PST Group AB Consolidated Management Report and Company's and Consolidated Financial Statements for a year ended 31 December 2024

CONTENTS

CONSOLIDATED MANAGEMENT REPORT

Reporting period covered by the Management Report

The Company's and Consolidated Annual Report for 2024 covers the period between 1 January 2024 and 31 December 2024.

References to and additional explanations of information reported in the Management Report

In this Report, *PST Group AB* can be also referred to as the Company, and the Company together with its subsidiaries collectively as the Group.

Key information about the Company (issuer)

Issuer's name	PST Group AB
Issued capital	EUR 4,741,500
Registered address	P. Puzino st. 1, LT-35173 Panevėžys, Lithuania
Phone	+370 45 505 503
Legal-organisational form	Public limited liability company
Date and place of registration	30 October 1993, Panevėžys City Council
Registration No	AB 9376
Code of the Register of Legal	147732969
Company's VAT code	LT477329610
Company's LEI code	529900O0VPCGEWIDCX35
Manager of the Register of Legal	State Enterprise Centre of Registers
Email address	pst@pst.lt
Website	www.pst.lt
Company's Auditor	Grant Thornton Baltic UAB

BUSINESS OVERVIEW

1. Business overview

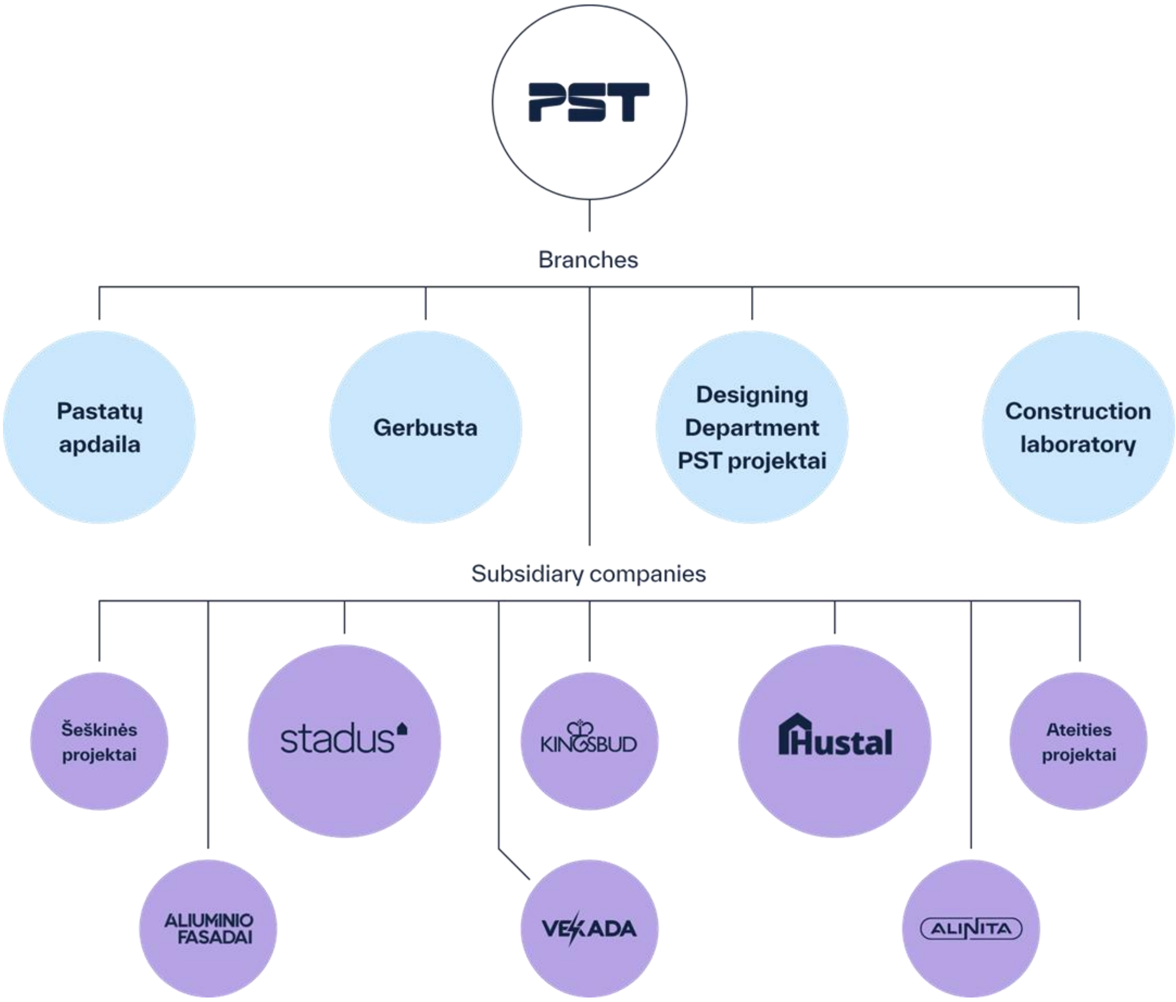
PST Group AB is one of the largest and longest-standing construction company groups in Lithuania, successfully delivering ambitious infrastructure, industrial, commercial and residential projects.

PST Group unites top professionals across various fields, offering a comprehensive range of construction services - from design and planning to final project handover. This holistic approach ensures the integration of advanced technologies, efficient process management, and the highest quality standards at every stage.

With over 70 years of experience, the Company has established itself as a dominant force in the construction market, known for its reliability, superior workmanship, and ability to execute even the most complex projects.

Today, PST is not just relying on its legacy—it is stepping into a new era. With a dynamic and ambitious team, the Company is strengthening its position both in Lithuania and on the international stage.

1.1. Group's structure



1.2. PST Group activities

General contracting

General contracting is a comprehensive construction management service, where a single company takes full responsibility for every stage of a project – from design and material procurement to construction and final project delivery. This approach provides clarity, minimizes risks, and ensures projects are completed on time, within budget, and to the highest quality standards.

At PST Group AB, we go beyond the role of a general contractor – we actively manage and oversee projects, ensuring smooth coordination and efficient resource allocation. We are committed to timely delivery of contractual obligations, and with decades of engineering experience, we offer tailored, end-to-end solutions, from initial consultations to final handover.

Clients trust the Company for our expertise in delivering large-scale and technologically complex projects. Our clients, subcontractors, and suppliers recognize us as demanding yet reliable partner.

General construction works

The success of a construction project depends not only on a great idea but also on its execution. Our team ensures that all general construction work is carried out to the highest standards of quality, reliability, and compliance.

With years of experience and a broad range of construction services, we handle everything from minor renovations and refurbishments to large-scale construction projects. We work with various types of buildings, including residential, commercial, industrial, and infrastructure developments.

Recognized as one of the leading construction companies in Lithuania, PST team adapts to the unique needs of each client, offering efficient, innovative, and sustainable solutions at every stage of the construction process.

Architectural & engineering design

The “PST Projektai” engineering design office, part of the PST Group, provides comprehensive architectural and engineering design services for public, industrial, residential, and infrastructure projects. With extensive expertise and deep technical knowledge, our specialists successfully execute even the most complex projects, ensuring high quality and innovative solutions.

Our approach is built on social responsibility and sustainability – we prioritize not only technical efficiency but also environmental impact, long-term sustainability, and seamless urban integration. By utilizing BIM (Building Information Modelling) technology, we optimize design processes, reduce errors, and ensure efficient construction management.

We focus on creating long-term value through sustainable and functional architecture. With years of experience in structural design, we deliver optimized, efficient, and client-focused solutions that meet the highest industry standards. Our work spans major public and industrial projects, where we apply advanced design technologies and international construction standards to ensure a smooth transition from concept to completion.

Renovation & restoration

Our team specializes in renovation and restoration projects of varying complexity, revitalizing both historic and modern buildings. We focus not only on improving structural integrity but also on preserving authenticity and architectural value.

We renovate residential, commercial, and public buildings, enhancing energy efficiency and extending their lifespan. In restoring cultural heritage sites, we apply advanced technologies while adhering to the strictest preservation standards.

We manage complex projects, including facade restoration, modernization of engineering systems, roof and window replacements, interior upgrades, and structural improvements.

With experience and a responsible approach, we bring the past to life while ensuring a sustainable future.

Real estate development

We are committed to delivering high-quality, efficient, and long-term value in real estate development. Our expertise spans residential and commercial property projects, as well as strategic long-term investments in the real estate market.

By working closely with PST Group companies and external partners, we optimize project management and ensure the highest technological and architectural standards. Our extensive experience, deep understanding of client needs, and ability to stay ahead of market trends allow us to develop modern, comfortable, and sustainable properties that not only meet today's demands but also retain their value for the future.

1.3. Activities of structural divisions

Structural division	Description of activities
Gerbusta	With many years of experience, knowledge and qualified employees, the branch of PST Group AB, Gerbusta, provides high quality services: installation of outdoor utility networks, piled foundation, earth works and landscaping.
Pastatų Apdaila	The branch of PST Group AB, Pastatų Apdaila, performs various indoor and facade finishing works, renovation of residential apartment buildings. Areas of activity: indoor finishing works, floor installation, facade finishing works, aluminium structures, glass structures.
PST Projektai	The Designing Department PST Projektai provides designing services for various types of buildings and engineering structures.
Construction Laboratory	The accredited Construction Laboratory of PST Group AB meets the requirements of LST EN ISO/IEC 17025:2018. Since 1999, it has been accredited by the Lithuanian National Accreditation Bureau in accordance with LST EN ISO/IEC 17025 to perform mortar, concrete and soil property tests and sampling, determine heat losses using the thermal imaging camera and perform air tightness tests in buildings. Accreditation of the laboratory is accepted by the European co-operation for Accreditation (EA).

1.4. Activities of subsidiaries

Company	Registered address	Company code	Shareholding (%)	Description of activities
Stadus UAB	Pramonės st. 5, Panevėžys	148284718	100	Designing, production, construction and outfit of prefabricated timber panel houses. About 80% of production is successfully exported to Norway, Sweden, France, Switzerland, Iceland and other countries.
Vekada UAB	Tinklų st.7, Panevėžys	147815824	100	Electrical installation. In addition to usual electrical engineering activity, work related to low currents is also performed: installation of video surveillance systems, security and fire alarms, control of engineering systems. Working in the field of renewable energy sources is continued.
UAB „Alinita“	Tinklų st. 7, Panevėžys	141619046	100	Installation of heating, ventilation and air-conditioning systems, water supply, waste water and fire-fighting systems, designing, commissioning and start-up of indoor utility systems.
Hustal UAB	Tinklų st. 7, Panevėžys	148284860	100	Metal constructions sale, installation, design. The Company also supplies steel structures for other branches of industry where steel items are required. Activity and sale of the company are focused on the Scandinavian market.

Aliuminio fasadai UAB	Pramonės st. 5, Panevėžys	305412441	100	Manufacture of aluminium profile systems, aluminium windows and doors.
„Kingsbud“ Sp.z.o.o.	ul. A. Patli 12, 16-400 Suwałki, Polska	200380717	100	Wholesale of building materials. Kingsbud Sp.z o.o. has a branch established in Lithuanian, which specializes in wholesale of stone and glazed tiles for indoor and outdoor finishing.
„PS Trests“ SIA	Rīgas rajons, Mārupes pagasts, Skulte, Skultes iela 28	40003495365	100	Construction activities. The company was established for searching of new markets and carrying out construction activities in Latvia.
UAB „Šeškinės projektai“	Ukmergės st. 219, Vilnius	302561768	100	Real estate development and lease.
UAB „Ateities projektai“	Ukmergės st. 219, Vilnius	300560621	100	Real estate development and lease.
UAB „PST Investicijos“	Ukmergės st. 219, Vilnius	124665689	68	Real estate development and lease.
UAB „Tauro apartamentai“	Ukmergės st. 219, Vilnius	304937621	100	Real estate development and lease.

1.5. Group values

Teamwork, accountability, and integrity are the cornerstones of our operations, shaping both our internal culture and the trust we earn externally. By bringing together experts from diverse fields, we foster effective communication, continuous development, and a strong mentorship culture. Taking responsibility for our actions and fulfilling our commitments helps us uphold our reputation as a trusted company, while transparency and objectivity create a strong organizational culture where there is no room for unethical behaviour.

These values are the foundation of our success, enabling us not only to execute complex projects but also to build long-term, reliable relationships with our clients and partners.

1.6. Risks

In its activities, *PST Group AB* and PST Group companies is exposed to variety of risks, such as:

- Geopolitical risks
- Macroeconomic factors
- Cyclical nature of economy
- Legal regulation
- Competition
- Inconsistency of orders
- Shortage of qualified labour
- Fluctuating material prices
- Other

Risk management is a part of strategic management and integral to the day-to-day operations of the Group. In managing risks, the main objective of the Group is to identify higher and significant risks and manage them in the optimal way. The Group has exposure to the following financial risks: credit, liquidity, market, business and operational.

Based on the *credit risk policy* established by the Group, standard payments and terms are only offered after credit standing of each new client has been assessed. The potential credit risk for the clients of the Group and the Company is managed through continuous monitoring of outstanding balances. The aim to ensure that the services are provided to reliable clients and do not exceed the permissible credit risk limit is continuously maintained. The clients failing to meet the established limit may only make purchases with the Group after paying prepayments.

The Group manages *liquidity risk* to ensure, as far as possible, sufficient liquidity, which allows fulfilling its obligations under both normal and complex conditions without incurring unacceptable losses and without facing the risk to lose reputation of the Group. The Company and the Group strives to maintain sufficient amount of cash and cash equivalents or secure of appropriate credit instruments so as to fulfil their obligations set in the plans.

Market risk is the risk that changes in market prices, for example, changes in exchange rates and interest rates will affect the result of the Group or the value of available financial instruments. The purpose of the market risk management is to manage open positions of risk in order to optimize returns.

Business risk is related to the Group's entry into new markets, segments, management of available inventories and investments, and execution of construction contracts. One of the peculiarities related to construction activities is that the fulfilment of concluded construction contracts is a long-term process, which makes the sector inert to changes in the economic environment. For this reason, both positive and negative changes reach the economic environment in the construction sector with considerable delay. In order to manage business risk, the Company and the Group seek to diversify their sources of revenue. To this end, orders are being sought, and contracts are being concluded in both private and public sectors, and markets are being searched not only in Lithuania but in other countries as well. The companies of the Group operate in different sectors, such as construction, real estate development, production and engineering network installation. The construction sector is not limited to the construction of single-purpose buildings. The Company implements construction projects for industrial, engineering, environmental and residential buildings. Before starting new projects, the Company and the Group companies make a thorough analysis of the project specifics and only after are confident that the environment is sufficiently stable and a competent team is collected, final decisions are made.

The accounts of the Company are kept and financial statements are prepared in accordance with International Financial Reporting Standards adopted for application in the EU The annual financial statements are audited by the independent auditors selected by the General Meeting of Shareholders. This procedure ensures relevance and transparency of the data provided in the financial statements.

Operational risk constitutes the risk of probability to incur losses due to people, systems, inadequate internal processes or their failure, effects of external events, including legal risks. For the purposes of operational risk management, the Group implements appropriate measures to ensure functioning of the internal control system and appropriate co-operation with relevant third parties. The main elements of internal control applied in the Group are control of operations and accounting, limits of decision-making powers and their control, separation of business decision-making and control functions, etc. The aim is to minimize the risk of legal compliance and ensure that the activities carried out comply with the applicable legislation. To this end, the advice of professional lawyers and their participation are used in the processes of drafting internal instruments and contracts.

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

Information on the types of financial risks and risk management is provided in the Note 6.1.4 to the Separate Financial Statements, and Note 7.1.4 to the Consolidated Financial Statements. Legal uncertainties are provided in the Note 6.1.28 to the Separate Financial Statements, and Note 7.1.27 to the Consolidated Financial Statements.

1.7. Environment protection

Quality, sustainability, environment protection, occupational health and safety play a very important role in activities of *PST Group AB*. Quality Management (ISO 9001), Environmental Management (ISO 14001) and Occupational Health and Safety Management (ISO 45001) 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 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.

In 2023, the Lithuanian National Accreditation Bureau accredited the Construction Laboratory of the Company according to LST EN ISO/IEC 17025:2018 thus granting it the right to perform tests of building materials for the period of 5 years.

1.8. Bribery and corruption

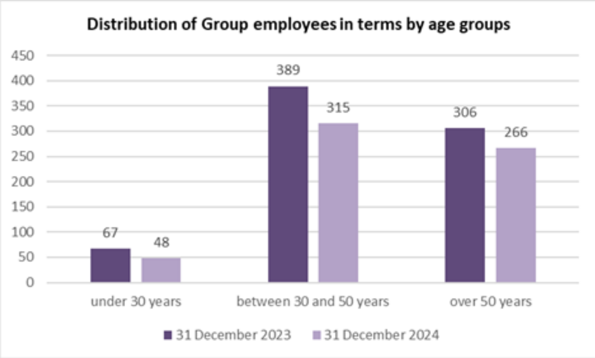
PST Group AB takes a clear position against any kind of bribery and corruption. We aim to ensure transparency and fairness in all business transactions, and prevent business suppliers from offering, giving or accepting bribes or undue rewards. Employees, suppliers and representatives of the Company are obliged to disclose information about any situation that may lead to a conflict of interest that may prejudice the Company's interests in favour of his/her or those close to him/her. Situations, where employees' personal, family or financial interests could clash with the interests of the Company, must be avoided.

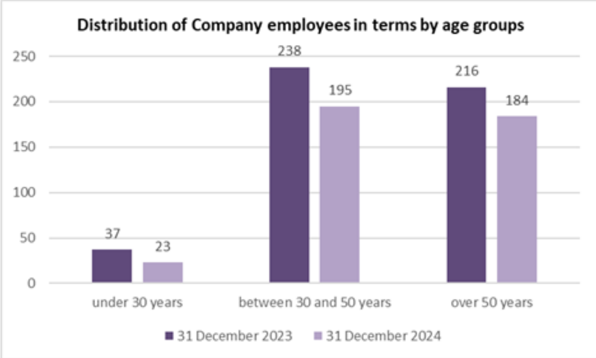
PST Group AB strictly complies with all applicable laws prohibiting the bribery of foreign officials.

1.9. Employees

Professional, competent and responsible employees are the biggest asset of the Company. 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. Taking this factor into account, the Company encourages employees in all organizational levels to learn and improve their skills.

As of 31 December 2024, the number of employees in the Group was 629, in the Company – 402. As of 31 December 2023, the number of employees in the Group was 762, in the Company – 491.





The majority of employees in both the Group and the Company are male. Male employees make up 85% of all employees in the Group and 83% in the Company. This is greatly influenced by the specifics of the activity performed, i.e. female employees are less likely to choose technological work performed in construction, as well as specialities of the construction-technical engineering profile directly related to these works and work in outdoor conditions.

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 level education	Junior college education	Secondary education	Incomplete secondary education
Managers	16	15	0	1	0	0
Specialists	254	184	39	15	16	0
Workers	359	15	8	66	240	30
Total:	629	214	47	82	256	30

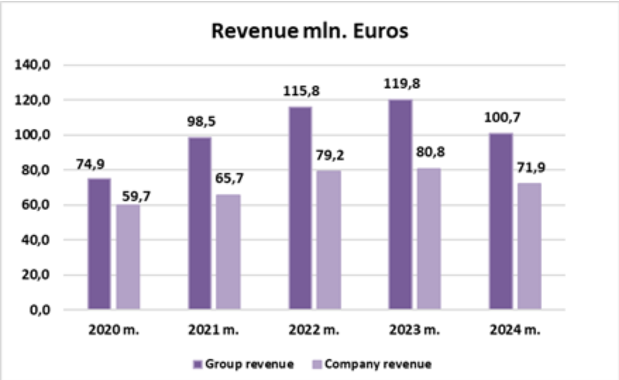
PERFORMANCE OVERVIEW

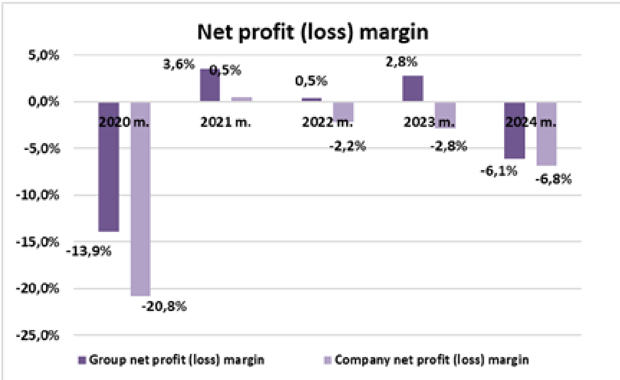
2. Performance overview

2.1. Performance highlights

The turnover of *PST Group AB* amounted to EUR 71,875 million during 2024, and EUR 80,751 million during 2023. In 2024, the Company incurred the net loss of EUR 4,923 million. The Company's net loss in 2023 totalled EUR 2.279 million.

In 2024, the consolidated revenue of the Group companies of *PST Group AB* amounted to EUR 100,678 million, whereas in 2023, the consolidated revenue totalled EUR 119,828 million. During the reporting period, the Group incurred the loss of EUR 6,154 million, whereas in 2023, the Group's net profit totalled EUR 3,322 million.



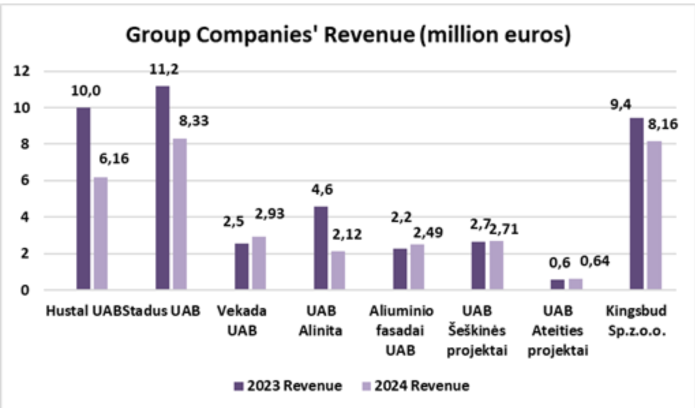


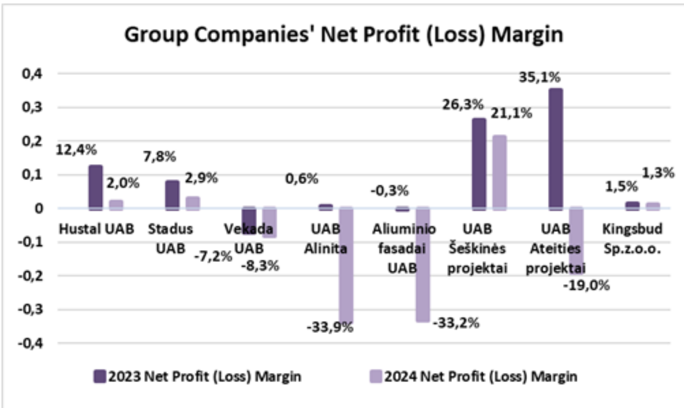
The scope of activities of *PST Group AB* depends on the availability of contracts and projects, which led to a drop in sales in 2024. The profitability of the projects implemented in 2024 was affected by significant increases in the labour, material and service expenses, while the Company had limited possibilities to adjust its contracts with its customers. In addition, an assessment of the situation and significant adjustments have been made in accordance with IFRS:

- Due to the deteriorating situation of subsidiaries, adjustments were made to financial assets and receivables.
- Due to loss-making projects, anticipated negative project results were recognized.

The Group's consolidated sales decreased, and a consolidated loss was incurred for several main reasons:

- the result of *PST Group AB*;
- decrease in profitability of subsidiaries operating primarily in Scandinavian markets, where the sector experienced a slowdown.
- The significant deterioration in the performance of subsidiaries *UAB "Alinita"* and *Aliuminio fasadai UAB*, along with fundamental restructuring of their operations.





2.2. Alternative performance measures

In addition to the key indicators defined and applied in accordance with International Financial Reporting Standards (IFRS), the financial statements of *PST Group AB* provide the key financial indicators derived from or based on the prepared financial statements. These are known as Alternative Performance Measures (APM).

These Alternative Performance Measures, in the Company's opinion, present significant additional information for investors and other users of financial statements and other regulated information. The Alternative Performance Measures should be treated as additional information prepared in accordance with IFRS.

Performance measures of the Group of *PST Group AB* and the Company in 2022-2024:

Group			Name	Company		
2022	2023	2024		2022	2023	2024
115,840	119,828	100,678	*Revenue*	79,222	80,751	71,875
106,310	107,588	96,225	*Cost of sales*	77,066	76,909	71,460
9,530	12,240	4,453	*Gross profit*	2,156	3,842	415
8.23	10.21	4.42	*Gross profit margin (per cents) (API)*	2.72	4.76	0.58
-411	646	-4,653	*Operating profit (loss)*	-4,166	-3,629	-5,725
-0.35	0.54	-4.62	*Operating result from turnover (per cents)*	-5.26	-4.49	-7.97
922	1,844	-3,603	*EBITDA (API)*	-3,380	-2,959	-5,218
0.80	1.54	-3.58	*EBITDA margin (per cents) (API)*	-4.27	-3.66	-7.26
525	3,322	-6,154	*Net profit (API)*	-1,720	-2,279	-4,923
0.45	2.77	-6.11	*Nets profit (loss) margin (per cents)*	-2.17	-2.82	-6.85
0.032	0.203	-0.376	*Earnings per share (Euros) (EPS) (API)*	-0.105	-0.139	-0.301
1.75	10.89	-22.60	*Return on equity (per cents) (ROE) (API)*	-7.89	-11.22	-29.49
0.60	3.81	-7.75	*Return on assets or asset profitability (ROA) (API)*	-3.40	-4.54	-11.71
0.99	6.16	-13.25	*Return on investments (ROI) (API)*	-7.67	-10.01	-29.49
1.23	1.26	0.99	*Current liquidity ratio (API)*	1.02	1.14	0.88
0.95	0.98	0.70	*Critical liquidity ratio (API)*	0.85	0.96	0.67
0.35	0.35	0.33	*Equity ratio (API)*	0.41	0.40	0.39
0.64	0.65	0.67	*Debt ratio (API)*	0.59	0.60	0.61
1.83	1.85	2.01	*Debt to equity ratio (API)*	1.46	1.49	1.56
1.88	1.85	1.48	*Book value per share (API)*	1.31	1.17	0.87
0.28	0.26	0.33	*Price-to-book ratio (P/B ratio) (API)*	0.39	0.41	0.57

16.13	2.34	-1.32	*Price-to-earnings ratio (P/E) (API)*	-4.92	-3.41	-1.64

Taking into account the guidelines of the European Securities and Markets Authority (ESMA) on Alternative Performance Measures, *PST Group AB* provides an overview of the APMs used, their definition and formation.

