SNAIGĖ

SNAIGĖ, AB
CONFIRMATION OF RESPONSIBLE PERSONS

28 August, 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 Accountant of Snaigė, AB, hereby confirm that, to the best of our knowledge, the attached unaudited interim consolidated Snaigė, AB, financial statements for the six months period ended 30 June 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.

As well we confirm that Consolidated Interim Report fairly presents the review of issuer's business development and business activities.

Mindaugas Sologubas
Managing Director

Vytautas Adomaitis
Chief Accountant

SNAIGĖ, AB

CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

CONTENTS

I. GENERAL PROVISIONS

1. Accounting period of the report

The report has been issued for the period of six months ended 30 June 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 0.26 and to establish that the Company's authorized capital is equal to EUR 10,301,823.

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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 24 September 2019 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 Budget and Accounting 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 – daily paper "Kauno diena".

(all amounts are in EUR thousand unless otherwise stated)

II. FINANCIAL STATUS

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Ref. No.	ITEMS	Notes	01-01-2020 30-06-2020	01-04-2020 30-06-2020	01-01-2019 30-06-2019	01-04-2019 30-06-2019
1.	Sales	3	12,324	7,019	15,699	8,917
2.	Cost of sales	4	(11,440)	(6,479)	(14,346)	(8,041)
3.	Real value change of biological property					
4.	**GROSS PROFIT (LOSS)**		**884**	**540**	**1,353**	**876**
5.	Selling expenses		(921)	(522)	(1,124)	(578)
6.	General and administrative expenses		(289)	192	(789)	(191)
7.	Results of other activity	5,7	48	26	28	10
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	14	8	5	3
11.	Value decrease of financial property and short-term investments					
12.	Costs of interest and other similar costs	9	(263)	(137)	(274)	(141)
13.	**PROFIT (LOSS) BEFORE INCOME TAX**		**(527)**	**107**	**(801)**	**(21)**
14.	Income tax					
15.	**PROFIT (LOSS) BEFORE NONCONTROLLING INTEREST**		**(527)**	**107**	**(801)**	**(21)**
16.	Non-controlling interest					
17.	Other comprehensive income		454	229	455	231
18.	**TOTAL COMPREHENSIVE INCOME**		**(73)**	**336**	**(346)**	**210**

Managing Director Mindaugas Sologubas

Chief Accountant Vytautas Adomaitis

(all amounts are in EUR thousand unless otherwise stated)

Consolidated Statement of Financial Position

Ref. No.	ASSETS	Notes	As at 30 June 2020	As at 31 December 2019
	ASSETS			
A.	**Non-current assets**		**16,076**	**16,776**
1.	**Intangible assets**	10	**1,558**	**1,577**
2.	**Tangible assets**	11	**14,518**	**15,199**
2.1.	Land			
2.2.	Buildings and structures		5,577	5,690
2.3.	Machinery and equipment		7,403	7,863
2.4.	Vehicles and other property		1,201	1,275
2.5.	Right to leased assets		158	182
2.6.	Construction in progress and prepayments		179	189
3.	**Financial assets**	12	**0**	**0**
4.	**Other non-current assets**		**0**	**0**
B.	**Current assets**		**9,552**	**8,749**
1.	**Inventories**	13	**3,376**	**3,457**
2.	**Accounts receivable within one year**		**5,942**	**5,154**
2.1.	Customers' debts	14	4,904	4,241
2.2.	Contracts assets		-	-
2.3.	Prepayments		207	317
2.4.	Other amounts receivable	15	831	596
3.	**Short-term investments**			
4.	**Cash and cash equivalents**	16	**234**	**138**
C.	**Accrued income and prepaid expenses**		**0**	**0**
	Total assets		**25,628**	**25,525**

(continued on the next page)

(all amounts are in EUR thousand unless otherwise stated)

Ref. No.	ASSETS	Notes	As at 30 June 2020	As at 31 December 2019
	EQUITY AND LIABILITIES			
D.	**Equity**		**4,929**	**5,389**
1.	**Capital**		**10,302**	**10,302**
1.1.	Authorized (subscribed) share capital		10,302	10,302
1.2.	Signed unpaid capital (-)			
1.3.	Own shares(-)			
2.	**Shares premiums**			
3.	**Revaluation reserve**		**5,344**	**5,729**
4.	**Reserves**	18	**991**	**991**
5.	**Retained earnings (loss)**		**(11,657)**	**(11,584)**
6.	**Influence of currency exchange rate**		**(51)**	**(49)**
7.	**Non-controlling interest**		**0**	**0**
E.	**Grants, subsidies**	19	**458**	**524**
F.	**Provisions**		**1,980**	**2,093**
1.	Pensions provisions and similar provisions		266	266
2.	Taxes provisions		1,590	1,658
3.	Other provisions	20	124	169
G.	**Accounts payable and liabilities**		**18,261**	**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**		**17,924**	**17,495**
2.1.	Liabilities of debts		601	193
2.2.	Debts for credit institutions	21	9,232	9,603
2.3.	Received prepayments		83	78
2.4.	Debts to suppliers		6,285	6,129
2.5.	Short - term lease obligations			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		925	678
2.11.	Other current liabilities		798	699
H.	**Accrued charges and deferred income**		**0**	**0**
	Total equity and liabilities		**25,628**	**25,525**

Managing Director — Mindaugas Sologubas

Chief Accountant — Vytautas Adomaitis

(all amounts are in EUR thousand unless otherwise stated)

Consolidated Statement of Cash Flow

Ref. No.	Assets	30-06-2020	30-06-2019
I.	**Cash flows from the key operations**		
I.1	Net result before taxes	(526)	(801)
I.2	Depreciation and amortization expenses	1,054	1,112
I.3	(Amortisation) of grants	(66)	(65)
I.4	Result from disposal of non-current assets		
I.5	Write-off of non-current assets		
I.6	Write-off of inventories		
I.7	Depreciation of receivables		
I.8	Loss on currency futures		
I.9	Change in provision for guarantee repair	(66)	3
I.10	Recovery of devaluation of trade receivables and other provisions	(778)	(814)
I.11	Influence of foreign currency exchange rate change	1	4
I.12	Financial income (interest income)		
I.13	Financial expenses (interest expenses)	248	266
II.	**Cash flows from the key operations until decrease (increase) in working capital**	**(133)**	**(295)**
II.1	Change in receivables and other debts liabilities (increase)	(588)	1,274
II.2	Change in inventories (increase)	81	(379)
II.3	Change in trade and other payables (decrease)	543	(744)
III.	**Cash flows from the main activities**	**(97)**	**(144)**
III.1	Interest received		
III.2	Interest paid		
III.3	Income tax paid		
	Net cash flows from the key operations	**(97)**	**(144)**
IV.	**Cash flows from (to) investing activities**		
IV.1	Acquisition of tangible non-current assets	(121)	(43)
IV.2	Capitalization of intangible non-current assets	(1)	(18)
IV.3	Proceed from disposal of non-current assets	17	
IV.4	Loans granted		
IV.5	Loans regained	294	288
IV.6	Advance payments		(207)
IV.7	Interest received	86	84
IV.8	Financial investment assets		
	Net cash flows from the investing activities	**275**	**104**

