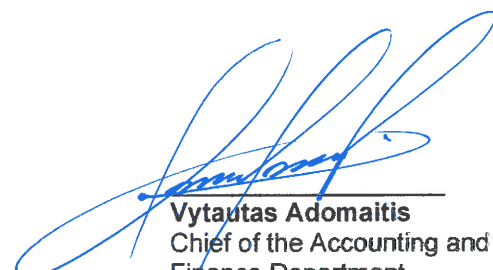


**SNAIGĖ, AB
CONFIRMATION OF RESPONSIBLE PERSONS**

27 November, 2020

Following the Article No. 22 of the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Bank of Lithuania, we, Mindaugas Sologubas, CEO of Snaigė, AB, and Vytautas Adomaitis, Chief of the Accounting and Finance Department of Snaigė, AB, hereby confirm that, to the best of our knowledge, the attached unaudited interim consolidated Snaigė, AB, financial statements for the nine months period ended 30 September 2020, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, reflects the reality correctly and fairly shows issuer's assets, liabilities, financial position, profit or loss and cash flow of Snaigė, AB.


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

SNAIGĖ, AB

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD
ENDED 30 SEPTEMBER 2020
(UNAUDITED)**

CONTENTS

I. GENERAL PROVISIONS	3
II. FINANCIAL STATUS	4
III. EXPLANATORY NOTES	10

I. GENERAL PROVISIONS

1. Accounting period of the report

The report has been issued for the period of nine months ended 30 September 2020.

2. The basic data about the issuer

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

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

Address – Pramonės str. 6, LT-62175 Alytus

Phone – (+370 315) 56 206

Fax – (+370 315) 56 207

E-mail – snaige@snaige.lt

Internet address – <http://www.snaige.lt>

Legal organisation status – legal entity, public limited company

Registered as an enterprise on 1 December 1992 in the Municipality Administration of Alytus; registration number AB 92-119; enterprise register code 249664610. The latest Statute of Snaigė, AB, was registered on 19 August 2020 in Register of Legal Entities of the Republic of Lithuania.

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

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

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

II. FINANCIAL STATUS

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Ref. No.	ITEMS	Notes	01-01-2020 30-09-2020	01-07-2020 30-09-2020	01-01-2019 30-09-2019	01-07-2019 30-09-2019
1.	Sales	3	22,285	9,961	25,825	10,125
2.	Cost of sales	4	(19,940)	(8,500)	(23,197)	(8,851)
3.	Real value change of biological property					
4.	GROSS PROFIT (LOSS)		2,345	1,461	2,628	1,274
5.	Selling expenses		(1,556)	(636)	(2,058)	(934)
6.	General and administrative expenses		(739)	(450)	(1,438)	(649)
7.	Results of other activity	5,7	71	23	36	8
8.	Investments incomes into the shares of patronise, patronized and associated companies					
9.	Incomes of other long-term investments and loans	8				
10.	Incomes of other interest or similar incomes	8	(8)	(22)	(1)	10
11.	Value decrease of financial property and short-term investments					
12.	Costs of interest and other similar costs	9	(371)	(109)	(396)	(137)
13.	PROFIT (LOSS) BEFORE INCOME TAX		(258)	267	(1,229)	(428)
14.	Income tax					
15.	PROFIT (LOSS) BEFORE NONCONTROLLING INTEREST		(258)	267	(1,229)	(428)
16.	Non-controlling interest					
17.	Other comprehensive income		692	238	694	238
18.	TOTAL COMPREHENSIVE INCOME		434	505	(535)	(190)

Managing Director

Mindaugas Sologubas

Chief of the Accounting and Finance Department

Vytautas Adomaitis

Consolidated Statement of Financial Position

Ref. No.	ASSETS	Notes	As at 30 September 2020	As at 31 December 2019
	ASSETS			
A.	Non-current assets		15,690	16,776
1.	Intangible assets	10	1,546	1,577
2.	Tangible assets	11	14,144	15,199
2.1.	Land			
2.2.	Buildings and structures		5,520	5,690
2.3.	Machinery and equipment		7,143	7,863
2.4.	Vehicles and other property		1,140	1,275
2.5.	Right to leased assets		153	182
2.6.	Construction in progress and prepayments		188	189
3.	Financial assets	12	0	0
4.	Other non-current assets		0	0
B.	Current assets		10,585	8,749
1.	Inventories	13	3,509	3,457
2.	Accounts receivable within one year		6,933	5,154
2.1.	Customers' debts	14	5,943	4,241
2.2.	Contracts assets			-
2.3.	Prepayments		695	317
2.4.	Other amounts receivable	15	295	596
3.	Short-term investments			
4.	Cash and cash equivalents	16	143	138
C.	Accrued income and prepaid expenses		0	0
	Total assets		26,275	25,525

(Continued on the next page)