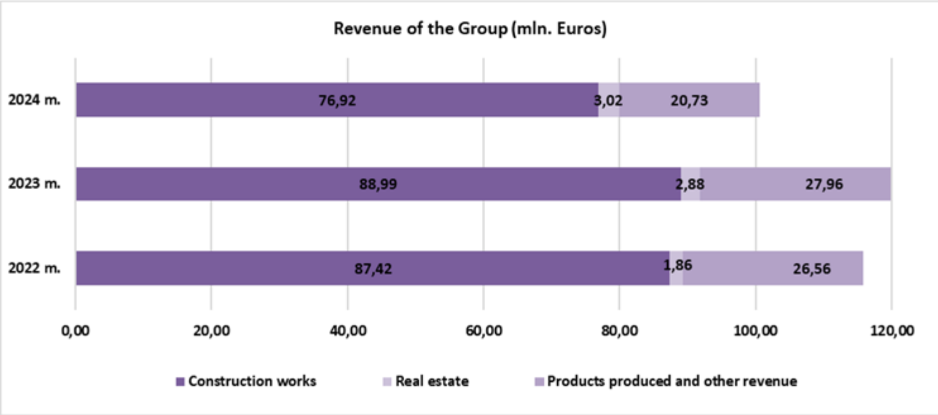
Measure	Formula and components	Meaning and interpretation
Operating profit	Operating profit = Gross profit – Operating costs	An indicator of the company's performance that shows the company's ability to make a profit, regardless of the financing method of (e. g. from equity or bank loans).
Operating profit margin, %	Operating profit/Sales revenue	Shows efficiency of the company's operations and is used for comparison of companies in the same business sector.
EBITDA	EBITDA (over relevant period) = operating profit + depreciation (amortization)	The essence of the EBITDA is to determine the least depending on circumstances (least fluctuating), the most objective profit (loss) of the company.
EBITDA profitability,%	EBITDA/Sales revenue	Shows efficiency of the company's operations and is used for comparison of companies in the same business sector.
Earnings per share (EPS)	Net profit for the period/Number of shares	EPS is the measure of the company's profitability. Shows amount of the profit earned by the company over the period per one ordinary share.
Return on equity (ROE), %	Net profit for the period/Average total equity (equity attributable to equity holders of the company)	Shows the percentage return the company earns from each monetary unit invested by the shareholders. A higher value of the measure is considered better.
Return on assets (ROA), %	Net profit for the period/Average total assets	Shows the percentage return the company earns from the assets. A higher value of the measure is equated with the more efficient use of the assets.
Return on Investment (ROI), %	Net profit for the period/(assets-short term debt)	Shows how much the company has earned using the share capital.
Current ratio	Ending current assets/Ending current liabilities	Shows the ability of a company to meet its current liabilities by using its current assets. When the value ranges between 1 and 2, liquidity of the company is safe.
Acid test (Quick) ratio	(Current assets – Inventory) / Current liabilities	Demonstrates the ability of a company to meet its short-term liabilities promptly under conditions of pressure. When the value greater than 1 is good and liquidity of the company can be considered safe.
Equity to asset ratio	Equity/Assets	Shows the share of equity in the capital structure. The lower the value, the higher is dependency of the company in its operation on borrowed funds.
Debt ratio	Liabilities/Assets	Shows what part of the assets is financed from borrowed funds. The lower the value, the more the debt is covered by assets.
Debt to equity ratio	Liabilities/ Equity	Shows how much short-term and long-term debt per euro is per euro of equity.
Book value per share	Equity/Number of shares	Shows how much equity is per share.

Price to book ratio (P/BV)	Ending share price/Book value	Shows how much an investor pays for one euro of assets that he would theoretically receive on liquidation.
Price to earnings ratio (P/E)	Ending market value per share / Earnings per share (EPS)	Reflects the price paid by investors for one euro of the company's earned profit.

2.3. Information on revenue structure

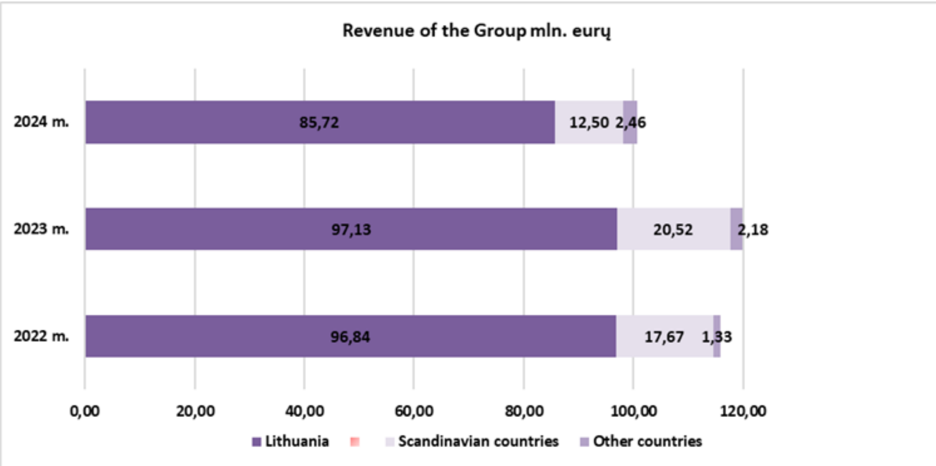
The main revenue of the Company by activity types is from construction activities. In 2024, the revenue of the Group from construction activities totalled 76.4%, the revenue from real estate development and rent was 3%, the revenue from finished products and other revenue amounted to 20.6%, whereas in 2023, the revenue of the Group from construction activities totalled 74.3%, the revenue from real estate development and rent was 2.4%, the revenue from finished products and other revenue amounted to 23.3%

Distribution of the Group's revenue by type of activity:



In 2024, the main activities of the Company were carried out in Lithuania. The Company's works performed in 2023 accounted 98% of its activities. The Group's revenue from the works performed inside the country made 85.1%, whereas in 2023, 81.1% of the total revenue. The Group's revenue generated during 2024 and 2023 in the Scandinavian countries accounted for 12.4% and 17.1%, respectively, of total revenue.

Distribution of the Group's operating income by country:



2.4. Key events

2.4.1. Key events of the reporting period

The key events that occurred during 2024 and were published through the *GlobeNewswire* information system:

23 January 2024. *Panevėžio Statybos Trestas AB*, the former CEO of the Company, D. Gesevičius, and the insurers *R&Q Syndicate Management Limited* and *Marco International Insurance Company Limited* signed the settlement agreements on 23 January 2024, on the basis of which all legal and arbitration disputes regarding the civil liability of the former CEO of the Company, D. Gesevičius, (for the fine imposed by the decision No 2S-11(2017) of the Competition Council dated 20 December 2017) and payment of the insurance benefit related to it will be amicably ended. Referring to the concluded settlement agreements, the insurers will pay the sum amounting to EUR 1,200,000 in favour of *Panevėžio Statybos Trestas AB*, and *Panevėžio Statybos Trestas AB* will waive all its claims against the insurers and the former CEO, D. Gesevičius.

28 March 2024. *Panevėžio Statybos Trestas AB* informed that the Board Member Gvidas Drobužas had resigned as a Board Member of the Company.

23 April 2024. *Panevėžio Statybos Trestas AB* signed the EUR 156 million (VAT inclusive) contract with *Ignalina Nuclear Power Plant* (INPP) for construction of repository for radioactive waste and performance of relevant works. The works are scheduled for the period of 4.5 years.

30 April 2024. The Ordinary General Meeting of Shareholders of *Panevėžio Statybos Trestas AB* took place. The Meeting elected Gintautas Mažeika as the Board member of *Panevėžio Statybos Trestas AB*. The Ordinary General Meeting of Shareholders did not come to the decision to pay dividends.

6 June 2024. The Company informed that Alinita UAB, a company belonging to Panevėžio Statybos Trestas AB Group, engaged in installation and designing of indoor engineering systems, had been facing financial difficulties and planned to start the restructuring process.

9 July 2024. *Panevėžio Statybos Trestas AB*, seeking to make better use of available resources and make operations more efficient, the activities of the branches *Klaipstata*, *Genranga* and *Konstrukcija* will be transferred to the parent Company. This decision will allow to focus even more on providing top quality services to our clients.

25 September 2024. The Extraordinary General Meeting of Shareholders of *Panevėžio Statybos Trestas AB* took place. The meeting revoked the resolution on election of the new member to the Board of *Panevėžio Statybos Trestas AB* adopted at the General Meeting of Shareholders on 30 April 2024 (the ground for revocation of the resolution – the data of the Board Member have not been registered with the Register of Legal Entities by the term established by the law). The decision was made to elect Gintautas Mažeika as the Board member of *Panevėžio Statybos Trestas AB*.

14 October 2024. The Panevėžys Regional Court has decided to open a restructuring case against *Alinita UAB*, a member of the *Panevėžio Statybos Trestas'* Group of companies. The decision, which entered into force on 11 October 2024, gives the company the opportunity to restore its solvency and to continue its operations while addressing temporary financial challenges.

8 November 2024. *Panevėžio Statybos Trestas AB* has signed a construction contract worth EUR 26.5 million (including VAT) with *Kormotech UAB*, a Ukrainian animal feed production company, for the construction of a manufacturing plant with warehousing and administrative facilities at Pažangos st. 4, Kėdainiai.

19 December 2024. *Panevėžio Statybos Trestas AB* informed that during the Extraordinary Meeting of Shareholders of *PST investicijos UAB* on 9 December 2024 it was decided to liquidate *PST investicijos UAB*.

2.4.2. Key events after the reporting period (in 2025)

7 February 2025. *Panevėžio Statybos Trestas AB* signed almost a 14 million EUR (VAT included) contract with *JPackaging*, a company of the asset management group *TMV Capital*, for the construction of a wooden pallet and pallet edging factory in Šeduva Industrial Park, Radviliškis district.

18 March 18 2025, a special general meeting of shareholders of PST Group was held. During the meeting, UAB KPMG Baltics was elected to audit the financial statements for 2025, 2026, and 2027 for PST Group AB and its group companies. Additionally, a new company name, PST Group AB, was approved.

21 March, 2025, PST Group AB received a notification from UAB Prosperus Group, INVL Baltic Fund, represented by the management company UAB "SB Asset Management," and Clairmont Holdings Ltd regarding the acquisition of voting rights and joint action in exercising shareholder rights. The acting in concert persons are: INVL Baltic Fund, represented by the management company UAB "SB Asset Management" (702,565 shares, 4.30%), UAB "Prosperus Group" (960,254 shares, 5.87%), and Clairmont Holdings Ltd (792,243 shares, 4.85%). The total voting rights represented by the shares are 2,455,062 shares, or 15.02%.

2.5. Information on research and development activities

The Company and companies of the Group keep a consistent focus on increasing operational management efficiency, improving construction work quality and introducing modern technologies. We are looking for ways to improve efficiency, innovative and resource-efficient process management, working conditions and service quality.

Acknowledging a significant construction footprint on nature and people, we focus on sustainability in our activities. We aim to analyse the impact of our activities in the areas of environment, social responsibility and governance. We develop sustainability goals and strategies. We provide customers, partners and investors with a clear picture of the impact of our activities. We promote engagement and participation in sustainability initiatives.

We aim to reduce the energy consumption and waste generation in our operations through optimisation of our production processes. We invest in more efficient working tools and technologies that enable to generate and use green energy.

To maintain a high-level expertise in the construction sector, the Company is working with partners to extend the use of Building Information Modelling (BIM) principles in project management.

2.6. Information on action plans and forecasts

The economic situation in Lithuania and export markets, geopolitical risks, implementation of the large-scale infrastructure, military and energy projects will have a significant impact on the Company’s and the Group’s operations.

PST Group AB specializes in complex and long-term projects. The profitability of some projects carried out in 2024 was negatively affected by geopolitical risks and the resulting inflation. The company and its management are focused on minimizing these risks in newly signed contracts and projects implemented in 2025. The Company introduced number of changes to increase efficiency of the operations: the management team was strengthened, the structure was simplified, etc

A strong emphasis is placed on controlling the operations of subsidiaries to ensure the growth of profitable activities and effective risk management.

2.7. Information on Shares

As of 13 July 2006, the ordinary registered shares of *PST Group AB* are listed on the Official Trading List of *Nasdaq Vilnius AB* (company symbol PTR1L).

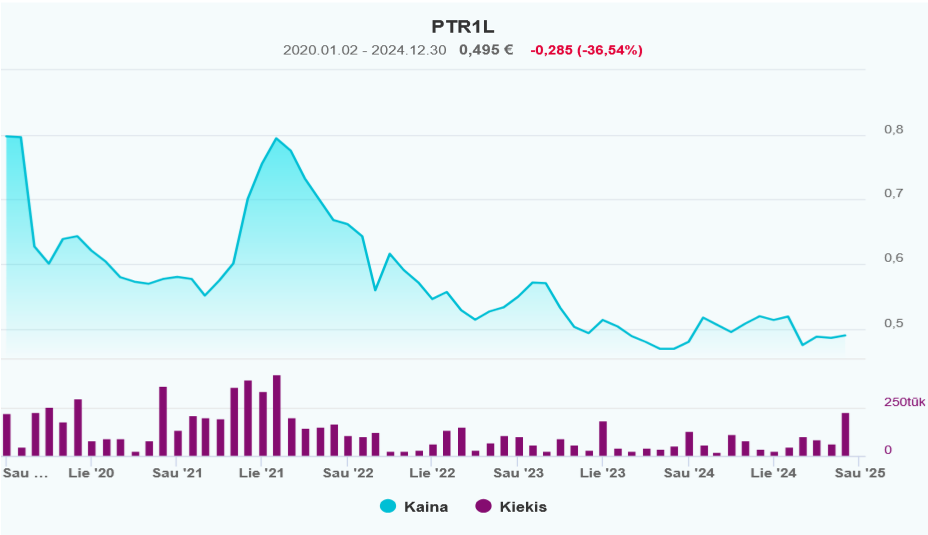
The Company has the contract for securities accounting signed with *Šiaulių Bankas AB*.

Share type	Number of shares, units	Nominal value, EUR	Total nominal value, EUR	Emission code ISIN
Ordinary registered shares (ORS)	16,350,000	0.29	4,741,500	LT0000101446

Information on the price of the Company's PTR1L shares on Nasdaq Vilnius stock exchange in 2020-2024:

Indicator	2024	2023	2022	2021	2020
Highest price, EUR	0.548	0.582	0.694	0.838	0.85
Lowest price, EUR	0.45	0.45	0.50	0.53	0.52
Average price, EUR	0.499	0.514	0.564	0.677	0.629
Share price as of the end of reporting period, EUR	0.495	0.475	0.518	0.66	0.57
Turnover, units	1,001,085	772,677	991,215	2,935,832	1,980,134
Turnover, EUR million	0.50	0.40	0.56	1.99	1.25
Capitalisation, EUR million	8.09	7.78	8.47	10.79	9.32

Company's share price variation on *Nasdaq Vilnius Stock Exchange* in 2020-2024 (EUR):



Comparison of PTR1L PST Group and OMX Vilnius Benchmark GI indexes in 2024:

GOVERNANCE AND REMUNERATION REPORT

3. Governance report

3.1. Governance

PST Group AB is guided by the Law on Companies, the Law on Securities, the Company's Articles of Association, and other legal acts of the Republic of Lithuania and internal legislation.

The Company's Articles of Association and the Register of Legal Entities provide for the following bodies of the Company:

- The General Meeting of Shareholders;
- Board;
- Company's Chief Executive Officer (CEO).

The corporate governance system ensures fair treatment of all shareholders, including minority and foreign shareholders, and protects the rights of the shareholders

The corporate governance system ensures that any information on all essential issues, including financial situation, operation and the Company's management, is disclosed in a timely and accurate manner.

The Audit Committee of the Company gives recommendations to the Board on nomination of an audit firm/auditor. The Board selects the candidate for the audit firm/auditor and submits it to the General Meeting of Shareholders for approval. This ensures independence of the conclusions and opinion provided by the audit firm.

In accordance with the procedure established by the laws of the Republic of Lithuania, all material events related to operation of the Company and information on the time and place of the General Meeting of Shareholders are published on the website of the Company https://www.pst.lt/en/for-investors/material-events and on the stock exchange *NASDAQ Vilnius AB* (www.nasdaqomxbaltic.com).

3.2. Authorised capital structure and shareholders

As of 31 December 2023, the Company's share capital amounted to EUR 4,741,500 and was divided into 16,350,000 units of ordinary registered shares with the nominal value of EUR 0.29 each. All the shares are fully paid. The proof of ownership is the record in the securities accounts.

The Company has not acquired any of its own shares.

As of 31 December 2024, the total number of the shareholders was 1,704. Distribution of shareholders by residence country and legal form:

Investors	Number of shares, units	Ownership interest, %
Foreign investors		
Legal persons	2,162,447	13,2%
Natural persons	1,374,929	8,4%
Local investors		
Legal persons	9,226,608	56,4%
Natural persons	3,586,016	21,9%

Shareholders holding or controlling more than 5% of the authorised capital of the Company:

Full name of a shareholder (company name, type, headquarter address, company code)	**Number of ordinary registered shares held by a shareholder under ownership right (pcs.)**	**Portion of the authorized capital held (%)**	**Portion of votes granted by the shares held under ownership right (%)**
HISK AB, S. Kerbedžio st. 7, Panevėžys, company code 147710353	8,138,932	49.78	49.78
PROSPERUS GRUPĖ UAB, Tilžės st. 149, Šiauliai, 76348 Lithuania, 09320 Vilnius Lithuania, LT, company code 304469642	817,944	5	5
Freely floating shares (shareholders holding or controlling less than 5% of the issued capital)	8,211,068	45.22	45.22

The number of shares carrying votes at the General Meeting of Shareholders of *PST Group AB* is 16,350,000, one ordinary registered share of the Company carries one vote at the General Meeting of Shareholders.

Information on significant directly or indirectly held share portfolios

As of December 31, 2024, The Company has no information available on directly or indirectly held share portfolios. The Company has no information available on any arrangements between shareholders.

Information on any transactions with related parties as prescribed by Article 37(2) of the Law on Companies of the Republic of Lithuania

There were no such transactions concluded

Information on shareholders with special control rights

There are no shareholders with special control rights in the Company. The ordinary dematerialised shares of the Company grant equal voting rights to all shareholders of the Company.

Information on all existing limitations on voting rights

The Company has no information available on limitations on voting rights.

3.3. Dividends

The decision to pay dividends is taken and the amount to be paid as dividends is set by the General Meeting of Shareholders. The Company pays the allocated dividends within 1 month from the date when decision on profit appropriation has been taken.

The persons who were the shareholders of the Company at the end of the tenth business day from the General Meeting of Shareholders that adopted the relevant decision are entitled to the dividends.

Dividends are taxable in accordance with the Law on Income Tax of Individuals and the Law on Corporate Income Tax of the Republic of Lithuania.

The Ordinary General Meeting of Shareholders of *PST Group AB* that took place on 30 April 2024 did not come to the decision to pay dividends.

3.4. General Meeting of Shareholders

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 of the Republic of Lithuania.

The Company's CEO attends shareholders' meetings, while CFO and a member of the Board attend as required depending on the issues under discussion.

3.5. Board

The Board of the Company consisting of five members is elected by the General Meeting of Shareholders for a period not longer than 4 years. At present there are five members in the Board, of which 2 (two) members are independent. The members of the Board represent the shareholders and perform the supervisory and control functions. The activities of the Board are managed by the Chair. The Board elects the Chair from the members of the Board. The term of office of all members of the Board will end on 9 April 2025. The procedure of electing and dismissing the members of the Board is not different from that prescribed by the Law on Companies of the Republic of Lithuania.

The Articles of Association may be amended only by the General Meeting of Shareholders by the qualified majority of at least 2/3 of the total votes of the shareholders attending the meeting. The resolution amending the Articles of Association is adopted following the procedure set forth in the Law on Companies of the Republic of Lithuania.

The powers of the members of the Board are set forth in the Law on Companies of the Republic of Lithuania and the Articles of Association.

Members of the Board

Justas Jasiūnas, Chair

Educational background: Mykolas Romeris University, Master in Law

Place and position of employment: Consultant at *PST Group AB* (company code 147732969, P. Puzino st. 1, Panevėžys).

Participation in activities of other companies:

- Board Member at *HISK AB* (company code 147710353, S. Kerbedzio st. 7, Panevėžys);
- Chair at *Aliuminio Fasadai UAB* (company code 305412441, Pramonės st. 7, Panevėžys) (until 27/01/2025);
- Chair at *Vekada UAB* (company code 147815824, Tinklų g. 7, Panevėžys) (until 28/01/2025);
- Board Member at *Stadus UAB* (company code 148284718, Pramonės st. 5, Panevėžys) (until 20/01/2025);
- Board Member at *PST investicijos UAB* (company code 124665689, Ukmergės st. 219, Vilnius);
- Board Member at *Lauktuvės Jums UAB* (company code 147797155, Laisvės ave. 26, Panevėžys);
- Board Member at *Gustonių Žemės Ūkio Technika UAB* (company code 168581940, S. Kerbedžio st. 7F, Panevėžys).

As of 31 December 2024, held no shares of the Company.

KRISTINA MAČIULIENĖ, 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 st. 7, Panevėžys).

Participation in activities of other companies:

- Board Member at *HISK AB* (company code 147710353, S. Kerbedzio st. 7, Panevėžys);
- Board Chair at *Stadus UAB* (company code 148284718, Pramonės st. 5, Panevėžys) (until 20/01/2025);
- Board Chair at *Hustal UAB* (company code 148284860, Tinklų st. 7, Panevėžys) (until 17/01/2025);
- Board Member at *Vekada UAB* (company code 147815824, Tinklų st. 7, Panevėžys) (until 28/01/2025);
- Board Member at *Aliuminio Fasadai UAB* (company code 305412441, Pramonės st. 7, Panevėžys) (until 27/01/2025);
- Board Chair at *Lauktuvės Jums UAB* (company code 147797155, Laisvės ave. 26, Panevėžys);
- Board Chair at *Gustonių Žemės Ūkio Technika UAB* (company code 168581940, S. Kerbedžio st. 7F, Panevėžys).

As of 31 December 2024, held 10 (ten) shares of the Company

GINTAUTAS MAŽEIKA, Bard member

Educational background: Finance and Business Administration (EMBA).

Place and position of employment: Managing Partner at *Mažeika ir Partneriai UAB* (company code 303187280, Olimpiečių st.1-49, Vilnius).

Participation in activities of other companies:

- Board Member at *PRO BRO Group UAB* (company code 305723296 Senosios Pilaitės rd. 7, Vilnius);
- Independent Board Member at *Švaros Broliai UAB* (company code 122538045 Senosios Pilaitės rd. 7, Vilnius);
- Board Chair at *Šypsenos Akademija UAB* (company code 304689389, Švitrigailos st. 11G-100, Vilnius).

As of 30 June 2024, held no shares of the Company.

As the data of the Board Member newly elected by the resolution of the shareholders adopted at the General Meeting of Shareholders of *PST Group AB* on 30 April 2024 have not been registered with the Register of Legal Entities within the period of 30 days as provided for in Paragraph 3, Article 2.66 of the Civil Code of the Republic of Lithuania, the Board Member is subject to re-election. For this reason, on the initiative and following the resolution of the Board of *PST Group AB* of 25 September 2024, Mr. Mažeika was re-elected as the Board Member in the Extraordinary General Meeting of Shareholders.

LINA SIMAŠKIENĖ, independent 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 st. 212, Panevėžys).

Participation in activities of other companies:

- Chief Accountant at *IOCO UAB* (company code 302547850, Verkių st. 25C-1, Vilnius);
- Chief Accountant at *Pokštas UAB* (company code 168424572, Gustonys vlg., Naujamiestis eld., Panevėžys District Municipality);

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

As of 31 December 2024, held no shares of the Company.

DARIJUS VILČINSKAS, independent Board Member

Educational background: Vilnius Gediminas Technical University (VILNIUS TECH), Master.

Place and position of employment: Director at *VIP Centras UAB* (company code 301151200, Žirgo st.2-74, Vilnius); Director at UAB Balance Investments (company code 305897158, A. Domaševičiaus st. 9, Vilnius); Director at *Restoda UAB* (company code 305951894, Santariškių st. 75-34, Vilnius).

Participation in activities of other companies: Board Member at Hunters Club Truskava.

As of 31 December 2024, held no shares of the Company.

18 (eighteen) Board meetings were held in 2024. The attendance of the Board members during 2024 was as follows:

Meeting	Justas Jasiūnas	Gvidas Drobužas	Kristina Mačiulienė	Gintautas Mažeika	Lina Simaškienė	Darijus Vilčinskas
30/01/2024	+	-	+		+	+
07/02/2024	+	+	+		+	+
28/02/2024	+	-	+		+	+
20/03/2024	+	-	+		+	+
09/04/2024	+		+		+	+
18/04/2024	+		+		+	+
15/05/2024	+		+		+	+
29/05/2024	+		+	+	+	+
13/06/2024	+		+	+	+	+
10/07/2024	+		+	+	+	+
18/07/2024	+		+	+	+	+
30/07/2024	+		+	+	+	+
27/08/2024	+		+	+	+	+
25/09/2024	+		+	+	+	+
03/10/2024	+		+	+	+	+
06/11/2024	+		+	+	+	+
04/12/2024	+		+	+	+	+
11/12/2024	+		+	+	+	+
Total:	18	1	18	11	18	18

3.6. Administration

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, approves his job description, gives incentives and imposes penalties. The Managing Director shall organize the activities of the Company.

Tomas Stukas – Head of the Company Administration, Managing Director.

Educational background: Vilnius Gediminas Technical University, Bachelor's Degree in Industry Engineering; Vilnius Gediminas Technical University, Master's Degree in Industry Engineering.

As of 31 December 2024, held no shares of the Company.

Mindaugas Ambrasas – Chief Financial Officer (from 29/07/2024).

Educational background, qualification: Vilnius University, Master's Degree in Economics.

As of 31 December 2024, held no shares of the Company.

3.7. Audit Committee

The General Meeting of Shareholders of *PST Group AB* elects the Audit Committee. The Audit Committee consists of three members, two 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 Audit Committee performs its duties in accordance with Article 58, point 3 of the Law on Audit of Financial Statements and Other Assurance Services of the Republic of Lithuania.

The following members were elected to the Audit Committee at the Annual General Meeting of Shareholders of *PST Group AB* on 30 April 2024:

Drąsutis Liatukas – an independent auditor, Head of *Finansų Auditorius UAB*, auditor. As of 31 December 2024, held no shares of the Company;

Irena Kriaučiūnienė – an independent auditor. As of 31 December 2024, held no shares of the Company;

Lina Rageliėnė – Chief Accountant of *PST Group AB*. As of 31 December 2024, held no shares of the Company.

