

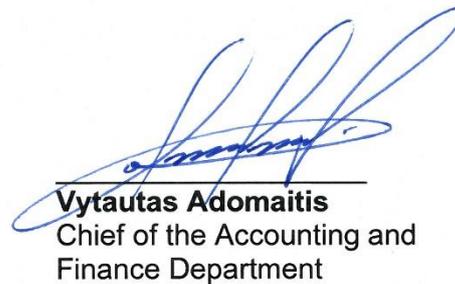
**SNAIGĖ AB
CONFIRMATION OF RESPONSIBLE PERSONS**

20 November 2023

Following the Article No. 22 of the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Bank of Lithuania, we, Darius Varnas, CEO of Snaigė AB, and Vytautas Adomaitis, Chief of the Accounting and Finance Department of Snaigė AB, hereby confirm that, to the best of our knowledge, the attached unaudited interim consolidated Snaigė AB financial statements for the nine months period ended 30 September 2023 prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, reflects the reality correctly and fairly shows issuer's assets, liabilities, financial position, profit or loss and cash flow of Snaigė AB.



Darius Varnas
Managing Director



Vytautas Adomaitis
Chief of the Accounting and
Finance Department

UNDER RESTRUCTURING SNAIGÉ AB

***CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023
(UNAUDITED)***

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I. GENERAL PROVISIONS

1. Accounting period of the report

The report has been issued for the period of nine months ended 30 September 2023.

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.

Address – Pramonės str. 6, LT-62175 Alytus

Phone – +370 315 56 206

Fax – +370 315 56 207

Email – 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 Centre of Registers, daily paper “Kauno diena”.

II. FINANCIAL STATUS

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Ref. No.	ITEMS	Notes	01-01-2023 30-09-2023	01-07-2023 30-09-2023	01-01-2022 30-09-2022	01-07-2022 30-09-2022
1.	Sales	3	13,755	4,566	16,409	4,653
2.	Cost of sales	4	(13,691)	(4,165)	(16,820)	(4,689)
3.	Real value change of biological property					
4.	GROSS PROFIT (LOSS)		64	401	(411)	(36)
5.	Selling expenses		(672)	(240)	(1,104)	(250)
6.	General and administrative expenses		(1,505)	(425)	(1,941)	(492)
7.	Results of other activity	5,7	67	31	56	16
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	1	(3)	(5)	(6)
11.	Value decrease of financial property and short-term investments					
12.	Costs of interest and other similar costs	9	(2)		(451)	(175)
13.	PROFIT (LOSS) BEFORE INCOME TAX		(2,047)	(236)	(3,856)	(943)
14.	Income tax					
15.	NET PROFIT (LOSS) BEFORE NONCONTROLLING INTEREST		(2,047)	(236)	(3,856)	(943)
16.	Non-controlling interest					
17.	Other comprehensive income		773	257	786	267
18.	TOTAL COMPREHENSIVE INCOME		(1,274)	21	(3,070)	(676)

Managing Director

Darius Varnas

Chief of the Accounting and Finance Department

Vytautas Adomaitis

Consolidated Statement of Financial Position

Ref. No.	ASSETS	Notes	As at 30 September 2023	As at 31 December 2022
	ASSETS			
A.	Non-current assets		12,114	13,509
1.	Intangible assets	10	1,173	1,345
2.	Tangible assets	11	10,941	12,164
2.1.	Land			
2.2.	Buildings and structures		4,843	5,011
2.3.	Machinery and equipment		5,433	6,351
2.4.	Vehicles and other property		581	718
2.5.	Right to leased assets		84	84
2.6.	Construction in progress and prepayments			
3.	Financial assets	12	0	0
4.	Other non-current assets		0	0
B.	Current assets		5,386	6,728
1.	Inventories	13	3,244	3,793
2.	Accounts receivable within one year		1,687	2,756
2.1.	Customers' debts	14	996	2,025
2.2.	Contracts assets			
2.3.	Prepayments		599	580
2.4.	Other amounts receivable	15	92	151
3.	Short-term investments			
4.	Cash and cash equivalents	16	455	179
C.	Accrued income and prepaid expenses		0	0
	Total assets		17,500	20,237

