

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 2021 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

Danguole Sirvinskiene
Chief Accountant
Panevezio statybos trestas AB



PANEVEZIO STATYBOS TRESTAS AB
Consolidated Interim Financial Statements and Consolidated Interim Report
for First Half of 2021
(UNAUDITED)

27 August 2021

Panevezys

1. Accounting period covered by the Semi-Annual Report

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

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

Name of issuer	<i>Panevezio statybos trestas</i> AB
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 profitable and 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 2021, 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
<i>Kingsbud Sp.z o.o.</i>	11 August 2010 District Court in Bialystok, XII Economic Department 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 Centre of Registers, 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 baltevomarketao@mail.ru maslenal1@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 gdieckuviene@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

Subsidiary company	Registration date, register administrator	Company code	Registered address	Telephone, fax, e-mail, website	Portion of controlled shares (per cents)
Hustal UAB	11 December 2018 State Enterprise Centre of Registers	304968047	Tinklu Str. 7, Panevezys	Tel. (+370 45) 461677 Fax (+370 45) 585087 andrius.maciekus@hustal.eu www.hustal.eu	100
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 2021



INDEX EQUITY	OPENING VALUE	CLOSING VALUE	CHANGE %
■ OMX Vilnius_GI	816.64	924.5	+13.21
■ PTR1L - Panevežio statybos trestas	0.57	0.71	+24.91

Company share price variation at the Stock Exchange Market Nasdaq Vilnius for the period covering 2017 through the First Half of 2021 (Euros)



Company share price variation at the Stock Exchange Market Nasdaq Vilnius for the First Half of 2021 (Euros)



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

<i>Indicator</i>	<i>6 months 2021</i>	<i>2020</i>	<i>2019</i>	<i>2018</i>	<i>2017</i>
Highest price, Eur	0.8	0.85	0.878	0.99	1.34
Lowest price, Eur	0.53	0.52	0.71	0.75	0.85
Average price, Eur	0.61	0.629	0.78	0.881	1.078
Share price as of the end of reporting period, Eur	0.712	0.57	0.75	0.752	0.916
Traded volume, pcs.	1,504,279	1,980,134	986,685	1,596,044	2,854,251
Turnover, mln. Eur	0.91	1.25	0.77	1.41	3.08
Capitalisation, mln. Eur	11.64	9.32	12.26	12.3	14.98

7. Authorised capital of the issuer and its structure

As of 30 June 2021, 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 2021, the total number of shareholders was 1643.

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>Percentage of votes owned by a shareholder along with acting persons</i>
<i>Panevezio keliai AB S. Kerbedzio Str. 7, Panevezys Company code: 147710353</i>	8,138,932	49.78	49.78	---
<i>Clients of Swedbank AS Liivalaia 8, 15040 Tallinn, Estonia</i>	1,279,619	7.83	7.83	---
<i>Freely negotiable shares</i>	6,931,449	42.39	42.39	---

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

3 February 2021. *Panevezio statybos trestas AB* signed the contract for construction of the building for the new shopping centre *Senukai* in Vilnius. The project value exceeds 7 mln. Euros (incl. VAT).

3 February 2021. The Company received a notice from the European Court of Human Rights (ECHR) through the authorised person confirming that the application by PST had been registered for preliminary proceedings.

PST exercised the right of the legal entity to turn to the European Court of Human Rights for protection of business interests in application of the Convention for the Protection of Human Rights and Fundamental Freedoms. PST went to the ECHR for possible infringement of Article 6 of the Convention and Paragraph 1 Article 1 Protocol 1 to the Convention, which had been possibly infringed by the Lithuanian Administrative Courts in hearing the appeals by PST on vacation of the judgement No. 2S-11(2017) dated 20 December 2017 by the Competition Council.

17 February 2021. The Panevezys Regional Court made the ruling upholding the judgment by the court of first instance, which had cancelled the arrangement by the bailiff on scheduling payment of the penalty imposed by the Competition Council, in particular on the instalments for July and August 2020.

23 February 2021. *Panevezio statybos trestas AB* received the ruling by the European Court of Human Rights rejecting the application of the Company regarding violations of the Convention for the Protection of Human Rights and Fundamental Freedoms.