(all amounts are in EUR thousand unless otherwise stated)

V.	**Cash flows from the financial activities**	(82)	88
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		37
V.2.1.1	Proceeds from non-current borrowings	417	
V.2.1.2	(Repayment) of borrowings	(240)	(135)
V.2.2	Finance lease received	54	
V.2.2.1	Payments of leasing (finance lease) liabilities	(17)	(15)
V.3	Other decreases in the cash flows from financial activities	(47)	471
V.4.	Interest paid	(249)	(270)
	Net cash flows from the financial activities	**(82)**	**88**

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**	**96**	**48**
IX.	**Cash and cash equivalents at the beginning of period**	**138**	**354**
X.	**Cash and cash equivalents at the end of period**	**234**	**402**

Managing Director — Mindaugas Sologubas

Chief Accountant — Vytautas Adomaitis

(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	Revaluation reserve				
Recalculated balance as at 31 December 2018	**11,887**	**0**	**0**	**971**	**0**	**0**	**0**	**(53)**	**6,502**	**(12,374)**	**6,933**	**0**	**6,933**
Total recognized revenue and expenses for the I-st to II-nd quarter 2019										(801)	**(801)**		**(801)**
Dividends													
Formed reserves				20						(20)			
Other changes								2	(387)		**(385)**	0	**(385)**
Other comprehensive income										455	**455**		**455**
Balance as at 30 June 2019	**11,887**	**0**	**0**	**991**	**0**	**0**	**0**	**(51)**	**6,115**	**(12,740)**	**6,202**	**0**	**6,202**
Total recognized revenue and expenses from III-rd to IV-th quarter 2019										(982)	**(982)**		**(982)**
Dividends													
Formed reserves											**0**		**0**
Other changes								2	(386)		**(384)**	0	**(384)**
Reduction of authorized capital	(1,585)									1,585			
Other comprehensive income										553	**553**		**553**
Balance as at 31 December 2019	**10,302**	**0**	**0**	**991**	**0**	**0**	**0**	**(49)**	**5,729**	**(11,584)**	**5,389**	**0**	**5,389**
Total recognized revenue and expenses for the I-st to II-nd quarter 2020										(526)	**(526)**	0	**(526)**
Transfers from reserves													
Other changes								(2)	(385)		**(387)**		**(387)**
Other comprehensive income										453	**453**		**453**
Balance as at 30 June 2020	**10,302**	**0**	**0**	**991**	**0**	**0**	**0**	**(51)**	**5,344**	**(11,657)**	**4,929**	**0**	**4,929**

Managing Director Mindaugas Sologubas

Chief Accountant Vytautas Adomaitis

(all amounts are in EUR thousand unless otherwise stated)

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 June 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 0.26 each and were fully paid as at 30 June 2020 and 31 December 2019.

As at 30 June 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 June 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%	(57)	164

As at 30 June 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 June 2020, the number of employees of the Group was 533 (as at 30 June 2019 – 644).

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 June 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 Company approved the investment plan for 2020-2021, according to which planned additional investments in new products and new production directions 1,995 thousand EUR in 2020, and 486 thousand EUR in 2021, of which 495 thousand EURO will be financed from the Company's funds, the remaining amount is committed by the shareholders to the Company. This will allow to revive sales and successfully expand the company's operation. Investment plan is implemented without major changes.
- Although the Company's loan agreements with the financing banks (Note 21) expire in 2020, negotiations are currently underway to extend the loans. As these types of loan agreements and extensions have been executed in the past and the Company is fulfilling its obligations to banks, the Management believes that these agreements will be extended during the year under conditions that will not jeopardize the Company's and the Group's business continuity.
- The Group's solvency and liquidity indicators worsened due to a significant increase in the Group's current liabilities following the reclassification of a long-term bank loan to a short-term in accordance with IFRS, although the loan repayment schedules have not changed and remain valid (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.

(all amounts are in EUR thousand unless otherwise stated)

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 June 2020, and 31 December 2019, were as follows:

	30 June 2020	31 December 2019
UAH	30.15538	26.51319
USD	1.1284	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.

(all amounts are in EUR thousand unless otherwise stated)

2.6. Tangible non-current assets

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

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

Property, plant and equipment are shown at revalued amount, being the fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which is determined using fair value at the date of statement of financial position. The fair value of the property, plant and equipment is determined by appraisals undertaken by certified independent valuators. 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 June 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 June 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 company transfers to factor claim rights for determined fee. The companies alienate rights to receivables due at a future date according to invoices.

2.14. Financial lease and operating lease

Finance lease – the Group as lessee

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

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

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

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

Operating lease – the Group as lessee

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

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

2.15. Grants and subsidies

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

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

2.16. Provisions

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

2.17. Non-current employee benefits

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

2.18. Revenue recognition

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

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

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

In these consolidated financial statements intercompany sales are eliminated.

2.19. Impairment of assets

Financial assets

Financial assets are reviewed for impairment at each reporting date.

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

Other assets

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

2.20. Subsequent events

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

2.21. Offsetting and comparative figures

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

3 Segment information

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

Information as at 30-06-2020 and at 30-06-2019 on Group's sales and receivables from clients is presented below:

(all amounts are in EUR thousand unless otherwise stated)

	Total sales revenue		Inter-group sales		Sales revenue	
	2020	2019	2020	2019	2020	2019
Russia	214	105	-	-	214	105
Ukraine	2,366	3,480	-	-	2,366	3,480
Western Europe	5,031	6,226	-	-	5,031	6,226
Central Europe	2,229	2,854	-	-	2,229	2,854
Lithuania	1,912	2,033	(104)	(102)	1,808	1,931
Other CIS countries	292	596	-	-	292	596
Other Baltic states	260	355	-	-	260	355
Other countries	124	152	-	-	124	152
Total	**12,428**	**15,801**	**(104)**	**(102)**	**12,324**	**15,699**

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 32.96 % of total sales, including: the largest buyer 11.89% (as at 2019 – 34.33%, including: the largest buyer 9.67%).