(Continued on the next page)

Ref. No.	ASSETS	Notes	As at 30 September 2023	As at 31 December 2022
	EQUITY AND LIABILITIES			
D.	Equity		(3,533)	(1,602)
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		6,129	6,785
4.	Reserves	18	44	718
5.	Retained earnings (loss)		(16,387)	(15,787)
6.	Influence of currency exchange rate		(55)	(54)
7.	Non-controlling interest		0	0
E.	Grants, subsidies	19	192	234
F.	Provisions		1,230	1,366
1.	Pensions provisions and similar provisions		205	209
2.	Taxes provisions		947	1,063
3.	Other provisions	20	78	94
G.	Accounts payable and liabilities		19,611	20,239
1.	Accounts payable after one year and other non-current liabilities	21	18,247	18,351
1.1.	Debts for credit institutions		10,053	10,053
1.2.	Other non-current liabilities		8,194	8,298
2.	Account payable within one year and current liabilities		1,364	1,888
2.1.	Liabilities of debts			9
2.2.	Debts for credit institutions	21		
2.3.	Received prepayments		78	121
2.4.	Debts to suppliers		408	835
2.5.	Short - term lease obligations		84	86
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		620	597
2.11.	Other current liabilities		174	240
H.	Accrued charges and deferred income			
	Total equity and liabilities		17,500	20,237

Managing Director

Darius Varnas

Chief of the Accounting and Finance Department

Vytautas Adomaitis

Consolidated Statement of Cash Flow

Ref. No.	Assets	30-09-2023	30-09-2022
I.	Cash flows from the key operations		
I.1	Net result before taxes	(2,047)	(3,856)
I.2	Depreciation and amortization expenses	1,434	1,425
I.3	(Amortisation) of grants	(41)	(41)
I.4	Result from disposal of non-current assets		(1)
I.5	Write-off of non-current assets		1
I.6	Write-off of inventories		12
I.7	Depreciation of receivables		
I.8	Loss on currency futures		
I.9	Change in provision for guarantee repair	(64)	(46)
I.10	Recovery of devaluation of trade receivables and other provisions	1	69
I.11	Influence of foreign currency exchange rate change	1	(5)
I.12	Financial income (interest income)		
I.13	Financial expenses (interest expenses)		451
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	(716)	(1,991)
II.1	Change in receivables and other debts liabilities (increase)	1,069	1,236
II.2	Change in inventories (increase)	548	1,594
II.3	Change in trade and other payables (decrease)	(577)	476
III.	Cash flows from the main activities	324	1,315
III.1	Interest received		
III.2	Interest paid		
III.3	Income tax paid		(10)
	Net cash flows from the key operations	324	1,305
IV.	Cash flows from (to) investing activities		
IV.1	Acquisition of tangible non-current assets	(21)	(73)
IV.2	Capitalization of intangible non-current assets		(1)
IV.3	Proceed from disposal of non-current assets	1	2
IV.4	Loans granted		
IV.5	Loans regained		
IV.6	Advance payments	(18)	(208)
IV.7	Interest received		
IV.8	Financial investment assets		
	Net cash flows from the investing activities	(38)	(280)

V.	Cash flows from the financial activities	(10)	(957)
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		(778)
V.2.1.3	Repayment of borrowings		(68)
V.2.2	Finance lease received		
V.2.2.1	Payments of leasing (finance lease) liabilities	(10)	(14)
V.3	Other decreases in the cash flows from financial activities		
V.4.	Interest paid		(97)
	Net cash flows from the financial activities	(10)	(957)
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	276	68
IX.	Cash and cash equivalents at the beginning of period	179	129
X.	Cash and cash equivalents at the end of period	455	197