23 February 2021. After winning the public tender *Panevezio statybos trestas AB* was awarded and signed the contract with the Vilnius City Municipality for construction of the Lazdynai Swimming Pool. The total value of the contract reaches 21.8 mln. Euros (incl. VAT). The construction activities of the swimming pool will be resumed in the nearest future and completed by the beginning of 2022.

9 April 2021. The Extraordinary General Meeting of Shareholders of *Panevezio statybos trestas AB* was held at which the decision was made to withdraw the Board of the Company (in corpore) before the end of the term. recall the Board (in corpore) before the end of the term. The following members of the Board of *Panevezio statybos trestas AB* were elected for the term of 4 (four) years: Gvidas Drobužas, Vaidas Grincevicius, Justas Jasiunas, Kristina Maciulienė, Lina Simaskienė. Justas Jasiunas was elected as the new Chairman at the Board meeting held on 9 April 2021.

20 April 2021. The Panevezys Regional Court by the ruling in the case of payment of the interest calculated by the Competition Council of the Republic of Lithuania for the whole period of judicial proceedings when the Company litigated the fine imposed on the Company by the Competition Council has left the court ruling by the Panevezys Chamber of the Panevezys District Court unaffected.

29 April 2021. The Ordinary General Meeting of Shareholders of *Panevezio statybos trestas AB* was held.

9 July 2021. *Panevezio statybos trestas AB* announced about conclusion of the transaction with the real estate developer *Galio Group* for construction of the residential estate *reVINGIS* at Gelezinio Vilko Str. 2, Vilnius. The total value of the contract exceeds 16 mln. Euros (incl. VAT). The construction activities of the real estate are planned to be started after the construction permit is received, some time before the end of 2021, and their completion is scheduled for the second half of 2023.

13 July 2021. *Panevezio statybos trestas AB* has brought an action before the Panevezys Regional Court in respect with the decision by the state enterprise Ignalina Nuclear Power Plant to reject the bid by *Panevezio statybos trestas AB* in the public procurement arranged by means of an international 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.

29 July 2021. The Extraordinary General Meeting of Shareholders of *Panevezio statybos trestas AB* was held at which *Grant Thornton Baltic UAB* was selected as an auditor to carry out the audit of the financial statement sets of *Panevezio statybos trestas AB* and the companies of *Panevezio statybos trestas AB* Group for the years 2021 and 2022.

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, variation in the value of the Russian Rouble, 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 2020 (Note 4) and the Notes to the Consolidated Financial Statements for the year 2020 (Note 4).

Legal uncertainties are provided in the Notes to the Separate Financial Statements for the year 2020 (Note 28) and the Notes to the Consolidated Financial Statements for the year 2020 (Note 27).

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

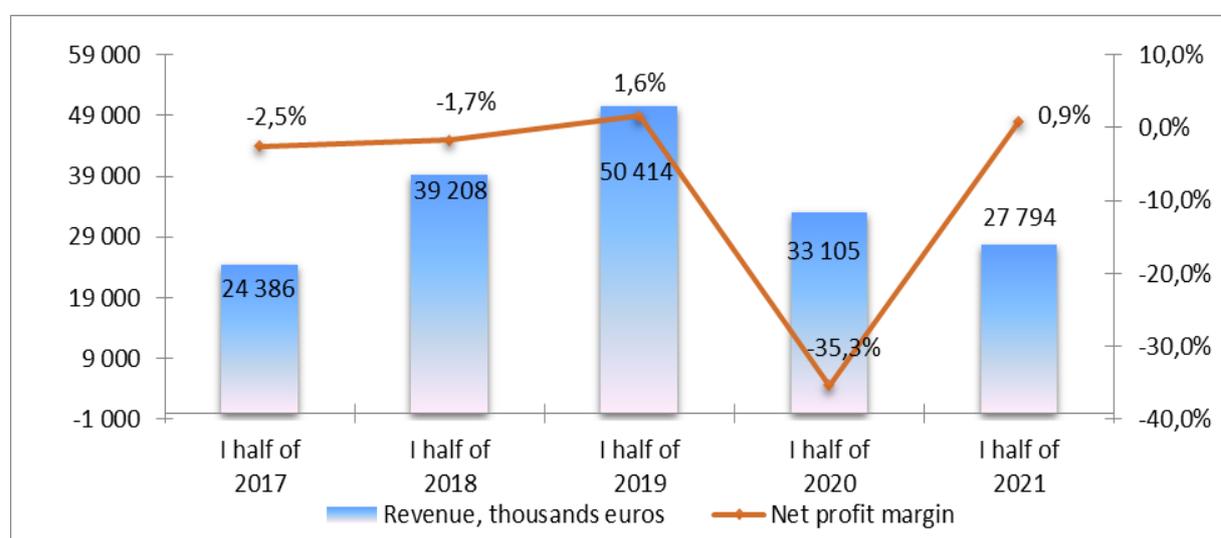
Referring to the unaudited data, over the first six months of 2021, the turnover of *Panevezio statybos trestas AB* amounted to 27.794 mln. Euros, that is by 16 per cents lower compared to the first six months of the year 2020. The turnover of *Panevezio statybos trestas AB* over the first six months of 2020 was 33.105 mln. Euros.