3.8. Information on significant related party transactions

In 2024, no loans, guarantees, sureties were granted, and no property was transferred to Board Members or top managers of *PST Group AB*.

All related party transactions are disclosed in the Notes to the Separate Financial Statements (Note 6.1.29) and the Consolidated Financial Statements (Note 7.1.28).

3.9. Corporate Governance Reporting Form

PST Group AB, acting in compliance with Article 22 (3) of the Law on Securities of the Republic of Lithuania and paragraph 24.5 of the Listing Rules of *Nasdaq Vilnius AB*, hereby discloses how it complies with the Corporate Governance Code for the Companies listed on Nasdaq Vilnius as well as its specific provisions or recommendations. In case of non-compliance with the Code or some of its provisions or recommendations, the specific provisions or recommendations that are not complied with must be indicated, the reasons for such non-compliance must be specified, and other explanatory information indicated in this form must be presented.

3.9.1. Free-form summary of the Corporate Governance Report

PST Group AB generally adheres to the recommendatory Corporate Governance Code for the Companies Listed on NASDAQ Vilnius. Referring to the Articles of Association, the Company's bodies include the General Meeting of Shareholders, the Board and CEO. According to the Law on Companies of the Republic of Lithuania, either two (supervisory and management) or one collegial management body may be set up in the Company at the discretion of the Company. The Company does not have a Supervisory Council. Following the Articles of Association of the Company, the Board is set up of 5 members, which are elected for the period of four years. The members of the Board represent the shareholders and perform the supervisory and control functions. Only the Audit Committee, which is elected for the period of one year, is formed in the Company. The functions of the Nomination and Remuneration Committees are performed by the Board. The corporate governance system ensures fair treatment of all shareholders, including minority and foreign shareholders, and protects the rights of the shareholders

In its Management Report, in accordance with the requirements of the legal acts, the Company provides information on the total amounts of money calculated during the reporting period to the Board Members, the Chief Executive Officer and Chief Accountant of the Company.

The corporate governance framework should ensure that timely and accurate disclosures are made on all material matters concerning the company, including its financial position, performance and corporate governance.

The audit firm is proposed by the Board and elected by the General Meeting of Shareholders, thus ensuring independence of the conclusions and opinion provided by the audit firm.

3.9.2. Structured table:

PRINCIPLES/RECOMMENDATIONS	YES/NO/NOT APPLICABLE	COMMENTARY
1.Principle: General meeting of shareholders, equitable treatment of shareholders, and shareholders' rights. The corporate governance framework should ensure the equitable treatment of all shareholders. The corporate governance framework should protect the rights of shareholders.		
1.1.All shareholders should have equal access to the information and/or documents provided for by law and should be able to participate in decisions that are important for the company.	Yes	All information that shall be made public in accordance with legal acts is published in Lithuanian and English via informational system of stock-exchange Nasdaq Vilnius and on the website of the Company. The venue, date and time of the Meeting of Shareholders convened by the Company are chosen in such a way as to ensure participation of all shareholders in the decision-making process of the Company.
1.2.It is recommended that a company's capital should consist only of shares that give their holders equal voting, ownership, dividend and other rights.	Yes	The Company's issued share capital consists of 16,350,000 ordinary shares, with the nominal value of 0.29 EUR each, which provide their holders equal voting, property, dividend and other rights.

1.3.It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	Yes	The rights attached to the shares are indicated in the Articles of Association of the Company, which are published on the website of the Company.
1.4.Exceptional transactions of major importance, such as the disposal of all or almost all of the company's assets, which would effectively amount to a disposal of the company, should be subject to the approval of the General Meeting of Shareholders.	No	The Articles of Association of the Company do not provide that the mentioned transactions are subject to approval of the General Meeting of Shareholders. The shareholders of the Company approve the transactions for approval of which they have the right prescribed by the Law on Companies of the Republic of Lithuania and the Articles of Association of the Company.
1.5.The procedures for organising and participating in the General Meeting of Shareholders should give shareholders equal opportunities to participate in the General Meeting of Shareholders and should not prejudice the rights and interests of shareholders. The choice of the place, date and time of the General Meeting should not preclude the active participation of shareholders in the General Meeting. In the notice of the General Meeting, the company should indicate the latest date on which the proposed draft resolutions can be submitted.	Yes	The Company convenes a General Meeting of Shareholders in accordance with the procedure established by the Law on Companies of the Republic of Lithuania.
1.6.In order to ensure the right of shareholders living abroad to access information, it is recommended that, where possible, the documents prepared for the General Meeting of Shareholders be made public in advance not only in Lithuanian, but also in English and/or in other foreign languages. It is also recommended that the minutes of the General Meeting of Shareholders, after signing, and/or the decisions adopted be made public not only in Lithuanian but also in English and/or other foreign languages. It is recommended that this information be published on the company's website. Not all documents may be made publicly available if their public disclosure would be prejudicial to the company or would disclose the company's business secrets.	Yes	All information for shareholders, notices on convocation of General Meetings of Shareholders, drafts of resolutions and documents proposed for the Meeting of shareholders by the Management Board and adopted resolutions and approved documents are made public in Lithuanian and English languages through the information system of Nasdaq Vilnius Stock Exchange and published on the website of the Company.
1.7.Shareholders entitled to vote should be able to vote at the meeting of shareholders, either present or absent in person. Shareholders should not be prevented from voting in advance in writing by completing a single ballot paper.	Yes	Each shareholder can participate at the meeting in person or delegate the participation to some other person. The Company allows the shareholders voting by filling the general voting ballot in as prescribed by the law.
1.8.In order to increase shareholders' ability to participate in General Meetings of Shareholders, it is recommended that companies should make greater use of modern technology to enable shareholders to participate and vote in General Meetings of Shareholders by electronic means. In such cases, the security of the information transmitted must be guaranteed and the identity of the person who participated and voted must be identifiable.	No	The Company does not comply with the provisions of this recommendation, as it is not possible to ensure text protection and identify the signature of a voting person. Furthermore, in the opinion of the Company, so far there was no need for any modern technologies at the General Meeting of Shareholders for the purposes of participation and voting via electronic means of communication.
1.9.It is recommended to disclose in the notice of the draft decisions of the convened General Meeting of the Shareholder the new nominations of the members of the collegial body, the remuneration proposed for them, the proposed appointment of the audit company, if these issues are included in the agenda of the General Meeting of Shareholders. When proposing to elect a new member of the collegial body, it is recommended that the member's educational background, work experience and other management positions held (or proposed to be held) be disclosed.	Yes	Information on the candidates to the members of the Management Board of the Company is provided to the shareholders at the General Meeting of Shareholders with the item related to the election of the members of the Management Board on the agenda in accordance with the procedure established by the Law on Companies of the Republic of Lithuania.

		Information on the audit firm to be elected is made public together with the notice on the draft resolutions of the General Meeting of Shareholders to be convened in accordance with the procedure prescribed by the legal acts.
1.10.Members of the Company's collegial management body, heads of the administration[1] or other competent persons related to the Company who can provide information related to the agenda of the general meeting of shareholders should take part in the general meeting of shareholders. Proposed candidates to member of the collegial body should also participate in the general meeting of shareholders in case the election of new members is included into the agenda of the general meeting of shareholders.	Yes	The Managing Director, Chief Accountant, Chair and other competent persons who can provide information on the agenda of the General Meeting of Shareholders always participate at the General Meeting of Shareholders. The proposed candidates to the members of the Management Board, however not all, participated at the General Meeting of Shareholders.
2.Principle: Supervisory Board **2.1.Functions and responsibilities of the Supervisory Council** **The Supervisory Council should ensure that the interests of the company and its shareholders are represented, that it is accountable to the shareholders and that it exercises objective and impartial oversight of the company's activities and its management bodies, and that it makes regular recommendations to the management bodies.** **The Supervisory Council should ensure the integrity and transparency of the company's financial accounting and control system.**		
2.1.1.Members of the Supervisory Council should act honestly, diligently and responsibly in the best interests of the company and its shareholders and represent their interests, taking into account the interests of employees and the public good.	Not applicable	As the Law on Companies of the Republic of Lithuania provides for the possibility to elect only one either collegial supervision or management body, the collegial management body, the Board performing the supervision function, and one-person management body, the Managing Director, are set up in the Company. The collegial supervising – the Supervisory Board is not formed.
2.1.2.Where the Supervisory Council's decisions may affect the interests of the company's shareholders differently, the Supervisory Council should treat all shareholders impartially. It should ensure that shareholders are adequately informed about the company's strategy, risk management and control, and the management of conflicts of interest.	Not applicable	See item 2.1.1.
2.1.3.The Supervisory Council should be impartial in making decisions that have a bearing on the company's operations and strategy. The work and decisions of the members of the Supervisory Council should not be influenced by those who elected them.	Not applicable	See item 2.1.1.
2.1.4.Members of the Supervisory Council should make clear their objection if they consider that a decision of the Supervisory Council could be detrimental to the company. Independent members of the Supervisory Council[2] should: (a) remain independent in their analysis and decision-making; (b) neither seek nor accept any undue preference that may cast doubt on the independence of the members of the Supervisory Board.	Not applicable	See item 2.1.1.
2.1.5.The Supervisory Council should oversee that the company's tax planning strategies are designed and implemented in accordance with the law, to avoid flawed practices that are not in the long-term interests of the	Not applicable	See item 2.1.1.

[1]-For the purposes of this Code, heads of the administration are the employees of the company who hold top level management positions.
[2]-For the purposes of this Code, the criteria of independence of members of the supervisory council are interpreted as the criteria of unrelated parties defined in Article 31(7) and (8) of the Law on Companies of the Republic of Lithuania.

company and its shareholders, which may lead to reputational, legal or other risks.		
2.1.6.The company should ensure that the Supervisory Council is provided with sufficient resources (including financial resources) to carry out its duties, including access to all relevant information and the right to seek independent professional advice from external legal, accounting or other professionals on matters within the competence of the Supervisory Council and its committees.	Not applicable	See item 2.1.1.
2.2.Establishment of the Supervisory Council **The procedure of the formation of the supervisory board should ensure proper resolution of conflicts of interest and effective and fair corporate governance.**		
2.2.1.The members of the Supervisory Council elected by the General Meeting of Shareholders should collectively ensure a diversity of qualifications, professional experience and competences, as well as a gender balance. In order to maintain an appropriate balance between the qualifications of the members of the Supervisory Council, it should be ensured that the members of the Supervisory Council as a whole have a broad range of knowledge, views and experience to perform their tasks properly.	Not applicable	See item 2.1.1.
2.2.2.Members of the Supervisory Council should be appointed for a fixed term, with the possibility of individual re-election for a new term, in order to ensure the necessary growth in professional experience.	Not applicable	See item 2.1.1.
2.2.3.The Chair of the Supervisory Council should be a person whose current or former position would not be an obstacle to the impartial exercise of his/her functions. A former CEO or the Board member of the company should not immediately be appointed as a Chair of the Supervisory Council. Where a company chooses not to comply with these recommendations, information should be provided on the measures taken to ensure operational impartiality.	Not applicable	See item 2.1.1.
2.2.4.Each member should devote sufficient time and attention to his/her duties as a member of the Supervisory Council. Each member of the Supervisory Council should undertake to limit his/her other professional commitments (in particular management positions in other companies) in such a way that they do not interfere with the proper performance of his/her duties as a member of the Supervisory Council. If a member of the Supervisory Council attended less than half of the Supervisory Council meetings during the company's financial year, the company's shareholders should be informed.	Not applicable	See item 2.1.1.
2.2.5.Where the appointment of a member of the Supervisory Council is proposed, it should be disclosed which members of the Supervisory Board are considered independent. The Supervisory Council may decide that, despite the fact that a particular member meets all the criteria of independence, he/she cannot be considered independent due to special personal or company-related circumstances.	Not applicable	See item 2.1.1.
2.2.6.The amount of remuneration for members of the Supervisory Council should be approved by the company's General Meeting of Shareholders for their activities and participation in the meetings of the Supervisory Council.	Not applicable	See item 2.1.1.
2.2.7.The Supervisory Board should carry out an evaluation of its own performance each year. It should include an assessment of the structure,		

organisation and ability to act as a group, as well as an assessment of the competence and effectiveness of each member of the Supervisory Board and an assessment of whether the Supervisory Board has achieved its stated performance objectives. The Supervisory Board should publish, at least once a year, relevant information on its internal structure and operating procedures.	Not applicable	See item 2.1.1.
3.Principle: Board **3.1.Functions and responsibilities of the Board** **The Board should ensure the implementation of the company's strategy, as well as good corporate governance, taking into account the interests of shareholders, employees and other stakeholders.**		
3.1.1.The Board should ensure the implementation of the company's strategy, as approved by the Supervisory Board, if it is established. In cases where the Supervisory Board is not established, the Board is also responsible for approving the company's strategy.	Yes	As there is no Supervisory Board formed at the Company, the Board performs supervisory functions, discusses and approves the strategy of the Company, as well as analyses and evaluates information on the implementation of the strategy of the Company.
3.1.2.The Board, as the collegial management body of the company, performs the functions assigned to it by the Law and the company's Articles of Association and, in cases where the company does not have a Supervisory Board, also performs the supervisory functions provided for in the Law. In carrying out its functions, the Board should take into account the needs of the company, shareholders, employees and other stakeholders, as appropriate, in order to build a sustainable business.	Yes	The Company follows the strategic plan of the Company based on which the mission of the management bodies of the Company is to create and maintain a strong, competitive, financially capable and technically advanced Company that creates and maximizes the value for the shareholders.
3.1.3.The Board should ensure compliance with the laws and internal company policies applicable to the company or group of companies to which it belongs. It should also put in place appropriate risk management and control measures to ensure regular and direct accountability of executives.	Yes	The Board ensures compliance with the laws and internal policy of the Company applicable to the Company or the Group.
3.1.4.Moreover, the management board should ensure that the measures included into the OECD Good Practice Guidance[3] on Internal Controls, Ethics and Compliance are applied at the company in order to ensure adherence to the applicable laws, rules and standards.	Yes	The Board complies with this guidance.
3.1.5.When appointing the manager of the company, the management board should take into account the appropriate balance between the candidate's qualifications, experience and competence.	Yes	When appointing the Chief Executive Officer, the Board takes into account the candidate's qualifications, experience and competence.
3.2.Establishment of the Board		
3.2.1.The members of the Board elected by the Supervisory Board or by the General Meeting of Shareholders if no Supervisory Council is established should collectively ensure a diversity of qualifications, professional experience and competences, and strive for gender balance. In order to maintain an appropriate balance between the qualifications of the members of the Board, it should be ensured that the members of the Board as a whole have a wide range of knowledge, views and experience to perform their tasks adequately.	Yes	The members of the Board of the Company are elected by the General Meeting of Shareholders. The members of the Board of the Company are qualified and competent to perform their functions, have a long experience in management. At present females make 40% of the members of the Board, i. e. two females and three males.
3.2.2.The names of the candidates for election to the Board, their education, qualifications, professional experience, positions held, other relevant professional commitments and potential conflicts of interest	Yes	Information on the positions taken by the members of the Management Board or their participation in operation of other companies is continuously

[3] Link to the OECD Good Practice Guidance on Internal Controls, Ethics and Compliance: https://www.oecd.org/daf/anti-bribery/44884389.pdf

should be disclosed, without prejudice to the requirements of the legislation governing the processing of personal data, at the meeting of the Supervisory Council at which the Board or its individual members will be elected. If the Supervisory Council is not established, the information set out in this point should be submitted to the General Meeting of Shareholders. The Board should compile the data on its members referred to in this point each year and disclose it in the company's annual report.		collected and compiled, and at the end of every year it is revised and presented in the reports prepared by the Company.
3.2.3.All new members of the Board should be briefed on their duties, the company's structure and its activities.	Yes	The new members of the Board have been familiarised with their duties, the structure, operations and strategy of the Company.
3.2.4.Members of the Board should be appointed for a fixed term, with the possibility of individual re-election, in order to ensure the necessary growth in professional experience and sufficiently frequent reconfirmation of their status.	Yes	The Management Board of the Company is elected by the General Meeting of Shareholders for the maximal four-year term in office prescribed by the Law on Companies of the Republic of Lithuania. Individual members of the Board or the entire Board may be recalled by the General Meeting of Shareholders before the end of their term of office.
3.2.5.The Chair of the Board should be a person whose current or former position would not be an obstacle to the impartial conduct of business. A former CEO of the company should not immediately be appointed as a Chair of the Board. Where a company chooses not to comply with these recommendations, information should be provided on the measures taken to ensure operational impartiality.	Yes	The Chair of the Board represents the main shareholder and has never been the Chief Executive Officer of the Company.
3.2.6.Each member should devote sufficient time and attention to his or her duties as a Board member. If a member of the Board has attended less than half of the meetings of the Board during the company's financial year, the company's Supervisory Council should be informed, or, if there is no Supervisory Council, the General Meeting of Shareholders.	Yes	The members of the Management Board fulfil their functions properly: actively participate at the meetings of collegial body and devote sufficient time to perform their duties as a member of the collegial body. 18 (eighteen) Board meetings were held in 2024. For detailed information on the attendance, see section 3.5 of the Governance Report.
3.2.7.If, in the cases provided for in the Law, when the Board is elected in the absence of a Supervisory Council, some of the members of the Board will be independent[4], it should be published which members of the Board are considered independent. The Board may decide that a particular member of the Board, although fulfilling all the criteria for independence set out in the Law, may not be considered independent because of special personal or company-related circumstances.	No	Two independent Board Members are Lina Simaškienė and Darijus Vilčinskas. Prior to the Meeting of Shareholders, it was published that these two candidates for Board Membership would be considered as independent Board Members.
3.2.8.The amount of remuneration to be paid to members of the Board for their activities and participation in Board meetings should be approved by the company's General Meeting of Shareholders.	Yes	On 9 April 2021, the Extraordinary General Meeting of Shareholders approved the Procedure for Awarding and Paying Remuneration to Independent Board Members of *PST Group AB* for their Activities in the Board. The members of the Board, except for the independent members of the Board, are paid remuneration (bonuses) by the decision of the General Meeting of Shareholders in accordance

[4]-For the purposes of this Code, the criteria of independence of members of the board are interpreted as the criteria of unrelated parties defined in Article 33(7) of the Law on Companies of the Republic of Lithuania.

		with the Law on Companies of the Republic of Lithuania.
3.2.9.Board members should act honestly, diligently and responsibly in the best interests of the company and its shareholders and represent their interests, taking into account other interest holders. They should not pursue personal interests in their decision-making, should be subject to non-competition agreements, and should not, to the detriment of the company's interests, take advantage of business information and opportunities that are relevant to the company's activities.	Yes	Based on the data available to the Company, all members of the Management Board act in good will for the interests of the Company and its shareholders, they are guided by the interests of the Company and not those of their own or any third parties, seek to maintain their independence in decision-making.
3.2.10.Every year the management board should carry out an assessment of its activities. It should include an assessment of the structure, organisation and ability to act as a group, as well as an assessment of the competence and effectiveness of each member of the Board and an assessment of whether the Board has achieved its stated performance objectives. The management board should, at least once a year, make public respective information about its internal structure and working procedures in observance of the legal acts regulating the processing of personal data.	Yes/No	The internal documents of the Company do not directly provide for an activity assessment of the collegial bodies exercising individual supervisory functions. However, the collegial body ensures that its members are competent and have a variety of knowledge, opinions and experience to perform their tasks properly.
4.Principle: Working procedures of the Company's Supervisory Council and the Board **The company's procedures for the work of the Supervisory Council, if established, and the Board should ensure the effective work and decision-making of these bodies and promote active cooperation between the company's bodies.**		
4.1.The Board and the Supervisory Council, if established, should work closely together for the benefit of both the company and its shareholders. Good corporate governance requires an open discussion between the Board and the Supervisory Board. The Board should regularly and, if necessary, promptly inform the Supervisory Council of all matters of importance to the company in relation to planning, business development, risk management and control, and compliance with the company's obligations. The Board should inform the supervisory board about any derogations in its business development from the previously formulated plans and objectives by specifying the reasons for this.	Not applicable	There is no Supervisory Board formed at the Company.
4.2.It is recommended that meetings of the company's collegial bodies be held at appropriate intervals in accordance with a pre-approved schedule. It is up to each company to decide on the frequency of meetings of the collegial bodies, but it is recommended that they should be held at such a frequency as to ensure the uninterrupted discussion of the company's key governance issues. Meetings of the company's collegiate bodies should be convened at least once a quarter of the year.	Yes	The meetings of the Management Board of the Company are held at least once a month in accordance with the Rules of Procedures of the Management Board. The date of the next meeting of the Management Board is agreed at each meeting of the Management Board. If required, the meetings of the Management Board are held at shorter intervals.
4.3.The members of the collegial body should be informed in advance of the convening of the meeting in order to allow sufficient time for adequate preparation of the issues to be discussed at the meeting and for the discussion leading to the adoption of decisions. The members of the collegial body should be provided with all relevant material relating to the agenda of the meeting together with the notice of the meeting. The agenda should not be amended or supplemented during a meeting unless all members of the collegiate body are present and agree to such amendment or supplementation or unless there is an urgent need to deal with important matters of the company.	Yes	The members of the Management Board are notified of the meeting being convened and its agenda in advance. All members of the Board get all materials relevant to the issues on the agenda in advance and have an opportunity to get familiarised with them and ask questions before and during the meeting, have the right to request to supplement or clarify the materials relevant to the issue to be discussed.
4.4.In order to coordinate the work of the company's collegial bodies and to ensure an efficient decision-making process, the chairpersons of the company's collegial supervisory and management bodies should	Not applicable	

coordinate the dates and agendas of the meetings to be convened and should cooperate closely on other issues related to the company's management. Meetings of the company's Supervisory Council should be open to the members of the company's Board, in particular where the meeting deals with matters relating to the removal of members of the Board, their liability and the determination of remuneration.		There is no Supervisory Board formed at the Company.
5.Principle: Nomination, Remuneration and Audit Committees **5.1.Purpose and composition of committees** **The committees established within the company should enhance the effectiveness of the Supervisory Council and, if the Supervisory Council is not established, of the Board, which performs supervisory functions, by ensuring that decisions are taken after due deliberation and by helping to organise the work in such a way as to ensure that decisions are not affected by material conflicts of interest.** **The Committees should act independently and in a principled manner and make recommendations related to the decision of the collegial body, but the final decision is taken by the collegial body itself.**		
5.1.1.Depending on the specific circumstances of the company and the governance structure chosen, the company's Supervisory Council and, if the Supervisory Council not established, the Board, which performs the supervisory functions, form committees. It is recommended that the collegial body form Nomination, Remuneration and Audit committees[5].	No	The collegial body of the Company's management is the Management Board performing the functions of Nomination Committee and the Remuneration Committees. The Management Board selects and approves the candidacy of the Chief Executive Officer of the Company – Managing Director and agrees with the candidacies of Directors of the Company proposed by the Managing Director. The Board continuously evaluates their experience, professional capabilities and implementation of the Company's strategic goals, hears out their reports. The Audit Committee of the Company gives recommendations to the Board on nomination of an audit firm/auditor. The Board selects the candidate for the audit firm/auditor and submits it to the General Meeting of Shareholders for approval. On 30 April 2024, the Audit Committee was elected at the Annual General Meeting of Shareholders.
5.1.2.Companies may decide to have fewer than three committees. In this case, companies should provide an explanation as to why they have chosen the alternative approach and how the chosen approach meets the objectives set by the three separate Committees.	Yes	
5.1.3.The functions assigned to the committees formed in companies may be performed by the collegial body itself in the cases provided for by law. In such a case, the provisions of this Code relating to committees (in particular as regards their role, functioning and transparency) should, where appropriate, apply to the collegiate body as a whole.	No	Please see the commentary on the recommendation provided in item 5.1.1. The recommendation is implemented to the extent it is related to the activities of the Audit Committee in the Company.
5.1.4.Committees established by the collegial body should normally be composed of at least three members. Subject to the requirements of the legal acts, committees could be comprised only of two members as well. Members of each committee should be selected on the basis of their competences by giving priority to independent members of the collegial body. The chair of the management board should not serve as the chair of committees.	Yes/No	Please see the commentary on the recommendation provided in item 5.1.1. The recommendation is implemented to the extent it is related to the activities of the Audit Committee in the Company. The Audit Committee is composed of three members. Two members conform to the

[5]-The legal acts may provide for the obligation to form a respective committee. For example, the Law on the Audit of Financial Statements and Other Assurance Services of the Republic of Lithuania provides that public-interest entities (including but not limited to public limited liability companies whose securities are traded on a regulated market of the Republic of Lithuania and/or of any other Member State) are under the obligation to set up an audit committee (the legal acts provide for the exemptions where the functions of the audit committee may be carried out by the collegial body performing the supervisory functions).

		requirements for independence. The Audit Committee is elected for the period of one year.
5.1.5.The authority of each committee formed should be determined by the collegial body itself. Committees should perform their duties according to the authority delegated to them and regularly report to the collegial body on their activities and performance on a regular basis. The Rules of Procedure of each committee, defining its role and specifying its rights and duties, should be published at least once a year (as part of the information that the company publishes annually about its governance structure and practices). Companies should also publish each year in their annual report, without prejudice to the requirements of the legislation on the processing of personal data, the composition, number of meetings and attendance of members of the existing committees during the previous year, as well as the main operational goals and their performance.	Yes/No	Please see the commentary on the recommendation provided in item 5.1.1. The Audit Committee follows the Rules of the Audit Committee prepared by the committee and approved by the General Meeting of Shareholders. These rules define the regulations specifying the rights and duties of the Audit Committee, size of the Audit Committee, term of office in the Audit Committee, requirements for education, professional experience and principles of independence. The approved Rules of the Audit Committee are published on the website of the Company. In 2024, two meetings of the Audit Committee were held, with all members of the Audit Committee in attendance.
5.1.6.In order to ensure the independence and objectivity of committees, members of the collegial body who are not members of the committee should normally be entitled to attend committee meetings only at the invitation of the committee. The Committee may invite or require the attendance of certain employees or experts of the Company. The Chair of each committee should be able to communicate directly with shareholders. The cases in which this should be done should be specified in the rules governing the operation of the Committee.	Yes/No	Please see the commentary on the recommendation provided in item 5.1.1. The recommendation is implemented to the extent it is related to the activities of the Audit Committee in the Company.
5.2.Nomination committee.		
5.2.1.The main functions of the Nomination Committee should be the following: (1) to select candidates for vacancies in the Supervisory, Governing Body and Executive Management positions and to recommend them to the collegial body for consideration. The Nomination Committee should assess the balance of skills, knowledge and experience in the governing body, develop a description of the functions and skills required for the specific position and assess the time required to complete the assignment; (2) regularly assess the structure, size, composition, skills, knowledge and performance of the supervisory and management bodies, and make recommendations to the collegiate body on how to bring about the necessary changes; (3) give due attention to succession planning.	Not applicable	There is no Nomination Committee formed at the Company. (Please see the commentary on the recommendation provided in item 5.1.1).
5.2.2.The Company's CEO should be consulted on matters relating to members of the collegial body who have an employment relationship with the company and to the Senior Management, with the right to make proposals to the Nomination Committee.	Not applicable	
5.3.Remuneration Committee.		
The main functions of the Remuneration Committee should be: submit to the collegial body proposals on the remuneration policy applied to members of the supervisory and management bodies and the heads of		There is no Remuneration Committee formed at the Company.

the administration for approval. Such policies should cover all forms of remuneration, including fixed remuneration, performance-related remuneration, financial incentive schemes, pension schemes, severance payments, as well as conditions that would allow the company to recover amounts or suspend payments, indicating the circumstances that would make it appropriate; submit to the collegial body proposals regarding individual remuneration for members of the collegial bodies and the heads of the administration in order to ensure that they would be consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned; review, on a regular basis, the remuneration policy and its implementation.		(Please see the commentary on the recommendation provided in item 5.1.1).
5.4.Audit Committee.		
5.4.1.The key functions of the audit committee are defined in the legal acts regulating the activities of the audit committee[6].	Yes	The Company implements this recommendation. On 30 April 2024, the Audit Committee was elected at the Annual General Meeting of Shareholders. The Audit Committee is composed of three members, two of which conform to the requirements for independence. The Audit Committee organizes its activities in accordance with the Rules of the Audit Committee approved at the Meeting of Shareholders.
5.4.2.All members of the committee should be provided with detailed information on specific issues of the company's accounting system, finances and operations. The Audit Committee should be informed by the company's executives of the accounting treatment of significant and unusual transactions, which may be accounted for in different ways.	Yes	The Audit Committee organizes its activities in accordance with the Rules of the Audit Committee approved at the Meeting of Shareholders. All members of the Committee are provided with detailed information on specific issues of the accounting system, finances and operations of the Company.
5.4.3.The Audit Committee should decide whether the participation of the chair of the management board, CEO of the Company, the chief finance officer (or senior employees responsible for finance and accounting), the internal and external auditors in its meetings is required (and, if required, when). The Committee should be able to meet the persons concerned, if necessary, without the presence of members of the management bodies.	Yes	The Audit Committee organizes its activities in accordance with the Rules of the Audit Committee approved at the Meeting of Shareholders.
5.4.4.The Audit Committee should be informed about the internal auditor's work programme and should be furnished with internal audit reports or periodic summaries. The Audit Committee should also be informed of the work programme of the external auditors and should receive a report from the audit firm describing any relationship between the independent audit company and the company and its group.	Yes	The Audit Committee organizes its activities in accordance with the Rules of the Audit Committee approved at the Meeting of Shareholders. The Audit Committee is provided with the information indicated herein
5.4.5.The Audit Committee should examine whether the company complies with the applicable provisions regulating the possibility of lodging a complaint or reporting anonymously his/her suspicions of potential violations committed at the company and should also ensure that there is a procedure in place for proportionate and independent investigation of such issues and appropriate follow-up actions.	Yes	The Audit Committee organizes its activities in accordance with the Rules of the Audit Committee approved at the Meeting of Shareholders.