Managing Director

Darius Varnas

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 2020	6,736	0	0	718	0	0	0	(52)	7,675	(11,507)	3,570	0	3,570
Total recognized revenue and expenses for the I-st to III-rd quarter 2022										(3,856)	(3,856)		(3,856)
Formed reserves													
Reduction of authorized capital											0	0	
Other changes								(2)	(668)		(670)	0	(670)
Other comprehensive income										786	786		786
Balance as at 30 September 2022	6,736	0	0	718	0	0	0	(54)	7,007	(14,577)	(170)	0	(170)
Total recognized revenue and expenses for the IV-th quarter 2022										(1,878)	(1,878)	0	(1,878)
Transfers from reserves													
Reduction of authorized capital											0	0	
Other changes									(222)		(222)		(222)
Other comprehensive income										668	668		668
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 to III-rd quarter 2023										(2,047)	(2,047)		(2,047)
Formed reserves				(674)						674			
Reduction of authorized capital											0	0	
Other changes								(1)	(656)		(657)	0	(657)
Other comprehensive income										773	773		773
Balance as at 30 September 2023	6,736	0	0	44	0	0	0	(55)	6,129	(16,387)	(3,533)	0	(3,533)

Managing Director

Chief of the Accounting and Finance Department

Darius Varnas

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 production of refrigerators, freezers and 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:

	30 September 2023		31 December 2022	
	Number of shares owned	Share of total capital, %	Number of shares owned	Share of total capital, %
Sekenora Holdings Limited			36,096,193	91.10%
UAB EDS INVEST 3	36,096,193	91.10%		
Other shareholders	3,526,202	8.90%	3,526,202	8.90%
Total	39,622,395	100%	39,622,395	100%

All the shares of the Company are ordinary registered intangible shares with the par value of EUR 0.17 each and were fully paid as at 30 September 2023 and 31 December 2022.

Share Purchase Agreement signed on 28 September 2023 whereby the shareholder Sekenora Holdings Limited transferred its shares to UAB EDS INVEST 3.

As at 30 September 2023 and 31 December 2022, the Company did not hold its own shares.

The Group consisted of Snaigė AB and the followings subsidiaries as at 30 September 2023 (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%	5	221

As at 30 September 2023, the Board of the Group consists of 4 members approved by the shareholders of Sekenora Holdings Limited. As at 31 December 2022, the Board of the Group consisted of 3 members. There are no representatives of Snaigė AB on the Board.

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.

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 30 September 2023, the number of employees of the Group was 342 (as at 31 December 2022 – 397).

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 30 September 2023 have been prepared on the basis that the Group will continue in operation for at least 12 months. Going concern has been assessed on the basis of 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 proceeds from the sale of manufacturing services. The debts to suppliers are planned to be reduced by means of the measures 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 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.

The functional currency of a foreign entity Snaige-Ukraine TOB is Ukrainian hryvnia (UAH). As at the reporting date, the assets and liabilities of this subsidiary are / were translated into the presentation currency of Snaigė AB (EUR) at the rate of exchange at the statement of financial position date and their items of the statement of profit or loss and other comprehensive income are translated at the average monthly exchange rates for the reporting period. The exchange differences arising on the translation are stated in other comprehensive income.

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 30 September 2023, and 31 December 2022, were as follows:

	30 September 2023	31 December 2022
UAH	38.9249	39.34128
USD	1.0594	1.0666

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.

Licences

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 is 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.

Each year the difference between depreciation based on the revalued 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 30 September 2023 and 31 December 2022.

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 30 September 2023 and 31 December 2022.

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 company transfers to factor claim rights for determined fee. The companies 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

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably. Sales are recognised net of VAT and discounts.

Revenue from sales of goods is recognised when delivery has taken place and transfer of risks and rewards has been completed.

Revenue from services is recognized on accrual basis when services are rendered and are stated in the statement of comprehensive income.

In these consolidated financial statements intercompany sales are eliminated.

