

STATEMENT OF EXECUTIVE OFFICERS OF THE COMPANY

Hereby we confirm that based on the information available to us, the interim financial statements of the Company and the Group provided for the six months of the year 2022 prepared in accordance with the International Financial Reporting Standards are true and show the assets, liabilities, financial position, profit or loss and cash flows of *Panevezio statybos trestas* AB and *Panevezio statybos trestas* AB Group in a correct manner, and that the review of business development and performance is indicated correctly in the interim report.



Egidijus Urbonas
Managing Director

Panevezio statybos trestas AB



Evaldas Pocevicius
Finance Director

Panevezio statybos trestas AB



PANEVEZIO STATYBOS TRESTAS AB
Consolidated Interim Financial Statements and Consolidated Interim Report
for First Half of 2022
(UNAUDITED)

31 August 2022

Panevezys

1. Accounting period covered by the Semi-Annual Report

This Consolidated Report for the half-year of 2022 covers the period from 1 January 2021 till 30 June 2022.

2. The main data about the Company (the issuer)

Name of issuer	<i>Panevezio statybos trestas AB</i>
Authorised capital	4,741,500 Euros
Address of registered office	P. Puzino Str. 1, LT-35173 Panevezys, Lithuania
Telephone	(+370 45) 505 503
Fax	(+370 45) 505 520
Legal-organisational form	Public Limited Liability Company
Date and place of registration	30 October 1993, Panevezys City Board
Registration No.	AB 9376
Register code	147732969
VAT code	LT477329610
LEI code	52990000VPCGEWIDCX35
Administrator of Legal Entity Register	State Enterprise <i>Centre of Registers</i>
E-mail	pst@pst.lt
Website	www.pst.lt

3. Nature of the main operation of the issuer

The main operation area of the company and its subsidiaries (the Group) is designing and construction of various buildings, structures, equipment and communications and other objects in Lithuania and abroad, sale of construction materials and real estate development. Furthermore, the company is engaged in rent of premises and machinery.

Vision

To become a reputed construction company in Europe, which uses advanced technologies, ensures quality and agreed work completions terms.

Mission

While honestly fulfilling our obligations, promoting long-term cooperation and proposing mature solutions in construction, we ensure sustainable business development.

Target

To retain the leading position in the construction market by creating the added-value to our clients, shareholders and employees.

4. The companies included in the Group of *Panevezio statybos trestas AB*

As of 31 June 2022, the Group of *Panevezio statybos trestas AB* included the following companies:

<i>Subsidiary company</i>	<i>Registration date, register administrator</i>	<i>Company code</i>	<i>Registered address</i>	<i>Telephone, fax, e-mail, website</i>	<i>Portion of controlled shares (per cents)</i>
<i>Skydmedis UAB</i>	17 June 1999 State Enterprise <i>Centre of Registers</i>	148284718	Pramones Str. 5, Panevezys	Tel. (+370 45) 467626 Fax (+370 45) 460259 info@skydmedis.lt www.skydmedis.lt	100
<i>Metalomeistrai UAB</i>	16 June 1999 State Enterprise <i>Centre of Registers</i>	148284860	Tinklu Str. 7, Panevezys	Tel. (+370 45) 461677 Fax (+370 45) 585087 info@metalomeistrai.lt www.metalomeistrai.lt	100
<i>Vekada UAB</i>	16 May 1994 State Enterprise <i>Centre of Registers</i>	147815824	Marijonu Str. 36, Panevezys	Tel. (+370 45) 461311 Fax (+370 45) 461311 info@vekada.lt www.vekada.lt	95.6
<i>Alinita UAB</i>	8 December 1997 State Enterprise <i>Centre of Registers</i>	141619046	Tinklu Str. 7, Panevezys	Tel. (+370 45) 467630 Fax (+370 45) 467630 info@alinita.lt www.alinita.lt	100
Kingsbud Sp.z o.o.	11 August 2010 District Court in Bialystok, XII Economic Dpt. of National Court	200380717	A. Patli Str. 12, 16-400 Suwalki, Poland	Tel. (+48 875) 655 021 Fax (+48 875) 655 021 biuro@kingsbud.pl www.kingsbud.lt	100
<i>PS Trests SIA</i>	22 May 2000 <i>Centre of Registers,</i> Republic of Latvia	40003495365	Skultes Str. 28, Skulte, Marupes Parish, Riga Region, Latvia	Tel. +371 29525066	100
<i>Teritorija OOO</i>	3 June 2013 Kaliningrad Obl. Federal Tax Service Inspection No. 12	3528202650	Lunacharskogo Drive 43-27, Cherepovets, Bologda Obl., Russian Federation	Tel. +7 (911) 862-60-70 Fax +7 (906) 230-10-62 baltevromarketao@mail.ru maslena11@mail.ru	87.5
<i>Seskines projektai UAB</i>	9 November 2010 State Enterprise <i>Centre of Registers</i>	302561768	Ukmerges Str. 219, Vilnius	Tel. (+370 5) 2102130 info@psti.lt gbujokas@psti.lt	100
<i>Ateities projektai UAB</i>	25 April 2006 State Enterprise <i>Centre of Registers</i>	300560621	Ukmerges Str. 219, Vilnius	Tel. (+370 5) 2102130 Fax (+370 5) 2102131 info@psti.lt	100
<i>PST investicijos UAB</i>	23 December 1998 State Enterprise <i>Centre of Registers</i>	124665689	Ukmerges Str. 219, Vilnius	Tel. (+370 5) 2102130 info@psti.lt gbujokas@psti.lt	68
<i>Tauro apartamentai AB</i>	23 October 2018 State Enterprise <i>Centre of Registers</i>	304937621	Ukmerges Str. 219, Vilnius	Tel. (+370 610) 09222 gbujokas@psti.lt	100
<i>Hustal UAB</i>	11 December 2018 State Enterprise <i>Centre of Registers</i>	304968047	Tinklu Str. 7, Panevezys	Tel. (+370 45) 461677 Fax (+370 45) 585087 andrius.maciekus@hustal.eu www.hustal.eu	100

Subsidiary company	Registration date, register administrator	Company code	Registered address	Telephone, fax, e-mail, website	Portion of controlled shares (per cents)
Aliuminio fasadai UAB	2 January 2020 State Enterprise Centre of Registers	305412441	Pramones Str. 5, Panevezys	Tel. +370 686 32727 info@alfasadai.lt www.alfasadai.lt	100

Subsidiary companies of PST investicijos UAB:

ISK Baltevro market AO	13 July 2001 Independent Registration Company AB – Administrator of Shareholders’ Register	3906214631	Rostovskaja Str. 5-7, Kaliningrad, Kaliningrad Obl., Russian Federation	Tel.+79097772202 baltevromarketao@mail.ru	100
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5. Contracts with the intermediary of public trading in securities

In 2013, the Company signed the contract with the Financial Brokerage Company *Finasta* AB for securities accounting and provision of services related with securities accounting. On 21 December 2015, the Financial Brokerage Company *Finasta* AB had been rearranged by way of merge with *Siauliu bankas* AB, which took over all assets, rights and liabilities of the Financial Brokerage Company *Finasta* AB from the mentioned date.

