	-
3.	REVALUATION RESERVE (RESULTS)		-	-
4.	RESERVES		41,925	41,925
4.1.	Legal reserve	14	41,925	41,925
4.2.	For acquisition of own shares		-	-
4.3.	Other reserves		-	-
5.	RETAINED EARNINGS (DEFICIT)	13	5,457,108	5,542,191
5.1.	Profit (loss) for the reporting year		(85,083)	717,295
5.2.	Profit (loss) for the previous year		5,542,191	4,824,896
E.	GRANTS AND SUBSIDIES		-	-
F.	PROVISIONS		-	-
1.	Provisions for pensions and similar liabilities		-	-
2.	Provisions for taxes		-	-
3.	Other provisions		-	-
G.	AMOUNTS PAYABLE AND LIABILITIES		1,860,164	1,339,354
1.	AMOUNTS PAYABLE AFTER ONE YEAR AND NON-CURRENT LIABILITIES	15	182,706	160,318
1.1.	Amounts payable		-	105,587
1.2.	Amounts payable to credit institutions		-	-
1.3.	Advance amounts received		181,012	54,731
1.4.	Trade payables		1,694	-
1.5.	Amounts payable under bills of exchange and vouchers		-	-
1.6.	Amounts payable to group companies		-	-
1.7.	Amounts payable to associates		-	-
1.8.	Other amounts payable and non-current liabilities		-	-
2.	AMOUNTS PAYABLE WITHIN ONE YEAR AND CURRENT LIABILITIES	15	1,677,458	1,179,036
2.1.	Amounts payable		-	63,047
2.2.	Amounts payable to credit institutions		-	-
2.3.	Advance amounts received		68,288	54,100
2.4.	Trade payables		73,375	164,842
2.5.	Amounts payable under bills of exchange and vouchers		-	-
2.6.	Amounts payable to group companies	17	978,705	460,386
2.7.	Amounts payable to associates		-	-
2.8.	Income tax liabilities		-	-
2.9.	Employment-related liabilities		402,609	302,216
2.10.	Other amounts payable and current liabilities		154,481	134,445
H.	ACCRUED EXPENSES AND DEFERRED REVENUE	15	7,156	12,576
	TOTAL EQUITY AND LIABILITIES		7,785,578	7,355,271

Finance Director

(signature)

Andrius Majauskas

Chief Accountant

(signature)

Nomeda Jocevičienė

Explanatory notes on pages 13 to 28 form an integral part of these financial statements.

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STATEMENT OF CASH FLOWS

Reporting period: from 1 April 2019 to 31 March 2020

(EUR)

No	Items	Note	Reporting period**	Previous reporting period*
1.	Cash flows from operating activities			
1.1.	Net profit (loss)		(85,083)	717,295
1.2.	Depreciation and amortisation expenses	7	779,232	593,486
1.3.	Elimination of results of disposal of property, plant and equipment and intangible assets		35,040	(35,925)
1.4.	Elimination of results of financing and investing activities		1,334	2,529
1.5.	Elimination of results of other non-cash transactions		-	-
1.6.	(Increase) decrease in amounts receivable from group companies and associates		-	-
1.7.	(Increase) decrease in other amounts receivable after one year		5,730	8,656
1.8.	(Increase) decrease in deferred income tax assets	6	(5,704)	(3,175)
1.9.	(Increase) decrease in inventories, except for prepayments made		(273,878)	215,244
1.10.	(Increase) decrease in prepayments made		815	11,209
1.11.	(Increase) decrease in trade receivables		375,019	(734,091)
1.12.	(Increase) decrease in amounts receivable from group companies and associates		1,203,713	478,404
1.13.	Decrease (increase) in other amounts receivable		(59,069)	26,144
1.14.	Decrease (increase) in short-term investments		-	-
1.15.	(Increase) decrease in deferred expenses and accrued revenue		10,014	(444)
1.16.	Increase (decrease) in provisions		-	-
1.17.	Increase (decrease) in non-current trade payables and advance amounts received		127,975	22,112
1.18.	Increase (decrease) in amounts payable after one year under bills of exchange and vouchers		-	-
1.19.	Increase (decrease) in non-current amounts payable to group companies and associates		-	-
1.20.	Increase (decrease) in current trade payables and advance amounts received		(77,279)	(16,127)
1.21.	Increase (decrease) in amounts payable within one year under bills of exchange and vouchers		-	-
1.22.	Increase (decrease) in current amounts payable to group companies and associates	17	518,319	(258,362)
1.23.	Increase (decrease) in income tax liabilities		-	-
1.24.	Increase (decrease) in employment-related liabilities		100,393	29,841
1.25.	Increase (decrease) in other amounts payable and liabilities		20,036	(12,343)
1.26.	Increase (decrease) in accrued expenses and deferred revenue		(5,420)	766
	Net cash flows generated from (used in) operating activities		2,671,187	1,045,219

Explanatory notes on pages 13 to 28 form an integral part of these financial statements.