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 30-09-2023 and at 30-09-2022 on Group's sales and receivables from clients is presented below:

	Total sales revenue		Inter-group sales		Sales revenue	
	2023	2022	2023	2022	2023	2022
Russia	-	-	-	-	-	-
Ukraine	1,257	1,196	-	-	1,257	1,196
Western Europe	8,547	7,802	-	-	8,547	7,802
Central Europe	1,533	4,497	-	-	1,533	4,497
Lithuania	2,196	2,333	(33)	(208)	2,163	2,125
Other CIS countries	95	264	-	-	95	264
Other Baltic states	127	140	-	-	127	140
Other countries	33	385	-	-	33	385
Total	13,788	16,617	(33)	(208)	13,755	16,409

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

As at year 2023 the sales to the five largest buyers comprised 47.36% of total sales, including the largest buyer 24.68% (as at 2022 – 37.97%, including the largest buyer 10.01%).

4. Cost of sales

	30-09-2023	30-09-2022
Raw materials	8,548	10,733
Salaries and wages	1,901	1,957
Depreciation and amortisation	1,221	1,129
Other	2,021	3,001
Total:	13,691	16,820

5. Other income

	30-09-2023	30-09-2022
Income from transportation services	30	62
Income from sale of other services	59	84
Income from rent of premises	33	25
Gain on disposal of property, plant and equipment	-	1
Other	-	-
Total:	122	172

6. Operating expenses

	30-09-2023	30-09-2022
Selling expenses	672	1,104
General and administrative expenses	1,505	1,941
Total:	2,177	3,045

7. Other operating expenses

	30-09-2023	30-09-2022
Transportation expenses	30	57
Gain on disposal of property, plant and equipment	-	-
Other	25	59
	55	116

8. Financial income

	30-09-2023	30-09-2022
Foreign currency exchange gain	1	(5)
Interest income and other	-	-
	1	(5)

9. Financial expenses

	30-09-2023	30-09-2022
Interest expenses	-	451
Loss of foreign currency exchange, net	1	-
Realized loss on foreign currency derivatives	-	-
Loss of foreign currency translation transactions	1	-
Other	-	-
	2	451

10. Intangible assets

	Balance sheet value	
	30-09-2023	31-12-2022
Development costs	1,111	1,300
Software, license	2	4
Other intangible assets	60	41
Total:	1,173	1,345

During the period of nine months of 2023 the Group has accumulated EUR 190 thousand (during same period of 2022, respectively – EUR 209 thousand) of intangible assets depreciation, of which EUR 190 thousand (EUR 209 thousand in 2022) 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 5,294 thousand as at 30 September 2023, was fully amortised (EUR 5,159 thousand for 2022) but is still in use.

11. Non-current tangible assets

	Balance sheet value	
	30-09-2023	31-12-2022
Land and buildings	4,843	5,011
Machinery and equipment	5,433	6,351
Vehicles and other property	7	20
Other equipment, fittings and tools	574	698
Construction in progress and prepayments	-	-
Vehicles used on a leasing basis	-	-
Right to land lease	84	84
Total:	10,941	12,164

Revaluation of tangible assets

Starting from 30 September 2016, the Group, and the Company decided to reevaluate the 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.

The depreciation charge of the Group's property, plant and equipment and investment property for the period of nine months of 2023 amounts to EUR 1,244 thousand (EUR 1,276 thousand respectively for nine months of 2022). After the assessment of amortization of grants, the amount of EUR 1,198 thousand for 2023 (EUR 1,154 thousand for 2022) was included into production costs. The remaining amount of EUR 46 thousand (EUR 62 thousand for 2022) was included into administration expenses in the Group's profit or loss.

As at 30 September 2023, buildings of the Group and the Company with the carrying amount of EUR 4,765 thousand (as at 31 December 2022 – EUR 4,919 thousand respectively), the Group's and the Company's machinery and equipment with the carrying amount of EUR 5,314 thousand (as at 31 December 2022 – EUR 6,187 thousand) were pledged to hypothetical lenders as collateral for the loans (Note 21).

