

# SNAIGĒ AB

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AND ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021  
PRESENTED TOGETHER WITH INDEPENDENT AUDITOR'S REPORT



## ***Confirmation of responsible persons***

**11-04-2022**  
**Alytus**

Following the Article 22 of the Law on Securities of the Republic of Lithuania and the Bank of Lithuania Information Disclosure Rules, we, Mindaugas Sologubas, Managing Director, and Vytautas Adomaitis, Chief of the Accounting and Finance Department, confirm that, to our knowledge, the added SNAIGĖ AB, audited consolidated and company's financial statements of year 2021, prepared in accordance with International Financial Reporting Standards as adopted by the European Union are fair and present fairly the assets, liabilities, financial position, profit or loss and cash flows of the company and group, and the consolidated annual report fairly presents an overview of the business development and operations, the state of the company and the group of companies together with a description of the main risks and uncertainties we face.

Managing Director of SNAIGĖ AB

A blue ink signature of Mindaugas Sologubas, consisting of several overlapping loops and a long horizontal stroke.

Mindaugas Sologubas

Chief of the Accounting and Finance Department  
of SNAIGĖ AB

A blue ink signature of Vytautas Adomaitis, featuring a large, stylized 'V' and 'A' with a long horizontal stroke.

Vytautas Adomaitis

## CONTENTS

Independent Auditor's Report	4
Consolidated and separate statement of comprehensive income	9
Consolidated and separate statement of financial position	11
Consolidated statement of changes in equity	13
Separate statement of changes in equity	14
Consolidated and separate statement of cash flows	15
Notes to the financial statements	17
Snaigé AB Consolidated annual report	57
Snaigé AB Social responsibility report	108

**INDEPENDENT AUDITOR'S REPORT**

TO THE SHAREHOLDERS OF AKCINĖ BENDROVĖ SNAIGĖ

**Report on the Audit of the Company's and Consolidated Financial Statements****Qualified Opinion**

We have audited the accompanying separate financial statements of Akcinė bendrovė Snaigė (the Company) and the accompanying consolidated financial statements of the Company and its subsidiaries (the Group), which comprise the separate and consolidated statement of financial position as at December 31, 2021, and the separate and consolidated statement of comprehensive income, the separate and consolidated statement of changes in equity and the separate and consolidated statement of cash flows for the year then ended, and notes to the separate and consolidated financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion, except for the effects of the 1<sup>st</sup> and 2<sup>nd</sup> matters described in the paragraph "Basis for Qualified Opinion", separate and consolidated financial statements present fairly, in all material respects of the separate and consolidated financial position of the Company and the Group, respectively, as at December 31, 2021, and of their separate and consolidated financial performance and their separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

**Basis for Qualified opinion**

1. Short-term trade receivables are disclosed in the Company's and the Consolidated statement of financial position at acquisition cost with no deduction of any expected credit losses. The estimated amount of the adjustment that would be required to reflect the receivables of Ukrainian and Russian customers in the Company's and the Consolidated Statement of Financial Position in accordance with their expected recovery amount is EUR 305 thousand. Therefore, the value of short-term trade receivables should be reduced by EUR 305 thousand. The amount of doubtful receivables expenses in EUR 305 thousand and the net loss of the Company and the Group for the financial year should be increased accordingly.
2. The Company and the Group are breaching of their long-term loan agreement with a credit institution by meeting their financial covenants, with the result that the obligation will have to be settled at the request of the lender. The amount of the adjustment that should be made in order to show the amount of the non-current borrowings in the Company's and Consolidated Statement of Financial Position in the current year amounts to EUR 7,108 thousand.

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public – interest entities (regulation (EU) No 537/2014 of the European Parliament and of the Council). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the separate and Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the requirements of the Law on Audit of Financial Statements of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

**Emphasis of matter - significant uncertainty related to going concern**

We pay your attention to Note 2.2 to the financial statements, which states that on 31 December, 2021 the Company's current liabilities exceeded current assets by EUR 1,214 thousand, the Group – 1,106 thousand EUR, and then in the year ended the Company incurred EUR 2,018 thousand loss, the Group – 1,974 thousand EUR amount. These circumstances, as well as the other matters described in Note 2.2 to the explanatory notes, indicate that there are significant uncertainties that could cast significant doubt upon the Company's and the Group's ability to continue as a going concern. Our opinion for this matter is unqualified.

**Key audit matters**

The key audit matters are those matters that, in our professional judgment, were relevant to the audit of the Company's and consolidated financial statements for the current period. These matters have been considered in the light of the audit of the Company's and consolidated financial statements as a whole and our opinion on these separate and consolidated financial statements, and we do not express a separate opinion on these matters.

**Grant Thornton Baltic UAB**

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We have performed the responsibilities described in the section “Auditor's Responsibility for the Audit of the Separate and Consolidated Financial Statements” of this Report, including those related to key audit matters.

Accordingly, our audit covered the procedures that were performed in response to the risk of material misstatement of the financial statements. The results of the procedures performed, including the procedures performed in response to the matters set out below, provide a basis for our opinion on the Company's and consolidated financial statements set out below.

Revenue recognition

*See financial statements note 3.*

During 2021, the Company and the Group's net sales were reported at, respectively, EUR 32,852 thousand and EUR 33,538 thousand.

The largest share of the sales revenues is generated from the sales of refrigerators and freezers. The Company recognises the goods sales revenues on the basis of the quantity of the goods dispatched and the agreed prices. The revenues are recognised only after the material risk and the ownership rights with respect to the goods are transferred to the buyer, following the agreed INCOTERM terms. The revenues are recognised net of the granted rebates. Although in respect of the recognition of income the decisions are passed to a limited extent only, due to the value and the number of transactions revenue recognition is an important audit area that requires significant time and resources and, therefore, it is considered a key audit matter.

*How we audited the key audit matter*

We gained an understanding of the revenue business process and the controls in place, among other audit procedures.

We carried out the audit by combining the control test of effectiveness procedures with the substantive detailed tests procedures.

We evaluated the system of key controls related to the income recognition and tested their implementation. We dedicated special attention to the control procedures related to the reconciling of the invoices with the respective goods transportation documents and the agreed prices indicated in the orders for the goods and the relevant contracts.

We reviewed the accounting policy for the recognition of revenue related to all material income flows and assessed their compliance with the requirements of the International Accounting Financial Reporting Standards adopted by the European Union.

We performed the following substantive detailed tests procedures:

- We selected transactions designed with customers during the year, reconciled transactions with the signed contract or sales order, goods transportation documents, invoices and subsequent payments received from customers;
- Our work also included tests of selected income accounting records to assess the adequacy of the correspondence in the general ledger accounts.
- We have analyzed the information on income disclosed in the separate and consolidated financial statements of the Company and the Group.

#### **Other information**

The other information comprises the information included in the Consolidated and company's 2021 year annual report, including Company's Corporate Governance Code Compliance Report, Remuneration statement and Consolidated Social Responsibility Report, but does not include the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as specified below.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In addition, our responsibility is to consider whether information included in the Consolidated and company's annual report, including Corporate Governance Code Compliance Report and Remuneration statement, for the financial year for which the financial statements are prepared is consistent with the financial statements and whether annual report has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of financial statements, in our opinion, in all material respects:

- The information given in the Consolidated and company's annual report, including Corporate Governance Code Compliance Report and Remuneration statement, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- The Consolidated and company's annual report, including Corporate Governance Code Compliance Report and Remuneration statement, has been prepared in accordance with the requirements of the Law on Consolidated Financial Reporting by Groups of Undertakings of the Republic of Lithuania and the Law on Financial Reporting by Undertakings of the Republic of Lithuania.

We also need to check that the Corporate Social Responsibility Report has been provided. If we identify that Consolidated Social Responsibility Report has not been provided, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Separate and Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Law of the Republic of Lithuania on accounting and financial reporting, and International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's consolidated financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the separate and Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on other legal and regulatory requirements**

Other requirements for the auditor's report under Regulation of the European Parliament and of the Council 537/2014.

In accordance with the decision made by shareholders on 15 October 2021 Grant Thornton Baltic UAB has been chosen to carry out the audit of the Company's and the Group's separate and the consolidated financial statements. Our appointment to carry out the audit of Company's and the Group's 2021 and 2022 year separate and the consolidated financial statements in accordance with the decision made by shareholders has been renewed annually and the period of total uninterrupted engagement is 2 years and the total uninterrupted term of appointment is 5 years.

We confirm that our opinion in the section 'Qualified Opinion' is consistent with the additional report which we have submitted to the Company and the Group and Audit Committee and the Central Bank of Lithuania.

We confirm that in light of our knowledge and belief, services provided to the Company and the Group are consistent with the requirements of the law and regulations and do not comprise non-audit services referred to in Article 5(1) of the Regulation (EU) No 537/2014 of the European Parliament and of the Council.

We did not provide audit services other than the separate and consolidated financial statements during the audit period.

#### **Report on the compliance of format of the consolidated and the company financial statements with the requirements for European Single Electronic Reporting Format**

We have been engaged based our agreement by the management of the Company to conduct a reasonable assurance engagement for the verification of compliance with the applicable requirements of the European single electronic reporting format of consolidated and company financial statements, including Consolidated and company's annual report, for the year ended 31 December 2021 (the "Single Electronic Reporting Format of the consolidated financial statements").

#### **Description of a subject and applicable criteria**

The Single Electronic Reporting Format of the consolidated and company financial statements has been applied by the management of the Company to comply with the requirements of art. 3 and 4 of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation"). The applicable requirements regarding the Single Electronic Reporting Format of the consolidated financial statements are contained in the ESEF Regulation. Furthermore, the Company has voluntarily performed the marking of the separate financial statements in accordance with the requirements applicable to the consolidated financial statements.

The requirements described in the preceding paragraph determine the basis for application of the Single Electronic Reporting Format of the consolidated and company financial statements and, in our view, these requirements constitute appropriate criteria to form a reasonable assurance conclusion.

#### **Responsibilities of management and those charged with governance**

The management of the Company is responsible for the application of the Single Electronic Reporting Format of the consolidated and company financial statements that complies with the requirements of the ESEF Regulation.

This responsibility includes the selection and application of appropriate markups in iXBRL using ESEF taxonomy and designing, implementing and maintaining internal controls relevant for the preparation of the Single Electronic Reporting Format of the consolidated and company financial statements which is free from material non-compliance with the requirements of the ESEF Regulation.

Those charged with governance are responsible for overseeing the financial reporting process.

#### **Our responsibility**

Our responsibility was to express a reasonable assurance conclusion whether the Single Electronic Reporting Format of the consolidated and company financial statements complies with the ESEF Regulation.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' (the „ISAE 3000 (R)“ ). This standard requires that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance whether the Single Electronic Reporting Format of the consolidated financial statements is prepared, in all material aspects,

in accordance with the applicable requirements. Reasonable assurance is a high level of assurance, but it does not guarantee that the service performed in accordance ISAE 3000 (R) will always detect the existing material misstatement (significant noncompliance with the requirements).

### **Summary of the work performed**

Our planned and performed procedures were aimed at obtaining reasonable assurance that the Single Electronic Reporting Format of the separate and consolidated financial statements was applied, in all material aspects, in accordance with the applicable requirements and such application is free from material errors or omissions.

Our procedures included in particular:

- obtaining an understanding of the internal control system and processes relevant to the application of the Single Electronic Reporting Format of the consolidated financial statements, including the preparation of the XHTML format and marking up the separate consolidated financial statements;
- verification whether the XHTML format was applied properly;
- evaluating the completeness of marking up the consolidated and company financial statements using the iXBRL markup language according to the requirements of the implementation of single electronic format as described in the ESEF Regulation;
- evaluating the appropriateness of the Company's and Group's use of XBRL markups selected from the ESEF taxonomy and the creation of extension markups where no suitable element in the ESEF taxonomy has been identified; and
- evaluating the appropriateness of anchoring of the extension elements to the ESEF taxonomy.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### **Conclusion**

In our opinion, the Single Electronic Reporting Format of the consolidated and company financial statements for the year ended 31 December 2021 complies, in all material respects, with the ESEF Regulation.

The engagement partner on the audit resulting in this independent auditor's report is Darius Gliubicas.

Grant Thornton Baltic UAB  
Upės str. 21-1, Vilnius, the Republic of Lithuania  
Audit firm certificate No. 001513

Certified auditor  
Darius Gliubicas<sup>1</sup>  
Auditor's certificate No. 000594  
15 April, 2022

*This is a free translation into English of the Statutory Auditor's report issued in Lithuanian language*

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<sup>1</sup> An electronic document in ASIC format is signed with an electronic signature, has the same legal force as a signed written document and is a permissible means of proof. Only the independent auditor's report is signed with the electronic signature of the auditor.



## Consolidated and separate statement of comprehensive income

	Notes	Group		Company	
		2021	2020	2021	2020
Sales	3	33,538	29,418	32,852	28,705
Cost of sales	4	(30,289)	(26,268)	(29,780)	(25,543)
Gross profit		<b>3,249</b>	<b>3,150</b>	<b>3,072</b>	<b>3,162</b>
Selling and distribution expenses	5	(2,636)	(1,814)	(2,655)	(1,943)
General and administrative expenses	6	(2,104)	(751)	(1,990)	(570)
Other income	7	464	330	565	419
Other expenses	8	(442)	(270)	(505)	(335)
<b>Operating profit (loss)</b>		<b>(1,469)</b>	<b>645</b>	<b>(1,513)</b>	<b>733</b>
Finance income	9	64	94	64	94
Finance costs	10	(543)	(616)	(543)	(614)
<b>Profit (loss) before income tax</b>		<b>(1,948)</b>	<b>123</b>	<b>(1,992)</b>	<b>213</b>
Income tax	11	(26)	35	(26)	43
<b>Net profit (loss)</b>		<b>(1,974)</b>	<b>158</b>	<b>(2,018)</b>	<b>256</b>
<b>Other comprehensive income</b>					
<b>Items that will never be reclassified to profit or loss</b>					
Revaluation of property, plant and equipment		-	-	-	-
Related tax		-	-	-	-
<b>Items that are or may be reclassified to profit or loss</b>					
Exchange differences on translation of foreign operations		2	(5)	-	-
		2	(5)	-	-
<b>Total other comprehensive income, net of tax</b>		<b>2</b>	<b>(5)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income, net of tax</b>		<b>(1,972)</b>	<b>153</b>	<b>(2 018)</b>	<b>256</b>

(continued on the next page)



The notes on pages 17–56 are an integral part of these financial statements.

## Consolidated and separate statement of comprehensive income (continued)

	Notes	Group		Company	
		2021	2020	2021	2020
<b>Net profit (loss) attributable to:</b>					
The shareholders of the Company		(1,974)	158	(2,018)	256
Non-controlling interest		-	-	-	-
		<b>(1,974)</b>	<b>158</b>	<b>(2,018)</b>	<b>256</b>
<b>Total comprehensive income, net of tax, attributable to:</b>					
The shareholders of the Company		(1,972)	153	-	-
Non-controlling interest		-	-	-	-
		<b>(1,972)</b>	<b>153</b>	<b>(2,018)</b>	<b>256</b>
<b>Profit (loss) per share</b>					
Basic and diluted profit (loss) per share	28	(0.05)	0.004	(0.05)	0.006

The value of comprehensive income of EUR 846 thousand (as at 2020 EUR 774 thousand) was transferred directly to retained earnings, transferring depreciation of revalued assets less deferred income tax, and is disclosed in Note 20 and in the statement of changes in equity of the Company and the Group.

The notes on pages 17–56 are an integral part of these financial statements.

Managing Director	Mindaugas Sologubas		11 of April, 2022
Chief of the Accounting and Finance Department	Vytautas Adomaitis		11 of April, 2022

## Consolidated and separate statement of financial position

	Notes	Group		Company	
		As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets	12	1,567	1,537	1,567	1,537
Property, plant and equipment	13	13,366	13,653	13,295	13,499
Assets managed under lease right	25	109	138	109	138
Investments into subsidiaries	1	-	-	424	424
<b>Total non-current assets</b>		<b>15,042</b>	<b>15,328</b>	<b>15,395</b>	<b>15,598</b>
<b>Current assets</b>					
Inventories	15	6,142	4,135	6,127	4,081
Trade receivables	16, 29	4,247	3,966	4,181	3,943
Prepayments		493	816	493	816
Other amounts receivable	14, 17	250	246	248	196
Cash and cash equivalents	18	129	309	53	249
<b>Total current assets</b>		<b>11,261</b>	<b>9,472</b>	<b>11,102</b>	<b>9,285</b>
<b>Total assets</b>		<b>26,303</b>	<b>24,800</b>	<b>26,497</b>	<b>24,883</b>

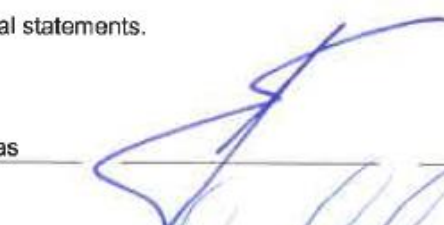

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The notes on pages 17-56 are an integral part of these financial statements.

## Consolidated and separate statement of financial position (continued)

	Notes	Group		Company	
		As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	19	6,736	6,736	6,736	6,736
Legal reserve	20	718	991	674	946
Revaluation reserve of property, plant and equipment	20	7,675	8,521	7,675	8,521
Foreign currency translation reserve		(52)	(54)	-	-
Retained earnings (loss)		(11,507)	(10,652)	(11,254)	(10,354)
<b>Equity attributable to equity holders of the Company</b>		<b>3,570</b>	<b>5,542</b>	<b>3,831</b>	<b>5,849</b>
<b>Non-controlling interest</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>3,570</b>	<b>5,542</b>	<b>3,831</b>	<b>5,849</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Grants	21	289	392	289	392
Provisions	22	118	115	117	113
Deferred income tax liability	11	1,628	1,624	1,639	1,632
Non-current borrowings	23	8,005	8,411	8,005	8,405
Non-current employee benefits	24	326	288	300	274
Accrued expenses and other non-current liabilities		-	30	-	30
<b>Total non-current liabilities</b>		<b>10,366</b>	<b>10,860</b>	<b>10,350</b>	<b>10,846</b>
<b>Current liabilities</b>					
Current portion of non-current borrowings	23	2,502	764	2,502	746
Trade payables		8,204	5,881	8,229	5,813
Current rent liabilities	25	111	140	111	140
Prepayments received		93	90	85	25
Provisions	22	182	204	180	197
Employees related liabilities	26	893	1,014	846	968
Other current liabilities	27	382	305	363	299
<b>Total current liabilities</b>		<b>12,367</b>	<b>8,398</b>	<b>12,316</b>	<b>8,188</b>
<b>Total liabilities</b>		<b>22,733</b>	<b>19,258</b>	<b>22,666</b>	<b>19,034</b>
<b>Total equity and liabilities</b>		<b>26,303</b>	<b>24,800</b>	<b>26,497</b>	<b>24,883</b>



The notes on pages 17–56 are an integral part of these financial statements.

_____ Managing Director	_____ Mindaugas Sologubas		_____ 11 of April, 2022
_____ Chief of the Accounting and Finance Department	_____ Vytautas Adomaitis		_____ 11 of April, 2022

## Consolidated statement of changes in equity

Notes	Share capital	Legal reserve	Revaluation reserve	Foreign currency translation reserve	Retained earnings (loss)	Total	Non-controlling interest	Total equity
<b>Balance as at 1 January 2020</b>	<b>10,302</b>	<b>991</b>	<b>5,729</b>	<b>(49)</b>	<b>(11,584)</b>	<b>5,389</b>	<b>-</b>	<b>5,389</b>
<b>Profit (loss), not recognized in comprehensive income</b>	<b>20</b>	<b>-</b>	<b>(774)</b>	<b>-</b>	<b>774</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other changes	-	-	-	-	-	-	-	-
Net profit (loss) for the year	-	-	-	-	158	158	-	158
Other comprehensive income	-	-	-	(5)	-	(5)	-	(5)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5)</b>	<b>158</b>	<b>153</b>	<b>-</b>	<b>153</b>
Share capital decrease	(3,566)	-	3,566	-	-	-	-	-
<b>Balance as at 31 December 2020</b>	<b>6,736</b>	<b>991</b>	<b>8,521</b>	<b>(54)</b>	<b>(10,652)</b>	<b>5,542</b>	<b>-</b>	<b>5,542</b>
<b>Profit (loss), not recognized in comprehensive income</b>	<b>20</b>	<b>-</b>	<b>(846)</b>	<b>-</b>	<b>846</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other changes	-	(273)	-	-	273	-	-	-
Net profit (loss) for the year	-	-	-	-	(1,974)	(1,974)	-	(1,974)
Other comprehensive income	-	-	-	2	-	2	-	2
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>(1,974)</b>	<b>(1,972)</b>	<b>-</b>	<b>(1,972)</b>
Share capital decrease	-	-	-	-	-	-	-	-
<b>Balance as at 31 December 2021</b>	<b>6,736</b>	<b>718</b>	<b>7,675</b>	<b>(52)</b>	<b>(11,507)</b>	<b>3,570</b>	<b>-</b>	<b>3,570</b>



The notes on pages 17–56 are an integral part of these financial statements.

Managing Director	Mindaugas Sologubas		11 of April, 2022
Chief of the Accounting and Finance Department	Vytautas Adomaitis		11 of April, 2022

## Separate statement of changes in equity

	Notes	Share capital	Legal reserve	Revaluation reserve	Retained earnings (loss)	Total
<b>Balance as at 1 January 2020</b>		<b>10,302</b>	<b>946</b>	<b>5,729</b>	<b>(11,384)</b>	<b>5,593</b>
<b>Profit (loss), not recognized in comprehensive income</b>	20	-	-	(774)	774	-
Other changes		-	-	-	-	-
Net profit (loss) for the year		-	-	-	256	256
Other comprehensive income (expenses)		-	-	-	-	-
<b>Total comprehensive income</b>		-	-	-	<b>256</b>	<b>256</b>
Share capital decrease		(3,566)	-	<b>3,566</b>	-	-
<b>Balance as at 31 December 2020</b>		<b>6,736</b>	<b>946</b>	<b>8,521</b>	<b>(10,354)</b>	<b>5,849</b>
<b>Profit (loss), not recognized in comprehensive income</b>	20	-	-	(846)	846	-
Net profit (loss) for the year		-	-	-	(2,018)	(2,018)
Other comprehensive income		-	(272)	-	272	-
<b>Total comprehensive income</b>		-	(272)	-	<b>(1,746)</b>	<b>(2,018)</b>
Share capital decrease		-	-	-	-	-
<b>Balance as at 31 December 2021</b>		<b>6,736</b>	<b>674</b>	<b>7,675</b>	<b>(11,254)</b>	<b>3,831</b>

The notes on pages 17–56 are an integral part of these financial statements.

Managing Director	Mindaugas Sologubas		11 of April, 2022
Chief of the Accounting and Finance Department	Vytautas Adomaitis		11 of April, 2022

**Consolidated and separate statement of cash flows**

	Notes	Group		Company	
		2021	2020	2021	2020
<b>Cash flows from (to) operating activities</b>					
Net result for the year		(1,974)	158	(2,018)	256
<b>Adjustments for non-cash items:</b>					
Depreciation and amortisation		1,980	2,163	1,950	2,122
Grants (related to assets)		(105)	(131)	(105)	(131)
Grants (related to income)		(118)	(1,103)	(91)	(1,045)
Income tax expense (income)		7	(35)	7	(43)
Write-off of non-current assets		54	15	4	14
Impairment allowance for trade receivables and inventories		(68)	64	(32)	64
Change in provisions		(19)	(207)	(13)	(89)
Dividends income		(1)	-	(1)	-
Interest expenses		478	492	502	492
Elimination of other non-cash items		(119)	(218)	45	(184)
		115	1,198	248	1,456
<b>Changes in working capital:</b>					
(Increase) decrease in inventories		(1,939)	(660)	(2,013)	(678)
(Increase) decrease in trade and other receivables		(77)	(726)	(273)	(801)
Increase (decrease) in trade and other payables		2,290	159	2,414	23
Advance income tax returned (paid)		(31)	-	(31)	-
<b>Net cash flows from operating activities</b>		<b>358</b>	<b>(29)</b>	<b>345</b>	<b>0</b>
<b>Cash flows from (to) investing activities</b>					
(Acquisition) of property, plant and equipment		(1,240)	(391)	(1,240)	(382)
(Acquisition) of intangible assets		(402)	(326)	(402)	(326)
Interest received		27	-	27	-
Loan recovery		192	934	192	934
Others		-	-	-	-
Lending/ Provision of loans		(103)	-	(103)	-
<b>Net cash flows from investing activities</b>		<b>(1,526)</b>	<b>217</b>	<b>(1,526)</b>	<b>226</b>



*(continued on the next page)*

The notes on pages 17-56 are an integral part of these financial statements.

## Consolidated and separate statement of cash flows (continued)

	Notes	Group		Company	
		2021	2020	2021	2020
<b>Cash flows from (to) financing activities</b>					
Proceeds from non-current borrowings and other financial sources		2,105	54	2,105	54
Interest (paid)		(478)	(492)	(478)	(492)
(Repayment) of borrowings		(757)	(682)	(733)	(682)
Grants received		118	1,103	91	1,045
<b>Net cash flows from (to) financing activities</b>		<b>988</b>	<b>(17)</b>	<b>985</b>	<b>(75)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(180)</b>	<b>171</b>	<b>(196)</b>	<b>151</b>
Effect of currency exchange rate on the balance of cash		-	-	-	-
<b>Cash and cash equivalents at the beginning of the year</b>		<b>309</b>	<b>138</b>	<b>249</b>	<b>98</b>
<b>Cash and cash equivalents at the end of the year</b>	18	<b>129</b>	<b>309</b>	<b>53</b>	<b>249</b>

The notes on pages 17–56 are an integral part of these financial statements.

Managing Director	Mindaugas Sologubas		11 of April, 2022
Chief of the Accounting and Finance Department	Vytautas Adomaitis		11 of April, 2022



## Notes to the financial statements

### 1. General 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 OMX Vilnius stock exchange. As at 31 December 2021 and 2020 the shareholders of the Company were:

	2021		2020	
	Number of shares held (in thousand units)	Ownership share	Number of shares held (in thousand units)	Ownership share
SEKENORA HOLDINGS LIMITED	36,096	91.10%	36,096	91.10%
Other shareholders	3,526	8.90%	3,526	8.90%
<b>Total</b>	<b>39,622</b>	<b>100%</b>	<b>39,622</b>	<b>100%</b>

All the shares of the Company are ordinary shares with the par value of EUR 0.17 (EUR 0.17 in 2020) each and were fully paid as at 31 December 2021 and 2020 (Note 19). As at 31 December 2021 and 2020, the Company did not hold its own shares.

As at 31 December 2021, the Group had 539 employees, and Company had 513 employees (as at 31 December 2020, 528 and 495 correspondingly).

As at 31 December 2021, the Board of the Company consisted of four members (in 2020 it consisted of five members). The board does not have representatives of Snaigė AB. Members of the Board are disclosed in Group’s annual report.

The Group consisted of Snaigė AB and the following subsidiaries as at 31 December 2021 (hereinafter “the Group”):

Company	Country	Cost of investment (EUR thousand)	Percentage of the shares held by the Group	Profit (loss) for the reporting year (EUR thousand)	Shareholder s’ equity (EUR thousand)
Snaige Ukraina TOB	Ukraine	26	99%	1	4
Almecha UAB	Lithuania	398	100%	55	174
<b>Total</b>		<b>424</b>			

The Group consisted of SNAIGĖ AB and the following subsidiaries as at 31 December 2020 (hereinafter “the Group”):

Company	Country	Cost of investment (EUR thousand)	Percentage of the shares held by the Group	Profit (loss) for the reporting year (EUR thousand)	Shareholder s’ equity (EUR thousand)
Snaige Ukraina TOB	Ukraine	26	99%	(2)	3
Almecha UAB	Lithuania	398	100%	(103)	118
<b>Total</b>		<b>424</b>			

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 on 9 November 2006. The main activities of the company are production of refrigerating components and equipment.

## **1. General information (continued)**

The Group's and the Company's management approved these financial statements on 11 April 2022. The shareholders of the Company have a statutory right to either approve these financial statements or not approve them and require the management to prepare a new set of financial statements.

## **2. Accounting principles**

The principal accounting policies adopted in preparing the Group's and the Company's financial statements for 2021 are as follows:

### **2.1. Basis of preparation of the financial statements**

The financial statements of the Company and the are prepared in accordance with International Financial Reporting Standards (IFRS) that have been adopted for use in the European Union.

Due to the rounding of individual amounts to thousands of euros in the tables, the figures may not coincide; such rounding errors are insignificant in these financial statements.

These financial statements are prepared under the historical cost convention, except for property, plant and equipment, which are carried at revalued amounts.

### **Adoption of new and/or changed IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations**

#### **Application of the Conceptual Framework to International Financial Reporting Standards (IFRS)**

In the current year, the Company and the Group has adopted all of the new and revised Standards and Interpretations that are relevant to its operations and effective for accounting periods beginning on 1 January 2021

#### **(a) The following new standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2021**

##### **Amendments to IFRS 16 Leases: COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendments)** (issued on 31 March 2021, effective from 1 April 2021)

These amendments extend the scope of the 2020 amendments by increasing the period of eligibility to apply the practical expedient from 30 June 2021 to 30 June 2022.

On 28 May 2020, the Board issued COVID-19-Related Rent Concessions, which amended IFRS 16 Leases. The 2020 amendments permit lessees, as a practical expedient, not to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications. Among other conditions, the 2020 amendments permit a lessee to apply the practical expedient only to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. If a rent concession reduces lease payments both before and after 30 June 2021, IFRS 16 does not permit the practical expedient to be applied to that concession.

The amendments are effective in European Union for annual reporting periods beginning on or after 1 April 2021. The management has assessed that these amendments have no significant impact on these interim financial statements as no significant concessions/discounts have been received during the reporting period and are not expected to be received in subsequent periods.

##### **Interest Rate Benchmark Reform – Phase 2 – IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments)** (issued on 27 August 2020, effective from 1 January 2021)

These amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

The amendments are effective in European Union for annual periods beginning on or after 1 January 2021. The management has assessed that these amendments have no significant impact on these interim financial statements.

**Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform** (published on 27 August 2020, effective from 1 January 2021 and must be applied retrospectively)

Amendments to IFRS 9, IAS 39 and IFRS 7 will conclude phase two focused on issues that could affect financial reporting when an existing interest rate benchmark is replaced with a risk-free interest rate (an RFR). These amendments will not have an impact on the financial statements.

**(b) Standards and amendments that have been approved but are not yet effective and have not been applied in advance**

New standards, amendments and interpretations that are not mandatory for reporting period beginning on 1 January 2021 and have not been early adopted when preparing these financial statements are presented below:

**IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 (Amendments)** (All issued 14 May 2020, effective from 1 January 2022)

The IASB has issued narrow-scope amendments to the IFRS Standards as follows:

- IFRS 3 Business Combinations (Amendments) update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- IAS 16 Property, Plant and Equipment (Amendments) prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss of SPLOCI.
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments) specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.
- Annual Improvements 2018-2020 make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

The amendments are effective in European Union for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted. The management is currently assessing the impact of these amendments on the financial statements.

**Amendments to IFRS 17 and IFRS 4: The deferral of effective dates for IFRS 17 and IFRS 9 for insurers**

(published 25 June 2020, effective from 1 January 2021, but not before approval by the EU)

The amendments to IFRS 17 are effective, retrospectively, for annual periods beginning on or after 1 January 2023, with earlier application permitted. The amendments aim at helping companies implement the Standard. In particular, the amendments are designed to reduce costs by simplifying some requirements in the Standard, make financial performance easier to explain and ease transition by deferring the effective date of the Standard to 2023 and by providing additional relief to reduce the effort required when applying IFRS 17 for the first time.

The amendments to IFRS 4 change the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

The management has assessed that these amendments will not have any impact on the Company's and Group's financial statements.

**IFRS 17: Insurance Contracts** (published 18 May 2017, effective from 1 January 2023, but not before approval by the EU)

The standard is effective for annual periods beginning on or after 1 January 2021 with earlier application permitted if both IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have also been applied. In its March 2020 meeting the Board decided to defer the effective date to 2023. IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity. This

IFRS will not have any impact on the financial position or performance of the Company and Group as insurance services are not provided.

**Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction** (issued on 7 May 2021, effective from 1 January 2023, but not before approval by the EU)

The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted. The Amendments have not yet been endorsed by the EU. Company and the Group has not yet evaluated the impact of the implementation of these amendments.

**Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates** (issued on 12 February 2021, effective from 1 January 2023, but not before approval by the EU)

The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors.

The amendments become effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The Amendments have not yet been endorsed by the EU. Company and the Group has not yet evaluated the impact of the implementation of these amendments.

**Amendments to IAS 1: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current** (issued on 23 January 2020 and 15 July 2020 respectively, effective from 1 January 2023, but not before approval by the EU)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments. The Company and Group is currently assessing the impact of this amendment on their financial statements.

**Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies** (issued on 12 February 2021, effective from 1 January 2023, but not before approval by the EU)

The Amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. The Amendments have not yet been endorsed by the EU. Company and the Group has not yet evaluated the impact of the implementation of these amendments.

## **2.2. Going concern**

These financial statements for the year 2021 have been prepared on the assumption that the Group and the Company will be able to continue as a going concern for a period of not less than one year, evaluating the following assumptions and risks:

- To finance working capital, the Company plans successful sales of finished products and to continue cooperation only with reliable partners. Debts to suppliers are planned to be reduced from free circulating funds.
- The Board of Company approved the investment plan for 2022, according to which additional investments in new products and new production directions will be EUR 550 thousand, for replacement of equipment and renewal of other areas of activity will be EUR 200 thousand. This will allow to revive sales and successfully expand the company's operation.
- In the opinion of the Company and the Group's management, the impact of the pandemic caused by COVID-19 will not have a material impact on the going concern, although it is likely to have a negative impact on the Company's and the Group's results. If the pandemic lasts longer than expected, the Company's and the Group's management expects adequate necessary state support to ensure business continuity.

- In the opinion of the Company's and the Group's management, the impact of the military conflict in Ukraine which began at the end of February (Note 32) is significant but not critical. Although trade in the Company's products in one of the largest markets has been temporarily suspended due to this conflict, the new groups of products and the active actions of the Company will offset the negative impact of the war in other markets. War-related sanctions do not apply to the company or its managers or shareholders.

- The Company's negative performance and related liquidity challenges due to rising raw materials and energy prices and declining consumption due to declining expectations in the war in Ukraine are temporary and the Company and the Group's management expect to overcome them with available resources and adequate state support.

Management agrees that the above assumptions are affected by significant uncertainties that could cast significant doubt upon the Company's ability to continue as a going concern, which would prevent the Company from realizing its assets and meeting its obligations in the ordinary course of business. Nevertheless, and given the significant uncertainties, management expects the Company to have sufficient resources to continue as a going concern in the foreseeable future. Therefore, the Company has continued to apply the going concern principle in preparing these financial statements

### **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. 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 Ukraina, TOB, is Ukrainian hryvnia (UAH). As at the reporting date, the assets and liabilities of this subsidiary are 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 performance results of the subsidiaries the control of which is lost are presented in the consolidated financial statements only for the period when control belonged to the Group.

The applicable exchange rates in relation to euro as at the 31 December 2021 and 2020 were as follows:

	<u>31 December 2021</u>	<u>31 December 2020</u>
UAH	30.99338	34.8001
USD	1.1334	1.2281

All amounts in these financial statements are in EUR thousand unless otherwise stated.

### **2.4. Use of estimates in the preparation of financial statements**

The preparation of the financial statements in accordance with IFRS, as adopted by the European Union, requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of the estimates and assumptions form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are reviewed if they affect only this period, or in the period in which the estimates are reviewed and any future periods if they affect both the review and future periods.

The significant areas of estimation used in the preparation of these financial statements relate to the fair value of property, plant and equipment, estimated useful life time of the property, plant and equipment, recoverability of loans provided to the shareholder and provisions related to guarantees and warranties.

*Fair value of the property, plant and equipment*

Fair value of property, plant and equipment was determined by independent valuers, and management used this valuation as sufficient basis for asset revaluation. The significant unobservable inputs used in the fair value determination are disclosed in Note 13.

*Useful life of property, plant and equipment*

The main assumptions when evaluating useful life of property, plant and equipment are: the intensity of use and tear of property, plant and equipment. Technical staff evaluated property, plant and equipment and indicated expected time of further usage, and new, longer depreciation terms were applied together with assets revaluation.

*Provisions*

Recognition of provisions requires estimate of the probable outflow of economic benefits and defining the best estimate of the expenditure required to settle the present obligation at the end of reporting period. The Group and the Company estimate at the end of the reporting period if they have the present obligation from the past event, that should be registered as a liability as at the end of reporting period.