4 Cost of sales

	30-06-2020	30-06-2019
Raw materials	7,757	9,648
Salaries and wages	1,305	1,657
Depreciation and amortisation	798	833
Other	1,580	2,208
Total:	**11,440**	**14,346**

5 Other income

	30-06-2020	30-06-2019
Income from transportation services	90	112
Income from sale of other services	-	-
Income from rent of premises	12	8
Gain on disposal of property, plant and equipment	-	-
Income from rent of equipment	-	-
Other	26	38
Total:	**128**	**158**

6 Operating expenses

	30-06-2020	30-06-2019
Selling expenses	921	1,124
General and administrative expenses	289	789
Total:	**1,210**	**1,913**

(all amounts are in EUR thousand unless otherwise stated)

7 Other operating expenses

	30-06-2020	30-06-2019
Transportation expenses	63	106
Expenses from rent of equipment	-	-
Gain on disposal of property, plant and equipment	-	-
Other	17	24
	80	**130**

8 Financial income

	30-06-2020	30-06-2019
Foreign currency exchange gain	13	5
Interest income and other	1	-
	14	**5**

9 Financial expenses

	30-06-2020	30-06-2019
Interest expenses	248	266
Loss of foreign currency exchange, net	13	5
Realized loss on foreign currency derivatives	-	-
Loss of foreign currency translation transactions	2	3
Other	-	-
	263	**274**

10 Intangible assets

	Balance sheet value	
	30-06-2020	**31-12-2019**
Development costs	1,110	1,264
Software, license	13	18
Other intangible assets	435	295
Total:	**1,558**	**1,577**

Over the period of six months of 2020 the Group has accumulated EUR 160 thousand (over six months of 2019 respectively - EUR 168 thousand) of intangible assets depreciation, of which EUR 160 thousand (EUR 168 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 4,356 thousand as at 30 June 2020, was fully amortised (EUR 4,122 thousand for 2019) but is still in use.

(all amounts are in EUR thousand unless otherwise stated)

11 Non-current tangible assets

	Balance sheet value	
	30-06-2020	**31-12-2019**
Land and buildings	5,577	5,690
Machinery and equipment	7,403	7,863
Vehicles and other property	87	29
Other equipment, fittings and tools	1,114	1,246
Construction in progress and prepayments	179	189
Vehicles used on a leasing basis	44	68
Right to land lease	114	114
Total:	**14,518**	**15,199**

Starting from 30 September 2016 and the Company decided to revaluate 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 valuated using comparison method, while special movable assets and other assets, not possible to value at comparison model, were valuated at DRC model. Some assets, not possible to value by methods described above, were valuated 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:

(all amounts are in EUR thousand unless otherwise stated)

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 six months of 2020 amounts to EUR 895 thousand (EUR 944 thousand respectively for six months of 2019). After the assessment of amortization of grants, the amount of EUR 831 thousand for 2020 (EUR 885 thousand for 2019) was included into production costs. The remaining amount of EUR 64 thousand (EUR 59 thousand for 2019) was included into administration expenses in the Group's profit or loss.

As at 30 June 2020 buildings of the Group and the Company with the carrying amount of EUR 5,431 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 6,120 thousand (as at 31 December 2019 – EUR 6,636 thousand respectively) were pledged to bank as a collateral for the loans (Note 21).

(all amounts are in EUR thousand unless otherwise stated)

12 Non-current and current loans to related companies

	Group		Company	
	30 June 2020	**31 December 2019**	**30 June 2020**	**31 December 2019**
Loans granted	8,586	8,880	8,586	8,880
Interest calculated	2,413	2,499	2,413	2,499
Total receivables	**10,999**	**11,379**	**10,999**	**11,379**
Minus:				
Provisons for doubtfull loans	(8,199)	(8,733)	(8,199)	(8,733)
Provisons for doubtfull interest	(2,300)	(2,456)	(2,300)	(2,456)
Minus: total provisions	(10,499)	(11,189)	(10,499)	(11,189)
Net receivables	**500**	**190**	**500**	**190**

13 Inventories

	30-06-2020	**31-12-2019**
Raw materials, spare parts and production in progress	2,509	2,288
Finished goods	996	1,364
Goods purchased for resale	123	57
Minus: total provisions	(252)	(252)
Total inventories, net	**3,376**	**3,457**

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

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

14 Trade receivables

	30-06-2020	**31-12-2019**
Receivables	6,101	5,459
Less: impairment allowance for doubtful receivables	(1,197)	(1,218)
	4,904	**4,241**

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

As at 30 June 2020 100% impairment was accounted trade receivables in gross values of EUR 1,197 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 2,697 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.

(all amounts are in EUR thousand unless otherwise stated)

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

	30-06-2020	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	1	(2)
Amounts paid	20	45
Balance in the end of the period	**(1,197)**	**(1,218)**

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

As at 30 June 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

	30-06-2020	31-12-2019
VAT receivable	64	157
Restricted cash	14	14
Other receivables	753	425
	831	**596**

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

	30-06-2020	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

	30-06-2020	31-12-2019
Cash at bank	227	128
Cash on hand	7	10
Cash in transit	-	-
	234	**138**

(all amounts are in EUR thousand unless otherwise stated)

17 Share capital

According to the Law on Companies of the Republic of Lithuania the Company's total equity cannot be less than 1/2 of its share capital specified in the Company's by-laws. The company was not in compliance with this requirement on 30 June 2020, but after reduction of authorized capital to EUR 6,736, according to the decision of the shareholders on 7 July 2020, this requirement will be met (Note 29).

Amended Company's Articles of Association were registered in the Register Centre by the day of publication of the Report

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 June 2020 the legal reserve has not been fully formed yet.

As of 30 June 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**

(all amounts are in EUR thousand unless otherwise stated)

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	3,336
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**
Carrying amount as at 30 June 2020	**458**
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.

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. Provisions for guarantee related liabilities.

20 Warranty provision

The Group provide a warranty of up to 2 years for the production sold and 3 years warranty for resale products. The provision for warranty repairs was accounted for based on the expected cost of repairs and statistical warranty repair rates and divided respectively into non-current and current provisions.

