

UNDER RESTRUCTURING SNAIGĖ AB

***CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS
PERIOD ENDED 31 MARCH 2024
(UNAUDITED)***

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I. GENERAL PROVISIONS

1. Accounting period of the report

The report has been issued for the period of three months ended 31 March 2024.

2. The basic data about the issuer

The name of the company – SNAIGĖ PLC (hereinafter referred to as the “Company”)

Authorised capital – one Company's share is equal to EUR 0.17 and to establish that the Company's authorized capital is equal to EUR 6,735,807.

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E-mail – snaige@snaige.lt

Website – <http://www.snaige.lt>

Legal organisation status – legal entity, public limited company

Legal status – under restructuring (Note 30)

Registered as an enterprise on 1 December 1992 in the Municipality Administration of Alytus; registration number AB 92-119; enterprise register code 249664610. The latest Statute of Snaigė AB was registered on 24 November 2021 in Register of Legal Entities of the Republic of Lithuania.

3. Information with regard to the location and time provided for introduction of the report and the accompanying documents; name of the mass media

The report is available in the Accounting and Finance Department of Snaigė AB at Pramonės str. 6, Alytus, on the days of I - IV from 7.30 to 16.30, and V from 7.30 to 14.00.

The mass media – publication issued by the Center of Registers, daily paper “Kauno diena”.

II. FINANCIAL STATUS

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Ref. No.	ITEMS	Notes	01-01-2024 31-03-2024	01-01-2023 31-03-2023
1.	Sales	3	2,890	4,273
2.	Cost of sales	4	(2,911)	(4,732)
3.	Real value change of biological property			
4.	GROSS PROFIT (LOSS)		(21)	(459)
5.	Selling expenses		(228)	(243)
6.	General and administrative expenses		(690)	(654)
7.	Results of other activity	5,7	21	22
8.	Investments incomes into the shares of patronise, patronized and associated companies			
9.	Incomes of other long-term investments and loans	8		
10.	Incomes of other interest or similar incomes	8	(2)	2
11.	Value decrease of financial property and short-term investments			
12.	Costs of interest and other similar costs	9		
13.	PROFIT (LOSS) BEFORE INCOME TAX		(920)	(1,332)
14.	Income tax			
15.	PROFIT (LOSS) BEFORE NONCONTROLLING INTEREST		(920)	(1,332)
16.	Non-controlling interest			
17.	Other comprehensive income		263	258
18.	TOTAL COMPREHENSIVE INCOME		(657)	(1,074)

Managing Director

Darius Varnas

Chief of the Accounting and Finance Department

Vytautas Adomaitis

Consolidated Statement of Financial Position

Ref. No.	ASSETS	Notes	As at 31 March 2024	As at 31 December 2023
	ASSETS			
A.	Non-current assets		10,978	11,405
1.	Intangible assets	10	834	876
2.	Tangible assets	11	10,144	10,529
2.1.	Land			
2.2.	Buildings and structures		4,730	4,786
2.3.	Machinery and equipment		4,842	5,131
2.4.	Vehicles and other property		500	540
2.5.	Right to leased assets		72	72
2.6.	Construction in progress and prepayments			
3.	Financial assets	12	0	0
4.	Other non-current assets		0	0
B.	Current assets		4,517	4,957
1.	Inventories	13	3,192	3,314
2.	Accounts receivable within one year		1,179	1,352
2.1.	Customers' debts	14	673	794
2.2.	Contracts assets			
2.3.	Prepayments		425	461
2.4.	Other amounts receivable	15	81	97
3.	Short-term investments			
4.	Cash and cash equivalents	16	146	291
C.	Accrued income and prepaid expenses		0	0
	Total assets		15,495	16,362

(Continued on the next page)

SNAIGĖ AB, company code 249664610, Pramonės str. 6, Alytus, Lithuania
CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024
(All amounts are in EUR thousand unless otherwise stated)

Ref. No.	ASSETS	Notes	As at 31 March 2024	As at 31 December 2023
	EQUITY AND LIABILITIES			
D.	Equity		(5,851)	(4,971)
1.	Capital		6,736	6,736
1.1.	Authorized (subscribed) share capital		6,736	6,736
1.2.	Signed unpaid capital (-)			
1.3.	Own shares (-)			
2.	Shares premiums			
3.	Revaluation reserve		5,658	5,882
4.	Reserves	18	44	44
5.	Retained earnings (loss)		(18,234)	(17,577)
6.	Influence of currency exchange rate		(55)	(56)
7.	Non-controlling interest		0	0
E.	Grants, subsidies	19	166	179
F.	Provisions		1,371	1,411
1.	Pensions provisions and similar provisions		225	225
2.	Taxes provisions		1,097	1,137
3.	Other provisions	20	49	49
G.	Accounts payable and liabilities		19,809	19,743
1.	Accounts payable after one year and other non-current liabilities	21	18,385	18,385
1.1.	Debts for credit institutions		10,194	10,194
1.2.	Other non-current liabilities		8,191	8,191
2.	Account payable within one year and current liabilities		1,424	1,358
2.1.	Liabilities of debts		-	-
2.2.	Debts for credit institutions	21		
2.3.	Received prepayments		121	124
2.4.	Debts to suppliers		453	417
2.5.	Short - term lease obligations		74	74
2.6.	Payable sums acc.to bills and cheque			
2.7.	Contracts liabilities			
2.8.	Payable sums for associated companies			
2.9.	Profit tax payment obligations			
2.10.	Obligations related to work relations		606	540
2.11.	Other current liabilities		170	203
H.	Accrued charges and deferred income			
	Total equity and liabilities		15,495	16,362

Managing Director

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Chief of the Accounting and Finance Department

Vytautas Adomaitis

Consolidated Statement of Cash Flow

Ref. No.	Assets	31-03-2024	31-03-2023
I.	Cash flows from the key operations		
I.1	Net result	(920)	(1,332)
I.2	Depreciation and amortization expenses	429	484
I.3	(Amortisation) of grants	(12)	(14)
I.4	Result from disposal of non-current assets		
I.5	Write-off of non-current assets		
I.6	Write-off of inventories	1	
I.7	Depreciation of receivables		
I.8	Loss on currency futures	(21)	
I.9	Change in provision for guarantee repair	(5)	(4)
I.10	Recovery of devaluation of trade receivables and other provisions		
I.11	Influence of foreign currency exchange rate change		
I.12	Financial income (interest income)	(1)	(2)
I.13	Financial expenses (interest expenses)		
I.14	Income tax expense (income)		
I.15	Elimination of other non-monetary items		
II.	Cash flows from the key operations until decrease (increase) in working capital	(529)	(868)
II.1	Change in receivables and other debts liabilities (increase)	194	462
II.2	Change in inventories (increase)	123	693
II.3	Change in trade and other payables (decrease)	68	(210)
III.	Cash flows from the main activities	(144)	77
III.1	Interest received		
III.2	Interest paid		
III.3	Income tax paid		
	Net cash flows from the key operations	(144)	77
IV.	Cash flows from (to) investing activities		
IV.1	Acquisition of tangible non-current assets	(1)	(7)
IV.2	Capitalization of intangible non-current assets		
IV.3	Proceed from disposal of non-current assets		
IV.4	Loans granted		
IV.5	Loans regained		
IV.6	Advance payments		
IV.7	Interest received		
IV.8	Financial investment assets		
	Net cash flows from the investing activities	(1)	(7)

V.	Cash flows from the financial activities	-	(5)
V.1	Cash flows related to the shareholders of the company		
V.1.1	Issue of shares		
V.1.2	Shareholders' contributions for covering losses		
V.1.3	Sale of own shares		
V.1.4	Payment of dividends		
V.2	Cash flows arising from other financing sources		
V.2.1	Grants received		
V.2.1.1	Proceeds from non-current borrowings		
V.2.1.2	Factoring received (repaid)		
V.2.1.3	Repayment of borrowings		
V.2.2	Finance lease received		
V.2.2.1	Payments of leasing (finance lease) liabilities	-	(5)
V.3	Other decreases in the cash flows from financial activities		
V.4.	Interest paid		
	Net cash flows from the financial activities	-	(5)
VI.	Cash flows from extraordinary items		
VI.1.	Increase in cash flows from extraordinary items		
VI.2.	Decrease in cash flows from extraordinary items		
VII.	The influence of exchange rates adjustments on the balance of cash and cash equivalents		
VIII.	Net increase (decrease) in cash flows	(145)	65
IX.	Cash and cash equivalents at the beginning of period	291	179
X.	Cash and cash equivalents at the end of period	146	244