Ref. No.	ASSETS	Notes	As at 30 September 2020	As at 31 December 2019
	EQUITY AND LIABILITIES			
D.	Equity		5,230	5,389
1.	Capital		6,736	10,302
1.1.	Authorized (subscribed) share capital		6,736	10,302
1.2.	Signed unpaid capital (-)			
1.3.	Own shares(-)			
2.	Shares premiums			
3.	Revaluation reserve		8,706	5,729
4.	Reserves	18	991	991
5.	Retained earnings (loss)		(11,150)	(11,584)
6.	Influence of currency exchange rate		(53)	(49)
7.	Non-controlling interest		0	0
E.	Grants, subsidies	19	425	524
F.	Provisions		1,922	2,093
1.	Pensions provisions and similar provisions		251	266
2.	Taxes provisions		1,554	1,658
3.	Other provisions	20	117	169
G.	Accounts payable and liabilities		18,698	17,519
1.	Accounts payable after one year and other non-current liabilities	21	337	24
1.1.	Debts for credit institutions		187	0
1.2.	Other non-current liabilities		150	0
2.	Account payable within one year and current liabilities		18,361	17,495
2.1.	Liabilities of debts		410	193
2.2.	Debts for credit institutions	21	9,166	9,603
2.3.	Received prepayments		35	78
2.4.	Debts to suppliers		6,993	6,129
2.5.	Short - term lease obligations		115	115
2.6.	Payable sums acc.to bills and cheque			
2.7.	Contracts liabilities		-	-
2.8.	Payable sums for associated companies			
2.9.	Profit tax payment obligations			
2.10.	Obligations related to work relations		882	678
2.11.	Other current liabilities		760	699
H.	Accrued charges and deferred income			0
	Total equity and liabilities		26,275	25,525

Managing Director

Mindaugas Sologubas

Chief of the Accounting and Finance Department

Vytautas Adomaitis

Consolidated Statement of Cash Flow

Ref. No.	Assets	30-09-2020	30-09-2019
I.	Cash flows from the key operations		
I.1	Net result before taxes	(258)	(1,229)
I.2	Depreciation and amortization expenses	1,585	1,667
I.3	(Amortisation) of grants	(239)	(98)
I.4	Result from disposal of non-current assets		
I.5	Write-off of non-current assets		
I.6	Write-off of inventories	2	1
I.7	Depreciation of receivables		
I.8	Loss on currency futures		
I.9	Change in provision for guarantee repair	(60)	177
I.10	Recovery of devaluation of trade receivables and other provisions	(868)	(889)
I.11	Influence of foreign currency exchange rate change	8	1
I.12	Financial income (interest income)		
I.13	Financial expenses (interest expenses)	371	396
II.	Cash flows from the key operations until decrease (increase) in working capital	541	26
II.1	Change in receivables and other debts liabilities (increase)	(1,778)	1,641
II.2	Change in inventories (increase)	(54)	(79)
II.3	Change in trade and other payables (decrease)	1,221	(790)
III.	Cash flows from the main activities	(70)	798
III.1	Interest received		
III.2	Interest paid		
III.3	Income tax paid	(47)	(23)
	Net cash flows from the key operations	(117)	775
IV.	Cash flows from (to) investing activities		
IV.1	Acquisition of tangible non-current assets	(185)	(50)
IV.2	Capitalization of intangible non-current assets	(1)	(3)
IV.3	Proceed from disposal of non-current assets	17	
IV.4	Loans granted		
IV.5	Loans regained	723	288
IV.6	Advance payments	(130)	(369)
IV.7	Interest received	211	84
IV.8	Financial investment assets		
	Net cash flows from the investing activities	635	(50)

V.	Cash flows from the financial activities	(513)	(682)
V.1	Cash flows related to the shareholders of the company		
V.1.1	Issue of shares		
V.1.2	Shareholders' contributions for covering losses		
V.1.3	Sale of own shares		
V.1.4	Payment of dividends		
V.2	Cash flows arising from other financing sources		
V.2.1	Grants received	140	37
V.2.1.1	Proceeds from non-current borrowings		
V.2.1.2	(Repayment) of borrowings	(307)	(300)
V.2.2	Finance lease received	54	
V.2.2.1	Payments of leasing (finance lease) liabilities	(27)	(22)
V.3	Other decreases in the cash flows from financial activities		
V.4.	Interest paid	(373)	(397)
	Net cash flows from the financial activities	(513)	(682)
VI.	Cash flows from extraordinary items		
VI.1.	Increase in cash flows from extraordinary items		
VI.2.	Decrease in cash flows from extraordinary items		
VII.	The influence of exchange rates adjustments on the balance of cash and cash equivalents		
VIII.	Net increase (decrease) in cash flows	5	43
IX.	Cash and cash equivalents at the beginning of period	138	354
X.	Cash and cash equivalents at the end of period	143	397

Managing Director

Mindaugas Sologubas

Chief of the Accounting and Finance Department

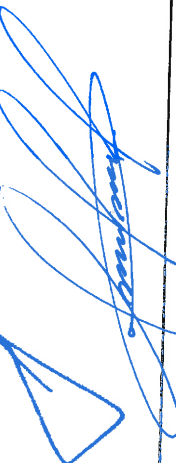
Vytautas Adomaitis

SNAIGĖ, AB, company code 249664610, Pramonės str. 6, Alytus Lithuania
CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2020
(All amounts are in EUR thousand unless otherwise stated)