Changes in warranty provisions were as follows:

	30-06-2020	31-12-2019
As at 1 January	470	400
Additions during the year	80	275
Utilised	(56)	(205)
Foreign currency exchange effect	-	-
Written off	(90)	-
	404	**470**

(all amounts are in EUR thousand unless otherwise stated)

Warranty provisions are accounted for:

	30-06-2020
- non-current	124
- current	280

	31-12-2019
- non-current	169
- current	301

21 Borrowings

	30-06-2020	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	9,232	9,603
Current liabilities of leasing companies	22	31
Receivables, financed by the bank	579	162
Total	**9,833**	**9,796**
In Total	**10,020**	**9,820**

The main information on individual borrowings is disclosed below:

	Type	Maturity	As at 30 June 2020	As at 31 December 2019
Borrowing 1	Loan	20-12-2020	9,137	9,320
Borrowing 2	Loan	10-08-2021	213	283
Receivables financed by the bank			545	162
Debt liabilities (factoring)				
Leasing 1		26-03-2021	8	15
Leasing 2		26-05-2021	4	7
Leasing 3		26-08-2021	4	7
Leasing 4		11-07-2022	21	26
Leasing 5		25-06-2023	17	-
Leasing 6		25-06-2023	13	-
Leasing 7		25-06-2023	12	-
Leasing 8		25-06-2023	12	-
			10,020	**9,820**

(all amounts are in EUR thousand unless otherwise stated)

Annual interest rate of the loan 1 is 1-month EURIBOR + 5.75, as at 30 June 2020, the loan 2 bear 5% fixed interest rate, with right to review conditions 6-month EURIBOR + 3,7% margin (as at 31 December 2019 the interest rates were the same as in 30 June 2020).

As of 30 June 2020 the Company's buildings with the carrying amount of EUR 5,431 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 6,120 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 EUR 1,192 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 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 June 2020 is 930 thousand EUR (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:	**30-06-2020**	**31-12-2019**
EUR	10,020	9,820
	10,020	**9,820**

Repayment schedule for borrowings:

	Fixed interest rate	**Variable interest rate**
2020	-	9,834
2021	-	153
2022	-	24
2023	-	9
	-	**10,020**

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 June 2020 and 31 December 2019 as follows:

	30-06-2020	**31-12-2019**
current	24	32
non-current	71	25
Financial lease liabilities total	**95**	**57**
Interest	(4)	(2)
Financial lease liabilities current value	**91**	**55**

Financial lease obligations are accounted as:

-	current	22	31
-	non-current	69	24

(all amounts are in EUR thousand unless otherwise stated)

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

Book value of leased assets:

	30-06-2020	31-12-2019
Machinery and equipment	137	149
Cars	64	-
	201	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 June 2020, the lease expenses of the Group amounted to EUR 25 thousand (EUR 38 thousand as at 30 June 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

	30-06-2020	31-12-2019
Salaries and related taxes	626	413
Vacation reserve	299	265
Dividends payable	49	50
Accrued interest	12	14
Other taxes payable	-	-
Provisions for warranty repairs	280	301
Other payables and accrued expenses	457	334
	1,723	**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

	30-06-2020	31-12-2019
Shares issued 1 January	39,622	39,622
Net profit (loss) for the year, attributable to the shareholders of company, in EUR	(73)	(1,681)
Basic profit (loss) per share, in EUR	**(0.01)**	**(0.04)**

(all amounts are in EUR thousand unless otherwise stated)

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 June 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 June 2020 and 31 December 2019, the credit risk was related to:

	30-06-2020	**31-12-2019**
Loans with interest receivable from related parties	500	190
Trade and other receivables	4,904	4,241
Cash and cash equivalents	234	138
	5,638	**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 June 2020 and 31 December 2019:

	2020	%	2019	%
Client 1	483	8	545	10
Client 2	411	7	346	6
Client 3	349	6	328	6
Client 4	307	5	254	5
Client 5	305	5	233	4
Client 6	193	3	199	4
Client 7	188	3	186	3
Other clients	3865	63	3,368	62
Impairment	(1,197)		(1,218)	
	4,904	**100**	**4,241**	**100**

(all amounts are in EUR thousand unless otherwise stated)

Trade receivables according to geographic regions:

	30-06-2020	31-12-2019
Central Europe	810	1,009
Ukraine	1,109	989
Lithuania	973	521
Western Europe	1,644	1,256
Other CIS countries	96	248
Other Baltic States	96	40
Russia	104	152
Other	72	26
	4,904	**4,241**

The analysis of delays in trade receivables less impairment losses as at 30 June 2020 and 31 December 2019 is as follows:

	Receivables from customers that are not past due and are not recognized for impairment	Overdue receivables from customers, that are not recognized for impairment					
		Less than 30 days	30 – 60 days	60 – 90 days	90 – 120 days	More than 120 days	Total
2020	4,277	268	136	45	5	173	4,904
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 2,697 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 six 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 June 2020 the Group fulfilled this requirement (note 17). There were no other significant externally imposed capital requirements on the Group.

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 June 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.

(all amounts are in EUR thousand unless otherwise stated)

Financial and investment transactions with the related parties at 30 June 2020 and 31 December 2019:

	2020				2019			
	Loans received	Interest expenses	Loans granted	Interest income	Loans recived	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:

<u>**30-06-2020**</u>	**Purchases**	**Sales**	**Receivables**	**Payables**
Companies, controlled by ultimate shareholders	12	148	18	12
Controlling parties	-	-	-	-
	12	**148**	**18**	**12**

<u>**31-12-2019**</u>	**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**	
	30-06-2020	**31-03-2019**	**30-06-2020**	**31-03-2019**
Subsidiaries	**101**	**191**	**53**	**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.

(all amounts are in EUR thousand unless otherwise stated)

The carrying amount of receivables from subsidiaries at 30 June 2020 and 31 December 2019:

	30-06-2020	31-12-2019
Non-current receivables		
Subsidiaries	-	-
Total non-current receivables	-	-
Current receivables		
Subsidiaries	16	24
Total current receivables	**16**	**24**

The analysis of receivables from subsidiaries and granted loans during the period of 30 June 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					
		Less than 30 days	30 – 60 days	60 – 90 days	90 – 120 days	More than 120 days	Total
2020	16	-	..	-	-	-	**16**
2019	24	-	-	-	-	-	**24**

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

	30-06-2020	31-12-2019
Subsidiaries	**55**	**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 446 thousand (23 employees) during the period of six months of 2020 (EUR 465 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

The General Meeting of shareholders of Snaigė, AB, was held on 7 July 2020 for the amendment shareholders decision made on 1 October 2018 and the reduction of Snaigė, AB, authorized capital. During the meeting, the decision to reduce the authorized capital of the Company according Article 52 part 2 point 4 of the Law on Companies of the Republic of Lithuania from EUR 10,302 thousand till EUR 6,736 thousand was approved. The authorized capital will be reduced by EUR 3,566 thousand, by reducing nominal value of existing shares by 0.09 euro per share from EUR 0.26 till EUR 0.17. The authorized capital is reducing in order to correct mistakes made during the formation of the authorized capital or during the increasing authorized capital, related to the use of the Company's revaluation reserve and specified in the decision No. 241-19 dated 29 January 2018 on imposition of certain measures with respect to Snaigė, AB, adopted by the director of the Supervision Service of the Bank of Lithuania.