Managing Director

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Chief of the Accounting and Finance Department

Vytautas Adomaitis

Consolidated Statement of Changes in Equity

	Paid up authorised capital	Share premium	Own shares (-)	Legal reserves		Other reserves				Retained earnings (losses)	TOTAL	Minority shareholders	TOTAL
				Compulsory	For acquiring own shares	For social needs	Other	Currency exchange reserve	Revaluation reserve				
Recalculated balance as at 31 December 2022	6,736	0	0	718	0	0	0	(54)	6,785	(15,787)	(1,602)	0	(1,602)
Total recognized revenue and expenses for the I-st quarter 2023										(1,332)	(1,332)		(1,332)
Formed reserves													
Reduction of authorized capital											0	0	
Other changes								(1)	(219)		(220)	0	(220)
Other comprehensive income										258	258		258
Balance as at 31 March 2023	6,736	0	0	718	0	0	0	(55)	6,566	(16,861)	(2,896)	0	(2,896)
Total recognized revenue and expenses from the II-nd to IV-th quarter 2023										(1,961)	(1,961)	0	(1,961)
Transfers from reserves				(674)						674			
Reduction of authorized capital											0	0	
Other changes								(1)	(684)	(75)	(760)		(760)
Other comprehensive income										646	646		646
Balance as at 31 December 2023	6,736	0	0	44	0	0	0	(56)	5,882	(17,577)	(4,971)	0	(4,971)
Total recognized revenue and expenses for the I-st quarter 2024										(920)	(920)		(920)
Formed reserves													
Reduction of authorized capital											0	0	
Other changes								1	(224)		(223)	0	(223)
Other comprehensive income										263	263		263
Balance as at 31 March 2024	6,736	0	0	44	0	0	0	(55)	5,658	(18,234)	(5,851)	0	(5,851)

Managing Director

Darius Varnas

Chief of the Accounting and Finance Department

Vytautas Adomaitis

III. EXPLANATORY NOTES

1. Basic information

Snaigė AB (hereinafter the “Company”) is a public company registered in the Republic of Lithuania. The address of its registered office is as follows:

Pramonės str. 6,
Alytus,
Lithuania.

The Company is engaged in the production of refrigerators, freezers and other metal products. The Company was registered on 1 April 1963. The Company’s shares are traded on the Baltic Secondary List of the NASDAQ Vilnius stock exchange.

Main shareholders of Snaigė AB were:

	31 March 2024		31 December 2023	
	Number of shares owned	Share of total capital, %	Number of shares owned	Share of total capital, %
UAB EDS INVEST 3	36,187,133	91.33%	36,096,193	91.10%
Other shareholders	3,435,262	8.67%	3,526,202	8.90%
Total	39,622,395	100%	39,622,395	100%

All shares of the Company are ordinary registered intangible shares with the par value of EUR 0.17 each and were fully paid as at 31 March 2024 and 31 December 2023.

As at 31 March 2024 and 31 December 2023 the Company did not hold its own shares.

The Group consisted of Snaigė AB and the followings subsidiaries as at 31 March 2024 (hereinafter – the “Group”):

Company	Country	Percentage of the shares held by the Group	Profit (loss) for the reporting year	Shareholders’ equity
Snaige-Ukraina TOB	Ukraine	99%		3
Almecha UAB	Lithuania	100%	44	246

The General Meeting of Shareholders on 21 February 2024 approved a new Board of 5 members. The new Board has one representative of Snaigė AB. As at 31 December 2023, the Board consisted of 4 members, with no representatives of Snaigė AB.

Snaige-Ukraina TOB (Kiev, Ukraine) was established in 2002. Since the acquisition in 2002, the Company holds 99% shares of this subsidiary. The subsidiary provides sales and marketing services in the Ukrainian market.

Taking into account that TOB Snaige Ukraine has no economic activity, no assets, no known net realisable value and no foreseeable future economic activity and future cash inflows, a full impairment of financial assets (EUR 26 thousand) has been made, and the company has not been consolidated in the consolidated financial statements of Snaige AB.

Almecha UAB (Alytus, Lithuania) was established in 2006. The main activities of the company are production of refrigerating components and equipment. The Company acquired 100% of the Company’s shares.

At 31 March 2024 the number of employees of the Group was 323 (as at 31 December 2023 – 332).

2. Accounting principles

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

2.1. Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union (hereinafter the "EU").

These financial statements are prepared on the historical cost basis.

2.2. Going concern

The Group's financial statements at 31 March 2024 have been prepared on the basis that the Group will continue in operation for at least 12 months. Going concern has been assessed using the following assumptions and risks:

- The Company plans to finance its working capital through the sale of more profitable new product categories, the sale of assets that are not necessary for the Company's operations and the proceeds from the sale of manufacturing services. The plan is to reduce debts to suppliers by the means foreseen in the restructuring plan, through operating profits and the sale of some assets.
- The Company and the Group's management believe that the impact of the war in Ukraine (Note 29), which started at the end of February 2022, is significant but not critical. At the beginning of the war, trade in this, one of the Company's largest markets, was halted, but at the time of issue of the report the Company is once again exporting to this country. The war and the resulting increase in the cost of energy and raw materials have had a negative impact on the financial results. Not wishing to risk the future of a viable and potential Company, and in order to secure the jobs and social security of its employees, the Company's management decided to initiate a process of restructuring of the Company (Note 30).

In the opinion of the management of the Company and the Group, this situation is temporary and is expected to be resolved with available resources. The Company's development in other profitable refrigeration product categories and the active search for customers in new markets and segments will help the Company to secure revenue growth.

Management acknowledges that the above assumptions are subject to material uncertainties which may cast doubt on the Company's ability to continue as a going concern, but notwithstanding this and taking into account the material uncertainties, management expects that the Company will have sufficient resources to continue as a going concern in the foreseeable future. Accordingly, the Company has continued to adopt the going concern basis in preparing these financial statements.

Neither the Company nor its directors or shareholders are subject to war-related sanctions.

2.3. Presentation currency

The Group's financial statements are presented in the currency of the European Union, the euro (EUR), which is the Company's functional and the Group's and the Company's presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are included in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign entity and translated at the rate of exchange ruling at the statement of financial position date.

On disposal of a foreign entity, the deferred cumulative amount recognised in the shareholders' equity caption relating to that particular foreign operation is transferred to profit or loss.

The applicable exchange rates in relation to euro as at the 31 March 2024, and 31 December 2023, were as follows:

	31 March 2024	31 December 2023
UAH	42.31042	42.30294
USD	1.0811	1.1050

2.4. Principles of consolidation

The consolidated financial statements of the Group include Snaigė AB and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year, using consistent accounting policies.

Subsidiaries are consolidated from the date from which effective control is transferred to the Company and cease to be consolidated from the date on which control is transferred out of the Group. All intercompany transactions, balances and unrealised gains and losses on transactions among the Group companies have been eliminated. The equity and net result attributable to non-controlling interest are shown separately in the statement of financial position and profit or loss.

Acquisitions and disposals of non-controlling interest by the Group are accounted as equity transaction: the difference between the carrying value of the net assets acquired from/disposed to the non-controlling interests in the Group's financial statements and the acquisition price/proceeds from disposal is accounted directly in equity.

2.5. Intangible assets, except for goodwill

Intangible assets are measured initially at cost. Intangible assets are recognised if it is probable that future economic benefits that are attributable to the asset will flow to the Group and the Company and the cost of asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised on a straight-line basis over their estimated useful lives (1 – 8 years).