Consolidated Statement of Changes in Equity

	Paid up authorised capital	Share premium	Own shares (-)	Legal reserves		Other reserves			Retained earnings (losses)	TOTAL	Minority shareholders	TOTAL
				Compulsory	For acquiring own shares	For social needs	Other	Currency exchange reserve				
Recalculated balance as at 31 December 2018	11,887	0	0	971	0	0	0	(53)	(12,424)	6,883	0	6,883
Total recognized revenue and expenses for the I-st to III-rd quarter 2019												
Dividends									(1,229)	(1,229)		(1,229)
Formed reserves												
Reduction of authorized capital	(1,585)			20					(20)			
Other changes									1,585	0	0	
Other comprehensive income								4	(589)	(585)	0	(585)
Balance as at 30 September 2019	10,302	0	0	991	0	0	0	(49)	(11,394)	694	0	694
Total recognized revenue and expenses for the IV-th quarter 2019												
Dividends									(428)	(428)		(428)
Formed reserves												
Other changes										0		0
Reduction of authorized capital									(184)	(184)	0	(184)
Other comprehensive income												
Balance as at 31 December 2019	10,302	0	0	991	0	0	0	(49)	(11,584)	238		238
Total recognized revenue and expenses from the I-st to III-rd quarter 2020												
Reduction of authorized capital	(3,566)								(258)	(258)	0	(258)
Other changes												
Other comprehensive income								(4)		(593)	0	(593)
Balance as at 30 September 2020	6,736	0	0	991		0	0	(53)	(11,150)	692	0	692
										5,230	0	5,230

Managing Director



Mindaugas Sologubas

Chief of the Accounting and Finance Department

Vytautas Adomaitis

III. EXPLANATORY NOTES

1 Basic information

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

Pramonės str. 6,
Alytus,
Lithuania.

The Company is engaged in producing refrigerators and refrigerating equipment. The Company was registered on 1 April 1963. The Company's shares are traded on the Baltic Secondary List of the NASDAQ Vilnius stock exchange.

Main shareholders of Snaigė, AB, were:

	30 September 2020		31 December 2019	
	Number of shares owned	Share of total capital, %	Number of shares owned	Share of total capital, %
Sekenora Holdings Limited	36,096,193*	91.10%	36,096,193*	91.10%
Other shareholders	3,526,202	8.90%	3,526,202	8.90%
Total	39,622,395	100%	39,622,395	100%

*Out of this amount Sekenora Holdings Limited collateralized 4,584,408 shares to the bank in accordance with collateral agreement to ensure financial Snaigė, AB, liabilities (31 December 2019 – 4,584,408).

All the shares of the Company are ordinary registered intangible shares with the par value of EUR 0.17 (at 31 December 2019 was EUR 0.26) each and were fully paid as at 30 September 2020 and 31 December 2019.

As at 30 September 2020 and 31 December 2019 the Company did not hold its own shares.

The Group consisted of Snaigė, AB, and the followings subsidiaries as at 30 September 2020 (hereinafter – the "Group"):

Company	Country	Percentage of the shares held by the Group	Profit (loss) for the reporting year	Shareholders' equity
Snaige-Ukraina, TOB	Ukraine	99%	(2)	3
Almecha, UAB	Lithuania	100%	(88)	132

As at 30 September 2020, same as at 31 December 2019, the Board of the Company consist of 5 members. The board does not have Snaigė, AB, representatives.

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

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

At 30 September 2020, the number of employees of the Group was 539 (as at 30 September 2019 – 647).

2. Accounting principles

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

2.1. Basis of preparation

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

These financial statements are prepared on the historical cost basis.

2.2. Going concern

These financial statements for the 30 September 2020 have been prepared based on the assumption that the Group will be able to continue as a going concern for at least 12 months. The going concern is based on the following assumptions:

- 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 the Company approved the investment plan for 2020-2021. According to which investments in new products and new production directions are planned: EUR 1,995 thousand in 2020, and EUR 486 thousand in 2021, of which EUR 495 thousand will be financed from the Company's funds. The shareholders are obliged to allocate the remaining amount to the Company themselves. This will allow reviving sales and successfully expanding the Company's operation. Despite the impact of the COVID pandemic, the Investment Plan is being implemented without major adjustments.
- Although the Company's loan agreements with the financing banks (Note 21) expire in 2020, negotiations are currently underway and an agreement has been reached with UniKredit Bank on the extension of the loan for two years. Such an agreement will eliminate the threat to the continuity of the Company's and the Group's operations.
- The Group's solvency and liquidity indicators worsened due to a significant increase in the Group's current liabilities following the reclassification of the entire UniKredit Bank loan to short-term in accordance with IFRS (Note 21).
- In the opinion of the Company and the Group's management, the impact of the pandemic caused by COVID-19 (Note 30) 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.

The management of the Company agrees that all those assumptions above could be influenced of significant uncertainties, which could raise doubts about Company's ability to continue operating, because of the disability to realize its property and to implement its commitments by carrying out its normal activities. However, despite all this the Company's management expects that the Company will have enough resources to continue operating in the near future. Therefore, the Group has continued to adopt the going concern basis of accounting 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. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are included in profit or loss.