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 more than 90 percent 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 II or 2020 were 20% 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. Despite that, Company continued planned investments and did not decrease number of employees.

INFORMATION ABOUT THE ISSUER'S AUTHORIZED CAPITAL, THE ISSUED SECURITIES, SHAREHOLDERS AND MEMBERS OF THE MANAGEMENT BODIES

The issuer's authorized capital

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	0.26	10,301,822.70	100

Changes in autorized capital:

Registracion of changed autorized capital	The sizes of the autorized capital
11-09-2008	LTL 27,827,365
20-04-2010	LTL 30,735,715
12-05-2011	LTL 39,622,395
01-01-2015	EUR 11,490,494.55
20-12-2016	EUR 11,886,718.50
24-09-2019	EUR 10,301,822.70

Major shareholders

The total number of the shareholders on 29 June 2020 (on the record date of the Extraordinary General Meeting) was 892.
The major shareholders who own or control more than 5 percent of the issuer's authorized capital 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 group 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	91.10	91.10	91.10	91.10	91.10	-

The secondary turnover of the issuer's securities

The securities issued by the Company have been listed in the Official Trading List of NASDAQ OMX Villnius since 9 April 1998. Trade of the Company's ordinary registered shares in the securities stock exchange was started on 11 August 1995. The VP ISIN number is LT0000109274.

Based on 1 June 2009, Snaigė, AB, request the Company's shares from NASDAQ OMX Vilnius Baltic main list were moved to NASDAQ OMX Vilnius Baltic secondary list.

The name of the securities – the ordinary registered shares of Snaigė, AB.

Amount of the securities: 39,622,395 units. The nominal value of a share: EUR 0.26.

Trade in securities

Accounting period		Price, EUR				Total turnover	
from	to	As of last session.	Max price	Min price	Overage price	pcs	EUR
01-01-2020	31-03-2020	0.124	0.154	0.102	0.139	40,314	5,613.53
01-04-2020	30-06-2020	0.180	0.200	0.116	0.145	59,854	8,707,08

Below you can find Company shares turnover and price (in EUR). The information is from NASDAQ OMX Vilnius internet page:

Capitalizacion of the Company's shares on 30 of June 2020:

Name	30-12-2019	30-06-2020	Change
SNG1L	EUR 5,982,981.65	EUR 7,132,031.10	+19.21%

Below the graphs are from OMX Baltic Benchmark, OMX Vilnius indexes and Snaigė AB shares prices graphs for period from 1 January 2020 till 30 June 2020. The information is from NASDAQOMX Vilnius internet page:

Baltic market indexes

INDEX | EQUITY	OPENING VALUE	CLOSING VALUE	CHANGE %
OMX Baltic Benchmark GI	992.83	947.82	-4.53
OMX Vilnius	712.14	737.71	+3.59
SNG1L - Snaigė	0.15	0.18	+19.21

Agreements with the stakeholders of public circulation of securities

On 20 May 2013 Snaigė, AB, entered into agreement with FMĮ Orion securities, UAB, (A. Tumėno str. 4, Vilnius), for management of accounts of the Company's issued securities and management of accounts of personal securities.

Management bodies of the company

The company's bodies are:
- General meeting of shareholders.
- The Board consists of five members elected for a term of four years.
- CEO of the company – Managing Director.

The convening and competence of the General Meeting of Shareholders does not differ from the procedure and competence of convening the General Meeting of Shareholders specified in the Law on Companies.

The Board of the Company is elected and revoked by the General Meeting of Shareholders in accordance with the procedure regulated by the Law on Companies. The Board of the Company has the right to make a decision to issue bonds and performs a supervisory function. The competence of the Board in other cases does not differ from the competence established in the Law on Companies. The procedure of the Board of the Company is established by the Rules of Procedure of the Board.

The competence of the CEO of the company, the procedure of his appointment and removal does not differ from that specified in the Law on Companies.

Since 2009, the Company has an existing and operating collegial management body – the audit committee, elected by the shareholders. The Audit Committee shall operate in accordance with the rules of procedure of the Audit Committee. 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.

Members of the Management Bodies

Position, names and data with regard to the share of the issuer's authorized capital available

Name. surname	Position	Amount of shares available in units	Share of the capital available In percentage	Share of votes In percentage
BOARD				
Aleksey Kovalchuk	Chairman of the Board of Snaigė, AB	-	-	-
Oleg Tsarkov	Member of the Board of Snaigė, AB	-	-	-
Konstantin Kovalchuk	Member of the Board of Snaigė, AB			
Anna Korneeva	Member of the Board of Snaigė, AB	-	-	-
Igor Zentsov	Member of the Board of Snaigė, AB	-	-	-
ADMINISTRATION (Administrative Manager, Chief Accountant)				
Mindaugas Sologubas	Managing Director of Snaigė, AB	-	-	-
Vytautas Adomaitis	Chief Accountant of Snaigė, AB	-	-	-

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

Name	Start date of the Office term	End date of the Office term
BOARD		
Aleksey Kovalchuk	14-12-2011	till 2023 GMS
Oleg Tsarkov	30-04-2015	till 2023 GMS
Konstantin Kovalchuk	30-04-2018	till 2023 GMS
Anna Korneeva	15-05-2019	till 2023 GMS
Igor Zentsov	15-05-2019	till 2023 GMS
ADMINISTRACIJON (Managing Director and Chief / accountant)		
Mindaugas Sologubas	21-09-2019	Term less agreement (Snaigė AB Financial director 23-09-2014 – 20-09-2019)
Vytautas Adomaitis	03-10-1983	Term less agreement

Information on the management bodies involvement of other companies, institutions and organizations

Name	Name of organisation, position	Share of the capital and votes available in other companies, in %
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 Korneeva	Does not participate in other Lithuanian companies activities and interests	
Igor Zentsov	Does not participate in other Lithuanian companies activities and interests	
Mindaugas Sologubas	Member of the board of Almecha UAB	-
	Chairman of the board of Association EPA	-
	Managing director of Verslo Architektūra UAB	100%
Vytautas Adomaitis	Does not participate in other Lithuanian companies activities and interests	-

Information about benefits and loans granted to the members of the management bodies.
No loans or benefits were granted to the members of the management bodies during this period.

SNAIGĖ, AB: Significant EBITDA growth despite declining sales

According to unaudited consolidated data, Snaigė, AB, achieved a turnover of EUR 12.3 million in the first half of 2020, i.e. 22% lower than during the same period last year.