KONICA MINOLTA BALTIA UAB

Company code 110042632, J.Jasinskio g. 16A, LT-03163 Vilnius

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No	Items	Note	Reporting period**	Previous reporting period*
2.	Cash flows from investing activities			
2.1.	Acquisition of non-current assets (excluding investments)		(1,976,523)	(1,033,249)
2.2.	Disposal of non-current assets (excluding investments)		158,005	38,693
2.3.	Acquisition of long-term investments		-	-
2.4.	Disposal of long-term investments		-	-
2.5.	Loans granted		-	-
2.6.	Loan repayments received		-	-
2.7.	Interest and dividends received	5	8	575
2.8.	Other increases in cash flows from investing activities		-	-
2.9.	Other decreases in cash flows from investing activities		-	-
	Net cash flows used in investing activities		(1,818,510)	(993,981)
3.	Cash flows from financing activities			
3.1.	Cash flows related to the company's owners		-	-
3.1.1.	Issuance of shares		-	-
3.1.2.	Owners' contributions against losses		-	-
3.1.3.	Purchase of own shares		-	-
3.1.4.	Dividends paid		-	-
3.2.	Cash flows from other financing sources		(169,976)	(111,574)
3.2.1.	Increase in borrowings		-	-
3.2.1.1.	Proceeds from borrowings		-	-
3.2.1.2.	Issuance of bonds		-	-
3.2.2.	Decrease in borrowings		(169,976)	(111,574)
3.2.2.1.	Repayments of borrowings		-	-
3.2.2.2.	Bonds redeemed		-	-
3.2.2.3.	Interest paid	5	(1,342)	(3,104)
3.2.2.4.	Finance lease payments		(168,634)	(108,470)
3.2.3.	Increase in other liabilities of the company		-	-
3.2.4.	Decrease in other liabilities of the company		-	-
3.2.5.	Other increases in cash flows from financing activities		-	-
3.2.6.	Other decreases in cash flows from financing activities		-	-
	Net cash flows used in financing activities		(169,976)	(111,574)
4.	Foreign exchange effect on the balance of cash and cash equivalents		-	-
5.	Net increase (decrease) in cash flows		682,701	(60,336)
6.	Cash and cash equivalents at the beginning of the period		480,839	541,175
7.	Cash and cash equivalents at the end of the period	11	1,163,540	480,839

Note: * The 12-month period ended 31 March 2019

** The 12-month period ended 31 March 2020.

Finance Director

(signature)

Andrius Majauskas

Chief Accountant

(signature)

Nomeda Jocevičienė

Explanatory notes on pages 13 to 28 form an integral part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY
Year ended 31 March 2020

(EUR)

	Paid-up authorised share capital or core capital	Share premium	Own shares (-)	Revaluation reserve		Legal reserves		Other reserves	Retained earnings (deficit)	Total
				For property, plant and equipment	For financial assets	Legal reserve or reserve capital	For acquisition of own shares			
1. Balance as at 31 March 2018	419,225	-	-	-	-	41,925	-	-	4,824,896	5,286,046
2. Effect of change in accounting policy	-	-	-	-	-	-	-	-	-	-
3. Effect of correction of fundamental errors	-	-	-	-	-	-	-	-	-	-
4. Restated balance as at 31 March 2018	419,225	-	-	-	-	41,925	-	-	4,824,896	5,286,046
5. Increase (decrease) in value of property, plant and equipment	-	-	-	-	-	-	-	-	-	-
6. Increase (decrease) in value of an effective hedging instrument	-	-	-	-	-	-	-	-	-	-
7. Acquisition (disposal) of own shares	-	-	-	-	-	-	-	-	-	-
8. Profit (loss) not recognised in the income statement	-	-	-	-	-	-	-	-	-	-
9. Net profit (loss) for the reporting period	-	-	-	-	-	-	-	-	717,295	717,295
10. Dividends	-	-	-	-	-	-	-	-	-	-
11. Other payments	-	-	-	-	-	-	-	-	-	-
12. Reserves established	-	-	-	-	-	-	-	-	-	-
13. Reserves utilised	-	-	-	-	-	-	-	-	-	-
14. Increase (decrease) in authorised share capital or shareholders' contributions (repayment of shares)	-	-	-	-	-	-	-	-	-	-
15. Other increase (decrease) in authorised share capital or core capital	-	-	-	-	-	-	-	-	-	-
16. Contributions against losses	-	-	-	-	-	-	-	-	-	-
17. Balance as at 31 March 2019	419,225	-	-	-	-	41,925	-	-	5,542,191	6,003,341

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STATEMENT OF CHANGES IN EQUITY (continued)
Year ended 31 March 2020

	(EUR)									
18. Increase (decrease) in value of property, plant and equipment	-	-	-	-	-	-	-	-	-	-
19. Increase (decrease) in value of an effective hedging instrument	-	-	-	-	-	-	-	-	-	-
20. Acquisition (disposal) of own shares	-	-	-	-	-	-	-	-	-	-
21. Profit (loss) not recognised in the income statement	-	-	-	-	-	-	-	-	-	-
22. Net profit (loss) for the reporting period	-	-	-	-	-	-	-	-	(85,083)	(85,083)
23. Dividends	-	-	-	-	-	-	-	-	-	-
24. Other payments	-	-	-	-	-	-	-	-	-	-
25. Reserves established	-	-	-	-	-	-	-	-	-	-
26. Reserves utilised	-	-	-	-	-	-	-	-	-	-
27. Increase (decrease) in authorised share capital or shareholders' contributions (repayment of shares)	-	-	-	-	-	-	-	-	-	-
28. Other increase (decrease) in authorised share capital or core capital	-	-	-	-	-	-	-	-	-	-
29. Contributions against losses	-	-	-	-	-	-	-	-	-	-
30. Balance as at 31 March 2020	419,225	-	-	-	-	41,925	-	-	5,457,108	5,918,258

Finance Director

(signature)

Andrius Majauskas

Chief Accountant

(signature)

Nomeda Jocevičienė

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS (continued)

(All amounts are in the euros (EUR) unless otherwise stated)

GENERAL INFORMATION

Konica Minolta Baltia UAB ("the Company") was registered on 17 October 1991. The Company's registration number is BĮ 91-348, and the Company's code is 1004263. On 23 November 2004, the state enterprise Centre of Registers provided a new company code 110042632, and registration No 032421. The Company's registered office is located at address: J.Jasinskio 16A, Vilnius, Republic of Lithuania. The Company has branches in Klaipėda, Panevėžys, Kaunas, Tallinn (Estonia), and Riga (Latvia). As at 31 March 2019 and 31 March 2020, the Company had no representative offices, subsidiaries or associates.

The Company is a part of Konica Minolta group and all its shares are owned by the parent company Konica Minolta Business Solutions Europe GmbH, with its registered office located at: Europaallee 17, Langenhagen, D-30855, Germany, company code 2327 02720028414. The ultimate parent of the Konica Minolta group is Konica Minolta Inc., with its registered office located at: 2-7-2 Marunouchi, Chiyoda-ku, Tokyo 100-7014, Japan. The consolidated financial statements of the ultimate parent company are available at: <https://www.konicaminolta.com/about/investors/>.

The Company's core line of business is sale, lease and technical support for office equipment.

