

Operative report 2023, H1

**L I N E N**

SIA "L. J. LINEN"  
Riga, 2023

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## INFORMATION ON THE COMPANY

NAME OF THE COMPANY SIA "L. J. LINEN"

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LEGAL STATUS OF THE COMPANY Limited Liability Company

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NUMBER, PLACE AND DATE OF REGISTRATION Nr.40003669025, Riga, 08.03.2004

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ADDRESS Antonijas street 5, Rīga, LV-1010

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NAME OF THE SHAREHOLDER JĀNIS KUĻIKOVSKIS 100%

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### BOARD

BOARD MEMBER ZANE KUĻIKOVSKA  
Starting 02.08.2018, can represent individually

BOARD MEMBER JĀNIS KUĻIKOVSKIS  
Starting 22.04.2010, can represent individually

BOARD MEMBER LĪVIJA KUĻIKOVSKA  
Starting 22.04.2010, can represent individually

BOARD MEMBER IVANDA LEJA  
Starting 19.06.2023, can represent jointly with at least 1

BOARD MEMBER TOMASS RIEKSTIŅŠ  
Starting 19.06.2023, can represent jointly with at least 1

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REPORTING PERIOD 1 January - 30 June 2023

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## REPORT OF THE MANAGEMENT

### TYPE OF OPERATIONS

L. J. LINEN (further in the text "LINEN") is engaged in global trade of animal by-products and providing a tailored agriproduct supply chain for market leaders. LINEN and its Group provides a seamless, full-cycle, door-to-door trading, and delivery service. Company is a bridge between producers of raw materials and producers of animal feeds, biofuels, and human food. Almost half of the volume in meat production is considered waste. Through reprocessing, animal protein meal and animal fats are created. These products can be further used as ingredients in animal feed, human food, organic fertilizers, and cosmetics. These ingredients constitute the main part of traded goods of LINEN.

The company has a global reach with deep knowledge of these ingredients with experience of almost 30 years and clients in 46 markets. LINEN is a supplier to some of the world's largest animal feed producers and LINEN is one of the largest exporters of these ingredients to developing countries from Europe.

### PERFORMANCE OF THE COMPANY DURING THE H1 OF 2023

In the first half of the year LINEN is continuing its growth in sales - the turnover has increased by 18% compared with the respective period in 2022. The profitability of the company has decreased by 3,56%, which is explained mainly by the decrease in the prices of commodities used in animal feeds. Since LINEN has been working on shorter procurement and sales contracts since last year when prices of commodities became volatile, the negative effects will be offset in the following quarters and LINEN expects to recover profitability.

The first half of 2023 was mainly affected by decreasing commodity prices and the market was seeking new equilibrium. Secondly, LINEN revisited its pricing strategy to ensure a more long term approach, balancing expense on processing each sales deal with a respective margin.

At the end of H1 2023 the group successfully started scaling up its operations with sustainable fuels and is working on creating strategic partnerships with even more multinational companies, to service them under umbrella agreements. LINEN is seriously working on starting trade of grains and cereals to compensate for the disturbances in the global grains markets due to the limitations imposed by Russia in the Black Sea.

ZANE KUĻIKOVSKA

JĀNIS KUĻIKOVSKIS

LĪVIJA KUĻIKOVSKA

IVANDA LEJA

TOMASS RIEKSTIŅŠ

PROFIT OR LOSS STATEMENT FOR YEAR 2023, H1		
	2023, H1 EUR	2022, H1 EUR
NET TURNOVER	18 277 136	15 016 360
<i>Income from trade of animal feed ingredients</i>	<i>18 277 136</i>	<i>15 016 360</i>
COST OF SALES	(16 909 557)	(13 359 015)
GM1	1 367 421	1 657 345
	<i>GM1% 7.48%</i>	<i>11,04%</i>
SELLING EXPENSES	(834 870)	(516 712)
	<i>BUSINESS TRIPS (115 589)</i>	<i>(107 266)</i>
	<i>SALARIES &amp; TAXES (288 506)</i>	<i>(288 203)</i>
	<i>SALES COMMISSIONS PAID (249 064)</i>	<i>(74 990)</i>
	<i>OTHER SELLING COSTS (181 712)</i>	<i>(56 682)</i>
GM2	532 551	1 140 633
	<i>GM2% 2.91%</i>	<i>7.76%</i>
ADMINISTRATIVE EXPENSE	(386 418)	(361 584)
OTHER OPERATING INCOME	170 762	247 171
OTHER OPERATING EXPENSES	(87 096)	(60 245)
INTEREST INCOME AND SIMILAR INCOME	69 311	86
EBITDA	299 110	990 360
	<i>EBITDA% 1.64%</i>	<i>6.60%</i>
INCOME FROM DIVIDENDS	1 110 008	-
DEPRECIATION	(19 270)	(18 763)
EBIT	1 389 848	971 597
	<i>EBIT% 7.60%</i>	<i>6.47%</i>
CORPORATE INCOME TAX	(10 220)	(25 283)
INTEREST EXPENSES	(198 939)	(11 813)
NET INCOME	1 180 689	934 501
	<i>NET INCOME % 6.46%</i>	<i>6.22%</i>