12. Non-current and current loans to related companies

	Group		Company	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
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

	30-09-2023	31-12-2022
Raw materials, spare parts	1,769	1,674
Production in progress	341	309
Finished goods	1,112	1,739
Goods purchased for resale	253	302
Minus: total provisions	(231)	(231)
Total inventories, net	3,244	3,793

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

As at 30 September 2023 and as at 31 December 2022, the Group and Company has no legal restrictions on inventories.

14. Trade receivables

	30-09-2023	31-12-2022
Receivables	2,167	3,196
Less: impairment allowance for doubtful receivables	(1,171)	(1,171)
	996	2,025

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

As at 30 September 2023 100% impairment was accounted trade receivables in gross values of EUR 1,171 thousand (as at 31 December 2022 – EUR 1,171 thousand). 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 669 thousand (EUR 1,645 thousand as at 31 December 2022) 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:

	30-09-2023	31-12-2022
Balance at the beginning of the period	(1,171)	(671)
Charge for the year	-	(503)
Write-offs of trade receivables	-	-
Effect of the change in foreign currency exchange rate	-	3
Amounts paid	-	-
Balance in the end of the period	(1,171)	(1,171)

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

15. Other current assets

	30-09-2023	31-12-2022
VAT receivable	50	101
Restricted cash	10	10
Other receivables	32	40
	92	151

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

	30-09-2023	31-12-2022
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

	30-09-2023	31-12-2022
Cash at bank	446	174
Cash on hand	9	4
Cash in transit	-	1
	455	179

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 30 September 2023, 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

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 Company's legal reserve of EUR 674 thousand was used to cover losses by shareholders' resolution.

As at 30 September 2023, the legal reserve of EUR 44 thousand consisted exclusively of the reserve of the subsidiary Almecha UAB.

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 2021	5,138
Received during the period	-
Balance as at 31 December 2022	5,138
Received during the period	-
Balance as at 31 March 2023	5,138
Received during the period	-
Balance as at 30 June 2023	5,138
Received during the period	-
Balance as at 30 September 2023	5,138
Balance as at 31 December 2021	4,849
Amortisation during the period	55
Accumulated amortisation as at 31 December 2022	4,904
Amortisation during the period	14
Accumulated amortisation as at 31 March 2023	4,918
Amortisation during the period	14
Accumulated amortisation as at 30 June 2023	4,932
Amortisation during the period	14
Accumulated amortisation as at 30 September 2023	4,946
Carrying amount as at 30 September 2023	192
Carrying amount as at 31 December 2022	234

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:

	30-09-2023	31-12-2022
As at 1 January	242	300
Additions during the year	43	61
Utilised	(90)	(117)
Foreign currency exchange effect	-	-
Written off	(17)	(2)
	178	242

Warranty provisions are accounted for:

	30-09-2023
- non-current	78
- current	100
	31-12-2022
- non-current	94
- current	148

21. Borrowings

	30-09-2023	31-12-2022
Non-current borrowings		
Non-current borrowings with fixed interest rate	1,259	1,259
Accrued interest	104	104
Non-current borrowings with variable interest rate	8,376	8,376
Accrued interest	314	314
Long-term liabilities of leasing companies		-
Total	10,053	10,053
Current borrowings		
Current borrowings with fixed interest rate	-	-
Current borrowings with variable interest rate	-	-
Current liabilities of leasing companies	-	9
Other debt liabilities	-	-
Total	-	9
In Total	10,053	10,062

Other non-current liabilities

	30-09-2023	31-12-2022
Debts to suppliers	8,082	8,186
Debts to subsidiaries	-	
Amounts payable to the National Social Insurance Fund	63	63
Dividends payable and deposited	49	49
In Total	8,194	8,298

The main information on individual borrowings is disclosed below:

	Type	Maturity	As at 30 September 2023	As at 31 December 2022
Borrowing 1	Loan	Under the restructuring plan	8,690	8,690
Borrowing 2	Loan	Under the restructuring plan	1,363	1,363
Leasing 1		25-06-2023	-	3
Leasing 2		25-06-2023	-	2
Leasing 3		25-06-2023	-	2
Leasing 4		25-06-2023	-	2
			10,053	10,062

As at 30 September 2023, annual interest rate of the loan 1 is 1-month EURIBOR + 5.25% (as at 31 December 2022, EURIBOR + 5.25% annual interest rate).