As at 31 March 2020, the Company had 79 (31 March 2019: 71) employees. In the financial year, the average number of the Company's employees was 77 (previous financial year: 71). The average number of the Company's employees by category: administration and management personnel – 31 (2018/2019: 33), specialists and other employees – 46 (2018/2019: 38).

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 economy and on the Company may be more severe than originally expected. As the customers postponed and moved their orders for products to the period when the quarantine conditions will be less restricted, the demand for products offered by Konica Minolta Baltia UAB has declined, however, the customer service (technical support) activities have not been disrupted and they continue generating revenue. As a result of measures taken by management to optimise the operations of Konica Minolta Baltia UAB, the planned expenditure is reduced, and accordingly, the financial performance results planned for 2020 should not be significantly worse than originally expected.

When preparing its financial statements in accordance with the effective accounting policies, the Company considered the need to recognise impairment for its property, plant and equipment and amounts receivable, as well as the need to recognise write-down allowance to net realisable value for its inventories. Based on information available as at the date of these financial statements, there was no need to recognise any significant impairment; however, as the situation is still developing, management considers integrating the additional potential impact of the outbreak into valuation of the Company's assets and liabilities in 2020/2021.

There were no other significant post-balance sheet that could have impact on the Company's financial performance results.

ACCOUNTING POLICIES

The Company prepares its financial statements in accordance with the Lithuanian regulatory legislation on accounting and financial reporting and Business Accounting Standards.

The Company is classified as a medium-sized company, therefore, its financial statements are comprised of the balance sheet, income statement, statement of changes in equity, statement of cash flows and explanatory notes.

The financial statements have been prepared on the assumption that the Company will be able to continue its activities in the foreseeable future.

All amounts in these financial statements are presented in the euros (EUR).

The principal accounting policies applied in the preparation of the Company's financial statements are set out below.

(a) Intangible assets

Intangible assets are stated at acquisition (production) cost, less subsequent accumulated amortisation and impairment. Amortisation is calculated on a straight-line basis over the useful lives established for intangible assets. For the purpose of the income statement, amortisation expenses of intangible assets are included in operating expenses.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS (continued)
(All amounts are in the euros (EUR) unless otherwise stated)

The Company applies the following useful lives to its intangible assets:

	<u>Years</u>
Software	3
Rights (licences) acquired	3
Other intangible assets	4

Costs associated with the renewal and development of intangible assets incurred following the acquisition or creation of assets are recognised as expenses during the reporting period in which the expenditure is incurred.

(b) Property, plant and equipment

Property, plant and equipment is stated at acquisition (production) cost, less accumulated depreciation and impairment. Depreciation is calculated on a straight-line basis over the estimated useful lives established for property, plant and equipment.

The Company applies the following useful lives to its property, plant and equipment:

	<u>Years</u>
Buildings and structures	12 - 80
Motor vehicles	4 - 6
Other fixtures, fittings, tools and equipment	
• Furniture and fittings	6
• Computer hardware and communication devices	
Copying machines and printers	4
Computer hardware and communication devices	3
• Property, plant and equipment other than mentioned above	4

Repair costs are recognised as expenses during the period in which the expenditure is incurred. When repair or reconstruction works extend the useful life or improve the standard performance characteristics of property, plant and equipment, such repair or reconstruction costs are added to the acquisition cost of property, plant and equipment. When repair or reconstruction works extend the useful life of property, plant and equipment, the useful lives of the assets are adjusted accordingly.

Gains or losses on disposal of property, plant and equipment are determined by reference to the proceeds from disposal less the net book amount of the assets disposed and all the expenses related to such disposal. Upon the disposal of property, plant and equipment, the result of the transaction is accounted for in the income statement.

(c) Finance lease – where the Company is a lessee

Leases of property, plant and equipment where the lessee assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases of property, plant and equipment are accounted for based on capital value of the assets concerned, i.e. at an estimated present value of minimum lease payments. The corresponding lease obligations, i.e. all minimum lease payments net of finance charges, are included in liabilities. Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the remaining balance of the finance lease liability. The interest element of the finance cost is charged to the income statement over the lease term. Property, plant and equipment acquired under finance leases is depreciated over the useful life of the asset.

(d) Impairment of non-financial assets

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(e) Inventories and contracts in progress

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS (continued)

(All amounts are in the euros (EUR) unless otherwise stated)

Inventories are measured at the lower of acquisition (production) cost or net realisable value. The cost is determined under the first-in, first-out (FIFO) method. The cost of inventories comprises purchase price, which is adjusted with write-down amounts and discounts received, related taxes, dues, inventory transportation, preparation for use and other costs directly attributable to the acquisition of inventories. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and possible selling expenses.

(f) Financial assets and financial liabilities

Financial assets include cash and cash equivalents, and amounts receivable.

Financial assets are recorded when the Company receives or obtains a contractual right to receive cash or any other financial assets. Amounts receivable are carried at acquisition cost, less impairment loss. Cash and cash equivalents are stated at acquisition cost.

When it is probable that the Company will not be able to recover the amounts receivable, the impairment loss is recognised, which is determined as the difference between the carrying amount of assets and the present value of future cash flows discounted using the effective interest rate.

Financial liabilities include amounts payable for goods and services received, and finance lease liabilities.

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. Non-current trade payables are discounted using the effective interest rate. See paragraph (c) of the accounting policies for more details on accounting for finance lease.

(g) Provisions

Provisions are recognised in liabilities when the Company has a legal obligation or irrevocable commitment as a result of past events, it is probable that an outflow of resources will be required to settle a legal obligation or irrevocable commitment, and a reliable estimate of the amount can be made.

(h) Foreign currencies

All currency items in the balance sheet are estimated in the euros. Assets purchased for foreign currency and accounted for in the balance sheet at the acquisition cost are estimated in the euros using the exchange rate prevailing at the acquisition date. Foreign currency transactions are stated in the euros using the exchange rate prevailing at the date of the transaction. Differences resulting from the settlement of amounts recorded in foreign currencies at different exchange rates are recognised as income or expenses of the reporting period.