[6]-Issues related to the activities of audit committees are regulated by Regulation No 537/2014 of the European Parliament and the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities, the Law on the Audit of Financial Statements and Other Assurance Services of the Republic of Lithuania, and the Rules Regulating the Activities of Audit Committees approved by the Bank of Lithuania.

5.4.6.The Audit Committee should submit to the supervisory board or, where the supervisory board is not formed, to the management board its activity report at least once in every six months, at the time that annual and half-yearly reports are approved.	Yes	The Audit Committee makes analysis of and gives evaluation to the financial statements of the Company, gives recommendations on their approval to the Board together with the reports on their activity over the period.
6.Principle: Avoidance and disclosure of conflicts of interest **The corporate governance framework should encourage members of the company's supervisory and management bodies to avoid conflicts of interest and ensure a transparent and effective mechanism of disclosure of conflicts of interest related to members of the supervisory and management bodies.** **The corporate governance system should recognise the rights of stakeholders as established by law and promote active cooperation between the company and stakeholders to create wealth, jobs and financial stability. In the context of this principle, stakeholders include investors, employees, creditors, suppliers, customers, the local community and others with an interest in the company.**		
A member of a company's supervisory and management body should avoid a situation where his or her personal interests conflict or may conflict with the interests of the company. If such a situation does arise, a member of the supervisory or management body of the company should, within a reasonable period of time, inform the other members of the same body, or the body of the company that elected him or her, or the shareholders of the company of the existence of such a conflict of interests, indicating the nature of the interests and, where possible, the value.	Yes	Members of the management bodies of the Company behave in such a way that there is no conflict of interest with the Company. During the reporting period, there have been no known conflict of interest between the Company and the member of its management body.
7.Principle: Company's remuneration policy **The company's remuneration policy and the procedures for its review and disclosure should prevent potential conflicts of interest and abuse in determining the remuneration of the members of the collegiate bodies and of the executives, and ensure the openness and transparency of the company's remuneration policy, as well as the company's long-term strategy.**		
7.1.The company should approve and publish the remuneration policy on the website of the company; such policy should be reviewed on a regular basis and be consistent with the company's long-term strategy.	Yes	The Remuneration Policy of the Company was approved by the General Meeting of Shareholders on 29 April 2020 and published on the Company's website.
7.2.The remuneration policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as the conditions specifying the cases where the company can recover the disbursed amounts or suspend the payments.	Yes	The Remuneration Policy of the Company defines the remuneration components and established the principles of its award and payment.
7.3.With a view to avoid potential conflicts of interest, the remuneration policy should provide that members of the collegial bodies which perform the supervisory functions should not receive remuneration based on the company's performance.	Yes	The Remuneration Policy is intended to establish only the principles of remuneration of top and middle management staff. Please see par. 3.2.8.
7.4.The remuneration policy should provide sufficient information on the policy regarding termination payments. Termination payments should not exceed a fixed amount or a fixed number of annual salaries and should generally not exceed a fraction of two years' fixed remuneration or its equivalent. Termination payments should not be paid if the contract is terminated because of poor performance.	Yes	The Company complies with this recommendation in accordance with the provisions of the Labour Code of the Republic of Lithuania within the limits established therein.
7.5.In the event that the financial incentive scheme is applied at the company, the remuneration policy should contain sufficient information about the retention of shares after the award thereof. In the case of a share-based award, the shares should not vest for at least three years after the award. After vesting, members of the collegiate bodies and	Not applicable	There is no scheme in place anticipating remuneration of the directors in shares, share options or any other right to purchase shares.

executives should retain a certain number of shares until the end of their term of office, depending on the need to cover any costs associated with the acquisition of shares.		
7.6.The Company should publish information about the implementation of the remuneration policy on its website, with a key focus on the remuneration policy in respect of the collegial bodies and managers in the next and, where relevant, subsequent financial years. It should also provide an overview of how the remuneration policy was implemented in the previous financial year. This type of information should not contain information of commercial value. Particular attention should be paid to significant changes in the company's remuneration policy compared to the previous financial year.	Yes	The Company discloses information about the implementation of the Remuneration Policy in the Annual Report.
7.7.It is recommended that the remuneration policy or any major change of the policy should be included on the agenda of the general meeting of shareholders. Schemes where members of the collegial body and employees are remunerated in shares or share options should be approved by the General Meeting of Shareholders.	No	The Company does not apply any schemes under which members and employees of a collegial body receive remuneration in shares or share options.
8.Principle: Role of stakeholders in corporate governance **The corporate governance framework should recognise the rights of stakeholders entrenched in the laws or mutual agreements and encourage active cooperation between the company and stakeholders in creating the company value, jobs and financial sustainability. In the context of this principle, stakeholders include investors, employees, creditors, suppliers, customers, the local community and others with an interest in the company.**		
8.1.The corporate governance framework should ensure that the rights and lawful interests of stakeholders are protected.	Yes	The Company protects all rights of the stakeholders, allows the stakeholders to participate in corporate governance in the manner prescribed by law.
8.2.The corporate governance framework should create conditions for stakeholders to participate in corporate governance in the manner prescribed by law. Examples of participation by stakeholders in corporate governance include the participation of employees or their representatives in the adoption of decisions that are important for the company, consultations with employees or their representatives on corporate governance and other important matters, participation of employees in the company's authorised capital, involvement of creditors in corporate governance in the cases of the company's insolvency, etc.	Yes	The Company observes the recommendations. For example, the Company has a Co-operation Agreement signed with the Works Council. According to the signed agreement, the Company informs the representatives of the Council about the financial position of the Company, employer's status, expected changes, etc.
8.3.Where stakeholders participate in the corporate governance process, they should have access to relevant information.	Yes	Detailed information on scheduled events of the shareholders is made public following the procedure prescribed by law, the investors (shareholders) have sufficient opportunities to familiarize themselves with the relevant information and vote in adopting decisions.
8.4.Stakeholders should be provided with the possibility of reporting confidentially any illegal or unethical practices to the collegial body performing the supervisory function.	Yes	The stakeholders may submit anonymous reports to the collegial body.
9.Principle: Disclosure of information **The corporate governance framework should ensure the timely and accurate disclosure of all material corporate issues, including the financial situation, operations and governance of the company.**		
9.1.Without prejudice to the Company's procedures for confidential information and trade secrets, as well as to the requirements of the		

legislation governing the processing of personal data, the Company's public disclosures should include, but not be limited to:		
9.1.1.the company's performance and financial results;	Yes	The operating and financial results of the Company are made public in the Interim Half-Year and Annual Reports of the Company on the website of the Company and on the website of stock-exchange *Nasdaq Vilnius*.
9.1.2.the company's business objectives and non-financial information;	Yes	Information is published in the Interim Half-Year and Annual Reports.
9.1.3.the persons owning or controlling a shareholding in the company, directly and/or indirectly and/or jointly with associated persons, as well as the structure of the group of companies and the interrelationships between them, with an indication of the ultimate beneficial owner;	Yes	All information available to the Company is published in the Interim Half-Year and Annual Reports of the Company.
9.1.4.the members of the company's supervisory and management bodies, which of them are considered independent, the company's CEO, their shareholdings or votes in the company, and their involvement in the management of other companies, their competence and remuneration;	Yes	Information is published in the Interim Half-Year and Annual Reports of the Company.
9.1.5.reports from existing committees on their composition, number of meetings and attendance of members during the previous year, as well as on their main activities and results;	Yes	Information on composition, number of meeting and attendance of members of the existing committees is published in the Interim Half-Year and Annual Reports of the Company.
9.1.6.the potential key risk factors, the company's risk management and supervision policy;	Yes	Information is published in the Interim Half-Year and Annual Reports of the Company.
9.1.7.the company's transactions with related parties;	Yes	Information is published in the Interim Half-Year and Annual Reports of the Company.
9.1.8.key issues relating to employees and other stakeholders (e.g. human resources policies, employee participation in the management of the company, incentives in the form of shares or share options, relations with creditors, suppliers, the local community, etc.);	No	There is no scheme in place anticipating remuneration of the employees in shares, share options or any other right to purchase shares.
9.1.9.the company's governance structure and strategy;	Yes/No	Information is published in the Interim Half-Year and Annual Reports of the Company.
9.1.10.initiatives and measures of social responsibility policy and anti-corruption fight, significant current or planned investment projects. This list is deemed minimum and companies are encouraged not to restrict themselves to the disclosure of information included into this list. This principle of the Code does not relieve a company of its obligation to disclose information as required by law.	Yes	Information is published in the Interim Half-Year and Annual Reports of the Company.
9.2.When disclosing the information specified in Item 9.1.1 of recommendation 9.1, it is recommended that the company which is a parent company in respect of other companies should disclose information about the consolidated results of the whole group of companies.	Yes	The Company complies with the recommendation and discloses information about the results of the Company and the Group of its subsidiaries. Information is published in the Interim Half-Year and Annual Reports of the Company.
9.3.When disclosing the information specified in Item 9.1.4 of recommendation 9.1, it is recommended that the information on the professional experience and qualifications of members of the Company's supervisory and management bodies and the manager of the company as	Yes	The information specified in the recommendation in provided in the Annual and Interim Half-Year Reports of the Company.

well as potential conflicts of interest which could affect their decisions should be provided. It is further recommended that the remuneration or other income of members of the company's supervisory and management bodies and CEO of the company should be disclosed, as provided for in greater detail in Principle 7.		
9.4.Information should be disclosed in such manner that no shareholders or investors are discriminated in terms of the method of receipt and scope of information. Information should be disclosed to all parties concerned at the same time.	Yes	The Company discloses the information via the information disclosure system used by the Nasdaq Vilnius stock exchange in the Lithuanian and English languages simultaneously. The Company does not disclose the information likely to impact the price of the issued by it securities in its comments, interviews or otherwise by the time such information is announced via the information system of the Stock Exchange.
10.Principle: Selection of the company's audit firm **The company's audit firm selection mechanism should ensure the independence of the report and opinion of the audit firm.**		
10.1.With a view to obtain an objective opinion on the company's financial position and financial performance results, the company's annual financial statements and the financial information provided in its annual report should be audited by an independent audit firm.	Yes	The independent audit company performs auditing of the individual and consolidated (the Group) annual financial statements of the Company and its subsidiaries in accordance with the International Accounting Standards applicable in the European Union. The independent audit company evaluates conformity of the Annual Report to the audited Financial Statements.
10.2.It is recommended that the audit firm would be proposed to the general meeting of shareholders by the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company.	Yes	The Management Board proposes an audit firm to the General Meeting of Shareholders.
10.3.In the event that the audit firm has received remuneration from the company for the non-audit services provided, the company should disclose this publicly. This information should also be available to the Supervisory Council or, if the Supervisory Council is not formed at the company, by the management board of the company when considering which audit firm should be proposed to the general meeting of shareholders.	Yes	In 2024, the firm of auditors provided no services other than auditing.

4. Remuneration report

The Remuneration Report of *PST Group AB* has been prepared for the reporting financial period of the year 2024. The report has been prepared in accordance with the Law on Financial Reporting of Enterprises of the Republic of Lithuania, the Ordinary General Meeting of Shareholders held on 29 April 2020 approved the Remuneration Policy for Top and Middle Management of *PST Group AB* and the Extraordinary General Meeting of Shareholders held on 9 April 2021 approved the Procedure for Awarding and Paying Remuneration of Independent Board Members of *PST Group AB*.

4.1. Remuneration of the Board Members

As the Law on Companies of the Republic of Lithuania provides for the possibility to elect only one either collegial supervision or management body, the collegial management body, the Board performing the supervision function, and one-person management body, the Managing Director, are set up in the Company.

Following the Law on Companies of the Republic of Lithuania and Articles of Association of the parent company, the Board Members are appointed for the four-year term of office.

On 9 April 2021, the Extraordinary General Meeting of Shareholders approved the Procedure for Awarding and Paying Remuneration to Independent Board Members of *PST Group AB* for their Activities in the Board. The Board members, except for the independent members of the Board, are paid remuneration (bonuses) by the decision of the General Meeting of Shareholders in accordance with the Law on Companies of the Republic of Lithuania.

On 9 April 2021, the General Meeting of Shareholders elected a new Board of *PST Group AB*. Below is information on payments made to Board members during 2023. The Ordinary General Meeting of Shareholders of *PST Group AB* that took place on 30 April 2024 did not come to the decision to pay bonuses to the Board members.

Information on remuneration of supervisory body members of the issuer in 2024 (in EUR, pre-tax):

Full name	Position	Total remuneration of independent member of the Board (EUR) for 2024	Total remuneration for consultations (EUR) for 2024
Justas Jasiūnas	Chair of the Board	-	75,755
Kristina Mačiulienė	Board member	-	-
Lina Simaškienė*	Board member	39,600	-
Darijus Vilčinskas*	Board member	39,600	-
Gintautas Mažeika	Board member	26,557	-
Gvidas Drobužas (1-4 months)	Board member	-	48,800

** Independent member of the Board*

The Company is not aware that the Board Members of the Board have received any remuneration from other companies of *PST* Group. After the term of office for the Board expires, the Board Members are not entitled to any severance pays.

4.2. Remuneration of the Company's Employees

The purpose of the Remuneration Policy is to increase the operation efficiency at the Company and promote achievement of strategic objectives. The objective of the Company goal is to maximize the efficiency of the reward programs in order to attract and motivate highly skilled employees who are necessary for success in business.

During 2024, the salary fund attributed to the Company's employees amounted to EUR 15.380 million compared to EUR 16.324 million in 2023. To attract high-level professionals to management positions, we aim to keep the remuneration close to the market median of the country in which any company of the Group operates.

In general, the remuneration structure at the Company consists of two parts: Fixed Remuneration Component (FRC) and Variable Remuneration Component (VRC). FRC range limits are set taking into account the remuneration trends in the market, research data and comparative market, i.e. the market of the companies operating in Lithuania. VRC is a tool for getting the Top and Middle Management directly interested in seeking for high performance of the Company, an instrument to for creating policy and culture of the Company, clearly and accurately indicating what achievements and contributions are valued/rewarded. The Variable Remuneration Component to the Top and Middle Management is paid once a year at the end of the financial year and is linked to performance of the employee, team and/or the Company. The Company does not provide for the possibility to restore variable remuneration.

The average monthly salary of the Company's employees in 2020-2024 (in EUR, pre-tax):

Position category	2024	2023	2022	2021	2020
Managing Director	10,001	9,993	9,281	8,863	7,626
Top Management	7,708	6,049	5,528	5,107	5,323
Middle Management	4,526	4,713	4,428	4,297	3,478
Specialists	3,056	2,754	2,380	2,192	1,806
Workers	2,310	2,097	1,646	1,380	1,319
Total	2,736	2,458	2,040	1,800	1,583

The average monthly salary of the Group's employees (in EUR, pre-tax):

Position category	2024	2023	2022	2021	2020
Top Management	6,036	5,569	5,019	4,482	3,957
Specialists	3,133	2,788	2,436	2,167	1,871
Workers	2,220	2,122	1,649	1,407	1,363
Total	2,635	*2,471*	*2,048*	*1,787*	*1,622*

Employment contracts do not include any special rights and obligations of employees or some part of them.

4.2.1 Remuneration Structure for Managing Director and Top Management

The Fixed Remuneration Component is determined considering the impact on general operation of the Company, management scope, decision making, complexity of activities, knowledge and experience. The remuneration determined in the Employment Contract, taking into account the level of position and competence of the employee (conformity with the requirements for the position). The Fixed Remuneration Component is paid on a monthly basis. The Fixed Remuneration Component of the Top and Middle Management is reviewed minimum every 12 months. The new size of the FRC is determined/revised based on performance assessment of the Top and Middle Management. The PAD of the Top and Middle Management may be changed by the decision of the Board.

The Variable Remuneration Component is designed to promote achievement of the annual objectives. The size of the VRC amounts to a fixed percentage of the annual result, which is determined and approved by the Board of the Company. The Chief Executive Officer and directors of the Company are assigned the percentage of the profit accepted for calculating motivation. For the Directors of the branches the percentage is determined from the profit accepted for calculating motivation for the branch managed by him/her.

4.2.2 Annual Changes in Remuneration

Changes in performance of the Company and average salary of the employees of the Company who are not members of the management and supervisory bodies during the last five years.

Company performance and average monthly gloss salary in 2020-2024:

Company performance	2024	2023	2022	2021	2020
Net profit (loss) (EUR thousand)	-4,923	-2,279	-1,720	304	-12,418
Earnings (loss) per share (EUR)	-0.301	-0.139	-0.105	0.019	-0.76
Assets (EUR thousand)	36,381	47,727	52,762	48,478	62,290
Average remuneration	2,736	2,458	2,040	1,800	1,583

4.2.3 Long-Term Motivation by Shares

The Company applies neither schemes under which the members of management bodies, managers and employees receive remuneration in shares, share options or other rights to share acquisition, nor supplementary pension or early retirement schemes.

SUSTAINABILITY REPORT

5. Sustainability report

5.1. ESRS 2 General disclosures

5.1.1. About the report

This section presents the sustainability information (hereinafter - the Sustainability Report) of the joint stock company PST Group (hereinafter - the Company; PST Group) and its subsidiaries (company together with its subsidiaries hereinafter - the Group) prepared in accordance with the European Sustainability Reporting Standards (ESRS).

BP-1 – General basis for preparation of sustainability statements

Sustainability information presented in the report includes consolidated information for all Group companies. Separate sustainability reports are not prepared for the Group's subsidiaries. The scope of consolidation of sustainability information is the same as that of financial statements, thus ensuring consistency and compatibility between financial and sustainability data (no group companies are exempt from reporting individual or consolidated sustainability information).

Information in the Sustainability Report covers the Group's direct activities and the upstream and downstream parts of its value chain. The Group has not made use of the option provided by the ESRS not to disclose confidential information in relation to the ESRS disclosure requirements as it has not identified such information.

In the assessment of the Company's management, climate-related requirements do not raise concerns regarding the continuity of operations. The evaluations and assumptions made do not present significant risks that would require material adjustments to the carrying amounts of assets and liabilities, or lead to impairment of long-term assets and inventories.

BP-2 Disclosures in relation to specific circumstances

For the purposes of this report, the Group follows the definitions of short, medium, and long-term as set out in Part 1 of the ESRS (ESRS 1).

The Group includes information in its sustainability report in accordance with the Commission Delegated Regulation (EU) 2020/852 (the Taxonomy Regulation, hereinafter - Taxonomy).

1 Appendix C of the ESRS states that certain requirements are applied gradually and can, therefore, be omitted when preparing the sustainability report in the first year of application of the ESRS. In light of this provision, the Group does not report the disclosures in paragraphs 40.b and 40.c of SBM-1, 48.e of SBM-3, as well as disclosure requirements E1-9, E2-6, E3-5, E4-6, E5-6, which are subject to this phase-in.

In 2024, the Group's average number of employees did not exceed 750 and it was therefore subject to additional exemptions from the phased-in disclosure requirements. In taking advantage of these exemptions, the Group does not present in this report the information required by disclosure requirements E4, S1, S2, S3, and S4. However, in accordance with the disclosure requirement in BP-2, the Group continues to provide information in this report about the significant impacts, risks, and opportunities as set out in paragraphs 17.a-e of BP-2. The Group has also used the exemption to omit information under data points of E1-6, which request information on Scope 3 emissions and total GHG emissions.

Comparative information for previous reporting periods is not available, except for the Taxonomy indicators. Changes in the methodology for calculating the taxonomy indicators compared to 2023 are detailed in the section *EU Taxonomy Regulation Indicators*.

This is the first time that the Group has applied the ESRS standard, and therefore, all indicators have been presented in accordance with the requirements of ESRS. The Group's indicators that help to disclose additional information specific to the companies' activities are presented in the report under the heading **PST Indicators**.

There have been no other changes in the preparation or presentation of the sustainability report compared to the previous period. No quantifiable indicators with a high level of measurement uncertainty were identified, nor were there any material errors detected in the previous reporting period.

5.1.2. Sustainability management

GOV-1 – The role of the administrative, management, and supervisory bodies

The administrative, management, and supervisory bodies of the PST Group are responsible for the management and supervision of the Group's entities. The company's administration is composed of 5 top-level managers (top management): the CEO, the Technical Director (from 22 January 2025 - the Director of Quality and Innovation), the Commercial Director, the Financial Director and the Project Director (all members are executive, 100% male). The Board is composed of 5 members, of which 2 (40%) are females, and 3 (60%) are males; the gender balance on the Board is 0.67:1. All members of the Board are non-executive, and two members (40%) are independent. One member of the Board works for the Company as a consultant.

There are no designated employee representatives on the PST Group's administrative, management, and supervisory bodies. The Company has a Workforce Council with 7 members.

The members of the Board are qualified and competent to perform their functions and have many years of management experience. Although the Company's internal documents do not explicitly provide for evaluating the performance of the collegial body, care is taken to ensure that the members of the Board have a wide range of knowledge, views, and experience necessary for the proper performance of their functions.

As the Group does not have a Supervisory Board, the Board also performs supervisory functions. The Board also discusses and approves the Group's strategy, while analysing and evaluating information on the implementation of the operational plan. The Board - the Company's collegial management body - performs the functions of the Nomination Committee and the Remuneration Committee. The Board selects and approves the nomination of the Company's CEO and approves the nomination of the Directors of the Company proposed by the CEO. It regularly assesses their experience, professional abilities, and the achievement of the Company's strategic objectives. The Shareholders' Meeting also elects an Audit Committee for one year, composed of three members, two of whom meet the independence requirements. The Audit Committee recommends to the Board the appointment of the audit firm or auditor.

The Group's internal documents do not formally identify each body's or individual's responsibilities for sustainability-related impacts, risks, and opportunities. However, the Board is responsible for approving and overseeing the execution of the Company's strategy, operational policies and objectives, including sustainability and business ethics issues. This includes overseeing significant impacts, risks, and opportunities. This also includes approving related policies and action plans, as well as allocating resources.

Management is responsible for monitoring impacts and risks, adjusting the strategy in response to changing circumstances. Responsible managers monitor specific risks, take responsibility, and make decisions. Once a year, a management review is carried out and a report is prepared and presented to the Board. Management reports regularly to the Board and shareholders on the decisions taken, including decisions relating to the management of impacts, risks, and opportunities. Periodic performance and risk reports are presented to the Board quarterly, half-yearly, and annually. There are also meetings and briefings to hold management accountable for decisions which are taken.

The Company has integrated quality, environmental, occupational health, and safety management system procedures. A list of significant environmental aspects is being developed to manage impacts and risks effectively, while a report on implementing quality objectives and targets is prepared annually. The Board analyses the results achieved, assesses progress, and decides if further action is necessary.

The Company ensures that the administrative, management, and supervisory body members are competent and have a wide range of knowledge, views, and experience necessary for the proper performance of their tasks, including those related to business ethics. For example, members of management who are knowledgeable about the material impacts, risks, and opportunities of the Group's activities have obtained relevant certificates and qualifications.

The CEO of PST Group holds an Occupational Health and Safety Specialist Certificate and an Energy Worker Certificate. These accreditations provide him with the necessary competencies to identify, assess, and manage sustainability matters related to occupational health, safety, and energy.

The Technical Director is qualified as an Occupational Health and Safety Specialist. He also holds certificates of competence as a construction manager, allowing him to act as construction manager and construction maintenance manager to special construction projects. He has also completed first aid training and have a qualification as a crane operator, which ensures ability to properly supervise and organise the safe operation of dangerous machinery.

External experts and/or consultants are brought in as needed to help deepen the management team's expertise in specific areas, ensuring the highest standards of performance.