*Warrantees*

The warrantee provision is primarily related to the products sold in 2021 and 2020; starting from 2017 the warranty is for 2 years. The provision is estimated based on historical data, related to products.

Future events may occur which may cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

## **2.5. Consolidation and Business Combinations**

Business combinations are accounted for using the acquisition method. Acquisition cost is determined by adding the fair value of the consideration at the date of acquisition and the amount of the non-controlling interest in the acquiree if any. For each business acquisition, the acquirer shall measure the non-controlling interest in the acquiree either at fair value or in proportion to the identifiable net assets of the acquiree. Acquisition costs incurred are written off to administrative costs.

If the business combination is carried out in stages, the acquirer's previously held interest in the acquiree is measured at fair value at the acquisition date through the statement of comprehensive income. The contingent consideration that the acquirer will have to pay is recognized at fair value at the acquisition date. Subsequent valuations of the contingent consideration that is treated as an asset or liability will be recognized at fair value in accordance with IFRS 9: either through profit/loss or as a change in other comprehensive income. If the contingent consideration is classified as equity, it is not reassessed and its subsequent payment is accounted for in equity.

Goodwill is recognized at cost and is equal to the amount by which the total consideration, including the amount of the non-controlling interest recognized, exceeds the net amount of the assets and liabilities acquired. If this consideration is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the statement of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses, and the date of the financial statements is then assessed for impairment.

## **2.6. Investments in subsidiaries**

Investments in subsidiaries are stated in the separate statement of financial position of the Company at cost less impairment.

The acquisition cost is equal to the fair value of the consideration paid. An assessment of the carrying amount of an investment for impairment is made when events or changes in circumstances indicate that the carrying amount of the investment may exceed its recoverable amount. In such circumstances, the Company assesses the return on investment. If the carrying amount of an investment exceeds its recoverable amount, the investment is written down to its recoverable amount (the higher of fair value less costs to sell and value in use). Impairment is recognized in profit or loss under finance costs.

Profit (loss) from disposal of investments is accounted for in profit or loss under financing activities.

## **2.7. 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).

The useful lives and amortisation method are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from items in intangible assets other than goodwill.

### 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. It is amortised over the period of expected future benefit. Amortization periods from 1 to 8 years are applied. During the period of development, the asset is tested for impairment annually.

### 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.

The Company and the Group have no intangible assets with indefinite useful lifetime.

## **2.8. Property, plant and equipment, investment property**

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.

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.

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

Buildings and structures (incl. 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 (incl. 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.

Borrowing costs that are directly attributable to the acquisition, construction or production of non-current assets are capitalised, otherwise – expensed as incurred. No borrowing costs were capitalised in 2021 and 2020.

## **2.9. 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.

## **2.10. Cash and cash equivalents**

Cash and cash equivalents are carried at par value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and in a bank, demand deposits with banks and other highly liquid short-term investments with original maturities of up to 3 months.

## **2.11. Financial assets and financial liabilities**

### **IFRS 9 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset to one entity and a financial liability or equity instrument to another.

#### **a) Financial assets**

##### Initial recognition and evaluation:

Financial assets are initially allocated at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss.

Assigning financial assets at initial recognition depends on the contractual cash flow characteristics of the financial asset and the Group/Company's business model that defines the management of the financial asset. Except for trade receivables and contract assets that do not have a significant funding component, the Group/Company recognizes financial assets at fair value through initial recognition plus, when financial assets are not measured at fair value through profit or loss, transaction costs. Trade receivables and contract assets that do not include a significant funding component are measured at the transaction price determined in IFRS 15.



For a financial asset to be designated and measured at amortized cost or fair value through other comprehensive income, the cash flows arising from the financial asset should be only principal and interest payments (SPPI) on the principal uncovered amount. This assessment is called the SPPI test and is performed for each financial instrument.

The Group/Company's financial asset management model specifies how the Group/Company manages its financial assets to generate cash flows. The business model determines whether cash flows will be generated by collecting contractual cash flows, by selling this financial asset or by using both options.

Ordinary purchases or sales of financial assets are recognized on the trade date, i.e. the date the Group/Company undertakes to purchase or sell the financial asset.

#### Subsequent evaluation

After initial recognition, the Company/Group assesses financial assets:

- a) Amortized cost (debt financial instruments);
- b) At fair value through other comprehensive income when the cumulative gain or loss after the derecognition is transferred to profit or (loss) (debt financial instruments). As of 31 December 2021 and 2020, the Group/Company did not have such instruments;
- c) Fair value through other comprehensive income when the cumulative gain or loss on discontinuance is not transferred to profit or (loss) (equity). As of 31 December 2021 and 2020, the Group/Company did not have such instruments;
- d) At fair value through profit or loss.

#### Financial assets at amortized cost (debt financial instruments)

The Group/Company assesses financial assets at amortized cost if both of the following conditions are met:

- i) Financial assets are considered to be a business model designed to hold financial assets to collect contractual cash flows; and
- ii) Due to contractual terms of financial assets, cash flows that occur only on the principal amount and on the principal outstanding amount may arise on specified dates.

Financial assets at amortized cost are subsequently measured using the effective interest rate method (EIR) less impairment losses. Gains and losses are recognized in the statement of comprehensive income when the asset is derecognised, the asset is replaced or impaired.

The Group/Company's financial assets at amortized cost include trade receivables, other current and non-current receivables, loans issued, and assets arising from customer contracts (if any).

#### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets classified as at fair value through profit or loss, or financial assets at fair value through initial recognition. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near future. Derivatives, including segregated embedded derivatives, are also classified as held for trading unless they are classified as effective hedging instruments (in accordance with IFRS 9). Financial assets related to cash flows that are not only principal and interest payments are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria described above, under which debt instruments are classified as amortized cost or fair value through other comprehensive income, debt instruments may be classified as at fair value through profit or loss at initial recognition if it eliminates or significantly reduces accounting inconsistencies. Financial assets are carried at fair value through profit or loss in the statement of financial position at fair value through profit or loss in the statement of comprehensive income.

#### Impairment of financial assets

In accordance with IFRS 9, the Group/Company generally recognizes expected credit loss (ECL) for all debt instruments that are not measured at fair value through profit or loss. The ECL is based on the difference between the contractual receivables and cash flows expected to be received by the Group/Company, discounted at an approximate initial effective interest rate. ECL is recognized in two stages. For credit exposures whose credit risk on initial recognition is not materially increased, ECL is calculated for credit losses arising from default events occurring within the next 12 months (12-month ECL). For those credit exposures that have significantly increased their credit risk from initial recognition, the impairment loss is formed for the amount of credit losses expected during the remaining life of the credit exposure, irrespective of the maturity (ECL).

(a) Evaluation of impairment of trade receivables

The Group/Company uses the simplified method for calculating ECL for trade receivables and assets arising from contracts with customers. Therefore, the Group/Company does not observe changes in credit risk but recognizes impairment for each financial statement date on the basis of the validity of the ECL. The Group/Company has created a matrix of expected loss rates based on historical credit loss analysis and adjusted to reflect future factors specific to debtors and the economic environment. The Group/Company considers that the debtor has failed to fulfil its obligations relating to financial assets if the contractual payments are overdue, or when there are indications that the debtor or group of debtors are experiencing severe financial difficulties, default (principal or interest), that they will initiate bankruptcy or reorganization procedures, and in cases where the observed data suggest a reduction in future cash flows, such as changes in the past due to arrears or changes in economic conditions that correlate with default. Financial assets are derecognised when there is no reasonable expectation of recovering contractual cash flows.

The Company/Group also calculates impairment individually by assessing the debt position separately by the debtor. The Company has determined that the average level of historically unpaid bad debts is less than 0% of its outstanding debt. For this reason, and having assessed future estimates, the Company has not changed the principles for calculating the current loss matrix.

b) Evaluation of impairment of loans granted

The Company grants loans to Group companies with a maturity term as disclosed in Note 14. In the case of a loan, in general, the expected credit loss for 12 months is assessed and accounted for. In subsequent reporting periods, in the absence of a significant increase in the credit risk associated with the debtor, the Company adjusts the balance of 12-month expected credit loss on the outstanding loan amount outstanding at the valuation date. Having determined that the debtor's financial situation has significantly deteriorated compared to the situation at the time of the loan, the Company accounts for all expected credit losses during the loan term.

**b) Financial liabilities**

Initial recognition and evaluation:

Financial liabilities at initial recognition are classified as financial liabilities at fair value through profit or loss, loan receivables and payables. All financial liabilities at initial recognition are recognized at fair value and, for loans and receivables, less directly attributable transaction costs. The Group/Company's financial liabilities include trade and other payables, loans received, including bank overdrafts and financial leasing liabilities, and financial derivatives.

Subsequent evaluation

The measurement of financial liabilities depends on their classification as described below.

Financial liabilities are carried at fair value through profit or loss

Financial liabilities carried at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated at fair value through profit or loss at initial recognition valuating through profit or loss. Financial liabilities are classified as held for trading if they are held for repurchase purposes in the near future. This category also contains derivatives of Group/Company, not classified as hedge derivatives under IFRS 9. Individual embedded derivatives are also classified as held for trading unless they are classified as effective hedging instruments. Gains or losses arising from financial liabilities held for trading are recognized in the statement of comprehensive income.

Loans received and other amounts due

After initial recognition, loans and other payables are carried at amortized cost using the effective interest rate method (EIR). Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognised or amortized. Amortized cost is calculated by reference to the discount or premium on the acquisition, as well as taxes or costs that are an integral part of the EIR. EIR amortization is included in financial expenses in the statement of comprehensive income.

Coverage of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is an enforceable right to settle the amounts recognized and is intended to be settled net, i.e. to realize the assets and fulfil their obligations at the same time.

## **Derecognition of financial assets and financial liabilities**

### Financial asset

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised (i.e. it is derecognised from the financial statements of the Group/Company) when:

- i) the contractual rights to the cash flows of the financial asset expire; or
- ii) the Group/Company transfers the contractual rights to receive cash flows from financial assets; or assumes the obligation to pay all cash flows received to the third party without a significant delay in the transfer agreement; or (b) the Group/Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but disposes of control of that financial asset.

### Financial liabilities

A financial liability is derecognised when it is settled, cancelled or expires. When one existing financial liability is replaced by another liability to the same lender but in other circumstances, or when the terms of an existing obligation are substantially changed, such a change is considered to be a termination of the original liability and a new liability occurs. The difference between the respective carrying amounts is recognized in the statement of comprehensive income.

## **2.12 Authorized capital**

### (a) Ordinary shares

Ordinary shares are stated at their nominal value. The amount by which the consideration received for the shares sold exceeds their nominal value is recognized as share premium. Additional external costs directly related to the issue of new shares are accounted for by reducing the share premium.

### (b) Own shares

When the Company or its subsidiaries acquire the Company's equity, the consideration paid, including any additional external costs attributable to it, is deducted from equity as own shares until they are sold, reissued or cancelled. No gain or loss on the sale, issue or cancellation of own shares is recognized. If such shares are subsequently sold or reissued, the consideration received is recorded in the consolidated financial statements as a change in equity.

### (c) Mandatory reserve

The legal reserve is mandatory under the laws of the Republic of Lithuania. Annual transfers of 5%. The net result is required until the reserve reaches 10% of the authorized capital. The legal reserve cannot be used to pay dividends, and it is determined only to cover future losses.

### (d) Revaluation reserve

The revaluation reserve is recognized in other comprehensive income and is included in the revaluation reserve in equity. In cases where the revalued amount of the revalued asset exceeds the carrying amount of that asset and previously recognized an impairment loss on that asset in the statement of comprehensive income as a loss, the revaluation increase in excess of previous depreciation is recognized in the statement of comprehensive income as profit. If, after the reversal, the revaluation surplus is still present, it is accounted for as other comprehensive income in the statement of comprehensive income (and in the statement of financial position in equity).

The revaluation of revalued assets equivalent to the depreciation of the revalued assets of the current year on the revalued amount is carried forward to retained earnings in the statement of changes in equity at the end of the financial year. When transferring or reversing revalued assets, the related revaluation surplus is transferred to retained earnings in the statement of changes in equity.

### (e) Reserve for own shares

This reserve is created on the basis of the shareholders' decision to acquire their own shares.

### (f) Foreign exchange translation reserve

Foreign currency translation reserve is formed by currency translation differences arising from the consolidation of financial statements of foreign subsidiaries. Currency translation differences in the consolidated financial statements are recognized in equity until the investment is sold. When the relevant asset is sold, the cumulative revaluation surplus is recognized as income or expense in the same period in which the gain or loss on sale is recognized.

## 2.13. Lease

### (a) the Company and the Group is the lessee

#### **Policy, adopted from 1 January 2019.**

At the beginning of the contract, the Company and the Group assess whether the contract is a lease or includes a lease. This means assessing whether the contract confers a right to manage the use of the identified asset for a period of time in return for remuneration.

The Company and the Group apply a single recognition and measurement method to all leases, except for short-term and low-value leases. The Company and the Group recognize a lease obligation to pay lease payments and a right-of-use asset that entitles the holder to use the leased asset.

#### ***Assets managed under lease right***

The Company and the Group recognize the right-of-use asset at the inception date (ie the date from which the underlying asset is available for use). Assets held under usable rights are carried at cost less any accumulated depreciation and any accumulated impairment losses. The cost of an asset held for use includes the amount of the initial measurement of the lease liability, the initial direct costs, the lease payments at or before the inception date, less any lease incentives received. Depreciation is calculated on a straight-line basis over the lease term or over the estimated useful lives of the assets, whichever is shorter:

Land	58 years
Vehicles	3 years

If the ownership of the leased property is transferred to the Company and the Group before the end of the lease term or if the price of the asset managed by the right of use indicates that the lessee will exercise the call option, depreciation is calculated based on the estimated useful life of the asset.

Assets held for use are also assessed for impairment.

#### ***Lease obligations***

At the beginning date, the Company / Group recognizes lease liabilities at the present value of the lease payments due during the lease term. Lease payments include fixed payments (including equivalent payments) less any rental incentives receivable, variable rents that depend on an index or rate, and amounts that would be payable under residual value guarantees. Such lease payments also include the exercise price of the call option if it is reasonably known that the Company / Group will exercise that option, and penalties for terminating the lease if it is assumed that the Company / Group will exercise the option to terminate the lease during the lease term. Variable lease payments that are independent of an index or a rate are recognized as an expense (unless they are incurred to produce inventories) in the period in which the event occurs or the condition that gives rise to the tax arises.

In calculating the present value of the lease payments, the Company / Group applies the borrowing rate accrued at the beginning of the lease, as the interest rate specified in the lease cannot be readily determined. After the commencement date, the amount of the lease liability is increased by the estimated interest and the amount of lease payments paid is reduced. In addition, the carrying amount of a lease is remeasured if certain adjustments are made, the lease term or lease payments change (for example, changes in future lease payments due to a change in the index or rate used to determine such lease payments) or a change in the option to purchase the lease. evaluation.

#### ***Short-term and low-value property lease***

The Company and the Group apply the recognition exemption to their current assets (ie leases with a term of less than 12 months at the inception date that do not include an option to purchase the asset). It also observes this exception by recognizing the lease of low-value assets consisting of office inventory. Lease payments for short-term and low-value assets are recognized as an expense on a straight-line basis over the lease term.

### b) Lease – the Company and the Group are the lessee or the lessor

As a lessor, the Company and the Group determine at the beginning of a lease whether the contract is a finance lease or an operating lease. If the Company and the Group determine that substantially all the risks and rewards of ownership of a leased asset are transferred under a lease, it classifies the lease as a finance lease. Leases under which the Company and the Group do not transfer substantially all the risks and rewards incidental to ownership of a leased asset are classified as operating leases. Lease income is recognized on a straight-line basis over the term of the lease and is recognized in the statement of comprehensive income on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging a lease shall be included in the carrying amount of the leased asset

and recognized as an expense over the lease term on the same basis as the lease income. Contingent contributions are recognized as income in the period in which they are earned.

The Group's accounting policies as a lessee for the comparative period did not differ from the requirements of IFRS 16.

#### **2.14. Grants and subsidies**

Grants and subsidies (hereinafter "the 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 profit or loss, 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. 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.

#### **2.15. Provisions**

Provisions are recognised when the Group and the Company have 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 date of the statement of financial positions and adjusted in order to present the most reasonable current estimate. If the effect of the time value of money is material, the amount of provision is equal to the present value of the expenses, which are expected to be incurred to settle the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as interest expenses.

#### **2.16. Employee benefits**

##### **(a) Social security contributions**

The Company and the Group pay social security contributions to the State Social Insurance Fund (hereinafter referred to as the Fund) for its employees in accordance with the defined contribution plan and in accordance with the requirements of national law. The defined contribution plan is a plan by which the Company and the Group pays a fixed contribution and will in the future have no legal or constructive obligation to continue to pay these contributions if the Fund does not have sufficient assets to pay all employees benefits related to the service in current or past periods. Social security contributions are recognized as an expense on an accrual basis, and attributed to employee costs.

##### **(b) Bonus plans**

The Company and the Group recognize a liability and an expense for bonuses when it has a contractual liability or a past practice that has created a constructive liability.

##### **(c) Long-term employee benefits**

According to the requirements of the Labour Code of the Republic of Lithuania, every employee leaving the Company at the age of retirement is entitled to a one-off payment, which amounts to 2-month period salary.

Commitments to employees for the current year are recognized as an expense immediately in the statement of comprehensive income. Expenses previously incurred are recognized as an expense in the average over the period until the payment becomes mandatory.

Any gain or loss arising from the amendment (reduction or increase) of the benefit conditions is recognized immediately in the statement of comprehensive income.

Employee benefits liability is calculated on the basis of actuarial estimates using the projected unit credit method. Reassessments consisting of actuarial gains and losses are recognized immediately in the statement of financial position with the corresponding debit or credit in retained earnings in other comprehensive income in the period in which they occur. Reassessments in subsequent periods are not carried forward to profit or loss.

The liability is recorded in the statement of financial position and reflects the present value of those benefits at the date of the statement of financial position. The present value of employee benefits obligations is determined by discounting the estimated future cash flows on the basis of the interest rate on government securities denominated in the same currency as the benefits and the payout period similar to the expected payout period.

## **2.17. Income tax**

Group companies are taxed individually regardless of the Group's overall performance.

Income tax expense recognized in these financial statements is determined on the basis of management's estimates in accordance with the tax laws of the Republic of Lithuania and the Republic of Ukraine.

The profit of the Group companies operating in Lithuania for the year 2021 is subject to a 15% corporate income tax rate (15% in 2020). In Ukraine, corporate income tax is 18% (18% in 2020).

According to the tax laws of the Republic of Lithuania, tax losses other than losses related to the transfer of securities and/or financial instruments may be carried forward for an indefinite period. Tax losses carried forward from 1 January 2014 may not exceed 70% of taxable profit for the current year.

Losses on the sale of securities and/or derivative financial instruments may be carried forward for 5 years and are used only to reduce taxable profits from similar transactions.

As of 1 January 2012, tax losses carried forward under the tax laws of the Republic of Ukraine may not exceed 25% of the taxable profit for the current year.

### Deferred income tax

Deferred income tax is accounted for using the liability method for temporary differences arising between the tax bases of assets and liabilities, and their carrying amounts in the consolidated financial statements. However, deferred income tax is not recognized if it arises from the initial recognition of assets or liabilities other than those resulting from a business combination that at the time of the transaction had no effect on either accounting or taxable profit or loss. Deferred income tax is calculated using tax rates (and laws) approved or substantially enacted at the date of the financial statements that are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is recognized for temporary differences arising on investments in subsidiaries, except when the Group controls the timing of the elimination of the temporary difference and it is probable that the temporary difference will not disappear in the near future.

## **2.18. Revenue recognition**

### **Revenue from Contracts with Customers**

Revenue from contracts with customers is recognized when the control of the goods or services passes to the customer, the amount the Company and the Group expect to receive in exchange for the goods or services. The Company and the Group have determined that they control goods or services before they are transferred to the customer, therefore the Company and the Group act as the principal party to the income transaction.

The Company and the Group allocate the transaction price over the production period of the product based on the relative selling prices of the individual production levels.

Management has performed an analysis and determined that the Company and the Group meet their operating obligations under contracts with customers during the period (rather than at a specific point in time) for the following reasons:

- The Company and the Group do not create alternative assets by providing product manufacturing services;
- The Company and the Group have an executive right to remuneration for the partial production work performed.

In calculating the portion of revenue and its cost, management relies on the expected cost method, adding the expected margin. Based on the management and production accounting data, the state of the production of the order at each stage of production is deducted (in the Company, respectively, calculating the share of the expected cost of the product at which stage of production is achieved). The calculations are completed by adding the applicable margin to the estimated relative work-in-progress at the various stages of production. The amount of revenue so calculated is recognized and recognized in the statement of comprehensive income under in current assets, in the contractual asset item. The cost associated with this amount of revenue is recognized in the statement of comprehensive income under cost of sales.

The preparation of financial statements in conformity with IFRS and the application of IFRS 15 requires management and the Group to apply certain assumptions and estimates that have a significant effect on the amounts presented in

the financial statements. In the opinion of management, the most significant estimates and related uncertainties in the calculation and recognition of revenue from contracts with customers relate to:

- The expected profit margin of the product is used (percentage);
- The application of historical management and production accounting data to calculate the value factors associated with each stage of production.

In addition to those discussed above, management also considered the impact of other matters on revenue recognition, such as the presence of significant financing components, non-cash settlements, and so on.

The Company's and the Group's contracts with customers do not contain these listed contractual terms or, in the opinion of management, are insignificant in the context of the application of IFRS 15.

#### **Dividend distribution**

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's and the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

#### **2.19. Contingencies**

Contingent liabilities are not recognized in the financial statements. They are disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the financial statements but are disclosed when it is probable that future economic benefits potentially will flow to the entity.

#### **2.20. Subsequent events**

Subsequent events that provide additional information about the Group's and the Company'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.

#### **2.22. Segments**

An operating segment is a component of the Group and the Company that engages in business activities from which it may earn revenues and incur expenses. An operating segment's operating results are reviewed regularly by management of the Group and the Company to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

#### **2.23. Earnings per share**

The Group present basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to the Group's shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, such as the impact of convertible notes and share options transactions.

#### **2.24. Fair value measurement**

Some of the Group's and the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group and the Company have access at that date. The fair value of a liability reflects its non-performance risk.

When measuring the fair value of an asset or a liability, the Group and the Company use market observable data as far as possible. Fair values are categorised within different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised within different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group and the Company recognize transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Fair values have been determined for measurement and / or disclosure purposes based on the described methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability (related note).

### **2.25 Classification into short-term and long-term**

In the financial statements, the Group and the Company present assets and liabilities by classifying them into current and non-current.

An asset is considered current if:

- It is expected to be sold or sold or consumed in the ordinary course of business
- Held for sale
- Expected to be realized within 12 months after the end of the financial year

Or

- Cash or cash equivalents, except for limited uses, that will not be able to settle or settle liabilities in the next 12 months.

All other assets are classified as non-current.

A liability is current if:

- It is expected to be paid during the normal operating cycle
- Held for sale
- It is expected to be paid within 12 months after the end of the financial year
- There is no unconditional right to defer payment for at least 12 months after the end of the financial year.

The Group and the Company classify all other liabilities as non-current. Deferred income tax assets and liabilities are classified as non-current assets and non-current liabilities.



## NOTES TO THE EXPLNATORY STATEMENT

## 3. Sales revenue

## The Group

The Group's sole business segment identified for the management purposes is the production of refrigerators and specialised equipment.

	Group		Company	
	2021	2020	2021	2020
Refrigerators and related equipment	33,538	29,418	32,852	28,705
	<b>33,538</b>	<b>29,418</b>	<b>32,852</b>	<b>28,705</b>

The Group's and the Company's management analyses only sales information per country.

	Total sales revenue		Inter-group sales		Sales revenue	
	2021	2020	2021	2020	2021	2020
Western Europe	15,433	10,039	-	-	15,433	10,039
Ukraine	3,660	5,577	-	-	3,660	5,577
Central Europe	6,731	5,767	-	-	6,731	5,767
Lithuania	4,893	5,059	(289)	(197)	4,604	4,862
Other CIS countries	652	1,041	-	-	652	1,041
Other Baltic states	546	728	-	-	546	728
Russia	441	793	-	-	441	793
Other countries	1,471	611	-	-	1,471	611
<b>Total</b>	<b>33,827</b>	<b>29,615</b>	<b>(289)</b>	<b>(197)</b>	<b>33,538</b>	<b>29,418</b>

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

## The Company

	Sales	
	2021	2020
Western Europe	15,427	9,970
Ukraine	3,660	5,577
Central Europe	6,732	5,767
Lithuania	3,923	4,221
Other CIS countries	652	1,041
Other Baltic states	546	725
Russia	441	793
Other countries	1,471	611
	<b>32,852</b>	<b>28,705</b>

## 4. Cost of sales

	Group		Company	
	2021	2020	2021	2020
Raw materials	21,079	18,081	20,704	17,555
Salaries and wages	3,426	2,955	3,365	2,869
Depreciation and amortisation	1,466	1,552	1,435	1,513
Other indirect costs	4,318	3,680	4,276	3,606
	<b>30,289</b>	<b>26,268</b>	<b>29,780</b>	<b>25,543</b>

**5. Selling and distribution expenses**

	Group		Company	
	2021	2020	2021	2020
Transportation	1,037	771	1,037	771
Salaries and social security	540	464	540	464
Market research, sales promotion and commissions to third parties	446	341	459	354
Advertising, marketing	258	88	257	85
Warranty service expenses	155	11	162	130
Rent of warehouses and storage expenses	58	36	58	36
Certification expenses	46	52	46	52
Insurance	33	49	33	49
Business trips	14	9	14	9
Other	49	(7)	49	(7)
	<b>2,636</b>	<b>1,814</b>	<b>2,655</b>	<b>1,943</b>

**6. General and administrative expenses**

	Group		Company	
	2021	2020	2021	2020
Salaries and social security	1,171	1,518	1,085	1,378
Depreciation and amortisation	346	390	346	387
Rent and utilities	146	111	146	111
Bank services	75	41	74	40
Insurance	58	(37)	56	(39)
Non-current employee benefits	70	37	53	31
Taxes, other than income tax	28	28	28	28
Consultants' costs	16	17	14	16
Business trips	7	6	7	6
Security costs	8	5	7	5
Impairment of intangible fixed assets	-	3	-	3
Impairment of property, plant and equipment	(63)	-	(33)	-
Subsidies received for job preservation	(69)	(853)	(42)	(853)
Downtime subsidies received	(49)	(158)	(49)	(149)
Change in the impairment allowance for receivables	(115)	(744)	(115)	(744)
Other	475	387	413	350
	<b>2,104</b>	<b>751</b>	<b>1,990</b>	<b>570</b>

**7. Other income**

	Group		Company	
	2021	2020	2021	2020
Income from transportation services	359	233	359	233
Income from sale of other services	79	73	171	142
Income from rent of premises	26	24	35	44
	<b>464</b>	<b>330</b>	<b>565</b>	<b>419</b>

**8. Other expenses**

	Group		Company	
	2021	2020	2021	2020
Transportation expenses	377	231	377	231
Other services	65	39	112	88
Other	-	-	16	16
	<b>442</b>	<b>270</b>	<b>505</b>	<b>335</b>

## 9. Finance income

	Group		Company	
	2021	2020	2021	2020
Foreign currency exchange gain	56	92	56	92
Other	8	2	8	2
	<b>64</b>	<b>94</b>	<b>64</b>	<b>94</b>

## 10. Finance costs

	Group		Company	
	2021	2020	2021	2020
Interest expenses	477	494	477	492
Loss of foreign currency translation transactions	12	10	12	10
Other expenses	54	112	54	112
	<b>543</b>	<b>616</b>	<b>543</b>	<b>614</b>

## 11. Income tax

	Group		Company	
	2021	2020	2021	2020
<b>Components of the income tax (expense) income</b>				
Deferred income tax income (expenses)	(26)	35	(26)	43
<b>Income tax income (expenses) recorded in profit or loss from continuing operations</b>	<b>(26)</b>	<b>35</b>	<b>(26)</b>	<b>43</b>

	As at 31	As at 31	As at 31	As at 31
	December	December	December	December
	2021	2020	2021	2020
<b>Deferred income tax asset</b>				
Impairment allowance for receivables and write-down of inventories	86	(91)	93	(97)
Accrued liabilities	52	68	48	66
Warranty provisions	45	48	45	47
Other	(30)	91	(30)	92
<b>Deferred income tax asset</b>	<b>153</b>	<b>116</b>	<b>156</b>	<b>108</b>
Less: not recognised part				
<b>Deferred income tax asset, net</b>	<b>153</b>	<b>116</b>	<b>156</b>	<b>108</b>
<b>Deferred income tax liability</b>				
Revaluation of property, plant and equipment	(1,391)	(1,540)	(1,391)	(1,540)
Capitalised development costs	(390)	(200)	(404)	(200)
<b>Deferred income tax liability</b>	<b>(1,781)</b>	<b>(1,740)</b>	<b>(1,795)</b>	<b>(1,740)</b>
<b>Deferred income tax, net</b>	<b>(1,628)</b>	<b>(1,624)</b>	<b>(1,639)</b>	<b>(1,632)</b>

## 12. Intangible assets

## Group

	Development cost	Software, licenses	Total
<b>Cost:</b>			
Balance as at 1 January 2021	6,808	770	7,578
Additions	319	6	325
Disposals and write-offs	-	-	-
Reclassification	(75)	(94)	(169)
Depreciation	-	-	-
Balance as at 31 December 2021	7,052	682	7,734
<b>Amortisation:</b>			
Balance as at 1 January 2021	5,279	762	6,041
Charge for the year	288	7	295
Disposals and write-offs	-	-	-
Reclassification	(75)	(94)	(169)
Balance as at 31 December 2021	5,492	675	6,167
<b>Carrying amount as at 31 December 2021</b>	<b>1,560</b>	<b>7</b>	<b>1,567</b>
<b>Carrying amount as at 1 January 2021</b>	<b>1,529</b>	<b>8</b>	<b>1,537</b>

	Development cost	Software, licenses	Total
<b>Cost:</b>			
Balance as at 1 January 2020	6,531	771	7,302
Additions	280	2	282
Disposals and write-offs	-	(3)	(3)
Reclassification	-	-	-
Depreciation	(3)	-	(3)
Balance as at 31 December 2020	6,808	770	7,578
<b>Amortisation:</b>			
Balance as at 1 January 2020	4,972	753	5,725
Charge for the year	307	12	319
Disposals and write-offs	-	(3)	(3)
Balance as at 31 December 2020	5,279	762	6,041
<b>Carrying amount as at 31 December 2020</b>	<b>1,529</b>	<b>8</b>	<b>1,537</b>
<b>Carrying amount as at 1 January 2020</b>	<b>1,559</b>	<b>18</b>	<b>1,577</b>

Total amount of amortisation expenses is included into general and administrative expenses in the statement of comprehensive income.

## 12. Intangible assets (continued)

### Company

	<b>Development cost</b>	<b>Software, licenses</b>	<b>Total</b>
<b>Cost:</b>			
Balance as at 1 January 2021	6,731	643	7,374
Additions	320	5	325
Disposals and write-offs	-	-	-
Balance as at 31 December 2021	<u>7,051</u>	<u>648</u>	<u>7,699</u>
<b>Amortisation:</b>			
Balance as at 1 January 2021	5,203	634	5,837
Charge for the year	288	7	295
Disposals and write-offs	-	-	-
Balance as at 31 December 2021	<u>5,491</u>	<u>641</u>	<u>6,132</u>
<b>Carrying amount as at 31 December 2021</b>	<b><u>1,560</u></b>	<b><u>7</u></b>	<b><u>1,567</u></b>
<b>Carrying amount as at 1 January 2020</b>	<b><u>1,528</u></b>	<b><u>9</u></b>	<b><u>1,537</u></b>
	<b>Development cost</b>	<b>Software, licenses</b>	<b>Total</b>
<b>Cost:</b>			
Balance as at 1 January 2020	6,454	641	7,095
Additions	280	2	282
Disposals and write-offs	(3)	-	(3)
Balance as at 31 December 2020	<u>6,731</u>	<u>643</u>	<u>7,374</u>
<b>Amortisation:</b>			
Balance as at 1 January 2020	4,896	622	5,518
Charge for the year	307	12	319
Disposals and write-offs	-	-	-
Balance as at 31 December 2020	<u>5,203</u>	<u>634</u>	<u>5,837</u>
<b>Carrying amount as at 31 December 2020</b>	<b><u>1,528</u></b>	<b><u>9</u></b>	<b><u>1,537</u></b>
<b>Carrying amount as at 1 January 2020</b>	<b><u>1,558</u></b>	<b><u>19</u></b>	<b><u>1,577</u></b>

Total amount of amortisation expenses is included into administrative expenses in the statement of comprehensive income. Part of the intangible non-current assets of the Company, the acquisition cost of which is EUR 5,160 thousand, was fully amortised as at 31 December 2021 (EUR 4,805 thousand as at 31 December 2020), but still in use.