In the first half of 2021, *Panevezio statybos trestas AB* made the net profit in the amount of 0.241 mln. Euros, the operating profit result is negative and amounted to -0.302 mln. Euros. Over the first half of 2020 *Panevezio statybos trestas AB* incurred the net loss in the amount of 11.697 mln. Euros. The significant rise in material prices, supply disruptions and labour shortage in the market had the biggest impact on the Company's result during the first half of the year 2021.

The total consolidated revenue of *Panevezio statybos trestas AB* Group amounted to 47.134 mln. Euros, which increased by 27 per cents compared to that for the first half of 2020 when the revenue of the Group had been 37.148 mln. Euros. Over the accounting period the Group made the net profit in the amount of 3.444 mln. Euros, however 2.068 mln. Euros in this amount was the surplus on revaluation of the investment assets (Business Centre *U219*) held by the Group. The rest amount of the result was conditioned by the completed transaction related to the land plots owned by *Baltevromarket ZAO ISK*, the company of the Group operating in the Russian Federation, which had been sold to an economic entity operating in the Russian Federation.

EBITDA of the Company for the six months of 2021 was 0.147 mln. Euros whereas for the first half of the year 2020 it was negative -10.730 mln. Euros. EBITDA of the Group for the six months of 2021 was 3.252 mln. Euros compared to negative -9.473 mln. Euros for the first half of 2020.

Revenue and net profit margin variation for the Company:



Revenue and net profit margin variation for the Group:

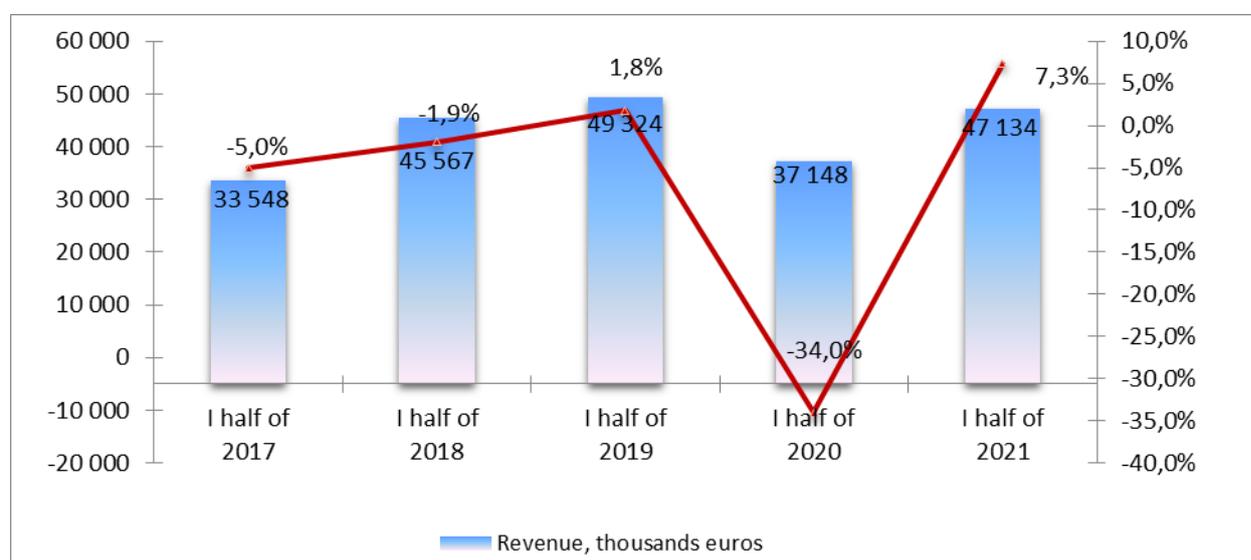


Table 3. The results of the Company and the Group of Panevezio statybos trestas AB for the First Half of 2019 through the First Half of 2021 (thousands Euros):

Group			Items	Company		
I half of 2019	I half of 2020	I half of 2021		I half of 2019	I half of 2020	I half of 2021
49,324	37,148	47,134	Revenue	50,414	33,105	27,794
46,712	34,319	40,168	Cost	48,517	32,726	25,046
2,612	2,829	6,966	Gross profit	1,897	379	2,748
5.30	7.62	14.78	Gross profit margin (per cents)	3.76	1.14	8.89
-244	-10,202	2,589	Typical operating result	-1	-11,375	-302
-0.49	-27.46	5.49	Typical operating result from turnover (per cents)	-0.002	-34.36	-1.09
534	-9,473	3,252	EBITDA ¹	693	-10,730	147
1.08	-25.50	6.90	EBITDA margin (per cents)	1.37	-32.41	0.53
903	-12,648	3,444	Net profit	807	-11,697	241
1.83	-34.05	7.31	Nets profit (loss) margin (per cents)	1.60	-35.33	0.87
0.055	-0.774	0.21	Earnings per share (Euros) (EPS) ²	0.049	-0.715	0.015
2.60	-56.09	11.62	Return on equity (per cents)(ROE) ³	2.31	-51.86	1.09
1.24	-17.70	4.21	Return on assets or asset profitability (per cents) (ROA) ⁴	1.20	-17.73	0.37
1.97	-53.26	10.91	Return on investments (per cents) (ROI) ⁵	1.77	-49.69	1.01
2.39	1.28	0.80	Current liquidity ratio ⁶	1.79	0.91	0.94
1.39	0.53	0.65	Critical liquidity ratio ⁷	1.56	0.83	0.85
0.48	0.32	0.36	Equity ratio ⁸	0.52	0.34	0.34
2.12	1.38	1.81	Book value per share ⁹	2.14	1.38	1.35
0.34	0.45	0.39	Ratio of share price and book value (P/BV) ¹⁰	0.34	0.45	0.53

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. Income (mln. Euros) by operation types

<i>mln. Euros</i>	<i>Group</i>		
	<i>I half of 2019</i>	<i>I half of 2020</i>	<i>I half of 2021</i>
Construction works	46.30	36.14	36.65
Real estate	0	0	7.23
Products made and other income	3.02	1.01	3.25

During the first half of 2021, the main income of *Panevezio statybos trestas AB* by operation types was from construction and erection. The income of the Group from construction and erection activities totalled 77.8 per cents, the income from real estate was 15.3 per cents, the income from made products and other income amounted to 6.9 per cents of total income. Over the first half of 2020, the income of the Group from construction and erection totalled 97.3 %, the income from made products and other income amounted to 2.7 %.

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

	<i>Group</i>			<i>Company</i>		
	<i>I half of 2019</i>	<i>I half of 2020</i>	<i>I half of 2021</i>	<i>I half of 2019</i>	<i>I half of 2020</i>	<i>I half of 2021</i>
Lithuania	40.74	31,13	33.59	46.33	32.55	27.57
Russian Federation	0.92	0	6.76	0.92	0	0
Scandinavian countries	4.09	5.44	6.39	0	0	0
Other countries	3.58	0.58	0.39	3.17	0.56	0.23

In the first half of 2021, the main activities of *Panevezio statybos trestas AB* were carried out in Lithuania and made 99.2 per cents compared to 98.3 per cents over the first half of 2020. The income of the Group from the works performed inside the country made 71.3 per cents, the income in the Russian Federation and Scandinavian countries was respectively 14.3 and 13.56 per cents of the revenue. In the first half of 2020, the income inside the country made 83.8 per cents and in the Scandinavian countries – 14.6 per cents of the income.