The background and experience of the members of the Board are described in more detail in the *Governance Report* section of the PST Group AB Company's and Consolidated Management Report 2024 (hereinafter – Management Report).

GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management, and supervisory bodies

In the first year of the report, during the process of conducting and approving the double materiality assessment for 2024, the Board and management members considered all topics on the ESRS list as well as other sustainability topics of interest to the Group. The Group does not currently have a regular procedure for communicating material impacts, risks, and opportunities to its administrative, management and supervisory bodies. Monthly Board meetings are held to discuss significant matters and activity reports. As the Company is undergoing structural changes, there is currently a reallocation of responsibilities for the further development of the Group's strategy and processes related to sustainability.

GOV-3 – Integration of sustainability-related performance in incentive schemes

The Company does not currently have an incentive scheme or remuneration policy related to sustainability matters.

GOV-4 - Statement on due diligence

The Group is not subject to legal requirements for sustainability due diligence and currently the Group does not have a specific due diligence system in place. However, the Group continuously assesses and seeks to prevent potential negative impacts in its operations and value chain. There is also a commitment to cooperate in remediating any negative impacts it may cause or contribute to.

Separate elements of sustainability due diligence are applied throughout the Group's companies. The main aspects and steps of the due diligence process set out in Chapter 4, 'Due Diligence' of ESRS 1, relate to a number of horizontal and thematic disclosure requirements under ESRS.

A table showing how and where the application of the main aspects and steps of the due diligence process are reflected in this Sustainability Report and are provided in the section *Key Elements of Due Diligence*.

GOV-5 – Risk management and internal controls over sustainability reporting

The Company does not currently have formal sustainability reporting risk management, or internal control procedures in place. There also have not been any sustainability reporting risks identified and managed.

The Company's quality management (ISO 9001), environmental management (ISO 14001) and occupational health and safety management (ISO 45001) systems help to manage some sustainability-related processes and data.

Nevertheless, the Group makes every effort to ensure the quality, accuracy, and reliability of sustainability information. The Sustainability Manager coordinates the processes for collecting, analysing, and reporting on sustainability data. They also ensure that data is collected in a timely manner and meets the required standards. Data collected is reviewed by the Sustainability Group, which assesses the quality of the data and prepares preliminary drafts of the report. The CFO and the Economics Department contribute to the reconciliation of the financial aspects of any ESG indicators within the Group's accounts. Furthermore, external consultants help to ensure that the data meets the relevant standards, while providing methodological guidance.

In addition, various control measures are consistently applied, such as standardised data collection processes, clearly defined benchmarks and deadlines. Quality checks are also in place across individual areas (e.g. economics, occupational health and safety, quality and environment, and personnel departments). Such data harmonisation is essential for accuracy, compliance with legislation, and international obligations.

5.1.3. Strategy, business model and value chain

SBM–1 Strategy, business model and value chain

PST Group, together with its subsidiaries, is one of the largest construction companies in Lithuania, operating in the construction sector for more than 70 years. The Group has completed many major and complex projects that have contributed to the country's economic growth, infrastructure development, and environmental goals. The Group operates in Lithuania, Latvia, Scandinavia, and Poland. The Group's activities include the construction and design of buildings, structures, facilities, communications, and other objects for various purposes in Lithuania and abroad. PST Group also designs and manufactures metal structures for construction, conducts sale of building materials, and development of real estate. Client groups include both private and public sectors, including municipalities.

At the end of the reporting period (31 December 2024), the Group employed **629 people** (626 in Lithuania, 1 in Latvia, and 2 in Poland).

During the reporting period, the Group implemented significant structural changes to improve efficiency and optimise the use of available resources. The operations of the Klaipstata, Genranga, and Konstrukcija branches were transferred to the parent company in order to reduce administrative costs, simplify processes, and ensure a higher quality of services to customers.

At the same time, UAB Alinita, a Group company facing financial difficulties due to market challenges, started a restructuring process to stabilise its operations and avoid negative consequences. These changes reflect the Group's strategic objective to ensure sustainability, efficiency, and long-term competitiveness.

Main directions and goals of the sustainability strategy

The Group is in the early stages of developing its sustainability strategy and is actively strengthening its sustainability-related processes. It also intends to refine and integrate the strategy into its long-term business plan. The table below sets out the main directions and targets for sustainable development up until 2027.

A more detailed description of the sustainability objectives is given later in this report, together with information on the topic-specific standards.

Scope	Directions	Targets 2025-2026	Results 2024
Environment	Reducing GHG emissions under the European Green Deal and the Paris Agreement.	Calculate Scope 1, 2, and 3 GHG emissions and set reasonable GHG reduction targets.	Calculated Scope 1 and Scope 2 emissions.
	Pollution prevention.	0 leakage incidents (annually).	0
	Reducing and sorting waste from operations.	Share of sorted waste ≥ 70% (annually).	66 %

Social area	Ensuring the health and safety of workers and subcontractors.	0 accidents (annually).	2[1]
	Promoting a culture of diversity, equality, and inclusion.	Conduct an employee satisfaction/engagement survey. Provide at least one training session on employee diversity, equality, and inclusion (annually).	*Not raised*
	Creating an internal culture of sustainability.	Provide at least two training sessions for employees on sustainability objectives (annually).	*Not raised*
		Achieve at least 70% of employees participating in sustainability training and/or at least one sustainability initiative[2] (annually).	*Not raised*
	Quality assurance of services and structures.	Warranty maintenance costs - < 0.27% of total construction revenue (annually).	0.27 %[3]
Governance	Fostering a culture of business ethics.	0 confirmed breaches of business ethics (annually).	0
	Promoting responsibility in the supply chain.	Develop a Supplier Code of Conduct integrating a supplier questionnaire on environmental and social issues. Ensure that at least **50%** of suppliers and subcontractors declare compliance with the Code and submit completed questionnaires.	*Not raised*

Notes:

[1] The number of accidents in 2024 includes only Group employees; data on subcontractor employees was not collected. It is planned to start collecting this data with the aim of achieving an overall zero accident rate.

[2] Sustainability initiatives are defined within the Group as a range of educational, sporting, environmental management and team building initiatives related to the promotion of environmental and social employee engagement and awareness.

[3] The target for 2024 was to ensure that the cost of after-sales care did not exceed 0.25%. Nevertheless, the target is considered to be very high. The overall trend shows that the Group is delivering an increasing quality of service over time and that the cost of after-sales service is gradually decreasing.

Value chain

Group Company	Field of activity	Upstream (supply chain)	Activities of group companies	Downstream
PST Group AB	**Construction**	- Subcontracting services - Raw materials, materials (from external companies), miscellaneous services - Renting machinery with services - Scaffolding, formwork rental - Design	- Construction - Subcontracting (some subcontractors are subsidiaries) - Construction work on own projects (small part) - Design services for external clients	- Use of buildings and structures - Warranty service - Construction waste management - End-of-life maintenance of a building or structure
Aliuminio fasadai UAB	**Production**	- Glass and aluminium - Other manufacturing materials (metal products, sealing, and fixing materials)	- Production of aluminium profile systems, aluminium windows and doors	- Use of products - Production waste management

Vekada UAB	**Services**	- Equipment, materials, and tools for the work - Hire of machinery and equipment - Subcontracting services for work	- Electrical installation work - Low-current work including CCTV, security and fire alarms, and engineering systems management	- End use - Management of waste generated by services
UAB "Alinita"	**Services**	- Equipment and materials for services	- Installation of heating, ventilation and air-conditioning systems for buildings, installation of indoor plumbing, sewage and fire-fighting systems for buildings, design, commissioning and adjustment of engineering systems for buildings	- End use - Management of waste generated by the service
"Kingsbud" Sp.zo.o.	**Trade**	- Imported building materials (sandwich panels, load-bearing roof sheets, thermal insulation materials, facade and interior tiles, carpets, PVC vinyl flooring)	- Wholesale of building materials (Poland). "Kingsbud" has established a branch in Lithuania, which focuses on the wholesale of stoneware and glazed tiles for interior and exterior decoration - Most of the sales are made to Group companies (internally)	- Transportation (delivery) - Usage - Management of leftover building materials and packaging waste
UAB "Šeškinės projektai"	**Real Estate**	- Materials, equipment, energy required for building maintenance and operation	- Rental property (U219)	- Building use (tenants) - Managing waste from the use and maintenance of the building
Ateities projektai UAB	**Real Estate**	- Real Estate	- Real estate development and rental (sale of previously built buildings)	- Acquisition and use of real estate
UAB "Tauro apartamentai"	**Real Estate**	- Real Estate	- Development of real estate projects	- Acquisition and use of fixed property - Managing waste from the use and maintenance of real estate
Group companies that operate largely separately:				
Stadus UAB*	**Production**	- Wood - Other building materials, raw materials	- Manufacture, construction, and installation of prefabricated wood-panel structures, prefabricated houses (installation)	- End-use - Management of waste from production, construction, and installation - Transport (export)
Hustal UAB	**Production**	- Raw metal - Other production materials (welding wire, paints)	- Design, manufacture and installation of structural steelwork - Supply of metal structures to other industries	- Usage - Management of waste from manufacturing and installation

Note: *Former name - UAB "Skydmedis".

The Group also includes the companies PST Trests SIA (established to search for new markets and to carry out construction work in Latvia - but no longer active) and UAB “PST investicijos” (a liquidation decision has been taken as it does not carry out any business activity). As these companies are dormant, they do not have a material impact on the Group's operations and there are no additional material sustainability impacts, risks, and opportunities associated with them.

SBM-2 – Interests and views of stakeholders

The table below lists the Group's key stakeholders, the methods in which they are engaged, and the key topics raised. There is also a brief explanation of how the Group takes into account the views and interests of stakeholders in its business model and strategy. These aspects are described in more detail throughout the report in the relevant topic-specific sections.

Stakeholders are groups that are particularly relevant and/or significantly affected by the Group's activities, as well as individuals and organisations that have a significant influence on the Group itself. The content of the Sustainability Report is developed taking into account the views, needs, and expectations of key stakeholders.

Key stakeholder expectations, potential impacts, and strategic decisions within the area of sustainability are discussed at the Group's Board meetings. Such topics are also raised during management analysis reviews of the quality, environmental, and occupational health and safety (EHS) management systems, during EHS Committee and Labour Council meetings, as well as at weekly management meetings.

Stakeholder engagement

Key stakeholders	How they are engaged	Key topics of concern/inclusion outcomes	How the Group takes into account the results of the engagement
Clients (customers)	- Ongoing collaboration on services and products. - Stakeholder survey.	- Quality of services and buildings - Innovations - Sustainable solutions (environmental impact of buildings and services) - Safety and welfare of workers - Waste reduction and resource management - Employee training and education	- Customer requirements for the implementation of sustainable solutions (e.g. BREEAM, TIS2 or other standards) are met. - A Group Sustainability Strategy is planned. - The Group introduces innovative, environmentally friendly solutions, ensuring that projects meet the highest quality standards. - Continuous improvement of services and optimisation of processes to manage resources more efficiently and reduce environmental impacts. - Employees receive regular refresher training to ensure they are able to offer customers the most innovative and sustainable solutions. - Proactive communication with customers to understand their needs and ensure smooth cooperation.
Employees	- Stakeholder survey (employees with an email address). - Regular meetings with works council health and safety representatives, addressing quality, environmental, and OSH issues. - Meetings at construction sites and production facilities are held on an as-needed basis, but at least once a month (minutes taken). - The SAUGA.lt digital platform allows employees	- Safety and welfare of workers - Employee training and education - Waste reduction and resource management - Quality of services and buildings - Innovations	- Working conditions are continuously improved, and preventive measures are taken to ensure the health and safety of workers. - The Group takes into account employees' experience and suggestions to improve work processes and optimise project delivery. - Internal and external training programmes, opportunities for further training, and professional development. - Employees are encouraged to propose new solutions to improve work efficiency and reduce environmental impact. - A Group Sustainability Strategy is being prepared and current actions are described in more detail within this report. - A stakeholder survey is planned to involve all employees through the OSH management platform SAUGA.lt.

	to comment and make suggestions at any time. - Involvement of employees in subsidiaries takes place through meetings, works councils, employee trustees, and DSS committees. - Internal and external exchanges of information are governed by the procedure "Exchange of Information. KADSSVP-007".		
Shareholders	- General meetings of shareholders are organised. - Interim and annual reports on the Group's performance are published.	All material topics.	- A Group Sustainability Strategy is being prepared and current actions are described in more detail within this report.
Suppliers	- Constant communication in day-to-day operations. - Stakeholder survey.	- Safety and welfare of workers - Waste reduction and resource management - Quality of services and buildings - Business ethics - Innovations - Reducing CO2 emissions - Use of sustainable materials - Compliance with security requirements - GDPR Compliance - Digitalisation - Waste sorting - Using green energy - Integrating electric vehicles into operational processes	- The Group's processes, policies, and requirements are directly linked to the supply chain and have an impact from the design phase to the completion of construction. - More sustainable materials (e.g. EPD-certified) can be purchased from suppliers according to demand/customer requirements. - A Group Sustainability Strategy is prepared and the Sustainability Report provides more details on current actions.
Business partners (incl. subcontractors, consultants, and employees of subcontractors)	- Site meetings are held at construction sites. - Stakeholder survey. - Daily communication in direct activities.	- Safety and welfare of workers - Waste reduction and resource management - Business ethics	- The Group ensures that subcontractors and their employees are involved in occupational safety and sustainability initiatives through regular briefings and information meetings. - Safety inspections and periodic audits are carried out on construction sites to assess the compliance of subcontractors.

		- Water conservation and pollution reduction - Innovations - Reducing CO2 emissions and energy efficiency - Human rights - Creating an internal culture of sustainability - Diversity, equality, and inclusion	- The Group supports innovative solutions in the construction sector by encouraging subcontractors to use advanced technologies and reduce their environmental impact. - A Group Sustainability Strategy is planned and current actions are described in more detail within this report.
Affected communities (people living near the territories of projects)	- Mandatory publicity is carried out during the initial stages of the design process to ensure that the community is informed about future projects. - Lively meetings are held with the community and residents in the vicinity of the sites, where relevant topics of concern, including sustainability, are discussed. - Presentations of the results of environmental impact assessments of projects.	- Preserving the quality of life of the population through projects - Availability of information on construction progress - Dust and noise during construction	- Noise and dust abatement solutions are being implemented during construction, including watering systems, working time limits, and other preventive measures. - Responding promptly to community comments on environmental impacts, as needed. - Ensuring consistent and open communication with local residents through meetings, announcements, and other information channels. - A Group Sustainability Strategy is prepared and current actions are described in more detail within the Sustainability Report.
Consumers and end-users	- The views of end-users are obtained through regular contact with customers. - Information on user experience is obtained during after-sales service, allowing the Group to assess the quality of service and improve solutions.	- Sustainable solutions that save resources and add value for all	- Ensuring high-quality products and services. - Investing in new technologies to improve energy efficiency. - A Group Sustainability Strategy is planned, the current actions of which are described in more detail within this report.
Supervisory authorities (Bank of Lithuania, State Tax Inspection, State Building Inspection, State Labour Inspection, Labour Disputes Commission)	- Continuous engagement with various government authorities to monitor regulatory developments and ensure compliance.	All material topics	- Responding promptly to complaints, institutional comments and recommendations, and ensuring that appropriate performance improvement measures are implemented. - Ensuring that legislation is constantly monitored and adapts quickly to changes. - A sustainability strategy for the Group is prepared and the sustainability report provides more details on current actions.

5.1.4. Double materiality assessment

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

The table below shows the Group's material (ESRS) sustainability topics, sub-topics, and their link to material impacts, risks/opportunities. The topics have been grouped together to provide a comprehensive picture and to highlight any information that may be relevant to stakeholders. The assessment of the double materiality was carried out for the first time in 2024, so there have been no significant changes compared to the previous reporting period. The results of the Group's double materiality assessment are planned to be reviewed annually, and therefore, the material topics and sub-topics identified may change in the future.

Material sustainability impacts, risks and opportunities.

Key:

⊕ positive impact	● actual impact	! risks
⊖ negative impact	○ potential impact	🟡 opportunities

ESRS / Sustainability topic	Material sub-topics	Material impact	Material risks and/or opportunities	Value chain		
				Upstream	Group activities	Downstream
E1 Climate change	Climate change mitigation Adaptation to climate change Energy	⊖ ● Direct and indirect greenhouse gas (GHG) emissions along the value chain. ⊖ ● The CO2 (GHG) footprint of buildings over the life cycle of the building.	! Risk of inaccurate GHG calculations due to difficult access to data from suppliers. ! Inadequate GHG footprint reduction, targets not met. ! Rising taxes on fossil fuels and GHG emissions and tightening legislation.	✅	✅	✅
		⊕ ● Use of green electricity in the Group's activities to promote the transition to renewable sources. ⊕ ○ Reducing energy consumption in the Group's operations through energy efficiency measures.	🟡 Decreasing operating costs as a result of clean technology adoption.		✅	
			🟡 The ability to offer more sustainable, lower GHG-emitting, energy-efficient measures in projects, helping clients achieve their sustainability goals.			✅
E2 Pollution	Air pollution Water pollution Substances of concern Substances of very high concern	⊖ ○ Improper, unsafe and ineffective use and handling of hazardous chemicals during construction. ⊖ ○ Particulate matter (dust), noise and dirt during construction. ⊖ ○ The project may have negative impacts on communities (noise, visual pollution). ⊖ ● Discharges of untreated sewage into storm sewer networks (including pollutants from construction sites).	! Environmental incidents on construction sites (reputational damage, EPA fines, loss of ISO certification). ! Public nuisance such as noise, dust, light pollution, and smoke emissions. ! Risk of non-compliance and inadequate management of water resources and wastewater. 🟡 Environmental projects that contribute to a positive image of the Group and improve the skills of professionals (e.g. participation in EU renovation projects).		✅	

	Air pollution Water pollution Soil pollution Pollution of living organisms and food resources	⊖ ● Environmental pollution of all kinds is likely to occur upstream in the value chain of raw material extraction and processing. ⊖ ● Water pollution in the supply chain is associated with the extraction of raw materials and the production of building materials, especially concrete and cement. ⊖ ○ Release of pollutants into water bodies and soil.		✅		
	Microplastics	⊖ ● Microplastic pollution along the entire value chain (use and disposal of plastics, plastic materials, and fibres in construction).		✅	✅	✅
	Water pollution	⊕ ○ Exceeding legal requirements in water conservation, wastewater management, and pollution reduction initiatives.		✅	✅	✅
E3 Water and marine resources	Water consumption	⊖ ● Water consumption along the entire value chain (extraction of raw materials, production of building materials, especially concrete and cement). ⊕ ○ Water saving initiatives that go beyond the minimum legal requirements.		✅	✅	✅
		⊖ ● Water consumption during construction, depending on the site.	❗ Risk of non-compliance and inadequate management of water resources and wastewater.		✅	
E4 Biodiversity and ecosystems	Impacts and dependence on ecosystem services Climate change Direct use Pollution Impacts on the extent and condition of ecosystems	⊖ ● Dependence on ecosystem services in the extraction of raw materials (e.g. timber); possible indirect impacts on ecosystems upstream in the value chain.		✅		
	Changes in land use, freshwater and in marine use	⊖ ● Changes in land and water use along the entire value chain, especially in the extraction of raw materials.		✅	✅	✅
		⊖ ● Changes in land use in direct activities, e.g. drainage works, land levelling, and other places where construction is taking place on the site of the changed land use.		✅	✅	

E5 Circular economy	Resource inputs, including resource use Resource outputs related to products and services Waste	⛔ ⚫ Generation of hazardous and non-hazardous waste due to inefficient use of resources and the use of materials that are not recyclable or reusable. ⛔ ⚫ Resource use (construction is a resource-intensive activity; resource use is high throughout the supply chain, and waste is generated). ➕ ⚪ Applying the principles of the circular economy to activities and projects to minimise waste during the life cycle of construction and buildings.		✅	✅	✅
		➕ ⚪ Reducing environmental pollution through responsible management, recycling and reuse of waste (effective control of waste management).			✅	
S1 Own workforce	Employee training and education	⛔ ⚪ Lack of employee competencies does not ensure high quality of service (negative impact on customers and society). ➕ ⚪ Continuous training and competence development enable employees to work more efficiently, contribute to innovation and increase the competitiveness of the company.	🟡 Upgrading the skills of existing employees to improve their productivity and efficiency and to expand the range of services provided.		✅	✅
	Safety and welfare of workers	➕ ⚪ A strong focus on creating a culture of health and safety, ensuring the physical and psychological well-being of employees. ⛔ ⚪ / ⚫ Possible accidents at work.	❗ Fines and legal sanctions for breaches of health and safety requirements. ❗ Leaks of data and information can lead to reputational damage, fines and legal consequences (e.g. for breaches of GDPR). 🟡 Creating a safe and healthy environment that helps to increase employee motivation, reduce the risk of injury and improve performance.		✅	
	Diversity, equality, and inclusion		❗ Reputational damage due to violations of workers' rights. ❗ Employee turnover and project delays due to lack of employee motivation. 🟡 Enhancing the organisation's image as a multiethnic, diverse, and inclusive employer by attracting talented employees from different countries and social groups.		✅	

	Creating an internal culture of sustainability		❗ An image of a culture of unsustainability, not meeting the expectations of stakeholders (banks, customers), which can lead to financial and reputational risks and loss of competitiveness. 🟡 Strengthening the internal culture of sustainability - develop and implement a plan to introduce a culture of sustainability processes, including training and other educational events.		✅	
S2 Value chain workers	Working conditions. Other work-related rights.	⛔ ⚪ Potential human rights violations of value chain workers.		✅	✅	
S3 Affected communities	Land-related impacts Safety-related effects		❗ Community protests may occur, which could negatively affect the company's reputation and cause project delays. ❗ The negative impact of media coverage can worsen public image and reduce trust in the company. 🟡 Encourage voluntary initiatives that improve community well-being and strengthen corporate social responsibility.		✅	✅
S4 Consumers and end-users	Quality of services and buildings Health and safety	⛔ ⚪ Poor quality of services and buildings, negatively affecting the safety, health, and sustainability of end users. ⛔ ⚪ Finding, developing, and delivering more sustainable solutions for customers (public and customer benefits).	❗ Poor workmanship or product quality can lead to additional financial and reputational impacts. 🟡 Additional efforts to find and offer more sustainable solutions to the customer, thus increasing the company's competitiveness, reputation, and range of services.		✅	✅
G1 Business ethics	Sustainability in the supply chain Supplier relationship management, including payment practices	⛔ ⚪ Potential negative impacts on the environment and people upstream in the value chain (e.g. environmental incidents, human rights abuses, health and safety violations, breaches of business ethics, non-compliance with the law, or lack of regulation in certain countries of origin of raw materials).	🟡 Integrating sustainability principles into the supply chain can help a company improve its reputation, competitiveness, and resilience to supply chain risks. ❗ Irresponsible choice of suppliers and/or poor quality work (e.g. due to breaches of contractual agreements by subcontractors) can lead to additional costs, disruption of the company's obligations, and negative reputational impact.	✅	✅	

	Company culture Corruption and bribery		❗ Failure to comply with applicable laws, rules, and regulations, including compliance obligations. ❗ Cases of corruption could lead to serious reputational risks. 🟡 Enhancing the company's image through the application of good business practices (increasing the confidence of potential customers, improving the public's perception of the company).		✅	

In light of introducing the Corporate Sustainability Reporting Directive (CSRD, EU 2022/2464), this year's report identifies material sustainability impacts, risks, and opportunities identified through a double materiality assessment. The material topics identified in the previous materiality assessment, the materiality matrix, and related information can be accessed in PST's Corporate Social Responsibility and Sustainability Report 2023.

The disclosures in accordance with paragraphs 48b.b.-c. of ESRS 2 of SBM-3 are disclosed in the following sections in conjunction with the disclosures made in the relevant ESRS topic.

The financial impact of sustainability topics

During the reporting period, sustainability risks and opportunities did not have a material impact on the Group's financial position, results of operations, or cash flows. Nor have any risks or opportunities been identified that could significantly change the carrying amounts of the Group's assets or liabilities in the near term.

The resilience of the Group's operations to sustainability-related risks has been assessed to the extent that it has been included in the double materiality assessment. Only the resilience of the Group's strategy and business model to climate change was additionally assessed - the results of the assessment are presented in the *Climate Risk Assessment* section.

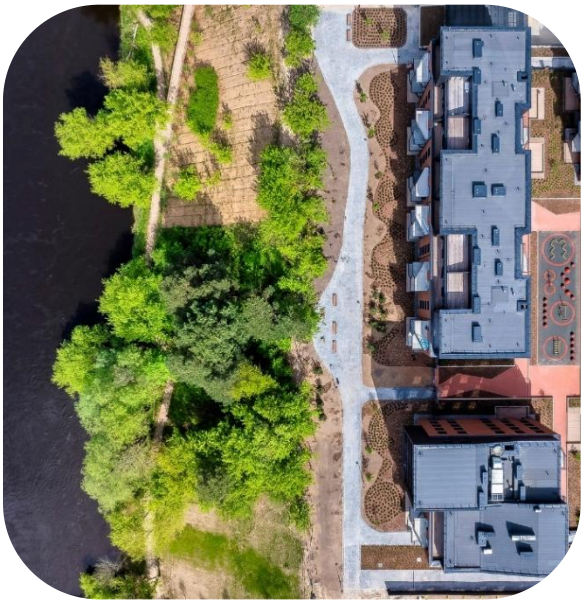
IRO-1 - Description of the process to identify and assess material impacts, risks and opportunities

In order to identify and assess material impacts, risks, and opportunities, the Group carried out a double materiality assessment in 2024 against the ESRS criteria. ESRS does not prescribe a specific methodology for how a company should plan or conduct a double materiality assessment, and the Group has therefore developed a process in line with the criteria and guidelines set out in ESRS 1. These take into account the nature and circumstances of the Group’s operations and the good sustainability practices applied to date. The Group has relied on the general requirements of ESRS and the European Financial Reporting Advisory Group's (EFRAG) practical application guidance. In the materiality analysis, the Company considered both impact and financial materiality and their interrelationships.

The principle of double materiality:

- A sustainability issue is material in terms of impacts when it concerns the significant actual or potential, positive or negative impacts of an undertaking on people or the environment in the short, medium, or long term: an inside-out perspective.
- A sustainability issue is financially material when the sustainability issue gives rise to risks or opportunities that have or could have a material impact on the company's business developments, financial position, financial performance, cash flows, access to finance or cost of capital in the short, medium, or long term: an outside-in perspective.

The materiality assessment was carried out in consultation with external and internal experts, considering the best available information at the time of the assessment. It is noted that this is the first time that the Group has carried out a double materiality assessment, and the Group is continuously improving its processes to identify actual and potential impacts, risks, and opportunities. Therefore the list of sustainability topics identified in this assessment is not exhaustive, but may be reviewed in the future and revised or expanded as necessary.