As at 30 September 2023, interest rate for the loan 2 is set: 0.67% for a period of 30 days and 0.23% compensatory interest (per day).

As of 30 September 2023, the Company's buildings with the carrying amount of EUR 4,765 thousand (EUR 4,919 thousand as at 31 December 2022), the Group's and Company's machinery and equipment with the carrying amount of EUR 5,314 thousand (EUR 6,187 thousand as at 31 December 2022) were pledged to hypothetical lenders as collateral for loans.

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:

Currency of loans, leasing and other debt obligations:	30-09-2023	31-12-2022
EUR	10,053	10,062
	10,053	10,062

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 finance lease liabilities have a fixed interest rate of 3.9%.

Financial lease payments in the future in accordance with the financial lease agreements for dates 30 September 2023 and 31 December 2022 as follows:

	30-09-2023	31-12-2022
2022	-	-
2023	-	10
Financial lease liabilities total	-	10
Interest		(1)
Financial lease liabilities current value	-	9

Financial lease obligations are accounted as:	-
- current	-
- non-current	-

The assets of the Group under financial lease agreements consist of machinery and equipment (subsidiary).
Term of lease – 5 years.

Book value of leased assets:

	30-09-2023	31-12-2022
Machinery and equipment	30	43
Cars	-	11
	30	54

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 30 September 2023, the lease expenses of the Group amounted to EUR 3 thousand (EUR 14 thousand as at 30 September 2022).

Planned operating lease expenses of the Group in 2023 will be EUR 14 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

	30-09-2023	31-12-2022
Salaries and related taxes	396	398
Vacation reserve	224	199
Dividends payable	-	-
Accrued interest	16	16
Other taxes payable	-	-
Provisions for warranty repairs	100	148
Other payables and accrued expenses	58	76
	794	837

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

	30-09-2023	31-12-2022
Shares issued 1 January	39,622	39,622
Net profit (loss) for the year, attributable to the shareholders of company, in EUR	(2,047)	(3,856)
Basic profit (loss) per share, in EUR	(0.05)	(0.10)

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 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 30 September 2023 and 31 December 2022, 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 30 September 2023 and 31 December 2022, the credit risk was related to:

	30-09-2023	31-12-2022
Trade and other receivables	996	2,025
Cash and cash equivalents	455	179
	1,451	2,204

The concentration of the Group's trade partners and the largest credit risk related to trade receivables according to clients as at 30 September 2023 and 31 December 2022:

	2023	%	2022	%
Client 1	123	6	651	20
Client 2	113	5	345	11
Client 3	109	5	155	5
Client 4	106	5	135	4
Client 5	99	4	105	3
Client 6	55	3	73	2
Client 7	53	2	69	2
Other clients	1,509	70	1,663	53
Impairment	(1,171)		(1,171)	
	996	100	2,025	100

Trade receivables according to geographic regions:

	30-09-2023	31-12-2022
Central Europe	153	247
Ukraine	82	108
Lithuania	266	363
Western Europe	486	1,288
Other CIS countries	-	-
Other Baltic States	9	19
Russia	-	-
Other	-	-
	996	2,025

The analysis of delays in trade receivables less impairment losses as at 30 September 2023 and 31 December 2022 is as follows:

	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	
2023	832	32	9	31	5	87	996
2022	1,731	142	18	8	35	91	2,025

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 669 thousand (EUR 1,645 thousand as at 31 December 2022) 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 2023 and 2022, the Group did not use any financial instruments to hedge against 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 30 September 2023, this requirement was not fulfilled (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.

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 2023 and 2022 were as follows:

UAB „SME Capital 3“;

UAB EDS PROJECTS;

UAB EDS INVEST 3;

UAB EASY DEBT SERVICE;

Vaidana UAB (former controlling party);

Hymana Holdings Ltd. (former controlling party);

Sekenora Holdings Limited (former parent company).