6. Data on trading in securities of the issuer in regulated markets

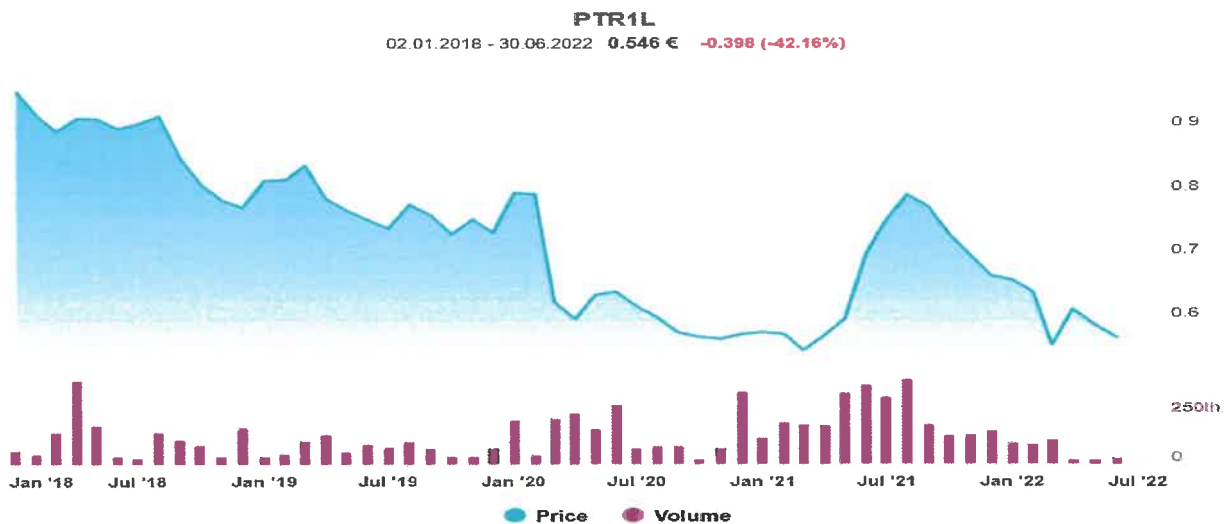
The ordinary registered shares of *Panevezio statybos trestas* AB have been on the Official Trading List of *Nasdaq Vilnius* AB (company symbol PTR1L) since 13 July 2006.

Share type	Number of shares, pcs.	Par value, Euros	Total par value, Euros	Emission code ISIN
Ordinary registered shares (ORS)	16,350,000	0.29	4,741,500	LT0000101446

Comparison of PTR1L Panevezio statybos trestas and OMX Vilnius Benchmark GI indexes for the First Half of 2022



Company share price variation at the Stock Exchange Market Nasdaq Vilnius for the period covering 2018 through the First Half of 2022 (Euros)



Company share price variation at the Stock Exchange Market Nasdaq Vilnius for the First Half of 2022 (Euros)



Table 1. Information on the Company share price at the Stock Exchange Market Nasdaq Vilnius:

Indicator	6 months 2022	2021	2020	2019	2018
Highest price, Eur	0.694	0.838	0.85	0.878	0.99
Lowest price, Eur	0.54	0.53	0.52	0.71	0.75
Average price, Eur	0.603	0.677	0.629	0.78	0.881
Share price as of the end of reporting period, Eur	0.546	0.66	0.57	0.75	0.752
Traded volume, pcs.	427,290	2,935,832	1,980,134	986,685	1,596,044
Turnover, mln. Eur	0.26	1.99	1.25	0.77	1.41
Capitalisation, mln. Eur	8.93	10.79	9.32	12.26	12.3

7. Authorised capital of the issuer and its structure

As of 30 June 2022, the authorised capital of the company amounted to 4,741,500 Euros divided into 16,350,000 ordinary registered shares (ORS), the nominal value of each share being 0.29 Euros. All shares are non-certificated and fully paid. The proof of ownership is the record in the securities accounts.

On 30 June 2022, the total number of shareholders was 1752.

Table 2. The shareholders holding or controlling more than 5 per cents of the authorised capital of the Company:

<i>Full name of a shareholder (company name, type, headquarter address, company code)</i>	<i>Number of ordinary registered shares held by a shareholder under ownership right (pcs.)</i>	<i>Percentage of authorized capital held</i>	<i>Percentage of votes granted by shares held under ownership right</i>
<i>HISK AB S. Kerbedzio Str. 7, Panevezys Company code: 147710353</i>	8,138,932	49.78	49.78
<i>CLAIRMONT HOLDINGS LTD Company number 85573 GRIGORI AFXENTIOU, 27 P.O. 6021, CYPRUS</i>	936,052	5.73	5.73
Freely negotiable shares	6,931,449	44.50	44.50

None of the shareholders of the issuer has any special control rights. All shareholders have equal rights prescribed by Section 4 of the Law on Companies of the Republic of Lithuania.

The number of shares carrying votes at the General Meeting of Shareholders of *Panevezio statybos trestas AB* is 16,350,000.

8. Fair review of position, performance and development of the Company and the Group, description of the principal risks and uncertainties the Company faces

Key events of the reporting period

5 January 2022. The company had appealed in cassation against the mentioned court judgement to the Supreme Court of Lithuania. On 5 January 2022, the Supreme Court of Lithuania upheld the judgement of 17 February 2021 by the Panevezys Regional Court.

7 January 2022. On 6 January 2022 the Supreme Court of Lithuania delivered the judgement on the decision by the state enterprise Ignalina Nuclear Power Plant to reject the submitted bid in the tender for Procurement of Works for Construction of INPP Near Surface Repository for Low and Intermediate-Level Short-Lived Radioactive Waste (Construction Stages I/A, II/A) and Design, Construction and Connection of External Rainwater Drainage Networks to INPP Infrastructure thereby dismissing the cassation appeal of *Panevezio statybos trestas AB* and hearing the case in cassation proceedings. The court motivated their decision mainly by the fact that the case is of little significance to the practice of the Lithuanian courts and public procurement. The court judgement and the outcome of the dispute will not affect the future operations of the company as its possibilities for participation in public procurement are no longer restricted.

8 March 2022. *Panevezio statybos trestas AB* notified that it ceases to operate its companies located in the region of the Russian Federation:

- Operation of *Baltevromarket* OOO, with 100 per cents of the authorized capital hold by *PST Investicijos* UAB, is ceased though there have been no assets owned by the company since mid of 2021;
- *Teritorija* OOO has been out of active operation for the period of three years;

- *Baltlitstroj* OOO is declared bankrupt and is in the process of the relevant proceedings.

For several years now, taking into account the risks involved, *Panevezio statybos trestas AB* has been putting tendentious efforts to withdraw from the market of the Russian Federation.