According to Mindaugas Sologubas, CEO of Snaigė, AB, the decrease in sales is a consequence of the global pandemic and global quarantine. "Due to the restrictions imposed by the quarantine, the company's factory in Alytus was forced to work at part capacity for a couple of months, some employees were in downtime," said Sologubas. "There is a shortage of supply, as many of our suppliers are in the countries affected by the pandemic. As a result, we our production output much lower than what we had planned for this period."

Despite the lower unaudited consolidated turnover for the first half of the year, the company's unaudited consolidated EBITDA increased by 34% compared to the same period last year and reached EUR 0.8 million.

According to Mr. Sologubas, the growth of EBITDA was conditioned by several factors – more profitable, albeit lower sales, internal fixed cost savings program and received state compensation for downtime.

Despite the unfavourable circumstances influenced by the pandemic, Snaigė, AB, implemented long-cherished plans and started serial production of professional refrigeration equipment. The first such products were successfully sold in the second quarter of this year.

In the first half of 2020, the company exported its products to almost 30 countries in Europe, Asia and Africa. Exports accounted for 90% of the Company's total turnover. The Company's largest foreign sales markets in the first half of the year were Ukraine (21%), Germany (21%), the Czech Republic (9%), France (6%), and Austria (6%).

Information about Company's employees

The main information about the employees of Snaigė AB and its subsidiaries employees is presented in the table below:

Employees group	January – June of 2020		January – June of 2019	
	Average number of employees	Average monthly salary, EUR	Average number of employees	Average monthly salary, EUR*
Administrative employees (with executive officers)	117	1,616	128	1,664
Factory workers	389	791	478	832
In total	**506**	**982**	**606**	**1,008**

Information about the subsidiary companies of the issuer

On 30 June 2020 the Snaigė AB group consisted of the following companies: the parent company of the group Snaigė AB, subsidiary companies Snaigė – Ukraine, TOB, Almecha, UAB. The main information about the Group's subsidiary companies is presented in the table below:

	SNAIGĖ-UKRAINE, TOB	ALMECHA, UAB
Registration date, head-office address	Registration date: November, 2002. Address: Grushevskogo str. 28-2a/43, Kyiv, 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 %
The authorized capital, EUR	5,509	398,978
Share of the authorized capital unpaid by the issuer	Fully paid	Fully paid

Transactions with the related parties

The information about related party transactions is revealed in the 28th note of the consolidated financial statemts.

SIGNIFICANT EVENTS IN THE ACTIVITIES OF THE ISSUER

06-01-2020
Notification of the acquisition of voting rights
On 3rd January 2020 Snaigė AB received shareholder's SEKENORA HOLDINGS LIMITED notification on acquisition of the package of voting rights.

28-02-2020
Snaigė AB consolidated interim financial information for the period of twelve months ended 31 December 2019 (unaudited).

According to unaudited consolidated data in 2019, Snaigė AB reached EUR 0.93 million EBITDA. According to Mindaugas Sologubas, CEO of Snaigė AB, such EBITDA result was affected by poor performance of one of the subsidiary companies in 2019. "The Company itself generated EUR 1.6 million non-audited unconsolidated EBITDA from core business", Sologubas said, "which is slightly more than in 2018. This indicator is no less important for us than overall consolidated EBITDA".

In 2019, Snaigė AB achieved unaudited consolidated turnover of EUR 32.2 million, which is 14 percent less than in 2018. One of the main reasons for the decline in sales is the financial difficulties of one of the company's largest customer in France and the consequent loss of sales. These losses were partially compensated by the company over the course of the year.

According to the unaudited consolidated data, the company's EBITDA reached.

According to Mindaugas Sologubas, one of the most important strategic objectives of the company is the diversification of the product portfolio. "Portfolio diversification will help to avoid seasonality in the future, thus ensuring more even and efficient production. In addition, the loss of a single major customer, as it happened last year, will no longer be as harmful" Mindaugas Sologubas said.

In 2020, Snaigė AB will start production of larger professional refrigeration equipment, currently it is carrying out design and testing works. The expansion of the professional refrigeration category will strengthen the company's competitiveness and increase its future revenues.

The development of the production of household refrigerating appliances and expansion of the product portfolio also remain a priority - as every year the Company will update its product portfolio and introduce new products.

In 2019, the company exported its products to more than 30 countries in Europe, Asia and Africa. The largest sales revenue came from Germany, Ukraine, Lithuania, Czech Republic, Norway.

17-03-2020

On the impact of coronavirus (COVID-19) on the activities of Snaigė AB

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. Most of administration staff works from home remotely. The company is able to fulfill the orders placed, but the biggest challenge so far is an export, which accounts for more than 90 percent of the company's portfolio. Due to the disruption of transport movements between European countries, huge congestions at national borders and the shortage of transport companies operating under these conditions, the export of goods has become extremely difficult. For the same reason, the delivery of some raw materials is delayed.

It is not yet possible to assess how much this will affect the company's annual results, but it is clear that the impact will be negative. The Company will inform the market participants in a separate notice of the changed conditions and circumstances.

02-04-2020

According the Court Decission

Supreme Administrative Court of Lithuania has rejected Snaigė AB (hereinafter the "Company") appellate complaint concerning Vilnius Regional Administrative Court 8 of October 2018 decision in administrative case according Company's complaint to defendant Bank of Lithuania concerning partial revocation decision No. 241-19 dated 29 January 2018 on imposition of certain measures with respect to Snaigė AB.

08-04-2020

Convocation of the ordinary General Meeting of Shareholders

On 30 April 2020 the ordinary 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 the ordinary General Meeting of Shareholders (hereinafter, the "Meeting").
The place of the meeting – at Snaigė AB 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 of Lithuania by Government Resolution No. 207 of 14 March 2020 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 2020 (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:
1. Consolidated annual report of Snaigė AB on the company's activity for 2019 with information about the Company's strategy and its implementation.
2. Auditor's conclusion on the company's financial statements for 2019.
3. Approval of the set of financial statements of the company for 2019.
4. Approval of distribution of profit (loss) of Snaigė AB for 2019.
5. The remuneration policy

27-04-2020

SNAIGĖ AB information for the ordinary general shareholders meeting

Snaigė AB is providing the audited company's financial statements for 2019, 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 2020.
The company's shareholders are invited to writing, by filling voting ballot in advance and submitting to the company, 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.

The voting ballot which could be printed and after filling sent to Snaigė AB is provided in addition of this announcement, too.

In 2019, Snaigė AB earned 1.7 million EUR audited non-consolidated EBITDA from its core business, almost the same as in 2018. However, the failure of one of the subsidiaries had a negative impact on the company's consolidated result. We earned less than we planned, i. y. EUR 1 million Consolidated audited EBITDA.