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

The functional currency of a foreign entity Snaige-Ukraina, TOB, is Ukrainian hryvnia (UAH). As at the reporting date, the assets and liabilities of this subsidiary are / were translated into the presentation currency of Snaigė, AB, (EUR) at the rate of exchange at the statement of financial position date and their items of the statement of profit or loss and other

comprehensive income are translated at the average monthly exchange rates for the reporting period. The exchange differences arising on the translation are stated in other comprehensive income.

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

The applicable exchange rates in relation to euro as at the 30 September 2020, and 31 December 2019, were as follows:

	30 September 2020	31 December 2019
UAH	33.11525	26.51319
USD	1.1702	1.1189

2.4. Principles of consolidation

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

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

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

2.5. Intangible assets, except for goodwill

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

Research and development

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

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

Licenses

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

Software

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

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

2.6. Tangible non-current assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.7. Non-current assets held for sale

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

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

2.8. Inventories

Inventories are valued at the lower of cost or net realisable value, after write-down of obsolete and slow moving items. Net realisable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost is determined by the first-in, first-out (FIFO) method. The cost of finished goods and work in progress includes the applicable allocation of fixed and variable overhead costs based on a normal operating capacity. Unrealisable inventory is fully written-off.

2.9. Receivables and loans granted

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

2.10. Cash and cash equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

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

2.11. Borrowings

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised, otherwise – expensed as incurred. No borrowing costs were capitalised as at 30 September 2020 and 31 December 2019.

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

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

2.12. Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into. Subsequent to initial recognition and measurement, outstanding derivatives are carried in the statement of financial position at the fair value. Fair value is determined using the discounted cash flow method applying the effective interest rate. The estimated fair values of these contracts are reported on a gross basis as financial assets for contracts having a positive fair value; and financial liabilities for contracts with a negative fair value. Contracts executed with the same counterparty under legally enforceable master netting agreements are presented on a net basis. The Group had no derivative contracts outstanding as at 30 September 2020 and 31 December 2019.

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

2.13. Factoring

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

2.14. Financial lease and operating lease

Finance lease – the Group as lessee

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

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

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

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

Operating lease – the Group as lessee

Leases where the lessor retains all the risk and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

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

2.15. Grants and subsidies

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

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

2.16. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable

estimate can be made of the amount of the obligation. The provisions are reviewed at each balance sheet date and adjusted in order to present the most reasonable current estimate.

2.17. Non-current employee benefits

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

2.18. Revenue recognition

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

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

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

In these consolidated financial statements intercompany sales are eliminated.

2.19. Impairment of assets

Financial assets

Financial assets are reviewed for impairment at each reporting date.

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

Other assets

Other assets are reviewed for impairment whenever events or changes in circumstances indicate that carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the statement of comprehensive income. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is accounted for in the same caption of the statement of comprehensive income as the impairment loss.

2.20. Subsequent events

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

2.21. Offsetting and comparative figures

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

3 Segment information

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

Information as at 30-09-2020 and at 30-09-2019 on Group's sales and receivables from clients is presented below:

	Total sales revenue		Inter-group sales		Sales revenue	
	2020	2019	2020	2019	2020	2019
Russia	529	188	-	-	529	188
Ukraine	4,504	5,384	-	-	4,504	5,384
Western Europe	8,050	10,221	-	-	8,050	10,221
Central Europe	4,037	4,716	-	-	4,037	4,716
Lithuania	3,817	3,430	(157)	(138)	3,660	3,292
Other CIS countries	722	951	-	-	722	951
Other Baltic states	511	603	-	-	511	603
Other countries	272	470	-	-	272	470
Total	22,442	25,963	(157)	(138)	22,285	25,825

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

As at year 2020 the sales to the five largest buyers comprised 32.33% of total sales, including: the largest buyer 9.06% (as at 2019 – 33.5%, including: the largest buyer 10.04%).

4 Cost of sales

	30-09-2020	30-09-2019
Raw materials	13,789	16,038
Salaries and wages	2,238	2,644
Depreciation and amortisation	1,193	1,239
Other	2,720	3,276
Total:	19,940	23,197

5 Other income

	30-09-2020	30-09-2019
Income from transportation services	167	159
Income from sale of other services	39	43
Income from rent of premises	17	11
Gain on disposal of property, plant and equipment	-	-
Income from rent of equipment	-	-
Other	-	-
Total:	223	213

6 Operating expenses

	30-09-2020	30-09-2019
Selling expenses	1,556	2,058
General and administrative expenses	739	1,438
Total:	2,295	3,496

7 Other operating expenses

	30-09-2020	30-09-2019
Transportation expenses	127	150
Expenses from rent of equipment	-	-
Gain on disposal of property, plant and equipment	-	-
Other	25	27
	152	177

8 Financial income

	30-09-2020	30-09-2019
Foreign currency exchange gain	52	14
Interest income and other	2	-
	54	14

9 Financial expenses

	30-09-2020	30-09-2019
Interest expenses	371	396
Loss of foreign currency exchange, net	57	11
Realized loss on foreign currency derivatives	-	-
Loss of foreign currency translation transactions	5	4
Other	-	-
	433	411

10 Intangible assets

	Balance sheet value	
	30-09-2020	31-12-2019
Development costs	1,033	1,264
Software, license	10	18
Other intangible assets	503	295
Total:	1,546	1,577

On 2020 the Group has accumulated EUR 240 thousand (on 2019 respectively – EUR 251 thousand) of intangible assets depreciation, of which EUR 240 thousand (EUR 251 thousand in 2019) is included in operating expenses of the profit (loss) statement.