The process of identifying and assessing significant impacts, risks, and opportunities involved the heads of departments and specialists responsible for the activities related to the Group's material sustainability topics. These were identified in the previous materiality assessment and/or identified in the list of sustainability matters to be included in the materiality assessment in 1 EITAS, TR 16.

The Group assessed the materiality of each sustainability issue individually, based on the ESRS criteria, taking into account the specificities of its own operations, the sector, and the context. The assessment of materiality was based, to the extent possible, on objective information, expert insights, and generally accepted scientific advice. Impacts, risks, and opportunities have been assessed in the short, medium, and long term, which are consistent with the definitions of the time periods set out in ESRS.

The main steps for assessing double materiality are:

1. Understanding the operational context: value chain and business model.
2. Evaluation of stakeholder views.
3. Identifying existing and potential impacts, risks, and opportunities.
4. Assessing, reviewing, and validating the materiality of impacts, risks, and opportunities.

Impact assessment

Assessment of impact materiality was carried out taking into account the Group's material actual or potential, positive or negative impact on people and the environment in the short, medium and long term. The materiality of actual negative impact was based on the severity of the impact, while the materiality of potential negative impact was based on its severity and likelihood. Severity of impact was determined based on scale, scope, and the nature of the irremediable harm. When assessing potential negative impact on human rights, severity of impact was considered more important than likelihood. The materiality of positive impact, in the case of actual impact, was based on scale and scope, and in the case of potential impact – on scale, scope and likelihood. Based on the formulas used to assess impact materiality, actual and potential impacts were categorised into three levels: *High* – very important / material (final assessment scores 15–25), *Medium* – material (4–14), and *Low* – not material (0–3).

The materiality assessment analysed the entire value chain of the Group's entities, taking into account the operations of PST Group and its subsidiaries, the business relationships, the geographical location of the value chain, and the affected stakeholders. Based on various sources (list below) and information available to the Group, the factors that may give rise to the risk of negative impacts in the direct operations and the value chain have been considered. The assessment was carried out by assessing the stakeholder views identified by the Group through its ongoing dialogue with stakeholders in its operations (as disclosed under SBM-2 "Stakeholder Interests and Views"), publicly available information provided by competent organisations, and the stakeholder survey carried out as part of the previous materiality assessment.

In order to assess climate change risks and opportunities as accurately as possible, the Group has carried out an assessment of transitional and physical climate risks and opportunities. The results of this assessment are presented in detail in the *Climate Risk Assessment and Management* section below.

Biodiversity transition and physical risks have not been assessed separately, as the Group's companies are not located in or near biodiversity-protected areas, and no direct negative impacts on biodiversity have been identified in the Group's operations.

Risk and opportunity assessment

Assessment of financial materiality was carried out taking into account the scale of the financial impact as well as the likelihood of risks and opportunities that may arise in direct operations or within the value chain in the short, medium and long term. Based on the formulas used to assess financial materiality, risks and opportunities were categorised into three levels: *High* – very important / material (final assessment scores 15–25), *Medium* – material (4–14), and *Low* – not material (0–3).

Risks and opportunities related to sustainability may arise from the Group's impacts on the environment and stakeholders, or from resource dependencies. Therefore, the assessment of financial materiality has been carried out in conjunction with the assessment of impact materiality by first assessing the impacts and then considering the linkages of impacts and dependencies to risks and opportunities. The double materiality assessment prioritised sustainability-related risks, i.e. risks directly related to the sustainability topics previously identified by the organisation and the sustainability topics given by the ESRS standard.

The double materiality assessment was carried out by members of PST Group management and specialists responsible for sustainability topics, and the results were reviewed and approved by the Board. Currently, the Group's processes for identifying, assessing, and managing sustainability issues, including the assessment of risks and opportunities, are mainly based on the application of ISO standards. The Company's quality management (ISO 9001), environmental management (ISO 14001) and occupational health and safety (ISO 45001) management systems are in place to properly address these sustainability issues. Occupational risks are assessed at each site, analysed, and measures are taken to eliminate or reduce risks. To protect and conserve the environment and natural resources and to ensure the prevention of pollution, an environmental plan is drawn up at the start of each project, setting out specific measures to manage the material environmental aspects and activities involved.

The parameters of severity and likelihood of impact, magnitude, and likelihood of financial impact have been assessed on the basis of the information available from various sources:

- Policies, reports, and internal documents developed and implemented by the Group.
- PST Group Risk and Opportunity Register 2024
- PST Group List of Material Environmental Aspects in 2024
- Value chain analysis: nature of activities, geographical areas.
- Results of the stakeholder survey (customers, suppliers, partners, and employees), 2023, and other information available to the Group on sustainability matters relevant to stakeholders.
- Results of a previous materiality assessment carried out in 2023 under the GRI Guidelines.
- Information, studies, and surveys from competent international organisations on the sector's value chain impacts (*Leadership Group for Industry Transition* report *Towards a sustainable global construction and buildings value chain*; United Nations/International Energy Agency publication *GlobalABC Roadmap for Buildings and Construction*).
- Annual reports from other industry players and topics of relevance identified.
- Industry rankings and materiality maps such as SASB and MSCI.
- PST Group Annual Report 2023.

It should be noted that the Company, together with its subsidiaries, intends to review the double materiality assessment process on an annual basis and to update the disclosures review and update stakeholder engagement methods as necessary.

IRO-2 – Disclosure Requirements in ESRS covered by the undertaking's sustainability statement

The Company's Sustainability Report is based on a double materiality assessment, the process and results of which are described in detail in the disclosure section of **IRO-1**.

A list of the disclosure requirements that have been met in the preparation of the sustainability report (ESRS Content Index) is provided in the *ESRS Disclosed Indicators* section of this report. A table of all data units required by other EU legislation listed in Appendix B of ESRS standard can be found in the *ESRS Data Points Required by Other Legislation* section. The topic of climate change is material to the Group and is included in this report.

MDR - Minimum Disclosure Requirements

The Group applies and discloses information in accordance with the minimum disclosure requirements for policies (MDR-P), actions (MDR-A), metrics (MDR-M) and targets (MDR-T), together with the relevant disclosure requirements set out in the topic-specific ESRS later in this report.

5.1.5. Climate risk assessment and management

In 2024, in order to prepare for the CSRD sustainability reporting requirements, the Group carried out an assessment of climate change risks and opportunities in accordance with the requirements of the ESRS and the EU Taxonomy Regulation's *Do No Significant Harm on Climate Change Adaptation* criteria (Appendix A of the Taxonomy Delegated Acts No 2021/2178 and No 2023/2486). The assessment guidelines have been developed on the basis of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the scenario analysis guidelines for non-financial companies.

Physical climate risks and transition risks and opportunities have been identified and assessed through scenario analysis. The assessment is based on the best available information and is planned to be reviewed annually and/or in the event of significant changes in operational circumstances or the renewal of significant physical and transformational event projections.

Physical risk assessment

The assessment of physical risks was carried out in proportion to the scale and anticipated duration of the Group companies' operations. The following timeframes were established for the assessment: short – until 2026, medium – from 2026 to 2030, and long – from 2030 to 2050. These timeframes were selected considering that the operations of the Group companies are adaptive and easily adjustable to climate-related physical phenomena – i.e. assessment over an even longer period (beyond 2050) would not be meaningful, as climate projections beyond that point involve significant uncertainties, and it is likely that the Group companies' direct operations would have already been adapted by then.

In the context of long-term physical risks (extending up to 2100), the Group also assessed risks to its physical assets. However, no significant risks were identified. Additionally, for activities outside Lithuania, the assessment did not identify any risks that could materially affect economic performance.

The assessment was based on the introductory report "Preparation of climate change projections up to 2100"[7] prepared by the Ministry of Environment's programme "Environment, Energy and Climate Change" (projections on a 12x12 km grid) and

[7] Preparation of climate change forecasts, a national study on the sensitivity and vulnerability of Lithuanian municipalities to climate change and a climate change adaptation plan for the most vulnerable municipality. PHASE I: PREPARATION OF CLIMATE CHANGE PROJECTIONS UP TO 2100. INTRODUCTORY REPORT; report prepared for the Ministry of Environment of the Republic of Lithuania, Riga 2022).

the "Study of climate change risks for the mid-21st century"[8] prepared by the Lithuanian Hydro-meteorological Service, Climate and Research Unit (projections per county). The IPCC scenarios RCP4.5 and RCP8.5 for typical air pollutant concentrations were analysed using data from these sources.

Assessment of Climate-Related Risks

The Group assessed climate-related hazards across its operations and supply chain, including construction sites, based on the geographical locations of projects in 2024. The initial analysis focused on whether the Group's assets or operations would be negatively affected if a climate-related hazard were to occur in its most extreme form, including in combination with other climate-related hazards. Subsequently, the potential for such negative impacts on assets or business operations to significantly impair economic performance was evaluated. If a negative impact on economic performance was deemed possible, the assessment proceeded to evaluate the specific risk's likelihood and the scale of its financial impact. The materiality of risks was assessed using a score derived from the product of likelihood and financial impact: High – very important / material (final assessment scores 15–25), Medium – material (4–14), and Low – not material (0–3).

As the Group's operations are not heavily dependent on specific suppliers or supplier countries (in the event of an interruption in the supply of key production raw materials/materials, the supplier could easily be replaced in less than 1 year), physical risks in the supply chain were only assessed in the short term.

This climate risk assessment by the Group should not be regarded as an assurance of the resilience of buildings and structures constructed to order. The Group did not assess the resilience of buildings and structures constructed based on client orders and designs to physical climate hazards, as such an assessment should be carried out during the design phase of the building or structure.

The results of the physical risk assessment and adaptation solutions are summarised in the table below.

Overview of the vulnerability assessment of activities to climate-related physical hazards

Classification of physical hazards			Potential negative impacts on activities or assets	Assessment of financial materiality	Adaptation solutions
Chronic*	- Related to temperature - Related to wind - Related to water - Relating to solid matter		No	Not material	
Acute*	Related to temperature	Heat waves	In individual cases, operational processes may be affected (e.g. work stoppages).	Not material	During heatwaves, the usual adaptation solutions are applied: changing working hours and taking breaks to cool down. Export countries have very similar climates and the same adaptation solutions.
		Cold waves/frost	The cold weather may limit activities, and some work may be suspended during cold spells in accordance with statutory procedures.	Not material	Current processes are adapted for frost, for example, rescheduling work. In the scenarios examined, the projected reduction in frost could alleviate the current situation.

[8] Study of climate change risks for the mid-21st century (Lithuanian Hydrometeorological Service, Climate and Research Division; analysis commissioned by the Association of Lithuanian Banks, Vilnius 2023)

		Wildfires	To date, the Group has not experienced any disruptions due to natural fires. The likelihood of encountering this risk would arise from the construction of facilities in the forest.	Not material	Currently, the activities are not located in or close to forests where natural fires could occur.
	Related to water	Heavy precipitation (rain, hail, snow/ice)	Very heavy, sudden and severe rainfall could cause damage to physical assets such as vehicles and building structures (e.g. roofs).	Not material	The installation of water drainage systems is foreseen to reduce the accumulation of rainwater or the risk of flooding.
		Droughts	Increasing droughts could lead to increased dust during construction. New requirements for the application of dust mitigation measures may arise.	Not material	Normal dust reduction measures are applied. Water spraying systems are used to reduce the spread of dust in strong winds, and fine raw materials (e.g. sand or gravel) are covered with protective coverings to prevent wind drift.
	Related to wind	Storms	Potential work stoppages and higher costs for adaptation measures in case of storms.	Not material	Work is planned according to seasonal weather trends and forecasts. All temporary equipment, construction machinery, construction containers, and materials are securely fastened. Storage of construction materials at work sites is limited (to only the quantity required for one shift). Protective barriers are installed to reduce the movement of sand and dust. Installation of temporary covers or films on partial structures or sensitive components. Lifting operations are stopped at wind speeds above 15 m/s. A weather monitoring system is used on construction sites, including warnings of approaching storms.

Notes: * The Climate Risk Assessment considered the full list of physical hazards in Appendix A of Commission Delegated Regulation (EU) 2021/2139. The table summarises information only for those hazards that are relevant (i.e. physical assets or activities are likely to be negatively affected). Hazards that would not cause negative effects are not detailed in the table.

Assessment of risks and opportunities for transformation

The following timeframes were used for the assessment of transition risks: short – until 2026, medium – from 2026 to 2030, and long – from 2030 to 2050. The Group analysed expected and potential developments based on a net-zero emissions by 2050 scenario, which aligns with the Paris Agreement and the European Green Deal's ultimate goal of achieving climate neutrality by 2050. The assessment was carried out in line with TCFD guidelines, examining the classification of climate-related transition events according to TCFD.

The climate risk assessment is currently preliminary, as the Group has not yet calculated Scope 3 GHG emissions or developed a Transition Plan. The assessment will be refined once the Transition Plan is in place and Scope 1, 2, and 3 GHG emissions have been fully evaluated.

The key assumptions considered, as well as the identified transition risks and opportunities, are summarised in the table below.

Overview of the assessment of climate-related transition risks

The meaning of the colours used in the tables:

No risks/opportunities	*Low - insignificant*	*Medium - significant*	*High - very important/significant*

Risk assessment					
Transition events (TCFD)		**Potential financial impact**	**Materiality assessment**		
			2026	**2030**	**2050**
Policy and law	**Higher pricing of GHG emissions**	No significant risks are foreseen, as increases in raw material prices (e.g. cement) are likely to have a uniform impact across the sector.			
	Increased GHG emissions reporting obligations	The risk is that subcontractors and suppliers will not be able to accurately calculate and report their GHG footprint due to the increasing complexity of the calculations and the higher number of components to be assessed. This may limit the choice of subcontractors and increase the cost of work. However, it is expected that all actors in the sector will adapt, so this risk is assessed as low (not material).			
		Reputational and financial risks if the Group fails to meet its GHG reduction targets on time.			
	Obligations and regulation of existing products and services/production processes	*No risks foreseen* - Regulation affects the market as a whole, and the Group is well-placed to comply with the new requirements and meet the growing demand for green buildings and renovations.			
	Litigation risk	The risk of legal disputes related to non-compliance with GHG emissions or energy requirements remains but is not expected to increase. The supervision of the design and construction works is organised in a way that meets the requirements.			
Technology	**Cost of switching to less polluting technologies**	Significant investment to upgrade machinery - expensive equipment can require significant financial resources. However, the Group rents some of its major construction equipment (e.g. cranes) on a service contract basis from suppliers, thus eliminating the need for part of the investment in the purchase and maintenance of the equipment.			
	Failure to invest in new technologies	Uncertainty about investing in new technologies and the possibility of not getting a return on investment. Risk is managed through incremental investment based on sector experience and consistent analysis of returns and risks.			
	Replacing existing company products and	*Risks are not foreseeable* - construction services are not easily substituted, so the sector remains stable. Stadus UAB is expected to			

	services with less polluting alternatives	expand, and the metal sector is also likely to remain difficult to substitute.			
Market	**Changes in customer behaviour/priorities**	*Risks are not foreseen* - the number of sustainability-educated customers will increase over time, but no direct impact on the Group's operations is foreseen. This trend is seen more as an opportunity.			
	Uncertainty in market signals	*Risks are not foreseen* - even in a business-as-usual scenario, demand for sustainable buildings and infrastructure is expected to grow.			
	Rising raw material prices	As carbon-intensive building materials (e.g. cement, metals) become more expensive in the coming years, construction costs are likely to rise, which may lead to higher prices for services and products. However, as this trend will affect the whole sector equally, the financial impact on the Group's companies remains low.			
Reputation	**Changes in consumer preferences**	*No risks are foreseen.*			
	Increased stakeholder concerns	*No risks are foreseen* - project financing already requires detailed sustainability documentation, which has a direct impact on the market as a whole. This is relevant for project developers but is not expected to have a significant impact on the Group's operations.			
	Negative feedback from stakeholders	*No risks are foreseen.*			
	Stigmatisation of the sector	*No risks are foreseen* - the whole sector is being transformed, and solutions to achieve climate goals in the building and construction sector are already in place and are continuously being improved.			

Overview of the assessment of climate-related transition opportunities

Assessment of opportunities					
Transformation events (TCFD)		Potential financial impact	Materiality assessment		
			2026	2030	2050
Policy and law	**Higher pricing of GHG emissions**	*Expected opportunities due to the rising cost of polluting raw materials (see below under "Market", "Rising cost of raw materials").*			
	Increased GHG emissions and reporting obligations	Opportunities to work more closely with clients and subcontractors to inform them of upcoming GHG emissions calculation and reporting requirements, thus ensuring smoother adaptation to regulatory changes.			
	Obligations and regulation of existing products and services/production processes	The growing demand for new and repeat renovations is driving up the volume of work. However, this opportunity is assessed as not material (*low*) as renovation work does not currently represent a significant part of the activity and is not expected to increase significantly in the medium to long term.			
	Litigation risk	*No opportunities are foreseen.*			

Technology	**Cost of switching to less polluting technologies**	*No opportunities are foreseen.*			
	Failure to invest in new technologies	*No opportunities are foreseen.*			
	Replacing existing company products and services with less polluting alternatives	*No opportunities are foreseen.*			
Market	**Changes in customer behaviour/priorities**	Opportunity to strengthen the Group's market position to become a leader in sustainability. PST is well positioned to meet the expected growing demand for sustainable solutions, strengthening its competitive advantage.			
		Tapping into the growing demand for green buildings and sustainable solutions - buildings with sustainability certificates can be sold or rented more quickly and at above-market prices. However, this trend depends on the priorities of developers. Although the number of such clients is increasing with increasing regulatory requirements, this opportunity is so far seen as not material (*Low*).			
		Opportunity to take advantage of the growing demand for panel renovation - a growing market can lead to a higher demand for Stadus' products and services, providing prospects for expansion.			
	Uncertainty in market signals	*No opportunities are foreseen.*			
	Rising raw material prices	Opportunity to expand the use of less polluting and less regulated materials - with the rising cost of traditional building materials, Stadus UAB can offer alternative solutions, thus strengthening its competitive position in the market.			
Reputation	**Changes in consumer preferences**	*No opportunities are foreseen.*			
	Increased stakeholder concerns	*No opportunities are foreseen.*			
	Negative feedback from stakeholders	*No opportunities are foreseen.*			
	Stigmatisation of the sector	*No opportunities are foreseen.*			

5.2. Environmental area

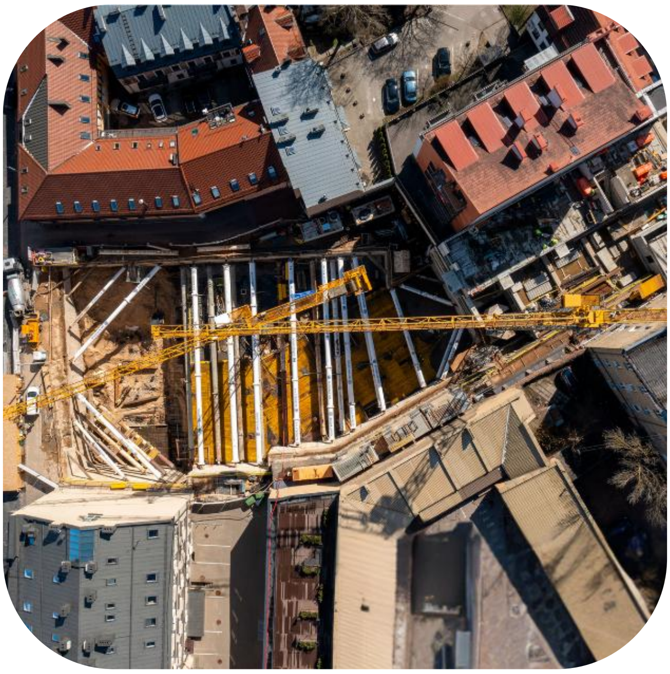
5.2.1. Environmental impacts, risks and opportunities

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model (Environmental Sustainability topics)

The Group's companies operate in the construction sector, which is one of the largest consumers of resources and a significant contributor to climate change. The construction sector is estimated to be responsible for 50% of global resource extraction[9] and 37% of total greenhouse gas (GHG) emissions[10]. This takes into account the entire construction cycle, from the production of building materials through to the operation and demolition of buildings.

In terms of environmental sustainability, the construction sector covers all the key sustainability topics: climate change, pollution, use of water and other resources, biodiversity, and circular economy. The most material impacts occur at the upstream stages of the value chain, particularly in the production of building materials, from the extraction of natural resources to the production of the final product[11].

Although the direct activities of the Group's companies have a limited impact, impacts specific to the construction sector are also present to a lesser extent in the Group's projects. Construction involves the use of a large amount of building materials and raw materials and generates significant amounts of waste. In addition, some forms of pollution are unavoidable, such as noise, dust, particulate matter, sewage, and dirt from construction sites - all of which may have temporary environmental impacts. Depending on the site, direct impacts on biodiversity, such as land sealing, may occur. However, most of the Group's projects are located in urban areas, so direct negative impacts on biodiversity are minimal. There are no significant sites where the Group's activities negatively affect biodiverse areas.



The Group's companies comply with all applicable environmental legislation and continuously strive to reduce their environmental impact. However, the Group's strategy and business model do not currently include impact management upstream in the value chain, an area that is planned to be strengthened in the future. The environmental impacts of the Group's activities will continue in the future and will, therefore, need to be continuously monitored and managed. The Group has not identified any environmental impacts that are specific to its activities and do not overlap with those of the construction sector as a whole.

The Group has not developed a formal Transition Plan, but its adoption is foreseen for the period 2025-2026, when indirect Scope 3 emissions will be calculated. Nevertheless, the Group is committed to the European Green Deal and the Paris Agreement targets, and therefore, the management of its impacts, risks, and opportunities will be integrated into the future strategy.

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[9] Stockholm Environment Institute (SEI), *Towards a Sustainable Global Construction Sector*, 2022. Available online: SEI website.

[10] United Nations Environment Programme (UNEP), *Building Materials and Climate: Constructing a New Future*, 2023. Available online: UNEP website.

[11] Stockholm Environment Institute (SEI), *Towards a Sustainable Global Construction Sector*, 2022. Access online: SEI website.

During the reporting period, environmental risks and opportunities did not have a material impact on the Group's financial position, results of operations or cash flows. Nor have any risks or opportunities been identified that could significantly change the carrying amounts of the Group's assets or liabilities in the near term.

For details on the resilience of the Group's strategy and business model to climate change, see section *Climate Risk Assessment and Management*. For other environmental aspects, the resilience of the Group's operations has been assessed to the extent that it has been included in the double materiality assessment. This assessment was carried out for the first time in 2024, so there were no significant changes compared to the previous reporting period. The results of the Group's double materiality assessment are planned to be reviewed annually, and therefore, the material topics and sub-topics identified may change in the future.

5.2.2. Environmental policy

MDR-P – Policies adopted to manage material sustainability matters (Environmental Sustainability Topics)

To manage environmental impacts, risks, and opportunities, the Group is currently guided by an **Environmental Policy** with clear principles for environmental responsibility:

- Taking responsibility for the environmental impact of our activities and ensuring that it is minimised.
- Reducing pollution of soil and groundwater from fuels, lubricants, and hydraulic oils.
- Assess and identify opportunities and risks to meet all environmental requirements.
- Ensuring minimal environmental impact in both small-scale construction work as well as complex and innovative building projects.
- Deploying the latest technological solutions to help employees work more safely and efficiently.
- Reducing the amount of waste generated in construction and ensuring waste separation.
- Protecting the natural environment from negative impacts and educating employees to raise their environmental awareness and competence.

The Group is **ISO 14001** Environmental Management System certified, confirming the highest environmental standards. The Group's activities ensure compliance with all applicable environmental legislation and as a result no environmental breaches were recorded in 2024.

The Group's Environmental Policy applies to the direct activities of the PST Group and its subsidiaries. In order to ensure transparency and employee involvement, the Environmental Policy is publicly available on the PST Group's website, information boards in administrative buildings, and construction sites.

Training on environmental practices is provided to employees and partners during audits. On construction sites, regular industrial, occupational health and safety (OHS), and environmental briefings are held with clients, subcontractors and suppliers. In addition, worker representatives on the OHS Committee and the Labour Council ensure that the policy is disseminated and properly implemented.

The Group consistently strives to strengthen the sustainability of its operations and to manage its environmental impact responsibly. The Group plans to develop and implement an integrated **Sustainability Policy** that covers all significant impacts, risks, and opportunities.

In 2024, the Group took active steps to comply with the new EU requirements under the Corporate Sustainability Reporting Directive (CSRD):

- A double materiality assessment has been carried out, identifying key risks, impacts, and opportunities.

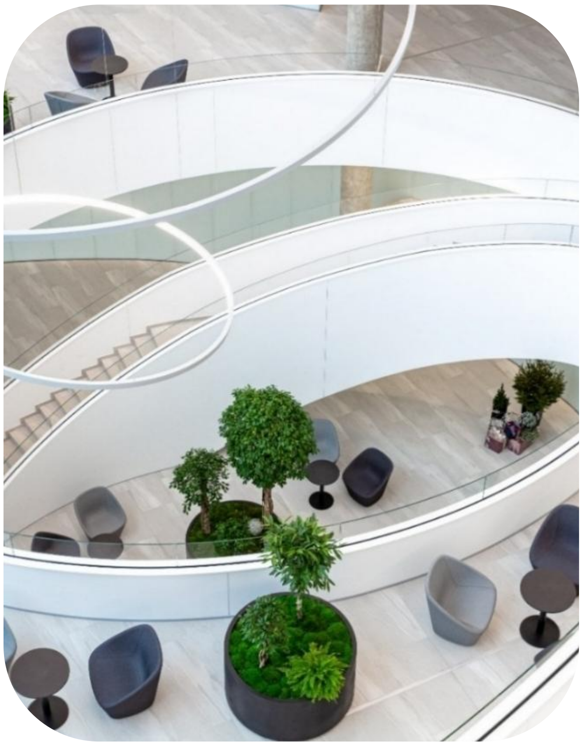
- The Environmental Policy was reviewed in Q1 2024 and was recognised as compliant with ISO 14001.
- A Sustainability Group was set up in Q2-Q3 to assess the double materiality and develop the future strategy.
- A single Sustainability Policy covering all aspects of ESRS is planned to be adopted by the end of Q1-Q2 2025.

The Sustainability Policy will be implemented in accordance with the decisions of the Group's management and the Sustainability Group, subject to oversight by the Board.

5.2.3. Environmental indicators

E1 CLIMATE CHANGE

E1-1 Transition plan for climate change mitigation



The Group does not currently have a formal Transition Plan in place, but its adoption is foreseen for the period 2025-2026, following the calculation of Scope 3 indirect emissions. Nevertheless, the Group is committed to the European Green Deal and the Paris Agreement targets.