In 2019, we reached 32.2 million EUR audited consolidated turnover, which was 14% less than in 2018. According to Mindaugas Sologubas, CEO of Snaigė AB this decrease is due to the financial difficulties of one of the company's largest customers in France, which also directly affected our turnover. “Over the year, we have been able to partially offset these losses by increasing our turnover in other markets such as Portugal, Italy, Ukraine, Romania and others.”- M. Sologubas said.

In 2019 Snaigė AB has exported our products to more than 30 countries in Europe, Asia and Africa.

We received the largest sales revenue from Germany, Ukraine, Lithuania, the Czech Republic and Norway.

According to Mindaugas Sologubas, in 2020 the company will continue to develop and improve its household refrigeration appliances, and as every year, it will introduce its new products. “However, one of the most important strategic goals for me as the new general manager, and the whole team of Snaigė AB, for the coming year is to diversify the product portfolio.”- M. Sologubas said. – “We will start serial production of industrial refrigeration equipment, which is currently under design and testing stage”.

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.

30-04-2020
Resolutions of Snaigė AB the General Meeting of Shareholders
The General Meeting of shareholders of Snaigė AB was held on 30 April 2020.
All shareholders that participated at the General Meeting voted in advance in writing by filling Voting Ballots.
Following resolutions were made on the meeting:

Shareholders took for information the consolidated annual report of Snaigė AB on the company's activity for 2019 with information about the Company's strategy and its implementation, the auditor's conclusion on the company's financial statements for 2019.
Shareholders approved the set of financial statements of the company for 2019.

It was approved the distribution of profit (loss) of Snaigė AB for 2019:

Article	EUR
Non-distributed profit (loss) at the end of the last financial year	(11,327,462)
Net result - profit (loss) of financial year	(56,487)
Distributable result- profit (loss) of financial year	(11,383,949)
Transfers from reserves:	946,161
For the acquisition of own shares	
Transfers from mandatory reserve	946,161
Distributable profit	(10,437,788)
Distribution of profit	946,161
To reserve foreseen by law	946,161
Non-distributed result - profit (loss) at the end of financial year	(11,383,949)

Shareholders decided Remuneration policy as set out in Article 37^3 of the Republic of Lithuania Law on Companies applicable to the managing director of the Company and the Board to prepare for approval before the next year ordinary general meeting of shareholders.
Until the remuneration policy will be approved, to approve the remuneration provisions applicable to the managing director of the Company:
The remuneration and guidelines of bonus to the managing director of the Company is set by the Board in accordance with fairness, lawfulness, proportionality, legitimate expectations.
The rules on increased pay for overtime, work on days off, public holidays or at night work shall not apply to the chief executive officer of the Company.
The salary the managing director of the Company is paid in accordance with the procedure and terms provided for in the employment contract.
The Company does not remunerate the members of the Board of the Company elected by the Ordinary General Meeting of Shareholders till 2023 year.

Snaigė AB annual information for the year 2019

Snaigė AB is presenting annual consolidated and Company's financial statements for the year 2019 (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 2020.

06-05-2020

SNAIGĖ AB started production of professional refrigeration equipment

Global pandemic and global quarantine are not always holding back business development. Snaigė AB has implemented a long-cherished goal - to start the production of professional refrigeration equipment for business. The first products in this category - the block refrigeration systems (monoblocks) for cold rooms – ware already delivered to customers and have already received positive feedback.

The block systems are wall-mounted refrigeration units for cooling or freezing, widely used for food storage in catering establishments, shops, agriculture, food processing companies.

According to Mindaugas Sologubas, General Director of Snaigė AB, the production of professional refrigeration equipment is one of the company's strategic goals. "The production of professional refrigeration equipment will diversify SNAIGĖ's product portfolio, which has been very monolithic so far, covering essentially only one category and targeting only one market segment," said M. Sologubas. "This will help the company to reduce the impact of seasonality and fluctuations in product demand. And this, in turn, will ensure more even and efficient production as well as more consistent cash flows."

The new SNAIGĖ products are designed following the latest requirements for these products: their refrigerant R290 is environmentally friendly, the equipment itself is economical and uses little electricity, it has sealed compressors from Western European manufacturers, is easy to install and even easier to maintain.

The new block refrigeration systems are designed for all SNAIGĖ markets, but the largest sales are expected in the Western European countries. The company plans to sell new products for at least EUR 0.5 million in 2002, with further perspective to reach EUR 10 million turnovers of the industrial refrigeration equipment segment in several years.

According to the General Director of Snaigė AB, the block refrigeration system is just the first step as a producer in the new market segment. "We will not stop there, we will introduce other products for professional refrigeration," says M. Sologubas.

29-05-2020

SNAIGĖ AB I quarter sales – more profitable

According to unaudited consolidated data, Snaigė AB reached a turnover of EUR 5.3 million in the I quarter of 2020, or 22 percent lower than the same period last year.

However, unaudited consolidated loss decreased by EUR 146 thousand.

The company earned EUR 174 thousand unaudited consolidated EBITDA, which is 5 times more than last year during the same period.

According to Mindaugas Sologubas, General Director of Snaigė AB, there is negative impact of the global pandemic on the results of the first quarter, but the effect is not dramatic.

"Our, like most other manufacturers, second quarter results will be more affected by the COVID-19 pandemic and the restrictions imposed to overcome it, as the company's plant was forced to operate at limited capacity, with some workers downtime." - M. Sologubas said.

02-06-2020
The Decision of District Court of Vilnius City came into force which satisfied Snaigė AB complaint regarding notary refusal to perform notarial acts

The Decision of District Court of Vilnius city came into force by which the complaint of Snaigė AB (hereinafter The "Company") was satisfied and the notary was obligated to perform notarial acts specified in the Company's application for implementation of 1 October 2018 decision of extraordinary shareholders meeting by which the Company was implementing the decision of the director of the Supervision Service of the Bank of Lithuania, No. 241-19 dated 29 January 2018, that is to restore the revaluation reserve by reducing the authorized capital of the Company.

Taking into account the changes in the authorized capital of the Company that occurred in year 2019 and the fact that currently the authorized capital and nominal value of one share of the Company do not correspond to the authorized capital and nominal value of share, indicated in the shareholder's decision of 1 October 2018, it is necessary to make new decision to reduce the authorized capital by EUR 3,566,015.55 by reducing the nominal value of the previously issued shares by EUR 0.09. This change of authorized capital does not affect the Company's financial results or solvency.
In order to implement the decision of director of the Supervision Service of the Bank of Lithuania, No. 241-19 dated 29 January 2018, in the near future the Company will apply to the Board for convening the Extraordinary General Meeting of Shareholders, and after the Board will made a decision on convening the Extraordinary General Meeting of Shareholders, it will be announced by separate notice.