**13. Property, plant and equipment**  
**Group**

	Land, buildings and structures	Machinery and equipment	Vehicles and other	Construction in progress and prepayments	Total
<b>Cost:</b>					
Balance as at 1 January 2021	4,252	35,938	5,553	168	45,911
Additions	-	158	133	1,134	1,425
Disposals and write-offs	-	(91)	(21)	-	(112)
Reclassifications	-	-	-	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Balance as at 31 December 2021	4,252	36,005	5,665	1,302	47,224
<b>Accumulated depreciation:</b>					
Balance as at 1 January 2021	2,668	34,674	5,186	-	42,528
Charge for the year	99	436	132	-	667
Disposals and write-offs	-	(42)	(21)	-	(63)
Impairment loss	-	-	-	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Depreciation after revaluation	-	-	-	-	-
Balance as at 31 December 2021	2,767	35,068	5,297	-	43,132
<b>Revalued value:</b>					
Balance as at 1 January 2021	4,206	7,679	1,475	-	13,360
Additions	-	-	-	-	-
Disposals and write-offs	-	(2)	(3)	-	(5)
Reclassifications	-	-	-	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Balance as at 31 December 2021	4,206	7,677	1,472	-	13,355
<b>Depreciation of revalued value:</b>					
Balance as at 1 January 2021	327	2,020	743	-	3,090
Charge for the year	127	719	145	-	991
Disposals and write-offs	-	-	-	-	-
Impairment loss	-	-	-	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Depreciation after revaluation	-	-	-	-	-
Balance as at 31 December 2021	454	2,739	888	-	4,081
<b>Carrying amount as at 31 December 2021</b>	<b>5,237</b>	<b>5,875</b>	<b>952</b>	<b>1,302</b>	<b>13,366</b>
<b>Carrying amount as at 1 January 2020</b>	<b>5,463</b>	<b>6,923</b>	<b>1,099</b>	<b>168</b>	<b>13,653</b>

**13. Property, plant and equipment (continued)**

<b>Group</b>	<b>Land, buildings and structures</b>	<b>Machinery and equipment</b>	<b>Vehicles and other</b>	<b>Construction in progress and prepayments</b>	<b>Total</b>
<b>Cost:</b>					
Balance as at 1 January 2020	4,252	35,742	5,383	189	45,566
Additions	-	242	173	(21)	394
Disposals and write-offs	-	(46)	(3)	-	(49)
Reclassifications	-	-	-	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Balance as at 31 December 2020	4,252	35,938	5,553	168	45,911
<b>Accumulated depreciation:</b>					
Balance as at 1 January 2020	2,539	34,153	5,050	-	41,742
Charge for the year	129	565	140	-	834
Disposals and write-offs	-	(44)	(4)	-	(48)
Impairment loss	-	-	-	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Depreciation after revaluation	-	-	-	-	-
Balance as at 31 December 2020	2,668	34,674	5,186	-	42,528
<b>Revalued value:</b>					
Balance as at 1 January 2020	4,206	7,690	1,475	-	13,371
Additions	-	-	-	-	-
Disposals and write-offs	-	(11)	-	-	(11)
Reclassifications	-	-	-	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Balance as at 31 December 2020	4,206	7,679	1,475	-	13,360
<b>Depreciation of revalued value:</b>					
Balance as at 1 January 2020	229	1,416	534	-	2,179
Charge for the year	98	604	209	-	911
Disposals and write-offs	-	-	-	-	-
Impairment loss	-	-	-	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Depreciation after revaluation	-	-	-	-	-
Balance as at 31 December 2020	327	2,020	743	-	3,090
<b>Carrying amount as at 31 December 2020</b>	<b>5,463</b>	<b>6,923</b>	<b>1,099</b>	<b>168</b>	<b>13,653</b>
<b>Carrying amount as at 1 January 2020</b>	<b>5,690</b>	<b>7,863</b>	<b>1,274</b>	<b>189</b>	<b>15,016</b>

## 13. Property, plant and equipment (continued)

Company	Land, buildings and structures	Machinery and equipment	Vehicles and other	Construction in progress and prepayments	Total
<b>Cost:</b>					
Balance as at 1 January 2021	4,252	33,209	5,532	169	43,162
Additions	-	166	131	1,131	1,428
Disposals and write-offs	-	-	(11)	-	(11)
Reclassifications	-	-	-	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Balance as at 31 December 2021	4,252	33,375	5,652	1,300	44,579
<b>Accumulated depreciation:</b>					
Balance as at 1 January 2021	2,668	32,091	5,174	-	39,933
Charge for the year	99	407	130	-	636
Disposals and write-offs	-	-	(12)	-	(12)
Impairment loss	-	-	-	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Depreciation after revaluation	-	-	-	-	-
Balance as at 31 December 2021	2,767	32,498	5,292	-	40,557
<b>Revalued value:</b>					
Balance as at 1 January 2021	4,206	7,679	1,475	-	13,360
Additions	-	-	-	-	-
Disposals and write-offs	-	(2)	(3)	-	(5)
Reclassifications	-	-	-	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Balance as at 31 December 2021	4,206	7,677	1,472	-	13,355
<b>Depreciation of revalued value:</b>					
Balance as at 1 January 2021	327	2,020	743	-	3,090
Charge for the year	127	719	146	-	992
Disposals and write-offs	-	-	-	-	-
Impairment loss	-	-	-	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Depreciation after revaluation	-	-	-	-	-
Balance as at 31 December 2021	454	2,739	889	-	4,082
<b>Carrying amount as at 31 December 2021</b>	<b>5,237</b>	<b>5,815</b>	<b>943</b>	<b>1,300</b>	<b>13,295</b>
<b>Carrying amount as at 1 January 2021</b>	<b>5,463</b>	<b>6,777</b>	<b>1,090</b>	<b>169</b>	<b>13,499</b>



**13. Property, plant and equipment (continued)****Company**

	<b>Land, buildings and structures</b>	<b>Machinery and equipment</b>	<b>Vehicles and other</b>	<b>Construction in progress and prepayments</b>	<b>Total</b>
<b>Cost:</b>					
Balance as at 1 January 2020	4,252	33,011	5,364	190	42,817
Additions	-	238	168	(21)	385
Disposals and write-offs	-	(40)	-	-	(40)
Reclassifications	-	-	-	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Balance as at 31 December 2020	4,252	33,209	5,532	169	43,162
<b>Accumulated depreciation:</b>					
Balance as at 1 January 2020	2,539	31,604	5,037	-	39,180
Charge for the year	129	527	137	-	793
Disposals and write-offs	-	(40)	-	-	(40)
Impairment loss	-	-	-	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Depreciation after revaluation	-	-	-	-	-
Balance as at 31 December 2020	2,668	32,091	5,174	-	39,933
<b>Revalued value:</b>					
Balance as at 1 January 2020	4,206	7,690	1,475	-	13,371
Additions	-	-	-	-	-
Disposals and write-offs	-	(11)	-	-	(11)
Reclassifications	-	-	-	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Balance as at 31 December 2020	4,206	7,679	1,475	-	13,360
<b>Depreciation of revalued value:</b>					
Balance as at 1 January 2020	229	1,416	534	-	2,179
Charge for the year	98	604	209	-	911
Disposals and write-offs	-	-	-	-	-
Impairment loss	-	-	-	-	-
Elimination of accumulated depreciation	-	-	-	-	-
Depreciation after revaluation	-	-	-	-	-
Balance as at 31 December 2020	327	2,020	743	-	3,090
<b>Carrying amount as at 31 December 2020</b>					
	<b>5,463</b>	<b>6,777</b>	<b>1,090</b>	<b>169</b>	<b>13,499</b>
<b>Carrying amount as at 1 January 2020</b>					
	<b>5,690</b>	<b>7,681</b>	<b>1,268</b>	<b>190</b>	<b>14,829</b>

The depreciation charge of the Group's property, plant and equipment for 2021 amounts to EUR 1,658 thousand (EUR 1,745 thousand for 2020). After the assessment of amortisation of grants, the amount of EUR 1,584 thousand for 2021 (EUR 1,650 thousand for 2020) was included into production cost and the amount of EUR 74 thousand (EUR 95 thousand for 2020) was included into general and administrative expenses in the Group's statement of comprehensive income.

The depreciation charge of the Company's property, plant and equipment for 2021 amounts to EUR 1,628 thousand (EUR 1,704 thousand for 2020). The amount of EUR 74 thousand for 2021 (EUR 95 thousand for 2020) was included into general and administrative expenses in the Company's statement of comprehensive income. The remaining amount of depreciation, after having assessed the amortisation of grants amounting to EUR 1,554 thousand (EUR 1,609 thousand for 2020) was included in the production cost.

As at 31 December 2021 The Group's and the Company's buildings, machinery and equipment are pledged to banks as collateral for loans.

As at 31 December 2021, fully depreciated but still usable Group and Company material assets purchase values were EUR 3,780 thousand and EUR 3,480 thousand (at 31 December 2020 – EUR 2,560 thousand and EUR 2,251 thousand).

### Revaluation of property, plant and equipment

Starting from 30 September 2016 the Group and the Company decided to revalue 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 estimated fair value was valued by independent valutors - 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 asset was established based on the expert opinion of the valuer.

Asset 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:

<b>The Company</b>	<b>Book value</b>	<b>Revalued amounts</b>	<b>Revaluation surplus</b>
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
<b>Total:</b>	<b>14,928</b>	<b>16,894</b>	<b>1,966</b>

Furthermore, the estimated fair value of PPE was tested for impairment by comparing it to the recoverable amount of PPE determined based on the income method.

The revenue approach model was based on management's 2018-2022 forecasts, which assumed the following assumptions for cash flow projections based on the market situation:

- Maintaining current product turnover in a more or less constant level of recent years. In the following years, a gradual slowdown in western markets is planned due to the increasing influence of Chinese manufacturers on the production of private brands in the home appliance sector. One of the most important reasons for the company's sales of own brand Snaigė is the continuous and consistent development of technologies, brand support, and development of new products, therefore no decrease in sales of this category is planned.
- Starting production of a new product – industrial refrigeration equipment – from the end of 2019, with a planned investment in a new production line. Investments in the new production area are planned to be financed exclusively from shareholders' funds (Note 14). This step has been chosen due to the fact that the existing domestic refrigerating appliance markets are shrinking and oligopolizing, thus reducing the niche of the Company's type manufacturers, while the industrial refrigeration equipment is less standardized, and very large manufacturers cannot gain a competitive advantage through economies of scale and in that way reduce

potential niches. In addition, the Company has many years of experience in trading such products, and the technological process is very close to existing production.

The evaluators also performed an analysis of the dependence of variable and fixed costs on production volumes, and the average product price and its variation. The main components of working capital (stock requirements, receivables, and trade payables) are calculated on the basis of average values (parts of income and expenses) from actual data from 2012-2018 (non-typical current liabilities and receivables are excluded from working capital)

In preparing the 2021 and the 2020 financial statements, no independent determination of the fair value of the assets was made because there was no reason to believe that the carrying amount of the assets would not reflect fair value. The assumptions largely reflect the current situation and strategy, and their slight shift in time does not significantly affect the fair value of the assets calculated according to a similar model.

#### Change in estimates

2021 The Group performed a test of the useful life and residual value of its non-current assets, but did not identify any changes in the applicable useful lives and residual values.

#### 14. Current loans to related companies

	Group		Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Loans granted	8,068	8,157	8,068	8,157
Interest calculated	2,262	2,288	2,262	2,288
<b>Total receivables</b>	<b>10,330</b>	<b>10,445</b>	<b>10,330</b>	<b>10,445</b>
Minus:				
Provisions for doubtful loans	(8,068)	(8,157)	(8,068)	(8,157)
Provisions for doubtful interest	(2,262)	(2,288)	(2,262)	(2,288)
Minus: total provisions	(10,330)	(10,445)	(10,330)	(10,445)
<b>Net receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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 installments 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.

#### 15. Inventories

	Group		Company	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Raw materials and spare parts	3,288	2,712	3,259	2,618
Production in progress	274	257	274	257
Finished goods	1,867	1,213	1,843	1,180
Goods for resale	882	190	882	190
Minus: impairment	(169)	(237)	(131)	(164)
<b>Total inventories</b>	<b>6,142</b>	<b>4,135</b>	<b>6,127</b>	<b>4,081</b>

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

Group	Company
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	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
<b>At the beginning of the year</b>	<b>(237)</b>	<b>(252)</b>	<b>(164)</b>	<b>(182)</b>
Impairment	-	-	-	-
Recovery	68	15	33	18
<b>At the end of the year</b>	<b>(169)</b>	<b>(237)</b>	<b>(131)</b>	<b>(164)</b>

As at 31 December 2021 the Group and the Company have no legal restrictions on inventories. Raw materials included to cost of sales by the Group and the Company amounted to EUR 21,079 thousand and EUR 20,704 thousand respectively (As at 31 December 2020 respectively EUR 18,081 thousand and EUR 17,555 thousand).

#### 16. Trade receivables

	Group		Company	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Receivables from not related customers	4,918	5,225	4,764	5,120
Receivables from related customers	-	-	23	14
<b>Gross receivables</b>	<b>4,918</b>	<b>5,225</b>	<b>4,787</b>	<b>5,134</b>
Less: impairment allowance for doubtful receivables	(671)	(1,259)	(606)	(1,191)
<b>Net receivables</b>	<b>4,247</b>	<b>3,966</b>	<b>4,181</b>	<b>3,943</b>
Including:				
Current receivables	4,247	3,966	4,181	3,943
<b>Total</b>	<b>4,247</b>	<b>3,966</b>	<b>4,181</b>	<b>3,943</b>

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

	Group		Company	
	2021	2020	2021	2020
Balance at the beginning of the period	(1,259)	(1,218)	(1,191)	(1,109)
Impairment Charge for the year		(101)		(99)
Effect of the change in foreign currency exchange rate	(2)	3	-	-
Amounts paid	6	57	1	17
Amounts written off	584		584	
<b>Balance at the end of the period</b>	<b>(671)</b>	<b>(1,259)</b>	<b>(606)</b>	<b>(1,191)</b>

As at 31 December 2021 100% impairment was accounted for trade receivables of the Group and the Company in gross values of EUR 671 thousand and EUR 606 thousand (as at 31 December 2020 – EUR 1,259 thousand and EUR 1,191 thousand respectively). Change in impairment allowance for receivables was accounted for within general and administrative expenses.

The receivables are written-off when it becomes obvious that they will not be recovered. The impairment allowance for receivables of the Group and the Company in 2021 and 2020 was stated under general and administrative expenses.

#### 17. Other amounts receivable

	Group		Company	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
VAT receivable	192	105	192	105
Other receivables	44	127	42	77
Restricted cash	14	14	14	14
	<b>250</b>	<b>246</b>	<b>248</b>	<b>196</b>

**18. Cash and cash equivalents**

	Group		Company	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Cash at bank	126	302	51	245
Cash on hand	3	7	2	4
	<b>129</b>	<b>309</b>	<b>53</b>	<b>249</b>

As at 31 December 2021 and 2020 no restrictions were imposed on the Group's and the Company's cash, except of those in Note 23.

**19. Share capital**

As at 31 December 2021 and 31 December 2020 share capital of the Company and the Group was EUR 6,736 thousand. On 31 December 2021 the share capital of the Company and the Group was divided into 39,622 thousand ordinary registered shares with the par value of EUR 0.17 each as at 31 December 2021 and 2020.

All shares of the Company are fully paid. The Company does not have any other classes of shares than ordinary shares mentioned above, there are no restrictions of share rights or special control rights for the shareholders set in the Articles of Association of the Company. No shares of the Company are held by itself or its subsidiaries. No convertible securities, exchangeable securities or securities with warrants are outstanding; likewise, there are no outstanding acquisition rights or undertakings to increase share capital as at 31 December 2021 and 2020.

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 December 2021 and 2020 the Company was in compliance with this requirement.

**20. Reserves**Legal reserve

As at 31 December 2021 the legal reserve of the Group and the Company was EUR 674 thousand and EUR 718 thousand (As at 31 December 2020 it was EUR 946 thousand and EUR 991 thousand).

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 the subsidiaries.

As at 31 December 2021 and 31 December 2020 the legal reserve of the Group and the Company was fully formed.

Revaluation reserve for property, plant and equipment

	Group	Company
Revaluation reserve carrying amount as at 31 December 2020	<b>8,521</b>	<b>8,521</b>
Positive Revaluation result	-	-
Deferred income tax liability	-	-
Decrease of revaluation reserve through statement of comprehensive income	-	-
Share capital decrease	-	-
Revaluation reserve net value at 31 December 2021	<b>8,521</b>	<b>8,521</b>
Profit (loss), not recognized in statement of comprehensive income, resulted from annual depreciation of revaluated assets	(846)	(846)
Revaluation reserve carrying amount as at 31 December 2021	<b>7,675</b>	<b>7,675</b>

	<u>Group</u>	<u>Company</u>
Revaluation reserve carrying amount as at 31 December 2020	<u>5,729</u>	<u>5,729</u>
Positive Revaluation result	-	-
Deferred income tax liability	-	-
Decrease of revaluation reserve through statement of comprehensive income	-	-
Share capital decrease	3,566	3,566
Revaluation reserve net value at 31 December 2020	<u>9,295</u>	<u>9,295</u>
Profit (loss), not recognized in statement of comprehensive income, resulted from annual depreciation of revaluated assets	(774)	(774)
Revaluation reserve carrying amount as at 31 December 2020	<u>8,521</u>	<u>8,521</u>

## 21. Grants

### Group and Company

Balance as at 31 December 2020	5,020
Received during the period	<u>118</u>
Balance as at 31 December 2021	5,138
<b>Amortisation during the period</b>	
Accumulated amortisation as at 31 December 2020	4,628
Amortisation during the period	<u>221</u>
Accumulated amortisation as at 31 December 2021	<u>4,849</u>
<b>Net carrying amount as at 31 December 2021</b>	<u>289</u>
<b>Net carrying amount as at 31 December 2020</b>	<u>392</u>

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;
- To compensate for costs (EUR 1,002 thousand) to reduce the negative effects of COVID-19.

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

## 22. Provisions

The Group provides a warranty of up to 2 years for the sold production. 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. Difference between years depends on product and warranty period mix.

	<u>Group</u>		<u>Company</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
As at 1 January	320	676	310	549
Additions during the year	165	210	165	210
Utilised	(185)	(566)	(178)	(449)
As at 31 December	300	320	297	310
Including:				
Non-current	118	115	117	113
Current	182	205	180	197
<b>Total</b>	<u>300</u>	<u>320</u>	<u>297</u>	<u>310</u>

### 23. Non-current and current borrowings

	Group		Company	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
<b>Non-current borrowings</b>				
Non-current borrowings with a fixed interest rate	888	-	888	-
Non-current borrowings with variable interest rate	7,108	8,377	7,108	8,377
Non-current liabilities to lease companies	9	34	9	28
	<b>8,005</b>	<b>8,411</b>	<b>8,005</b>	<b>8,405</b>
<b>Current borrowings</b>				
Current borrowings with a fixed interest rate	437	-	437	-
Current borrowings with variable interest rate	1,270	728	1,270	728
Other debt liabilities	777	-	777	-
Current liabilities to lease companies	18	36	18	18
	<b>2,502</b>	<b>764</b>	<b>2,502</b>	<b>746</b>
	<b>10,507</b>	<b>9,175</b>	<b>10,507</b>	<b>9,151</b>

The main information on individual borrowings is disclosed below:

	Type	Maturity	Group		Company	
			As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Borrowing 1	Loan	31-01-2023	8,378	8,944	8,378	8,944
Borrowing 2	Credit line	10-08-2021	-	161	-	161
Borrowing 3	Loan	11-08-2024	1,325	-	1,325	-
	Factoring	05-03-2022	777	-	777	-
Lease 1		26-03-2021	-	3	-	-
Lease 2		26-05-2021	-	2	-	-
Lease 3		26-08-2021	-	3	-	-
Lease 4		11-07-2022	-	16	-	-
Lease 5		25-06-2023	9	14	9	14
Lease 6		25-06-2023	6	11	6	11
Lease 7		25-06-2023	6	11	6	11
Lease 8		25-06-2023	6	10	6	10
			<b>10,507</b>	<b>9,175</b>	<b>10,507</b>	<b>9,151</b>

As at 31 December 2021 annual interest rate of the loan 1 is 1 month EURIBOR + 5.25% (as at 31 December 2020 1-month EURIBOR + 5.75% annual interest rate).

As of 31 December 2021 the Group's and the Company's buildings and machinery and equipment, the carrying amounts of which are EUR 5,124 thousand and EUR 5,181 thousand, respectively, were pledged to the banks for the loans. The value of property, plant and equipment is stated after revaluation. According to the annex No.9 to the agreement signed with the bank on 11 December 2020, the entire loan must be repaid by 31 January 2023. In addition, under this agreement, the company's liabilities under the loan agreement 1 were guaranteed by a Russian company related to the shareholders, the maximum amount of the guarantee being EUR 6,890 thousand.

As at 31 December 2020 the loan 2 was set a fixed annual interest rate of 5.0%, subject to a review clause of 6-month EURIBOR + 3.7% bank margin. The loan was repaid according to the agreed schedules in 2021.

As at 31 December 2021 the loan 3 is set 1% interest for a period of 30 days, 0.67% for a period of 30 days after the registration of the first priority pledge of the acquired property in the Mortgage Register, and 0.23% compensatory interest (per day).

According to factoring with recourse agreement, maximum factoring limit is EUR 930 thousand. Factoring advances can only be paid on the accounts of insured clients.

Borrowings at the end of the year in currencies:

	<b>Group</b>		<b>Company</b>	
	<b>As at 31 December 2021</b>	<b>As at 31 December 2020</b>	<b>As at 31 December 2021</b>	<b>As at 31 December 2020</b>
<b>Borrowings denominated in:</b>				
Euro	10,507	9,175	10,507	9,151
	<b>10,507</b>	<b>9,175</b>	<b>10,507</b>	<b>9,151</b>

Contractual repayment schedule for borrowings:

	<b>Group</b>		<b>Company</b>	
	<b>Fixed interest rate</b>	<b>Variable interest rate</b>	<b>Fixed interest rate</b>	<b>Variable interest rate</b>
2022	437	2,065	437	2,065
2023	265	7,117	265	7,117
2024	623	-	623	-
	<b>1,325</b>	<b>9,182</b>	<b>1,325</b>	<b>9,182</b>

The fixed interest rates of 3.5% and 3.9% were set to liabilities under lease (financial lease) of the Group.

Future lease payments under lease agreements as at 31 December 2021 and 31 December 2020 are as follows:

	<b>As at 31 December 2021</b>	<b>As at 31 December 2020</b>
2021	-	35
2022	19	27
2023	9	10
<b>Total liabilities under financial leases</b>	<b>28</b>	<b>72</b>
Interest	(1)	(3)
<b>Present value of liabilities under financial leases</b>	<b>27</b>	<b>69</b>

Liabilities under financial leases are accounted for as:	<u>27</u>
Current liabilities	18
Non-current liabilities	<u>9</u>

The Group's assets leased under Financial lease agreements comprise machinery and equipment (in Subsidiary). The leasing period is 5 years.

The carrying amount of the assets acquired under finance lease:

	<b>As at 31 December 2021</b>	<b>As at 31 December 2020</b>
Machinery and equipment	60	124
Cars	32	34
	<u>92</u>	<u>158</u>

#### **24. Non-current employee benefits**

As at 31 December 2021 of the Group's and the Company's, the expenses of the one-time payments for leaving employees at a retirement age amounted to EUR 33 thousand and EUR 27 thousand (EUR 15 thousand and EUR 9 thousand as at 31 December 2020).

	<b>Group</b>	<b>Company</b>
<b>31 December 2020</b>	<b>288</b>	<b>274</b>
Used in 2021	(32)	(27)
Accumulated in 2021	70	53
<b>31 December 2021</b>	<b>326</b>	<b>300</b>



Actuarial gains and losses in 2021 and 2020 were insignificant; therefore, they were not separated and presented in other comprehensive income.

## 25. Lease

The carrying amounts of assets held under a recognized right of use and their movements during the period are as follows:

### Company

	<u>Land</u>	<u>Vehicles</u>	<u>Total</u>
<b>1 January 2021</b>	105	33	138
Acquisitions			
Depreciation expenses	(10)	(17)	(27)
<b>31 December 2021</b>	<b>95</b>	<b>16</b>	<b>111</b>

	<u>Land</u>	<u>Vehicles</u>	<u>Total</u>
<b>1 January 2020</b>	114	69	183
Acquisitions		54	54
Depreciation expenses	(9)	(90)	(99)
<b>31 December 2020</b>	<b>105</b>	<b>33</b>	<b>138</b>

### Group

	<u>Land</u>	<u>Vehicles</u>	<u>Total</u>
<b>1 January 2021</b>	<b>105</b>	<b>33</b>	<b>138</b>
Acquisitions			
Depreciation expenses	(10)	(17)	(27)
<b>31 December 2021</b>	<b>95</b>	<b>16</b>	<b>111</b>

	<u>Land</u>	<u>Vehicles</u>	<u>Total</u>
<b>1 January 2020</b>	<b>114</b>	<b>69</b>	<b>183</b>
Acquisitions		54	54
Depreciation expenses	(9)	(90)	(99)
<b>31 December 2020</b>	<b>105</b>	<b>33</b>	<b>138</b>

The carrying amounts of lease liabilities and their movements during the period are as follows:

	<u>Company</u>	<u>Group</u>
<b>1 January 2021</b>	105	105
Acquisitions		
Interest increase		
Payments	(10)	(10)
<b>31 December 2021</b>	<b>95</b>	<b>95</b>

	<u>Company</u>	<u>Group</u>
<b>1 January 2020</b>	114	114
Acquisitions		
Interest increase		
Payments	(9)	(9)
<b>31 December 2020</b>	<b>105</b>	<b>105</b>

The Company and the Group do not have any agreements that provide for the possibility of extension or termination and which are not expected to be exercised or are expected to be exercised.

**26. Employee related liabilities**

	Group		Company	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Provisions for holiday payment	451	463	431	445
Salaries payable	230	242	216	224
Bonus accumulations	-	121	-	121
Social tax payables	133	107	125	101
Personal Income tax payables	79	81	74	77
	<b>893</b>	<b>1,014</b>	<b>846</b>	<b>968</b>

**27. Profit tax and other current liabilities**

	Group		Company	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Other taxes:	9	12	9	7
Other payables and accrued expenses	373	293	354	292
	<b>382</b>	<b>305</b>	<b>363</b>	<b>299</b>

**28. Basic and diluted profit (loss) per share**

Calculation of basic and diluted earnings per share is presented below:

	Group		Company	
	2021	2020	2021	2020
Weighted average number of ordinary shares	39,622	39,622	39,622	39,622
Net profit (loss) for the year, attributable to the shareholders of Company	(1,974)	158	(2,018)	256
<b>Basic profit (loss) per share, in EUR</b>	<b>(0.05)</b>	<b>0.004</b>	<b>(0.05)</b>	<b>0.006</b>

**29. Financial instruments**Overview

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 December 2021 and 2020, 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 and debt recovery agencies.

As at 31 December, the credit risk was related to:

	Group		Company	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Loans receivable from related parties	-	-	-	-
Trade receivables	4,247	3,966	4,181	3,943
Cash and cash equivalents	129	309	53	249
	<b>4,376</b>	<b>4,275</b>	<b>4,234</b>	<b>4,192</b>

As at 31 December 2021, as at 31 December 2020, the main part of the loans granted consists of the loan granted to intermediate shareholder (note 14).

The concentration of the Group's and the Company's trade partners and the largest credit risk related to trade receivables as at the reporting date are disclosed below:

	Group				Company			
	2021	%	2020	%	2021	%	2020	%
Client 1	852	17	473	9	852	18	473	9
Client 2	699	14	321	6	699	15	321	6
Client 3	347	7	314	6	347	7	314	6
Client 4	221	5	305	6	221	5	305	6
Client 5	192	4	220	4	192	4	220	4
Client 6	161	3	206	4	161	3	206	4
Client 7	160	3	201	4	160	3	201	4
Other clients	2,286	47	3,185	61	2,155	45	3,094	61
Impairment	(671)		(1,259)		(606)		(1,191)	
<b>Total</b>	<b>4,247</b>	<b>100</b>	<b>3,966</b>	<b>100</b>	<b>4,181</b>	<b>100</b>	<b>3,943</b>	<b>100</b>

Trade receivables according to geographic regions:

	Group		Company	
	2021	2020	2021	2020
Western Europe	1,904	886	1,904	886
Central Europe	1,263	1,164	1,263	1,164
Ukraine	445	463	445	463
Lithuania	228	798	162	775
Other CIS countries	86	247	86	247
Other Baltic States	14	22	14	22
Russia	307	296	307	296
Other	-	90	-	90
	<b>4,247</b>	<b>3,966</b>	<b>4,181</b>	<b>3,943</b>

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

In 2021, 45.6% and 46.9% of sales of the Group and the Company respectively were directed to Western Europe (in 2020, respectively 34.1% and 34.7%) and 10.8% and 11.1% were directed to Ukraine (in 2020 respectively 18.9% and 19.4% of sales). As at 31 December 2021, the Group's and the Company's amounts receivable for items sold in Western Europe and Ukraine, less impairment losses were equal to EUR 1,904 thousand and EUR 1,904 thousand, and in Ukraine respectively EUR 445 thousand and EUR 445 thousand (as at 31 December 2020, EUR 886 thousand and EUR 886 thousand and Ukraine 463 and 463 respectively).

Although management considers that it takes all necessary measures under current circumstances to maintain stable business of the Group and the Company, the persistent instability of business environment could unpredictably affect the performance of the Group and the Company and their financial position. As at 31 December 2021, having assessed the risks, the Group and the Company recognised impairment allowance of EUR 671 thousand and EUR 606 thousand for receivables (as at 31 December 2020, EUR 1,295 thousand and EUR 1,191 thousand). These financial statements reflect the current management's estimate related to the effect of the business environment on the Group's and the Company's activities and financial position. The future business environment might differ from the management's estimates.

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 2,718 thousand as at 31 December 2021 (EUR 2,227 thousand as at 31 December 2020) were insured with credit insurance by Atradius Sweden Kreditförsäkring Lithuanian branch. Trade receivables from Ukraine, Moldova, Russia and other CIS countries were not insured.

The delay analysis of trade receivables, less impairment losses, as at 31 December 2021 and 2020 is as follows:

#### Group, debt limitation

	Trade receivables neither past due nor impaired	Trade receivables past due but not impaired					Total
		Less than 30 days	30–60 days	60–90 days	90–120 days	More than 120 days	
2021	3,759	74	60	8	0	346	4,247
2020	3,244	407	115	52	90	58	3,966

#### Company, debt limitation

	Trade receivables neither past due nor impaired	Trade receivables past due but not impaired					Total
		Less than 30 days	30–60 days	60–90 days	90–120 days	More than 120 days	
2021	3,735	53	44	4	0	345	4,181
2020	3,256	382	109	50	90	56	3,943

#### Liquidity risk

The Group's and the Company's policy is to maintain sufficient cash and cash equivalents by using cash flows statements with liquidity forecasting for future periods. The statement comprises predictable operating cash flows and effective planning of cash utilisation. The Group's liquidity (total current assets / total current liabilities) and quick ((total current assets - inventory) / total current liabilities) ratios as at 31 December 2021 were 0.91 and 0.41 respectively (1.13 and 0.63 as at 31 December 2020 respectively).

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

The table below summarises the maturity profile of the financial liabilities as at 31 December 2021 and 2020 based on contractual undiscounted payments.

#### Group

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total	Carrying amount
Interest bearing loans and borrowings	-	1,002	1,510	8,004	-	10,516	10,516
Trade and other payables	4,695	3,056	69	384	-	8,204	8,204
<b>Balance as at 31 December 2021</b>	<b>4,695</b>	<b>4,058</b>	<b>1,579</b>	<b>8,388</b>	<b>-</b>	<b>18,720</b>	<b>18,720</b>
Interest bearing loans and borrowings	-	144	607	8,551	-	9,302	9,302
Trade and other payables	1,388	4,126	367	-	-	5,881	5,881
<b>Balance as at 31 December 2020</b>	<b>1,388</b>	<b>4,270</b>	<b>974</b>	<b>8,551</b>	<b>-</b>	<b>15,183</b>	<b>15,183</b>

**Company**

	On demand	Less than 3 months	4 to 12 months	1 to 5 years	More than 5 years	Total	Carrying amount
Interest bearing loans and borrowings	-	1,002	1,510	8,004	-	10,516	10,516
Trade and other payables	4,719	3,057	69	384	-	8,229	8,229
<b>Balance as at 31 December 2021</b>	<b>4,719</b>	<b>4,059</b>	<b>1,579</b>	<b>8,388</b>	<b>-</b>	<b>18,745</b>	<b>18,745</b>
Interest bearing loans and borrowings	-	137	596	8,545	-	9,278	9,278
Trade and other payables	1,311	4,157	345	-	-	5,813	5,813
<b>Balance as at 31 December 2020</b>	<b>1,311</b>	<b>4,294</b>	<b>941</b>	<b>8,545</b>	<b>-</b>	<b>15,091</b>	<b>15,091</b>

The presentation of interest bearing loans and borrowing were restated by the Group and the Company due to regulator requirements. The loans were presented as payable on demand.

The interest payments on variable interest rate loans in the table above are calculated based on the average market interest rates at the period end, and these amounts may change as market interest rates change.

Interest rate risk

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

As at 31 December 2021 and 2020 the Group and the Company did not use any financial instruments to hedge against interest rate risk.

Sensitivity of the Group and the Company profit before taxes with respect to possible interest rate movements is not substantial. Other effect to Company and Group equity is not possible except via profit.

Foreign exchange risk

There were no derivative foreign currency transactions made in 2021 and 2020.

Monetary assets and liabilities of the Group denominated in various currencies as at 31 December 2021 and 2020 were as follows:

	2021		2020	
	Assets	Liabilities	Assets	Liabilities
EUR	4,375	18,646	4,259	15,038
USD	-	66	14	5
Other	1	-	1	-
<b>Total</b>	<b>4,376</b>	<b>18,712</b>	<b>4,274</b>	<b>15,043</b>

Monetary assets and liabilities of the Company denominated in various currencies as at 31 December 2021 and 2020 were as follows:

	2021		2020	
	Assets	Liabilities	Assets	Liabilities
EUR	4,233	18,671	4,178	14,946
USD	1	66	14	5
<b>Total</b>	<b>4,234</b>	<b>18,737</b>	<b>4,192</b>	<b>14,951</b>

Capital management

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

The Group and the Company manage their capital structure and make adjustments to it in the light of changes in the economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

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 December 2021 and 2020 the Group and the Company complied with this requirement.

### 30. 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.

In 2013 the Company had a heating power purchase agreement; based on the agreement, the Company is obliged, for the 10-year period, to purchase 6,000 Kwh of heating power each year. If the Company fails to purchase the agreed quantity of power or in case of agreement termination, the fine from EUR 579 thousand in the first year of the agreement to EUR 58 thousand in the tenth year of the agreement shall be imposed. The Company complied with its contractual liabilities. As the energy supplier has pledged its assets to the State Investment Company VIVA, there is a risk that the collateral holder will take action from the energy supplier, which may lead to a change in the contractual relationship.

### 31. 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 Company or 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 controlling parties of the Group during 2021 and 2020 were as follows:

Vaidana UAB (former controlling party);  
Hymana Holdings Ltd. (former controlling party);  
Sekenora holdings limited (the parent).

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 31 December 2021 and 31 December 2020 the Group has not formed any impairment allowances for doubtful debts, related to receivables from related parties for sales and provided services. 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 over the year:

	2021				2020			
	Loans received	Interest expenses	Loans granted	Interest income	Loans received	Interest expenses	Loans granted	Interest income
Companies, controlled by ultimate shareholders	-	-	-	-	-	-	-	-
Controlling parties	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

2021	Purchases	Sales	Receivables	Payables
Companies, controlled by ultimate shareholders	203	83	638	94
Controlling parties	-	-	-	-
<b>Total</b>	<b>203</b>	<b>83</b>	<b>638</b>	<b>94</b>

<b>2020</b>	<b>Purchases</b>	<b>Sales</b>	<b>Receivables</b>	<b>Payables</b>
Companies, controlled by ultimate shareholders	135	436	620	-
Controlling parties	-	-	-	-
<b>Total</b>	<b>135</b>	<b>436</b>	<b>620</b>	<b>-</b>

The Company's transactions carried out with subsidiaries:

	<b>Purchases</b>		<b>Sales</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Subsidiaries</b>	284	193	99	109

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 loans and receivables from subsidiaries as at 31 December in the statement of financial position:

	<b>2021</b>	<b>2020</b>
<b>Current receivables</b>		
Subsidiaries	23	14
<b>Total current receivables</b>	<b>23</b>	<b>14</b>

The delay analysis of receivables from subsidiaries and granted loans during the period as at 31 December:

	<b>Receivables from subsidiaries and granted loans neither past due nor impaired</b>	<b>Receivables from subsidiaries and granted loans past due but not impaired</b>					<b>Total</b>
		<b>Less than 30 days</b>	<b>30–60 days</b>	<b>60–90 days</b>	<b>90–120 days</b>	<b>More than 120 days</b>	
<b>2021</b>	23	-	-	-	-	-	23
<b>2020</b>	14	-	-	-	-	-	14

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

	<b>2021</b>	<b>2020</b>
<b>Subsidiaries</b>	89	16

#### Remuneration of the management and other payments

Remuneration of the Group's management amounted to EUR 1,091 thousand (24 employees) during the twelve months of 2021, in 2020 – EUR 920 thousand (23 employees). The management of the Group did not receive any other loans, guarantees; no other payments or property transfers were made or accrued.

### 32. 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 issuing the Statements the Company continues to operate. Snaigė AB is able to fulfill the placed orders and fulfills them, however, there are additional 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, and their application in the future is also unlikely, as persons related to the Company and the Group do not participate in politics or hostilities to the knowledge of the management.
- At the time of preparing the Statements, the export of products to Ukraine has completely stopped, as well as the activities of the subsidiary Snaigė Ukraina ZAO have been temporarily suspended. In 2021 the company's revenue from sales in Ukraine amounted to EUR 3.7 million., which is 11% total turnover of the company. As at 28 February 2022 receivables from Ukrainian customers amounted to EUR 0.3 million. The recovery of receivables after the end of hostilities is considered positive, but with a significant delay. The supply of raw materials from Ukraine has stopped, however, its volume in 2021 was insignificant (about 1% of all purchases) and the suspension of supply from Ukraine does not directly affect the Company's operations.
- Exports of products to Russia and Belarus have been 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 received from sales in Russia and Belarus in 2021 amounted to 0.8 mln. EUR, this represents ~ 2% of the company's total turnover. As at 28 February 2022 receivables from Russian and Belarusian customers were insignificant. The supply of raw materials from Russia and Belarus has also stopped, but its volume in 2021 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 conflict on the Company's and the Group's operations is very negative because:
  - o 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).
  - o 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, Asia and Africa, therefore, the company expects to compensate for poor sales in Ukraine and other markets.

Managing Director	Mindaugas Soloqubas		11 April 2022
Chief of the Accounting and Finance Department	Vytautas Adomaitis		11 April 2022



**SNAIGĒ AB  
CONSOLIDATED AND SEPARATE ANNUAL  
REPORT**

11-04-2022

## ***Confirmation of responsible persons***

Members of the Company's management bodies, employees and the head of administration and the Company's consultants, responsible for preparation of the consolidated annual report and the consolidated financial statements for 2021, confirm that, to their knowledge, the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union are accurate and present fairly the assets, liabilities, financial position, profit or loss of the Company and the consolidated entities, and that the consolidated annual report correctly presents an overview of business development and operations, the condition of the Company and its consolidated companies together with a description of main risks and uncertainties encountered.