(i) Revenue recognition

Sales revenue is recognised on an accrual basis. Revenue is measured at fair value, taking account of discounts granted and expected, returns and write-downs of goods sold. Revenue from sale of goods is recognised when goods are sold and the amount of revenue can be measured reliably.

Revenue from rendering of services, which are provided for longer than one reporting period in accordance with the existing contract, is allocated on a proportionate basis to those periods when such services have been rendered.

(j) Cost of sales and operating expenses

Expenses are recognised on an accrual basis and following the matching principle during the reporting period in which revenue related to such expenses is earned. Expenses incurred during the reporting period, which cannot be attributed directly to specific revenue earned and will not generate any revenue in subsequent reporting periods, are recognised as expenses when incurred. Expenses are measured at fair value. Operating expenses related to the expenses of the activities of the technical support unit are included in the cost of sales.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS (continued)
(All amounts are in the euros (EUR) unless otherwise stated)

(k) Borrowing costs

Interest on finance leases is recognised in the income statement on an accrual basis.

(l) Operating lease – where the Company is a lessee

Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

(m) Operating lease – where the Company is a lessor

Rental income calculated in accordance with an operating lease agreement is recognised during the period in which such income arises.

(n) Income tax

The Company's profit for the financial year and the reporting period is taxable at the rate of 15 per cent in accordance with the Lithuanian regulatory legislation on taxation.

Until 31 December 2017, income tax applied in the Republic of Latvia was equal to 15 per cent. Following the amendments to the Law on Corporate Income Tax of the Republic of Latvia made in 2018, income tax in Latvia is payable only on distribution of profit between owners and shareholders, i.e. profit is subject to tax only upon the payment of dividends. Income tax rate applied to distributed profit is 21 per cent (20/80 of the amount of distributed profit).

Income tax in Estonia is payable only on distribution of profit between owners and shareholders, i.e. profit is subject to tax only upon the payment of dividends. Income tax rate in Estonia is 21/79 (26.60 per cent).

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognised on all temporary differences to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised.

(o) Statement of cash flows

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand and at bank, and short-term time deposits with maturities of 3 months or less. Interest paid on finance leases is attributed to financing activities. Interest received on time deposits is attributed to investing activities.

(p) Intercompany offsetting

Amounts receivable and amounts payable are offset with the same third party when there are sufficient legal grounds for that purpose.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS (continued)
(All amounts are in the euros (EUR) unless otherwise stated)

NOTE 1: SALES REVENUE

Items	Financial year	Previous financial year
Revenue from sale of copying machines and printers	9,054,409	7,979,938
Revenue from sale of other goods, lease and technical support services for copying machines	3,219,703	3,053,166
Total	12,274,112	11,033,104

NOTE 2: COST OF SALES

Items	Financial year	Previous financial year
Inventories included in the cost of sales	9,331,377	8,301,447
Discounts included in the cost of inventories	(1,528,106)	(1,159,283)
Depreciation of intangible assets and property, plant and equipment	649,621	462,527
Wages and salaries of technical support engineers	506,951	451,995
Other indirect expenses	114,444	74,653
Total	9,074,287	8,131,339

NOTE 3: OPERATING EXPENSES

SELLING EXPENSES

Items	Financial year	Previous financial year
Advertisements and advertising	10,060	13,636
Car maintenance, fuel	58,258	17,663
Transportation services	96,829	90,599
Representation expenses	23,972	4,885
Commission fees to third parties	307,215	11,658
Other selling expenses	33,860	30,008
Customs services	11,203	12,331
Warehousing services	43,391	6,447
Inventory write-down to net realisable value (reversal)	-	-
Impairment of amounts receivable	73	-
Total	584,861	187,227

GENERAL AND ADMINISTRATIVE EXPENSES

Items	Financial year	Previous financial year
Wages and salaries, social security contributions	2,035,961	1,394,870
Lease, maintenance of premises, electricity, heating	191,433	162,957
Depreciation and amortisation	128,987	129,780
Communications and computer maintenance expenses	119,956	133,126
Business trip expenses	54,589	35,624
Insurance	11,192	11,771
Personnel training expenses	34,284	1,116
Operating taxes	11,149	10,154
Expenses attributable to services provided by audit firms	6,025	11,050
Other general and administrative expenses	157,632	80,897
Total	2,751,207	1,971,345
TOTAL OPERATING EXPENSES	3,336,068	2,158,572

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS (continued)
(All amounts are in the euros (EUR) unless otherwise stated)

NOTE 4: RESULTS OF OTHER ACTIVITIES

Items	Financial year	Previous financial year
a) INCOME FROM OTHER ACTIVITIES	48,388	58,556
Breakdown of amounts:		
Gain on disposal of non-current assets	36,501	36,209
Other lease income	3,488	4,875
Exported services	617	12,409
Other income	7,782	5,063
b) EXPENSES OF OTHER ACTIVITIES	1,464	6,095
Breakdown of amounts:		
Other lease expenses	-	4,246
Other expenses	1,464	1,849
c) RESULT OF OTHER ACTIVITIES (a - b)	46,924	52,461

NOTE 5: OTHER INTEREST AND SIMILAR INCOME AND EXPENSES

Items	Financial year	Previous financial year
a) OTHER INTEREST AND SIMILAR INCOME	385	575
Bank interest	8	575
Foreign exchange gain	17	-
Other income	360	-
b) INTEREST AND OTHER SIMILAR EXPENSES	1,744	3,110
Foreign exchange loss	-	6
Interest paid on finance leases	1,342	3,104
Other expenses	402	-

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS (continued)
(All amounts are in the euros (EUR) unless otherwise stated)

NOTE 6: CURRENT INCOME TAX AND DEFERRED INCOME TAX

Items listed below were used for calculation of deferred income tax

Items	Difference between the tax base and carrying amount		Deferred tax assets	
	At 31 March 2020	At 31 March 2019	At 31 March 2020	At 31 March 2019
Part of accrued vacation reserve	179,757	139,728	26,964	20,959
Write-down allowance for inventories	-	-	-	-
Provision for guarantee repair services	-	-	-	-
Other accrued liabilities	6,175	8,175	926	1,226
Reserve for PP&E (Latvian branch)	-	-	-	-
Deferred income tax assets			27,890	22,186