Research and development

Research costs are expensed as incurred. Development expenditure on individual projects is recognised as an intangible asset when the Group and the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, their intention to complete and their ability to use or sell the asset so that the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use.

Licenses

Amounts paid for licences are capitalised and amortised over their validity period.

Software

The costs of acquisition of new software are capitalised and treated as an intangible asset if these costs are not an integral part of the related hardware. Software is amortised over a period not exceeding 3 years.

Costs incurred in order to restore or maintain the future economic benefits that the Group and the Company expect from the originally assessed standard of performance of existing software systems are recognised as an expense when the restoration or maintenance work is carried out.

2.6. Tangible non-current assets

Property, plant and equipment are assets that are controlled by the Group and the Company, which are expected to generate economic benefits in the future periods with the useful life exceeding one year, and which acquisition (manufacturing) costs could be reliably measured. Property, plant and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of such assets when that cost is incurred if the asset recognition criteria are met. Replaced parts are written off.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Property, plant and equipment are shown at revalued amount, being the fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which is determined using fair value at the date of statement of financial position. The fair value of the property, plant and equipment is determined by appraisals undertaken by certified independent valuers. Any accumulated depreciation and impairment losses at the date of revaluation were eliminated against the gross carrying amount of the asset; instead, the historical acquisition cost was increased by the surplus of the revaluation.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to other comprehensive income and shown as revaluation reserve in shareholders' equity. The revaluation reserve for property, plant and equipment is being reduced each period by the difference between depreciation based on the revalued carrying amount of the asset and that based on its original cost, which is transferred directly to retained earnings.

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Decreases that offset previous increases of the same asset are charged to other comprehensive income and debited against revaluation reserve in equity; all other decreases are charged to the profit or loss. Revaluation increases that offset previous decreases charged to the profit or loss are recognised in the profit or loss.

At each reporting period, the difference between depreciation based on the revaluated carrying amount of the asset charged to the profit or loss, and depreciation based on the asset's original cost is transferred from revaluation reserve to retained earnings net of deferred income tax.

Depreciation is computed on a straight-line basis over the following estimated useful lives from 1 October 2016:

Buildings and structures (including investment property)	15 – 73 years
Machinery and equipment	5 – 63 years
Vehicles	4 – 20 years
Other property, plant and equipment	3 – 30 years

Weighted average useful lives from 1 October 2016 are as follows:

Buildings and structures (including investment property)	55 years
Machinery and equipment	21 years
Vehicles	16 years
Other property, plant and equipment	12 years

The asset's carrying amounts, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of property, plant and equipment and are recognised within other income or other expenses in the statement of comprehensive income. When revalued assets are sold, the amounts included in revaluation reserve are transferred to retained earnings.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

Construction in progress is stated at cost less accumulated impairment. This includes the cost of construction, plant and equipment and other directly attributable costs. Construction in progress is not depreciated until the relevant assets are completed and put into operation.

2.7. Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Property, plant and equipment once classified as held for sale are not depreciated.

If the Group has classified an asset as held for sale, but the above mentioned criteria are no longer met, the Group ceases to classify the asset as held for sale and measure a non-current asset that ceases to be classified as held for sale at the lower of: its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale, and its recoverable amount at the date of the subsequent decision not to sell. The adjustment to the carrying amount of a non-current asset that ceases to be classified as held for sale and recorded in profit or loss in the period in which the criteria are no longer met.

2.8. Inventories

Inventories are valued at the lower of cost or net realisable value, after write-down of obsolete and slow moving items. Net realisable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost is determined by the first-in, first-out (FIFO) method. The cost of finished goods and work in progress

includes the applicable allocation of fixed and variable overhead costs based on a normal operating capacity. Unrealisable inventory is fully written-off.

2.9. Receivables and loans granted

Receivables are initially recorded at the true value at the same moment as they were given. Later receivables and loans are accounted in justice to their depreciation.

2.10. Cash and cash equivalents

Cash includes cash on hand and cash with banks. 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.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits at current accounts, and other short-term highly liquid investments.

2.11. Borrowings

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised, otherwise – expensed as incurred. No borrowing costs were capitalised as at 31 March 2024 and 31 December 2023.

Borrowings are initially recognised at fair value of proceeds received, net of expenses incurred. They are subsequently carried at amortised cost, the difference between net proceeds and redemption value being recognised in the net profit or loss over the period of the borrowings (except for the capitalised portion as discussed above).

Borrowings are classified as non-current if the completion of a refinancing agreement before the balance sheet date provides evidence that the substance of the liability at the balance sheet date was non-current.

2.12. Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into. Subsequent to initial recognition and measurement, outstanding derivatives are carried in the statement of financial position at the fair value. Fair value is determined using the discounted cash flow method applying the effective interest rate. The estimated fair values of these contracts are reported on a gross basis as financial assets for contracts having a positive fair value; and financial liabilities for contracts with a negative fair value. Contracts executed with the same counterparty under legally enforceable master netting agreements are presented on a net basis. The Group had no derivative contracts outstanding as at 31 March 2024 and 31 December 2023.

Gain or loss from changes in the fair value of outstanding derivative contracts is recognised in the comprehensive income statement as they arise.

2.13. Factoring

Factoring transaction is a funding transaction wherein the Group transfers to factor claim rights for determined fee. The Group alienate rights to receivables due at a future date according to invoices.

2.14. Financial lease and operating lease

Finance lease – the Group as lessee

The Group recognises finance leases as assets and liabilities in the statement of financial position at amounts equal at the inception of the lease to the fair value of the leased property or, if lower, to the present value of the minimum lease payments. The rate of discount used when calculating the present value of minimum payments of finance lease is the nominal interest rate of finance lease payment, when it is possible to determine it, in other cases, Group's composite interest rate on borrowings is applied. Directly attributable initial costs are included into the asset value. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Direct expenses incurred by the lessee during the lease period are included in the value of the leased asset.

The depreciation is accounted for finance lease assets and it also gives rise to financial expenses in the statement of comprehensive income for each accounting period. The depreciation policy for leased assets is consistent with that for depreciable assets that are owned. The leased assets cannot be depreciated over the period longer than the lease term, unless the Group according to the lease contract, gets transferred their ownership after the lease term is over.

If the result of sales and lease back transactions is finance lease, any profit from sales exceeding the book value is not recognised as income immediately. It is deferred and amortised over the finance lease term.

Operating lease – the Group as 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 recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

If the result of sales and lease back transactions is operating lease and it is obvious that the transaction has been carried out at fair value, any profit or loss is recognised immediately. If the sales price is lower than the fair value, any loss is recognised immediately, except for the cases when the loss is compensated by lower than market prices for lease payments in the future. The loss is then deferred and it is amortised in proportion to the lease payments over a period, during which the assets are expected to be operated. If the sales price exceeds the fair value, a deferral is made for the amount by which the fair value is exceeded and it is amortised over a period, during which the assets are expected to be operated.

2.15. Grants and subsidies

Grants and subsidies (hereinafter “Grants”) received in the form of non-current assets or intended for the purchase, construction or other acquisition of non-current assets are considered as asset-related grants (mainly received from the EU and other structural funds). Assets received free of charge are also allocated to this group of grants. The amount of the grants related to assets is recognised in the financial statements as used in parts according to the depreciation of the assets associated with this grant. In the statement of comprehensive income, a relevant expense account is reduced by the amount of grant amortisation.

Grants received as a compensation for the expenses or unearned income of the current or previous reporting period, also, all the grants, which are not grants related to assets, are considered as grants related to income (mainly received from the EU and other structural funds). The income-related grants are recognised as used in parts to the extent of the expenses incurred during the reporting period or unearned income to be compensated by that grant.

2.16. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The provisions are reviewed at each balance sheet date and adjusted in order to present the most reasonable current estimate.