12-06-2020
Convocation of Snaigė AB extraordinary General Meeting of Shareholders
The extraordinary 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 on 7 July 2020.

The place of the meeting – at Snaigė AB 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 – 29 June 2020 (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:
1. For the amendment shareholder's decision made on 1 October 2018 and the reduction of Snaigė AB authorized capital;

The Decision of District Court of Vilnius city came into force by which the complaint of Snaigė AB was satisfied and the notary was obligated to perform notarial acts specified in the Company's application for implementation of 1 October 2018 decision of extraordinary shareholders meeting by which the Company was implementing the decision of the director of the Supervision Service of the Bank of Lithuania, No. 241-19 dated 29 January 2018, that is to restore the revaluation reserve by reducing the authorized capital of the Company.Taking into account the changes in the authorized capital of the Company that occurred in year 2019 and the fact that currently the authorized capital and nominal value of one share of the Company does not correspond to the authorized capital and nominal value of share, indicated in the shareholder's decision of 1 October 2018, it is necessary to make new decision to reduce the authorized capital by EUR 3,566,015.55 by reducing the nominal value of the previously issued shares by EUR 0.09. This change of authorized capital does not affect the Company's financial results or solvency.

07-07-2020
Resolutions of the Extraordinary Meeting of Snaigė AB shareholders
The General Meeting of shareholders of Snaigė AB was held on 7 July 2020.
All shareholders that participated at the General Meeting voted in advance in writing by filling Voting Ballots.

The agenda question:
For the amendment shareholders decision made on 1 October 2018 and the reduction of Snaigė AB authorized capital;

Following resolution was made on the meeting:
"Taking into account that on 1 October 2018 during extraordinary general shareholders meeting was made decision to reduce the authorized capital of the Company according 52 article 2 part 4 point of Law on Companies of Lithuanian Republic from EUR 11,886,718.50 till EUR 8,320,702.95. The authorized capital had to be reduced by EUR 3,566,015.55. The authorized capital had to reduced by reducing nominal value of existing shares by 0.09 euro per share from EUR 0.30 till EUR 0.21. The authorized capital had to be reduced in order to correct mistakes made during the formation of the authorized capital or during the increasing authorized capital, related to the use of the Company's revaluation reserve and specified in the decision No. 241-19 dated 29 January 2018 on imposition of certain measures with respect to Snaigė AB, adopted by the director of the Supervision Service of the Bank of Lithuania. It was decided the amount by which will be reduced the authorized capital of the Company, i. e. EUR 3,566,015.55 to transfer to revaluation reserve.

Also taking into account that the notary has passed the decision to refuse to perform a notarial acts related with implementation of extraordinary shareholders decision made on 1 October 2018 for the approval of the amended Snaigė AB Articles of Association with reduced authorized capital. The Company filed the complaint to District Court of Vilnius City regarding notary's refusal and the court satisfied the Company's complaint which on 15 May 2020, came into force and obligated the notary to perform notarial acts related with implementation of the Company's shareholders 1 October 2018 decisions.

Taking into account the changes in the authorized capital of the Company that occurred in year 2019 and into this that now the authorized capital is EUR 10,301,822.70 and the nominal value of the share is EUR 0.26 that is currently the authorized capital and nominal value of one share of the Company do not correspond to the authorized capital and nominal value of share, indicated in the shareholder's decision of 1 October 2018;

Taking into account that before this decision (07-07-2020) the Company did not take any actions and the Company's shareholders did not make any decisions related to the reduction of the Company's authorized capital and transfer of the respective amount to the Company's revaluation reserve according the decision No. 241-19 dated 29 January 2018 adopted by the director of the Supervision Service of the Bank of Lithuania, that is there are no legal obstacles for the Company's shareholders the decision of 1 October 2018 to change and to make new decision on the same issue.

The decision on the reduction of authorized capital shall be worded as follow:

To reduce the authorized capital of the Company from EUR 10,301,822.70 till EUR 6,735,807.15 according 52 article 2 part 4 point of Law on Companies of Lithuanian Republic. The authorized capital will be reduced by EUR 3,566,015.55.

The authorized capital is reduced by reducing nominal value of existing shares by 0.09 euro per share from EUR 0.26 till EUR 0.17. The authorized capital is reducing in order to correct mistakes made during the formation of the authorized capital or during the increasing authorized capital, related to the use of the Company's revaluation reserve and specified in the decision No. 241-19 dated 29 January 2018 on imposition of certain measures with respect to Snaigė AB, adopted by the director of the Supervision Service of the Bank of Lithuania.

To approve changes of points 4.1 and 5.1 of the article of association related with the reduction of the authorized capital and approve the new redaction of the changed articles of association (addition):

4.1. The authorized capital of the Company is EUR 6,735,807.15 (six million seven hundred thirty-five thousand eight hundred seven euro and 15 eurocents).

5.1. The authorized capital of the Company is divided into 39,622,395 (thirty-nine million six hundred twenty-two thousand three hundred ninety-five) shares. The nominal value of one share is EUR 0.17 (seventeen eurocents). The amount by which is reduced the authorized capital of the Company, i. e. EUR 3,566,015.55 to transfer to revaluation reserve.
To authorize the General Manager of the Company Mindaugas Sologubas (with the right to reauthorize) to perform all necessary actions relating to implementation of approved decisions by the extraordinary shareholders meeting and to sign changed articles of association."

This change of authorized capital does not affect the Company's financial results or solvency. Significant events were reported to the Financial Services and Markets Supervision Department of the Bank of Lithuania, NASDAQ Vilnius and published on the Company's website www.snaige.lt.

20-08-2020

The amended due to the authorized capital and nominal value of share Articles of Association of Snaigė AB is registered in the Register of Legal Entities

Following the instructions of decision No. 241-19 dated 29 January 2018 on imposition of certain measures with respect to Snaigė AB, adopted of the Bank of Lithuania, on 19 August 2020, the amended Articles of Association of Snaigė AB (further – Company) was registered in the Register of Legal Entities. The authorized capital was reduced by EUR 3,566,015.55 by transferring this sum to revaluation reserve.

After this change the authorized capital of the Company is EUR 6,735,807.15 (six million seven hundred thirty-five thousand eight hundred seven euro and 15 eurocents). The nominal value of one share is EUR 0.17. The number of shares remained unchanged and is 39,622,395 pcs.

This change of authorized capital does not affect the Company's financial results or solvency.