Part of non-current intangible assets of the Group with the acquisition value of EUR 4,362 thousand as at 30 September 2020, was fully amortised (EUR 4,127 thousand for 2019) but is still in use.

11 Non-current tangible assets

	Balance sheet value	
	30-09-2020	31-12-2019
Land and buildings	5,520	5,690
Machinery and equipment	7,143	7,863
Vehicles and other property	79	29
Other equipment, fittings and tools	1,061	1,246
Construction in progress and prepayments	188	189
Vehicles used on a leasing basis	39	68
Right to land lease	114	114
Total:	14,144	15,199

Starting from 30 September 2016 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.

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 valuator.

The estimated fair value of the buildings and structures amounted to EUR 5,975 thousand and the value of machinery and equipment, vehicles and other assets amounted to EUR 10,919 thousand as at 30 September 2018 based on the comparable, depreciated replacement cost (DRC) and income methods.

Assets were valued under this scheme:

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

4. The remaining value was allocated to all valued items, by using correction coefficients. Only assets, valued by DRC and disposal methods, were corrected using coefficients.

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

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

The 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 2017:

The Company	Book value	Revalued amounts	Revaluation surplus
Buildings and structures	5,229	5,610	381
Machinery and equipment	8,959	8,983	24
Vehicles and other assets	1,605	1,627	22
Total	15,793	16,220	427

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

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

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

The depreciation charge of the Group's property, plant and equipment and investment property for the period of nine months of 2020 amounts to EUR 1,345 thousand (EUR 1,416 thousand respectively for nine months of 2019). After the assessment of amortization of grants, the amount of EUR 1,249 thousand for 2020 (EUR 1,327 thousand for 2019) was included into production costs. The remaining amount of EUR 96 thousand (EUR 89 thousand for 2019) was included into administration expenses in the Group's profit or loss.

As at 30 September 2020 buildings of the Group and the Company with the carrying amount of EUR 5,380 thousand (as at 31 December 2019 – EUR 5,534 thousand respectively), the Group's and the Company's machinery and equipment with the carrying amount of EUR 5,864 thousand (as at 31 December 2019 – EUR 6,636 thousand respectively) were pledged to bank as a collateral for the loans (Note 21).

12 Non-current and current loans to related companies

	Group		Company	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Loans granted	8,157	8,880	8,157	8,880
Interest calculated	2,288	2,499	2,288	2,499
Total receivables	10,445	11,379	10,445	11,379
Minus:				
Provisions for doubtful loans	(8,157)	(8,733)	(8,157)	(8,733)
Provisions for doubtful interest	(2,288)	(2,456)	(2,288)	(2,456)
Minus: total provisions	(10,445)	(11,189)	(10,445)	(11,189)
Net receivables	-	190	-	190

13 Inventories

	30-09-2020	31-12-2019
Raw materials, spare parts and production in progress	2,586	2,288
Finished goods	941	1,364
Goods purchased for resale	237	57
Minus: total provisions	(255)	(252)
Total inventories, net	3,509	3,457

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

As at 30 September 2020 and as at 31 December 2019, the Group and Company has no legal restrictions on inventories.

14 Trade receivables

	30-09-2020	31-12-2019
Receivables	7,136	5,459
Less: impairment allowance for doubtful receivables	(1,193)	(1,218)
	5,943	4,241

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

As at 30 September 2020 100% impairment was accounted trade receivables in gross values of EUR 1,193 thousand (as at 31 December 2019 – EUR 1,218 thousand). Change in impairment allowance for receivables was accounted for within administrative expenses.

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

In note 14 mentioned trade receivables from the Group in the amount of EUR 3,356 thousand (EUR 1,902 thousand as at 31 December 2019) were insured with credit insurance by Atradius Sweden Kreditförsäkring Lithuanian branch. Trade receivables from Ukraine, Moldova, Russia and other CIS countries are not insured.

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

	30-09-2020	31-12-2019
Balance at the beginning of the period	(1,218)	(1,077)
Charge for the year	-	(184)
Write-offs of trade receivables	-	-
Effect of the change in foreign currency exchange rate	3	(2)
Amounts paid	22	45
Balance in the end of the period	(1,193)	(1,218)

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

As at 30 September 2020 the Group has factoring agreement with recourse, but there are no any restrictions on company assets according to this agreement.