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.

In 2020, the Lithuanian National Accreditation Bureau accredited the Construction Laboratory of the Company in accordance with LST EN ISO/IEC 17025:2018 for the period of 5 years, thus granting the right to perform tests of construction materials.

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 2021, the number of employees in the Group was 868, in the company – 592. As of 30 June 2020, the number of employees in the Group was 916, in the company – 642.

Table 6. Average number of employees:

Average number of employees	I half of 2020		I half of 2021	
	Group	Company	Group	Company
Managers	25	13	25	11
Specialists	324	246	308	228
Workers	605	411	521	337
Total	954	670	854	576

Table 7. Education level of the Group employees as of the end of the period:

PST Group employees	Payroll number	Higher university level education	Higher non-university education	Junior college education	Secondary education	Incomplete secondary education
Managers	25	23	1	1	0	0
Specialists	320	253	28	27	12	0
Workers	523	25	9	109	335	45
Total:	868	301	38	137	347	45

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

	I half of 2020		I half of 2021	
	Group	Company	Group	Company
Managers	3,871	4,682	3,512	4,401
Specialists	1,866	1,844	2,033	2,023
Workers	1,391	1,385	1,388	1,272
Total	1,661	1,668	1,708	1,656

Over the first half of 2021, 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 2021, 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 aims to maintain the highest competence in the construction sector by implementing innovative processes and technologies.

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

The Company strives for especially smooth 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.

The Company improves the business process management, makes targeted investments in compatibility increase of available production capacities.

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. There is no Supervisory Board formed at the Company.

The powers of the General Meeting of Shareholders have no difference from the powers of the General Meeting of Shareholders set forth by the Law on Companies.

The Board of the Company consisting of five persons is elected by the General Meeting of Shareholders for a period not longer than 4 years. At present, the Board of the Company consists of five members. The procedure for election and withdrawal of a member of the Board has no difference from the procedure set forth by the Law on Companies.

The activities of the Board are managed by the Chairman of the Board. The Chairman of the Board is elected by the Board from the members of the Board. The Board elects and removes from the office the chief executive officer of the Company – the Managing Director, fixes his salary, sets other terms of the employment contract, approves his job description, gives incentives and imposes penalties.

The chief executive officer of the Company is a single-person management body of the Company who organizes the current economic activities based on the authority granted.

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 *Panevezio keliai AB* (company code 147710353, S. Kerbedzio Str. 7, Panevezys), Chairman at *Aliuminio fasadai UAB* (company code 305412441, Pramonės Str. 7, Panevezys), Chairman at *Vekada UAB* (company code 147815824, Marijonu Str. 36, Panevezys), Board Member at *Skydmedis UAB* (company code 148284718, Pramonės Str. 5, Panevezys).

As of 30 June 2021, 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, Pušaloto Str. 212, Panevezys).

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

Holds 5 (five) shares of the Company, a shareholder of *Panevezio keliai 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 2021, 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 *Panevezio keliai AB* (company code 147710353, S. Kerbedzio Str. 7, Panevezys).

Participation in activities of other companies: Board Member at *Panevezio keliai 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, Laisves Sq. 26, Panevezys), Chairman at *Gustonių zemes ūkio technika UAB* (company code 168581940, S. Kerbedzio Str. 7F, Panevezys).

Holds 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, Pušaloto 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); Director at *WEB Solutions MB* (company code 303044019, Filaretu Str. 99A, Vilnius), Liquidator at *Convustus UAB* (company code 300124684, Laisves Sq. 26, Panevezys).

As of 30 June 2021, held no shares of the company.

Management:

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

Clean record.

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

Clean record.

In the first half of 2020 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 29 April 2020:

Drasutis Liatukas – independent auditor, Head of *Finansu auditorius UAB*, auditor. Holds no shares of the company.

Irena Kriauciuniene – independent auditor, auditor. Holds no shares of the company.