15 April 2022. The Supreme Court of Lithuania annulled the decisions of the courts of first and appeal instance and remitted the case to the Appeal Court. The Supreme Court interpreting the provisions of the Competition Law regarding the calculation of interest stated that the Appeal Court misapplied the provisions of the Competition Law governing the procedure for calculating the interest due for non-payment of fines for competition law infringements and ruled that the maximum interest period of 180 days shall be applied.

According to the PST the bailiff's order under appeal calculated interest for the entire period of the court proceedings and for an additional 180 days which amounts to EUR 1,385,178.76, the recalculated amount of interest for 180 days should amount to EUR 251,906.30.

As of 1 August 2022, *Panevezio statybos trestas AB* has already paid EUR 2,245,985 in execution of the decision by the Competition Council, despite the dispute in the courts.

28 April 2022. The Ordinary General Meeting of Shareholders of *Panevezio statybos trestas AB* took place. The Ordinary General Meeting of Shareholders did not come to the decision to pay dividends.

24 May 2022. *Panevezio statybos trestas AB* has signed the construction contract with the Visaginas Municipality Administration for Reconstruction of Visaginas Sedulina Alley and Fountain. The total contract value is over EUR 4 million (incl. VAT). The works are expected to be completed within the period of 12 months but no later than September 2023.

30 May 2022. The State Tax Inspectorate under the Ministry of Finance informed *Panevezio statybos trestas AB* (the Company) that the European Commission had closed the procedure for notifying the state aid to the Company started as a result of distribution of the fine imposed by the Competition Council. The European Commission had given an explanation that if for payment in instalments by the Company of the imposed fine (economic sanction) together with the procedural interest rate established by law is subject to the additional annual interest rate corresponding to market conditions, such aid shall not be considered to be the state aid.

15 June 2022. By the court judgement dated 14 June 2022, the Panevezys Regional Court satisfied the complaint by the Company against the actions of the bailiff in the enforcement case and revoked the bailiff's orders regarding calculation of interest and enforcement costs - the bailiff's remuneration - and placed the bailiff under the obligation to recalculate the interest and enforcement costs indicated in the mentioned orders. It should be recalled that in its judgement the Supreme Court of Lithuania had vacated the ruling and the judgement by the courts of the first and appeal instances and referred the case back to the appeal instance. In interpreting the provisions of the Law on Competition in relation to interest calculation, the Supreme Court of Lithuania found that the appeal court had misapplied the rules of the Law on Competition governing the procedure for calculation of interest due for the fine unpaid for infringement of the competition rights and stated that in all cases the maximum period of 180 days for calculation of interest should be applied.

Based on the orders under complaint, the calculated interest amounted to 1,385,178.76 Euros, whereas considering interpretation by the Supreme Court of Lithuania, interest due for the period of 180 days amounts to 251,906.30 Euros.

2 August 2022. Two subsidiary companies of *Panevezio statybos trestas AB* (PST), *Hustal* UAB (hereinafter '*Hustal*') and *Metalo meistrai* UAB (hereinafter '*Metalo meistrai*') are in the process of merging. The activities of both companies overlap to a considerable extent – both of them carry out the works related to engineering, production and sales of steel structures for various industries, therefore merger is aimed for optimizing processes and making them more efficient. *Hustal* is merged with *Metalo meistrai*, the company with more than two decades of experience. When merger is completed, *Hustal* will cease its operation and *Metalo meistrai* will continue operating after taking over the name, assets, rights and liabilities of *Hustal*.

3 August 2022. *Panevezio statybos trestas AB* has signed the 10 million Euro provisional sum contract with the General Contractor, Petrofac International UAE LLC, for building construction works in Factory Modernization Project at *Orlean Lietuva UAB* in Mazeikiai. *Panevezio statybos trestas AB* plans to complete the building construction works by February 2024.

Risk factors related to the company's operation:

In performance of business, both the Company and the Group face various types of risks: legal regulation, severe competition, shortage of qualified labour, cyclical nature of economy, macroeconomic factors, damping. However, only a few of them may have significant impact on the performance results of the Group and the Company. The main factors that create business risk for the Company and the Group are competition in the construction market and changes in the demand for construction services. The demand for construction services also depends heavily on the volume of investments and financing received from the EU structural funds. Increase and variation of material and service prices make the process of the project budgeting and possibility to complete the already started projects based on the planned costs more difficult. This results in extra risk for performance of fixed price construction contracts and reduces profitability of projects. Furthermore, activity of the Company and the Group is influenced by the economic situation (economic cycles) in Lithuania and the countries where the Group companies operate. There is still some uncertainty about the trends in global economic development as well as regional and global crisis in future.

Information on the types of financial risks and risk management is provided in the Notes to the Separate Financial Statements for the year 2021 (Note 4) and the Notes to the Consolidated Financial Statements for the year 2021 (Note 4).

Legal uncertainties are provided in the Notes to the Separate Financial Statements for the year 2021 (Note 28) and the Notes to the Consolidated Financial Statements for the year 2021 (Note 27).

9. Analysis of financial and non-financial performance, information related to environment and employee matters

Referring to the unaudited data, over the first six months of 2022, the turnover of *Panevezio statybos trestas AB* amounted to 35.736 mln. Euros, that is by 28.6 per cents more compared to the first six months of the year 2021. The turnover of *Panevezio statybos trestas AB* over the first six months of 2021 was 27.794 mln. Euros.

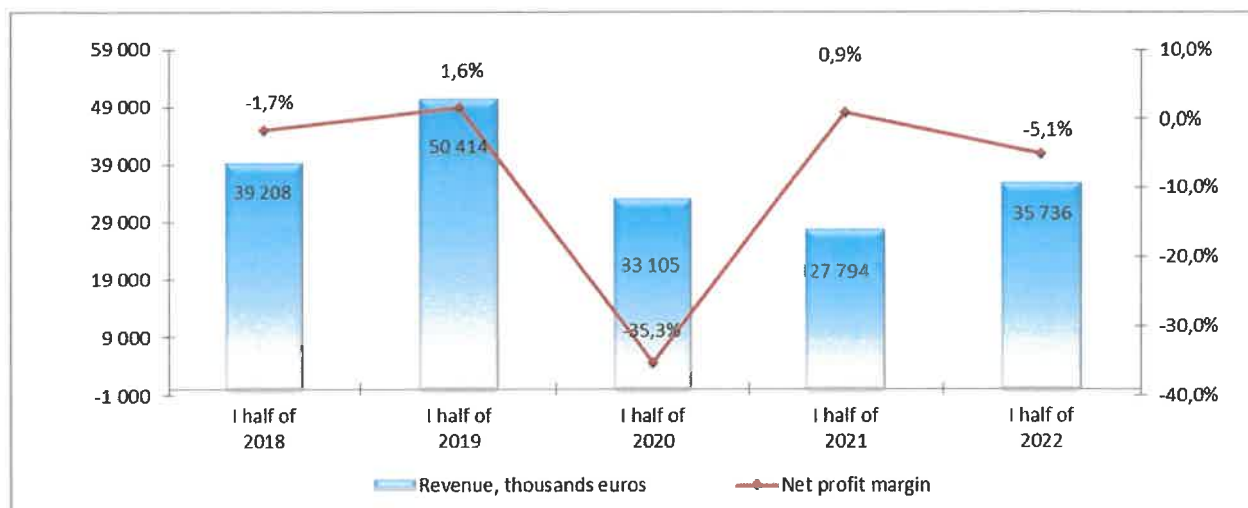
In the first half of 2022, *Panevezio statybos trestas AB* incurred the net loss in the amount of 1.837 mln. Euros. Over the first half of 2021, *Panevezio statybos trestas AB* was on the net profit in the amount of 0.241 mln. Euros.

