

**Program of procedures for the operation and management
of the Company for the period of time from 1 July 2022 till 31 December 2023**

Goals of the Program: to develop and obtain approval from the shareholders on the procedures for managing the Company for the period of time from July 2022 till December 2023.

Rationale for the Program: the actual situation in the Company, Section 271 of the Commercial Law of the Republic of Latvia.

Main negative factors which influence the situation in the Company

1) Rising prices for raw materials and resources, increase in the cost of production and rising prices for the Company's products, decrease in sales volumes and decrease of the interest in the Company's products;

2) Implementation of the sanctions policy, as a result of which up to 50 per cent of the markets for raw materials and sales of products are lost in a short period of time;

3) Restrictions and increase in terms of monetary transactions with the territories included in the sanctions list, delays in the use of assets and capital;

4) Continuance of payment duties of the Company without corrections and benefits including tax payments;

5) Lack of support to the Company.

Proposed procedures and activities

1. Optimisation of Company's expenditure budget, including:
 - a) optimisation and reduction of stuff pro rata with volume of actual production;
 - b) optimization of fixed assets of the Company, including:
 - by full or partial sale of the real estate and concluding long-term lease contracts of the production areas necessary for the actual volumes of the existing orders;
 - by partial sale of movable production equipment with respect to real production volumes and alienation of the real estate;
 - by sale of other Company's property under condition of absence of its demand (or planned absence of its demand) for Company's and its production needs.
 - c) optimization of procedures for maintaining of fixed assets of the Company, including:
 - abandoning the systematic and planned maintenance and current repair of fixed assets, replacing these procedures with emergency and operational repairs, if necessary – abandoning of ISO certification;

- termination of financing of programs for the replacement and modernization of fixed assets;
 - waiver of contractual obligations with specialized companies for the technical maintenance and current repair of fixed assets, using own resources for emergency and operational repairs, including combining of professions.
- d) optimization of other production costs, including:
- activation of programs and procedures for cost-effective use of resources and energy saving;
 - activation of programs and procedures of combining of professions and of other programs for cost-effectiveness and optimisation of technological and production processes.
2. Reorganization of marketing policy and company management procedures, including:
- a) reformatting of base of partners to regions and segments, which are not subject to sanctions and sanctions risks;
 - b) reformatting production to high value-added products, regardless of a possible drop in physical production volumes;
 - c) stimulating the expansion of areas of responsibility and their combination of persons included in the Company's management - optimization of employment in management;
 - d) (d) development, production and marketing of new types of products based on market dynamics;
 - e) (e) use of business support programs.

Direction and use of financial resources

Priorities: payment of wages and related payments, tax payments, payment for raw materials and resources, redemption of credit obligations, production costs.

Reasonable: to terminate or significantly reduce the cost of modernizing and renewal the means of production, as well as other expenses of economic activity for the period of duration of this program (next in the text – Programm)

Implementation, evaluation of progress and results of the program

The shareholders' meeting gives consent to the Council and the Management Board to make decisions regarding the property, rights and obligations of the Company by implementation of this Program approved by the shareholders, relieving them of responsibility for these decisions.

The Council and the Management Board of the Company provide shareholders with information on the progress of the program:

- in the Report of the Council and the Management Report to the annual report of the Company for the years 2022 and 2023 (form and content of the reports: at the discretion of the Company's management);
- in the Management Report to the quarterly and half year reports of the Company (form and content of the reports: at the discretion of the Company's management);
- in the Report of the Management Board to the ordinary shareholders' meetings.

The shareholders' meeting pursuant to the Section 271 of the Commercial Law of the Republic of Latvia entitles the Council and the Management Board to start insolvency proceedings without convening the shareholder's meeting if there are signs of insolvency indicated in the Insolvency Law, if the continuation of Company's activity will increase the

Company's losses and cause damage to the interests of its shareholders, and these signs cannot be resolved by available methods.

The shareholders' meeting entitles the Council and the Management Board to make corrections in this Program based on external and internal factors of markets and activities of the Company.