15 Other current assets

	30-09-2020	31-12-2019
VAT receivable	118	157
Restricted cash	14	14
Other receivables	163	425
	295	596

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

	30-09-2020	31-12-2019
Balance at the beginning of the period	-	-
Charge for the year	-	-
Effect of the change in foreign currency exchange rate	-	-
Amounts paid	-	-
Write off	-	-
Balance in the end of the period	-	-

16 Cash and cash equivalents

	30-09-2020	31-12-2019
Cash at bank	139	128
Cash on hand	4	10
Cash in transit	-	-
	143	138

17 Share capital

On 7 July 2020, during the Extraordinary General Meeting of Shareholders of Snaigė, AB, in accordance with Article 52 part 2 point 4 of the Law on Companies of the Republic of Lithuania, was approved the decision to reduce the authorized capital of the Company from EUR 10,302 thousand to EUR 6,736 thousand, i.e. EUR 3,566 thousand reducing the nominal value of the Company's previously issued shares by EUR 0.09, i.e. from EUR 0.26 to EUR 0.17. The decision was made in order to comply the mandatory instruction of the Director of the Supervisory Authority of the Bank of Lithuania No. 241-19 "Regarding the application of the sanction to Snaigė, AB", taken on 29 January 2018. The amended Articles of Association of the Company were registered in the Register of Legal Entities on 19 August 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 30 September 2020 the Company was in compliance with this requirement.

18 Reserves

Legal reserve

The Company's legal reserve is compulsory under Lithuanian legislation. Annual transfers of not less than 5% of net profit are compulsory until the reserve reaches 10% of the share capital. As at 30 September 2020 the legal reserve has not been fully formed yet.

As of 30 September 2020 the legal reserve amounted to EUR 991 thousand.

Other reserves

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

Foreign currency translation reserve

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

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

19 Grants

Balance as at 31 December 2016	3,817
Received during the period	48
Balance as at 31 December 2017	3,865
Received during the period	116
Balance as at 31 December 2018	3,981
Received during the period	37
Balance as at 31 December 2019	4,018
Received during the period	-
Balance as at 31 March 2020	4,018
Received during the period	-
Balance as at 30 June 2020	4,018
Received during the period	140
Balance as at 30 September 2020	4,158

Balance as at 31 December 2016	3,114
Amortisation during the period	122
Accumulated amortisation as at 31 December 2017	3,236
Amortisation during the period	127
Accumulated amortisation as at 31 December 2018	3,363
Amortisation during the period	131
Accumulated amortisation as at 31 December 2019	3,494
Amortisation during the period	33
Accumulated amortisation as at 31 March 2020	3,527
Amortisation during the period	33
Accumulated amortisation as at 30 June 2020	3,560
Amortisation during the period	173
Accumulated amortisation as at 30 September 2020	3,733
Carrying amount as at 30 September 2020	425
Carrying amount as at 31 December 2019	524

The grants were received for the renewal of production machinery and repairs of buildings in connection with the elimination of CFC 11 element from the production of polyurethane insulation and filling foam, and for elimination of greenhouse gases in the manufacturing of domestic refrigerators and freezers, also, for increase in efficiency by investing into the production of commercial refrigerators and infrastructure development via investments into a research centre of new products. In 2020, support was received to compensate for costs (wages for downtime – EUR 140 thousand) to reduce the negative effects of COVID-19.

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

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

20 Warranty provision

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

Changes in warranty provisions were as follows:

	30-09-2020	31-12-2019
As at 1 January	470	400
Additions during the year	158	275
Utilised	(101)	(205)
Foreign currency exchange effect	-	-
Written off	(116)	-
	411	470

Warranty provisions are accounted for:

	30-09-2020
- non-current	117
- current	294
	31-12-2019
- non-current	169
- current	301

21 Borrowings

	30-09-2020	31-12-2019
Non-current borrowings		
Non-current borrowings with fixed interest rate	-	-
Non-current borrowings with variable interest rate	118	-
Long-term liabilities of leasing companies	69	24
Total	187	24
Current borrowings		
Current borrowings with fixed interest rate	-	-
Long-term loans of the current year	9,166	9,603
Current liabilities of leasing companies	12	31
Receivables, financed by the bank	398	162
Total	9,576	9,796
In Total	9,763	9,820

The main information on individual borrowings is disclosed below:

	Type	Maturity	As at 30 September 2020	As at 31 December 2019
Borrowing 1	Loan	20-12-2020	9,071	9,320
Borrowing 2	Loan	10-08-2021	213	283
Receivables financed by the bank			398	162
Leasing 1		26-03-2021	6	15
Leasing 2		26-05-2021	3	7
Leasing 3		26-08-2021	3	7
Leasing 4		11-07-2022	19	26
Leasing 5		25-06-2023	16	-
Leasing 6		25-06-2023	12	-
Leasing 7		25-06-2023	11	-
Leasing 8		25-06-2023	11	-
			9,763	9,820

As at 30 September 2020 annual interest rate of the loan 1 is 1 month EURIBOR + 5.75%, the loan 2 bear 5% fixed interest rate, with the right to review conditions 6-month EURIBOR + 3.7% margin (as at 31 December 2019 5% fixed interest rate, with the right to review conditions 6-month EURIBOR + 3.5% margin).

As of 30 September 2020 the Company's buildings with the carrying amount of EUR 5,380 thousand (EUR 5,534 thousand as at 31 December 2019), the Group's and Company's machinery and equipment with the carrying amount of EUR 5,864 thousand (EUR 6,636 thousand as at 31 December 2019) were pledged to the banks for the loans.