The war in Ukraine had a significant impact on the Company's activities, as well as the entire construction sector. The prices of materials that have increased notably since the beginning of the war, shortage of raw materials and supply disruptions had substantial effects on the Company's result for the first half.

The comprehensive consolidated revenue of *Panevezio statybos trestas AB* Group amounted to 55.150 mln. Euros, which increased by 17 per cents compared to that for the first half of 2021 when the revenue of the Group had been 47.134 mln. Euros. Over the accounting period the Group incurred the net loss in the amount of 0.466 mln. Euros.

EBITDA of the Company for the six months of 2022 was negative – 1.853 mln. Euros whereas for the first half of the year 2021 it amounted to 0.147 mln. Euros. EBITDA of the Group for the six months of 2022 was 0.389 mln. Euros compared to 3.252 mln. Euros for the first half of 2021.

Revenue and net profit margin variation for the Company:



Revenue and net profit margin variation for the Group:

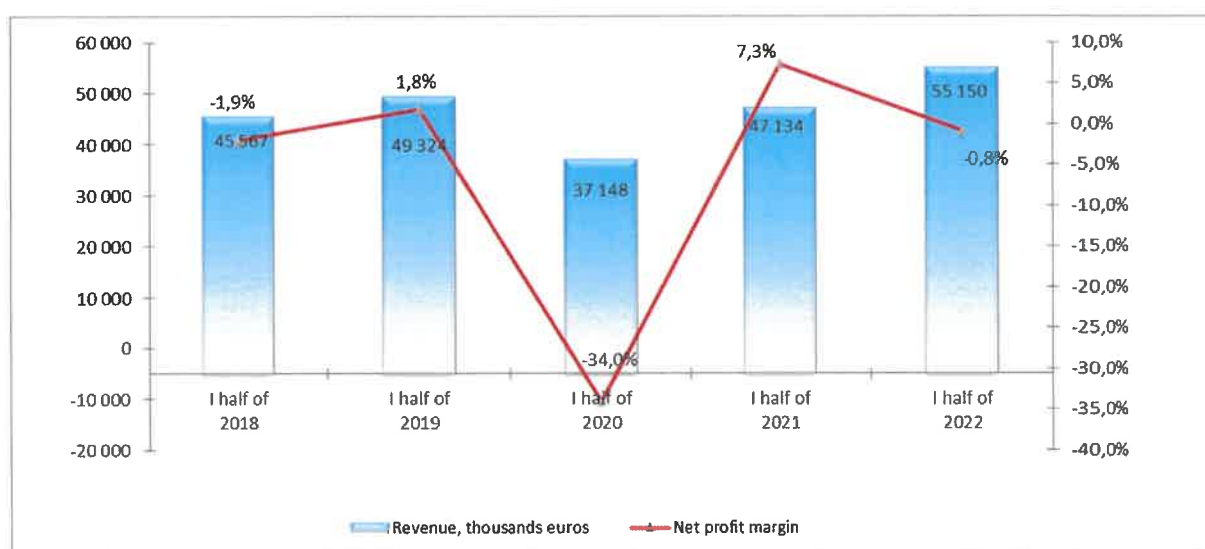


Table 3. The results of the Company and the Group of Panevezio statybos trestas AB for the First Half of 2019 through the First Half of 2022 (thousands Euros):

Group			Items	Company		
I half of 2020	I half of 2021	I half of 2022		I half of 2020	I half of 2021	I half of 2022
37,148	47,134	55,150	Revenue	33,105	27,794	35,736
34,319	40,168	50,527	Cost	32,726	25,046	34,588
2,829	6,966	4,623	Gross profit	379	2,748	1,148
7.62	14.78	8.38	Gross profit margin (per cents)	1.14	8.89	3.21
-10,202	2,589	-221	Typical operating result	-11,375	-302	-2,324
-27.46	5.49	-0.40	Typical operating result from turnover (per cents)	-34.36	-1.09	-6.50
-9,473	3,252	389	EBITDA ¹	-10,730	147	-1,853
-25.50	6.90	0.71	EBITDA margin (per cents)	-32.41	0.53	-5.19
-12,648	3,444	-466	Net profit	-11,697	241	-1,837
-34.05	7.31	-0.84	Nets profit (loss) margin (per cents)	-35.33	0.87	-5.14

Group			Items	Company		
I half of 2020	I half of 2021	I half of 2022		I half of 2020	I half of 2021	I half of 2022
-0.774	0.21	-0.029	Earnings per share (Euros)(EPS) ²	-0.715	0.015	-0.112
-56.09	11.62	-1.62	Return on equity (per cents)(ROE) ³	-51.86	1.09	-9.05
-17.70	4.21	-0.54	Return on assets or asset profitability (per cents) (ROA) ⁴	-17.73	0.37	-3.81
-53.26	10.91	-0.90	Return on investments (per cents) (ROI) ⁵	-49.69	1.01	-8.44
1.28	0.80	1.27	Current liquidity ratio ⁶	0.91	0.94	1.04
0.53	0.65	0.91	Critical liquidity ratio ⁷	0.83	0.85	0.81
0.32	0.36	0.33	Equity ratio ⁸	0.34	0.34	0.42
1.38	1.81	1.76	Book value per share ⁹	1.38	1.35	1.24
0.45	0.39	0.31	Ratio of share price and book value (P/BV) ¹⁰	0.45	0.53	0.44

¹ EBITDA (over relevant period) = operating profit + depreciation (amortization). The essence of EBITDA indicator is to determine the most objective profit (loss) of the company, which is least dependable on circumstances (least variable).

² Earnings per share (Euros) = net profit (loss) / number of issued shares

³ Return on equity (per cents) (ROE) = net profit / equity capital (a portion equity capital belonging to the shareholders)

⁴ Return on assets (ROA) or asset profitability = net profit / assets

⁵ Return on investments (ROI) = net profit / (equity capital + non-current debts)

⁶ Current liquidity ratio = current assets / current liabilities

⁷ Critical liquidity ratio = (current assets – inventories) / current liabilities

⁸ Equity ratio = equity capital / assets

⁹ Book value per share = equity capital / number of shares

¹⁰ Price-to-book ratio (P/B ratio) = share price as of the end of reporting period / share book value

Table 4. Revenue (mln. Euros) by activity types

mln. Euros	Group		
	I half of 2020	I half of 2021	I half of 2022
Construction works	36.14	36.65	38.95
Real estate	0	7.23	1.56
Finished products and other revenue	1.01	3.25	14.64

In the first half of 2022, the main revenue of Panevezio statybos trestas AB by activity types was from construction and erection. The revenue of the Group from construction and erection activities totalled 70.6 per cents, the revenue from real estate was 2.8 per cents, the revenue from finished products and other revenue amounted to 26.5 per cents of the total revenue. In the first half of 2021, the revenue of the Group from construction and erection totalled 77.8 %, the revenue from real estate was 15.3 per cents, the revenue from finished products and other revenue amounted to 6.9 per cents.