Managing Director of SNAIGĖ AB		Mindaugas Sologubas
Chief of the Accounting and Finance Department of SNAIGĖ AB		Vytautas Adomaitis

Report prepared:

11 of April, 2022

Place of preparation of the report:

Snaigė AB, Pramonės str. 6, Alytus

## Contents

1	GENERAL INFORMATION.....	60
1.1	Reporting period for which the annual report is prepared .....	60
1.2	Basic information about the company.....	60
1.3	The type of the Company's main business activities .....	60
1.4	The Company's group structure .....	60
1.5	Information about the Company's offices and affiliates.....	60
1.6	Short history of the Company's activities .....	61
1.7	Mission. Vision. Values.....	62
1.8	List of the most important events in 2021 .....	63
2	AB SNAIGÉ GOVERNANCE AND MANAGEMENT .....	63
2.1	The Company's Management bodies .....	63
2.2	Corporate governance bodies .....	63
2.3	The Company's group's management structure .....	65
2.4	Procedures of changing the Company's articles of association.....	65
3	AB SNAIGÉ AUTHORISED CAPITAL, SHAREHOLDERS, INFORMATION ABOUT SECURITIES .....	65
3.1	Issuer's authorized capital .....	66
3.2	Shareholders .....	66
3.3	Information about trading of issuer's securities in the regulated markets .....	67
3.4	Information about the repurchase of own shares.....	69
3.5	Dividends.....	69
3.6	Contracts with public circulation of securities dealers.....	69
3.7	Restrictions on transfer of securities.....	69
4	SNAIGÉ OPERATING REVIEW .....	70
4.1	General rates, describing the Company's business performance, their behaviour .....	70
4.2	Production .....	70
4.3	Sales.....	71
4.4	Supply.....	74
4.5	Employees and human resource policy .....	74
4.6	Investment policy .....	76
4.7	Environment protection.....	77
4.8	Risk factors related to the business of the Company .....	78
4.9	Related party transactions .....	79
5	OTHER INFORMATION ABOUT SNAIGÉ AB.....	79
5.1	Membership in associated organizations.....	79
5.2	Patents, licenses.....	79
5.3	Recent and the most important events of the Company .....	79
5.4	Strategies and plans.....	91
6	DISCLOSURE FORM CONCERNING THE COMPLIANCE WITH THE GOVERNANCE CODE FOR THE COMPANIES LISTED ON THE REGULATED MARKET.....	91
7	REMUNERATION REPORT .....	107

## 1. GENERAL INFORMATION ABOUT AB SNAIGĖ

### 1.1 Reporting period for which the annual report is prepared

Annual report is prepared for year 2021.

### 1.2 Basic information about the company

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

Authorised capital as of 31 December 2021 – EUR 6,735,807.15

Address – Pramonės str. 6, LT-62175 Alytus

Phone – (+370 315) 56 206

Fax – (+370 315) 56 207; (+370 315) 56 269

E-mail – snaige@snaige.lt

Internet web-page – <http://www.snaige.lt>

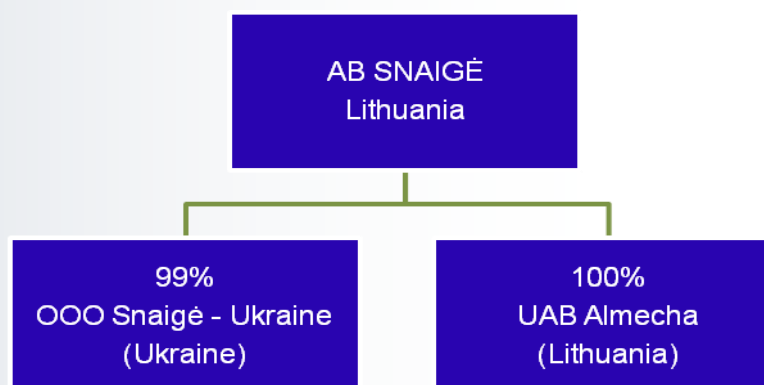
Legal organisation status – legal entity, public limited company

Registered as a Public Enterprise of the Republic of Lithuania (hereinafter referred to as LR) on 1 December 1992 in the Municipality Administration of Alytus; registration number AB 92-119; enterprise register code 249664610. The latest Articles of Association of Snaigė AB were registered on 24 November 2021 in the Register of Legal Entities of the Republic of Lithuania.

### 1.3 The type of the Company’s main business activities

The main business activities of the Company are manufacture of refrigerators and freezers, the manufacture of household electrical appliances and appliances, the manufacture of metal products and other activities permitted by Lithuanian laws, as indicated in the Articles of Association.

### 1.4. The Company’s group structure



#### 1.4.1 Information about the Company’s subsidiaries

The Company’s group consists of the refrigerator manufacturer Snaigė AB, based in Alytus, and the following subsidiaries:

- Almecha UAB. Main activity – manufacturing of miscellaneous machinery and equipment. The enterprise was registered in November 2006. Address: Pramonės str. 6, Alytus, Lithuania.
- Snaigė-Ukraine OOO. Main activity – sales of refrigeration appliances, sales, consulting and services. The enterprise was registered in November 2002. Address: Grushevski str. 28-2a/43 Kiev, Ukraine

### 1.5 Information about the Company’s offices and affiliates

The Company has no offices and affiliates.

## 1.6 Short history of the Company's activities

- 1963 – The Company produced its first 25 refrigerators;
- 1975 – Over 1 million refrigerators manufactured by this year;
- 1983 – The Company started export to foreign countries.
- 1990 – The Company has come under the control of the Republic of Lithuania;
- 1992 – The Company has been privatised and registered as a public limited liability the Company;
- 1995 – The Company was retooled. Use of Freon in the manufacture of refrigerators is discontinued. All the Company's products are manufactured only from ecologically clean materials;
- 1997 – The Company has achieved ISO 9001 certification for implementing international quality management standards;
- 2000 – The Company's quality management system was successfully re-certified for ISO 9001;
- 2001 – The Company has achieved ISO 14001 certification for implementing an environmental management system;
- 2002 – The Company started to produce a refrigerator with R600a environmentally friendly refrigerant; Started A + energy efficiency refrigerator production; Snaigė become EU project "Energy +" participant.;
- 2003 – A + Grade energy efficiency fridge Snaigė RF310 won the LCI contest "Product of the Year" Gold Medal;
- 2004 – The Company opened its new plant in Kaliningrad;
- 2006 – The Company acquired 100% of the capital of the Russian wholesale and retail Company Liga Service;
- 2006 – Snaigė has made its 10 millionth refrigerator;
- 2006 – Display-Cooler Snaigė CD480 awarded by golden medal in annual competition "Lithuanian product of the Year";
- 2006-2007 Snaigė recognised as the most innovative Lithuanian Company;
- 2007 – The Company's environmental management system ISO 14001 successfully certificated;
- 2007 – Snaigė Alytus plant started serial production of new line models "Snaigė ICE LOGIC" production;
- 2007 – Refrigerator Snaigė ICE LOGIC RF34SH A+ awarded "Product of the Year" gold medal;
- 2008 Snaigė ICE LOGIC RF31SM A+ was assessed as the "Product of the Year" and awarded a gold medal;
- 2008 – Snaigė awarded for "Innovation Award";
- 2009 – The loss of production and devaluation of the ruble conditioned to close the Company's factory in Kaliningrad;
- 2010 – AB Snaigė's environmental protection and occupational safety and health management systems have been successfully re-certified for a new three-year period;
- 2010 – Refrigerator Snaigė ICE LOGIC RF34SM A++ awarded by golden medal in annual competition "Lithuanian product of the Year".
- 2011 – Refrigerator Snaigė ICE LOGIC Glassy RF34SM A++ awarded by golden medal in annual competition "Lithuanian product of the Year".
- 2011 Russian company Polair, indirectly acting through UAB VAIDANA, acquired 59.86% of all shares of the Company.
- 2013 – Snaigė received the Lithuanian Exporter of the Year Award.
- 2013 – Snaigė won within category „The Innovative company“ and was awarded with the „Innovation Prize 2013“.
- 2013 – the first Lithuanian refrigerator RF34NM with frost-free "No Frost" refrigeration system is ready and launched on the market.
- 2013 – Snaigė ICE LOGIC Glassy "Side by side" refrigerator C 29SM - freezer F 22SM A++ is awarded by golden medal in annual competition "Lithuanian product of the Year".
- 2013 – production of the highest energy efficiency class A +++ refrigerator Snaigė ICE LOGIC RF34SM is ready.
- 2013 – AB Snaigė participated in the project for small and medium business "Gazelė 2013" organized by "Verslo žinios" and is recognized as one of the most successful and fastest growing Lithuanian companies.
- 2014 – Refrigerator Snaigė NO FROST RF34 awarded by golden medal in annual competition "Lithuanian product of the Year".
- 2015 – In September, the Company attended the international trade show for home appliances IFA 2015 in Berlin where it presented its latest products. SNAIGĖ's stand attracted much interest from both the attendees of the trade

fair and the potential clients. What is more, a fridge upholstered in faux crocodile leather raised great interest from the journalists of the international newspaper and portal USA TODAY.

- In 2015, the Company launched a new commercial display fridge CD40.
- In 2015, Snaigé AB launched its trading operations and successfully positioned itself in Norway, Sweden, Israel, Georgia and Azerbaijan.
- In 2015, the Company introduced its customers to a few new and unique products: luxurious double fridge-freezers with glass surface doors RF34TWINs and a single-door fridge C31 welcomed by the buyers in France and across the Scandinavian countries, along with new products: cooler C 31 and freezer F 27 combination with glass surface doors.
- In 2015, existing fridges had enhancements: electronic controls in SNAIGÉ Ice Logic fridge-freezers, introduced.
- In 2015, the mass production of fridges with a freezer at the bottom RF31/RF36 A++ with partial NO FROST system was launched.
- In 2015, the design of the Young and the Premium refrigerators was implemented for Polish manufacturer AMICA.
- In 2016, AB Snaigé fridges climbed to the top of the Lithuanian market. The Company had an 18% share of the refrigerator market.
- In 2016, the Company launched its export operations to Jordan.
- In 2016, the Company launched its cooperation with one the major Czech home appliance retail chain FAST.
- In 2016, the Company's products were presented in three trade shows in the Czech Republic held by the Company's trade partners.
- In 2017, AB Snaigé developed two new refrigerator design lines SNAIGÉ Fresh Inn and SNAIGÉ Retro and prepared them for mass production.
- In 2017, AB Snaigé took part in a trade show for home appliances in the Czech Republic.
- In 2017, the Company began trading in Belarus.
- In 2018, the Company's business was repeatedly awarded the ISO 9001 certificate.
- In 2018, the mass production of the new design lines SNAIGÉ Fresh INN and SNAIGÉ Retro was launched.
- In 2018, Snaigé's own stand was opened in a store owned by the Bulgarian home appliance chain Technopolis.
- 2019 – a 700 l commercial refrigerator was developed.
- 2019 – an inverter compressor has been introduced in refrigerators with a frost-free refrigeration system.
- 2020 – Serial production of professional refrigeration equipment "block system" has started.
- 2020 – Developed and launched serial production of new refrigerators with the freezer on top (FR25, FR26, FR27).
- 2021 – The SNAIGÉ medical refrigerator has received DIN13277 certification.
- 2021 – the Company started serial production of medical refrigerators.
- 2021 – A refrigerator for a professional kitchen has been developed.

## 1.7 Mission. Vision. Values.

### **Mission**

*Our Mission is to develop financially disciplined business that provides consumers with good value and quality products and our shareholders with top-tier returns on their investments.*

### **Vision**

*To become the most reliable home appliances brand for consumers in the Eastern Europe and the preferred choice for OEM supplier in the Western Europe.*

### **Values**

*Open minded      Trustworthy      Teamwork      Flexibility*

## 1.8 List of the most important events in 2021

- The SNAIGĖ medical refrigerator has received DIN13277 certification.
- Serial production of medical refrigerators has started.
- A refrigerator for a professional kitchen has been developed.

## 2. AB SNAIGĖ GOVERNANCE AND MANAGEMENT

### 2.1 The Company's Management bodies

#### 2.1.1 Management bodies

Management bodies:

- General shareholders meeting;
- The management board is formed of five members and elected for the period of 4 years;
- Head of the Company – Managing Director.

The calling of general shareholder meeting, the competence of the meeting has no differences from the procedures and competences indicated in the Law on Companies of Republic of Lithuania.

The management board is elected and resigned by general shareholders meeting according to the procedures indicated by the Law on Companies. The management board has a right to take decision to issue bonds. The competence of the management board has no other differences from the competences indicated in the Law on Companies. The work procedures of the management board are set by the board's work rules of procedure.

The competence of the head of the Company, his nomination and resignation procedures are not different from those indicated in the Law on Companies.

The Company has the audit committee which is the operating collegial administrative body and which was elected by shareholders in 2009. The audit committee is operating by audit committee's labour regulation. During the General Meeting of Shareholders held in 2019, the shareholders appointed two elected independent members of the Board to the Audit Committee and authorized the Board of the Company to appoint members to the Audit Committee in the future.

#### 2.1.2 Legal basis of the Company's operations

Snaigė AB uses the Company's articles of association, Law on Companies of the Republic of Lithuania, other legal acts issued by the Republic of Lithuania and European Union as legal guidelines for operations.

### 2.2 Corporate governance bodies

#### 2.2.1 Information about the members of management bodies with regard to the share of the Company's authorized capital

NAME	Position	Available number of shares, units	Share capital, per cent	Votes, per cent
<b>BOARD</b>				
Aleksey Kovalchuk	Snaigė AB chairman of the board	-	-	-
Oleg Tsarkov	Snaigė AB member of the board	-	-	-
Konstantin Kovalchuk	Snaigė AB member of the board	-	-	-
Anna Korneeva	Snaigė AB member of the board	-	-	-
<b>ADMINISTRATION (Managing Director and Chief Financial Officer)</b>				
Mindaugas Sologubas	Snaigė AB Managing Director	-	-	-
Vytautas Adomaitis	Snaigė AB Chief of the Accounting and Finance Department	-	-	-

## 2.2.2 Information on the management bodies involvement in other companies, institutions and organizations

### Participating in other companies activities and interests (31 December 2021):

Name	Name of organisation, position	Share of the capital and votes available in other companies, in percentage
Aleksey Kovalchuk	Does not participate in other Lithuanian companies activities and interests	-
Oleg Tsarkov	Does not participate in other Lithuanian companies activities and interests	-
Konstantin Kovalchuk	Does not participate in other Lithuanian companies activities and interests	-
Anna Korneev	Does not participate in other Lithuanian companies activities and interests	-
Mindaugas Sologubas	Almecha UAB member of the board	-
	Association EPA member of the board	-
	Verslo Architektūra UAB Managing Director	100%
Vytautas Adomaitis	Does not participate in other Lithuanian companies activities and interests	-

### 2.2.3 Chairman of the board, head of administration and chief financial officer

Name	Education, profession	Workplaces in the last 10 years and positions in them
Aleksey Kovalchuk	Finance Academy under the Government of the Russian Federation	Managing Director of OAO Polair 2009–2013 Managing Director of ZAO Polair-Nedvizhimost Advisor JSC AVIKON
Mindaugas Sologubas	Stockholm School of Economics in Riga, Bachelor of Economics and Business Vytautas Magnus University, Master of Finance and Banking	Managing Director of SNAIGE AB from 21 September 2019. Finance Director of SNAIGE AB from September 2014. Director of Verslo architektūra UAB from August 2013. Director of ZAO LIGRIS, Nikolaev, Ukraine, from October 2011 to July 2013.
Vytautas Adomaitis	Vilnius State University, Faculty of Economic Cybernetics and Finance, specialization of economist-accountant	Head of the Accounting and Finance Department SNAIGE AB from 03 October 1983.

### 2.2.4 Information about start date and end date of the office term of each member of the management body

NAME	Start date of the office term	End date of the office term
<b>BOARD</b>		
Aleksey Kovalchuk	14/12/2011	Until February 2023
Oleg Tsarkov	30/04/2015	Until February 2023
Konstantin Kovalchuk	30/04/2018	Until February 2023
Anna Korneeva	15/05/2019	Until February 2023
Igor Zentsov	15/05/2019	28/07/2021
<b>ADMINISTRATION (Managing Director and Chief Accountant)</b>		
Mindaugas Sologubas	21/09/2019	Term less agreement (23/09/2014 – 20/09/2019 Finance Director Snaige AB)
Vytautas Adomaitis	03/10/1983	Term less agreement



### 2.2.5 Information regarding valid conviction of the members of the management bodies for the offences against property, farming procedure and finance

There is no such information.

### 2.2.6 Information about benefits and loans granted to governing bodies

No benefits and loans granted to governing bodies in 2021.

### 2.2.7 Information about the total amounts and average amounts of the salaries, tantiemes and other profit benefits paid by the Company during the reporting period per person

During 2021 no salaries were paid to the board members.

### 2.2.8 Information about the salaries, tantiemes and other profit benefits paid to the members of the Company's Supervisory Board and the Board sourced from the enterprises where the share of the authorized capital owned by the Company amounts to more than 20 percent

No such payments were made during the accounting period.

### 2.2.9 Information about loans, warranties and securities of the performance of liabilities granted to the members of the management bodies during the accounting period

No loans, guarantees or securities were issued for the members of managements bodies during the accounting period.

### 2.2.10 Important agreements, the party of which is the Company and which would take effect, change, or would stop being valid in case the control of the Company changes, also the effect of such agreements, except from the cases when the disclosure of such agreements would result in large damage to the Company

As far as it is known to the Company, there are no such agreements.

### 2.2.11 The Company's and its management bodies members or employees agreements, describing compensation in case the members or employees resign, or are fired without grounded reason, or if their employment ends because of change of control of the Company

As far as it is known to the Company, there are no such agreements.

## 2.3 The Company's group's management structure

**Mindaugas Sologubas** – Managing Director.

**Kęstutis Urbonavičius** – Technical and Production Director.

**Rolandas Lukšta** – Sales Director.

**Rūta Petrauskaitė** – Marketing Director.

**Vytautas Adomaitis** – Chief of the Accounting and Finance Department.

## 2.4 Procedures of changing the Company's articles of association

The articles of association of the Company can be modified by the decision of general shareholders meeting, with the qualified majority of 2/3, except from the cases described in the Law on Companies.

After the general meeting of the shareholders takes a decision to modify the articles of association, the list of all the modified text in the articles is made and signed by the attorney of the general meeting.

Modified articles and documents confirming the decisions to modify the articles have to be submitted to the register of the enterprises during the period specified by the law.

In other cases, not described by the Company's articles of association the Company follows the Civil Code of the Republic of Lithuania, Law on Companies and other legal acts of the Republic of Lithuania.

## 3 AB SNAIGĖ AUTHORISED CAPITAL, SHAREHOLDERS, INFROMATION ABOUT SECURITIES

### 3.1 Issuer's authorized capital

#### 3.1.1 The authorized capital registered in the enterprise register

Name of the securities	Amount of the securities	Nominal value, EUR	Total nominal value, EUR	Share of the authorized capital, in percentage
Ordinary registered shares, ISIN LT0000109274	39,622,395	0.17	6,735,807.15	100

#### 3.1.2 Changes in authorized capital during the last 5 years

Registration of changed authorized capital	The size of the authorized capital before the change	Change	Reason for change	The size of the authorized capital after the change
24/09/2019	11,886,718.50 EUR	- 1,584,895.80	The reduction of the authorised capital by reducing nominal value, in order to comply with the provisions of the Law on Companies of the Republic of Lithuania	10,301,822.70 EUR
19/08/2020	10,301,822.70 EUR	- 3,566,015.55	Reduction of the authorized capital by reducing the nominal value by transferring this amount to the revaluation reserve.	6,735,807.15 EUR

#### 3.1.3 Information with regard to prospective increase of the authorized capital by converting or trading the issued loans or secondary securities for the shares

There are no issued debts or secondary securities.

### 3.2 Shareholders

#### 3.2.1 Largest shareholders

4.11% of the Company's authorized capital is owned by the companies and individuals registered in Lithuania, 95.89% for non-residents. As of 31 December 2021, the total number of the Company's shareholders comprised 1080 (as of 31 December 2020 – 969). The major shareholder of the Company is Sekenora Holdings Limited which controls 91.10% of shares.

The major shareholders who own or control more than five percent of the issuer's authorized capital as of 31 December 2021 are listed below:

Names (company names, addresses, enterprise register codes) of the shareholders	Amount of the ordinary registered shares available, in pcs.		Share of the authorized capital and votes available, in percentage				
	Total	incl. the ones owned by the shareholder	Total		incl. the ordinary registered shares owned by the shareholder		Total incl. the share of the entities operating jointly, in percentage
			share of the votes	share of the capital	share of the appointed votes	share of the capital	
Sekenora Holdings Limited, 32 Kritis str., Papachristoforou Building, Cyprus, HE371000	36,096,193	36,096,193	91.10	91.10	91.10	91.10	-

### 3.2.2 Shareholders with special control rights

There are no shareholders with special control rights.

### 3.2.3 Restrictions of shareholders voting rights

All the shareholders have equal voting rights.

### 3.2.4 Shareholders agreements, about which the Issuer is informed and due to which the transfer of securities or voting rights can be restricted

The issuer has no information about any shareholder agreements of such type.

## 3.3 Information about trading of issuer's securities in the regulated markets

### 3.3.1 Securities included in the trading lists of regulated markets

39,622,395 ordinary registered shares of Snaigė AB, are included into the Secondary trading list of the NASDAQ OMX Vilnius Stock Exchange. The total nominal value of the shares is EUR 6,735,807.15. ISIN LT0000109274. The nominal value of one share is EUR 0.17.

### 3.3.2 Trade of the issuer's securities in stock exchanges and other organized markets

Trade of the Company's ordinary registered shares in the securities stock exchange was started on 11 August 1995.

The ordinary registered shares of Snaigė AB, have been listed in the Official trading list of NASDAQ OMX Vilnius Stock Exchange since 9 April 1998 till 8 May 2009.

Since 8 May 2009 the Company on its own initiative requested NASDAQ OMX to switch its shares from NASDAQ OMX Vilnius Official listing and add them to the NASDAQ OMX Vilnius Secondary listing.

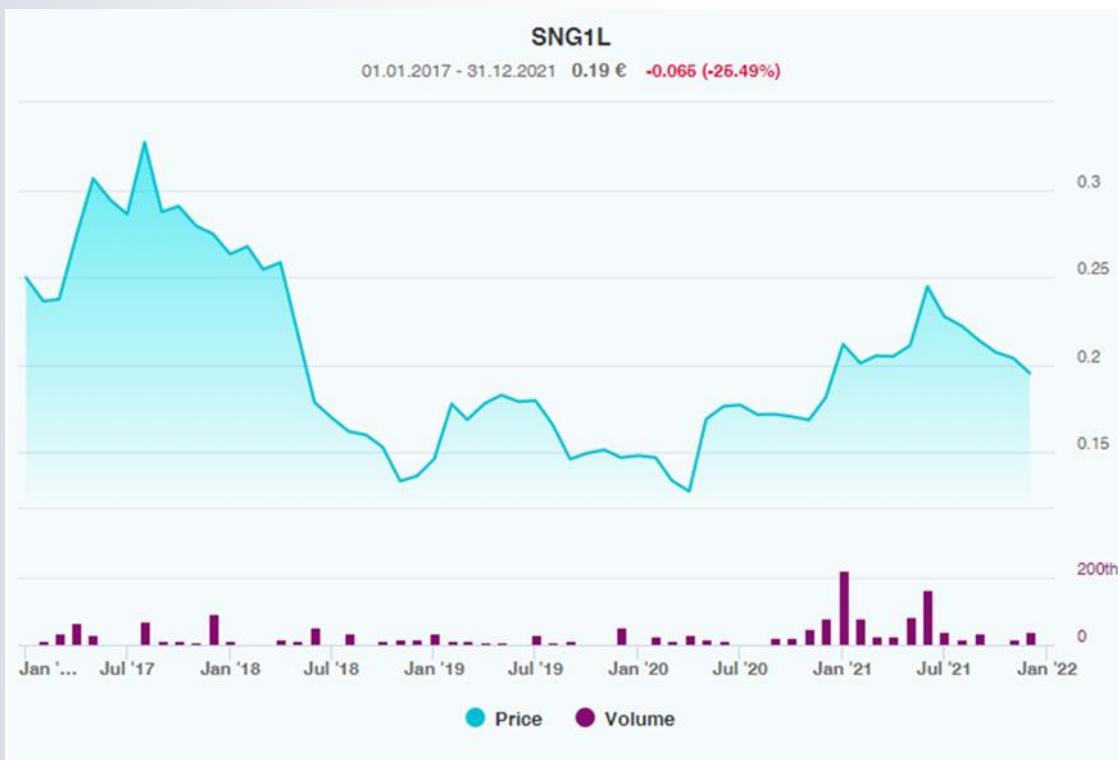
#### 3.3.2.1 Trade on NASDAQ OMX Vilnius stock exchange

##### Trade in the Company's shares during 2017–2020 (EUR)

Price	2021	2020	2019	2018
Open	0.22	0.15	0.13	0.24
High	0.28	0.24	0.2	0.28
Low	0.178	0.102	0.116	0.121
Last	0.19	0.19	0.151	0.13
Traded volume	745,301	280,479	200,011	196,152
Turnover, million	0.16 EUR	0.05 EUR	0.03 EUR	0.04 EUR
Capitalisation, million	7.53 EUR	7.53 EUR	5.98 EUR	5.15 EUR

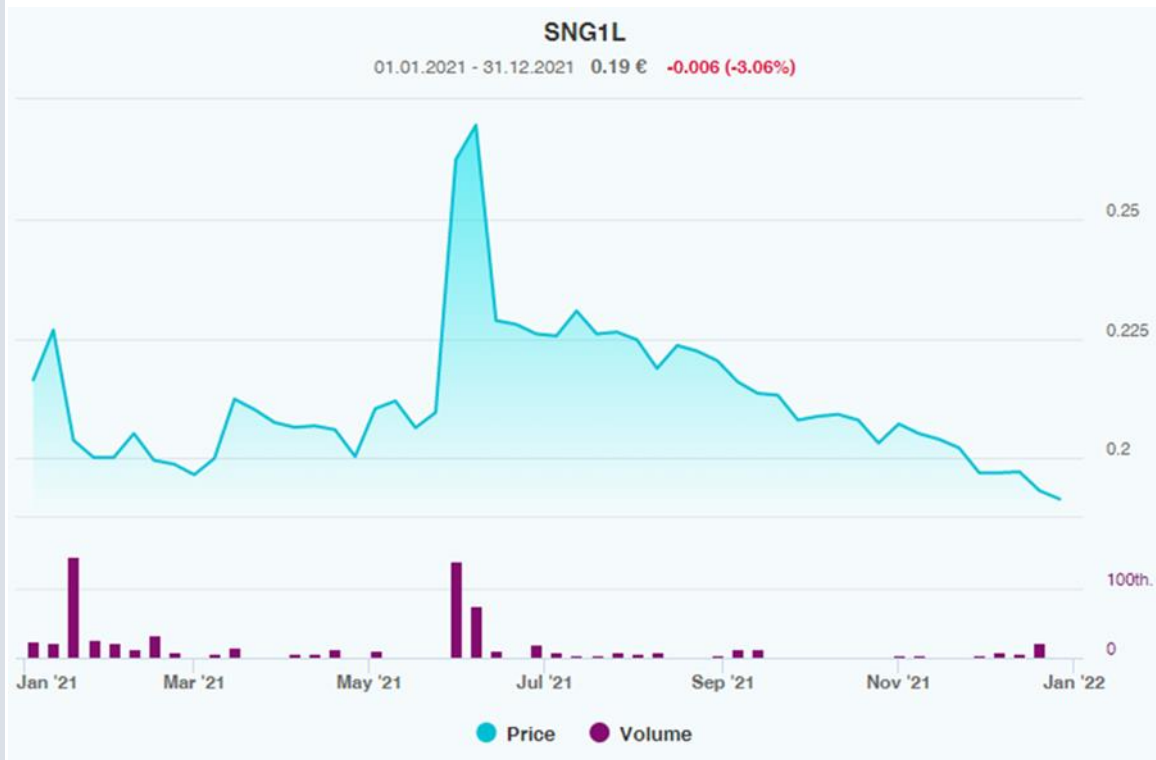
Below you can find the graphs of the Company's shares turnover and prices during last 5 years. The data from AB NASDAQ OMX Vilnius webpage:

<https://nasdaqbaltic.com/statistics/lt/instrument/LT0000109274/trading>



The price of share is in EUR because the trade of shares is in EUR from 22 November 2010.

The price of share during the reporting year (information from AB NASDAQ OMX Vilnius webpage): <https://nasdaqbaltic.com/statistics/lt/instrument/LT0000109274/trading>



The share prices graphs of OMX Baltic Benchmark, OMX Vilnius indexes and Snaigė AB for the period from 1 January 2020 until 31 December 2021 are presented below. The information is from AB NASDAQ OMX Vilnius webpage: <https://www.nasdaqbaltic.com/statistics/lt/charts>

### Baltic Market indexes



#### 3.3.2.2 Trade on other regulated markets

The securities are not traded on other regulated markets.

#### 3.3.3 Capitalization of securities

The capitalization of Snaigė AB, shares and shares listed in AB NASDAQ OMX Vilnius on the last trade dates during the period 2018-2021:

Baltic equity list	2021	2020	2019	2018
Capitalization, million	7.53 EUR	7.53 EUR	5.98 EUR	5.15 EUR

#### 3.4 Information about the repurchase of own shares

During 2021, no repurchase of own shares was made. The Company had no own shares at the end of 2021.

#### 3.5 Dividends

The Company does not have an established procedure for allocation of dividends. The General Shareholders' Meeting decides whether to pay dividends.

#### 3.6 Contracts with public circulation of securities dealers

On 20 May 2013 Snaigė AB entered into a contract with UAB FMĮ Orion securities (A. Tumėno str. 4, Vilnius) on the accounting of the financial instruments issued by the Company and management of private securities accounts.

#### 3.7 Restrictions on transfer of securities

There are no restrictions on the transfer of securities issued.

## 4. SNAIGĒ OPERATIONS REVIEW

### 4.1 General rates, describing the Company's business performance, their behaviour

The financial figures for the last year are presented in general.

(consolidated data):

	2021	2020	2019
Turnover (continuing operations), EUR thousand	33,538	29,418	32,222
Gross profit (continuing operations), EUR thousand	3,249	3,150	3,031
Net profit (loss) from continuing operations, EUR thousand	(1,974)	158	(1,685)
Net (loss) from discontinued operations, EUR thousand	-	-	-
Net profit (loss), EUR thousand	(1,974)	158	(1,685)
Average share price, EUR	0.215	0.163	0.157
<b>Financial figures</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Profit before tax indicator, % (current year profitability of continuing operations)	-5.81%	0.42%	-5.23%
General mark-up (continuing operations), %	9.69%	10.71%	9.41%
EBITDA mark-up (continuing operations), %	1.50%	9.2%	2.90%
Solvency ratio, % (general short-term solvency)	91.06%	112.79%	49.98%
Debt to assets ratio, % (general debt ratio)	86.43%	77.65%	78.75%
Return on average shareholders' equity (continuing operations), %	-55.29%	2.85%	-30.49%

<b>Shares indicators</b>	2021	2020	2019
Net profit per share (continuing operations), EUR	-0.05	0.004	-0.04
Net loss per share (discontinued operations), EUR	-	-	-
Net profit per share (total), EUR	-0.05	0.004	-0.04
Average annual share market price, EUR	0.215	0.163	0.157
EBITDA per share (continuing operations), EUR	0.01	0.07	0.02
EBITDA multiplier (EBITDA per share / Average annual share market price)	0.05	0.43	0.13
Total dividends, EUR thousand	-	-	-
Dividends per share, EUR	-	-	-
Average net book share value (continuing operations), EUR	0.09	0.14	0.15

## 4.2 Production

### 4.2.1 The Company's product portfolio

The Company produces various models of high-quality household refrigerators, specialized (medical, industrial) refrigerators and freezers. Also, the Company spare parts for refrigerators, metal products, tools and equipment.

The Company produces various high quality models of household refrigerators, refrigerator-showcases, wine refrigerators, freezers and their spare parts.

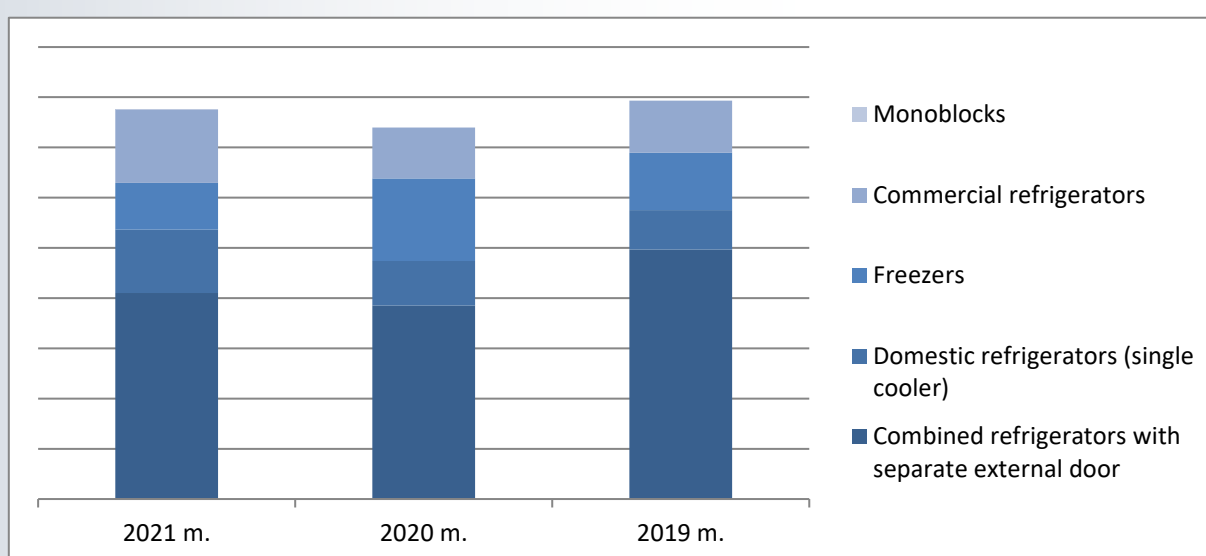
The Company's main products is refrigerators. They are classified in several main categories:

- Combined refrigerators with separate external doors;
- Single cooler refrigerators;
- Freezers;
- Commercial and medical refrigerators;
- Refrigeration units – monoblocks.

In 2021, the Company mainly produced the combined refrigerators with separate external doors.

The consolidated sales figures for the last three years are as follows:

Type of activities	2021		2020		2019	
	units	%	units	%	units	%
<b>Company's produced refrigerators sold, units</b>	<b>155,259</b>	<b>100</b>	<b>147,913</b>	<b>100</b>	<b>158,670</b>	<b>100</b>
including:						
Combined refrigerators with separate external door	82,104	52.9	77,064	52.1	99,362	62.6
Domestic refrigerators (single cooler)	25,188	16.2	17,728	12.0	15,741	9.9
Freezers	18,660	12.0	32,950	22.3	22,769	14.4
Commercial refrigerators	29,097	18.7	20,171	13.6	20,798	13.1
Monoblocks	210	0.1				



#### 4.2.2 Termination or reduction of production volume with the critical effect on the Company's performance during the recent 3 economical years

During the recent 3 economical years no termination or reduction of production volumes with a critical effect on the Company's performance occurred.

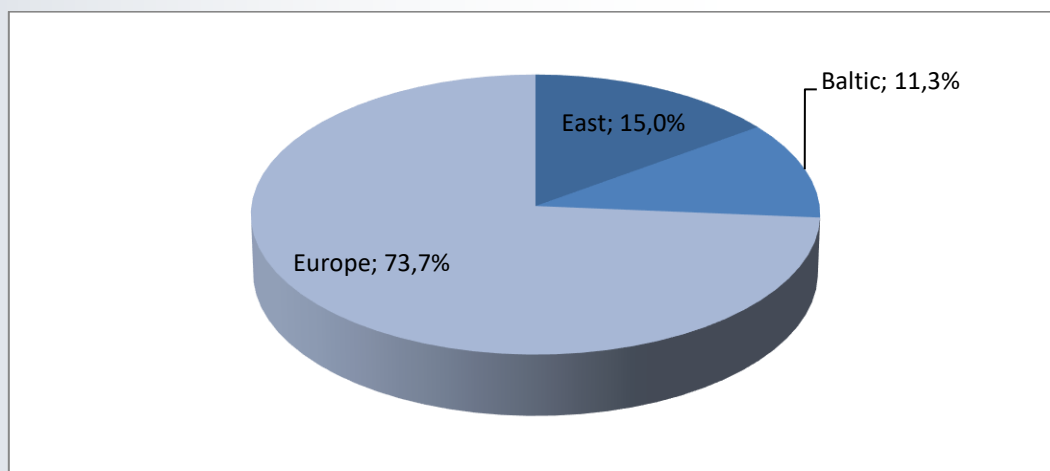
#### 4.3 Sales

The company divides its sales markets into the following main groups by importance of sales markets and geographic distribution: **Baltic market** (Lithuania, Latvia and Estonia), **Eastern market** (Russia, Ukraine, Moldova, Kazakhstan, Uzbekistan, Tajikistan, Israel, other CIS countries), **European market** (Germany, France, Belgium, the Netherlands, Poland, Portugal, Czech Republic, Norway, other countries of Western and Central Europe).