Under loan agreement 2, Company pledged all current and incoming funds in all existing and future Bank accounts. Maximum value of collateral is agreed at 833 thousand EUR. Sekenora Holdings Limited also pledged for the credit line 4,584 thousand own shares of the Company as collateral. Nominal value of jointly pledged shares is EUR 779 thousand.

In order to decrease effect of COVID pandemic, the Company has signed additional agreement with Banks to decrease or postpone credit repayment instalments on 2020. On 6 April 2020, agreement to reduce Loan 1 instalments was signed. Similarly, on 5 May 2020 Company has signed an additional agreement with the bank for changing the Loan 2 repayments for year 2020.

According to factoring with recourse agreement, maximum factoring limit on 30 September 2020 is EUR 930 thousand (on 31 December 2019 respectively 1,000 thousand EUR). Factoring advances can only be paid on the accounts of insured clients.

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

Currency of loans, leasing and other debt obligations:	30-09-2020	31-12-2019
EUR	9,763	9,820
	9,763	9,820

Repayment schedule for borrowings:

	Fixed interest rate	Variable interest rate
2020	-	9,576
2021	-	153
2022	-	24
2023	-	10
	-	9,763

22 Financial leasing

Interest rates for financial leasing are fixed at 3.2 % and 3.9 %.

Financial lease payments in future are for dates 30 September 2020 and 31 December 2019 as follows:

	30-09-2020	31-12-2019
current	14	32
non-current	71	25
Financial lease liabilities total	85	57
Interest	(4)	(2)
Financial lease liabilities current value	81	55

Financial lease obligations are accounted as:

- current	12	31
- non-current	69	24

Assets under financial lease are vehicles and machinery. Term of lease – 5 years.

Book value of leased assets:

	30-09-2020	31-12-2019
Machinery and equipment	130	149
Cars	59	-
	189	149

23 Operating lease

The Group have concluded several contracts of operating lease of land and premises. The terms of lease do not include restrictions of the activities of the Group in connection with the dividends, additional borrowings or additional lease agreements. As at 30 September 2020, the lease expenses of the Group amounted to EUR 53 thousand (EUR 57 thousand as at 30 September 2019).

Planned operating lease expenses of the Group in 2020 will be EUR 70 thousand.

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

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

24 Other current liabilities

	30-09-2020	31-12-2019
Salaries and related taxes	526	413
Vacation reserve	356	265
Dividends payable	49	50
Accrued interest	12	14
Other taxes payable	-	-
Provisions for warranty repairs	294	301
Other payables and accrued expenses	405	334
	1,642	1,377

Terms and conditions of other payables:

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

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

	30-09-2020	30-09-2019
Shares issued 1 January	39,622	39,622
Net profit (loss) for the year, attributable to the shareholders of company, in EUR	434	(535)
Basic profit (loss) per share, in EUR	0.01	(0.01)

26 Risk and capital management

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

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

Credit risk

As at 30 September 2020 and 31 December 2019, the maximum exposure to credit risk is represented by the carrying amount of each financial asset, consequently, the Group's and the Company's management considers that its maximum exposure is reflected by the amount of loans receivable from related parties, trade and other receivables, net of impairment allowance, and the amount of cash and cash equivalents recognised at the date of the statement of financial position. Credit risk or risk that a counterparty will not fulfil its obligations, is controlled by credit terms and monitoring procedures, using services of external credit insurance agencies.

As at 30 September 2020 and 31 December 2019, the credit risk was related to:

	30-09-2020	31-12-2019
Loans with interest receivable from related parties	-	190
Trade and other receivables	5,943	4,241
Cash and cash equivalents	143	138
	6,086	4,569

The concentration of the Group's trade partners and the largest credit risk related to trade receivables according to clients as at 30 September 2020 and 31 December 2019:

	2020	%	2019	%
Client 1	504	7	545	10
Client 2	494	7	346	6
Client 3	406	6	328	6
Client 4	366	5	254	5
Client 5	281	4	233	4
Client 6	273	4	199	4
Client 7	199	3	186	3
Other clients	4,613	64	3,368	62
Impairment	(1,193)		(1,218)	
	5,943	100	4,241	100

Trade receivables according to geographic regions:

	30-09-2020	31-12-2019
Central Europe	1,313	1,009
Ukraine	1,053	989
Lithuania	1,285	521
Western Europe	1,509	1,256
Other CIS countries	241	248
Other Baltic States	147	40
Russia	293	152
Other	102	26
	5,943	4,241

Concentration of partners and largest credit risk related to trade receivables on 30 September and 31 December 2019:

	Receivables from customers that are not past due and are not recognized for impairment	Overdue receivables from customers, that are not recognized for impairment					Total
		Less than 30 days	30 – 60 days	60 – 90 days	90 – 120 days	More than 120 days	
2020	5,029	620	106	42	5	141	5,943
2019	3,304	590	56	121	29	141	4,241

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

The Group's and the Company's management believes that the maximum risk equals to trade receivables, less recognised impairment losses at the reporting date. The Group and the Company do not provide guarantees for obligations of other parties, except for those disclosed in Note 14.

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 3,356 thousand (EUR 1,902 thousand as at 31 December 2019) were insured with credit insurance by Atradius Sweden Kreditförsäkring Lithuanian branch. Trade receivables from Ukraine, Moldova, Russia and other CIS countries were not insured.