Table 5. Operating revenue (mln. Euros) by countries:

	Group			Company		
	I half of 2020	I half of 2021	I half of 2022	I half of 2020	I half of 2021	I half of 2022
Lithuania	31.13	33.59	45.21	32.55	27.57	35.47
Russian Federation	0	6.76	0	0	0	0
Scandinavian countries	5.44	6.39	9.58	0	0	0
Other countries	0.58	0.39	0.36	0.56	0.23	0.26

In the first half of 2022, the main activities of *Panevezio statybos trestas AB* were carried out in Lithuania and made 99.3 per cents compared to 99.2 per cents over the first half of 2021. The revenue of the Group from the works performed inside the country made 82 per cents, the revenue in the Scandinavian countries was 17.4 per cents of the revenue. In the first half of 2021, the revenue inside the country made 71.3 per cents of the revenue, 14.3 per cents in the Russian Federation (attributable to selling of the land plots located in the Russian Federation and had been owned by the member of the Group, *Baltevromarket OOO*) and 13.56 per cents in the Scandinavian countries.

Information on any transactions with related parties as prescribed by Paragraph 2, Article 37 of the Law on Companies.

There were no such transactions concluded.

Environmental protection

Quality, environment protection, occupational health and safety play a very important role in activities of *Panevezio statybos trestas AB*. Quality Management (ISO 9001), Environmental Management (ISO 14001) and Occupational Health and Safety Management (OHSAS 18001) Systems introduced and available at the Company allow taking proper care of these significant factors. Assessment of occupational risk is carried out, analyses are performed and measures for risk reduction or elimination are taken on each site. For the purposes of environment and resource protection and sustainability, ensuring pollution prevention, in the beginning of each project the environmental plan including specific measures for control of significant aspects of environment protection and activities performed is prepared.

The Construction Laboratory of the Company has been accredited in accordance with LST EN ISO/IEC 17025:2018, meets the requirements applicable to the accredited laboratory, satisfied the criteria of the accreditation body and is granted the right to perform tests of construction materials and take measurements of air permeability in buildings. Accreditation is performed by the Lithuanian National Accreditation Bureau.

The companies of the Group also have Quality, Environmental and Occupational Health and Safety Management Systems in accordance with the requirements of LST EN ISO 9001:2015, LST EN ISO 14001:2015 and LST ISO 45001:2018 introduced and successfully functioning.

Employees

Professional, competent and responsible employees are the biggest asset of *Panevezio statybos trestas AB*. Therefore, much attention is paid to motivation of employees: environment favourable for generation and implementation of new ideas is being created and sharing of information is being promoted. In modern environment, competence of employees is one of the key factors describing competitiveness of the company.

Considering this factor, the company encourages employees in all organizational levels to learn and improve their skills on a continuing basis. The employees are motivated not only by material incentives – competitive salaries, progressive bonus system but also by exceptional quality of working environment.

As of 30 June 2022, the number of employees in the Group was 831, in the company – 560. As of 30 June 2021, the number of employees in the Group was 868, in the company – 592.

Table 6. Average number of employees

<i>Average number of employees</i>	<i>I half of 2021</i>		<i>I half of 2022</i>	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
Managers	25	11	22	10
Specialists	308	228	307	223
Workers	521	337	490	310

Total	854	576	819	543
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Table 7. Education level of the Group employees as of the end of the period

<i>PST Group employees</i>	<i>Payroll number</i>	<i>Higher university level education</i>	<i>Higher non-university education</i>	<i>Junior college education</i>	<i>Secondary education</i>	<i>Incomplete secondary education</i>
Managers	22	21	0	1	0	0
Specialists	320	247	32	30	11	0
Workers	489	21	7	71	339	51
Total	831	289	39	102	350	51

Table 8. Average monthly gross pay per employee (Euros)

	<i>I half of 2021</i>		<i>I half of 2022</i>	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
Managers	3,512	4,401	4,627	5,106
Specialists	2,033	2,023	2,355	2,409
Workers	1,388	1,272	1,606	1,550
Total	1,708	1,656	1,991	1,993

Over the first half of 2022, the natural turnover of employees took place. Employment contracts do not include any special rights and obligations of employees or some part of them.

In 2022, the company also pays much attention to qualification improvement. Training in the company is done in three directions using:

1. Services of training arranging institutions (external training);
2. Services of higher education institutions (employee studies).

10. Information on research and development activities performed by the Company and the Group

The Company and companies of the Group pay much attention to improvement of business process management, increase of operational efficiency, make targeted investments in increasing competitiveness of production capacities, improving working conditions of employees.

To maintain the highest competence in the construction sector, the Company implements and uses advanced processes and technologies in its activities.

For design preparation we use the up-to-date design software. We are constantly keeping up to date with the latest applications and supplementing our software package.

The Company strives for fluent construction operations. We use the up-to-date software that allows us using the advantages of the Building Information Modelling (BIM). This digital model is used in the tender preparation and preparation for construction stages, delivering supplies to the site, monitoring the progress of planned and completed activities.

11. Procedure for amendment of the Articles of Association of the issuer

Any amendments of the Articles of Association of *Panevezio statybos trestas* AB are made following the procedure prescribed in the regulations of the Republic of Lithuania.

12. Bodies of the issuer

Referring to the Articles of Association of *Panevezio statybos trestas AB*, the management bodies of the Company are the General Meeting of Shareholders, the Board and the Managing Director. The Supervisory Council is not formed in the Company.

The General Meeting of Shareholders is the highest governing body of the Company, resolving the issues assigned to its competence by the Law on Companies and the Articles of Association of the Company. The competence of the General Meeting of Shareholders does not differ from that of the competence prescribed by the Law on Companies.

According to the Law on Companies of the Republic of Lithuania, one collegial management body may be formed in the Company. The Board consists of 5 (five) members, who are elected by the General Meeting of Shareholders for the period of 4 (four) years. They represent the shareholders and perform supervisory and control functions. The activities of the Board are managed by the Chairman. The Board elects the Chairman from the members of the Board.

The Chief Executive officer of the Company is the Managing Director. The Managing Director is the sole governing body of the Company. The Managing Director is the main person managing and representing the Company. The Board elects and dismisses the Chief Executive Officer of the Company – the Managing Director, fixes his salary, sets other terms and conditions in the employment contract with him, approves his job description, gives incentives and imposes penalties. The Managing Director shall organize the activities of the Company.