Egle Grabauskiene – Deputy Chief Accountant of *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 2021, there were no essential changes related to the company's notification on compliance with the Governance Code for the year 2020 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

thousands Euros

ITEM	<i>6 months of 2021</i>	<i>6 months of 2020</i>
REVENUE	27,794	33,105
COST OF SALES	-25,046	-32,726
GROSS PROFIT (LOSS)	2,748	379
OPERATING EXPENSES	-3,050	-11,754
Sales	-167	-138
Fine by Competition Council	0	-8,514
Other general and administrative	-2,883	-3,102
TYPICAL OPERATING PROFIT (LOSS)	-302	-11,375
OTHER ACTIVITIES	241	52
Income	433	393
Costs	-192	-341
FINANCIAL AND INVESTMENT ACTIVITIES	311	-656
Income	372	843
Costs	-61	-1,499
<i>incl. interest accrued on the fine by Competition Council</i>	<i>0</i>	<i>-1,385</i>
PROFIT (LOSS) BEFORE TAXATION	250	-11,979
INCOME TAX	-9	282
NET PROFIT (LOSS)	241	-11,697

Consolidated statement of comprehensive income

thousands Euros

ITEM	<i>6 months of 2021</i>	<i>6 months of 2020</i>
REVENUE	47,134	37,148
COST OF SALES	-40,168	-34,319
GROSS PROFIT (LOSS)	6,966	2,829
OPERATING EXPENSES	-4,377	-13,031
Sales	-238	-197
Fine by Competition Council	0	-8,514
Other general and administrative	-4,139	-4,320
TYPICAL OPERATING PROFIT (LOSS)	2,589	-10,202
OTHER ACTIVITIES	1,947	133
Income from revaluation of investment property	2,069	0
Other income	396	459
Costs	-518	-326
FINANCIAL AND INVESTMENT ACTIVITIES	-518	-3,018
Income	65	68
Costs	-583	-3,086
<i>incl. interest accrued on the fine by Competition Council</i>	<i>0</i>	<i>-1,385</i>
PROFIT (LOSS) BEFORE TAXATION	4,018	-13,087
INCOME TAX	-574	439
NET PROFIT (LOSS)	3,444	-12,648
ATTRIBUTABLE TO SHAREHOLDERS	3,108	-12,180
ATTRIBUTABLE TO MINORITY INTEREST	336	-468

Separate statement of financial position

thousands Euros

ASSETS	30 June 2021	31 Dec. 2020
Non-current assets	26,308	28,287
Intangible assets	198	204
Tangible assets	8,210	8,675
Investment and amounts receivable in one year	17,462	18,961
Deferred tax assets	438	447
Current assets	38,873	34,003
Inventories	3,791	2,775
Prepayments	683	235
Trade receivables	16,703	11,282
Other current assets	16,341	15,063
Cash and cash equivalents	1,355	4,648
TOTAL ASSETS	65,181	62,290

EQUITY AND LIABILITIES	30 June 2021	31 Dec. 2020
Equity	22,078	21,836
Share capital	4,742	4,742
Reserves	1,679	1,745
Retained earnings	15,657	15,349
Translation reserve		
<i>Minority share</i>		
Total liabilities	43,103	40,454
Total non-current liabilities	1,669	1,679
Loans and other financial liabilities	0	0
Warranty provision and others	791	801
Deferred tax liabilities	0	0
Other amounts payable and non-current liabilities	878	878
Total current liabilities	41,434	38,775
Loans and financial liabilities	15,009	15,000
Trade payables	11,916	8,187
Income tax payable	0	0
Other amounts payable and current liabilities	14,509	15,588
TOTAL EQUITY AND LIABILITIES:	65,181	62,290

Consolidated statement of financial position

thousands Euros

ASSETS	30 June 2021	31 Dec. 2020
Non-current assets	42,569	39,719
Intangible assets	291	290
Tangible assets	41,266	38,434
Investment and amounts receivable in one year	436	464
Deferred tax assets	576	531
Current assets	39,194	32,675
Inventories	7,274	9,866
Advance payments	890	388
Amounts receivable	19,505	11,984
Other current assets	1,055	1,027
Cash and cash equivalents	10,470	9,410
TOTAL ASSETS:	81,763	72,394