2.17. Non-current employee benefits

According to the collective agreement, each employee leaving the Company at the retirement age is entitled to a one-time payment. Employment benefits are recognised in the statement of financial position and reflect the present value of future payments at the date of the statement of financial position. The above mentioned employment benefit obligation is calculated based on actuarial assumptions, using the projected unit credit method. Present value of the non-current obligation to employees is determined by discounting estimated future cash flows using the discount rate which reflects the interest rate of the Government bonds of the same currency and similar maturity as the employment benefits. Actuarial gains and losses are recognised in the statement of comprehensive income as incurred.

2.18. Revenue recognition

The revenue is recognised and the liability is calculated on the basis of actuarial valuations using the projected unit credit method. The value of the non-current liability is determined by discounting the estimated future cash flows, based on the elimination of intercompany sales in the government securities accounts.

2.19. Impairment of assets

Financial assets

Financial assets are reviewed for impairment at each reporting date.

For financial assets carried at amortised cost, whenever it is probable that the Group will not collect all amounts due according to the contractual terms of loans or receivables, impairment is recognised in the statement of comprehensive income. The reversal of impairment losses previously recognised is recorded when the decrease in impairment loss can be justified by an event occurring after the write-down. Such reversal is recorded in the statement of comprehensive income. However, the increased carrying amount is only recognised to the extent it does not exceed the amortised cost that would have been had the impairment not been recognised.

Other assets

Other assets are reviewed for impairment whenever events or changes in circumstances indicate that carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an

impairment loss is recognised in the statement of comprehensive income. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is accounted for in the same caption of the statement of comprehensive income as the impairment loss.

2.20. Subsequent events

Subsequent events that provide additional information about the Group's position at the date of the statement of financial position (adjusting events) are reflected in the financial statements. Subsequent events that are not adjusting events are disclosed in the notes when material.

2.21. Offsetting and comparative figures

When preparing the financial statements, assets and liabilities, as well as revenue and expenses are not set off, except the cases when a certain International Financial Reporting Standard specifically requires such set-off.

3. Segment information

The Group's sole business segment identified for the management purposes is the production of refrigerators and specialised equipment, therefore this note does not include any disclosures on operating segments as they are the same as information provided by the Group in these financial statements.

Information as at 31-03-2024 and at 31-03-2023 on Group's sales and receivables from clients is presented below:

	Total sales revenue		Inter-group sales		Sales revenue	
	2024	2023	2024	2023	2024	2023
Russia	-	-	-	-	-	-
Ukraine	284	294	-	-	284	294
Western Europe	1,728	3,023	-	-	1,728	3,023
Central Europe	299	386	-	-	299	386
Lithuania	558	502	(4)	(12)	554	490
Other CIS countries	5	33	-	-	5	33
Other Baltic states	20	14	-	-	20	14
Other countries	-	33	-	-	-	33
Total	2,894	4,285	(4)	(12)	2,890	4,273

Transactions between the Group companies are made on commercial terms and conditions. Inter-group sales are eliminated in consolidation.

As at year 2024 the sales to the five largest buyers comprised 52.44% of total sales, including: the largest buyer 22.23% (as at 2023 – 54.53%, including: the largest buyer 16.92%).

4. Cost of sales

	31-03-2024	31-03-2023
Raw materials	1,438	2,795
Salaries and wages	442	592
Depreciation and amortisation	352	440
Other	679	905
Total:	2,911	4,732

5. Other income

	31-03-2024	31-03-2023
Income from transportation services	7	16
Income from sale of other services	23	20
Income from rent of premises	4	13
Gain on disposal of property, plant and equipment	-	-
Other	-	-
Total:	34	49

6. Operating expenses

	31-03-2024	31-03-2023
Selling expenses	228	243
General and administrative expenses	690	654
Total:	918	897

7. Other operating expenses

	31-03-2024	31-03-2023
Transportation expenses	8	15
Gain on disposal of property, plant and equipment	-	-
Other	5	12
	13	27

8. Financial income

	31-03-2024	31-03-2023
Foreign currency exchange gain	(2)	2
Interest income and other	-	-
	(2)	2

9. Financial expenses

	31-03-2024	31-03-2023
Interest expenses	-	-
Loss of foreign currency exchange, net	-	-
Realized loss on foreign currency derivatives	-	-
Loss of foreign currency translation transactions	-	-
Other	-	-
	-	-

10. Intangible assets

	Balance sheet value	
	31-03-2024	31-12-2023
Development costs	832	874
Software, license	2	2
Other intangible assets	-	-
Total:	834	876

The Group during the first quarter in 2024 has accumulated EUR 43 thousand (on 2023 respectively – EUR 63 thousand) of intangible assets depreciation of which EUR 43 thousand (EUR 63 thousand in 2023) is included in operating expenses of the profit (loss) statement.

Part of non-current intangible assets of the Group with the acquisition value of EUR 5,558 thousand as at 31 March 2024, was fully amortised (EUR 5,567 thousand for 2023) but is still in use.

11. Non-current tangible assets

	Balance sheet value	
	31-03-2024	31-12-2023
Land and buildings	4,730	4,786
Machinery and equipment	4,842	5,131
Vehicles and other property	6	7
Other equipment, fittings and tools	494	533
Construction in progress and prepayments	-	-
Vehicles used on a leasing basis	-	-
Right to land lease	72	72
Total:	10,144	10,529

Revaluation of tangible fixed assets

Starting from 30 September 2016 the Group and the Company have begun to revalue non-current assets, including buildings, structures, machinery and equipment as well as other production equipment. The valuation of non-current assets for financial reporting purposes has been carried out by external, independent valuator, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The valuation of real estate was based on the comparable method by comparing sales prices of similar real estate in Lithuania. The valuation of machinery and equipment and other non-current assets was based on comparable or depreciated replacement cost (DRC) methods. The fair value of the property was determined by an independent property appraiser, UAB Corporation Matininkai.

Building and structures were attributed to Level 3 of fair value hierarchy. Under the Market method the sale transactions or offer examples in respect of the real estate and constructions were observed in the market. The comparable real estate objects were selected due to the similarity with the object being measured with respect to size, nature, location, intended use, condition and other parameters. The valuation of real estate required adjustments to reflect differences between the objects being measured and comparable objects.

Machinery and equipment, vehicles and other assets were also attributed to Level 3 of fair value hierarchy. Part of the machinery was valued based on at least two or three comparable inputs. Comparable inputs selected were similar to the assets subject to valuation. This method was used for the measurement of a part of equipment in respect of which sale or offer market data was available. The remaining part of machinery and equipment were valued by DRC method. The replacement values of these non-current assets were based on their acquisition costs and comparable price changes provided by the Statistics Department. When establishing physical obsolescence, it is assumed that the value of property

being measured is written off in proportion to the number of years. The assets subject to valuation were classified into categories in respect of which the useful life up to 20 years depending on the group of assets was established based on the expert opinion of the valuator.

Assets were valued under this scheme:

1. All Company long term assets were valued using discounted cash flows model.
2. From this value, intangible assets at balance value and buildings at market value were taken off.
3. Other movable assets were valued using comparison method, while special movable assets and other assets, not possible to value at comparison model, were valued at DRC model. Some assets, not possible to value by methods described above, were valued at disposal rate.
4. The remaining value was allocated to all valued items, by using correction coefficients. Only assets, valued by DRC and disposal methods, were corrected using coefficients.

The increase in value of non-current tangible assets was registered by increasing the acquisition cost of the asset and was accounted as follows as at 30 September 2018:

The Company	Book value	Revalued amounts	Revaluation surplus
Buildings and structures	5,404	5,975	571
Machinery and equipment	8,089	9,160	1,071
Vehicles and other assets	1,435	1,759	324
Total	14,928	16,894	1,966

The useful life terms of non-current material assets, in years:

	Statistical	Remaining useful life terms at the revaluation date	Remaining useful life terms, stated after revaluation
Land and buildings	49	22	26
Machinery and equipment	6	1	8
Vehicles	6	1	4
Other plant, devices, tools and equipment	5	0.5	5
Other tangible assets	5	0.5	8

The new useful lifetimes for assessing depreciation have been applied since 1 October 2016.