The Board:

The Board Members of *Panevezio statybos trestas AB* were elected for the new term of 4 (four) years at the General Meeting of Shareholders held on 9 April 2021. The term of office for all the Board Members will expire on 9 April 2025.

JUSTAS JASIUNAS, Chairman

Educational background: Mykolas Romeris University, Master in Law.

Place and position of employment: Consultant at *Panevezio statybos trestas AB* (company code 147732969, P. Puzino Str. 1, Panevezys).

Participation in activities of other companies: Board Member at *HISK AB* (company code 147710353, S. Kerbedzio Str. 7, Panevezys),

Chairman at *Aliuminio fasadai UAB* (company code 305412441, Pramones Str. 7, Panevezys),

Chairman at *Vekada UAB* (company code 147815824, Marijonu Str. 36, Panevezys),

Board Member at *Skydmedis UAB* (company code 148284718, Pramones Str. 5, Panevezys).

As of 30 June 2022, held no shares of the Company.

GVIDAS DROBUŽAS, Board Member

Educational background: Panevezys Polytechnic School, higher non-university.

Place and position of employment: General Director, Board Member at *IOCO Packaging UAB* (company code 110564826, Pusaloto Str. 212, Panevezys).

Participation in activities of other companies: Chairman at *HISK AB* (company code 147710353, S. Kerbedzio Str. 7, Panevezys),

Consultant at *Panevezio statybos trestas AB* (company code 147732969, P. Puzino Str. 1, Panevezys);

Board Member at *PST investicijos UAB* (company code 124665689, Ukmerges Str. 219, Vilnius),

Director at *Pokstas UAB* (company code 168424572, Gustonys Vlg., Naujamiestis Eldership, Panevezys District Municipality),

Director at *IOCO UAB* (company code 302547850, Verkiu Str. 25C-1, Vilnius),

Director at *Stenrosus UAB* (company code 300007108, B. Sruogos Str. 6-14, Vilnius).

As of 30 June 2022, held 5 (five) shares of the Company, a shareholder of *HISK AB*.

VAIDAS GRINCEVICIUS, Board Member

Educational background: Vilnius University, Master in Management and Business Administration.

Participation in activities of other companies: Member of LitBAN (Lithuanian Business Angel Network) Association (company code 304811409, L. Stuokos-Guceviciaus Str. 9-10, Vilnius), a venture capital investor,

Chairman at *SIQOR industries UAB* (company code 304755864, Konstitucijos Ave. 21A, Vilnius).

As of 30 June 2022, held no shares of the Company.

KRISTINA MACIULIENE, Board Member

Educational background: Kaunas University of Technology, Bachelor in Business Administration, Lithuanian University of Law, Master in Law.

Place and position of employment: Expert-Consultant at *HISK AB* (company code 147710353, S. Kerbedzio Str. 7, Panevezys).

Participation in activities of other companies: Board Member at *HISK AB* (company code 147710353, S. Kerbedzio Str. 7, Panevezys),

Chairman at *Skydmedis UAB* (company code 148284718, Pramonės Str. 5, Panevezys),

Chairman at *Hustal UAB* (company code 304968047, Tinklu Str. 7, Panevezys),

Board Member at *Metalo meistrai UAB* (company code 148284860, Tinklu Str. 7, Panevezys),

Board Member at *Vekada UAB* (company code 147815824, Marijonu Str. 36, Panevezys),

Board Member at *Aliuminio fasadai UAB* (company code 305412441 Pramonės Str. 5, Panevezys),

Chairman at *Lauktuves Jums UAB* (company code 147797155, Laisvės Sq. 26, Panevezys),

Chairman at *Gustonių žemes ūkio technika UAB* (company code 168581940, S. Kerbedzio Str. 7F, Panevezys).

As of 30 June 2022, held 10 (ten) shares of the Company.

LINA SIMASKIENE, Board Member

Educational background: Kaunas University of Technology, Engineer-Economist.

Place and position of employment: Chief Financial Officer at *IOCO Packaging UAB* (company code 110564826, Pusaloto Str. 212, Panevezys).

Participation in activities of other companies: Chief Accountant at *IOCO UAB* (company code 302547850, Verkiu Str. 25C-1, Vilnius),

Chief Accountant at *Pokstas UAB* (company code 168424572, Gustonys Vlg., Naujamiestis Eldership, Panevezys District Municipality),

Chief Accountant at *Stenrosus UAB* (company code 300007108, B. Sruogos Str. 6-14, Vilnius);

Chief Accountant at *New Miracle UAB* (company code 304552981, J. Zikaro Str. 33A, Panevezys);

As of 30 June 2022, held no shares of the company.

Management:

EGIDIJUS URBONAS – Head of the Company Administration, Managing Director. Holds no shares of the Company. University education, Construction Engineering, Kaunas Technology University. Master Degree in Construction Engineering, Vilnius Gediminas Technical University, postgraduate program in Construction Management.

Participation in activities of other companies: Chairman at *PST investicijos UAB* (company code 124665689, Ukmergės Str. 219, Vilnius)

As of 30 June 2022, held no shares of the Company.

DANGUOLE SIRVINSKIENE – Chief Accountant of the Company. Holds no shares of the Company. University education (LZUA. 1983), Accounting - Economics.

In the first half of 2022 neither the members of the Board nor the top managers of *Panevezio statybos trestas AB* were granted loans, given guarantees and sureties, had any property transfers to them.

Audit Committee

Following Article 52 of the Law on Audit of the Republic of Lithuania, the General Meeting of Shareholders of *Panevezio statybos trestas AB* elects the Audit Committee. The Audit Committee consists of three members, one of them being independent. The term of office of the Audit Committee is one year. The continuous term of office of a committee member cannot exceed 12 years.

The duties of the Audit Committee are as follows:

- 1) to monitor the financial reporting process;
- 2) to monitor effectiveness of the company's internal control, risk management and internal audit, if applicable, systems;
- 3) to monitor carrying out of the audit;
- 4) to monitor independence and objectivity of the auditor or audit company.

The following members were elected to the Audit Committee at the Annual General Meeting of Shareholders of *Panevezio statybos trestas AB* on 28 April 2022:

Drasutis Liatukas – Independent Auditor, Head of and Auditor at *Finansu auditorius UAB*. Holds no shares of the company.

Irena Kriauciuniene – Independent Auditor. Holds no shares of the company.

Lina Rageliene – Accountant, *Panevezio statybos trestas AB*. Holds no shares of the company.

13. Information about public information

Following the requirements of the Law of the Republic of Lithuania, all main events concerning the Company and information about the time and venue of the General Meeting of Shareholders are published on the website of the Company <https://www.pst.lt/en/investuotojams> and in AB NASDAQ Vilnius (www.nasdaqomxbaltic.com) Stock Exchange.

14. Information on compliance with the Governance Code

The Company complies with the procedure of company management set forth by the Law on Companies of the Republic of Lithuania.