Items	Financial year	Previous financial year
Current income tax	0	78,999
Whereof: payable in Lithuania	0	78,963
payable in Latvia	109	36
payable in Estonia	-	-
Deferred income tax (income)/expenses	(5,704)	(3,175)
Total	(5,595)	75,824

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS (continued)
(All amounts are in the euros (EUR) unless otherwise stated)

NOTE 7: INTANGIBLE ASSETS

Items	Patents, licences, etc.	Computer software	Other intangible assets	Total
Net book amount at 31 March 2019	3,952	1,030	-	4,982
a) Cost				
At 31 March 2019	44,871	126,999	-	171,870
Current year changes:				
- Additions	5,094	12,119	-	17,213
- Disposals to third parties and write-offs (-)	(4,354)	-	-	(4,354)
- Reclassified from/to +/-(-)	-	-	-	-
At 31 March 2020	45,611	139,118	-	184,729
b) Amortisation				
At 31 March 2019	40,919	125,969	-	166,888
Current year changes:				
- Amortisation charge for the year	3,148	2,149	-	5,297
- Reversals (-)	-	-	-	-
- Amortisation of assets disposed to third parties and written off (-)	(3,942)	-	-	(3,942)
- Reclassified from/to +/-(-)	-	-	-	-
At 31 March 2020	40,125	128,118	-	168,243
c) Net book amount at 31 March 2020 (a) - (b)	5,486	11,000	-	16,486

Amortisation expenses of intangible assets are included in general and administrative expenses in the amount of EUR 2,158 (2018/2019: EUR 616) and in cost of sales in the amount of EUR 3,139 (2018/2019: EUR 5,426).

The acquisition cost of intangible assets fully amortised but still in use amounted to:

Category of intangible assets	Financial year (12-month period)	Previous financial year (12-month period)
Licences	36,686	34,062
Computer software	125,036	124,518
Total	161,722	158,580

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS (continued)
(All amounts are in the euros (EUR) unless otherwise stated)

PROPERTY, PLANT AND EQUIPMENT

Items	Buildings and structures	Motor vehicles	Other fixtures, fittings, tools and equipment	Other property, plant and equipment	Total
Net book amount at 31 March 2019	114,679	231,261	1,460,536	4,820	1,811,296
a) Cost					
At 31 March 2019	360,567	430,730	3,476,740	75,989	4,344,026
Current year changes:					
- Additions	-	-	1,867,009	92,301	1,959,310
- Disposals and write-offs (-)	-	(428,125)	(242,230)	(7,362)	(677,717)
- Reclassified to inventories	-	-	(422,480)	-	(422,479)
At 31 March 2020	360,567	2,605	4,679,040	160,928	5,203,140
b) Revaluation					
At 31 March 2019	-	-	-	-	-
Current year changes:					
- Increase (decrease) in value +/-(-)	-	-	-	-	-
- Disposals and write-offs (-)	-	-	-	-	-
- Reclassified from/to +/-(-)	-	-	-	-	-
At 31 March 2020	-	-	-	-	-
c) Depreciation					
At 31 March 2019	245,888	199,469	2,016,204	71,169	2,532,730
Current year changes:					
- Depreciation charge for the year	4,014	40,792	722,263	6,866	773,935
- Reversals (-)					
- Depreciation of assets disposed and written off (-)	-	(237,816)	(241,518)	(5,750)	(485,084)
- Reclassified to inventories	-	-	(223,696)	-	(223,696)
At 31 March 2020	249,902	2,445	2,273,253	72,285	2,597,885
d) Impairment					
At 31 March 2019	-	-	-	-	-
Current year changes:					
- Impairment charge for the year	-	-	-	-	-
- Reversals (-)	-	-	-	-	-
- Disposals and write-offs (-)	-	-	-	-	-
- Reclassified from/to +/-(-)					
At 31 March 2020	-	-	-	-	-
e) Net book amount at 31 March 2020					
(a) + (b) - (c) - (d)	110,665	160	2,405,787	88,643	2,605,255

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS (continued)
(All amounts are in the euros (EUR) unless otherwise stated)

Depreciation expenses of property, plant and equipment were allocated to the following items in the income statement: EUR 646,482 to cost of sales, EUR 126,829 to general and administrative expenses, and EUR 625 to deferred charges (in the previous financial year: EUR 457,101 to cost of sales, EUR 161,584 to general and administrative expenses, and EUR 0 to deferred charges).

In the financial year, the Company did not acquire any property, plant and equipment under the finance lease contracts. In the previous financial year, the acquisition cost of assets acquired under the finance lease contracts amounted to EUR 105,638 (excl. VAT) (VAT amounting to EUR 5,092), which was recognised as expenses of the financial year.

As at 31 March 2020, the net book amount of property, plant and equipment acquired by the Company under the finance lease contracts was EUR 0, since in August 2019 all cars were bought out from Danske Bank A/S Lithuania branch. As at 31 March 2019, the net book amount of property, plant and equipment acquired by the Company under the finance lease contracts was EUR 194,130.

Category of assets	At 31 March 2020	At 31 March 2019
Motor vehicles	-	194,130
TOTAL	-	194,130

Net book amounts of PP&E leased by the Company

Other fixtures, fittings, tools and equipment	At 31 March 2020	At 31 March 2019
Copying machines	2,259,798	1,281,317
Printers	2,568	2,534
Total net book value	2,262,366	1,283,851

The Company leases as follows: copying machines with accessories and printers. The major customers are budgetary institutions (schools, municipalities, the Office of the Lithuanian Parliament, forest enterprises, the Supreme Court of Lithuania, etc.) and business entities (Rimi Lietuva UAB, Tamro UAB, Telia Lietuva AB, LIDL Lietuva UAB, Coca-Cola HBC Lietuva UAB, Utenos Indra UAB, Greita Spauda UAB, etc.).

Operating lease agreements for office equipment have been signed for the period of 6 to 60 months. According to the agreements, the lease period can be extended upon mutual consent.