In 2021 Snaigē AB sold over 155 thousand refrigerators of its own production. Revenues from main production sales reached EUR 30,9 million, which is 15 percent more compared to last year's sales. Sales on the Western European market accounted for the majority of sales revenue (73.7 percent). Lower figures (15 percent) were on the Eastern market. The lowest sales revenue (11.3 percent) was on the Baltic market. Exports accounted for 89.5 percent of total product sales, i.e. EUR 27.8 million.

On 2020 the Company started production of monoblocks and cold rooms, the sales of which in 2021 amounted to 210 units and EUR 159 thousand.

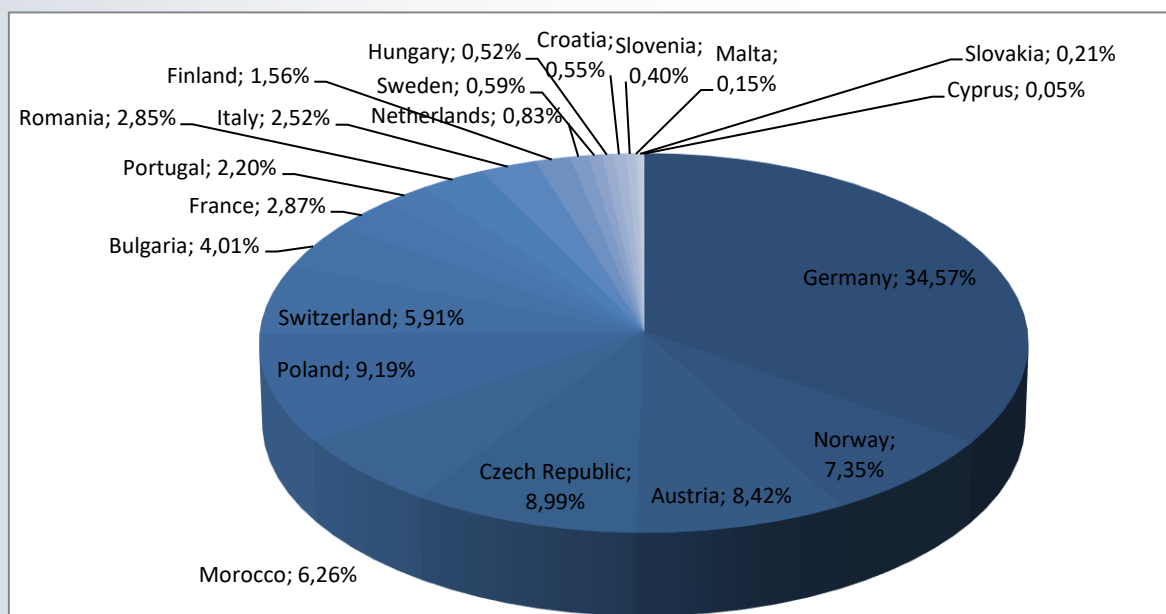
**Company's sales in 2021 (according to sales revenue):**



**European market**

In the European market Snaigē AB sales in 2021 were 114.8 thousand units refrigerators and EUR 22.7 million in revenue. This is 42.9%, more than 2020. The majority of production was sold and revenue generated on the German market (39.4 thousand unit, EUR 7.9 million), the Norwegian market (10.9 thousand units; EUR 1.68 million), the Austrian market (10,7 thousand units, EUR 1.9 million) and in the Czech market (9.6 thousand units, EUR 2.05 million).

**Sales in the European market in 2021 (according to income):**



**Eastern market**

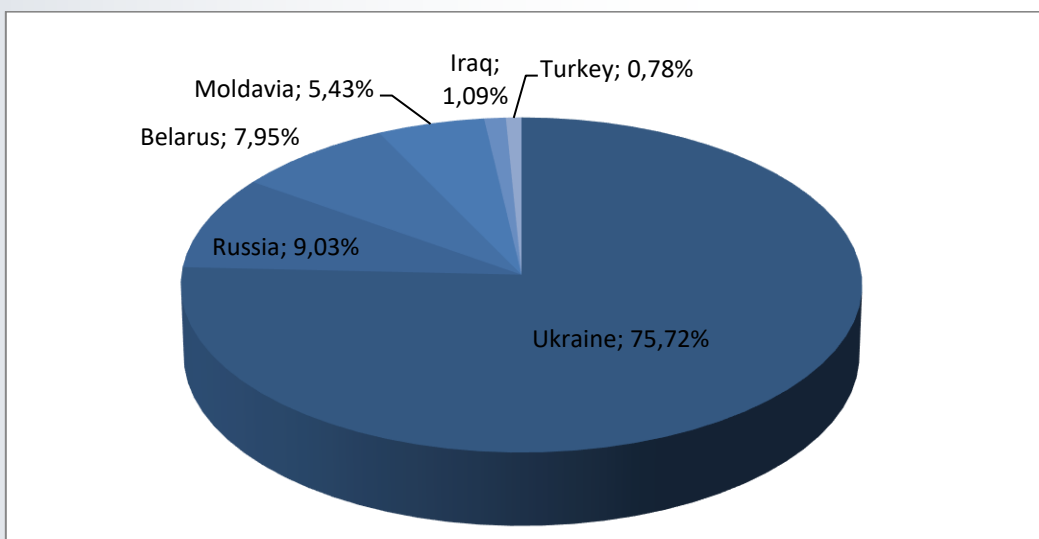
In 2021 the Company sold 23.8 thousand units refrigerators on the Eastern market and earned EUR 4.63 million in sales revenue, i.e. in 35 percent less than 2020. The majority of production was sold and revenue generated in the Ukrainian market (18.1 thousand pcs; EUR 3.5 million).

In 2021 Snaigē AB continued the development of trade connections with Russia, Belarus, Moldavia, and Turkey. In 2021 the Company sold 5.7 thousand refrigerators and earned EUR 1.12 million in revenue in these markets.

In 2021 the Company has established trade relations with Iraq.



**Sales in the Eastern market in 2021 (according to sales revenue):**



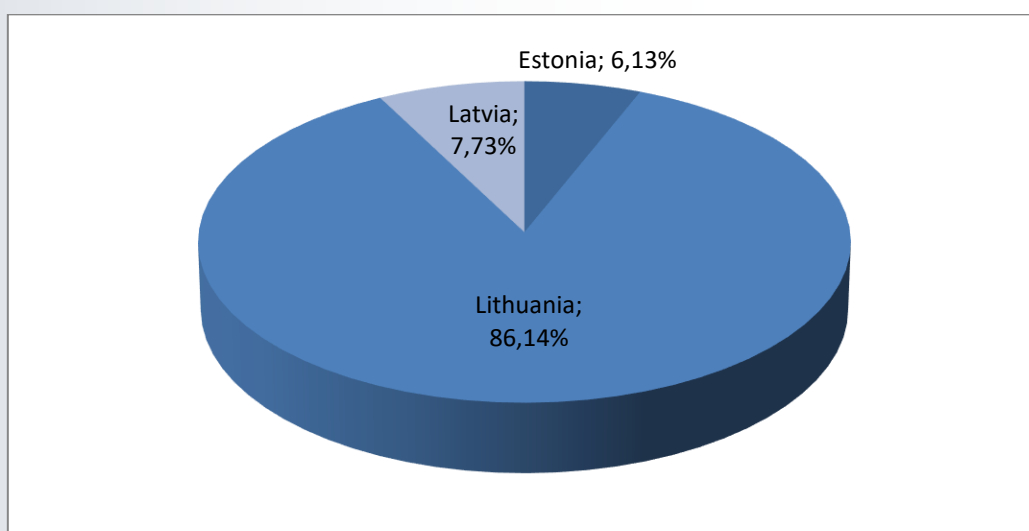
**Baltic market**

In 2021 Snaigé AB in the Baltic States market sold more than 16.5 thousand refrigerators and its income was EUR 3.5 million. This is 11.4 percent less in revenue as compared to the previous year.

In the Lithuanian market during 2021 Snaigé AB sold about 14.3 thousand refrigerators and got more than EUR 3,04 million income.

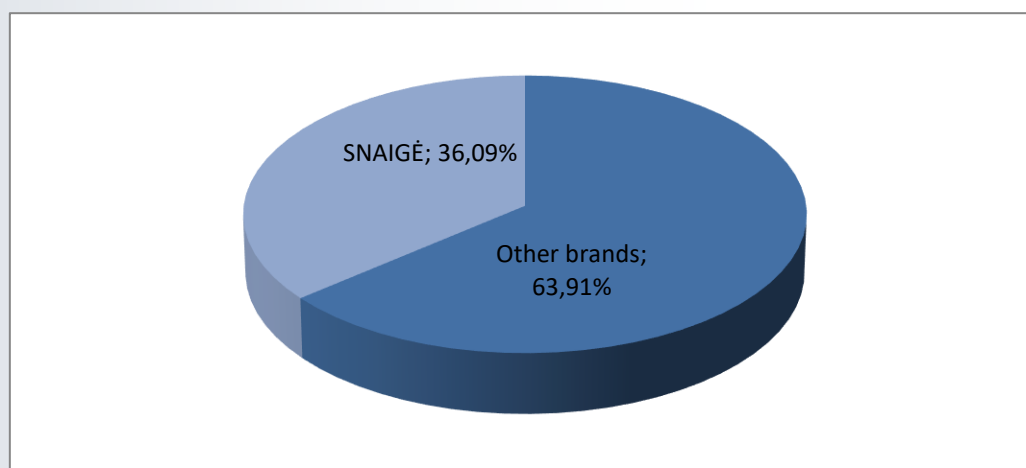
In Latvia during 2021 Snaigé AB sold 1.17 thousand refrigerators and got over EUR 0.28 million income. In the Estonian market in 2021 Snaigé AB sold 0.97 thousand refrigerators, sales revenue exceeded EUR 0.22 million.

**Sales in the Baltic market in 2021 (according to income):**



**SNAIGĒ brand portfolio**

In 2021 the Company sold 36.1 percent of the products with its own brand SNAIGĒ. Besides these, the Company produced refrigerators under other brands of trade partners and retail networks: Severin, Point, Nabo, Regal, KBS, Orima, exQUISIT, Essentiel, Whirlpool, Bomann, Unit and others.

**The Company's brand portfolio in 2021 (according to income):****4.4 Supply**

The materials and completing parts are supplied to the Company from more than 20 countries worldwide. European manufacturers and suppliers of materials constitute the major part of them.

The strategic suppliers are the following: Italia Wanbao – ACC s.r.l., Huayi Compressor Barcelona, S.L., SECOP GmbH, Nidec Global Appliances, Depsol Technologies, ArcelorMittal Eisenhüttenstadt GmbH, LU-VE Group, Danfoss Appliance Controls, ebm-papst Landshut GmbH, SINTUR Sp. z o.o., Serwistal, Lisiplast UAB, Hoda UAB, Profilita UAB, Vilkritis UAB, REHAU.

The priorities set in the purchase strategy of the Company are high quality assurance and effective logistics, competition between suppliers and continuous search for alternative raw materials. Competition between the suppliers and search for alternative raw materials stimulate continuous improvement of the purchased product. The technical servicing teams of Snaigė AB suppliers closely cooperate with the technicians and engineers of the Company in search for common technical solutions increasing quality and decreasing costs of the product.

**4.5 Employees and human resource policy****4.5.1 The Company's human resource policy**

The Company's success depends not only on its size, image, strategy, but to a large extent on how it treats its employees. All the challenges and changes faced by the Company are related to the employees, so business effectiveness firstly depends on the ability to manage human resources.

The Company's human resource policy and management is comprised of: human resource planning, employees' staffing (recruiting, selection, admission, and retention), employees' development, evaluation, motivation, norms of actions, assurance of occupational safety and social conditions.

While facing changes and new challenges, it is most important for the Company to retain qualified, skilled, motivated personnel, able to implement set tasks and help the Company achieve its strategic goals, with as low costs as possible.

**Strategic management of human resources.** The aim of the personnel policy is to help the Company to adapt to new requirements of business environment and accomplish strategic goals while increasing administration effectiveness, connecting human resource practice with the Company's common business strategy, evaluating human resources.

**Human resource planning.** To ensure effective number of employment positions and structure planning, to ensure human resource demand planning, evaluation of planning quality.

**Analysis of operations.** In order to ensure more effective management of human resources it is necessary to evaluate new operation tasks, to spin off ineffective operations, doubling of functions, to regroup and reassign functions.

**Development of the Company.** Personnel development is a necessary condition for achieving the Company's strategic goals, as while learning personnel obtains qualification and skills. Changing challenges, environment where the tasks have to be completed, application of new technologies, difficult situation in the labour market indicate that it

is necessary to invest into education of personnel, as it motivates, improves work quality, increases loyalty and ensures more effective adaptation to new challenges and conditions.

**Evaluation of activities and career.** Evaluation of personnel activities – inseparable part of career planning. Potential of a person and areas of improvement can be assessed only by an objective evaluation. The goal of activities evaluation – to align personnel activities with the Company's goals to a maximum extent. The process of activities management is the setting of clear and achievable goals, monitoring of the progress, coordination of employee's goals, correction of set goals, annual evaluation of personnel activities. While planning the career it is important that it is not only directed to the past i.e. results of person's work, but also to the future – his abilities, ability to change, implement more complex tasks – into his potential.

**Personnel motivation.** During the surveys the majority of employees indicate the insufficient remuneration as the most important factor hindering higher motivation. In current difficult conditions it is necessary to pay more attention to strengthening social motives: encourage personal goals, increase responsibility taken, increase association with a group or a team, form conditions to realize management, self-expression skills.

#### 4.5.2 The employees of the Company in 2019–2021 according to the personnel groups\*:

Employees	2021			2020			2019		
	Amount	%	Average salary, EUR	Amount	%	Average salary, EUR	Amount	%	Average salary, EUR
Managers	21	4.0	3,485	21	4.2	3,397	21	3.8	3,328
Specialists	87	16.8	1,352	85	17.3	1,259	91	16.2	1,267
Workers	411	79.2	907	386	78.5	820	449	80.0	800
<b>In total:</b>	<b>519</b>	<b>100</b>	<b>1,100</b>	<b>492</b>	<b>100</b>	<b>1,012</b>	<b>561</b>	<b>100</b>	<b>979</b>

#### 4.5.3 The structure of the Company's employees in according to education level\*:

Education level of the employees	2021		2020		2019	
	Amount	%	Amount	%	Amount	%
University education	100	19.3	98	19.9	102	18.2
Professional high school education	348	67	325	66.1	375	66.8
Secondary education	67	12.9	65	13.2	80	14.3
Uncompleted secondary education	4	0.8	4	0.8	4	0.7
<b>Total:</b>	<b>519</b>	<b>100</b>	<b>492</b>	<b>100</b>	<b>561</b>	<b>100</b>

#### 4.5.4 The employees of the Company and its subsidiaries in 2018–2020 according to personnel group

Employees	2021		2020		2019	
	Amount	%	Amount	%	Amount	%
Managers	22	4.1	23	4.3	23	3.8
Specialists	94	17.3	95	17.7	103	16.8
Workers	427	78.6	418	78	485	79.4
<b>Total:</b>	<b>543</b>	<b>100</b>	<b>536</b>	<b>100</b>	<b>611</b>	<b>100</b>

\* Average annual data

## 4.6 Investment policy

### 4.6.1 Subsidiary companies' names, head office addresses, type of activities, the authorised capital, share of the authorized capital unpaid by the Company, net profit (loss), ratio of short-term liabilities and current assets, ratio of total liabilities and total assets

	SNAIGE – UKRAINE	ALMECHA
Registration date, head-office address	Registration date: November, 2002. Address: Gruševskio str. 28-2a/43, Kiev, Ukraine	Registration date: November, 2006. Address: Pramonės str. 6, Alytus, Lithuania
Type of activities	Sales and marketing services	Production of other equipment and machinery
Share of the authorized capital available to Snaigė AB, %	99	100
Authorized capital (EUR)	5,360	398,978
Share of the authorized capital unpaid by the Company	Fully paid	Fully paid
2021 profit (loss) (EUR thousand)	0	55

### 4.6.2 The most significant investment projects implemented in the last financial / economic year: types of investments, investment volumes, sources of investment financing, geographic distribution of investments

The total amount, spent for implementation of investment programs in 2021, was EUR 622.59 thousand.

Within the year 2021 EUR 317.00 thousand was spent on the development of new products. Constructive and technological documentation has been created for new projects.

The following projects were implemented during the year:

1. Energy class "F" refrigerator C31SG.
2. Medical refrigerators MD40.
3. Refrigerator CC14.
4. FR RETRO refrigerator refurbishment.
5. Increasing the efficiency of the refrigeration system.

And the following projects have been started and will be continued to develop in 2022:

6. Professional refrigerators CC70.
7. FR RETRO refrigerator opening from the left.

For the preparation of production of the new products were spent EUR 158,56 thousand: multi-purpose equipment and devices purchased and mastered in production. The largest part of the investment funds was allocated for the acquisition of production equipment for the industrial refrigerator CC70 and the MD40 medical refrigerator. The Krauss Maffei foam polyurethane filling equipment complex was purchased and installed with a set of equipment and a safety system for filling industrial refrigerator cabinets with polyurethane foam insulation. Purchased special metal cutting and bending tools for Finn Power C5 press and AMADA HFBO 100/3 bending center, molds for plastic parts, workbenches, parts transport trolleys, welding, riveting and various other devices and production equipment.

It was allocated EUR 2.79 thousand in 2021 for the development of technologies, mastering of specifically important and effective new technological projects, improvement of work places.

In the company, by implementing energy saving measures, were invested EUR 19.97 thousand, for which a transformer TP12 was installed, which improved the reliability of power supply, increased work safety during switching.

EUR 25.23 thousand were spent for the technical support of production and for replacement of worn-out equipment during the year. For this amount was purchased an electric forklift Toyota 8FBMT20, ND door line forming punches, gas leak detector LD239, digital panel indicator N30P; 30 pieces designed and manufactured for polymer painting of suspension parts, 30 pieces of polymer painting of suspension parts were designed and manufactured, and various devices and tools were purchased.

In 2021, EUR 29.58 thousand were allocated for the upgrade of computer and software. The most important implemented projects are the G4S video surveillance system and the ATEA RS1619XS+ network storage device and the NVR36 video recorder.

## 4.7 Environment protection

### 4.7.1 Environmental policy

The Company's environmental vision is organic products, clean technology and clean environment.

The Company's products, production technology and services cannot do the illegal exposure of atmospheric air, water, employees, consumers and environment.

Environment must not be contaminated by waste products of production more than is inevitable and allowed.

The Company's management trying to implement a vision and having a clear understanding of environmental importance, assumes the following responsibilities:

- Comply with the effective legislative and other requirements applicable to the Company and related to the aspects of environmental protection;
- Include the consideration of environmental issues into the Company's operating strategy;
- Protect the environment focusing on the reduction of pollution, consumption of electric power in production and exploitation of refrigerators and coolers;
- Continually improve environmental performance;
- Increase our staff approach to environmental protection;
- Explain the importance of environmental protection policies to the employees and allow access to the policies to all stakeholders;
- Analyse the possibilities of impact on suppliers, clients and contractors, suggest them to implement environmental protection principles in their activities, protect the environment with regard to their aspects and life cycle of their operations.

### 4.7.2 Environmental report

Snaigė AB is one of the most advanced manufacturing companies of Lithuania in the field of environment protection. Our vision is organic products, clean technology and clean environment.

The activities of the Company are regulated by environment protection management system, which complies with international ISO 14001 standard requirements. The system is working since 2001. The Company is currently recertified under international standard ISO 14001, version of 2015.

In 2021 the Company's pollutant emission was in line with the permitted levels; therefore, it received no comments or claims from controlling institutions or business partners.

Since 1 January 2015 Snaigė AB, in accordance with Regulation (EC) No 1005/2009 of the European Parliament and of the Council of 16 September 2009 "On substances that deplete the ozone layer" has committed itself to the requirements and does not buy and does not use single or in a mixture with pure and impure (that is recycled and reclaimed), hydro chlorofluorocarbons (HCFC).

When developing a new product, the Company gives a priority for the manufacturing processes which save raw materials and resources, for safe transportation, waste elimination and quality of products. In manufacturing the Company tries to use materials which later can be recycled.

The Company complies with Directive 2009/125/EC of 21 October 2009 of the European Parliament and European Commission, which regulates design of the products.

Snaigė refrigerators are manufactured from ecological materials which do not contain any harmful elements. For example, every plastic part of a refrigerator is marked (according to ISO 1043:1:1997), so that it can be reused one more time, recycled according to Directive 2002/96/EC describing electrical and electronic equipment waste requirements.

When designing and producing Snaigė refrigerators, the Company uses various means to reduce the harmful effect on the environment:

- No materials are used causing greenhouse effect or deteriorating ozone;
- No materials are used which are harmful for human health;
- Analysis of materials usage is performed.

All the products manufactured by the Company meet the requirements of the following directives and regulation of the European Community regarding non-usage of harmful materials:

- RoHS2 Directive 2011/65/EU of the European Parliament and of the Council on the restriction of the use of certain hazardous substances in electrical and electronic equipment.

- REACH Regulation (EC) No 1907/2006 of the European Parliament and of the Council on the non-use of high-risk substances (151) which refrigerators may release into the environment;
- PAH Decision AFPS-GS-2014:01 of the Government of Germany, which means that SNAIGĖ products meet the concentration limit for polycyclic aromatic hydrocarbons for 18 carcinogenic materials;
- Regulations regarding contact with food: Regulation (EC) No 1935/2004 of the European Parliament and of the Council on materials and articles intended to come into contact with food (general); Commission Regulation (EU) No 10/2011 on plastic materials and articles intended to come into contact with food (for plastics).

These regulations mean that the materials applied during the manufacture of Snaigė refrigerators are allowed to contact food.

Compliance of requirements of Snaigė AB products is certified by the testing performed by the certified testing laboratory DEKRA (Germany) and the Division of Chemical Analyses of the National Public Health Supervision Laboratory (Lithuania) and the test certificates issued by these institutions.

The purchasers of a refrigerator are also provided with information regarding ecology. They are advised how to install, use, and maintain their refrigerator so that its service life would be extended as much as possible and the effect on the environment would be reduced as much as possible. In addition to this, purchasers are advised how to return the refrigerator after the expiry of its service life.

The company has a system for utilizing old refrigerators. Since mid-2008, the company has been handling waste from large household appliances - refrigerators and freezers.

Snaigė AB consistently complies with the requirements of the Kyoto Protocol regarding global warming and climate change. The company saves electricity, water and heat: the use of these resources has been reduced threefold in ten years.

#### 4.8 Risk factors related to the business of the Company

The announcement of a COVID-19 pandemic is described at the each risk separately, as this factor affects and is a risk factor for all areas of the company's operations due to the scale and geography of the high impact.

**Macroeconomic Risk.** With the growth of the Lithuanian economy, further growth of private consumption and domestic demand is expected for several years in a row, which will be mainly influenced by the decreasing political uncertainties, increasing trust in the state and growth of real disposable income. As export markets are sufficiently diversified, country-specific problems would not have a material impact on the company's business. However, the the global COVID-19 pandemic and outbreak of war in Ukraine pose a reasonable risk of recession worldwide, which could adversely affect the Company's operations and results. The impact of the still continuing COVID-19 pandemic and the ongoing military conflict in Ukraine on macroeconomic processes is constantly evolving, but it affects both the risk of inflation and changes in supply chains, as well as changes in other macroeconomic factors. The risk of higher inflation is related to global commodity prices, the volatility of which is difficult to predict at the time of reporting due to ongoing uncertainties. The risk of exchange rate fluctuations for the Company is minimal due to small trading volumes in foreign currencies and balanced buying and selling flows in different currencies (mainly EUR and USD).

**Credit Market Risk.** Uncertainty about the global pandemic, the geopolitical situation and the availability of resources prevails in both the Lithuanian and global credit markets, but is expected to intensify and improve access to credit for individual countries and central banks to at least partially offset business losses and liquidity. Although the company's internal financial resources are limited and therefore its activities are partly dependent on external credit financing, it can be assumed that the company will be able to obtain short-term and long-term loans to finance its activities.

**The Company's Financial Accounting Accuracy Risk.** On 08 April 2021 the Company's auditor expressed a qualified audit opinion on the Company's separate and consolidated financial statements.

**International Trade Restrictions Risk.** The Company exports a portion of its production to third countries (outside the European Union). There is a risk that changes in foreign trade policies of third countries could aggravate export conditions to those countries. Any such change would negatively impact export opportunities for the Company and its financial situation. Due to the geopolitical tensions caused by the military conflict in Ukraine, there are possible sanctions and restrictions for the company and its individual trading partners due to political risks.

**Market Risk.** The Company is engaged in the manufacturing of a variety of commercial and household refrigerators and freezers and their sale. Investors assume the risk that the Company may suffer losses aggravating financial situation of the Company in the event of negative changes in product markets and markets of raw materials needed in production processes.

**Policy Risk.** The Company is engaged in manufacturing activities which generate chemical substances harmful to the environment. Environmental matters both at Lithuanian and European Union levels are policy-regulated. There is a risk that in the event of changes in existing environmental requirements and restrictions the Company might need additional investments to ensure compliance of production processes with new requirements. However, such investments should not negatively affect the financial situation of the Company. Due to the COVID-19 pandemic and

the military conflict in Ukraine, there is a risk that the government of Lithuania or other countries to which the products are exported may adopt various operating restrictions that may adversely affect the company's operations and results.

**Business Continuity Risk.** Business continuity presumptions are disclosed under Note 2.2 of the consolidated audited financial statements of 2021.

**Operational Risk.** This is the risk that includes both direct and indirect losses resulting from improper or inoperative internal processes, systems or technologies, actions by staff and agents, and external factors. Constituent part of the operational risk is legal risk, i.e. risk of losses potentially occurring as a result of the Company's present or past obligations under various contracts and agreements, legal actions or laws, non-performance or improper performance.

**Technical and Technological Factors.** This includes physical and moral depreciation of a variety of technical means. Risk factors of this type could affect operations of the Company both directly and indirectly. Technological factors can affect the Company directly through physical and moral depreciation of technical base.

More detailed disclosures of the Company's risk management and interest rate, exchange rate, credit and liquidity risks can be found under Note 29 of the consolidated financial statements.

#### 4.8.1 The main indications about internal control and risk management systems related to the preparation of consolidated financial statements

The Audit Committee supervises preparation of the consolidated financial statements, systems of internal control and financial risk management and how the Company follows legal acts that regulate preparation of consolidated financial statements.

The Chief Accountant of the Company is responsible for the preparation supervision and the final revision of the consolidated financial statements. Moreover, he constantly reviews International Financial Reporting Standards (IFRS), as adopted by European Union in order to implement IFRS changes in time, analyses the Company's and the Group's significant deals, ensures collecting information from the Group companies and timely and fair preparation of this information for the financial statements. The Company's Chief Accountant periodically informs the Board about the financial statements preparation process.

#### 4.9 Related party transactions

The information about related party transactions is disclosed under Note 31 of the consolidated financial statements.

### 5. OTHER INFORMATION ABOUT SNAIGĖ AB

#### 5.1 Membership in associated organizations

Snaigė AB is a member of the EEPA association.

The EEPA is an association established by manufacturers and importers of electrical equipment and batteries and accumulators. The main objective of the association is the implementation of waste management obligations by the association members stipulated in both the EU and Lithuanian legislation. As of 2006 the association organizes waste from electrical and electronic equipment management and as of the end of 2009 – management of waste from batteries and accumulators.

#### 5.2 Patents, licenses

The Company's activities are independent of patents or licences.

#### 5.3 Recent and the most important events of the Company

The most important post balance sheet events are presented in the consolidated financial statements.

##### 5.3.1 Recent publicly disclosed information

###### 28-02-2022

###### Information on the impact of the problematic political situation

AB Snaigė, the only manufacturer of refrigerators in the Baltic States, has temporarily suspended the activities of its subsidiary ZAO Snaigė Ukraina. The investment in this company was 5 th. Eur. According to unaudited consolidated data, the company's revenue from sales in Ukraine amounted to EUR 3.5 million., which is 11 percent total turnover of the company. It's also reflected in the company's consolidated unaudited financial statements for 2021.

Currently, it is difficult to reasonably estimate the impact on the financial results due to various uncertainties. However, AB Snaigė exports its products to more than 30 European, Asian and African countries; therefore, the company hopes to compensate for lost sales in Ukraine in other markets.

**25-02-2022****The increase in sales for the three quarters did not compensate for the losses caused by higher raw materials, energy and transport prices.**

According to unaudited consolidated data, AB SNAIGĖ reached almost EUR 33.5 million in 2021 turnover, i.e. 14 percent higher than the same period last year.

However, more extensive sales did not compensate for increased costs due to higher raw materials, energy, and transport prices. Last year the company earned EUR 0.5 million unaudited consolidated EBITDA.

According to Mindaugas Sologubas, General Manager of AB SNAIGĖ, the rise in prices of raw materials, their shortage and the disruption of the supply chain have negatively affected the quality of sales and the final result of the company. "Due to the lack of raw materials and their delivery delays, we were unable to place some orders on time. We often have produced what we could, rather than what we needed,"- said M. Sologubas. "-Late payments by some of our customers increased the shortage of working capital. In addition, rising energy costs aggravated the situation in the fourth quarter of last year. It has been increased several times and has become a daunting burden. All of this directly affected the company's results."

However, despite the challenges and difficulties, AB SNAIGĖ is working stably, trying to survive this difficult stage and developing new products and even entering new categories.

In 2021 the company continued to develop its professional and commercial equipment product lines. AB SNAIGĖ has developed new refrigerators for medical purposes that meet the highest industry requirements, including the DIN13277 standard.

Preparations are also underway to produce industrial refrigerators for professional kitchens. The company has already made the first examples of these products.

According to Mindaugas Sologubas, professional and commercial equipment is a strategic direction of the company and in the future, sales in this segment will account for almost half of SNAIGĖ's total sales.

In 2021, AB SNAIGĖ exported to almost 30 countries in Europe, Asia and Africa. Exports accounted for 91 percent total turnover of the company. The company's most significant foreign sales markets in 2021 were Germany (25%), Ukraine (11%), Norway (7%), Austria (7%) and the Czech Republic (6%).

Sekenora Holdings Limited, a Cypriot investment company, is the main shareholder of SNAIGĖ. SNAIGĖ Group owns two subsidiaries TOB SNAIGĖ UKRAINA and UAB ALMECHA.

**5.3.2 Significant events in the company's activities on 2021**

Significant events were reported to the Financial Services and Markets Supervision Department of the Bank of Lithuania, NASDAQ OMX Vilnius and published on the Company's website [www.snaige.lt](http://www.snaige.lt).

**18-01-2021****Convocation of the Extraordinary General Meeting of Shareholders of Snaigė AB**

On 11 February 2021 the Extraordinary General Meeting of Shareholders of Snaigė AB, the address of head office Pramonės str. 6, Alytus, the company code 249664610 (hereinafter, the "Company") is convened (hereinafter, the "Meeting").

The place of the meeting –at AB "Snaige" office, at the address Kareiviu str. 6, Vilnius, Lithuania.

The Meeting commences – at 10 a.m. (registration starts at 9.45 a.m.).

If the quarantine announced in the territory of the Republic will be continuing on the meeting day, the meeting will not take place on meeting place but the Company's shareholders are invited to participate in the Extraordinary General meeting and vote on the agenda items in writing, by filling voting ballot in advance and submitting to the Company.

The Extraordinary General Meeting of Shareholders may be participated by electronic means. The information on the procedure of organization and participation on the Extraordinary General Meeting of Shareholders in this way is published in the annex to this notification.

The Meeting's accounting day – 4 February 2021 (the persons who are shareholders of the Company at the end of accounting day of the General Meeting of Shareholders or authorized persons by them, or the persons with whom shareholders concluded the agreements on the disposal of voting right, shall have the right to attend and vote at the General Meeting of Shareholders).

The Board of directors of the Company initiates and convenes the meeting.

The agenda and the proposed draft resolutions of the Extraordinary General Meeting of Shareholders of the Company:

1. Delisting of shares of the Company from trading on the regulated market AB Nasdaq Vilnius and non-execution of public offering of shares of the Company

Proposed draft decision:

"1.1. To initiate delisting of all the outstanding shares of the Company and to delist them from trading on the regulated market AB Nasdaq Vilnius as well as not to continue the public offering thereof.

1.2. To establish that the Company's shareholders, who voted "for" the decision to delist the shares of the Company from trading on the regulated market AB Nasdaq Vilnius and not to continue the public offering of shares of the Company, will under the procedure set by legal acts submit the circular of the tender offer aimed at delisting the shares of the Company from trading on AB Nasdaq Vilnius to the Bank of Lithuania for approval and will implement the indicated tender offer for the price, indicated in item 1.3 hereof. The tender offer aimed at delisting the shares of the Company from trading on AB Nasdaq Vilnius will be implemented by the Company's shareholder SEKENORA HOLDINGS LIMITED for other Company's shareholders having obtained this obligation, which will not express their will to implement thereof separately. During the effective term of this tender offer, the right, but not the obligation, to



sell the shares will be vested in all the shareholders of the Company, except for the shareholders, who voted “for” the decision at the time of taking the decision to delist the shares of the Company from trading on AB Nasdaq Vilnius and not to continue the public offering of the shares of the Company.

1.3. The price of the tender offer aimed at delisting the shares of the Company from trading on AB Nasdaq Vilnius will be set in accordance with item 1 of paragraph 1 of Article 29 of the Law of the Republic of Lithuania on Securities.”

2. Authorizing the manager of the Company

Proposed draft decision:

“To authorise and oblige the Manager of the Company (General Manager) with the right to delegate, after the relevant Company’s shareholders shall implement the tender offer aimed at delisting the shares of the Company from trading on AB Nasdaq Vilnius, to carry out necessary actions and to submit necessary documents to AB Nasdaq Vilnius on delisting of the shares of the Company from trading on this regulated market.”

#### 18-01-2021

##### **The notification of SNAIGĖ AB Board about the intention to delist the shares of the Company from trading on the regulated market Nasdaq Vilnius AB and not to continue the public offering of shares**

In accordance with the decision of SNAIGĖ AB Board, on 11 February 2021 the Extraordinary General Meeting of Shareholders of SNAIGĖ AB will be convened during which the shareholders of the Company will consider the issue of delisting of shares of the Company from trading on the regulated market Nasdaq Vilnius AB and non-execution of public offering of shares of the Company.

According to Mindaugas Sologubas, Managing Director of SNAIGĖ AB, the offer of the Board of the Company to consider the issue of delisting the shares of the Company from trading on the regulated market and the non-execution of the public offering of the Company’s shares was a logical decision.

“I support this decision of the board, because the company’s capital structure is such that trading its shares on the stock exchange is not very useful,” said Sologubas. “The majority of the shares (91%) belong to one shareholder, who does not intend to trade them publicly as I know. We do not take advantage of all the opportunities the stock exchange has to offer, but we pay a fairly high price each year for being listed. The costs include not only the membership fee, but also the preparation of appropriate financial statements, specialized audits, hiring of additional compliance specialists and additional management bodies. In the future, these costs will only increase due to the introduction of new requirements. For us, this is a significant amount that we could use better, for instance to invest in the development of new products.”

According to Sologubas, Managing Director of SNAIGĖ AB, the Company does not plan to change its legal status, will continue to regularly inform shareholders and the public about its activities on its website and in the media. The delisting will not have any impact on the Company’s solvency or financial results.

As the Company leaves the stock exchange, a public offer for the redemption of shares will be announced in accordance with the applicable legal acts. As far as Sologubas is aware, the main shareholders of the Company do not yet plan the forced redemption of shares of minority shareholders.

The main shareholder of the Company is Sekenora Holdings Limited, which owns 91.10% of the shares. It is the sole shareholder holding more than 5% of the Company’s shares and votes. The other remaining shareholders hold 8.9% of the shares.

The ordinary registered shares of SNAIGĖ AB have been included in the Additional Trading List of the Nasdaq Vilnius AB Stock Exchange as of 1 June 2009.

The authorized capital of the company is EUR 6,735,807.15. It consists of 39,622,395 ordinary registered shares.

The nominal value of one share is EUR 0.17. One share of SNAIGĖ AB gives one vote at the General Meeting of Shareholders. Total number of shares giving the right to vote: 39,622,395 units.

During the three quarters of this year, despite a 14% decrease in turnover, the Company’s unaudited consolidated EBITDA more than doubled compared to the same period last year and reached EUR 1.7 million.

The notification of SNAIGĖ AB Board about the intention to delist the shares of the Company from trading on the regulated market Nasdaq Vilnius AB and not to continue the public offering of shares is presented in the annex.

#### 20-01-2021

##### **Regarding the notification of the Board of AB SNAIGĖ about the intention to delist the Company’s shares from trading on the regulated market of AB Nasdaq Vilnius and to no longer offer the shares to the public**

The share price indicated in the Board announcement is weighted average price of the last 6 months, which had to be specified in accordance with the Law on Securities (Article 29 (1) (1p)). The price of the Official tender offer due to delisting of the company is not set yet. It will be set not by the Company, but by the shareholders who will vote in favor of the decision in general meeting of shareholders on February 11 2021.