EQUITY AND LIABILITIES	30 June 2021	31 Dec. 2020
Equity	29,636	26,325
Share capital	4,742	4,742
Reserves	2,700	2,773
Retained earnings	17,679	14,498
Translation reserve	4,515	4,312
Minority interest	1,271	824
Grants and liabilities	0	0
Total liabilities	50,856	45,245
Total non-current liabilities	1,938	1,852
Loans and other financial liabilities	0	0
Warranty provisions and other	972	993
Deferred tax liabilities	694	555
Other amounts payable and non-current liabilities	272	304
Total current liabilities	48,918	43,393
Loans and financial liabilities	15,273	15,529
Trade payables	15,181	9,888
Income tax payable	437	83
Other amounts payable and current liabilities	18,027	17,893
TOTAL EQUITY AND LIABILITIES:	81,763	72,394

Separate statement of changes in equity

thousands Euros

	Share capital	Non-current tangible asset revaluation reserve	Legal reserve	Retained profit	Total
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
Balance as of 1 January 2020	4,742	1,403	475	28,125	34,745
Net profit (loss) for 2020				-11,697	-11,697
Dividends				-490	-490
Total other comprehensive income		-67		66	-1
Balance as of 30 June 2020	4,742	1,336	475	16,004	22,557

Consolidated statement of changes in equity

thousands Euros

	Share capital	Revaluation reserve	Legal reserve	Currency translation reserve	Retained earnings profit	Equity attributable to the company's owners	Minority interest	Total
Balance as of 1 January 2021	4,742	2,173	600	4,312	14,498	26,325	824	27,149
Decrease in revaluation reserve		-73			73	0		0
Net profit (loss) for 2021					3 108	3 108	336	3,444
Effect of changes in foreign exchange rates				203		203	111	314
Balance as of 30 June 2021	4,742	2,100	600	4,515	17,679	29,636	1,271	30,907
Balance as of 1 January 2020	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 2020					-12,181	-12,181	-468	-12,649
Dividends					-491	-491		-491
Effect of changes in foreign exchange rates				894		894	378	1,272
Balance as of 30 June 2020	4,742	2,248	599	3,212	11,748	22,549	823	23,372

Separate statement of cash flows

thousands Euros

	<i>30 June 2021</i>	<i>30 June 2020</i>
Cash flows from operating activities		
Net profit (loss)	241	-11,697
Depreciation and amortization	449	645
Profit (loss) from transfer of non-current assets	-86	11
Cost of fine imposed by Competition Council	0	10,295
Income tax expense	9	-282
	<u>613</u>	<u>-1,028</u>
Change in inventories	-952	429
Change in trade receivables	-5,346	8,726
Change in prepayments	-448	173
Change in amounts receivable after one year	-1	-397
Change in other assets	-102	176
Change in trade payables	3,729	-5,913
Change in prepayments received	-29	615
Change in provisions and other liabilities	-607	-1,746
	<u>-3,143</u>	<u>1,035</u>
Income tax paid	0	0
Net cash flows from operating activities	<u>-3,143</u>	<u>1,035</u>
Cash flows from investing activities		
Acquisition of non-current assets (excl. investments)	-183	-420
Disposal of non-current assets (excl. investments)	290	22
Acquisition of long-term investments	-166	-147
Loans granted	-931	-6,374
Loans recovered	917	100
Dividends and interest received	90	504
Net cash flows from investing activities	<u>17</u>	<u>-6,315</u>
Cash flows from financing activities		
Dividends paid	0	-488
Increase in loans and financial liabilities	0	3 200
Decrease in loans and financial liabilities	9	0
Interest paid	-176	-107
Net cash flows from financing activities	<u>-167</u>	<u>2,605</u>
Increase (decrease) in net cash flows	-3,293	-2,675
Cash and its equivalent at the beginning of the period	4,648	4,890
Cash and its equivalents at the end of the period	<u><u>1,355</u></u>	<u><u>2,215</u></u>