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

As at 30 September 2023 and 31 December 2022, the Group has formed an impairment allowance for doubtful debts, related to receivables from 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 30 September 2023 and 31 December 2022:

	2023				2022			
	Loans received	Interest expenses	Loans granted	Interest income	Loans received	Interest expenses	Loans granted	Interest income
Controlling parties	-	-	-	-	-	-	-	-
The parent	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

The agreement, for the assignment claim right towards Hymana Holdings Ltd., arising from the Agreement for the Assignment (Cession) dated 24 November 2015 concluded between the Company and Hymana Holdings Ltd., was concluded with the Company's Board member K.A. Kovalchuk (Assignee). The Claim Right shall be assigned by instalments and when the Assignee makes a payment and funds are credited to the Company's bank account, respective part of the Claim Right in amount corresponding to the amount of funds received shall be considered to be assigned to the Assignee by the Company. The Assignee shall not in any case be considered as acquired the whole Claim Right if the amount paid by the Assignee and credited in the Company's bank account is lower than an amount of the Claim Right. The Company shall have a right to terminate the Agreement unilaterally at any time.

Trade transactions with the related parties:

<u>30-09-2023</u>	Purchases	Sales	Receivables	Payables
Companies, controlled by ultimate shareholders	-	-	-	-
Controlling parties	-	-	-	-
	-	-	-	-

<u>31-12-2022</u>	Purchases	Sales	Receivables	Payables
Companies, controlled by ultimate shareholders	72	22	494	-
Controlling parties	-	-	-	-
	72	22	494	-

The Company's liabilities for loans obtained under related party assignments:

	30-09-2023	31-12-2022
UAB EDS PROJECTS	1,363	1,363
UAB EASY DEBT SERVICE	8,690	-

The Company's transactions carried out with subsidiaries:

	Purchases		Sales	
	30-09-2023	31-12-2022	30-09-2023	31-12-2022
Subsidiaries	33	207	78	147

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 30 September 2023 and 31 December 2022:

	30-09-2023	31-12-2022
Non-current receivables		
Subsidiaries	-	-
Total non-current receivables	-	-
Current receivables		
Subsidiaries	79	63
Total current receivables	79	63

The analysis of receivables from subsidiaries and granted loans during the period of 30 September 2023 and 31 December 2022:

	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	
2023	18	9	10	7	10	25	79
2022	30	15	18	-	-	-	63

Payables to subsidiaries as of 30 September 2023 and 31 December 2022 (included under the trade payables caption in the Company's statement of financial position):

	30-09-2023	31-12-2022
Subsidiaries	166	170

As of the date of the report, the Company does not have any valid guarantee agreements for its subsidiaries.

Remuneration of the management and other payments

As at 30 September 2023, the remuneration costs for the management of the Company and its subsidiaries (20 employees in total), including taxes, amounted to EUR 632 thousand (EUR 709 thousand and 23 employees in 2022 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. 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, as in 2022, 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 Company's revenue in 2022 from sales in Russia and Belarus amounted about 2% of the Company's total turnover. Receivables from Russian and Belarusian customers were insignificant. Raw material supplies from Belarus and Russia are not ongoing, but their volumes in 2022 were insignificant (less than 1% of total purchases). The suspension of supplies from Russia and Belarus does not directly affect the Company's operations.
- 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).
 - Uncertainties caused by the war in Ukraine have led to significant volatility in the prices of raw materials, transportation and energy resources. 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, Asia and Africa, 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 Appeals 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.

31. Subsequent events

Following the takeover of the major shareholding of Snaigė AB by a new shareholder UAB EDS INVEST 3, the Board dismissed Mindaugas Sologubas from the position of the Company's General Director as of 4 October 2023 and appointed Executive Director Ruslanas Lugovik to the post of the CEO on a temporary basis as from 5 October 2023.

The Board of Snaigė AB appointed Darius Varnas as General Director, taking up this position on 9 October 2023.

As at the date of issue of the report, the General Meeting of Shareholders had not been held and the Group's new Board had not been formed.