Depreciation charge of the Group's property, plant and equipment and investment property for the period of three months of 2024 amounted to EUR 386 thousand (EUR 420 thousand respectively for the same period of 2023). After the assessment of amortization of grants, the amount of EUR 380 thousand in 2024 (EUR 403 thousand in 2023) was included into production costs. The remaining amount of EUR 6 thousand in 2024 (EUR 17 thousand in 2023) was included into administration expenses in the Group's profit or loss.

As at 31 March 2024 buildings of the Group and the Company with the carrying amount of EUR 4,662 thousand (as at 31 December 2023 – EUR 4,713 thousand respectively), the Group's and the Company's machinery and equipment with the carrying amount of EUR 4,738 thousand (as at 31 December 2023 – EUR 5,018 thousand respectively) were pledged to the assignee of the loan, a related party (Note 21).

12. Non-current and current loans to related companies

	Group		Company	
	31 March 2024	31 December 2023	31 March 2024	31 December 2023
Loans granted	8,068	8,068	8,068	8,068
Interest calculated	2,262	2,262	2,262	2,262
Total receivables	10,330	10,330	10,330	10,330
Minus:				
Provisions for doubtful loans	(8,068)	(8,068)	(8,068)	(8,068)
Provisions for doubtful interest	(2,262)	(2,262)	(2,262)	(2,262)
Minus: total provisions	(10,330)	(10,330)	(10,330)	(10,330)
Net receivables	-	-	-	-

13. Inventories

	31-03-2024	31-12-2023
Raw materials, spare parts	1,532	1,683
Production in progress	307	316
Finished goods	1,572	1,474
Goods purchased for resale	143	203
Minus: total provisions	(362)	(362)
Total inventories, net	3,192	3,314

Raw materials and spare parts consist of compressors, components, plastics, wires, metals and other materials used in the production.

As at 31 March 2024 and as at 31 December 2023, the Group and Company has no legal restrictions on inventories.

14. Trade receivables

	31-03-2024	31-12-2023
Receivables	1,830	1,972
Less: impairment allowance for doubtful receivables	(1,157)	(1,178)
	673	794

Trade receivables are non-interest bearing and are generally on 30 – 90 day's terms.

An impairment loss of 100% has been recognised for trade receivables with a carrying amount of EUR 1,157 thousand at 31 March 2024 (EUR 1,178 thousand at 31 December 2023). Change in impairment allowance for receivables was accounted for within administrative expenses.

Impairment allowance for doubtful receivables is recognised due to receivables from not related customers.

In note 14 mentioned trade receivables from the Group in the amount of EUR 410 thousand (as at 31 December 2023 – EUR 493 thousand) were insured with credit insurance by Atradius Sweden Kreditförsäkring Lithuanian branch. Trade receivables from Ukraine, Moldova, Russia and other CIS countries are not insured.

Movements in the individually assessed impairment of trade receivables were as follows:

	31-03-2024	31-12-2023
Balance at the beginning of the period	(1,178)	(1,171)
Charge for the year	-	(17)
Write-offs of trade receivables	1	-
Effect of the change in foreign currency exchange rate	-	1
Amounts paid	20	9
Balance in the end of the period	(1,157)	(1,178)

The receivables are written-off when it becomes obvious that they will not be recovered.

15. Other current assets

	31-03-2024	31-12-2023
VAT receivable	35	45
Restricted cash	6	10
Other receivables	40	42
	81	97

Movements in the individually assessed impairment of other receivables were as follows:

	31-03-2024	31-12-2023
Balance at the beginning of the period	-	-
Charge for the year	-	-
Effect of the change in foreign currency exchange rate	-	-
Amounts paid	-	-
Write off	-	-
Balance in the end of the period	-	-

16. Cash and cash equivalents

	31-03-2024	31-12-2023
Cash at bank	141	286
Cash on hand	4	4
Cash in transit	1	1
	146	291

17. Share capital

According to the Law on Companies of the Republic of Lithuania, the Company's total equity cannot be less than 1/2 of its share capital specified in the Company's by-laws. As at 31 March 2024, the Company did not comply with this requirement. The Company's equity is negative. The issue of compliance of the share capital with the Law on Companies will be resolved during the restructuring of the Company.

18. Reserves

Legal reserve

By resolution of the Company's General Meeting of Shareholders, the accumulated legal reserve (EUR 674 thousand) was used to cover losses in 2023. As at 31 March 2024, the Company's and the Group's legal reserve amounted to EUR 0 thousand and EUR 44 thousand respectively.

The Company's legal reserve is compulsory under Lithuanian legislation. Annual transfers of not less than 5% of net profit are compulsory until the reserve reaches 10% of the share capital. The Group's legal reserve is formed from the legal reserve of the Company and its subsidiaries.

As at 31 March 2024, the legal reserve in the Group and the Company was not fully formed.

Other reserves

Other reserves are formed based on the decision of the General Shareholders' Meeting for special purposes. All distributable reserves before distributing the profit are transferred to retained earnings and redistributed annually under a decision of the shareholders.

Foreign currency translation reserve

The foreign currency translation reserve is used for translation differences arising upon consolidation of the financial statements of foreign subsidiaries.

Exchange differences are classified as equity in the consolidated financial statements until the disposal of the investment. Upon disposal of the corresponding investment, the cumulative translation reserve is transferred to retained result in the same period when the gain or loss on disposal is recognised.

19. Grants

Balance as at 31 December 2022	5,138
Received during the period	-
Balance as at 31 December 2023	5,138
Received during the period	-
Balance as at 31 March 2024	5,138
Balance as at 31 December 2022	4,904
Amortisation during the period	55
Accumulated amortisation as at 31 December 2023	4,959
Amortisation during the period	13
Accumulated amortisation as at 31 March 2024	4,972
Carrying amount as at 31 March 2024	166
Carrying amount as at 31 December 2023	179

The grants were received for the renewal of production machinery and repairs of buildings in connection with the elimination of CFC 11 element from the production of polyurethane insulation and filling foam, and for elimination of greenhouse gases in the manufacturing of domestic refrigerators and freezers; also, for increase in efficiency by investing into the production of commercial refrigerators and infrastructure development via investments into a research centre of new products.

Grants are depreciated over the same period as the machinery and other assets for which grants were designated when compensatory costs are incurred. The amortization of grants is included in production cost against depreciation of machinery and reconstruction of buildings for which the grants were designated.

To reimburse costs the grants is included in the period in which only those costs have been incurred and reduced.

20. Warranty provision

The Group provides a warranty of 2 years for the production sold and 5 years warranty on promotional products. The provision for warranty repairs was accounted for based on the expected cost of repairs and statistical warranty repair rates and divided respectively into non-current and current provisions.

Changes in warranty provisions were as follows:

	31-03-2024	31-12-2023
As at 1 January	150	241
Additions during the year	7	50
Utilised	(13)	(141)
Foreign currency exchange effect	-	-
Written off (after warranty period)	-	-
	144	150

Warranty provisions are accounted for:

	31-03-2024
- non-current	49
- current	95
	31-12-2023
- non-current	49
- current	101

21. Borrowings

	31-03-2024	31-12-2023
Non-current borrowings with interest		
Non-current borrowings with fixed interest rate	1,259	1,259
Accrued interest	245	245
Non-current borrowings with variable interest rate	8,376	8,376
Accrued interest	314	314
Long-term liabilities of leasing companies	-	-
Total	10,194	10,194
Current borrowings		
Current borrowings with fixed interest rate	-	-
Current borrowings with variable interest rate	-	-
Current liabilities of leasing companies	-	-
Total	-	-
In Total	10,194	10,194

Other non-current liabilities

	31-03-2024	31-12-2023
Debts to suppliers	8,079	8,079
Debts to subsidiaries	-	-
Amounts payable to the National Social Insurance Fund	63	63
Dividends payable and deposited	49	49
In Total	8,191	8,191

The main information on individual borrowings is disclosed below:

	Type	Maturity	As at 31 March 2024	As at 31 December 2023
Borrowing 1	Loan	Under the restructuring plan	8,690	8,690
Borrowing 2	Loan	Under the restructuring plan	1,504	-
			10,194	10,194

As at 31 March 2024, annual interest rate of the loan 1 is 1-month EURIBOR + 5.25% (as at 31 December 2023, 1-month EURIBOR + 5.25% annual interest rate). As at 31 March 2024, loan 2 is set at 0.67% for a period of 30 days and 0.23% compensatory interest per day.