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

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

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

Interest rate risk

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

As at the period of nine months of 2020 and in 2019 the Group did not use any financial instruments to hedge against interest rate risk.

Liquidity risk

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

Foreign exchange risk

The Group significantly reduced income earned in USD.

Most of income is earned in euro by the Group.

Capital management

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

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

The Company is obliged to keep its equity not lower than 50% of its share capital, as imposed by the Law on Companies of the Republic of Lithuania. As at 30 September 2020 the Group fulfilled this requirement.

27 Commitments and contingencies

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

28 Related party transactions

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

The related parties of the Group during 2020 and 2019 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 30 September 2020 and 31 December 2019 the Group has formed an impairment allowances for doubtful debts, related to receivables from loans and related interest from related parties. Doubtful receivables are tested each year by inspecting the financial position of the related party and assessing the market in which the related party operates.

Financial and investment transactions with the related parties at 30 September 2020 and 31 December 2019 in EUR:

	2020				2019			
	Loans received	Interest expenses	Loans granted	Interest income	Loans received	Interest expenses	Loans granted	Interest income
Controlling parties	-	-	-	-	-	-	-	-
The parent	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

The agreement, amounting to EUR 10.68 million, 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. 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 if the Assignee fails to pay any installment. The last installment has to be made by the Assignee to the Company not later than on 1 October 2020.

Trade transactions with the related parties:

30-09-2020

	Purchases	Sales	Receivables	Payables
Companies, controlled by ultimate shareholders	76	260	608	-
Controlling parties	-	-	-	-
	76	260	608	-

31-12-2019

	Purchases	Sales	Receivables	Payables
Companies, controlled by ultimate shareholders	-	25	225	-
Controlling parties	-	-	-	-
	-	25	225	-

The Company's transactions carried out with subsidiaries:

	Purchases		Sales	
	30-09-2020	31-12-2019	30-09-2020	31-12-2019
Subsidiaries	150	191	76	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 receivables from subsidiaries at 30 September 2020 and 31 December 2019:

	30-09-2020	31-12-2019
Non-current receivables		
Subsidiaries	-	-
Total non-current receivables	-	-
Current receivables		
Subsidiaries	20	24
Total current receivables	20	24

The analysis of receivables from subsidiaries and granted loans during the period of 30 September 2020 and 31 December 2019:

	Receivables from subsidiaries and granted loans neither past due nor impaired	Receivables from subsidiaries and granted loans past due but not impaired					Total
		Less than 30 days	30 – 60 days	60 – 90 days	90 – 120 days	More than 120 days	
2020	20	-	-	-	-	-	20
2019	24	-	-	-	-	-	24

Payables to subsidiaries as of 30 September 2020 and 31 December 2019 (included under the trade payables caption in the Company's statement of financial position):

	30-09-2020	31-12-2019
Subsidiaries	38	108

At the moment of report preparation, Company does not have any guarantee agreements for its subsidiaries.

Remuneration of the management and other payments

Remuneration of Management of the Company and of its subsidiaries, including taxes amounted to EUR 682 thousand (23 employees) during the period of nine months of 2020 (EUR 823 thousand (23 employees) during the year 2019). The Management of the Company and of its subsidiaries did not receive any other loans, guarantees; no other payments or property transfers were made or accrued.

29 Subsequent events

On 22 October 2020 the credit committee of the financing bank approved the amendments to the terms of Loan 1 (Note 21): the applicable interest rate is reduced; partial loan repayment schedules are provided for 2021-2022; the deadline for loan repayment postponed to 31 January 2023. It is expected to sign the relevant amendments to the contracts at the earliest opportunity.

30 Impact of the COVID-19 pandemic

Responding to the situation in the country, Snaigė, AB, has taken all necessary and recommended measures to protect the company's employees, clients and partners. At the time of issuing the report, the Company is able to fulfil the submitted orders and executes them, but faces additional risks to the Company's operations:

- Exports of products, which account for largest part of the Company's portfolio, may be disrupted if other countries further restrict or forcibly suspend activities of the Company and the Group's partners. In the event of suspension of most trading partners, there is a risk of suspension and the Company's operations until the situation changes.
- the supply of basic raw materials from EU countries, disruption of traffic between European countries or EU members, further restriction or forced suspension of the Company's and the Group's partners activities may also be disrupted, what risks reducing the Company's operations until the situation changes.
- If Lithuania or other states further restrict or forcibly suspend activities of the Company's and the Group's partners, there is a risk that the partners will not be able to meet their financial obligations in a timely and complete manner, what may disrupt the Company's and the Group's cash flows.
- If Lithuanian authorities adopt even stricter operating restrictions on the Company's activities or sector due to the pandemic, activities of the Company and the Group may be forcibly suspended.

Actual sales of quarter III of 2020 were 18% lower due to pandemics, as most clients had restrictions for their physical activities. Due to COVID-19 pandemics, production site of the company was not operating in full capacity, part of the workers were on downtime, which was mostly compensated by subsidies (Note 19). Despite that, Company continued planned investments and did not decrease number of employees.