The company itself (if the necessary decisions are adopted at the meeting of shareholders) will not sell or buy its shares during the official tender offer, nor will set offer price, but will only inform the public about the decisions made in accordance with the legal acts. To the Company’s knowledge, the major shareholder does not plan to announce a mandatory redemption of shares, therefore its minority shareholders will have the right (but not the obligation) to sell the shares at the offer price at the time of the Official tender offer. The management of the company equally represents the interests of all its shareholders in this process.

The loan granted to the related companies of the Company was transferred from the companies that became insolvent to the companies and persons that are able repay it. Over the past three years, partial repayments of this loan have

been done each year. In the future, to the knowledge of the Company's management, the repayment of the loan will continue. All information related to the Company's financial activities is public, and its activities are regulated and supervised by the Bank of Lithuania.

The possible delisting of the Company's shares from trading on the regulated market of AB Nasdaq Vilnius does not and will not have any impact on the Company's operations, results or its value. The Company does not intend to change its legal status and will continue to publish information about its activities in the media and on its website

#### 11-02-2021

##### **Resolutions of the Extraordinary Meeting of AB „Snaigė“ shareholders**

The Extraordinary General Meeting of shareholders of Snaige AB (further – the Company) was held on 11 February 2021.

Decisions on the agenda questions were adopted on the Extraordinary General Meeting.

1. The agenda question: Delisting of shares of the Company from trading on the regulated market AB Nasdaq Vilnius and non-execution of public offering of shares of the Company

##### *The decision:*

“1.1. To initiate delisting of all the outstanding shares of the Company and to delist them from trading on the regulated market AB Nasdaq Vilnius as well as not to continue the public offering thereof.

1.2. To establish that the Company's shareholders, who voted “for” the decision to delist the shares of the Company from trading on the regulated market AB Nasdaq Vilnius and not to continue the public offering of shares of the Company, will under the procedure set by legal acts submit the circular of the tender offer aimed at delisting the shares of the Company from trading on AB Nasdaq Vilnius to the Bank of Lithuania for approval and will implement the indicated tender offer for the price, indicated in item 1.3 hereof. The tender offer aimed at delisting the shares of the Company from trading on AB Nasdaq Vilnius will be implemented by the Company's shareholder SEKENORA HOLDINGS LIMITED for other Company's shareholders having obtained this obligation, which will not express their will to implement thereof separately. During the effective term of this tender offer, the right, but not the obligation, to sell the shares will be vested in all the shareholders of the Company, except for the shareholders, who voted “for” the decision at the time of taking the decision to delist the shares of the Company from trading on AB Nasdaq Vilnius and not to continue the public offering of the shares of the Company.

1.3. The price of the tender offer aimed at delisting the shares of the Company from trading on AB Nasdaq Vilnius will be set in accordance with item 1 of paragraph 1 of Article 29 of the Law of the Republic of Lithuania on Securities.”

2. The agenda question: Authorizing the manager of the Company

##### *The decision:*

“To authorise and oblige the Manager of the Company (General Manager) with the right to delegate, after the relevant Company's shareholders shall implement the tender offer aimed at delisting the shares of the Company from trading on AB Nasdaq Vilnius, to carry out necessary actions and to submit necessary documents to AB Nasdaq Vilnius on delisting of the shares of the Company from trading on this regulated market.”

Adopted decisions are related to planned delisting of shares of the Company from trading on AB Nasdaq Vilnius. The Company informs that only the controlling shareholder of the Company SEKENORA HOLDINGS LIMITED voted for the decision to delist the shares of the Company from trading on AB Nasdaq Vilnius. Consequently, this shareholder will have to submit and implement the tender offer, aimed at delisting the shares of the Company from trading on AB Nasdaq Vilnius following the order established in the legal acts. During the effective term of this tender offer, the right (not an obligation) to sell the shares will be vested in the shareholders of the Company, except for the shareholder, who voted “for” the decision at the time of taking the decision to delist the shares of the Company from trading on AB Nasdaq Vilnius (i.e. SEKENORA HOLDINGS LIMITED), as indicated in paragraph 7 of Article 33 of the Law of the Republic of Lithuania on Securities.

Consequently, after submitting the tender offer, the above indicated shareholders will be able at their sole discretion either to respond to it and sell their shares to SEKENORA HOLDINGS LIMITED, or not to respond and remain shareholders of the Company.

As the Company informed in its notification on material event on 20 January 2021 the Company itself will not sell or buy its shares during the official tender offer, nor will set offer price, but will only inform the public about the decisions made in accordance with the legal acts. The management of the Company equally represents the interests of all its shareholders in this process.

The price of the tender offer for Company's shares will be set upon the above-mentioned shareholder submission the circular of the tender offer and its approval by the Bank of Lithuania in accordance with legal acts.

The delisting of the Company's shares from trading on the regulated market of AB Nasdaq Vilnius does not and will not have any impact on the Company's operations, results or its value. The Company does not intend to change its legal status and will continue to publish information about its activities in the media and on its website.

#### 18-02-2021

##### **A Letter from the company's shareholder regarding the intention to submit a tender offer, aimed at delisting the shares of the company from trading on AB Nasdaq Vilnius was received**

Akcinė bendrovė “Snaigė” hereby informs that on 17 February 2021 a letter regarding the intention to submit a tender offer, aimed at delisting the shares of akcinė bendrovė “Snaigė” from trading on AB Nasdaq Vilnius was received from the shareholder of the company SEKENORA HOLDINGS LIMITED.

#### 26-02-2021

**In 2020, AB SNAIGĖ reached 2.8 million. EUR EBITDA**

According to unaudited consolidated data, AB SNAIGĖ achieved a turnover of EUR 29 million in 2020, i.e. 9 % less than 2019.

According to Mindaugas Sologubas, CEO of AB SNAIGĖ, the first quarantine had the most significant sales impact. "Due to the restrictions imposed in the spring, the company's factory in Alytus was forced to work at part capacity for a couple of months, and some employees were in downtime," said M. Sologubas. "- There was a shortage of supply, as many of our suppliers were in the countries affected by the pandemic".

However, in the third quarter, the Company's sales already reached the third quarter of 2019. And the fourth, compared to 2019. - exceeded 12%. However, this was not enough to cover the losses incurred in the spring.

According to M. Sologubas, in the context of quarantine, household refrigerators and especially freezers were in great demand. In many countries, their demand has increased by almost 50%. Understandably, people wanted to store food for a more extended period during the quarantine.

The Company's unaudited consolidated EBITDA in 2020 reached EUR 2.8 million.

According to Mindaugas Sologubas, CEO of AB SNAIGĖ, the growth of EBITDA was determined by several factors - more profitable, albeit lower sales, internal fixed cost savings program and received state compensation downtime.

Despite the pandemic's unfavourable circumstances, AB SNAIGĖ implemented long-cherished plans and started serial production of professional refrigeration equipment. The Company began to produce refrigeration and cooling units developed in the Company and expanded the showcase and storage refrigerators range. In the last quarter of last year, the Company successfully adapted its showcase refrigerators for pharmacies and other medical institutions. Such refrigerators went to hospitals and polyclinics in Lithuania and other countries.

In 2020 the share of professional equipment in the total portfolio of the Company was almost 20%.

During 2020, AB SNAIGĖ exported its products to almost 30 European, Asian and African countries. The Company's largest foreign sales markets were Ukraine (19%), Germany (16%), the Czech Republic (8%), France (5%), and Austria (4%). Exports accounted for 89 % total turnover of the Company.

#### 08-02-2021

##### **Convocation of the ordinary General Meeting of Shareholders of Snaigė AB**

On 30 April 2021 the ordinary General Meeting of Shareholders of Snaigė AB (hereinafter, the "Meeting"), the address of head office Pramonės str. 6, Alytus, the company code 249664610 (hereinafter, the "Company") is convened.

The place of the meeting – at AB "Snaigė" office, at the address Kareivių str. 6, Vilnius, Lithuania.

The Meeting commences – at 10 a.m. (registration starts at 9.45 a.m.).

**The quarantine announced in the territory of the Republic of Lithuania will be continuing on the meeting day, the meeting will not take place on meeting place but the Company's shareholders are invited to participate in the ordinary General meeting and vote on the agenda items in writing, by filling voting ballot in advance and submitting to the Company.**

The Meeting's accounting day – 23 April 2021 (the persons who are shareholders of the Company at the end of accounting day of the General Meeting of Shareholders or authorized persons by them, or the persons with whom shareholders concluded the agreements on the disposal of voting right, shall have the right to attend and vote at the General Meeting of Shareholders).

The Board of directors of the Company initiates and convenes the meeting.

Agenda of the Meeting and drafts of resolutions:

1. Consolidated annual report of "Snaigė" AB on the company's activity for 2020;

Taken for information the consolidated annual report of "Snaigė" for 2020.

A decision on approval the remuneration statement for 2020 year, which is in the annual report, could be taken at the choice of the shareholders;

2. Auditor's conclusion on the company's financial statements for 2020;

Taken for information the auditor's conclusion on the company's financial statements for 2020.

3. Approval of the set of financial statements of the company for 2020;

To approve the set of financial statements of the company for 2020;

4. Approval of distribution of profit (loss) of "Snaigė" AB for 2020;

To approve the distribution of profit (loss) of "Snaigė" AB for 2020.

**13-04-2021****SNAIGĖ AB information for the ordinary general shareholders meeting**

SNAIGĖ AB is providing the audited company's financial statements for 2020, the auditor's report, the annual report and the project of distribution of profit (loss) for the ordinary general shareholders meeting of the Company which will be held on 30 April 2021.

The company's shareholders are invited to participate in the ordinary General meeting and vote on the agenda items in writing, by filling voting ballot in advance and submitting to the Company (by address Pramonės str. 6, Alytus, Lithuania), because the quarantine will be continuing in the territory of the Republic of Lithuania on the meeting day and for this reason the usual meeting on meeting place will not take place. The document confirming the right to vote must also be sent together with voting ballot.

According to audited consolidated data, AB SNAIGĖ achieved a turnover of EUR 29 million in 2020, i.e. 9 % less than 2019.

According to Mindaugas Sologubas, CEO of AB SNAIGĖ, the first quarantine had the most significant sales impact. "Due to the restrictions imposed in the spring, the company's factory in Alytus was forced to work at part capacity for a couple of months, and some employees were in downtime," said M. Sologubas. " - "There was a shortage of supply, as many of our suppliers were in the countries affected by the pandemic".

However, in the third quarter, the Company's sales already reached the third quarter of 2019. And the fourth, compared to 2019. - exceeded 12%. However, this was not enough to cover the losses incurred in the spring.

According to M. Sologubas, in the context of quarantine, household refrigerators and especially freezers were in great demand. In many countries, their demand has increased by almost 50%. Understandably, people wanted to store food for a more extended period during the quarantine.

The Company's audited consolidated EBITDA in 2020 reached EUR 2.7 million.

According to Mindaugas Sologubas, CEO of AB SNAIGĖ, the growth of EBITDA was determined by several factors - more profitable, albeit lower sales, internal fixed cost savings program and received state compensation downtime.

Despite the pandemic's unfavourable circumstances, AB SNAIGĖ implemented long-cherished plans and started serial production of professional refrigeration equipment. The Company began to produce refrigeration and cooling units developed in the Company and expanded the showcase and storage refrigerators range. In the last quarter of last year, the Company successfully adapted its showcase refrigerators for pharmacies and other medical institutions. Such refrigerators went to hospitals and polyclinics in Lithuania and other countries.

In 2020 the share of professional equipment in the total portfolio of the Company was almost 20%.

During 2020, AB SNAIGĖ exported its products to almost 30 European, Asian and African countries. The Company's largest foreign sales markets were Ukraine (19%), Germany (16%), the Czech Republic (8%), France (5%), and Austria (4%). Exports accounted for 89 % total turnover of the Company.

**30-04-2021**

Resolutions of Snaigė AB the General Meeting of Shareholders

The General Meeting of shareholders of Snaige AB was held on 30 April 2021.

Following resolutions were made on the meeting:

1.Consolidated annual report of "Snaigė" AB on the company's activity for 2020;

Taken for information the consolidated annual report of "Snaigė" for 2020, shareholders approved remuneration statement;

2.Auditor's conclusion on the company's financial statements for 2020;

Taken for information the auditor's conclusion on the company's financial statements for 2020 year;

3.Approval of the set of financial statements of the company for 2020;

Approved the set of financial statements of the company for 2020 year;

4.Approval of distribution of profit (loss) of "Snaigė" AB for 2020;

Approved the distribution of profit (loss) of "Snaigė" AB for 2020 year:

Article	EUR
Non-distributed profit (loss) at the end of the last financial year	(11,383,949)
Net result - profit (loss) of financial year	1,030,445
Distributable result- profit (loss) of financial year	(10 353 504)
Transfers from reserves:	946,161
For the acquisition of own shares	-
Transfers from mandatory reserve	646,161
Distributable profit	(9,407,343)
Distribution of profit	673,581
To reserve foreseen by law	673,581
Non-distributed result - profit (loss) at the end of financial year	(10,080,924)

**30-04-2021****Snaigė AB annual information for the year 2020**

Snaigė, AB is presenting annual consolidated and Company's financial statements for the year 2020 (consolidated and Company's financial statements together with independent auditor's report, consolidated annual report, social responsibility report, confirmation of the responsible persons) approved by the Annual General Meeting shareholders on 30 April 2021.

**21-05-2021****AB SNAIGĖ results for the first quarter of 2021 year**

AB Snaigė successfully coped with the challenges caused by the pandemic and took advantage of the opportunities that arose, therefore in the first quarter, it is reporting better performance results than last year.

According to unaudited consolidated data, in the first quarter of 2021, the company reached almost EUR 7 million turnover, i.e. 32 percent higher than the same period last year.

The company earned 193 thousand—unaudited consolidated EBITDA.

According to AB Snaigė General Manager Mindaugas Sologubas, the growth of sales during the off-season is related to the increased demand for household and commercial refrigeration appliances in Europe, which has arisen logistics disruptions and rising prices for deliveries from China. "Many of our customers both abroad and in Lithuania felt the shortage of goods, and we, being flexible and fast in terms of logistics, offered our products," said Mindaugas Sologubas. "Unfortunately, we cannot be happy about that - like all producers in the world, we are facing massive increases in raw material prices and shortages, which will make it challenging to meet the growing demand for our product".

In the first quarter of this year, AB Snaigė exported most of its products to Germany, Morocco, Austria, the Czech Republic and Ukraine. Sales to such countries as Switzerland, Italy, Poland and Norway grew significantly. The company's exports accounted for 95 percent total sales revenue.

**28-05-2021****The Decision of the Bank of Lithuania regarding the circular of the tender offer, aimed at delisting the shares of akcinė bendrovė "Snaigė" from trading on AB Nasdaq Vilnius**

On 28 May 2021 akcinė bendrovė "Snaigė" (hereinafter, the "Company") received a notification from its shareholder SEKENORA HOLDINGS LIMITED about the decision of the Bank of Lithuania not to approve the circular of tender offer, aimed at delisting the shares of the Company from trading on AB Nasdaq Vilnius. SEKENORA HOLDINGS LIMITED has also provided to the Company the decision of the Bank of Lithuania in connection therewith.

The Bank of Lithuania requested that the mentioned decision was announced publicly, which is being published in the attachment to this notification.

This decision of the Bank of Lithuania is not related to the direct activities of the Company. The Company only informs about the decision, received from its shareholder SEKENORA HOLDINGS LIMITED upon request of the Bank of Lithuania and in accordance with the procedure provided by legal acts. This decision will not affect the Company's future operations.

**10-06-2021****Convocation of the Extraordinary General Meeting of Shareholders of Snaigė AB**

On 2 July 2021 the Extraordinary General Meeting of Shareholders of Snaigė AB, the address of head office Pramonės str. 6, Alytus, the company code 249664610 (hereinafter, the "Company") is convened (hereinafter, the "Meeting").

The place of the meeting – at AB "Snaigė" office, at the address Kareiviu str. 6, Vilnius, Lithuania.

The Meeting commences – at 10 a.m. (registration starts at 9.45 a.m.).

The Meeting's accounting day – 25 June 2021 (the persons who are shareholders of the Company at the end of accounting day of the General Meeting of Shareholders or authorized persons by them, or the persons with whom shareholders concluded the agreements on the disposal of voting right, shall have the right to attend and vote at the General Meeting of Shareholders). The meeting is convening on the initiative of the shareholder Sekenora Holdings Limited and by the decision of the Board of directors.

The agenda of the extraordinary general meeting of shareholders of the Company proposed by the shareholder and approved by the Board of directors:

1. On non-execution (cancellation) of the decisions of the extraordinary general meeting of shareholders of the Company, dated 11 February 2021;

Draft decisions on the agenda of the extraordinary general meeting of shareholders of the Company proposed by the shareholder and approved by the Board of directors:

1.1. Not to execute (to cancel) the decision adopted regarding issue No. 1.1 of the agenda of the extraordinary general meeting of shareholders of the Company dated 11 February 2021, by which it was decided to initiate delisting of all the outstanding shares of the Company and to delist them from trading on the regulated market AB Nasdaq Vilnius as well as not to continue the public offering thereof.

1.2. Not to execute (to cancel) the decisions adopted regarding issues No. 1.2, 1.3 and 2 of the agenda of the extraordinary general meeting of shareholders of the Company dated 11 February 2021, under which the order was detailed regarding submission of the tender offer, aimed at delisting the shares of the Company from trading on AB Nasdaq Vilnius, determination of its price, as well as granting authorizations to the Manager of the Company (General Manager) in relation to the delisting of Company's shares from trading on AB Nasdaq Vilnius.

1.3. Taking into account the decisions taken on issues No. 1.1-1.2 of the agenda of this general meeting of shareholders of the Company, to determine that the Company's shares will continue to be offered publicly, they will be listed on AB Nasdaq Vilnius regulated market, the Company continues to be the issuer, whereas the tender offer, aimed at delisting the shares of the Company from trading on AB Nasdaq Vilnius will not be submitted, unless any new decisions concerning these matters are adopted by the general meeting of shareholders of the Company.

Draft resolutions on agenda issues, documents to be submitted to the General Meeting of Shareholders and other information related with the exercising of the shareholders' rights are available on the website of the Company [www.snaige.lt](http://www.snaige.lt) on menu item "For investors". This information will be also available for the shareholders at the head office of the Company (Pramonės street 6, Alytus) on business days from 9:00 am. till 16:00 pm. (on Fridays till 14:00), tel. +370 315 56206.

Shareholders holding shares that grant at least 1/20 of all votes shall have the right of proposing to supplement the agenda of the Meeting by providing the Meeting draft resolution on each additionally proposed issue or in case no resolution is required - the explanation. The proposals to supplement the agenda shall be submitted in writing or by e-mail. The proposals shall be presented in writing to the Company on business days or by sending it by registered mail at the address Snaigė AB, Pramonės street 6, LT-62175 Alytus, Lithuania. The proposals submitted via the e-mail shall be sent by e-mail [akcininkams@snaige.lt](mailto:akcininkams@snaige.lt). The proposals to supplement the agenda with the additional issues shall be submitted till 17 June 2021, 4:00 p.m. In case the agenda of the Meeting is supplemented the Company will report on it no later than 10 days before the Meeting in the same ways as on convening of the Meeting.

Shareholders holding shares that grant at least 1/20 of all votes shall have the right of proposing new draft resolutions on the issues already included or to be included in the agenda of the Meeting. The proposals shall be submitted in writing or by e-mail. The proposals shall be presented in writing to the Company on business days till 1 July 2021, 2 p.m. or by sending it by registered mail at the address Snaigė AB, Pramonės street 6, LT-62175 Alytus, Lithuania. During the Meeting the proposals shall be submitted to the Chairman of the Meeting after he announces the Meeting agenda and no later than the Meeting starts working on the issues of agenda. The proposals submitted via the electronic mail shall be sent on [akcininkams@snaige.lt](mailto:akcininkams@snaige.lt). The proposals submitted on this e-mail till 1 July 2021, 2:00 p.m. will be discussed during the Meeting.

The shareholders shall have the right to present questions related to the General Meeting of Shareholders' agenda issues to the Company in advance in writing. The shareholders shall present the questions not later than 3 business days before the Meeting via the electronic mail on [akcininkams@snaige.lt](mailto:akcininkams@snaige.lt). The Company undertakes to respond to the submitted questions via the electronic mail till the Meeting day, except the questions related to the Company's commercial secret and confidential information.

During the registration to attend the Meeting the shareholders or the persons authorized by them shall submit a document which is a proof of his identity. The shareholders' authorized persons shall submit the power of attorney confirmed by the established order. The power of attorney issued by the natural person shall be notarized. A power of attorney issued in a foreign state must be translated into Lithuanian and legalized in the manner prescribed by law. Representative can be authorized by more than one shareholder and shall have a right to vote differently under the orders of each shareholder. The shareholder holding shares of the Company, where the shares have been acquired on his own behalf, but for the benefit of other persons, must disclose before voting at the General Meeting of Shareholders to the Company the identity of the final customer, the number of shares that are put to the vote and the content of the voting instructions submitted to him or any other explanation regarding the participation agreed upon with the customer and voting at the General Meeting of Shareholders.

Shareholder shall also have the right to authorize through electronic communication channels another person (natural or legal) to participate and vote in the Meeting on shareholder's behalf. Such authorization shall not be confirmed by the notary officer. The power of attorney issued through electronic communication channels must be confirmed by the shareholder with a safe electronic signature developed by safe signature equipment and approved by a qualified certificate effective in the Republic of Lithuania. The shareholder shall inform the Company on the power of attorney issued through electronic communication channels by e-mail [akcininkams@snaige.lt](mailto:akcininkams@snaige.lt) no later than the last business day before the meeting at 2:00 p.m.

Each shareholder or representative thereof shall have the right to cast his/her vote in advance in writing by filling in a general ballot paper. The general ballot paper form is on the Company's website [www.snaige.lt](http://www.snaige.lt) on menu item "For Investors". Upon the written shareholder's request, the Company no later than 10 days before the Meeting shall send a general ballot paper by registered mail or hand it in person against signature. The general ballot paper filled shall be signed by the shareholder or his/her representative. In case the ballot paper is signed by the shareholder's authorized representative, such person along with the filled ballot paper shall submit the document to confirm the voting right. The ballot paper filled and the document confirming the voting right (if required) shall be submitted in a written form to the Company by registered mail at the address Snaigė AB, Pramonės street 6, LT-62175, Alytus, Lithuania, or by submitting it to the Company. Validated will be fully filled-in ballot papers, received until the meeting.

If the quarantine announced in the territory of the Republic will be continuing on the meeting day, the meeting will not take place on meeting place but the Company's shareholders will be invited to participate in the Extraordinary General meeting and vote on the agenda items in writing, by filling voting ballot in advance and submitting to the Company.

The following information and documents are available on the website of the Company [www.snaige.lt](http://www.snaige.lt) on menu item "For Investors":

- The notification on the convening of the Meeting, draft resolutions on each agenda issue;
- The total number of the Company's shares and the number of shares with voting rights on the convening day of the Meeting;
- General ballot paper form;

**02-07-2021**

**Resolutions of the Extraordinary Meeting of AB „Snaigė“ shareholders**

The Extraordinary General Meeting of shareholders of Snaigė AB (further – the Company) was held on 2 July 2021. Decisions on the agenda questions were adopted on the Extraordinary General Meeting.

The agenda question: 1. On non-execution (cancellation) of the decisions of the extraordinary general meeting of shareholders of the Company, dated 11 February 2021;

The decision:

“1.1. Not to execute (to cancel) the decision adopted regarding issue No. 1.1 of the agenda of the extraordinary general meeting of shareholders of the Company dated 11 February 2021, by which it was decided to initiate delisting of all the outstanding shares of the Company and to delist them from trading on the regulated market AB Nasdaq Vilnius as well as not to continue the public offering thereof.

1.2. Not to execute (to cancel) the decisions adopted regarding issues No. 1.2, 1.3 and 2 of the agenda of the extraordinary general meeting of shareholders of the Company dated 11 February 2021, under which the order was detailed regarding submission of the tender offer, aimed at delisting the shares of the Company from trading on AB Nasdaq Vilnius, determination of its price, as well as granting authorizations to the Manager of the Company (General Manager) in relation to the delisting of Company's shares from trading on AB Nasdaq Vilnius.

1.3. Taking into account the decisions taken on issues No. 1.1-1.2 of the agenda of this general meeting of shareholders of the Company, to determine that the Company's shares will continue to be offered publicly, they will be listed on AB Nasdaq Vilnius regulated market, the Company continues to be the issuer, whereas the tender offer, aimed at delisting the shares of the Company from trading on AB Nasdaq Vilnius will not be submitted, unless any new decisions concerning these matters are adopted by the general meeting of shareholders of the Company.”

**15-07-2021****Resignation from the position of the board and audit committee member of SNAIGĖ AB**

Snaigė AB has received notification from board member Igor Zentsov about his resignation from the position of the board member and audit committee member of Snaigė AB.

Pursuant to p. 11 article 33 of the Law on Companies of the Republic of Lithuania the last day of Igor Zentsov's work on the board is 28th of July 2021. Igor Zentsov will finish work in audit committee also on 28th of July 2021.

**31-08-2021****AB SNAIGĖ: one-third higher sales did not compensate for production cost increase due to higher prices of raw materials**

According to unaudited consolidated data, AB Snaigė reached EUR 16.5 million turnover in the first half of 2021, i.e. 34 per cent higher than in the same period last year.

According to Mindaugas Sologubas, General Director of AB Snaigė, the increased sales did not compensate for the increased cost of production due to the increase in raw material prices.

"In the first half of this year, like many other producers, we experienced the shortage of the raw materials and their price rise." - said M. Sologubas. "-The shortage of raw materials forced us to cancel some orders, increased price raised the cost of our products to such an extent that we became uncompetitive in some markets. In order not to lose our markets and customers, we worked with a lower sales margin. Therefore, the Company's unaudited consolidated EBITDA for the first half of this year reached 0.4 million. EUR."

Despite the unfavourable circumstances, during the first half of this year, AB SNAIGĖ continued developing its professional and commercial equipment product line. The Company has expanded its medical refrigerators line and released a refrigerator that meets the European quality standard DIN13277. This standard certifies that the product meets the highest quality and parameter requirements for this category. The product is currently being tested in German laboratories. After testing, AB Snaigė will open a new page in its history - it will start the serial production of certified medical refrigerators.

In the first half of 2021, AB SNAIGĖ exported to almost 30 European, Asian and African countries. Exports accounted for 92 of the total turnover of the Company. The Company's largest foreign sales markets in the first half of the year were Germany (23%), Ukraine (14%), Morocco (8%), Austria (7%), and the Czech Republic (6%).

**23-09-2021****Convocation of the Extraordinary General Meeting of Shareholders of Snaigė AB**

On 15 October 2021 the Extraordinary General Meeting of Shareholders of Snaigė AB, the address of head office Pramonės str. 6, Alytus, the company code 249664610 (hereinafter, the “Company”) is convened (hereinafter, the “Meeting”).

The place of the meeting –at AB “Snaigė” office, at the address Kareiviu str. 6, Vilnius, Lithuania.

The Meeting commences – at 10 a.m. (registration starts at 9.45 a.m.).

The Meeting's accounting day – 8 October 2021 (the persons who are shareholders of the Company at the end of accounting day of the General Meeting of Shareholders or authorized persons by them, or the persons with whom shareholders concluded the agreements on the disposal of voting right, shall have the right to attend and vote at the General Meeting of Shareholders).

The meeting is initiating and convening by the decision of the Board of the Company.

Drafts of decisions on the agenda of the extraordinary general meeting of shareholders of the Company approved by the Board of the Company:

The agenda question: 1. The election the member of Board (instead of resigned) until the end of the term of office of the current Board;

The draft of the decision: For the term until the end of term of the term off Office of the current Board to elect the candidate who will collect majority of votes under the proposal of company organs and/or persons, who under the Law on Companies of the Republic of Lithuania are granted with a right to propose projects of shareholders meeting decisions.

The agenda question: 2. Election of the audit firm for auditing purposes of financial statements and establishment of terms regarding the payment for audit services;

The draft of the decision: For auditing purposes of financial statements of 2021 and 2022 year to elect the audit firm Grant Thornton Baltic UAB.

To authorize (with the right to delegate) the Managing Director of the Company to sign the agreement with the audit firm by establishing the terms of payment (up to 25000 Eur per year + VAT) for the audit services and other terms.

The agenda question: 3. The approval of the Remuneration Policy;

The draft of the decision: To approve the Remuneration Policy.

The annex: Remuneration Policy of AB "Snaigė" approved by the Board of the Company and proposing for shareholders.

The agenda question: 4. The amendment of the Articles of association;

The draft of the decision: Pursuant to Article 372 p. 1 p. 3 of the Law on Companies of the Republic of Lithuania to supplement the Articles of Association of AB Snaigė with criteria according to which it is determined that the transaction has a significant impact on the company, its finances, assets, liabilities and taking into account the decision to approve the remuneration policy made at this meeting to change article 6.3 of the Articles of Association and approve the amended Articles of Association.

New wording of article 6.3 of the Company's Articles of Association:

"6.3 The General Meeting of Shareholders shall elect and remove the Board of the Company in compliance with the procedure prescribed by the Law on Companies.

The Board of the Company shall have the right to adopt a decision on issuing debentures.

The Board is authorized to establish committees provided in valid legal acts of Lithuanian Republic and other committees necessary for the activity of the Company, to appoint Board members or other persons to these committees and to approve regulations of such committees.

The Board carries supervision functions (indicated in article 34 p. 11 of the Law on Companies of the Republic).

The Board make resolutions regarding transactions with related parties, as provided by Law on Companies, where these transactions have a significant impact on the company, its finances, assets and liabilities. Transactions with related parties shall be considered to have a significant impact on the company, its finances, assets and liabilities, if the total value (the total value of one transaction or the total value of continuous transactions within one calendar year) of such a transaction exceeds 1/4 of the company's authorized capital;

The Board's powers with regard to other matters shall conform to the powers stipulated in the Law on Companies.

Board members must keep the Company's trade secrets, confidential information that they learned while being board members.

The working procedure of the Board shall be laid down in the rules of procedure of the Board."

To authorize the manager of the company to sign changed Articles of association.

Draft resolutions on agenda issues, documents be submitted to the General Meeting of Shareholders and other information related with the exercising of the shareholders' rights are available on the website of the Company [www.snaige.lt](http://www.snaige.lt) on menu item "For investors". This information will be also available for the shareholders at the head office of the Company (Pramonės street 6, Alytus) on business days from 9:00 am. till 16:00 pm. (on Fridays till 14:00), tel. +370 315 56206.

Shareholders holding shares that grant at least 1/20 of all votes shall have the right of proposing to supplement the agenda of the Meeting by providing the Meeting draft resolution on each additionally proposed issue or in case no resolution is required - the explanation. The proposals to supplement the agenda shall be submitted in writing or by e-mail. The proposals shall be presented in writing to the Company on business days or by sending it by registered mail at the address Snaigė AB, Pramonės street 6, LT-62175 Alytus, Lithuania. The proposals submitted via the e-mail shall be sent by e-mail [akcininkams@snaige.lt](mailto:akcininkams@snaige.lt). The proposals to supplement the agenda with the additional issues shall be submitted till 30 September 2021, 4:00 p.m. In case the agenda of the Meeting is supplemented the Company will report on it no later than 10 days before the Meeting in the same ways as on convening of the Meeting.

Shareholders holding shares that grant at least 1/20 of all votes shall have the right of proposing new draft resolutions on the issues already included or to be included in the agenda of the Meeting. The proposals shall be submitted in writing or by e-mail. The proposals shall be presented in writing to the Company on business days till 14 October 2021, 2 p.m. or by sending it by registered mail at the address Snaigė AB, Pramonės street 6, LT-62175 Alytus, Lithuania. During the Meeting the proposals shall be submitted to the Chairman of the Meeting after he announces the Meeting agenda and no later than the Meeting starts working on the issues of agenda. The proposals submitted via the electronic mail shall be sent on [akcininkams@snaige.lt](mailto:akcininkams@snaige.lt). The proposals submitted on this e-mail till 14 October 2021, 2:00 p.m. will be discussed during the Meeting.

The shareholders shall have the right to present questions related to the General Meeting of Shareholders' agenda issues to the Company in advance in writing. The shareholders shall present the questions not later than 3 business days before the Meeting via the electronic mail on [akcininkams@snaige.lt](mailto:akcininkams@snaige.lt). The Company undertakes to respond to the submitted questions via the electronic mail till the Meeting day, except the questions related to the Company's commercial secret and confidential information.

During the registration to attend the Meeting the shareholders or the persons authorized by them shall submit a document which is a proof of his identity. The shareholders' authorized persons shall submit the power of attorney confirmed by the established order. The power of attorney issued by the natural person shall be notarized. A power of attorney issued in a foreign state must be translated into Lithuanian and legalized in the manner prescribed by law.



Representative can be authorized by more than one shareholder and shall have a right to vote differently under the orders of each shareholder. The shareholder holding shares of the Company, where the shares have been acquired on his own behalf, but for the benefit of other persons, must disclose before voting at the General Meeting of Shareholders to the Company the identity of the final customer, the number of shares that are put to the vote and the content of the voting instructions submitted to him or any other explanation regarding the participation agreed upon with the customer and voting at the General Meeting of Shareholders.

Shareholder shall also have the right to authorize through electronic communication channels another person (natural or legal) to participate and vote in the Meeting on shareholder's behalf. Such authorization shall not be confirmed by the notary officer. The power of attorney issued through electronic communication channels must be confirmed by the shareholder with a safe electronic signature developed by safe signature equipment and approved by a qualified certificate effective in the Republic of Lithuania. The shareholder shall inform the Company on the power of attorney issued through electronic communication channels by e-mail [akcininkams@snaige.lt](mailto:akcininkams@snaige.lt) no later than the last business day before the meeting at 2:00 p.m.

Each shareholder or representative thereof shall have the right to cast his/her vote in advance in writing by filling in a general ballot paper. The general ballot paper form is on the Company's website [www.snaige.lt](http://www.snaige.lt) on menu item "For Investors". Upon the written shareholder's request, the Company no later than 10 days before the Meeting shall send a general ballot paper by registered mail or hand it in person against signature. The general ballot paper filled shall be signed by the shareholder or his/her representative. In case the ballot paper is signed by the shareholder's authorized representative, such person along with the filled ballot paper shall submit the document to confirm the voting right. The ballot paper filled and the document confirming the voting right (if required) shall be submitted in a written form to the Company by registered mail at the address Snaigė AB, Pramonės street 6, LT-62175, Alytus, Lithuania, or by submitting it to the Company. Validated will be fully filled-in ballot papers, received until the meeting.

If on the day of the meeting will be restrictions on people's meetings due to Covid-19 disease, the quarantine announced in the territory of the Republic, the meeting will not take place on meeting place but the Company's shareholders will be invited to participate in the Extraordinary General meeting and vote on the agenda items in writing, by filling voting ballot in advance and submitting to the Company.

The following information and documents are available on the website of the Company [www.snaige.lt](http://www.snaige.lt) on menu item "For Investors":

- The notification on the convening of the Meeting, draft resolutions on each agenda issue;
- The total number of the Company's shares and the number of shares with voting rights on the convening day of the Meeting;
- General ballot paper form.

#### 15-10-2021

##### **Resolutions of the Extraordinary Meeting of AB „Snaigė“ shareholders**

The Extraordinary General Meeting of shareholders of Snaigė AB (further – the Company) was held on 15 October 2021.

Agenda questions were considered and decisions on the agenda questions were adopted on the Extraordinary General Meeting:

The agenda question: 1. The election the member of Board (instead of resigned) until the end of the term of office of the current Board;

The decision on 1 agenda question has not been made (no candidates for board members have been proposed).

The agenda question: 2. Election of the audit firm for auditing purposes of financial statements and establishment of terms regarding the payment for audit services;

The decision: For auditing purposes of financial statements of 2021 and 2022 year to elect the audit firm Grant Thornton Baltic UAB.

To authorize (with the right to delegate) the Managing Director of the Company to sign the agreement with the audit firm by establishing the terms of payment (up to 25000 Eur per year + VAT) for the audit services and other terms.

The agenda question: 3. The approval of the Remuneration Policy;

The decision: To approve the Remuneration Policy.

The annex: Remuneration Policy of AB "Snaigė" approved by shareholders.

The agenda question: 4. The amendment of the Articles of association;

The decision: Pursuant to Article 372 p. 1 p. 3 of the Law on Companies of the Republic of Lithuania to supplement the Articles of Association of AB Snaigė with criteria according to which it is determined that the transaction has a significant impact on the company, its finances, assets, liabilities and taking into account the decision to approve the remuneration policy made at this meeting to change article 6.3 of the Articles of Association and approve the amended Articles of Association.