As of 31 March 2024, the Company's buildings with the carrying amount of EUR 4,662 thousand (EUR 4,713 thousand as at 31 December 2023), the Group's and Company's machinery and equipment with the carrying amount of EUR 4,738 thousand (EUR 5,018 thousand as at 31 December 2023) were pledged to the assignee of the loan, a related party.

The claim rights on Loan 1 and Loan 2 were transferred to the new creditors after the start of the restructuring process, while the other terms of the loans remained in force.

When the Court approves the Company's Restructuring Plan, all liabilities will be discharged and accounted for in accordance with the creditors' payment schedules approved in the Plan.

At the reporting date the outstanding loans and lease received in foreign currencies:

	31-03-2024	31-12-2023
Currency of loans, leasing and other debt obligations:		
EUR	10,194	10,194
	10,194	10,194

In accordance with the status of the company under restructuring and the ruling of the Kaunas District Court, which approved the existing creditor debt as of 20 September 2022, all the Company's creditor debt, until the Restructuring Plan is approved, is accounted for in long-term liabilities.

22. Financial leasing

The Group's leased assets under finance lease agreements consist of vehicles and machinery (subsidiary). The term of financial lease is 5 years.

As at 31 March 2024 and 31 December 2023, the Group and the Company had no obligations under finance leases.

Book value of leased assets:

	31-03-2024	31-12-2023
Machinery and equipment	21	25
Cars	-	-
	<u>21</u>	<u>25</u>

23. Operating lease

The Group have concluded several contracts of operating lease of land and premises. The terms of lease do not include restrictions of the activities of the Group in connection with the dividends, additional borrowings or additional lease agreements. As at 31 March 2024, the lease expenses of the Group amounted to EUR 4 thousand (EUR 1 thousand as at 31 March 2023).

Planned operating lease expenses of the Group in 2024 will be EUR 26 thousand.

The most significant operating lease agreement of the Group is the non-current agreement of Snaigė AB signed with the Municipality of Alytus for the rent of the land. The payments of the lease are reviewed periodically; the lease end term is 2 July 2078.

Future lease payments according to the signed lease agreements are not defined as agreements might be cancelled upon the prior notice of 1 month.

24. Other current liabilities

	31-03-2024	31-12-2023
Salaries and related taxes	390	346
Vacation reserve	216	194
Dividends payable	-	-
Accrued interest	-	-
Other taxes payable	-	-
Provisions for warranty repairs	95	101
Other payables and accrued expenses	149	176
	<u>850</u>	<u>817</u>

Terms and conditions of other payables:

- Other payables are non-interest bearing and have the settlement term up to six months.
- Interest payable is normally settled monthly throughout the financial year.

25. Basic and diluted profit (loss) per share in EUR

	31-03-2024	31-03-2023
Shares issued 1 January	39,622	39,622
Net profit (loss) for the year, attributable to the shareholders of company, in EUR	(920)	(1,332)
Basic profit (loss) per share, in EUR	<u>(0.02)</u>	<u>(0.03)</u>

26. Risk and capital management

The Group and the Company have exposure to the following risks: credit risk, liquidity risk and market risk. This note presents information about the Group's and the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board has overall responsibility for the establishment and oversight of the Group's and the Company's risk management framework. The Group's and Company's risk management policies are established to identify and analyse the risks faced by the Group and the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's and the Company's activities. The Group and the Company aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

As at 31 March 2024 and 31 December 2023, the maximum exposure to credit risk is represented by the carrying amount of each financial asset, consequently, the Group's and the Company's management considers that its maximum exposure is reflected by the amount of loans receivable from related parties, trade and other receivables, net of impairment allowance, and the amount of cash and cash equivalents recognised at the date of the statement of financial position. Credit risk or risk that a counterparty will not fulfil its obligations, is controlled by credit terms and monitoring procedures, using services of external credit insurance agencies.

As at 31 March 2024 and 31 December 2023, the credit risk was related to:

	31-03-2024	31-12-2023
Trade and other receivables	673	794
Cash and cash equivalents	146	291
	819	1,085

The concentration of the Group's trade partners and the largest credit risk related to trade receivables according to clients as at 31 March 2024 and 31 December 2023:

	2024	%	2023	%
Client 1	120	7	150	8
Client 2	75	4	129	7
Client 3	56	3	61	3
Client 4	55	3	61	3
Client 5	53	3	53	2
Client 6	39	2	50	2
Client 7	38	2	32	2
Other clients	1,394	76	1,436	73
Impairment	(1,157)		(1,178)	
	673	100	794	100

Trade receivables according to geographic regions:

	31-03-2024	31-12-2023
Central Europe	159	169
Ukraine	69	91
Lithuania	162	156
Western Europe	278	361
Other CIS countries	-	-
Other Baltic States	5	17
Russia	-	-
Other	-	-
	673	794

Concentration of partners and largest credit risk related to trade receivables on 31 March 2024 and 31 December 2023:

	Receivables from customers that are not past due and are not recognized for impairment	Overdue receivables from customers, that are not recognized for impairment					Total
		Less than 30 days	30 – 60 days	60 – 90 days	90 – 120 days	More than 120 days	
2024	583	24	19	2	6	39	673
2023	616	60	15	3	1	99	794

Central Europe comprises Poland, the Czech Republic, Bulgaria; Western Europe comprises France, Germany, Norway, Portugal; other CIS countries include Uzbekistan, Moldova and Azerbaijan.

The Group's and the Company's management believes that the maximum risk equals to trade receivables, less recognised impairment losses at the reporting date. The Group and the Company do not provide guarantees for obligations of other parties.

The credit policy is implemented by the Group and the Company and credit risk is constantly controlled. Credit risk assessment is applied to all clients willing to get a payment deferral.

Trade receivables from the Group in the amount of EUR 410 thousand (EUR 493 thousand as at 31 December 2023) were insured with credit insurance by Atradius Sweden Kreditförsäkring Lithuanian branch. Trade receivables from Ukraine, Moldova, Russia and other CIS countries were not insured.

In accordance with the policy of receivables recognition as doubtful, the payments variations from agreement terms are monitored and preventive actions are taken in order to avoid overdue receivables in accordance with the standard of the Group entitled "Trade Credits Risk Management Procedure".

According to the policy of the Group, receivables are considered to be doubtful if they meet the following criteria:

- the client is late with settlement for 60 and more days, receivable amount is not covered by insurance and it does not come from subsidiaries;
- factorised clients late with settlement for 30 and more days;
- client is unable to fulfil the obligations assumed;
- reluctant to communicate with the seller;
- turnover of management is observed;
- reorganisation process is observed;
- information about tax penalties, judicial operation and restrictions of the use of assets is observed;
- bankruptcy case;
- inconsistency and variation in payments;
- other criteria.

Interest rate risk

The Group's borrowings are subject to variable interest rates related to EURIBOR.

In the first quarter of 2024 and in 2023, the Group did not use any financial instruments to hedge interest rate risk.

Liquidity risk

The purpose of the Group's liquidity risk management policy is to maintain the ratio between continuous financing and flexibility in using overdrafts, bank loans, bonds, financial and operating lease agreements.

Foreign exchange risk

The Group significantly reduced income earned in USD.

Most of income is earned in euro by the Group.

Capital management

The Group manage share capital, share premium, legal reserves, reserves, foreign currency translation reserve and retained earnings as capital. The primary objective of the Group's capital management is to ensure that the Group complies with the externally imposed capital requirements and to maintain appropriate capital ratios in order to ensure its business and to maximise the shareholders' benefit.