E1-2 – Policies related to climate change mitigation and adaptation

The Group's overarching policy and management system covering all environmental topics is described at the beginning of the environmental chapter in the *Environmental Policy*.

E1-3 – Actions and resources in relation to climate change policies

Existing actions and investments:

- The Group purchases 100% green (renewable) electricity, certified by certificates.
- Investing in the development of solar power plants – in 2024, the Group's companies purchased new solar power plants for EUR 159.000. For the corresponding capital expenditure indicator under the Taxonomy, see the *EU Taxonomy Regulation Indicators* section. The Group already generates 21.5% of its electricity needs from renewable sources.
- Upgrading the vehicle fleet (car rental) with new, less polluting vehicles.

Plans for 2025-2026

- **Calculate Scope 3 GHG emissions and set GHG emission reduction targets.**
- **Modernise vehicles by gradually shifting to less polluting or electric vehicles.**
- **Expanding the solar power plants to ensure that more of the energy consumed comes from renewable sources.**
- **Initiate projects to reduce electricity consumption by promoting efficiency measures and responsible energy use.**
- **Introduce new technologies in the construction process to reduce waste and energy consumption.**

The specific action plan, including GHG emission levels, decarbonisation measures and the resources to implement them, will be determined once the GHG Emissions Reduction Plan is adopted. As 2024 has been chosen as the base year, reliable data on the Group's emission reduction performance is not yet available.

E1-4 – Targets related to climate change mitigation and adaptation

In the future, the Group plans to adopt a Transition Plan and commit to achieving a *Net Zero* emissions balance by 2050. The Group does not currently have specific GHG emission reduction targets. The Group assesses the effectiveness of its actions by calculating its Scope 1 and Scope 2 GHG emissions under the GHG Protocol and by monitoring its energy consumption.

E1-5 – Energy consumption and mix

Energy consumption and energy mix

Energy consumption and mix	2024
(1) Fuel consumption from coal and coal products (MWh)	0
(2) Fuel consumption from crude oil and petroleum products (MWh)	7 468.5
(3) Fuel consumption from natural gas (MWh)	208.5
(4) Fuel consumption from other fossil sources (MWh)	0
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	1 547.9
(6) Total fossil energy consumption (MWh)	**9 224.9**
Share of fossil sources in total energy consumption (%)	88
(7) Consumption from nuclear sources (MWh)	0
Share of consumption from nuclear sources in total energy consumption (%)	0

(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.) (MWh)	0.4
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	837.8
(10) The consumption of self-generated non-fuel renewable energy (MWh)	427.3
(11) Total renewable energy consumption (MWh)	**1 264.5**
Share of renewable sources in total energy consumption (%)	12
Total energy consumption (MWh) (calculated as the sum of lines 6, and 11)	10 489.4

Note: The Group's non-renewable energy production was 208.5 MWh, and the Group's renewable energy production was 383.9 MWh in 2024.

Energy consumption intensity

Energy intensity per net revenue	2024
Total energy consumption from activities in high climate impact sectors per net revenue (MWh/EUR)	0.0001042

Notes: All of the Group's activities are classified as high climate impact activities. The Group's companies are active in the construction sector, NACE code F - Construction, and all of the Group's revenues are derived from activities in sectors with high climate impact. Cross-reference of net revenue amounts (used as the denominator in calculating energy consumption intensity) to the financial statements: *"Consolidated Statement of Comprehensive Income"*, line item *"Revenue from contracts with customers"*.

E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions

The table below presents the Group's estimated GHG emissions in carbon dioxide equivalent (CO_2e). The knowledge and methodologies of market-based financial institutions and energy suppliers were used to calculate GHG emissions. The calculation was also carried out in accordance with the GHG Protocol guidelines.

The calculation of emissions includes not only CO_2 but also other greenhouse gases (N_2O, CH_4, HFCs), which are converted to CO_2 equivalent according to defined standard factors. The final emissions are reported as total CO_2e.

The method for consolidating emissions is *operational control*. The calculation includes all activities of the Group's controlled companies that generate Scope 1 and 2 emissions.

The base year chosen for the GHG calculation is 2024. This is the first year in which PST Group has estimated its emissions in full, including all Group companies.

Sources of emission factors used:

- IPCC (Intergovernmental Panel on Climate Change).
- Sources for the IPCC AR5 report.
- European Environment Agency guidelines for air pollution inventories.
- Association of Issuing Bodies (AIB) - Residual mix and Production mix data for electricity.

GHG emissions

Emission type	2024		
	PST Group AB	Other Group companies	Group

Scope 1 GHG emissions			
Gross Scope 1 GHG emissions (tCO2eq)	**1 680**	**365**	**2 045**
Percentage of Scope 1 GHG emissions from regulated schemes (%)	**0**	**0**	**0**
Scope 2 GHG emissions			
Gross market-based Scope 2 GHG emissions (tCO2eq)	**24**	**445**	**469**
Gross location-based Scope 2 GHG emissions (tCO2eq)	**41**	**247**	**288**
Total GHG emissions			
Total GHG emissions (market-based) (tCO2eq)	**1 704**	**810**	**2 514**
Total GHG emissions (location-based) (tCO2eq)	**1 721**	**612**	**2 333**

In 2024, the operation also generated 519 t of biogenic CO2 emissions.

GHG intensity (Scope 1 and Scope 2). PST indicator

GHG intensity by net revenue	**2024**
Total GHG emissions (market-based) per net revenue (tCO2eq/Monetary unit)	0.00002496
Total GHG emissions (location-based) per net revenue (tCO2eq/Monetary unit)	0.00002317

Note: Cross-reference of net revenue amounts (used as the denominator in calculating energy consumption intensity) to the corresponding line item in the financial statements: *"Consolidated Statement of Comprehensive Income"*, line item *"Revenue from contracts with customers"*.

E1-7 – GHG removals and GHG mitigation projects financed through carbon credits

The Group did not carry out or contribute to any GHG absorption or storage projects in its operations or value chain in 2024.

E1-8 – Internal carbon pricing

The Group does not apply carbon pricing systems.

5.2.4. E2 Pollution

MDR - Minimum Disclosure Requirements (MDR-P, MDR-A, MDR-T)

The Group's overarching policy and management system covering all environmental topics is described at the beginning of the Environmental chapter in the *Environmental Policy*.

Pollution prevention is an integral part of the Group's activities. The Group aims to ensure zero pollution incidents. Although the Group does not have a separate pollution prevention policy or a time-bound action plan, this area is managed and monitored on an ongoing basis. The Group's pollution management obligations are integrated into the Group's Environmental Policy, which governs key environmental measures and responsibilities.

To minimise potential pollution, prevent environmental incidents and ensure a rapid and effective response, the Group applies the following measures:

- Continuous risk analysis of construction sites and training of employees/managers to prevent dangerous situations and strengthen the environmental culture.

- Strict procedures for the storage and handling of wastewater and chemicals to ensure that hazardous substances are not released into the environment.
- Accident prevention and response plans to ensure effective pollution control and minimum impact on people and the environment. Practical exercises on construction sites based on a selected simulated emergency situation are carried out at least once a year.

The Group found that some material aspects of pollution from construction activities – noise, dust and dirt – can have a temporary material impact on communities living near construction sites. The Group applies the following preventive measures:

- To prevent noise, working hours are limited in accordance with current legislation, especially in residential areas. The municipalities are informed of the work being carried out in these areas. In some cases, the municipality provides a specific plan of measures which must be implemented. In the absence of such a plan, the works are carried out in accordance with the legal requirements.
- Dust prevention is ensured by watering during seasonal work and hot weather.
- Vehicle wheel washing is used to prevent mud on construction sites. The Group has also installed an automatic car wash with a closed water cycle, which is rented out to construction sites as required.

In the construction process, communication with local communities is usually coordinated by the developer. During the design phase, the developer carries out an environmental impact assessment, publicises the project, and involves communities in the decision-making. During the construction phase, the Group communicates directly with local communities through door notices or notice boards. The Group mainly carries out construction work on behalf of clients. However, where the Group undertakes its own design, it responsibly follows all statutory processes, including environmental impact assessment and publicity.

These measures reflect the Group's commitment to operating responsibly and with the highest environmental standards.

5.2.5. E3 Water and marine resources

MDR - Minimum Disclosure Requirements (MDR-P, MDR-A, MDR-T)

The Group's overarching policy and management system covering all environmental topics is described at the beginning of the Environmental chapter in the *Environmental Policy*. Water conservation is an area of sustainability that is continuously monitored and tracked, but the Group has not identified a separate policy, action plan, or specific targets in this area.

In the first assessment of the double materiality, the Group found that water consumption has a material impact, but plans are underway to review this assessment. In accordance with the definition of the ESRS standard, water consumption includes water withdrawn within the boundaries of a company or facility and not released into the water environment or transferred to a third party during the reporting period.

Depending on the site, water demand can be high, but almost all of the water used goes into the city's sewerage network, along with domestic wastewater, where it is treated and returned to the natural water cycle. This means that water is not irreversibly consumed. The Group's direct activities do not consume much water - for example, it may be used to wash buildings before renovation or to make concrete.

5.2.6. E4 Biodiversity and ecosystems

MDR - Minimum Disclosure Requirements (MDR-P, MDR-A, MDR-T)

The Group's overarching policy and management system covering all environmental topics is described at the beginning of the Environmental chapter in the *Environmental Policy*.

The Group's direct activities do not have a material impact on biodiversity. To date, there is no need for separate policies, actions, or targets in this area, as most of the Group's corporate projects are located in urban areas where direct impacts on biodiversity are limited.

5.2.7. E5 Resource use and circular economy

MDR - Minimum Disclosure Requirements (MDR-P, MDR-A)

The Group's overarching policy and management system covering all environmental topics is described at the beginning of the Environmental chapter in the *Environmental Policy*.

The Group aims to reduce the environmental impact of its activities by managing all waste generated by its operations responsibly. The Group supports and promotes the European Union's (EU) waste policy, with the waste hierarchy as its guiding principle. This principle aims to prevent the generation of waste in the first place and then to promote reuse, followed by recycling.

Construction waste in the Group is separated at source. Construction materials suitable for reuse are separated, and those not suitable for reuse are sent to waste handlers. All segregation processes for waste generated on construction sites are carried out in accordance with applicable requirements and monitored by internal audits. Waste accounting is carried out in the electronic GPAIS system and the proportion of waste sorted is calculated at the end of the calendar year.

E5-3 – Targets related to resource use and circular economy (MDR-T)

Voluntary waste sorting targets are set each year, defining the minimum proportion of waste to be sorted.

Scope of application	Waste sorting objectives	2024 target	2024 result	2025 target
PST Group AB	In new-build properties	≥60%	48%	*Targets are no longer set per object, the overall Group target is set*
	Reconstruction, modernisation, and renovation projects	≥30%	64%	
	Road construction sites	≥85%	99.7%	
	Other locations	≥45%	78%	
Group	Total waste sorting in the Group	*Not raised*	66.4%	≥70%

GPAIS data is used to identify and calculate these indicators. The percentage is calculated on the basis of the share of sorted waste in the total amount of waste generated (by weight).

For 2025, The Group will continue to promote the principles of the circular economy and has set a target of **70%** waste sorting.

5.2.8. E5-4 – Resource inflows

Resource inflows

The Group's main resource inflows are various building and technical materials needed for the construction of structures, road building, finishing works, installation of engineering systems, etc. Construction processes require large quantities of resources and their efficient management and conservation is an important part of the Group's operations.

The table below shows the quantities of key raw materials and consumables (in various units of measurement) used in the Group's construction and manufacturing processes, which have been identified as important areas of resource use.

Resource inflows

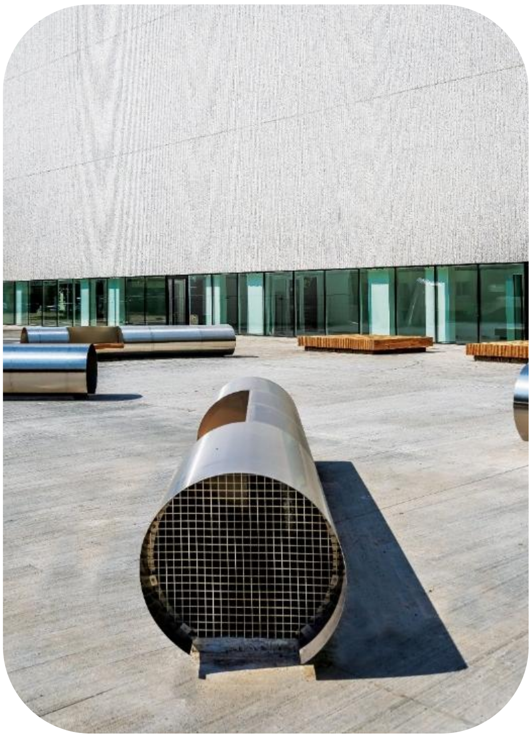
2024		
Measuring units	**Quantity**	**Main raw materials/supplies**
Manufacture of metal structures		
t:	3 350.7	Metal, welding wire, packaging materials
Panel house production and construction work		
t:	0.9	Wire, glue, putty
Compl..:	131.7	Security blinds, skylights, glass railings
L:	8 771.3	Primers, paints, impregnants
m:	64 912.6	Strips, sheet metal coils
m2:	205 479.8	Plasterboards, steam films, roofing panels, boards, glass, windows, doors

m3:	6 815.4	Wood, insulation materials
Rul..:	129.0	Tapes
T. pcs:	3 962.8	Nails, screws, wood screws
pcs:	1 992 076.41	Supports, pads, nails, screws
Manufacture of aluminium profile systems		
Compl..:	28.0	Automatics, door locks
L:	46.8	Installation materials
m.:	2818.0	Installation materials
m2:	22821.2	Profiles, fittings, accessories
m3:	3.4	Installation materials
pcs:	4439.0	Installation materials
Construction work		
t:	23020.5	Concrete, adhesives, mortars, mixtures, metal products, sheet metal
Compl..:	1419.0	Bolts, sills, sheet metal bends
L:	32398.0	Paints, adhesives, primers
m.:	621180.5	Aluminium and metal profiles, strips, sheet metal products, cables, ducts
m2:	314694.92	Panels, sheets, metal sheets, plasterboard, PVC coverings
m3:	89968.9	Concrete, blocks, crushed stone, sand, black earth, insulation materials
mL:	221250.0	Installation foam
Rul..:	88.0	Bituminous coating
T. pcs:	58.9	Silicate bricks
pcs:	2862050.6	Reinforced concrete products, gutters, kerbs, slabs, nails, screws
Then..:	1122.2	Cable connectors, lugs, brackets
Box..:	5.0	Ducts

Note: The Group does not collect data on the weight of purchased products as they are measured in different units (m, m², pcs, packages, etc.). The information is provided in terms of the units of measurement of the acquisition. Of the concrete used in the activity, about 5% was recycled concrete scrap.

Waste streams generated from operations

The Group's activities in construction, manufacturing and real estate projects generate a variety of waste streams that are specific to the construction and industrial sectors. Construction activities generate a wide range of waste streams, ranging from leftover building materials to demolition waste. One of the main categories of waste is minerals such as concrete, bricks and ceramics, which arise from the demolition of old structures or the construction of new ones. Metallic structures, including steel, aluminium and copper, also form a significant part of the waste stream and are generated during the dismantling or manufacture of building elements.



In addition to these materials, construction sites often accumulate plastic waste, such as leftover pipes or construction film, as well as glass waste from windows, partitions, or facades. Wood waste is generated from structural elements, pallets, and residues from finishing work. In addition, organic waste, such as plant residues from landscaping, as well as hazardous waste, such as used paints and chemicals, are generated during construction. Another important waste stream is electrical and electronic equipment, as well as dust and cement residues from the processing of building materials.

The waste generated by the Group's activities consists of a wide range of materials, a significant proportion of which can be recycled or reused to reduce the environmental impact and integrate them into circular economy models.

5.2.9. E5-5 – Resource outflows

Waste from operations

	Waste generated, t
	2024
Total Quantity	4 437.39
Hazardous	30.54
Non-hazardous	4 406.85
	Waste sent for recycling*
Total quantity	589.76
Hazardous	0
Non-hazardous	589.76
	Waste diverted to other recovery operations
Total quantity	3 551.16
Hazardous	0

Non-hazardous	3 551.16
	Waste sent for disposal (incineration with energy recovery)
Total quantity	265.93
Hazardous	0
Non-hazardous	265.93
	Waste sent for disposal (landfill)
Total quantity	30.54
Hazardous	30.54
Non-hazardous	0

Notes: Data obtained from GPAIS and waste handlers' certificates. The waste manager assesses the quality of the waste, weighs it and completes the data in GPAIS. No radioactive waste is generated by the activities of the Group companies.

* Confirmed by a recycling certificate from the waste handlers.

Non-recycled or recovered waste

	Waste not otherwise recycled or recovered*	
	Total quantity, t	**Share, %**
2024	**296.47**	**6.7 %**

Notes: * Non-recycled waste is the sum of waste sent for disposal. In this case, according to the definition of the ESRS standard, non-recycled waste is that which has been disposed of and has not been diverted for recycling or recovery operations.

5.2.10. EU Taxonomy Regulation Indicators

The European Union (EU) Taxonomy (the Taxonomy Regulation 2020/852 and the delegated acts adopted under it) is a classification system for sustainable economic activities designed to channel private investments into environmentally sustainable activities and thus contribute to the environmental objectives of the European Green Deal. This system establishes science-based criteria for assessing the environmental sustainability of companies' activities.

Business activities that fall within the scope of the Taxonomy and meet its criteria can be recognised as sustainable. A taxonomy-eligible activity refers to an economic activity that is described in the relevant delegated acts of the Taxonomy Regulation, meaning it is officially included in the Taxonomy.

Companies whose revenue (Turnover), capital expenditures (CapEx), and/or operating expenses (OpEx) are related to activities defined in the Taxonomy are required to assess and disclose the proportion of their activities that are aligned with the Taxonomy. An activity is considered taxonomy-aligned if it meets the technical screening criteria—meaning it makes a substantial contribution to at least one of the six environmental objectives while not causing significant harm to the remaining five.

The EU Taxonomy covers the following environmental objectives:

- CCM – Climate change mitigation.

- CCA – Climate change adaptation.
- WTR – The sustainable use and protection of water and marine resources.
- CE – The transition to a circular economy.
- PPC – Pollution prevention and control.
- BIO – The protection and restoration of biodiversity and ecosystems.

This report, in accordance with the provisions of the Taxonomy Regulation and the related delegated acts, presents the key performance indicators of the Group's activities and information on the alignment of taxonomy-eligible activities with the defined criteria.

Identification of Taxonomy-Eligible Activities and Calculation of Indicators

In 2024, in preparation for the implementation of CSRD requirements, a more detailed assessment of the Group's activities was carried out in accordance with the Taxonomy Regulation. To ensure more accurate data disclosure, the methodology for calculating the indicators was reviewed and refined. Changes in the calculation of indicators, compared to previous reporting periods, are described in detail below. Due to these changes, no retrospective recalculation of the 2023 indicators was performed.

When calculating the taxonomy-eligible activity indicators, it was ensured that the financial amount of activities contributing to multiple environmental objectives was included in the numerator of the respective indicator only once, thus avoiding double counting.

Revenue

The majority of PST Group's revenue is generated from taxonomy-eligible activities. The Group's core activity, construction, is considered taxonomy-eligible and falls under the activity of *Construction of new buildings*.

Previously, when calculating the Taxonomy turnover indicator, all construction-related revenue was included under this activity. However, in 2024, the methodology was refined. Now, only revenue generated from the construction of residential and non-residential buildings is included under *Construction of new buildings*. Revenue from other construction areas, such as the construction of civil engineering structures, is excluded to ensure greater accuracy and better alignment with the definitions provided in the Taxonomy.

In addition to its core construction activities, the Group also engages in other taxonomy-eligible categories, such as real estate management and building renovation. These taxonomy-eligible activities correspond as *Acquisition and ownership of buildings* and *Renovation of existing buildings*. The revenue attributed to these activities is detailed and presented in the table below (see Table 1B).

Specifically, the activity *Acquisition and ownership of buildings* includes rental income generated from the U219 building managed by the Group and owned by "Šeškinės projektai".

Taxonomy-eligible revenue was calculated by linking specific activities to the definitions provided in the Taxonomy and expressing their share in the Group's total revenue (EUR 100.678). The line item in the financial statements that best reflects this indicator according to Taxonomy is "Consolidated Statement of Comprehensive Income", line item "Revenue from contracts with customers".

Table 1A. Revenue by Taxonomy Environmental Objectives

	Proportion of turnover / total turnover	
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**
CCM	0 %	**70.33 %**
CCA	0 %	0 %

WTR	0 %	0 %
CE	0 %	**67.96 %**
PPC	0 %	0 %
BIO	0 %	0 %

Capital Expenditures (CapEx)

Based on specific acquisitions attributable to taxonomy-eligible activities, in 2024 the Group's companies acquired two new solar power plants, falling under the activity *Installation, maintenance and repair of renewable energy technologies*. Acquisitions related to the activity *Acquisition and ownership of buildings* refer to investments made to enhance the asset value of the U219 building managed by "Šeškinės projektai".

The remaining portion of long-term asset acquisitions (excluding acquisitions of subsidiaries not engaged in taxonomy-eligible activities) was allocated to the main taxonomy activities — *Construction of new buildings* and *Renovation of existing buildings*. The allocation was based on revenue-proportional distribution, as the same equipment is often used across various projects in the construction sector, making it difficult to assign them directly to a single activity. This methodology was chosen as the most appropriate, considering prevailing Taxonomy disclosure practices in the construction industry.

Capital expenditures (CapEx) for taxonomy-eligible activities were calculated by linking investments to activities defined in the EU Taxonomy and expressing their share relative to the Group's total capital expenditures. CapEx under the Taxonomy includes only those acquisitions that meet the indicator definition set out in the EU Taxonomy Regulation. In the Group's case, this corresponds to long-term asset acquisitions in 2024 and investments made by "Šeškinės projektai" to enhance the value of the building (EUR 1.543).

The financial statement line item that best corresponds to the CapEx indicator under the Taxonomy is the *"Acquisition of property, plant and equipment"* line in the *"Consolidated Statement of Cash Flows"*. The amount reported under this line only partially matches the CapEx denominator under the Taxonomy, as the definition and calculation of capital expenditure according to the Taxonomy differ from the calculation of acquisitions of non-current assets presented in the financial statements.

Table 2A. Capital Expenditures by Taxonomy Environmental Objectives

	Proportion of CapEx / total CapEx	
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**
CCM	0 %	**78.98 %**
CCA	0 %	0 %
WTR	0 %	0 %
CE	0 %	**19.82 %**
PPC	0 %	0 %
BIO	0 %	0 %

Operating Expenses (OpEx)

Under the Taxonomy Regulation, operating expenses (OpEx) are defined as direct non-capitalised costs related to research and development, building renovation measures, short-term leases, maintenance and repair, and other relevant expenditures.

In line with this definition, when calculating the total amount of operating expenses (the denominator), only maintenance and repair costs as well as short-term lease expenses were included. As with CapEx, the total amount of operating expenses was allocated across taxonomy-eligible activities based on the proportion of activity revenue, except for certain expenses that were directly attributable to specific taxonomy-eligible activities:

- The maintenance and/or repair costs of the U219 building – allocated to the *Acquisition and ownership of buildings* activity.
- The maintenance and/or repair costs of the solar power plants – allocated to the activity *Installation, maintenance and repair of renewable energy technologies*.
- The maintenance, repair, and/or rental costs of light-duty vehicles – allocated to the activity *Transport by motorbikes, passenger cars and light commercial vehicles*.

The taxonomy-eligible operating expenses (OpEx) ratio was calculated by dividing the operating expenses associated with activities defined in the Taxonomy by the total amount of operating expenses (OpEx) in accordance with the Taxonomy definition.

Table 3A. Operating Expenses by Taxonomy Environmental Objectives

	Proportion of OpEx / total OpEx	
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**
CCM	0 %	**56.33%**
CCA	0 %	0 %
WTR	0 %	0 %
CE	0 %	**52.31 %**
PPC	0 %	0 %
BIO	0 %	0 %

Other Changes in Indicator Calculation

In the previous reporting period, the Group classified vehicle acquisitions under a taxonomy-eligible activity. In 2024, no transport vehicles were acquired that meet the definitions of Taxonomy activities CCM 6.5 or CCM 6.6 (e.g., vehicles compliant with EURO 5 or EURO 6 standards), and therefore, there are no capital expenditures attributable to these activities. However, freight vehicles acquired in 2024, although not compliant with the definition of activity CCM 6.6, are used directly for carrying out Taxonomy-aligned activities – the construction of new buildings (CCM 7.1 / CE 3.1) and/or the renovation of existing buildings (CCM 7.2 / CE 3.2). Accordingly, it was assumed that these expenditures can be attributed to core activities as necessary acquisitions of equipment directly related to construction activities.

By contrast, for operating expenses (OpEx), it was possible to reliably identify a portion of costs related to the maintenance, repair, and rental of vehicles. Therefore, these expenses were allocated to the taxonomy-eligible activity *Transport by motorbikes, passenger cars and light commercial vehicles*.

Assessment of Activities According to the Taxonomy

In accordance with the latest delegated regulations of the European Commission (EC) — Regulations (EU) 2021/2139 and (EU) 2023/2486 — the activities of the PST Group may contribute to the environmental objectives of climate change mitigation and the transition to a circular economy. In 2024, as part of preparations to comply with CSRD and Taxonomy requirements, the Group conducted a climate risk assessment. The assessment concluded that physical climate risks are not material to the Group's activities, therefore, the Group's operations are not classified under taxonomy-eligible activities related to climate change adaptation.

The Group also assessed its compliance with the Minimum Safeguards requirements, as outlined in the European Commission's Sustainable Finance Platform report *Final Report on Minimum Safeguards (2022)*. Although human rights protection is ensured in the Group's operations and no violations were recorded in 2024, it was identified that certain measures are not yet fully implemented. For example, supplier and subcontractor contracts lack explicit commitments to human rights compliance, and such agreements are typically discussed during negotiations but are not formally documented.

For this reason, the Group has assessed that it currently does not meet the *Minimum Safeguards* requirement and, therefore, does not have any activities that can be considered taxonomy-aligned at this stage. However, the Group plans to strengthen this area in the future by implementing additional measures to ensure compliance.

As the Group's activities currently do not meet some of the Taxonomy criteria or lack the necessary supporting evidence, more detailed information on activity alignment is not provided at this time.

The assessment results are presented below using the templates defined in the EU Taxonomy.