Acquisition cost of fully depreciated property, plant and equipment still in use

Category of assets	At 31 March 2020	At 31 March 2019
Buildings and constructions	178,389	178,389
Motor vehicles	2,398	61,305
Other fixtures, fittings, tools and equipment	1,163,817	1,003,061
Other property, plant and equipment	63,487	66,843
Total	1,408,091	1,309,598

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS (continued)
(All amounts are in the euros (EUR) unless otherwise stated)

NOTE 8: AMOUNTS RECEIVABLE AFTER ONE YEAR

Other non-current financial assets

Items	At 31 March 2020	At 31 March 2019
Amounts receivable after one year:		
Deposit in Association EEPA	5,172	5,172
Deposit for lease of premises of the Estonian branch (Technopolis Ulemiste)	2,544	2,544
Deposit for lease of premises of the Klaipėda branch (SM Properties UAB)	1,000	-
Deposit for lease of premises of the Panevėžys branch (KEMPER LT UAB)	247	-
Cash deposited in the bank account (for guarantees issued)	-	6,977
Total other non-current financial assets	8,963	14,693

Under the membership agreement, the Company is a member of the electronics distributors' association EEPA, Lithuania's largest organisation of manufacturers and importers of electricity and electronic equipment, batteries, and accumulators. Participation in a licensed organisation is one of the possibilities of proper waste recycling set forth in legal acts. As of 1 January 2018, the single accounting system for products, packaging and waste (GPAIS) was launched in Lithuania. Reporting through the GPAIS system is mandatory for manufacturers and importers, their organisations, waste producers, and waste managers. As of January 2018, the Company is a registered GPAIS system user. The Company's responsible persons enter the relevant information and data into the system.

NOTE 9: INVENTORIES

Items	Raw materials and consumables	Goods for resale	Total
a) Acquisition cost of inventories			
At 31 March 2019	725	530,027	530,752
At 31 March 2020	186	1,003,227	1,003,413
b) Write-down to net realisable value (reversal)			
At 31 March 2019	-	-	-
At 31 March 2020	-	-	-
c) Net realisable value at 31 March 2020 (a)-(b)			
At 31 March 2019	725	530,027	530,752
At 31 March 2020	186	1,003,227	1,003,413
Inventories with the third parties	-	-	-

Prepayments made for inventories amounted to EUR 4,719 as at 31 March 2020 (31 March 2019: EUR 5,781).

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS (continued)
(All amounts are in the euros (EUR) unless otherwise stated)

NOTE 10: AMOUNTS RECEIVABLE WITHIN ONE YEAR

Items	At 31 March 2020	At 31 March 2019
Trade receivables – cost	1,649,013	2,024,032
Receivables from group companies	3070	6,485
Impairment of amounts receivable	-	-
Trade receivables – net	1,652,083	2,030,517
Loan granted to group companies	1,233,560	2,433,858
Prepaid income tax and other amounts receivable	60,991	1,922
Other amounts receivable	1,294,551	2,435,780
Total amounts receivable within one year	2,946,634	4,466,297

NOTE 11: CASH AND CASH EQUIVALENTS

Items	At 31 March 2020	At 31 March 2019
Cash balances on cashpool account	-	-
Cash at bank	1,155,280	457,493
Cash on hand	283	2,346
Cash deposited in the bank account for the purpose of receiving a guarantee	7977	21,000
Total cash and cash equivalents	1,163,540	480,839

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS (continued)
(All amounts are in the euros (EUR) unless otherwise stated)

NOTE 12: STRUCTURE OF AUTHORISED SHARE CAPITAL

Items	Number of shares	Amount
Structure of authorised share capital at 31 March 2020		
1. By category of shares	14,476	419,225
1.1. Ordinary shares	14,476	419,225
1.2. Preference shares	-	-
1.3. Shares owned by employees	-	-
1.4. Special shares	-	-
1.5. Other shares	-	-
TOTAL	14,476	419,225
Own shares held by the company	-	-
Shares held by subsidiaries	-	-

The nominal value per share is equal to EUR 28.96. All the shares issued by the Company are fully paid.

NOTE 13: PROPOSED PROFIT APPROPRIATION

Items	Amount
Profit (loss) brought forward from the previous financial year at the end of the current year	5,542,191
Current year net profit (loss)	(85,083)
Current year profit (loss) not recognised in the income statement	-
Profit (loss) to be appropriated at the end of the current year	5,457,108
Shareholders' contributions against losses	-
Transfers from reserves	-
Profit to be appropriated	5,457,108
Profit appropriation:	
- To legal reserve	-
- To dividends	-
- Other	-
Profit (loss) to be carried forward at the end of the current year	5,457,108

NOTE 14: RESERVES

Legal reserve

The legal reserve is compulsory under the Lithuanian Law on Companies and is formed from profit to be appropriated. Annual transfers of 5% of net profit are required until the reserve reaches 10% of the authorised share capital. The legal reserve may be used to cover the Company's losses only. A part of legal reserve in excess of 10% of the authorised share capital may be redistributed when appropriation of profit for the following financial year is performed.

The Company's legal reserve has been fully formed.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS (continued)
(All amounts are in the euros (EUR) unless otherwise stated)

NOTE 15: STATE OF DEBTS

Items	Amounts falling due in full or in part			
	Within 1 financial year (31 March 2020)	Between 1 and 5 years (31 March 2020)	Within 1 financial year (31 March 2019)	Between 1 and 5 years (31 March 2019)
Borrowings:				
1. Finance lease and similar liabilities	-	-	63,047	105,587
Other debts				
1. Trade payables	73,375	1,694	164,842	-
2. Advance amounts received	68,288	181,012	54,100	54,731
Including:				
deposits	47,251	181,012	37,400	54,731
overpayments from customers	21,037	-	16,700	-
3. Amounts payable to group companies	978,705	-	460,386	-
4. Employment-related liabilities:	402,609	-	302,216	-
Including:				
wages and salaries payable	92,196	-	53,842	-
vacation reserve	218,152	-	144,142	-
social security contributions payable	47,784	-	38,960	-
social security contributions on vacation reserve	13,596	-	43,411	-
income tax of individuals	30,881	-	21,649	-
contributions to the Guarantee Fund	-	-	-	-
contributions to the Guarantee Fund on vacation reserve	-	-	212	-
5. Income tax liability	-	-	-	-
6. Other amounts payable and current liabilities	154,481	-	134,445	-
VAT payable and other taxes	154,293	-	134,445	-
liabilities to reporting persons	188	-	-	-
Accrued expenses and deferred revenue				
1. Accruals for audit and telecommunications services	7,156	-	12,576	-
Total	1,684,614	182,706	1,191,612	160,318

As at 31 March 2020, the Company had no amounts payable after five years and liabilities.