The Group manages its capital structure and makes adjustments to it in the light of changes in the economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares, reduce capital.

The Company is obliged to keep its equity not lower than 50% of its share capital, as imposed by the Law on Companies of the Republic of Lithuania. As at 31 March 2024 this requirement was not complied with (Note 17).

27. Commitments and contingencies

The tax authorities may at any time perform investigation of the Company's accounting registers and records for the period of five years preceding the accounting tax period, as well as calculate additional taxes and penalties. Management of the Company is not aware of any circumstances which would cause calculation of additional significant tax liabilities.

By order of 8 September 2022 in civil case No eB2-1226-555/2022 the Kaunas District Court initiated restructuring proceedings against Snaigė AB. The order of Kaunas District Court to initiate restructuring proceedings came into force and Snaigė AB obtained the status of company under restructuring on 20 September 2022. The Company under restructuring continue commercial activities. The corporate commercial activities managed by the Company's management bodies in accordance with their competence and in accordance with the restrictions laid down in the order of Kaunas District Court of 8 September 2022. However, in the course of the process, legal disputes may arise between the Company, its shareholders, creditors or other interested parties concerning the restructuring plan itself or its implementation, which may directly or indirectly affect the Company.

On 29 February 2024, the Kaunas District Court, by order in civil proceedings, approved the restructuring plan of AB Snaigė, with the duration of the restructuring process set at 4 years.

28. Related party transactions

According to IAS 24 Related Party Disclosures, the parties are considered related when one party can unilaterally or jointly control other party or have significant influence over the other party in making financial or operating decisions or operation matters, or when parties are jointly controlled and if the members of management, their relatives or close persons who can unilaterally or jointly control the Group or have influence on it. To determine whether the parties are related the assessment is based on the nature of relation rather than the form.

The related parties of the Group during 2024 and 2023 were as follows:

UAB „SME Capital 3“;

UAB EDS PROJECTS;

UAB EDS INVEST 3;

UAB EASY DEBT SERVICE;

UAB Baltic Freight Services.

The Group has a policy to conduct, related party transactions on commercial terms and conditions. Outstanding balances at the reporting date are unsecured, interest-free, except the loan granted.

As at 31 March 2024 and 31 December 2023, the Group has formed an impairment allowance for doubtful debts, related to receivables for advance payments, for loans and related interest from related parties. Doubtful receivables are tested each year by inspecting the financial position of the related party and assessing the market in which the related party operates.

Financial and investment transactions with the related parties at 31 March 2024 and 31 December 2023 in EUR thousand:

	2024		2023		2024		2023	
	Loans taken over	Interest taken over	Loans granted	Interest income	Loans taken over	Interest taken over	Loans granted	Interest income
Related parties, Companies, controlled by ultimate shareholders	9,635	559	-	-	9,635	559	-	-
Controlling parties	-	-	-	-	-	-	-	-
	9,635	559	-	-	9,635	559	-	-

Trade transactions with the related parties:

31-03-2024	Purchases	Sales	Receivables	Payables
Related parties	3			1
Companies, controlled by ultimate shareholders	-	-	-	-
Controlling parties	-	-	-	-
	3	-	-	1

31-12-2023	Purchases	Sales	Receivables	Payables
Companies, controlled by ultimate shareholders	2	-	-	1
Controlling parties	-	-	-	-
	2	-	-	1

The Company's transactions carried out with subsidiaries:

	Purchases		Sales	
	31-03-2024	31-12-2023	31-03-2024	31-12-2023
Subsidiaries	4	36	32	105

The Company has a policy to conduct transactions with subsidiaries on contractual terms. The Company's transactions with subsidiaries represent acquisitions and sales of raw materials and finished goods and acquisitions of marketing services, as well as acquisitions of property, plant and equipment. Outstanding balances at the year-end are unsecured, receivables are interest-free and settlement occurs at bank accounts. There were no pledged significant amounts of assets to ensure the repayment of receivables from subsidiaries.

The carrying amount of receivables from subsidiaries at 31 March 2024 and 31 December 2023:

	31-03-2024	31-12-2023
Non-current receivables		
Subsidiaries	-	-
Total non-current receivables	-	-
Current receivables		
Subsidiaries	-	36
Total current receivables	-	36

The analysis of receivables from subsidiaries and granted loans during the period of 31 March 2024 and 31 December 2023:

	Receivables from subsidiaries and granted loans neither past due nor impaired	Receivables from subsidiaries and granted loans past due but not impaired					Total
		Less than 30 days	30 – 60 days	60 – 90 days	90 – 120 days	More than 120 days	
2024	-	-	-	-	-	-	
2023	26	8	-	2	-	36	

Payables to subsidiaries as of 31 March 2024 and 31 December 2023 (included under the trade payables caption in the Company's statement of financial position):

	31-03-2024	31-12-2023
Subsidiaries	204	166

As at the date of issue of the statements, the Company does not have any guarantee agreements for its subsidiaries.

Remuneration of the management and other payments

In the first quarter of 2024, the remuneration of Management of the Company and of its subsidiaries (19 employees in total), including taxes, amounted to EUR 175 thousand (EUR 196 thousand and 19 employees in 2023, respectively). The Management of the Company and of its subsidiaries did not receive any other loans, guarantees; no other payments or property transfers were made or accrued.

29. The Impact of the Military Conflict in Ukraine

In response to the geopolitical situation, Snaigė AB has taken all necessary measures to preserve the continuity of the Company's operations, employees, clients and partners. At the time of issue of the Statements the Company continues to operate. Snaigė AB is able to fulfil the placed orders and fulfils them to the best of its ability, but there are additional potential risks to the Company's operations:

- At the time of preparing the Statements, no sanctions related to the military conflict have been imposed on the Company, its management or shareholders.
- At the time of preparing the Statements, exports of production to Ukraine are partially resumed. An impairment loss was recognised for receivables from Ukrainian customers. Raw material supplies from Ukraine have partially resumed, but the volumes in 2023 were insignificant (about 1% of total purchases) and the suspension of supplies from Ukraine does not have a direct impact on the Company's operations.
- Exports of products to Russia and Belarus are suspended, although there are no trade restrictions or sanctions on the products or the Company's customers at the time of preparing the Statements.
- The indirect impact of the military conflict on the Company's and the Group's operations is very negative because:
 - Due to the resulting tensions, a significant slowdown in trade is observed in almost all of the Company's markets (up to 50% of normal volumes in different markets, according to expert estimates).
 - Significant increases in raw material, transport and energy prices due to the uncertainties caused by the war in Ukraine, and the opportunities to purchase them are decreasing, which has a negative impact on the Company's and the Group's operating results.
- There is a risk that the estimates used in the Company's and the Group's accounting, due to the market value of assets, the fair market value of financial instruments and going concern assumptions, may be inaccurate, as it is not yet possible to predict the exact consequences of military conflict for these sizes.

At present, it is quite difficult to reasonably estimate the impact on the financial results due to various uncertainties. However, Snaigė AB exports its products to more than 30 countries in Europe and Asia, therefore, the Company expects to compensate for poor sales in Ukraine and other markets.

30. The process of Company restructuring

In order to implement the restructuring according to the draft restructuring plan of the Company approved by the extraordinary general meeting of the Company's shareholders on 23 July 2022, Snaigė AB on 1 July 2022 applied to the Kaunas District Court with a request to initiate the Company's restructuring case.

Kaunas District Court by the order of 08/09/2022 in civil case No. eB2-1226-555/2022 has opened restructuring proceedings in respect of Snaigė AB (The Company).

UAB Įmonių Bankroto Administravimo ir Teisinių Paslaugų Biuras (UAB Office of Enterprise Bankruptcy Administration and Legal Services) was appointed as the Administrator (No N-JA0027), authorised person – Aurimas Valaitis.

The order to initiate of restructuring proceedings came into force and Snaigė AB obtained the status of company under restructuring on 20/09/2022.