The Company partially complies with the Governance Code applicable to the companies that are on the list of the Vilnius Stock Exchange. During the six months of 2022, there were no essential changes related to the company's notification on compliance with the Governance Code for the year 2021 applicable to the companies that are on the list of *NASDAQ OMX VILNIUS* Stock Exchange.

The annual report of the Company will include the more detailed explanation of how the Company complies with the recommendations of the Governance Code.

15. Unaudited financial statements

Separate statement of comprehensive income

thousand Euros

ITEM	<i>6 months of 2022</i>	<i>6 months of 2021</i>
REVENUE	35,736	27,794
COST OF SALES	-34,588	-25,046
GROSS PROFIT (LOSS)	1,148	2,748
OPERATING EXPENSES	-3,472	-3,050
Sales	-172	-167
Other general and administrative	-3,300	-2,883
TYPICAL OPERATING PROFIT (LOSS)	-2,324	-302
OTHER ACTIVITIES	138	241
Income	468	433
Costs	-330	-192
FINANCIAL AND INVESTMENT ACTIVITIES	84	311
Income	127	372
Costs	-43	-61
PROFIT (LOSS) BEFORE TAXATION	-2,102	250
INCOME TAX	265	-9
NET PROFIT (LOSS)	-1,837	241

Consolidated statement of comprehensive income

thousand Euros

ITEM	<i>6 months of 2022</i>	<i>6 months of 2021</i>
REVENUE	55,150	47,134
COST OF SALES	-50,527	-40,168
GROSS PROFIT (LOSS)	4,623	6,966
OPERATING EXPENSES	-4,844	-4,377
Sales	-254	-238
Other general and administrative	-4,590	-4,139
TYPICAL OPERATING PROFIT (LOSS)	-221	2,589
OTHER ACTIVITIES	-80	1,947
Income from revaluation of investment property	0	2,069
Other income	1,013	396
Costs	-1,093	-518
FINANCIAL AND INVESTMENT ACTIVITIES	-247	-518
Income	90	65
Costs	-337	-583
PROFIT (LOSS) BEFORE TAXATION	-548	4,018
INCOME TAX	82	-574
NET PROFIT (LOSS)	-466	3,444
ATTRIBUTABLE TO SHAREHOLDERS	-486	3,108
ATTRIBUTABLE TO MINORITY INTEREST	20	336

Separate statement of financial position

thousand Euros

ASSETS	30 June 2022	31 Dec. 2021
Non-current assets	20,674	20,503
Intangible assets	175	184
Tangible assets	7,445	7,811
Investment and amounts receivable in one year	12,540	12,259
Deferred tax assets	514	249
Current assets	27,487	27,975
Inventories	5,986	4,559
Prepayments	1,931	1,220
Trade receivables	15,320	14,831
Other current assets	2,164	1,570
Cash and cash equivalents	2,086	5,795
TOTAL ASSETS	48,161	48,478

EQUITY AND LIABILITIES	30 June 2022	31 Dec. 2021
Equity	20,303	22,139
Share capital	4,742	4,742
Reserves	1,519	1,612
Retained earnings	14,042	15,785
Translation reserve	0	0
Minority share	0	0
Amounts payable and liabilities	27,858	26,339
Amounts payable after one year and non-current liabilities	1,457	1,472
Loans and other financial liabilities	0	0
Warranty and other provision	767	782
Deferred tax liabilities	0	0
Other amounts payable and non-current liabilities	690	690
Amounts payable in one year and current liabilities	26,401	24,867
Loans and financial liabilities	1,399	0
Trade payables	12,757	11,811
Income tax payable	0	0
Other amounts payable and current liabilities	12,245	13,056
TOTAL EQUITY AND LIABILITIES:	48,161	48,478

Consolidated statement of financial position

thousand Euros

ASSETS	<i>30 June 2022</i>	<i>31 Dec. 2021</i>
Non-current assets	42,732	42,635
Intangible assets	250	267
Tangible assets	40,796	41,246
Investment and amounts receivable after one year	1,053	732
Deferred tax assets	633	390
Current assets	43,200	43,569
Inventories	12,073	10,129
Advance payments	2,087	1,766
Amounts receivable	17,901	18,483
Other current assets	870	1,303
Cash and cash equivalents	10,269	11,888
TOTAL ASSETS:	85,932	86,204

EQUITY AND LIABILITIES	<i>30 June 2022</i>	<i>31 Dec. 2021</i>
Equity	28,699	29,324
Share capital	4,742	4,742
Reserves	2,647	2,608
Retained earnings	17,188	17,713
Translation reserve	4,122	4,261
<i>Minority interest</i>	1,242	1,230
<i>Grants and liabilities</i>	44	48
Amounts payable and liabilities	55,947	55,602
Amounts payable after one year and non-current liabilities	21,821	22,017
Loans and other financial liabilities	19,222	19,441
Warranty provisions and other	948	965
Deferred tax liabilities	928	875
Other amounts payable and non-current liabilities	723	736
Amounts payable in one year and current liabilities	34,126	33,585
Loans and financial liabilities	2,083	816
Trade payables	16,091	15,660
Income tax payable	123	120
Other amounts payable and current liabilities	15,829	16,989
TOTAL EQUITY AND LIABILITIES:	85,932	86,204

Separate statement of changes in equity

thousand Euros

	Share capital	Non-current tangible asset revaluation reserve	Legal reserve	Retained profit	Total
Balance as of 1 January 2022	4,742	1,137	475	15,785	22,139
Net profit (loss) for 2022				-1,837	-1,837
Total other comprehensive income		-93		94	1
Balance as of 30 June 2022	4,742	1,044	475	14,042	20,303
Balance as of 1 January 2021	4,742	1,270	475	15,349	21,836
Net profit (loss) for 2021				241	241
Total other comprehensive income		-66		67	1
Balance as of 30 June 2021	4,742	1,204	475	15,657	22,078

Consolidated statement of changes in equity

thousand Euros

	Share capital	Revaluation reserve	Legal reserve	Currency translation reserve	Retained earnings	Attributable to equity holders of the company	Minority interest	Total
Balance as of 1 January 2022	4,742	2,008	600	4,261	17,713	29,324	1,230	30,554
Decrease in revaluation reserve		-94			94	0		0
Increase in legal reserve			133		-133	0		0
Net profit (loss) for 2022					-486	-486	20	-466
Currency translation effect				-139		-139	-8	-147
Balance as of 30 June 2022	4,742	1,914	733	4,122	17,188	28,699	1,242	29,941
Balance as of 1 January 2021	4,742	2,325	599	2,318	24,343	34,327	913	35,240
Decrease in revaluation reserve		-77			77	0		0
Net profit (loss) for 2021					-12,181	-12,181	-468	-12,649
Dividends					-491	-491		-491
Currency translation effect				894		894	378	1,272
Balance as of 30 June 2021	4,742	2,248	599	3,212	11,748	22,549	823	23,372

