

***Extract from clause 3 of the resolution part of the decision No. 241-19 of the Director of the Supervision Service of the Bank of Lithuania:***

“3. To oblige AB Snaigė to promptly, but not later than within 24 hours after receipt of this resolution, to make public a notice of material event, i.e. about this resolution of the Director of the Supervision Service of the Bank of Lithuania, indicating:

3.1. That pursuant to a resolution of the Director of the Supervision Service of the Bank of Lithuania, AB Snaigė was imposed a fine of EUR 207,250.00 (two hundred seven thousand two hundred fifty) for a violation of Article 22 of the Law on Securities of the Republic of Lithuania and for failure to comply with the mandatory instructions of the Bank of Lithuania;

3.2. That AB Snaigė financial statements of 2016 do not comply with IAS 1 ‘Presentation of Financial Statements’, IAS 16 ‘Property, Plant and Equipment’, and IAS 39 ‘Financial Instruments: Recognition and Measurement’ requirements;

3.3. The impact of violations on the financial statements:

3.3.1. receivables from affiliated companies (at the end of 2015 – EUR 9.8 million, at the end of 2016 – EUR 10.64 million) showed signs of impairment that were not assessed and no present value of the receivables was calculated and therefore no precise impact on the Company's financial position and financial results can be established, but if the present value of receivables from related companies was lower than the carrying amount of that sum, AB Snaigė assets and unallotted result for 2015 and 2016 would be reduced;

3.3.2. in 2016, AB Snaigė, in breach of international accounting standards, used part of revaluation reserve to cover accumulated losses, therefore the revaluation reserve of AB Snaigė unlawfully decreased by EUR 3.17 million;

3.3.3. while preparing the financial statements for 2016, AB Snaigė did not assess significant uncertainties that might have raised doubts about the Company's business continuity and did not disclose this information in the financial statements;

3.4. The date when the financial statements will be corrected, evaluated and made public;

3.5. That the members of the management bodies of the Company did not comply with the principles established in the Management Code of companies listed in NASDAQ Vilnius, and therefore AB Snaigė did not publicly disclose information on compliance with the principles and standards of the Code in 2016. The directors of AB Snaigė did not act in the interests of all the shareholders and the Company because:

- Companies affiliated with the controlling shareholder received EUR 11.92 million worth of loans by 30 September 2017, by the decision of the Company's directors for which the Company does not pay accrued interest on loans (since mid-2012). The Company's money is not used to increase the value of the Company and to the benefit of all the shareholders, while the controlling shareholder can use the money received for his or her own needs and benefit from it. In addition to that, by the decisions of the Company's directors, the Company has taken a loan from a bank for the benefit of companies affiliated with the controlling shareholder, for which interest is paid from the Company's funds.

- On the proposal of the Company's Board, in breach of legal requirements and in violation of the provisions of IAS 16, by decision of the General Meeting of Shareholders, the revaluation reserve was reduced by EUR 3.17 million and became such, that in the event of certain market developments or other factors that would result in impairment of property, plant and equipment, it may not be sufficient to cover the decrease in the value of the asset, and by recording it directly in the profit (loss) statement it would reduce the profit earned by the Company or increase the losses incurred.

- Company's accumulated losses were offset by non-compliance with legal requirements and in violation of the provisions of IAS 16, but by the decision of the Company's Board, it was proposed to the General Meeting of Shareholders to pay dividends. Heads of the Company failing

to comply with the mandatory instructions of the Bank of Lithuania – not justifying the recapture of receivables from affiliated companies that had signs of impairment and unlawfully eliminating accumulated losses of the Company, i.e. not assessing the financial position and performance of the Company, if they were included in the accounting according to the requirements of international accounting standards, proposed to the Company's General Meeting of Shareholders to decide on the payment of dividends. Thus, the Heads of the Company offered to the shareholders of the Company to make a decision regarding the payment of dividends without having prepared financial statements that would present a true and fair view. The companies affiliated with the controlling party were allocated EUR 0.87 million dividends (91.1% of the total amount of allocated dividends), but although the Company stated that the receivables from affiliated companies may be recovered through paid dividends, the amounts paid were not returned to the Company.

The above-mentioned violations violate the essential requirements of the law, violations have been made for the benefit of the controlling shareholder and violate the interests of the Company itself and its minority shareholders.”