<b>BALANCE SHEET AS OF 30 JUNE 2023</b>		
	<b>30.06.2023.</b>	<b>30.06.2022.</b>
	<b>EUR</b>	<b>EUR</b>
<b>NON-CURRENT ASSETS</b>	<b>114 958</b>	<b>125 846</b>
INTANGIBLE FIXED ASSETS	44 513	23 396
	<i>INTANGIBLE ASSETS</i>	23 396
PROPERTY, PLANT AND EQUIPMENT	69 744	99 650
	<i>OTHER FIXED ASSETS</i>	79 650
	<i>ADVANCE PAYMENTS FOR FIXED ASSETS</i>	20 000
LONG-TERM ASSETS	701	2 800
	<i>OTHER LOANS TO RELATED PARTIES</i>	2 800
<b>CURRENT ASSETS</b>	<b>17 286 665</b>	<b>9 109 625</b>
INVENTORIES	128 577	223 856
	<i>FINISHED GOODS AND GOODS FOR SALE</i>	195 955
	<i>ADVANCE PAYMENTS FOR GOODS</i>	27 901
RECEIVABLES	16 937 519	8 877 684
	<i>TRADE RECEIVABLES</i>	2 288 460
	<i>IC TRADE RECEIVABLES</i>	6 467 445
	<i>GOODS IN TRANSIT</i>	-
	<i>RECEIVABLES FROM RELATED PARTIES</i>	822
	<i>OTHER RECEIVABLES</i>	105 644
	<i>PREPAID EXPENSES</i>	15 313
CASH AND CASH EQUIVALENTS	220 569	8 085
<b>TOTAL ASSETS</b>	<b>17 401 623</b>	<b>9 235 471</b>

## BALANCE SHEET AS OF 30 JUNE 2023

	30.06.2023. EUR	30.06.2022. EUR
<b>CAPITAL AND RESERVES</b>	<b>10 431 312</b>	<b>6 163 994</b>
<i>SHARE CAPITAL</i>	2 842	2 842
<i>ACCUMULATED PROFIT</i>	10 428 470	6 161 152
<i>A) BROUGHT FORWARD</i>	9 247 781	5 250 950
<i>B) CURRENT YEAR</i>	1 180 689	910 202
<b>NON-CURRENT LIABILITIES</b>	<b>2 000 000</b>	<b>-</b>
<i>LOANS FROM FINANCIAL INSTITUTIONS</i>	2 000 000	-
<b>CURRENT LIABILITIES</b>	<b>4 970 311</b>	<b>3 071 477</b>
<i>SHORT TERM LIABILITIES FROM FINANCIAL INSTITUTIONS</i>	1 000 000	519 551
<i>SHORT TERM LIABILITIES FROM RELATED PARTIES</i>	106 854	-
<i>TRADE PAYABLES</i>	3 531 267	2 393 835
<i>ACCRUED LIABILITIES</i>	331 810	156 222
<i>OTHER CURRENT LIABILITIES</i>	380	1 869
<b>EQUITY AND LIABILITIES</b>	<b>17 401 623</b>	<b>9 235 471</b>

## FINANCIAL COVENANTS

	<b>30.06.2023. EUR</b>
EQUITY RATIO AT LEAST 40% (FORTY PER CENT) CALCULATED AT THE END OF EACH QUARTER	59.94%

*TOTAL EQUITY* 10 431 312

*TOTAL ASSETS* 17 401 623

NET DEBT LEVERAGE RATIO LESS THAN 2X (TWO TIMES) CALCULATED FOR THE RELEVANT PERIOD AT THE END OF EACH QUARTER	0.49
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*ROLLING EBITDA* 5 666 107

*NET DEBT* 2 779 431

*CASH AND CASH EQUIVALENTS* (220 569)

*LOANS FROM FINANCIAL INSTITUTIONS* 3 000 000

INTEREST COVERAGE RATIO OF AT LEAST 3X (THREE TIMES), CALCULATED FOR THE RELEVANT PERIOD AT THE END OF EACH QUARTER	28.48
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*ROLLING EBITDA* 5 666 107

*ROLLING INTEREST EXPENSES* 198 939

ACCOUNTS RECEIVABLES COVERAGE RATIO OF AT LEAST 1.5X (ONE AND A HALF TIMES), CALCULATED AT THE END OF EACH QUARTER	3.33
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*TRADE RECEIVABLES 3RD PARTIES* 9 980 700

*LOANS FROM FINANCIAL INSTITUTIONS* 3 000 000