Consolidated statement of cash flows

thousands Euros

	<i>30 June 2021</i>	<i>30 June 2020</i>
Cash flows from operating activities		
Net profit (loss)	3,444	-12,648
Elimination of other non-cash items:		
Depreciation and amortization	663	729
Cost of fine imposed by Competition Council	0	10,295
Other non-cash items	526	13
	4,633	-1,611
Change in inventories	-5,020	-1,358
Change in contracts in progress	6,517	-1,900
Change in trade receivables	-7,655	6,427
Change in prepayments	-502	96
Change in other assets	-229	494
Change in trade payables	5,293	-6,321
Change in prepayments received	1,135	592
Change in provisions and other liabilities	-699	-1,102
	3,473	-4,683
Elimination of results from financial and investing activities	-1,783	611
Net cash flows from operating activities	1,690	-4,072
Cash flows from investing activities		
Acquisition of non-current assets (excl. investments)	-584	-466
Disposal of non-current assets (excl. investments)	291	22
Acquisition of long-term investments	0	-9
Loans granted	0	0
Loans recovered	3	4
Dividends and interest received	92	3
Net cash flows from investing activities	-198	-446
Cash flows from financial activities		
Dividends paid	0	-487
Increase in loans and financial liabilities	9	3,200
Decrease in loans and financial liabilities	-262	0
Payment of finance lease liabilities	-3	-3
Interest paid	-176	-108
Net cash flows from financing activities	-432	2,602
Increase (decrease) in net cash flows	1,060	-1,916
Cash and cash equivalents in the beginning of the period	9,410	6,674
Cash and cash equivalents at the end of the period	10,470	4,758

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 2021	30 June 2020
1 RUB	86.4662	78.9169
1 PLN	4.5193	4.4664

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 2021 the investments of the Group in acquisition of non-current assets amounted to 584 thousands Euros.

Panevezio statybos trestas AB acquired non-current assets for 183 thousand Euros. During the first half of 2021 the costs related to depreciation and amortization of the assets of the Group amounted to 663 thousands Euros, including 449 thousands Euros accounted for in the Financial Statements of *Panevezio statybos trestas AB*.

Assets and liabilities

During the first half of 2021, the Group had performed revaluation of the available investment assets (Business Centre *U219*) held by the Group, which had impact on the result of the Group – the profit increased by 2,068 thousand Euros. Furthermore, in the first half of 2021, the transaction related to the land plots owned by *Baltevromarket ZAO ISK*, the company of the Group operating in the Russian Federation, which had been sold to an economic entity operating in the Russian Federation was completed.

As the revenue of the Group increased by 9,986 thousand Euros, the trade receivables of the Group increased by 7,522 thousand Euros and the trade payables of the Group increased by 5,293 thousand Euros.

Loans and other financial liabilities of the Group

(thousands Euros)	30 June 2021	31 Dec. 2020
Loans	15,273	15,526
Leasing liabilities	0	3
Total loans and other financial liabilities	15,273	15,529
Long-term liabilities	0	0
Current liabilities	15,273	15,529
Total loans and other financial liabilities	15,273	15,529

The loan breakdown is provided below:

(thousands Euros)	Interest rate	Valid till	30 June 2020	31 Dec. 2020
	3 months EURIBOR + 1%, from 21 May 2020 till 30 July 2020			
	3 months EURIBOR+1.3%, from 31 July 2020 3 months			
OP Corporate Bank plc. Lithuanian Branch (overdraft)	EURIBOR+1.95	Aug. 2021	15,009	15,000
<i>Panevezio keliai</i> AB (loan)	1 and 6 months EURIBOR+1.9	Dec. 2021	67	313
Natural persons	12 % fixed, from 30 Nov. 2017 - 6%	Dec. 2021	197	213
Total loans			15,273	15,526

Guarantees, sureties

As of 30 June 2021, the guarantees of the liabilities of *Panevezio statybos trestas* AB Group issued by credit institutions and insurance companies amounted to 25,402 thousand Euros, including 24,732 thousand Euros for guarantees related to performance of contracts and obligations by *Panevezio statybos trestas* AB and issued by the Lithuanian credit institutions and insurance companies. The Company has the sureties in the amount of 365 thousands Euros related to performance of the subsidiary companies issued to the insurance companies.

Dividends

The Ordinary General Meeting of Shareholders of *Panevezio statybos trestas* AB held on 29 April 2021 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.