Pursuant to the Article 28 of the Law on Insolvency of Legal Entities, from the date of entry into force of the decision to open restructuring proceedings, i.e., from 20/09/2022, and until entry into force of the court's order to approve the Restructuring Plan or to terminate the insolvency proceedings, Snaigė AB is prohibited the following:

1. To execute financial obligations of the company which have not been fulfilled before the date of entry into force of the of the court's order to open restructuring proceedings, including the payment of taxes, interest and penalties;
2. To recover debts from the company;
3. To set off claims other than homogeneous counter-claims which satisfy both of the following conditions: arose before the date of entry into force of the court's order to open restructuring proceedings and such set-off is possible in accordance with the provisions of the tax legislation on off-setting of tax overpayment (arrears);
4. To calculate penalties and interest on the Company's obligations arising before the date of entry into force of the court's order to open restructuring proceedings;
5. To fix forced mortgage, easements, usufruct;
6. To pledge the property, guarantee, ensure or otherwise guarantee the fulfilment of obligations of other persons;
7. To sell or otherwise transfer the assets of the company necessary to maintain its viability.

The company under restructuring pays all current contributions, i.e., all payments and contributions necessary to ensure the business activities of the Company, including the compulsory contributions, which are made during the restructuring proceedings, starting from the date of entry into force of the court's order to open restructuring proceedings.

The company's obligations to creditors, arising before the date of entry into force of the court's order to open restructuring proceedings, i.e., before 20/09/2022, will be executed with the terms and conditions set out in the restructuring plan.

The company under restructuring continue commercial activities. The corporate commercial activities managed by the company's management bodies in accordance with their competence, as set out in the Company's statutes and other documents governing the Company's activities, and in accordance with the restrictions laid down in the Law on Insolvency of Legal Entities and in the order of Kaunas District Court of 8 September 2022.

On 2 January 2023, Snaigė AB held an Extraordinary General Meeting of Shareholders, at which the shareholders approved the Company's restructuring plan.

On 20 January 2023, by the decision of the Kaunas District Court, the deadline for submitting the restructuring plan of Snaigė AB to the court was extended until 20 March 2023.

On 27 February 2023, the Extraordinary General Meeting of Shareholders approved the revised restructuring plan.

On 20 March 2023 a request for approval of the Company's restructuring plan was submitted to the Kaunas District Court.

On 4 April 2023 the Kaunas District Court has not approved the restructuring plan of Snaigė AB.

On 12 April 2023 a decision was taken to appeal against the decision of the Kaunas District Court not to approve the restructuring plan.

The Ordinary General Meeting of Shareholders of Snaigė AB was held on 28 April 2023 which approved changes to the Company's restructuring plan.

On 17 May 2023, the Company's creditors' meeting was held and approved the amended restructuring plan.

On 7 June 2023, the Court of Appeal of Lithuania annulled the Kaunas District Court's order of 4 April 2023 not to approve the restructuring plan of AB SNAIGĖ and returned it to the court of first instance for a new hearing in order to fully assess and analyse the submitted revised restructuring plan. The Court of First Instance has not yet set a hearing date for the issue of the report.

On 13 December 2023 a meeting of creditors of AB Snaigė was held. The creditors approved the revised draft restructuring plan.

On 1 February 2024, circular for the mandatory takeover bid to buy up the shares of AB Snaigė has been approved. The implementation of the mandatory takeover bid starts on 5 February 2024 and ends on 19 February 2024.

The Extraordinary General Meeting of Shareholders of AB Snaigė was held on 21 February 2024 and adopted the following resolutions:

THE AGENDA QUESTION 1: Approval of the restructuring plan of AB Snaigė.

THE DECISION: To approve the restructuring plan of AB Snaigė.

THE AGENDA QUESTION 2: Revocation of the board of AB Snaigė *in corpore*.

THE DECISION: To revoke the board of AB Snaigė *in corpore*.

THE AGENDA QUESTION 3: Election of the board of AB Snaigė.

THE DECISION: 5 board members were elected for a new four-year term.

THE AGENDA QUESTION 4: Approval of the draft contract with the board members of AB Snaigė and the procedure for payment of remuneration for the activities of the board members.

THE DECISION: To approve the draft contract with the board members of AB Snaigė and the procedure for payment of remuneration for the activities of the board members.

THE AGENDA QUESTION 5: Approval of the remuneration amounts for the members of the board.

THE DECISION: To approve EUR 637 remuneration of the board member per one calendar month (before taxes).
THE AGENDA QUESTION 6: Revocation of the audit committee of AB "Snaigė" *in corpore*.
THE DECISION: To revoke the audit committee of AB "Snaigė" *in corpore*.
THE AGENDA QUESTION 7: Authorization of the board of AB "Snaigė" to elect a new audit committee.
THE DECISION: To authorize the board of AB "Snaigė" to elect members of audit committee.

On 29 February 2024, the Kaunas District Court, by order in civil proceedings, approved the restructuring plan of AB Snaigė, with the duration of the restructuring process set at 4 years.

On 22 March 2024 the board of AB Snaigė (hereinafter the "Company") adopted a decision to approve and publish a notification regarding the intention to delist the Company's shares from trading on the regulated market AB Nasdaq Vilnius and not to continue the public offering of shares. This issue will be considered and voted on in the convened extraordinary general meeting of the Company's shareholders on 15 April 2024.

31. Subsequent events

The Extraordinary General Meeting of shareholders of Snaigė AB was held on 15 April 2024.

At the meeting the following resolutions were made by more than $\frac{3}{4}$ of the votes of all shareholders which participated in the meeting:

THE AGENDA QUESTION 1: Delisting of AB Snaigė shares from trading on the regulated market AB Nasdaq Vilnius and discontinuation of public offering of AB Snaigė shares.

THE DECISIONS:

1. To initiate the delisting of all shares issued by AB Snaigė and remove them from trading on the regulated market AB Nasdaq Vilnius and no longer offer them to the public.
2. To establish that the shareholders of AB Snaigė, who voted "FOR" the decision to delist AB Snaigė's shares from trading on the regulated market AB Nasdaq Vilnius and no longer offer AB Snaigė's shares to the public, shall submit a circular of the takeover bid to the Bank of Lithuania for approval and at the price indicated in point 1.3 shall implement the takeover bid to buy AB Snaigė shares. AB Snaigė's shareholder UAB EDS INVEST 3 shall implement a takeover bid for other shareholders of AB Snaigė who have acquired this obligation and who do not express their will to implement it independently. During the implementation of this takeover bid, all shareholders of AB Snaigė will have the right, but not the obligation, to sell AB Snaigė shares, except for those who in the Meeting adopting the decision to delist AB Snaigė shares from trading on AB Nasdaq Vilnius and no longer offer AB Snaigė shares voted "FOR" such a decision.
3. The price of the takeover bid, which is implemented in order to remove the shares from trading on the regulated market of AB Nasdaq Vilnius, shall be determined in accordance with paragraph 1 of Part 1 of Article 29 of the Securities Law of the Republic of Lithuania.

THE AGENDA QUESTION 2: Granting of authorizations to the manager of AB Snaigė.

THE DECISION: To authorize and oblige the manager (general director) of AB Snaigė with the right to delegate another person, after the necessary shareholders of the Company have implemented a takeover bid aimed at delisting the Company's shares from trading on AB Nasdaq Vilnius, to perform the necessary actions and submit the necessary documents to AB Nasdaq Vilnius regarding the delisting of the Company's shares in this regulated market.

Snaigė AB informs that on 16 April 2024 a letter from the company's shareholder UAB EDS INVEST 3 was received regarding the intention to submit a mandatory non-competitive takeover bid for the acquisition of the remaining shares of Snaigė AB.

On 30 April 2024, the Ordinary General Meeting of Shareholders of Snaigė AB approved the Company's 2023 set of financial statements.

On 15 May 2024, circular for the mandatory takeover bid to buy up the shares of AB Snaigė has been approved. The implementation of the mandatory takeover bid starts on 20 May 2024 and ends on 3 June 2024.