Finance lease liabilities

As at 31 March 2019, the Company had finance lease agreements with Danske Bank A/S Lithuania Branch for 27 motor vehicles. In August 2019, all the cars were bought out from Danske Bank A/S Lithuania Branch.

Year	At 31 March 2020	At 31 March 2019
Within 1 year	-	65,305
Between 1 and 5 years	-	108,542
Future finance charges on finance lease	-	(5,214)
Present value of finance lease liabilities		
Present value of finance lease liabilities is as follows:	-	168,634
Within 1 year	-	63,047
Between 1 and 5 years	-	105,587

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS (continued)
(All amounts are in the euros (EUR) unless otherwise stated)

NOTE 16: PROVISIONS FOR GUARANTEE REPAIR SERVICES

Operating lease (where the Company is a lessee)

On 2 July 2001, the Company's administration entered into the operating lease agreement for premises with MG Valda UAB (current name is Verslo Trikampis UAB). In August 2019, the Company signed an agreement with Verslo Trikampis UAB on the extension of the operating lease agreement for premises until 31 December 2024. The lease payment until 31 January 2020 was EUR 4,011, and from 1 January 2020 the lease payment is EUR 8,329.8.

The lease term for premises of the Estonian branch expires on 1 October 2023. The monthly lease payment amounts to EUR 2,373.71 from 1 October 2018.

The lease term for premises of the Latvian branch expires on 30 June 2020. The monthly lease payment amounts to EUR 1,208. The lease term for premises of the Kaunas branch expires on 31 December 2020. The monthly lease payment amounts to EUR 882.10.

The lease term for premises of the Klaipėda branch expires on 31 December 2022. The monthly lease payment amounts to EUR 780.75.

The lease term for premises of the Panevėžys branch expires on 31 December 2022. The monthly lease payment amounts to EUR 203.80.

Tax audits

The Tax Authorities have not carried a full-scope tax audit in Lithuania. The Tax Authorities may at any time during 5 successive years after the end of the reporting tax year carry out the inspection of book-keeping and accounting records and impose additional taxes or fines. The Company's management is not aware of any circumstances which may give rise to a potential material liability in this respect.

The Tax Authorities have not carried a full-scope tax audit in Latvia. The Tax Authorities may at any time during 3 successive years after the end of the reporting tax year inspect the books and accounting records and impose additional taxes or fines.

The Tax Authorities have not carried a full-scope tax audit in Estonia. The Tax Authorities may at any time during 5 successive years after the end of the reporting tax year inspect the books and accounting records and impose additional taxes or fines.

Bank guarantees

For each tender of public procurement, the Company is required to obtain the bank guarantees. The bank guarantees have been documented by depositing cash held in bank accounts. As at 31 March 2020, cash deposited in bank accounts amounted to EUR 7,977 (Note 11). As at 31 March 2019, cash deposited in bank account amounted to EUR 27,977 (Notes 8 and 11).

As at 31 March 2020 and 31 March 2019, the Latvian and the Estonian branches did not have any bank guarantees.

During the current financial year and the previous financial year, the Company was not involved in any legal disputes.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS (continued)
(All amounts are in the euros (EUR) unless otherwise stated)

NOTE 17: TRANSACTIONS WITH RELATED PARTIES

All Konica Minolta group companies and the Company's management (the head of the Company, branch managers, and functional managers) are defined as related parties.

The following transactions were conducted with a parent company Konica Minolta Business Solutions Europe GmbH:

Items	Reporting period	Previous reporting period
Transactions with related parties		
Purchases of goods	8,480,546	6,931,221
Purchases of services	180,565	160,224
Sales of goods	1,617	3,500
Sales of services	96	11,838
Balances at 31 March 2020/31 March 2019		
Amounts payable	671,844	456,712
Loan granted to group companies	1,233,560	2,433,858
Cash balances on cashpool account	-	-
Amounts receivable	1,713	5000

The following transactions were conducted with other related parties:

Items	Reporting period	Previous reporting period
Transactions with related parties		
Purchases of goods	66,855	88,175
Purchases of services	340,345	14,957
Sales of goods	2,873	7,035
Sales of services	13,605	6,714
Balances at 31 March 2020/31 March 2019		
Amounts payable	306,861	3,674
Amounts receivable	1,357	1,485

Categories of management personnel	Reporting period	Previous reporting period
Heads of administration (including 3 Board members)		
Employment-related annual payments (EUR)	608,574	510,544
Number of persons	15	14
Members of the Board		
Employment-related annual payments (EUR)	128,520	-
Number of persons	3	3

No guarantees, loans were granted, nor any assets were transferred or services were provided free of charge, nor any share-based compensations were paid to the Company's management personnel and members of the Board.

ANNUAL REPORT

Konica Minolta Business Solutions Europe GmbH (until 5 January 2004 known as Minolta Europe GmbH) is a sole shareholder of Konica Minolta Baltia UAB (until October 2003 known as Minolta Baltia UAB ("the Company")) holding 100% of the Company's shares.

In the financial year 2018 (from 1 April 2018 to 31 March 2019), the General Manager of Konica Minolta Baltia UAB Voldemaras Dudėnas did not hold any executive positions elsewhere.

In the financial year 2019 (from 1 April 2019 to 31 March 2020), the General Manager was Robert Hulej.

In the financial year 2019, the Board of the Company consisted of the following members: Robert Hulej, Mariusz Plawecki and Rimantas Mackevičius.