New wording of article 6.3 of the Company's Articles of Association:

"6.3 The General Meeting of Shareholders shall elect and remove the Board of the Company in compliance with the procedure prescribed by the Law on Companies.

The Board of the Company shall have the right to adopt a decision on issuing debentures.

The Board is authorized to establish committees provided in valid legal acts of Lithuanian Republic and other committees necessary for the activity of the Company, to appoint Board members or other persons to these committees and to approve regulations of such committees.

The Board carries supervision functions (indicated in article 34 p. 11 of the Law on Companies of the Republic).

The Board make resolutions regarding transactions with related parties, as provided by Law on Companies, where these transactions have a significant impact on the company, its finances, assets and liabilities. Transactions with related parties shall be considered to have a significant impact on the company, its finances, assets and liabilities, if the total value (the total value of one transaction or the total value of continuous transactions within one calendar year) of such a transaction exceeds 1/4 of the company's authorized capital;

The Board's powers with regard to other matters shall conform to the powers stipulated in the Law on Companies. Board members must keep the Company's trade secrets, confidential information that they learned while being board members.

The working procedure of the Board shall be laid down in the rules of procedure of the Board."

To authorize the manager of the company to sign changed Articles of association.

#### 05-11-2021

##### **AB SNAIGĖ successfully debuted at the international HOST Milan exhibition**

The international exhibition HOST Milano 2021 for hospitality business professionals ended last week in Milan. It is the largest and most important exhibition of the industry, which took place live after a one-year break. Despite the pandemic, the event attracted 1,200 participants and almost 150,000 visitors, representing 2,700 companies from Europe and North and South America, Asia, and Africa. The companies presented various equipment, tools and products for food production, preparation, refrigeration, storage and service.

AB SNAIGĖ Lithuanian producer of refrigeration equipment, made its successful debut at the exhibition, presenting its product line for professionals. According to AB SNAIGĖ marketing director Rūta Petrauskaitė, the company has been successfully developing the direction of professional refrigeration equipment production for several years. -"We wanted to show our products to the world, to receive appreciation and wider recognition as well as to get acquainted with the representatives of this industry, expand the existing client base. Therefore, we decided to participate in the live exhibition quite quickly, despite the negative forecasts that if the pandemic situation worsens, it may not happen at all,"- said R. Petrauskaitė." The risk has paid off - we have received a lot of interest, we have received an authoritative and positive opinion about our products, we have established many valuable contacts with potential customers from Germany, Norway, Spain, North Africa, etc."

At the 120 m<sup>2</sup> stand, the company presented glass door refrigerators for beverages, storage refrigerators (some of which are already among the best-selling products in Germany under the TOP SELLER mark), refrigeration unit, showcases for retail and confectionery, RETRO design line refrigerators and medical refrigerator. "The medical refrigerator did not quite correspond to the theme of the exhibition," said Rūta Petrauskaitė. "However, it is our latest product, certified by DIN, which proves the high quality of this product and compliance with the strict requirements for medical refrigerators. As we expected, there were a lot of customers from this business area, so we did the right thing."

The SNAIGĖ stand caught the eye of visitors, not only with its elegant modern design but also with its multi-coloured RETRO-style refrigerators. Although they are designed for the home, they also are perfect for a stylish bar, cafe and restaurant. The shapes and colours of these refrigerators will suit RETRO, POP ART style interiors and can become a bright accent in any environment.

Less than half an hour after the exhibition's opening, several RETRO refrigerators were reserved and left for Spain after the show ended. A representative of one company from this country decided not to wait for the end of the exhibition, negotiations and other formalities and ensure the fastest delivery of samples of these products to Spain.

Currently, professional products account for more than 20% of SNAIGĖ's total portfolio; the company plans to increase the share of these products to 45% next year.

#### 26-11-2021

##### **The Articles of Association of AB "Snaigė" has been registered in the Register of Legal Entities**

On 24th of November 2021 the Articles of Association of AB "Snaigė" has been registered in the Register of Legal Entities, amended in accordance with the decision of the shareholders made on 15th of October 2021.

#### 30-11-2021

##### **The increase in sales for the three quarters did not compensate for the losses caused by higher raw materials and transport prices**

According to unaudited consolidated data, AB SNAIGĖ reached almost EUR 26 million turnover in the three quarters of 2021, i.e. 16 per cent higher than the same period last year.

However, the increase in sales did not compensate for the company's increased costs due to higher prices for raw materials and transport. The company earned EUR 0.9 million during the three quarters unaudited consolidated EBITDA, i.e. almost twice as much as in the same period last year.

According to Mindaugas Sologubas, General Manager of AB Snaigė, the rise in prices and shortages of raw materials and the supply chain's disruption have negatively affected the quality of sales and the company's final result.

"Due to a lack of raw materials and delays in delivery, we were unable to complete some orders on time. We often being forced to produce what we could produce rather than what we needed," said M. Sologubas. "- Besides that, to stay competitive, we were forced to sell with a lower sales margin. "

In the third quarter, AB SNAIGĖ continued to develop its product line of professional and commercial equipment. The company has expanded its range of medical refrigerators and released a refrigerator that meets the European quality standard DIN13277. This standard certifies that the product meets the highest quality and performance requirements for this category.

The company is also preparing for the production of industrial refrigerators for professional kitchens. The company expects the first examples of these products early next year. According to Mindaugas Sologubas, in the future, sales of professional and commercial equipment will occupy almost half of all products sold by SNAIGĖ.

In the three quarters of 2021, AB SNAIGĖ exported to almost 30 European, Asian and African countries. Exports accounted for 93 of the total turnover of the Company. The Company's largest foreign sales markets in the first half of the year were Germany (24%), Ukraine (14%), Morocco (8%), Austria (8%), and the Czech Republic (7%).

## 5.4 Strategies and plans

In order to make the most efficient use of available resources, the Company decided to diversify its product portfolio and start production of professional and medical refrigeration equipment. The emergence of this new product category will help to avoid seasonality, ensure more even and efficient production, strengthen the Company's competitiveness and increase its revenue in the future.

The Company's strategy is based on the continuous increase of production efficiency, development of new products, renovation and improvement of the products manufactured seeking to satisfy the consistently changing and increasing needs of our customers. Due to this consistent renovation and upgrading, we are able to assure the strength of the trademark and enhancement of the Company's image in those markets where products with the SNAIGĖ trademark are sold and the consistence of orders in those markets to which the Company manufactures products under the orders of customers. The implementation of this strategy will enable the Company to achieve its core goal: to become the most reliable trademark in Central Europe and to be an acknowledged manufacturer in the countries of the Western Europe.

Seeking to implement the goal set, in 2021 the Company developed, updated and adapted many of its products to different trade markets, expanded existing design lines, improved existing product functions and features.

Other strategic direction of the Company is the efficient consumption of available resources and increase of workforce productivity. The Company's products compete with the products of the global scale manufacturers both by their quality and price. To make consumers choose the products of our Company, we should offer to them the most optimal price. To make this objective come true, the Company implemented a cost reduction programme that is open for participation for every Company's employee.

## 6 DISCLOSURE FORM CONCERNING THE COMPLIANCE WITH THE GOVERNANCE CODE FOR THE COMPANIES LISTED ON THE REGULATED MARKET

The public limited liability company AB Snaigė (hereinafter referred to as the "**Company**"), acting in compliance with Article 22 (3) of the Law of the Republic of Lithuania on Securities and paragraph 24.5 of the Listing Rules of AB Nasdaq Vilnius, hereby discloses how it complies with the Corporate Governance Code for the Companies listed on Nasdaq Vilnius as well as its specific provisions or recommendations. In case of non-compliance with this Code or some of its provisions or recommendations, the specific provisions or recommendations that are not complied with and for what reasons, as well as other explanatory information is provided in this form.

### 6.1 Summary of the Corporate Governance Report:

According to the Articles of association of AB Snaigė, the governing bodies of the Company are the General Shareholder's Meeting, the Board and CEO. The Company does not have a Supervisory Council, but supervision functions set by the Law on Companies of the Republic of Lithuania are performed by the Board, which is comprised of 5 members and is elected for 4 years term.

During of 2019 year General meeting of shareholders Shareholders elected The Board from three representatives of the largest shareholder and two independent members of the Board and appointed two independent members of the Board to Audit Committee and authorized the Board in the future to appoint members to the Audit Committee. It could be deviated from independence requirement for one of independent member of the Board who is the Audit committee member when he started to work in the company which from middle of 2019 year has commercial relations with the Company. Therefore, this member of the Board resigned from his position in the Company. A new independent member of the Board and the Audit Committee will be appointed in accordance with the procedure established by law. The Company does not have Remuneration and a Nomination Committee as its functions, if necessary, will be performed by the Board by making decisions. The Board elects and recalls CEO of the Company, sets his/her remuneration and other conditions of the employment agreement. The remuneration policy of the Company was approved during the Extraordinary General Meeting of Shareholders held in 15 October 2021.

More information about the corporate governance, shareholders' rights, activities of the Board and the Audit Committee as well as other key points related to the Company's management are provided in the Consolidated Annual Report of AB Snaigė, for the year ended 31 December 2021.

## 6.2 Structured table for disclosure:

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
<p><b>Principle 1: General meeting of shareholders, equitable treatment of shareholders, and shareholders' rights</b></p> <p><b>The corporate governance framework should ensure the equitable treatment of all shareholders. The corporate governance framework should protect the rights of shareholders.</b></p>		
<p>1.1. All shareholders should be provided with access to the information and/or documents established in the legal acts on equal terms. All shareholders should be furnished with equal opportunity to participate in the decision-making process where significant corporate matters are discussed.</p>	YES	<p>Information about convening shareholders meetings is provided publicly in English and Lithuanian languages through the Nasdaq Vilnius Stock Exchange Central Regulation Base <a href="https://www.nasdaqbaltic.com">https://www.nasdaqbaltic.com</a> and on Company's site <a href="http://www.snaige.lt">www.snaige.lt</a></p>
<p>1.2. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all of their holders.</p>	YES	
<p>1.3. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.</p>	YES	<p>Company's articles of association are provided publicly on Company's site. There are all information concerning the rights attached to earlier issued shares.</p>
<p>1.4. Exclusive transactions that are particularly important to the company, such as transfer of all or almost all assets of the company which in principle would mean the transfer of the company, should be subject to approval of the general meeting of shareholders.</p>	YES	<p>The Company would follow the applicable legal acts and the Company's Articles of Association. Currently for concluding such transactions. In accordance with currently applicable laws and the Company's Articles of Association, the Board makes decisions on the investment, transfer and lease of fixed assets with a book value exceeding 1/20 of the Company's authorized capital.</p>
<p>1.5. Procedures for convening and conducting a general meeting of shareholders should provide shareholders with equal opportunities to participate in the general meeting of shareholders and should not prejudice the rights and interests of shareholders. The chosen venue, date and time of the general meeting of shareholders should not prevent active participation of shareholders at the general meeting. In the notice of the general meeting of shareholders being convened, the company should specify the last day on which the proposed draft decisions should be submitted at the latest.</p>	YES	
<p>1.6. With a view to ensure the right of shareholders living abroad to access the information, it is recommended, where possible, that documents prepared for the general meeting of shareholders in advance should be announced publicly not only in Lithuanian language but also in English and/or other foreign languages in advance. It is recommended that the minutes of the general meeting of shareholders after the signing thereof and/or adopted decisions should be made available publicly not only in Lithuanian language but also in English and/or other foreign languages. It is recommended that this information should be placed on the website of the company. Such documents may be published to the extent that their public disclosure is not detrimental to the company or the company's commercial secrets are not revealed.</p>	YES	<p>Documents prepared for the general meeting of shareholders and adopted decisions are announced publicly in Lithuanian and English languages.</p>

1.7. Shareholders who are entitled to vote should be furnished with the opportunity to vote at the general meeting of shareholders both in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	YES	
1.8. With a view to increasing the shareholders' opportunities to participate effectively at general meetings of shareholders, it is recommended that companies should apply modern technologies on a wider scale and thus provide shareholders with the conditions to participate and vote in general meetings of shareholders via electronic means of communication. In such cases the security of transmitted information must be ensured and it must be possible to identify the participating and voting person.	YES	By organizing an extraordinary shareholders' meeting in 2021, the Company created conditions for shareholders to participate in the shareholders' meeting by electronic means.
1.9. It is recommended that the notice on the draft decisions of the general meeting of shareholders being convened should specify new candidatures of members of the collegial body, their proposed remuneration and the proposed audit company if these issues are included into the agenda of the general meeting of shareholders. Where it is proposed to elect a new member of the collegial body, it is recommended that the information about his/her educational background, work experience and other managerial positions held (or proposed) should be provided.	YES	
1.10. Members of the company's collegial management body, heads of the administration <sup>2</sup> or other competent persons related to the company who can provide information related to the agenda of the general meeting of shareholders should take part in the general meeting of shareholders. Proposed candidates to member of the collegial body should also participate in the general meeting of shareholders in case the election of new members is included into the agenda of the general meeting of shareholders.	YES	The Manager of Company attends the general meeting of shareholders. The opportunity to attend the general meeting of shareholders are also given to Members of the Board and candidates to the Board.
<p><b>Principle 2: Supervisory board</b></p> <p><b>2.1. Functions and liability of the supervisory board</b></p> <p><b>The supervisory board of the company should ensure representation of the interests of the company and its shareholders, accountability of this body to the shareholders and objective monitoring of the company's operations and its management bodies as well as constantly provide recommendations to the management bodies of the company. The supervisory board should ensure the integrity and transparency of the company's financial accounting and control system.</b></p>		
2.1.1. Members of the supervisory board should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders and represent their interests, having regard to the interests of employees and public welfare.	NOT APPLICABLE	The Supervisory Board is not formed
2.1.2. Where decisions of the supervisory board may have a different effect on the interests of the company's shareholders, the supervisory board should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed about the company's strategy, risk management and control, and resolution of conflicts of interest.	NOT APPLICABLE	

<sup>2</sup> For the purposes of this Code, heads of the administration are the employees of the company who hold top level management positions.

2.1.3. The supervisory board should be impartial in passing decisions that are significant for the company's operations and strategy. Members of the supervisory board should act and pass decisions without an external influence from the persons who elected them.	NOT APPLICABLE	
2.1.4. Members of the supervisory board should clearly voice their objections in case they believe that a decision of the supervisory board is against the interests of the company. Independent <sup>3</sup> members of the supervisory board should: a) maintain independence of their analysis and decision-making; b) not seek or accept any unjustified privileges that might compromise their independence.	NOT APPLICABLE	
2.1.5. The supervisory board should oversee that the company's tax planning strategies are designed and implemented in accordance with the legal acts in order to avoid faulty practice that is not related to the long-term interests of the company and its shareholders, which may give rise to reputational, legal or other risks.	NOT APPLICABLE	
2.1.6. Bendrovė turėtų užtikrinti, kad The company should ensure that the supervisory board is provided with sufficient resources (including financial ones) to discharge their duties, including the right to obtain all the necessary information or to seek independent professional advice from external legal, accounting or other experts on matters pertaining to the competence of the supervisory board and its committees.	NOT APPLICABLE	
<p><b>2.2. Formation of the supervisory board</b></p> <p><b>The procedure of the formation of the supervisory board should ensure proper resolution of conflicts of interest and effective and fair corporate governance.</b></p>		
2.2.1. The members of the supervisory board elected by the general meeting of shareholders should collectively ensure the diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance between the qualifications of the members of the supervisory board, it should be ensured that members of the supervisory board, as a whole, should have diverse knowledge, opinions and experience to duly perform their tasks.	NOT APPLICABLE	
2.2.2. Members of the supervisory board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience.	NOT APPLICABLE	
2.2.3. Chair of the supervisory board should be a person whose current or past positions constituted no obstacle to carry out impartial activities. A former manager or management board member of the company should not be immediately appointed as chair of the supervisory board either. Where the company decides to depart from these recommendations, it should provide information on the measures taken to ensure impartiality of the supervision.	NOT APPLICABLE	

<sup>3</sup> For the purposes of this Code, the criteria of independence of members of the supervisory board are interpreted as the criteria of unrelated parties defined in Article 31(7) and (8) of the Law on Companies of the Republic of Lithuania.

2.2.4. Each member should devote sufficient time and attention to perform his duties as a member of the supervisory board. Each member of the supervisory board should undertake to limit his other professional obligations (particularly the managing positions in other companies) so that they would not interfere with the proper performance of the duties of a member of the supervisory board. Should a member of the supervisory board attend less than a half of the meetings of the supervisory board throughout the financial year of the company, the shareholders of the company should be notified thereof.	NOT APPLICABLE	
2.2.5. When it is proposed to appoint a member of the supervisory board, it should be announced which members of the supervisory board are deemed to be independent. The supervisory board may decide that, despite the fact that a particular member meets all the criteria of independence, he/she cannot be considered independent due to special personal or company-related circumstances.	NOT APPLICABLE	
2.2.6. The amount of remuneration to members of the supervisory board for their activity and participation in meetings of the supervisory board should be approved by the general meeting of shareholders.	NOT APPLICABLE	
2.2.7. Every year the supervisory board should carry out an assessment of its activities. It should include evaluation of the structure of the supervisory board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the supervisory board, and evaluation whether the supervisory board has achieved its objectives. The supervisory board should, at least once a year, make public respective information about its internal structure and working procedures.	NOT APPLICABLE	
<p><b>Principle 3: Management Board</b></p> <p><b>3.1. Functions and liability of the management board</b></p> <p><b>The management board should ensure the implementation of the company's strategy and good corporate governance with due regard to the interests of its shareholders, employees and other interest groups.</b></p>		
3.1.1. The management board should ensure the implementation of the company's strategy approved by the supervisory board if the latter has been formed at the company. In such cases where the supervisory board is not formed, the management board is also responsible for the approval of the company's strategy.	YES	The Company's Board performs supervisory functions set by Law on Companies of the Republic of Lithuania.
3.1.2. As a collegial management body of the company, the management board performs the functions assigned to it by the Law and in the articles of association of the company, and in such cases where the supervisory board is not formed in the company, it performs <i>inter alia</i> the supervisory functions established in the Law. By performing the functions assigned to it, the management board should take into account the needs of the company's shareholders, employees and other interest groups by respectively striving to achieve sustainable business development.	YES	By performing the functions assigned to it, the management board takes into account the needs of the company's shareholders, employees and other interest groups striving to achieve sustainable business development.
3.1.3. The management board should ensure compliance with the laws and the internal policy of the company applicable to the company or a group of companies to which this company belongs. It should also establish the respective risk management and control measures aimed at ensuring regular and direct liability of managers.	YES	

3.1.4 Moreover, the management board should ensure that the measures included into the <a href="#">OECD Good Practice Guidance</a> <sup>4</sup> on Internal Controls, Ethics and Compliance are applied at the company in order to ensure adherence to the applicable laws, rules and standards.	YES	
3.1.5. When appointing the manager of the company, the management board should take into account the appropriate balance between the candidate's qualifications, experience and competence.	YES	
<b>3.2. Formation of the management board</b>		
3.2.1. The members of the management board elected by the supervisory board or, if the supervisory board is not formed, by the general meeting of shareholders should collectively ensure the required diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance in terms of the current qualifications possessed by the members of the management board, it should be ensured that the members of the management board would have, as a whole, diverse knowledge, opinions and experience to duly perform their tasks.	YES	
3.2.2. Names and surnames of the candidates to become members of the management board, information on their educational background, qualifications, professional experience, current positions, other important professional obligations and potential conflicts of interest should be disclosed without violating the requirements of the legal acts regulating the handling of personal data at the meeting of the supervisory board in which the management board or individual members of the management board are elected. In the event that the supervisory board is not formed, the information specified in this paragraph should be submitted to the general meeting of shareholders. The management board should, on yearly basis, collect data provided in this paragraph on its members and disclose it in the company's annual report.	YES	Candidates to the Board members introduce to shareholders specifying working positions in other companies, relations with Company if such has. Company's annual report discloses all known information.
3.2.3. All new members of the management board should be familiarized with their duties and the structure and operations of the company.	YES	
3.2.4. Members of the management board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience and sufficiently frequent reconfirmation of their status.	YES	
3.2.5. Chair of the management board should be a person whose current or past positions constitute no obstacle to carry out impartial activity. Where the supervisory board is not formed, the former manager of the company should not be immediately appointed as chair of the management board. When a company decides to depart from these recommendations, it should furnish information on the measures it has taken to ensure the impartiality of supervision.	YES	The Chairman of the Company's Board is not and never was the manager of the Company. The Board is elected by shareholders.

<sup>4</sup> Link to the OECD Good Practice Guidance on Internal Controls, Ethics and Compliance: <https://www.oecd.org/daf/anti-bribery/44884389.pdf>



3.2.6. Each member should devote sufficient time and attention to perform his duties as a member of the management board. Should a member of the management board attend less than a half of the meetings of the management board throughout the financial year of the company, the supervisory board of the company or, if the supervisory board is not formed at the company, the general meeting of shareholders should be notified thereof.	YES	
3.2.7. In the event that the management board is elected in the cases established by the Law where the supervisory board is not formed at the company, and some of its members will be independent <sup>5</sup> , it should be announced which members of the management board are deemed as independent. The management board may decide that, despite the fact that a particular member meets all the criteria of independence established by the Law, he/she cannot be considered independent due to special personal or company-related circumstances.	YES	Candidates to the Board members introduce themselves to the shareholders, indicating their positions in other companies, relations with the Company, if any.
3.2.8. The general meeting of shareholders of the company should approve the amount of remuneration to the members of the management board for their activity and participation in the meetings of the management board.	YES	At present, the remuneration for members of the Board is not paid. If it were considered to pay a fee to the Board members, shareholders would be asked to confirm the amount of remuneration. This is also provided for in the Articles of Association of the Company.
3.2.9. The members of the management board should act in good faith, with care and responsibility for the benefit and the interests of the company and its shareholders with due regard to other stakeholders. When adopting decisions, they should not act in their personal interest; they should be subject to no-compete agreements and they should not use the business information or opportunities related to the company's operations in violation of the company's interests.	YES	According information available to the Company, the members of the Board are guided by the interests of the Company and act for the benefit of Shareholders in performing their duties.
3.2.10. Every year the management board should carry out an assessment of its activities. It should include evaluation of the structure of the management board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the management board, and evaluation whether the management board has achieved its objectives. The management board should, at least once a year, make public respective information about its internal structure and working procedures in observance of the legal acts regulating the processing of personal data.	NO	There is no such practice yet.
<p><b>Principle 4: Rules of procedure of the supervisory board and the management board of the company</b>  <b>The rules of procedure of the supervisory board, if it is formed at the company, and of the management board should ensure efficient operation and decision-making of these bodies and promote active cooperation between the company's management bodies.</b></p>		

<sup>5</sup> For the purposes of this Code, the criteria of independence of the members of the board are interpreted as the criteria of unrelated persons defined in Article 33(7) of the Law on Companies of the Republic of Lithuania.

<p>4.1. The management board and the supervisory board, if the latter is formed at the company, should act in close cooperation in order to attain benefit for the company and its shareholders. Good corporate governance requires an open discussion between the management board and the supervisory board. The management board should regularly and, where necessary, immediately inform the supervisory board about any matters significant for the company that are related to planning, business development, risk management and control, and compliance with the obligations at the company. The management board should inform the supervisory board about any derogations in its business development from the previously formulated plans and objectives by specifying the reasons for this.</p>	NOT APPLICABLE	The Supervisory board is not formed at the Company.
<p>4.2. It is recommended that meetings of the company's collegial bodies should be held at the respective intervals, according to the pre-approved schedule. Each company is free to decide how often meetings of the collegial bodies should be convened but it is recommended that these meetings should be convened at such intervals that uninterrupted resolution of essential corporate governance issues would be ensured. Meetings of the company's collegial bodies should be convened at least once per quarter.</p>	YES	Board meetings are called at appropriate intervals to ensure continuity of essential corporate governance issues. For urgent issues, extraordinary meetings are convened or decisions of the board are made in writing.
<p>4.3. Members of a collegial body should be notified of the meeting being convened in advance so that they would have sufficient time for proper preparation for the issues to be considered at the meeting and a fruitful discussion could be held and appropriate decisions could be adopted. Along with the notice of the meeting being convened all materials relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body present at the meeting agree with such change or supplement to the agenda, or certain issues that are important to the company require immediate resolution.</p>	YES	Agenda and all materials required according to the agenda are sent to the Members of the Board by electronic mail in advance; normally the agenda is not changed during meetings unless it is a necessity to solve additional important issues.
<p>4.4. In order to coordinate the activities of the company's collegial bodies and ensure effective decision-making process, the chairs of the company's collegial supervision and management bodies should mutually agree on the dates and agendas of the meetings and close cooperate in resolving other matters related to corporate governance. Meetings of the company's supervisory board should be open to members of the management board, particularly in such cases where issues concerning the removal of the management board members, their responsibility or remuneration are discussed.</p>	NOT APPLICABLE	The Supervisory board is not formed at the Company.

**Principle 5: Nomination, remuneration and audit committees****5.1. Purpose and formation of committee**

The committees formed at the company should increase the work efficiency of the supervisory board or, where the supervisory board is not formed, of the management board which performs the supervisory functions by ensuring that decisions are based on due consideration and help organise its work in such a way that the decisions it takes would be free of material conflicts of interest.

Committees should exercise independent judgment and integrity when performing their functions and provide the collegial body with recommendations concerning the decisions of the collegial body. However, the final decision should be adopted by the collegial body.

5.1.1. Taking due account of the company-related circumstances and the chosen corporate governance structure, the supervisory board of the company or, in cases where the supervisory board is not formed, the management board which performs the supervisory functions, establishes committees. It is recommended that the collegial body should form the nomination, remuneration and audit committees <sup>6</sup> .	YES/NO	An audit committee has been formed. The nomination and remuneration committees are not formed. If necessary functions of these committees will perform by the collegial body himself by making decisions.
5.1.2. Companies may decide to set up less than three committees. In such case companies should explain in detail why they have chosen the alternative approach, and how the chosen approach corresponds with the objectives set for the three different committees.		
5.1.3. In the cases established by the legal acts the functions assigned to the committees formed at companies may be performed by the collegial body itself. In such case the provisions of this Code pertaining to the committees (particularly those related to their role, operation and transparency) should apply, where relevant, to the collegial body as a whole.	YES	Provisions of this Code relating to committees are applicable to the collegial body as far as possible in specific circumstances
5.1.4. Committees established by the collegial body should normally be composed of at least three members. Subject to the requirements of the legal acts, committees could be comprised only of two members as well. Members of each committee should be selected on the basis of their competences by giving priority to independent members of the collegial body. The chair of the management board should not serve as the chair of committees.	YES/NO	Until 28/07/2021, the Audit Committee consisted of two members. After the resignation of a member of the Board of the Company and a member of the Audit Committee on 28 July 2021, the Board will elect a new member to perform these duties in the near future.

<sup>6</sup> The legal acts may provide for the obligation to form a respective committee. For example, the Law on the Audit of Financial Statements of the Republic of Lithuania provides that public-interest entities (including but not limited to public limited liability companies whose securities are traded on a regulated market of the Republic of Lithuania and/or of any other Member State) are under the obligation to set up an audit committee (the legal acts provide for the exemptions where the functions of the audit committee may be carried out by the collegial body performing the supervisory functions).

<p>5.1.5. The authority of each committee formed should be determined by the collegial body itself. Committees should perform their duties according to the authority delegated to them and regularly inform the collegial body about their activities and performance on a regular basis. The authority of each committee defining its role and specifying its rights and duties should be made public at least once a year (as part of the information disclosed by the company on its governance structure and practice on an annual basis). In compliance with the legal acts regulating the processing of personal data, companies should also include in their annual reports the statements of the existing committees on their composition, the number of meetings and attendance over the year as well as the main directions of their activities and performance.</p>	YES/NO	<p>The collegial body is determined authority the audit committee formed on 2019 year. Till 2019 year the shareholders meeting approved audit committee regulations and after first approving these regulations was published.</p>
<p>5.1.6. With a view to ensure the independence and impartiality of the committees, the members of the collegial body who are not members of the committees should normally have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or request that certain employees of the company or experts would participate in the meeting. Chair of each committee should have the possibility to maintain direct communication with the shareholders. Cases where such practice is to be applied should be specified in the rules regulating the activities of the committee.</p>	YES	
<p><b>5.2. Nomination committee</b></p>		
<p>5.2.1. <i>The key functions of the nomination committee should be the following:</i></p> <p>1) to select candidates to fill vacancies in the membership of supervisory and management bodies and the administration and recommend the collegial body to approve them. The nomination committee should evaluate the balance of skills, knowledge and experience in the management body, prepare a description of the functions and capabilities required to assume a particular position and assess the time commitment expected;</p> <p>2) assess, on a regular basis, the structure, size and composition of the supervisory and management bodies as well as the skills, knowledge and activity of its members, and provide the collegial body with recommendations on how the required changes should be sought;</p> <p>3) devote the attention necessary to ensure succession planning.</p>	NO	<p>The nomination committee is not formed.</p>
<p>5.2.2. When dealing with issues related to members of the collegial body who have employment relationships with the company and the heads of the administration, the manager of the company should be consulted by granting him/her the right to submit proposals to the Nomination Committee.</p>	NO	<p>The nomination committee is not formed.</p>

<b>5.3. Remuneration committee</b>		
The main functions of the remuneration committee should be as follows: 1) submit to the collegial body proposals on the remuneration policy applied to members of the supervisory and management bodies and the heads of the administration for approval. Such policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as conditions which would allow the company to recover the amounts or suspend the payments by specifying the circumstances under which it would be expedient to do so; 2) submit to the collegial body proposals regarding individual remuneration for members of the collegial bodies and the heads of the administration in order to ensure that they would be consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned; 3) review, on a regular basis, the remuneration policy and its implementation.	NO	The remuneration committee is not formed.
<b>5.4. Audit committee</b>		
5.4.1. The key functions of the audit committee are defined in the legal acts regulating the activities of the audit committee <sup>7</sup> .	YES	
5.4.2. All members of the committee should be provided with detailed information on specific issues of the company's accounting system, finances and operations. The heads of the company's administration should inform the audit committee about the methods of accounting for significant and unusual transactions where the accounting may be subject to different approaches.	YES	
5.4.3. The audit committee should decide whether the participation of the chair of the management board, the manager of the company, the chief finance officer (or senior employees responsible for finance and accounting), the internal and external auditors in its meetings is required (and, if required, when). The committee should be entitled, when needed, to meet the relevant persons without members of the management bodies present.	YES	
5.4.4. The audit committee should be informed about the internal auditor's work program and should be furnished with internal audit reports or periodic summaries. The audit committee should also be informed about the work program of external auditors and should receive from the audit firm a report describing all relationships between the independent audit firm and the company and its group.	YES	

<sup>7</sup> Issues related to the activities of audit committees are regulated by Regulation No. 537/2014 of the European Parliament and the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities, the Law on the Audit of Financial Statements of the Republic of Lithuania, and the Rules Regulating the Activities of Audit Committees approved by the Bank of Lithuania.

5.4.5. The audit committee should examine whether the company complies with the applicable provisions regulating the possibility of lodging a complaint or reporting anonymously his/her suspicions of potential violations committed at the company and should also ensure that there is a procedure in place for proportionate and independent investigation of such issues and appropriate follow-up actions.	NO	This question will be solved in future.
5.4.6. The audit committee should submit to the supervisory board or, where the supervisory board is not formed, to the management board its activity report at least once in every six months, at the time that annual and half-yearly reports are approved.	YES	
<p><b>Principle 6: Prevention and disclosure of conflicts of interest</b>  <b>The corporate governance framework should encourage members of the company's supervisory and management bodies to avoid conflicts of interest and ensure a transparent and effective mechanism for disclosing conflicts of interest related to members of the company's supervisory and management bodies</b>  <b>The corporate governance framework should recognize the rights of shareholders as enshrined in law and promote active cooperation between the company and its shareholders in creating the company's well-being, jobs and financial stability. In the context of this principle, the term shareholders includes investors, employees, creditors, suppliers, customers, the local community and other persons with an interest in a particular company.</b></p>		
Any member of the company's supervisory and management body should avoid a situation where his/her personal interests are or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory or management body should, within a reasonable period of time, notify other members of the same body or the body of the company which elected him/her or the company's shareholders of such situation of a conflict of interest, indicate the nature of interests and, where possible, their value.	YES	Members of the Company's management body are trying to follow the recommendations listed in this article.
<p><b>Principle 7: Remuneration policy of the company</b>  <b>The remuneration policy and the procedure for review and disclosure of such policy established at the company should prevent potential conflicts of interest and abuse in determining remuneration of members of the collegial bodies and heads of the administration, in addition it should ensure the publicity and transparency of the company's remuneration policy and its long-term strategy.</b></p>		
7.1. The company should approve and post the remuneration policy on the website of the company; such policy should be reviewed on a regular basis and be consistent with the company's long-term strategy.	YES	The Company's remuneration policy was approved during the Extraordinary General Meeting of Shareholders on 15 October 2021.
7.2. The remuneration policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as the conditions specifying the cases where the company can recover the disbursed amounts or suspend the payments.	YES	
7.3. With a view to avoid potential conflicts of interest, the remuneration policy should provide that members of the collegial bodies which perform the supervisory functions should not receive remuneration based on the company's performance.	YES	The remuneration for the work in the Board is not paid to the members of the Board of the Company, unless the remuneration to be paid to the independent members of the board is determined by the shareholders who elect it.

7.4. The remuneration policy should provide sufficient information on the policy regarding termination payments. Termination payments should not exceed a fixed amount or a fixed number of annual wages and in general should not be higher than the non-variable component of remuneration for two years or the equivalent thereof. Termination payments should not be paid if the contract is terminated due to inadequate performance.	YES	
7.5. In the event that the financial incentive scheme is applied at the company, the remuneration policy should contain sufficient information about the retention of shares after the award thereof. Where remuneration is based on the award of shares, shares should not be vested at least for three years after the award thereof. After vesting, members of the collegial bodies and heads of the administration should retain a certain number of shares until the end of their term in office, subject to the need to compensate for any costs related to the acquisition of shares.	YES/NO	The company does not have an incentive system for financial instruments.
7.6. The company should publish information about the implementation of the remuneration policy on its website, with a key focus on the remuneration policy in respect of the collegial bodies and managers in the next and, where relevant, subsequent financial years. It should also contain a review of how the remuneration policy was implemented during the previous financial year. The information of such nature should not include any details having a commercial value. Particular attention should be paid on the major changes in the company's remuneration policy, compared to the previous financial year.	YES	
7.7. It is recommended that the remuneration policy or any major change of the policy should be included on the agenda of the general meeting of shareholders. The schemes under which members and employees of a collegial body receive remuneration in shares or share options should be approved by the general meeting of shareholders.	YES	
<p><b>Principle 8: Role of stakeholders in corporate governance</b>  <b>The corporate governance framework should recognize the rights of stakeholders entrenched in the laws or mutual agreements and encourage active cooperation between companies and stakeholders in creating the company value, jobs and financial sustainability. In the context of this principle the concept “stakeholders” includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interests in the company concerned.</b></p>		
8.1. The corporate governance framework should ensure that the rights and lawful interests of stakeholders are protected.	YES	
8.2. The corporate governance framework should create conditions for stakeholders to participate in corporate governance in the manner prescribed by law. Examples of participation by stakeholders in corporate governance include the participation of employees or their representatives in the adoption of decisions that are important for the company, consultations with employees or their representatives on corporate governance and other important matters, participation of employees in the company's authorized capital, involvement of creditors in corporate governance in the cases of the company's insolvency, etc.	YES	

8.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	YES	
8.4. Stakeholders should be provided with the possibility of reporting confidentially any illegal or unethical practices to the collegial body performing the supervisory function.	YES	The supervisory function performs the Board of the Company. The Company transfers information concerns to the Board in accordance with confidentiality requirements.
<b>Principle 9: Disclosure of information</b> <b>The corporate governance framework should ensure the timely and accurate disclosure of all material corporate issues, including the financial situation, operations and governance of the company.</b>		
9.1. In accordance with the company's procedure on confidential information and commercial secrets and the legal acts regulating the processing of personal data, the information publicly disclosed by the company should include but not be limited to the following:	YES	The Company follows this requirement and discloses available information, in accordance with the company's procedure on confidential information and commercial secrets and the legal acts regulating the processing of personal data.
9.1.1. operating and financial results of the company; ;	YES	
9.1.2. objectives and non-financial information of the company;	YES	
9.1.3. persons holding a stake in the company or controlling it directly and/or indirectly and/or together with related persons as well as the structure of the group of companies and their relationships by specifying the final beneficiary;	YES	
9.1.4. members of the company's supervisory and management bodies who are deemed independent, the manager of the company, the shares or votes held by them at the company, participation in corporate governance of other companies, their competence and remuneration;	YES	
9.1.5. reports of the existing committees on their composition, number of meetings and attendance of members during the last year as well as the main directions and results of their activities.	YES	
9.1.6. potential key risk factors, the company's risk management and supervision policy.	YES	
9.1.7. the company's transactions with related parties.	YES	
9.1.8. main issues related to employees and other stakeholders (for instance, human resource policy, participation of employees in corporate governance, award of the company's shares or share options as incentives, relationships with creditors, suppliers, local community, etc.).	YES	
9.1.9. structure and strategy of corporate governance.	YES	
9.1.10. initiatives and measures of social responsibility policy and anti-corruption fight, significant current or planned investment projects. This list is deemed minimum and companies are encouraged not to restrict themselves to the disclosure of information included into this list. This principle of the Code does not exempt companies from their obligation to disclose information as provided for in the applicable legal acts.	YES	
9.2. When disclosing the information specified in paragraph 9.1.1 of recommendation 9.1, it is	YES	



recommended that the company which is a parent company in respect of other companies should disclose information about the consolidated results of the whole group of companies.		
9.3. When disclosing the information specified in paragraph 9.1.4 of recommendation 9.1, it is recommended that the information on the professional experience and qualifications of members of the company's supervisory and management bodies and the manager of the company as well as potential conflicts of interest which could affect their decisions should be provided. It is further recommended that the remuneration or other income of members of the company's supervisory and management bodies and the manager of the company should be disclosed, as provided for in greater detail in Principle 7.	YES	
9.4. Information should be disclosed in such manner that no shareholders or investors are discriminated in terms of the method of receipt and scope of information. Information should be disclosed to all parties concerned at the same time.	YES	The information which is disclosed to all parties concerned at the same time.
<b>Principle 10 : Selection of the company's audit firm</b> <b>The company's audit firm selection mechanism should ensure the independence of the report and opinion of the audit firm</b>		
10.1. With a view to obtain an objective opinion on the company's financial condition and financial results, the company's annual financial statements and the financial information provided in its annual report should be audited by an independent audit firm.	YES	
10.2. It is recommended that the audit firm would be proposed to the general meeting of shareholders by the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company..	YES	
10.3. In the event that the audit firm has received remuneration from the company for the non-audit services provided, the company should disclose this publicly. This information should also be available to the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company when considering which audit firm should be proposed to the general meeting of shareholders.	YES	

## 7 REMUNERATION REPORT

### GENERAL INFORMATION ABOUT THE REMUNERATION REPORT

The Remuneration report of AB „Snaigė“ has been prepared for reporting financial period of 2021, which coincides with the calendar year. The Remuneration report (hereinafter - the Report) was prepared in accordance with the Law on Financial Statements of Entities of the Republic of Lithuania, Remuneration provisions applicable to the Managing Director and members of the Board of AB „Snaigė“, approved by the General Meeting of Shareholders 30 April 2021 and other legal acts.