Separate statement of cash flows

thousand Euros

	<i>Jan. through June 2022</i>	<i>Jan. through June 2021</i>
Cash flows from operating activities		
Net profit (loss)	-1,837	241
Depreciation and amortization	471	449
Profit (loss) from transfer of non-current assets	-26	-86
Income tax expense	0	9
	<u>-1 392</u>	<u>613</u>
Change in inventories	-1,426	-952
Change in trade receivables	-648	-5,346
Change in prepayments	-711	-448
Change in amounts receivable after one year	97	-1
Change in other assets	-275	-102
Change in trade payables	946	3,729
Change in prepayments received	7	-29
Change in provisions and other liabilities	-1,392	-607
	<u>-4,794</u>	<u>-3,143</u>
Income tax paid	0	0
Net cash flows from operating activities	<u>-4,794</u>	<u>-3,143</u>
Cash flows from investing activities		
Acquisition of non-current assets (excl. investments)	-44	-183
Disposal of non-current assets (excl. investments)	28	290
Acquisition of long-term investments	0	-166
Loans granted	-292	-931
Loans recovered	30	917
Dividends and interest received	1	90
Net cash flows from investing activities	<u>-277</u>	<u>17</u>
Cash flows from financing activities		
Dividends paid	0	0
Increase in loans and financial liabilities	1,399	0
Decrease in loans and financial liabilities	0	9
Interest paid	-37	-176
Net cash flows from financing activities	<u>1,362</u>	<u>-167</u>
Increase (decrease) in net cash flows	<u>-3,709</u>	<u>-3,293</u>
Cash and its equivalent at the beginning of the period	5,795	4,648
Cash and its equivalents at the end of the period	<u>2,086</u>	<u>1,355</u>

Consolidated statement of cash flows

thousand Euros

	<i>Jan. through June 2022</i>	<i>Jan. through June 2021</i>
Cash flows from operating activities		
Net profit (loss)	-466	3,444
Elimination of other non-cash items:		
Depreciation and amortization	610	663
Other non-cash items	-176	526
	-32	4,633
Change in inventories	-1,851	-5,020
Change in contracts in progress	-93	6,517
Change in trade receivables	412	-7,655
Change in prepayments	-321	-502
Change in other assets	280	-229
Change in trade payables	493	5,293
Change in prepayments received	-380	1,135
Change in provisions and other liabilities	-812	-699
	-2,304	3,473
Elimination of results from financial and investing activities	-14	-1,783
Net cash flows from operating activities	-2,318	1,690
Cash flows from investing activities		
Acquisition of non-current assets (excl. investments)	-166	-584
Disposal of non-current assets (excl. investments)	0	291
Acquisition of long-term investments	0	0
Loans granted	0	0
Loans recovered	3	3
Dividends and interest received	1	92
Net cash flows from investing activities	-162	-198
Cash flows from financial activities		
Dividends paid	0	0
Increase in loans and financial liabilities	1,399	9
Decrease in loans and financial liabilities	-168	-262
Payment of finance lease liabilities	-73	-3
Interest paid	-297	-176
Net cash flows from financing activities	861	-432
Increase (decrease) in net cash flows	-1,619	1,060
Cash and cash equivalents in the beginning of the period	11,888	9,410
Cash and cash equivalents at the end of the period	10,269	10,470

EXPLANATORY NOTE

General information

Panevezio statybos trestas AB (hereinafter ‘the Company’) was established in 1957 and for a long time was known as the North Lithuania Construction Trust (*Siaures Lietuvos statybos trestas*). In 1991, the Company was registered as a State Company. On 30 October 1993, the State Company was reorganized to a Public Limited Liability Company. Company code 147732969, VAT code LT477329610. Registration certificate No. 013732 issued on 27 September 2004 by the State Register Centre Panevezys Branch.

The Company comprises the following branches: *Gerbusta, Pastatu apdaila, Genranga, Konstrukcija, Betonas, Stogas* and *Klaipstata*. The Company has its permanent establishments in Latvia and the Kingdom of Sweden. Financial year of the Company is calendar year. The period of commercial-economic operation of the Company is unlimited.

The main operations of the Company and its subsidiaries (the Group) is designing and construction of various buildings, structures, facilities, communications and other similar objects in Lithuania and abroad, real estate development.

Basis of interim financial statement preparation

Separate and consolidated financial statements were prepared according to the international standard of Financial Accounting applicable in the European Union.

The same accounting principles are applicable to both – interim and annual financial statements.

The following currency rates (amount of currency for 1 Euro) were used when preparing the interim financial statement:

Currency	30 June 2022	30 June 2021
1 PLN	4.6869	4.5193

Principles of consolidation

Subsidiary companies are the companies controlled by the parent company. Such control is defined as a capability to a company to have determinant effect on other company, manage and influence financial and economic activities to get benefit from that company. For the purposes of control assessment, the total available number of shareholder votes at the General Meeting of Shareholders is considered. The financial statements of subsidiary companies are included into the Consolidated Financial Statement from the day of control gain and are excluded from the day of control loss. During consolidation of financial statement, the income and expenses, amounts receivable and payable and unrealized results of the Company Group are eliminated.

Investments

Over the first half 2022 the investments of the Group in acquisition of non-current assets amounted to 166 thousand Euros.

Skydmedis UAB acquired non-current assets for 82 thousand Euros. During the first half of 2022 the costs related to depreciation and amortization of the assets of the Group amounted to 610 thousand Euros, including 471 thousand Euros accounted for in the Financial Statements of *Panevezio statybos trestas AB*.

Assets and liabilities

There were no significant events.

Loans and other financial liabilities of the Group

(thousand Euros)	30 June 2022	31 Dec. 2021
Loans	21 231	20 172
Leasing (financial lease) liabilities	74	85
Total loans and other financial liabilities	21 305	20 257
Non-current liabilities	19 222	19 441
Current liabilities	2 083	816
Total loans and other financial liabilities	21 305	20 257

The loan breakdown is provided below:

(thousands Euros)	Interest rate	Valid till	30 June 2022	31 Dec. 2021
OP Corporate Bank plc. Lithuanian Branch	3-month EURIBOR+2.44%	July 2026	9 915	10 000
AS Citadele banka Lithuanian Branch	6-month EURIBOR+2.7%	July 2026	9 917	10 000
OP Corporate Bank plc. Lithuanian Branch (overdraft)	3-month EURIBOR+1.95%	June 2023	1 399	0
Natural persons	12 % fixed, from 30 Nov. 2017 – 6%	Dec. 2022	0	172
Total loans			21 231	20 172

Guarantees, sureties

As of 30 June 2022, the guarantees of the liabilities of *Panevezio statybos trestas AB* Group issued by credit institutions and insurance companies amounted to 9,752 thousand Euros, the total amount is for performance of contracts and liabilities by *Panevezio statybos trestas AB*. The Company has the sureties issued for the amount of 192 thousands Euros related to performance of obligations by the subsidiaries to insurance companies.

Dividends

The Ordinary General Meeting of Shareholders of *Panevezio statybos trestas AB* held on 28 April 2022 failed in taking the resolution to pay the dividends to the shareholders.

Transactions with associated parties

There were no significant transactions made with any associated parties.