Executive positions held elsewhere by Robert Hulej include as follows: General Manager of Konica Minolta Business Solutions Polska Sp. z o.o. (company code 0000108685; address: Muszkieterow 15, 02-273 Warsaw), General Manager of Konica Minolta Ukraine (company code 142815326653; address: Zhylianska St. 19, 1033 Kiev), General Manager of Konica Minolta Business Solutions Russia LLC (company code 730165720; address: 29 Vereyskaya str, bld 33, Moscow 121357 Russia).

Executive positions held elsewhere by Mariusz Plawecki include as follows: Executive Director of Konica Minolta Baltia UAB.

Executive positions held elsewhere by Rimantas Mackevičius include as follows: Head of Customer Service Department of Konica Minolta Baltia UAB.

The Company's main objective is to organise the network of trade in Konica-Minolta products and to assure further technical support for Konica-Minolta products. The main groups of products are as follows: copying machines, professional printing equipment, printers, accessories, maintenance materials and spare parts.

Konica Minolta Baltia UAB is responsible for sales of its products in the Baltic region (Lithuania, Latvia and Estonia) Kaliningrad and Belarus. The Company carries out its operations directly and via intermediaries.

Authorised share capital

The authorised share capital is equal to the sum of nominal values of all the shares subscribed to by the Company. Shares at nominal value are recorded in the account of authorised share capital. As at 31 March 2020, the Company's authorised share capital amounted to EUR 419,225 and was divided into 14,476 ordinary shares with the nominal value of EUR 28.96 each.

There were no changes in the structure of shareholders of the Company during the financial year, and the Company's share capital was neither increased nor reduced.

The Company has not acquired its own shares.

Property, plant and equipment and intangible assets

Property, plant and equipment acquired by the Company during the financial year (from 1 April 2019 to 31 March 2020) amounted to EUR 1,959,310. Acquisition cost of property, plant and equipment disposed or written off amounted to EUR 677,717. Acquisition cost of property, plant and equipment reclassified to inventories amounted to EUR 422,479. Additions in intangible assets during the financial year (from 1 April 2019 to 31 March 2020) amounted to EUR 17,213. Intangible assets disposed or written off during the financial year (from 1 April 2019 to 31 March 2020) amounted to EUR 4,354.

Current assets

As at 31 March 2020, current assets amounted to EUR 5,118,553, whereof inventories amounted to EUR 1,008,379 (which were accounted for under the FIFO method) and trade receivables amounted to EUR 1,649,013.

Amounts payable after one year

As at 31 March 2020, the Company's amounts payable after one year totalled EUR 182,706.

Profit appropriation

The Company's net loss for the reporting financial year amounted to EUR 85,083.

A more detailed explanation of balance sheet and income statement items and other financial indicators is given in the tables in the accompanying explanatory notes to the financial statements.

Konica Minolta Baltia UAB has neither established any subsidiaries nor has controlling rights in other companies. As a result of expanding its business, the Company has opened branches and technical support centres in the following cities:

1. Panevėžys, Senamiesčio g. 100, LT-35116, Lithuania;
2. Klaipėda, Tilžės g. 52, LT-91110, Lithuania;
3. Kaunas, Karaliaus Mindaugo pr. 7, LT-44280, Lithuania;
4. Tallinn, Lootsa 2B, EE-11415, Estonia (has been operating since 1 July 2002);
5. Riga, Mūkusalas 42E, LV-1004, Latvia (has been operating since 15 February 2005).

As at 31 March 2020, the Company had 79 (31 March 2019: 71) employees.

In the financial year 2019 (from 1 April 2019 to 31 March 2020), the actual average number of employees was 77 (in the financial year 2018 (from 1 April 2018 to 31 March 2019): 71) and the average monthly salary in the financial year was EUR 2,568 (in the previous financial year: EUR 1,729).

Sales revenue in the financial year (from 1 April 2019 to 31 March 2020) increased by 11.25% compared to the previous financial year. In the reporting period, sales of copying machines increased by 13.46%, and sales of other goods and services increased by 5.45% compared to sales in the previous reporting period.

Items	Measurement units	Previous reporting period	Reporting period	Increase/decrease (-)
Sales	EUR	11,033,104	12,274,112	1,241,008
Gross profit	EUR	2,901,765	3,199,825	298,060
Net profit	EUR	717,295	(85,083)	(802,378)
Gross profit margin	%	26.30	26.07	(0.23)
Net profit margin	%	6.50	(0.69)	(7.19)
Return on equity, net	%	11.95	(1.44)	(13.39)
Earnings per share, net	EUR	49.55	(5.88)	(55.43)

When performing its activities, the Company is exposed to a variety of financial risks: risks of general and specific nature, such as the absence of trade credit insurance, insolvency of clients, bankruptcies of companies and longer terms of settlement by clients.

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 economy and on the Company may be more severe than originally expected. As the customers postponed and moved their orders for products to the period when the quarantine conditions will be less restricted, the demand for products offered by Konica Minolta Baltia UAB has declined, however, the customer service (technical support) activities have not been disrupted and they continue generating revenue. As a result of measures taken by management to optimise the operations of Konica Minolta Baltia UAB, the planned expenditure is reduced, and accordingly, the financial performance results planned for 2020 should not be significantly worse than originally expected.

There were no other significant post-balance sheet that could have impact on the Company's financial performance results.

Konica Minolta Baltia UAB projects that in 2020 sales volumes of office equipment and services will remain stable. With the Company's strategy being focused on equipment-related IT solutions and improvement of the sales model, the Company will be able to achieve its long-term growth objectives. Strengthening of the Company's position in the professional and industrial printing segments remains one of the priority areas ensuring the stability of its operations. Review of the organisational structure, personnel development and strengthening of professional competences have a direct link to the formation and stability of the long-term strategy, and contribute to raising its brand awareness.

Finance Director

Andrius Majauskas

(signature)

26 May 2020

Sidevahendid

Liik	Sisu
Telefon	+372 6512900
Faks	+372 6512901
E-posti aadress	office@konicaminolta.ee
Veebilehe aadress	www.konicaminolta.ee