These Remuneration Provisions apply to the Company's Managing Director and members of the management bodies insofar as they relate to the payment of monetary remuneration for activities in the Company's management bodies. The remuneration report shall include information on the remuneration of each member of the management bodies, if he was paid, and other data.

### INFORMATION ON REMUNERATION RECEIVED BY MEMBERS OF MANAGEMENT BODIES

During 2021, the remuneration of the head of the company was accrued and paid, which was determined by the Board and fixed in the employment contract.

The employment contract of the head of the company is for an indefinite period.

The salary of the Managing Director of the Company, as well as other employees of the Company, is paid in accordance with the procedure and terms provided for in the employment contract.

The rules of increased remuneration do not apply to the Company's Managing Director and he is not paid for overtime work, work on weekends or holidays, as well as night work.

Average wages by employee groups are presented in the annual report.

In 2021, the Board has appointed and paid bonuses to the company 's management for the results of 2020.

Until 2023 the Company does not remunerate the members of the Board of the Company elected by the Ordinary General Meeting of Shareholders. Bonuses are also not paid.

### FINAL PROVISIONS OF THE REMUNERATION REPORT

The Report approved by the Board of the Company is submitted to the Ordinary General Meeting of Shareholders, which at its own discretion decides to approve the Remuneration Report or not. Such (non) approval does not release the Board from the responsibility for the decision taken.

The Remuneration Report for 2021 is an integral part of the consolidated annual report and is published in accordance with the procedure established by legal acts on the Company's website [www.snaige.lt](http://www.snaige.lt) and [www.nasdaqomxbaltic.com](http://www.nasdaqomxbaltic.com).

**SNAIGĒ AB**  
**SOCIAL RESPONSIBILITY REPORT OF YEAR 2021**

## CONTENTS

MESSAGE FROM THE MANAGING DIRECTOR OF SNAIGE AB	110
SCOPE OF THE REPORT	111
PRINCIPLES OF CORPORATE SOCIAL RESPONSIBILITY	112
COMPANY PRESENTATION AND PERFORMANCE INDICATORS	113
ADHERENCE TO HUMAN RIGHTS. EMPLOYEES AND OTHER SOCIAL ISSUES	117
ENVIRONMENT PROTECTION	122

**MESSAGE FROM THE MANAGING DIRECTOR OF SNAIGĖ AB**

***Dear All,***

According to audited consolidated data, SNAIGĖ AB reached almost EUR 33.5 million turnover in 2021, i.e. 14% higher than 2020. However, more extensive sales did not compensate for increased costs due to higher raw materials, energy, and transport prices. Last year the company earned EUR 0.5 million unaudited consolidated EBITDA.

The rise in prices of raw materials, their shortage and the disruption of the supply chain have negatively affected the quality of sales and the final result of the company. Due to the lack of raw materials and their delivery delays, we were unable to place some orders on time. We often have produced what we could, rather than what we needed. The rise in the price of raw materials has raised the cost of our production to such an extent that we have been forced to sell at a lower sales margin in order to remain competitive. Late payments by some of our customers increased the shortage of working capital. In addition, rising energy costs aggravated the situation in the fourth quarter of last year. It has been increased several times and has become a daunting burden. All of this directly affected the company's results.

However, despite the challenges and difficulties, SNAIGĖ AB is working stably, develop new products and even entering new categories.

In 2021 the company continued to develop its professional and commercial equipment product lines. SNAIGĖ AB has developed new refrigerators for medical purposes that meet the highest industry requirements, including the DIN13277 standard. At the end of the year, we started serial production of these refrigerators.

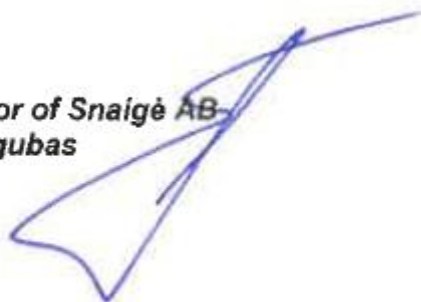
We produced first examples of the industrial refrigerators for professional kitchens and prepared for their serial production.

These products open up opportunities in other business categories that are beneficial to the Company. The production of professional and commercial refrigeration equipment is a strategic direction for the development of the Company. In the future, the sales of this segment will account for almost half of all sales of SNAIGĖ AB.

We plan to further develop medical refrigeration equipment: more refrigerator models will be available to store medicines and preparations, we will introduce refrigerators to laboratories. We will further develop the line of professional kitchen refrigerators.

We don't expect an easy next year. Considering the geopolitical situation of today, next year will be even more difficult than 2021. However, the SNAIGĖ team is accustomed to challenges, I am sure we will overcome them.

***Managing Director of Snaigė AB***  
***Mindaugas Sologubas***



## SCOPE OF THE REPORT

This report presents activities of Snaigė AB in 2021. The social responsibility report is prepared once a year and published together with the annual performance results. The report for 2021 is the fifth Social Responsibility Report of the Group and the Company. This report has been prepared in accordance with the European Commission Communique “Guidelines for Non-Financial Reporting (2017 / C 215/01)” and “Guidelines for the Global Reporting Initiative (GRI)”. The report is not audited.

This report provides non-financial information on responsible business to the interested parties: customers, shareholders, investors, employees, suppliers, business and social partners and the public.

## PRINCIPLES OF CORPORATE SOCIAL RESPONSIBILITY

### **The company's social responsibility strategic principles**

In its activities, the company follows the highest standards of business ethics and the principles of social responsibility. The Company seeks to preserve the status of a reliable social partner not only in Alytus, but also on a national scale by contributing to solving current social problems of our society.

The company's social responsibility is divided into the following separate areas:

- Taking care of the health, well-being and motivation of its employees, development of professional competence of employees (see more – Employees).
- Maintaining good relations with communities, as well as openness to other interested parties and the public.
- Development of various social initiatives and projects for local communities.
- Education of a civil society that cares about the future of Lithuania (through educational campaigns).

## COMPANY PRESENTATION AND PERFORMANCE INDICATORS

### Strategy and Goals of the Company

In order to make the use of available resources most efficient, the Company decided to diversify its product portfolio and start production of professional and medical refrigeration equipment. The emergence of these new product categories will help to avoid seasonality, ensure more even and efficient production, strengthen the Company's competitiveness and increase its revenue in the future.

The Company's strategy is based on the continuous increase of the production efficiency, development of new products, renovation and improvement of the products manufactured seeking to satisfy the consistently changing and increasing needs of our customers. Due to this consistent renovation and upgrading, we are able to assure the strength of the trademark and enhancement of the Company's image in those markets where products with the SNAIGĖ trademark are sold and the consistence of orders in those markets to which the Company manufactures products under the orders of customers. The implementation of this strategy will enable the Company to achieve its core goal: to become the most reliable trademark in Central Europe and to be an acknowledged manufacturer in the countries of the Western Europe.

Seeking to implement the goal set, in 2021 the Company has created, updated and adapted many of its products to different trade markets, expanded the already existing design lines, improved the existing product functions and features.

Other strategic direction of the Company is the efficient consumption of available resources and increase of workforce productivity. The Company's products compete with the products of the global scale manufacturers both by their quality and price. To make consumers choose products of our Company, we should offer to them the most optimal price. To make this objective come true, the Company implemented a cost reduction programme that is open for participation for every Company's employee.

### Mission

Our Mission is to develop financially disciplined business that provides consumers with good value and quality products and our shareholders with top-tier returns on their investments.

### Vision

Our goal is to become the most reliable brand of home appliances and specialized refrigeration equipment for consumers in the Eastern Europe and the preferred choice for OEM supplier in the Western Europe.

### Values

*Open minded. Trustworthy. Teamwork. Flexibility.*

### Basic data about the Company

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

Authorised capital as of 31 December 2021 – EUR 6,735,807.15

Address – Pramonės str. 6, LT-62175 Alytus

Phone – (+370 315) 56 206

Fax – (+370 315) 56 207; (+370 315) 56 269

E-mail – [snaige@snaige.lt](mailto:snaige@snaige.lt)

Internet web-page – <http://www.snaige.lt>

Legal organisation status – legal entity, public limited company

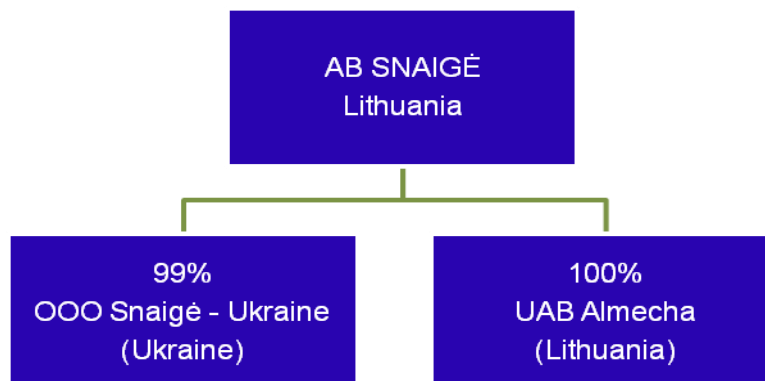
Registered as a Public Enterprise of the Republic of Lithuania on 1 December 1992 in the Municipality Administration of Alytus; registration number AB 92-119; enterprise register code 249664610. The latest Articles of Association of Snaigė AB were registered on 24 November 2021 in the Register of Legal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



### The type of the Company's main business activities

The main business activity of the Company is manufacture of refrigerators and freezers, household electrical appliances, the manufacture of metal products and other activities permitted by Lithuanian laws, as indicated in the Articles of Association.

### The Company's company group structure



### Information about the Company's subsidiaries

The Company's group consists of the refrigerator manufacturer Snaigė AB, based in Alytus, and the following subsidiaries:

- Almecha UAB. Main activity – manufacturing of miscellaneous machinery and equipment. The enterprise was registered in November 2006. Address: Pramonės str. 6, Alytus, Lithuania.
- Snaigė-Ukraine OOO. Main activity – sales of refrigeration appliances, sales, consulting and services. The enterprise was registered in November 2002. Address: Grushevski str. 28-2a/43 Kiev, Ukraine.

## OPERATING REVIEW

### General rates, describing the Company's business performance, their behaviour

The financial figures for the recent years are presented in general.

**(consolidated data):**

	2021	2020	2019
Turnover (continuing operations), EUR thousand	33,538	29,418	32,222
Gross profit (continuing operations), EUR thousand	3,249	3,150	3,031
Net profit (loss) from continuing operations, EUR thousand	(1,974)	158	(1,685)
Net (loss) from discontinued operations, EUR thousand	-	-	-
Net profit (loss), EUR thousand	(1,974)	158	(1,685)
Average share price, EUR	0.215	0.163	0.157
<b>Financial figures</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Profit before tax indicator, % (current year profitability of continuing operations)	-5.81%	0.42%	-5.23%
General mark-up (continuing operations), %	9.69%	10.71%	9.41%
EBITDA mark-up (continuing operations), %	1.50%	9.2%	2.90%
Solvency ratio, % (general short-term solvency)	91.06%	112.79%	49.98%
Debt to assets ratio, % (general debt ratio)	86.43%	77.65%	78.75%
Return on average shareholders' equity (continuing operations), %	-59.29%	2.85%	-30.49%

<b>Shares indicators</b>	<b>2018</b>	<b>2020</b>	<b>2019</b>
Net profit per share (continuing operations), EUR	-0.05	0.004	-0.04
Net loss per share (discontinued operations), EUR	-	-	-
Net profit per share (total), EUR	-0.05	0.004	-0.04
Average annual share market price, EUR	0.215	0.163	0.157
EBITDA per share (continuing operations), EUR	0.01	0.07	0.02
EBITDA multiplier (EBITDA per share / Average annual share market price)	0.05	0.43	0.13
Total dividends, EUR thousand	-	-	-
Dividends per share, EUR	-	-	-
Average net book share value (continuing operations), EUR	0.09	0.14	0.15

## The Company's Management bodies

### Management Bodies are:

- General shareholders meeting;
- The management board is formed of five members and elected for the period of 4 years;
- Head of the Company – Managing Director.

The calling of general shareholder meeting, the competence of the meeting has no differences from the procedures and competences indicated in the Law on Companies of Republic of Lithuania.

The Board of the Company elected and resigned by the General Meeting of Shareholders according to the procedures indicated by the Law on Companies. The management board has a right to take decision to issue bonds and performs a supervisory function. The competence of the management board has no other differences from the competences indicated in the Law on Companies. The work procedures of the management board are set by the board's work rules of procedure.

The competence of the head of the Company, his nomination and resignation procedures are not different from those indicated in the Law on Companies.

The Company has the Audit committee which is the operating collegial administrative body and which was elected by shareholders in 2009. The Audit committee is operating by Audit committee's labour regalement. During the General Meeting of Shareholders held in 2019, the shareholders appointed two elected independent members of the Board to the Audit Committee and authorized the Board of the Company to appoint members to the Audit Committee in the future.

## Legal basis of the Company's operations

Snaigė AB uses the Company's articles of association, Law on Companies of the Republic of Lithuania, other legal acts issued by the Republic of Lithuania and European Union as legal guidelines for operations.

## Corporate governance bodies

### Information about the members of management bodies with regard to the share of the Company's authorized capital

NAME	Position	Available number of shares, units	Share capital, per cent	Votes, per cent
<b>BOARD</b>				
Aleksey Kovalchuk	Snaigē AB chairman of the board	-	-	-
Oleg Tsarkov	Snaigē AB member of the board	-	-	-
Konstantin Kovalchuk	Snaigē AB member of the board	-	-	-
Anna Korneeva	Snaigē AB member of the board	-	-	-
<b>ADMINISTRATION (Managing Director and Chief Financial Officer)</b>				
Mindaugas Sologubas	Snaigē AB Managing Director	-	-	-
Vytautas Adomaitis	Snaigē AB Chief of the Accounting and Finance Department	-	-	-

### Participating in other companies activities and interests (31 December 2021):

Name	Education, profession	Workplaces in the last 10 years and positions in them
Aleksey Kovalchuk	Finance Academy under the Government of the Russian Federation	Managing Director of OAO Polair 2009–2013 Managing Director of ZAO Polair-Nedvizhimost Advisor JSC AVIKON
Mindaugas Sologubas	Stockholm School of Economics in Riga, Bachelor of Economics and Business Vytautas Magnus University, Master of Finance and Banking	Managing Director of SNAIGE AB from 21 September 2019. Finance Director of SNAIGE AB from September 2014. Director of Verslo architektūra UAB from August 2013. Director of LIGRIS ZAO, Nikolaev, Ukraine, from October 2011 till July 2013.
Vytautas Adomaitis	Vilnius State University, Faculty of Economic Cybernetics and Finance, specialization of economist-accountant	Head of the Accounting and Finance Department of SNAIGE AB from 03 October 1983.

**Information about start date and end date of the office term of each member of the management body**

NAME	Start date of the office term	End date of the office term
<b>BOARD</b>		
Aleksey Kovalchuk	14/12/2011	Until February 2023
Oleg Tsarkov	30/04/2015	Until February 2023
Konstantin Kovalchuk	30/04/2018	Until February 2023
Anna Korneeva	15/05/2019	Until February 2023
Igor Zentsov	15/05/2019	28/07/2021
<b>ADMINISTRATION (Managing Director and Chief Accountant)</b>		
Mindaugas Sologubas	21/09/2019	Term less agreement (23/09/2014 – 20/09/2019 Finance Director Snaige AB)
Vytautas Adomaitis	03/10/1983	Term less agreement

**The Company's group's management structure**

**Mindaugas Sologubas** – Managing Director

**Kęstutis Urbonavičius** – Technical and Production Director.

**Rolandas Lukšta** – Sales Director

**Rūta Petrauskaitė** – Marketing Director.

**Vytautas Adomaitis** – Chief of the Accounting and Finance Department.

## ADHERENCE TO HUMAN RIGHTS. EMPLOYEES AND OTHER SOCIAL ISSUES

### Protection of Human Rights

The Company carries out its business activities in accordance with the principles of protection of human rights, the principles of equal opportunities and non-discrimination on other grounds, and the procedure for implementation of these principles. This means that any direct or indirect discrimination in relationship between an employer and employees, harassment, an instruction to discriminate on the basis of sex, race, ethnicity, and etc. due to circumstances that are not relative to professional competences of employees is intolerable. The Company assures that people who are searching for employment or current employees would not be subject special behaviour unless this is related to the quality of work performed or other business functions. The Company also assures the transparent wages policy, complies with the right of employees to have a rest, takes measures to help an employee to discharge his/her family obligations.

The Company regulates the principles of collection, usage, and storage of personal data of employees, sets the goals and means of management of personal data of employees, assigns persons who are authorized to review the personal data of employees, and the sets the purposes of this review.

Seeking to protect the rights of employees, the Company adopted the policy of equal opportunities and the policy of storage of personal data of employees, the procedure for usage of information and communication technologies, and other procedures.

### Principles of the Personnel Policy

Besides the size, image, and strategy of the Company, the Company's success, to a wide extent, also depends on the Company's behaviour with its employees. All challenges and changes that are faced by the Company affect its employees as well. Therefore the efficiency of the Company's business, first and utmost, is predetermined by the Company's ability to manage human resources.

The Company's personnel policy and management of human resources is composed of: planning of human resources, personnel formation (personnel attraction, selection, employment, and maintenance), personnel upbringing, evaluation of a job, personnel motivation, the standard of behaviour, occupational safety, and assurance of social conditions.

In the event of changes and new challenges, it is important to be able to maintain qualified, skilled, and motivated personnel capable of performing the tasks set with as low costs as possible and to help the Company to achieve its strategic goals.

*Strategic Management of Human Resources* The objective of the personnel policy is to help employees to be adapted to new environmental requirements and implement strategic goals, this means enhancement of administration efficiency, combination of the practice of human resources and the general strategy of the Company, and evaluation of human resources.

*Planning of Human Resources.* This planning includes: planning of the efficient number of job positions and structure, planning of a requirement for human resources, and evaluation of planning quality.

*Analysis of the Activity.* Seeking to assure a more efficient management of human resources, it necessary to evaluate new tasks of the activity, eliminate an inefficient activity, duplication of functions, and regroup and redistribute functions.

*Evaluation of a Job and a Career.* Evaluation of the activity of personnel is the integral part of career planning. The potential and the spheres of improvement of skills of an employee may be only achieved by an unbiased evaluation. The objective of evaluation of the activity is the maximal matching of the personnel activity and the goals of the Company. The procedure of management of the activity means the setting of definite and achievable objectives, monitoring of achievement of objectives, coordination of the activity (objectives) of employees, adjustment of the objectives set, and annual evaluation of the activity of personnel. When planning a career, it is important to take into consideration not only the past, which is the results of the job of an employee, but also the future – the skills of an employee, his/her capability for development and response to changes, and performance of more complex tasks – his/her potential.

*Personnel Motivation.* For the time being, still being under difficult economic conditions, it is necessary to pay more attention to strengthening social motivations: for encouragement of personal achievements, increase of responsibility, formation of group or team membership, creation of conditions for management, personal expression, and etc.

### Turnover of Employees

**The employees of the Company in 2019–2021 according to the personnel groups\*:**

Employees	2021			2020			2019		
	Amount	%	Average salary, EUR	Amount	%	Average salary, EUR	Amount	%	Average salary, EUR
Managers	21	4.0	3,485	21	4.2	3,397	21	3.8	3,328
Specialists	87	16.8	1,352	85	17.3	1,259	91	16.2	1,267
Workers	411	79.2	907	386	78.5	820	449	80.0	800
<b>In total:</b>	<b>519</b>	<b>100</b>	<b>1,100</b>	<b>492</b>	<b>100</b>	<b>1,012</b>	<b>561</b>	<b>100</b>	<b>979</b>

**The structure of the Company's employees in 2019–2021 according to education level\***

Education level of the employees	2021		2020		2019	
	Amount	%	Amount	%	Amount	%
University education	100	19.3	98	19.9	102	18.2
Professional high school education	348	67.0	325	66.1	375	66.8
Secondary education	67	12.9	65	13.2	80	14.3
Uncompleted secondary education	4	0.8	4	0.8	4	0.7
<b>Total:</b>	<b>519</b>	<b>100</b>	<b>492</b>	<b>100</b>	<b>561</b>	<b>100</b>

**The employees of the Company and its subsidiaries in 2019–2021 according to personnel groups\*:**

Employees	2021		2020		2019	
	Amount	%	Amount	%	Amount	%
Managers	22	4.1	23	4.3	23	3.8
Specialists	94	17.3	95	17.7	103	16.8
Workers	427	78.6	418	78.0	485	79.4
<b>Total:</b>	<b>543</b>	<b>100</b>	<b>536</b>	<b>100</b>	<b>611</b>	<b>100</b>

\*Average annual data

**Wage System**

The Company is seeking to form an effective and fair wages policy the purpose of which is to attract, maintain, and motivate employees whose qualification and results of a job help the Company to successfully perform its mission and achieve the tasks set. The Company formed and adopted a wages system that regulates the procedure for payment for work, the accountancy of wages for works in a night shift, overtime work, work during days off and holidays, time limits for settlement of accounts with employees, sets the categories of employees according to employment positions, indicates the procedures for payment and amounts of wages according to employment positions and groups of positions, and supplements the procedure for allocation of supplemental payments (additions, premiums, and bonuses). The wages system is applied to all the Company's employees.

The Company seeks to pay fair wages meeting market conditions with due consideration of competences of each individual employee and the benefit generated by him/her for the Company. The wages system was adopted after consultations with the representatives of the Company's trade union in accordance with the principles of equality and non-discrimination on other grounds.

**Trade Unions**

The trade union uniting 42 percent of the total number of employees of the Company is operating in the Company. Representatives of the trade union are invited to the meetings of the Company's management. Economic, social, and labour issues that are important to the Company also are discussed with the trade union.

### **Union Agreement**

The Company has entered into the union agreement with the trade union representing the Company's employees. This agreement is fulfilled in accordance with the principles of mutual understanding and openness. If any disagreement arises, problems are settled amicably and in a spirit of mutual trust. The union agreement provides for the regulations for conclusion and amendment of employment contracts, the time limits of work and rest, payment of wages, terms and conditions of work, and qualification and social security issues. The objective of the agreement is the formation of conditions for the consistent development of business and assurance of the level of working conditions which is better than provided for in the legal acts of the Republic of Lithuania.

The union agreement foresees the following additional social guarantees for employees: in the event of death of the Company's employee the member of the employee's family will receive a death allowance; in the event of death of the member of the family of an employee, an employee receives an allowance; allowances also are paid to congratulate an employee with a jubilee (50 years, 60 years anniversary); during Christmas events children of employees are given Christmas gifts; during a calendar year the Company allocates funds for arrangement and prizes of some events organized by its employees. During the year, employees are vaccinated free of the flu vaccine.

### **Upbringing of Competences**

The upbringing of personnel is an indispensable condition for the achievement of the strategic objectives of the Company because due to training personnel acquires qualification and capabilities. Changing challenges of the Company, the environment for the performance of tasks, application of new technologies, and a complex situation in the labour market witnesses that investments in personnel training (improvement of professional skills) are indispensable because training motivates, upgrades the quality of work, enhances loyalty, and assures more efficient adaptation to new challenges and conditions.

The Company systematically plans training sessions and carries training according to an adopted training programme. In 2021, 22 management employees participated in external trainings, which mean that they upgraded their professional qualification at consultation seminars, conferences, and target trainings; 26 employees were trained according to consistent professional training programmes; 14 workers acquired new adjacent specializations. In 2021, duration of professional training amounted to 2624 hours.

It is adopted the procedure for internal training of employees of production divisions in the Company, which provides for the development of required programmes, training and periodical attestation of employees. Internal trainings and periodical attestation are arranged seeking to help to acquire or update professional knowledge, to acquire or to test skills required to assure due technological processes of the Company, to consistently maintain the high professional level of employees.

The Company's Occupational Safety Division instructs newly employed employees on the introduction themes concerning prevention of accidents and health protection, fire safety, and civil safety. The managers of divisions instruct their inferiors at the workplace once per year.

Employees operating and maintaining potentially hazardous machinery are trained in accordance with the Procedure for Training of Employees and Assessment and Evaluation of Knowledge of Employees in the Field of Occupational Safety and Health Protection adopted by the Managing Director. Employees operating energy plants are periodically attested in accordance with the procedures prescribed by the Order of the Minister of Energy of the Republic of Lithuania.

### **Integration of New Employees**

A new company means new goals, other specificity of operation, career opportunities, traditions, and other internal code of conduct. For this purpose the Company has developed the *Standard for Demand for Employees, Recruiting, Selection of Employees, Determination of their Qualifications, and Introduction of New Employees* and the training procedure. A new employee becomes familiar with the Company's organizational culture, employees, and the activities of divisions according to the programme developed. A mentor is appointed to boost the integration of a new employee in the work collective, to help a new

employee to understand the principles of work, to perceive the Company's values, and to understand the Company's mission and vision. Based on his/her experience and competence, the mentor trains a new employee at the workplace and helps to understand business, its processes, purposes, and responsibility so that a new employee could start creating a new value as soon as possible.

### **Occupational Safety and Health Protection**

The Company boasts efficient long-standing occupational safety traditions. Employees form the most important wealth of the Company. Therefore investments in occupational safety and health protection are among the most important obligations of the Company's management. The Company seeks to avoid any possible accident or a professional disease and bring them to naught. The Company carries out the uninterrupted assessment of workplaces and the environment of workplaces.

Firstly, the health and safety of employees is evaluated during the implementation of new technologies. The Company spares no pains to assure that new equipment and machinery is as safe as possible, and new materials and raw materials are not harmful for the health of employees. The Company takes measures to eliminate a noise, vibration, and dust content – major factors that can cause professional diseases.

Seeking to protect employees against possible affect of harmful factors, both collective and individual protective equipment are applied. Employees are trained to work safely, are familiarized with the requirements of normative legal acts in the field of occupational safety and health protection.

The Company flexibly matches hours of work and relaxation. Working schedules provide for daily breaks for relaxation, there are recreation rooms in the premises of the Company.

The Company has implemented the occupational safety and health protection management system. The Company was given a certificate certifying that Snaigē AB has implemented the management system meeting the requirements of ISO 45001 standard. This certificate is an expression of the Company's priorities and responsibility for creation of safe working conditions so that accidents and professional diseases would be avoided



## ENVIRONMENT PROTECTION

### Environment Protection Policy

Snaigė AB is rated among the most advanced and innovative Lithuanian production companies in the field of environment protection. The Company's goal comprises ecological products, environmentally friendly technologies, and clean environment.

To achieve this goal, the Company has implemented the certified environment protection management system meeting the requirements of international ISO 14001 standard. All legal requirements are met in a timely and complete manner.

The Company regularly upgrades the efficiency of the environment protection, makes efforts to reduce emissions, focuses on environmental friendliness, economic consumption of natural resources, and safe environment.

### Products

During design of new products, the Company always gives a priority to production that saves raw materials and resources, ensures safe transportation, minimization of waste, and achievement of top quality of products. The Company makes efforts to use materials that later on could be recycled.

Snaigė AB complies with the 21 October 2009 Directive 2009/125/EC of the European Parliament and of the Council governing the product design.

Snaigė refrigerators are made of environment friendly materials that are free of harmful components. For example, each plastic component part of a refrigerator is marked (in accordance with ISO) so that marking indicates that a component part may be used repeatedly and re-processed in accordance with the requirements of Directive 2002/96/EC on waste electrical and electronic equipment.

The technological process of coating the surface of products is ecologically clean: this is a dry coating that is dried by gas. Refrigeration system is filled with R600a gas which has natural origin and doesn't deplete ozone layer, while a hydrocarbon compound cyclopentane which is used for insulation of refrigerators is not harmful for the environment.

All the products manufactured by the Company meet the requirements of the following directives and regulation of the European Community regarding non-usage of harmful materials:

- RoHS2 Directive 2011/65/EU of the European Parliament and of the Council on the restriction of the use of certain hazardous substances in electrical and electronic equipment.
- REACH Regulation (EC) No 1907/2006 of the European Parliament and of the Council on the non-use of high-risk substances (151) which refrigerators may release into the environment;
- PAH Decision AFPS-GS-2014:01 PAK of the Government of Germany, which means that SNAIGĖ products meet the polycyclic aromatic hydrocarbons concentration limit for 18 carcinogenic materials; regarding contact with food:
  - Regulation (EC) No 1935/2004 of the European Parliament and of the Council on materials and articles intended to come into contact with food (general);
  - Commission Regulation (EU) No 10/2011 on plastic materials and articles intended to come into contact with food (for plastics).

These regulations mean that the materials applied during the manufacture of Snaigė refrigerators are allowed to contact food.

Compliance of requirements of Snaigė AB products is certified by the testing performed by the certified testing laboratory DEKRA (Germany) and the Division of Chemical Analyses of the National Public Health Supervision Laboratory (Lithuania) and the test certificates issued by these institutions.

The less energy the refrigerator consumes the less impact it has on the environment. Most Snaigė products have top and high A+, A++, and A+++ (F, E, D) energy efficiency classes. The annual electricity consumption of such a refrigerator is reduced by 30 percent.

The purchasers of a refrigerator are also provided with information regarding ecology. They are advised how to install, use, and maintain their refrigerator so that its service life would be extended as much as

possible and the effect on the environment would be reduced as much as possible. In addition to this, purchasers are advised how to return the refrigerator after the expiry of its service life.

### **Environment Protection**

From 1 January 2015, Snaigė AB in accordance with Regulation (EC) No 1005/2009 of the European Parliament and of the Council of 16 September 2009 on substances that deplete the ozone layer assumed an obligation and does not buy and use virgin and non-virgin (which is recycled or recovered) hydrochlorofluorocarbons (HCFC) whenever alone or in a mixture.

The Company also pays a lot of attention to such pollutants as nitrogen or carbon oxides, particulate matter, styrene, and cyclopentane. Their emission is systematically monitored and controlled. In 2021, the total emission of the aforementioned pollutants amounted to 12.79 t, which is significantly less than permissible limit amounting to 34.73 t.

### **Protection of Surface Waters**

The impact made by the Company's production and economic activity on the environment is regulated by the Pollution Permit issued by the Environmental Protection Agency under the Ministry of Environment of the Republic of Lithuania. The Company strictly follows the permissible pollution limits as indicated in this Pollution Permit. The function of supervision is carried out in accordance with the Company's monitoring programme, which sets the quality parameters of discharged surface (rainfall) waters and sewage resulting from the economic activity and indicates the periodicity and scope of performance of prevention analyses of the pollutants discharged with sewage.

The Company systematically analyses the results obtained and reviews any changes: increase and decrease of individual pollutants. In addition to this, the technical conditions of inner vehicles of the Company as well as vehicles entering the territory of the Company are examined on a permanent basis. The production process is carried out in accordance with the Regulation of Delivery of Chemical Materials from a Warehouse to Production Premises.

### **Protection of Subsoil, Soil, and Ground Waters**

While seeking to protect the quality of underground waters and soil, the Company executes the programme of analysis of the Company's underground waters for 2015 to 2021 period, which was adopted by Environmental Protection Agency under the Ministry of Environment of the Republic of Lithuania. There are five wells installed in the territory of the Company. Water specimens for the analysis of the quality of ground waters are taken out of these wells with the periodicity foreseen in the programme.

In 2021, the full scope of ground water analyses was made in accordance with the monitoring programme. Parameters that were analysed include: the ground water level, physical and chemical parameters (water ion concentration (pH), the oxidation and reduction potential (Eh)), and other parameters. Beyond that, the general chemical water composition (concentration of core ions and permanganate value) was analysed, the chemical oxygen consumption value and concentration of heavy metals was determined. Compared to the analyses made last year, the quality of subsoil waters was gradually becoming better, neither analysed parameters achieved or exceeded the parameters set.

### **Waste Management**

Though waste cannot be avoided during the production process of refrigerators, the Company does not spare pains to reduce waste as much as possible and to manage waste as efficiently as possible. Therefore the amounts and types of pollutants generated by the Company do not exceed the standard values set.

Waste free production has been implemented in some production areas of the Company, where generated waste is further used in production processes. For instance, the waste generated in workshops of plastics thermoforming and injection moulding is further ground in mills and reused in production.

The major share of the waste generated by the Company such as cardboard, metals, plastics, wood, and etc., is fit for use as recyclable materials. This waste is transferred to waste managers who specialize in recycling of specific types of waste and manage waste in accordance with the requirements of the legal acts of the European Union and the Republic of Lithuania.

The Company holds a licence for the management of the waste of electric and electronic equipment, namely, refrigerators and is a member of the Electronic Distributors Association (EDA) and the Packing Management Association (PMA). Due to active participation in the joint management of old refrigerators and packages resulting from the sale of refrigerators, the Company contributes to the execution of governmental tasks of management of aforesaid waste.

### **Application of Chemicals**

Seeking to implement the provisions of REACH Regulation concerning the usage of environment and health friendly materials, the Company regularly carries out the inventory of the chemicals used in production and makes efforts to replace harmful materials by less harmful ones or absolutely non-harmful ones. For example, plastic parts are only painted with ecologic waterborne paints.

In accordance with the requirements of the Company's environment protection management system regarding operation with chemicals, the impact of chemicals on the environment is modelled and supervised and the information obtained is entered in the data safety sheets of most chemical materials. On the basis of this information, prevention measures for the management of chemicals emissions in the environmental air and sewage are prepared. This significantly contributes to the management of harmful waste of a chemical origin.

Seeking to assure that the information declared in material data safety sheets would be as accurate as possible, the Company closely cooperates with the suppliers of harmful materials. The Company also requests from suppliers to attach to material data safety sheets the annex '*Impact Scenario*', which would in detail and thoroughly describe the impact made by a chemical on the environment and means and methods for the reduction of this impact and the protection against this impact.

### **Usage of Natural Resources**

The workshops and administration premises of the Company are heated by the Company's boiler-house plant operating on biomass that replaces fossil fuels. Capacity of the boiler-house plant: 4 MW. Heat energy, generated during 2021 amounted to 8,882 MWh, which is the equivalent of 921,304 cubic m of natural gas. The Company's heat energy savings amounted to EUR 81,273 compared to the generation of the same heat energy amount by means of natural gas.