Table 1B. 2024 Turnover Under the Taxonomy

2024 financial year	**2024**			**Substantial contribution criteria**						**DNSH criteria ('Does Not Significantly Harm')**									
Economic activities	**Code(s)**	**Absolute turnover**	**Proportion of turnover year 2024**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Pollution**	**Circular economy**	**Biodiversity and ecosystems**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Pollution**	**Circular economy**	**Biodiversity and ecosystems**	**Minimum safeguards**	**Proportion of Taxonomy-aligned (A.1.)**	**Category (enabling activity)**	**Category (transitional activity)**
Text		*Thousand Eur*	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1 Environmental sustainable activities (Taxonomy-aligned)																			
None	-	0	0 %	-	-	-	-	-	-	-	-	-	-	-	-	-	0 %	-	-
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0 %	-	-	-	-	-	-	-	-	-	-	-	-	-	0 %		
Of which enabling		0	0 %	-	-	-	-	-	-	-	-	-	-	-	-	-	0 %	-	
Of which transitional		0	0 %	-						-	-	-	-	-	-	-	0 %		-

A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)												
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL			
Construction of new buildings	CCM 7.1 CE 3.1	58 978	58.58 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL		68.14 %	
Acquisition and ownership of buildings	CCM 7.7	2 387	2.37 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL		2.41 %	
Renovation of existing buildings	CCM 7.2 CE 3.2	9 446	9.38 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL		6.13 %	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**70 810**	**70.33 %**	**70.33 %**	0 %	0 %	0 %	67.96 %	0 %		76.67 %	
Turnover of Taxonomy-eligible activities (A.1+A.2)		**70 810**	**70.33 %**	**70.33 %**	0 %	0 %	0 %	67.96 %	0 %		76.67 %	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES												
Turnover of Taxonomy-non-eligible activities		**29 868**	**29.67 %**									
TOTAL (A+B)		**100 678**	**100.00%**									

Explanation of Abbreviations:

Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective.

N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective.

N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

EL – Taxonomy-eligible activity for the relevant objective

Note: Due to changes in the indicator calculation methodology in 2024, no retrospective recalculation of the 2023 indicators was performed. Therefore, when comparing the indicators between these periods, it is important to take into account the differences in methodology.

Table 2B. 2024 Capital Expenditures (CapEx) Under the Taxonomy

2024 financial year	2024			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	**Code(s)**	**CapEx**	**Proportion of CapEx year 2024**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Pollution**	**Circular economy**	**Biodiversity and ecosystems**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Pollution**	**Circular economy**	**Biodiversity and ecosystems**	**Minimum safeguards**	**Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) CapEx year**	**Category (enabling activity)**	**Category (transitional**
Text		*Thousand Eur*	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1 Environmental sustainable activities (Taxonomy-aligned)																			
None	**-**	**0**	**0 %**	-	-	-	-	-	-	-	-	-	-	-	-	-	0 %	-	-
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0 %**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	0 %		
Of which enabling		**0**	**0 %**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	0 %	**-**	
Of which transitional		**0**	**0 %**	**-**						**-**	**-**	**-**	**-**	**-**	**-**	**-**	0 %		**-**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Construction of new buildings	CCM 7.1 CE 3.1	265	17.17 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								52.75 %		
Acquisition and ownership of buildings	CCM 7.7	754	48.84 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.92 %		

Renovation of existing buildings	CCM 7.2 CE 3.2	41	2.65%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		2.34 %	
Installation, maintenance, and repair of renewable energy technologies	CCM 7.6	159	10.32 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL		10.32 %	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**1 219**	**78.98 %**	78.98 %	0 %	0 %	0 %	19.82 %	0 %		91.04 %	
CapEx of Taxonomy-eligible activities (A.1+A.2)		**1 219**	**78.98 %**	78.98 %	0 %	0 %	0 %	19.82 %	0 %		91.04 %	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES												
CapEx of Taxonomy-non-eligible activities		**324**	**21.02 %**									
TOTAL (A+B)		**1 543**	**100 %**									

Explanation of Abbreviations:

Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective.

N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective.

N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

EL – Taxonomy-eligible activity for the relevant objective

Note: Due to changes in the indicator calculation methodology in 2024, no retrospective recalculation of the 2023 indicators was performed. Therefore, when comparing the indicators between these periods, it is important to take into account the differences in methodology.

Table 3B. 2024 Operating Expenses (OpEx) Under the Taxonomy

2024 financial year	2024	Substantial contribution criteria	DNSH criteria ('Does Not Significantly Harm')	

Economic activities		OpEx	Proportion of OpEx year 2024	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx year 2023	Category (enabling activity)	Category (transitional activity)
Text	Code(s)	*Thousand Eur*	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1 Environmental sustainable activities (Taxonomy-aligned)																			
None	-	0	0 %	-	-	-	-	-	-	-	-	-	-	-	-	-	0 %	-	-
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0 %	-	-	-	-	-	-	-	-	-	-	-	-	-	0 %		
Of which enabling		0	0 %	-	-	-	-	-	-	-	-	-	-	-	-	-	0 %	-	
Of which transitional		0	0 %	-						-	-	-	-	-	-	-	0 %		-
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Construction of new buildings	CCM 7.1 CE 3.1	2 201	45.49 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								68.10%		
Acquisition and ownership of buildings	CCM 7.7	54	1.11%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2.40%		
Renovation of existing buildings	CCM 7.2 CE 3.2	330	6.82 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								6.10%		
Installation, maintenance, and repair of renewable energy technologies	CCM 7.6	0.2	0.003 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0 %		
Transport by motorbikes, passenger cars, and	CCM 6.5	141	2.91 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0 %		

light commercial vehicles												
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2 725	56.33 %	56.33 %	0 %	0 %	0 %	52.31 %	0 %		76.60%	
OpEx of Taxonomy-eligible activities (A.1+A.2)		2 725	56.33 %	56.33 %	0 %	0 %	0 %	52.31 %	0 %		76.60%	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES												
OpEX of Taxonomy-non-eligible activities		**2 113**	**43.67 %**									
TOTAL (A+B)		**4 838**	**100%**									

Explanation of Abbreviations:

Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective.

N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective.

N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

EL – Taxonomy-eligible activity for the relevant objective

Note: Due to changes in the indicator calculation methodology in 2024, no retrospective recalculation of the 2023 indicators was performed. Therefore, when comparing the indicators between these periods, it is important to take into account the differences in methodology.

Activities Related to Nuclear Energy and Fossil Gas

Template 1. Activities Related to Nuclear Energy and Fossil Gas

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration, and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds, or has exposure to construction and safe operation of new nuclear installations to produce electricity or process heat. This includes for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using the best available technologies.	NO
3	The undertaking carries out, funds, or has exposure to safe operation of existing nuclear installations that produce electricity or process heat. This includes for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4	The undertaking carries out, funds, or has exposure to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds, or has exposure to construction, refurbishment, and the operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds, or has exposure to construction, refurbishment, and the operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

5.3. Social area

5.3.1. Social impacts, risks and opportunities

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

Own workforce

Material actual and potential negative impacts related to employees arise in the Group's direct operations and are related to its business model.

The Group operates in the construction sector, where workers are exposed to higher risks of accidents, injuries, and occupational diseases. In this context, the Group continuously assesses, monitors, and effectively manages health and safety (H&S) related exposures, as well as risks and opportunities to ensure a safe working environment and the highest health and safety standards.

Training and development of employees, as well as general and specific skills, are integral to operational health and safety (OHS), well-being, and service quality. It is also a key factor in the smooth organisation of the Group's operations and in strengthening competitiveness. Group companies consistently invest in employee development and professional growth, thereby strengthening both the organisation's internal capabilities and its long-term market advantage.

Additional employee-related risks are related to ensuring diversity, equality, and inclusion and creating an internal culture of sustainability. The Group recognises that both of these topics are of particular importance to stakeholders and therefore actively manages the risks associated with them, while seeking to exploit opportunities that arise from responsible implementation of related initiatives.

Value chain workers

The Group recognises that its business model may have an impact on employees in the value chain. Material direct impacts may arise for subcontractors who work directly on construction projects as operating partners. Subcontractors are subject to the same environmental and occupational health and safety policies, along with specific requirements as the Group's direct employees.

Indirect negative impacts may occur for upstream workers, including suppliers of construction raw materials and materials (in non-EU countries). Currently, the Group's strategy and business model do not include impact management upstream in the value chain, which is planned to be strengthened in the future.

Affected communities

Construction activities may cause some temporary inconvenience to local communities (noise, dust, dirt). Although no material direct impacts have been identified, these factors are a normal part of the construction process, which the Group manages responsibly through ongoing preventive measures and environmental solutions. The management of these impacts is described in more detail in section *E2 Pollution*.

Potential risks include community protests, which could delay the project and negatively affect the company's reputation. Subsequent negative media coverage could also undermine trust in the company. The Group responds promptly to community complaints, communicates proactively, and applies mitigation measures within its sphere of influence. The possibility of encouraging voluntary initiatives by employees to contribute to the well-being of the communities and to strengthen corporate social responsibility is also being considered.

Consumers and end-users

In the construction sector, the quality of services and buildings has a direct impact on the safety, health, and sustainability of the end users. Poor quality of work or products can lead to safety risks and additional operating and after-sales service costs. These elements would have a negative impact not only on the end users but also on the Group itself through higher financial costs and reputational risks.

The Group manages these aspects through rigorous quality assurance measures and in accordance with established standards. Although the strategy does not currently include the active development of sustainable solutions, this is seen as a potential opportunity that could contribute in the future to increasing competitiveness, improving reputation, and offering a wider range of services to customers.

The financial impact of social sustainability topics

During the reporting period, social risks and opportunities did not have a material impact on the Group's financial position, results of operations, or cash flows. Nor have any risks or opportunities been identified that would result in a material change in the carrying amounts of the Group's assets or liabilities in the foreseeable future.

On social sustainability matters, the resilience of the Group's operations was assessed to the extent that it was included in the double materiality assessment. This assessment was carried out for the first time in 2024, so there were no significant changes compared to the previous reporting period. The results of the Group's double materiality assessment are planned to be reviewed annually, and therefore, the material topics and sub-topics identified may change in the future.

5.3.2. S1 Own workforce

Group companies follow the following key policies to manage the impacts, risks, and opportunities related to their own employees:

- Occupational health and safety policy.
- Violence and harassment prevention policy.
- Measures to implement equal opportunities policy.
- Privacy policy.
- Group values policy.

PST Group has developed these policy guidelines, and the Group companies implement and adapt them according to their individual needs, taking into account the specificities of their operations. The implementation and transparency of these policies are continuously monitored, with the Company's internal auditors assessing not only the development of the policies but also their public availability within the organisation.

In the future, a unified Group Sustainability Policy is planned to be developed, which will cover the most important parts of the ESRS standard and will further reinforce the Group's commitment to responsible and sustainable operations.

Employee safety and wellbeing

The Group pays particular attention to a safe working environment, making safety one of its highest priorities. One of its main objectives is to become a leader in the construction market, guaranteeing safe workplaces for all employees. The Group implements **an Occupational Health and Safety Policy** and has implemented the international OHS management system standard **ISO 45001,** following the relevant procedures of the standard:

- Enforcing legal and other requirements for environmental protection, occupational health and safety.
- Emergency preparedness and response.
- Monitoring and measurement.
- Managing occupational health and safety.
- Identification and risk assessment of occupational hazards.
- Managing goals, objectives, and management programmes.
- Design management.

- Buying and selling.
- Selecting subcontractors.

The procedures listed above help to ensure the continuous identification and assessment of OHS risks, the definition of risk management measures, and the monitoring of their implementation.

The Group has an Occupational Health and Safety Committee (OHSC) where employees participate in OHS decisions.

Scope of application	Aims and objectives	2024 target	2024 result	2025 target
Group	Number of recordable accidents (RA) at work	0	2	0
	Total Recordable Incident Rate (TRIR)	0	1.78	< 1.6*
	Number of potential hazardous incidents/situations (PHI)	-10% *(2023 result: 79)*	173	+10 %**
	Completion of PHI measures	100 %	85 %	100 %

Health and safety objectives. PST indicators

Notes: *The 2024 target was set for own employees only, while the 2025 target covers both own employees and subcontractors included. The 2025 target is for subcontractors and subcontractors to be self-employed (self-employed).

**Although the initial target for 2024 was to reduce the number of registered PHIs, practice has shown that it is more important to encourage increased registration. The Group has therefore updated the target to increase the number of recorded PHIs, as this reflects the growing awareness of employees and the strengthening of the OHS culture. Training employees to recognise and record hazardous situations is the first step, and a natural decrease in the number of PHIs is expected over time as the OHS culture improves.

Methodology for calculating DSS indicators:

- TRIR: calculated according to the same formula as in the ESRS Standard S1-14 disclosure requirement for the rate of recordable work-related accidents per million hours worked.
- Number of PHIs: potential hazardous events (situations) in the workplace as recorded by the HSS officer and other OHS managers using the EINPIX platform. In the EINPIX platform, the OHS officer generates a report according to the selected category and time interval.
- Completion of PHI measures refers to measures taken to eliminate dangerous situations. In 2024, not all the measures implemented were recorded in the programme, resulting in a score of 85%, but all the measures were implemented. From now on, controls will be documented.

Accidents

In 2024, the Group recorded two occupational accidents, one of which was minor, and the other was considered major, as the worker suffered a serious impairment of health. Medical assistance was immediately provided, and the necessary support, including financial compensation for loss of earnings, was ensured.

The company has carried out a thorough investigation into the incident to determine the causes and to prevent similar situations in the future. It was found that certain factors in the working environment may have contributed to the incident, and additional safety measures were implemented:

- Workplaces have been audited, and factors that may pose a risk of injury have been eliminated.

- Additional employee training to reinforce safe behaviour skills.
- Continuous monitoring of the working environment and regular safety inspections have been reinforced.

As a result of these preventive actions, no further accidents were reported in the Group's companies during 2024.

OHS training

A key focus is on OHS training, which is an integral part of the Group's OHS policy. To ensure the training is effective and efficient, the Group has implemented the ISO 45001 procedure "Employee Training," and the procedure for organising training is detailed within the Group's internal documentation.

The Group takes responsibility for developing the skills of its employees and consistently invests time and resources in organising and implementing training and education programmes.

Training is carried out in three main areas:

- Improving existing professional competencies.
- Developing safe behaviour and professional skills.
- Leadership and motivation (building a culture of sustainability and safe behaviour).

In order to continuously improve the competencies of its employees in the area of OHS, the Group organised both internal training and external training at training institutions throughout 2024.

The in-house training programme includes:

- Theoretical training - covers the basics of OHS, legal requirements, as well as company policies and procedures. The focus is on hazard identification, principles of safe behaviour, the use of personal protective equipment, and accident prevention.
- Hands-on training - focusing on specific hazards and activities, including fire and civil protection, use of chemicals and high-risk work. It also includes evacuation plan training and first aid drills.
- Periodic knowledge checks and practical training - designed to refresh and consolidate employees' knowledge and skills in real or simulated situations.

External training is divided into formal training (approved vocational training programmes) and informal training (programmes tailored to the needs of the enterprise by training institutions).

The Company's managers and OHS specialists are responsible for maintaining the quality of training and regularly updating the programmes to reflect the latest hazards and legal requirements. This is to ensure that every employee is well prepared for their duties and works in a safe environment.

Actions

The Group consistently implements health, safety, and well-being measures. Regular OHS training is organised, safety equipment is continuously installed and updated, and systems for investigating and preventing incidents and dangerous situations are strengthened. Regular OHS inspections are carried out to identify and eliminate potential hazards at an early stage.

Employees' psychological well-being is also a priority, with a range of initiatives to reduce stress and improve the work/leisure balance. Employees receive psychological support, wellness initiatives, health screening, and preventive healthcare programmes.

Actions implemented in 2024

- To strengthen employee safety and preventive measures, the Group introduced a process in 2024 for recording incidents and potentially hazardous occurrences through the electronic platforms **SAUGA.lt** and **EINPIX**. These systems allow risks to be identified and addressed promptly, thus contributing to a safer working environment.
- In addition, the identification and recording of potentially dangerous situations has increased thanks to regular training to promote a culture of safe behaviour among managers and workers. This has enabled hazardous situations to be detected and eliminated quickly, preventing potential workplace accidents.

Reporting channel

The Group enables workers to report possible violations of their rights and well-being safely. Reports can be made anonymously or directly through the following channels:

- **Directly** to the manager or through employee representatives (Works Council, OHS Committee).
- Electronically via the OHS platform **SAUGA.lt**, using the **"Notification Module".**
- **Anonymously** via a dedicated messaging channel:
- **E-mail:** skundai@pst.lt
- **Telephone** +370 616 23545
- On arrival at the Company's headquarters (P. Puzino g. 1, Panevėžys).

The Group encourages employees to contribute to a safe working environment actively and ensures that all reports are dealt with confidentially and impartially.

Employee training and development

The Group consistently invests in employee training and development, which significantly impacts employee wellbeing and motivation, as well as on service quality and customer satisfaction. Employee development and the enhancement of specialised and generic skills are key to the smooth operation of the Group's businesses and its long-term competitiveness.

Employee development plans are drawn up annually, taking into account the Group's strategic objectives and the competencies needed to achieve them. Employees can improve their knowledge through various training courses, seminars and conferences, along with internal training tailored to specific job requirements. Training programmes are continuously improved to meet market needs and service quality standards.

Actions implemented in 2024

- Ongoing training programmes have enabled employees to acquire new knowledge and skills to work more efficiently and promote innovation. During the year, 12 specialised training courses (internal and external) were organised, involving 489 employees.
- The company funded external refresher courses for 53 employees.
- To address the risk of skills shortages, in 2024, the Group launched the SAUGA.lt e-learning platform. In the first phase, 504 employees received training on fire and civil safety, as well as violence and harassment prevention.
- Competency assessment to identify individual learning needs.

In the near future, the Group plans to develop an internal training platform that will enable employees to keep their knowledge up to date. This is expected to lead to a higher quality of service, higher customer satisfaction, and a stronger corporate reputation.

Equality, diversity and inclusion

The Group strongly emphasises diversity, equality, and inclusion, aiming to create a working environment that considers the views and expectations of different stakeholders. While no significant impact on employees has been identified in this area, the Group has identified risks related to its business model's sustainability, reputation, and growing expectations for equal opportunities. The Group is, therefore, consistently monitoring the situation and taking action to ensure that diversity and inclusion matters are properly managed.

The Group does not discriminate based on gender and assesses employees based on their qualifications, providing equal employment and career opportunities. Every employee's opinions and ideas are heard and valued to promote inclusion. There were no cases of discrimination in 2024.

The Group has the following policies:

- Violence and harassment prevention policy.
- Measures to implement and enforce equal opportunities policy.

The Group's companies comply with the anti-discrimination requirements set out in Article 26 of the Labour Law and the principles set out in the "Violence and Harassment Prevention Policy". A separate Equal Opportunities, Inclusion and Diversity Policy is planned for 2025, which will set out in more detail the principles for preventing discrimination.

Workers' rights and involvement

The Group ensures workers' representation in the Works Council and the OHS Committee, where matters related to working conditions are discussed. Employee surveys on job satisfaction, motivation, safety, and other relevant topics are carried out regularly to understand employees' expectations better and to improve the organisational environment.

Targets by 2027

- **Measure current levels of employee satisfaction and identify key areas for improvement (employee satisfaction/engagement survey).**
- **Provide at least one training session on employee diversity, equality, and inclusion.**

Creating an internal culture of sustainability

The Group is taking the first steps on the road to sustainability by strengthening its internal culture. The double materiality assessment carried out in 2024, and the appointment of a Sustainability Manager marks a new phase, launching key initiatives to engage employees and raise awareness. While no material impact on employees has been identified in this area, the Group recognises the long-term risks associated with stakeholder expectations and is consistently integrating sustainability principles into its operations. The aim is to create an enabling environment for new ideas and sustainable solutions through clear communication and responsibility principles.

Targets by 2027

- **Provide employees with at least two yearly training sessions to achieve the Sustainability Objectives.**
- **Achieve at least 70% of employees participating in sustainability training and/or at least one sustainability initiative annually.**

To achieve this, the Group plans to implement sustainability culture initiatives to promote employee awareness and active participation in the sustainability objectives. The Group defines sustainability initiatives as a range of educational, sporting, environmental management, and team-building initiatives related to the promotion of environmental and social engagement and awareness among employees.

5.3.3. Social indicators

S1-6 – Characteristics of the undertaking's employees

Employee breakdown by gender

In 2024, as in the past, the majority of the Group's employees were male - 85% (PST Group AB - 83%), which reflects the nature of the construction sector. Due to the nature of their activities, females are less likely to choose technological and construction engineering jobs, as well as positions requiring outdoor work.

Gender	Number of employees*	
	2024	
	PST Group AB	Group
Male	334	537
Female	68	92
Other	0	0
No data available	0	0
Total: **Hired employees****	**402**	**629**

Notes: * Actual number of employees (headcount) that are hired on employment contracts at the end of the reporting period (31.12.2024), without taking into account the full time equivalent.

The number of employees in the Management Report is set out in "PST GROUP AB 2024 Corporate and Consolidated Management Report, Management Report and Sustainability Report", point 1.9.

Employee breakdown by gender and by employment contract

		2024				
		Number of employees				
		FEMALE	MALE	OTHER (*)	NOT DISCLOSED	TOTAL
Number of employees	**PST Group AB**	68	334	0	0	**402**
	Group	92	537	0	0	**629**
Number of permanent employees	**PST Group AB**	67	320	0	0	**387**
	Group	90	518	0	0	**608**
Number of temporary employees	**PST Group AB**	1	14	0	0	**15**
	Group	2	19	0	0	**21**
Number of non-guaranteed hours employees	**Group**	Not applicable	Not applicable	Not applicable	Not applicable	**Not applicable**

Notes: Actual number of employees hired on employment contracts at the end of the reference period (31.12.2024), without taking into account the *head* count.
* "Other" does not apply as it is not legally possible to register as a third gender in Lithuania.

Employee turnover

	PST Group AB		Group	
	Employees who resigned or were made redundant*	Employee turnover rate, %**	Employees who resigned or were made redundant*	Employee turnover rate, %**
2024	114	28%	225	36%

* The aggregate of the number of employees who left voluntarily or due to dismissal, retirement, or death in service (by number of employees).
** Number of employees who left divided by the total number of employees x 100.

S1-9 – Diversity metrics

Gender Distribution at the Top Management Level

	Gender distribution at top management level			
	2024			
	PST Group AB		Group	
	Number of employees	Employee share, % of employees	Number of employees	Employee share, % of employees
Male	7	100 %	17	94 %
Female	0	0 %	1	6 %
Total	**7**	**100 %**	**18**	**100 %**

Note: Definition of senior management: CEO and functional directors.

Distribution of employees by age group

	2024			
	PST Group AB		Group	
	Number of employees	Percentage of total employees	Number of employees	Percentage of total employees
Under 30 Years Old	23	6 %	48	8 %
30-50 Years Old	195	49 %	315	50 %
Over 50 Years Old	184	46 %	266	42 %
Total	**402**	**100 %**	**629**	**100 %**

S1-10 – Adequate wages

The Group ensures that all its employees are paid a fair wage in accordance with the legislation applicable to the Group.

S1-11 – Social protection

All employees of the Group are covered by social security through public social protection programmes in the following cases:

- In case of sickness, workers receive social security benefits.
- In the case of unemployment, the national unemployment insurance scheme.
- In the event of an accident at work or acquired disability, employees are covered by social security in accordance with the legislation in force.
- In the case of parental leave, workers receive state social benefits for the period of parental leave.
- In the event of retirement, employees participate in a state pension scheme.

S1-13 – Training and skills development metrics

Average number of training hours per employee by gender

	2024	
	PST Group AB	Group
	Average number of training hours per employee	Average number of training hours per employee
Total, out of which:	5.36	4.61
Male	5.7	n/a*
Female	3.7	n/a*

*Data not available.

S1-14 – Health and safety metrics

The principles and guidelines of the ISO 45001:2018 OHS management system are applied 100%. OHS standards are applied to all employees of the Group's companies.

Health and safety indicators

	2024
Employees of the company:	
Number of deaths due to work-related injuries and work-related ill health	0
Number of work-related accidents to be recorded	2
Total annual hours worked by all employees	1 121 105
Recordable work-related accident rate	1.78
Number of recordable work-related health problems	0
Number of working days lost due to work-related injuries and deaths due to accidents at work, work-related health disorders, and deaths due to health disorders	19
Non-employees classified as own workforce:	

Number of deaths due to work-related injuries and work-related ill-health among non-employees working at the company's sites	0

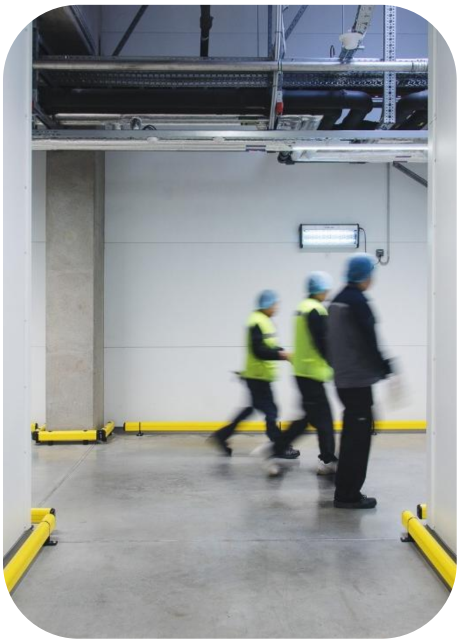
S1-17 – Incidents, complaints and severe human rights impacts

In 2024, the Group did not receive any complaints or record any incidents of discrimination or other serious violations of human rights.

5.3.4. S2 Workers in the value chain

The Group ensures that all employees working on construction projects, regardless of their employment relationship with the Group company, are protected by the highest occupational health and safety standards. Subcontractors are subject to the same OHS policies and requirements as the Group's direct employees, including:

- ISO 45001 compliance, ensuring compliance with occupational health and safety standards.
- Mandatory OHS training for both direct employees and subcontractors.
- Regular safety inspections of construction sites to reduce the risk of accidents and occupational diseases.
- Regular audits and unscheduled inspections (at least 6 per quarter).



Value chain employees can raise concerns and complaints through the Group's reporting channel, skundai@pst.lt (and other reporting channels as disclosed under ESRS Requirement G1-1 *in the Business Ethics* section of ESRS G1-1).

The Group works directly with subcontractors and actively monitors their compliance with OHS and social responsibility standards. In cases of non-compliance, contractual relations may be reviewed or terminated.

For other workers in the supply chain (e.g. suppliers of building materials), there are currently no specific policies or actions. While no actual negative impacts have been identified at this stage, and no related reports or complaints have been received, the Group recognises the potential of sector-specific social impacts related to working conditions in supply chains, especially in the original countries of origin of raw materials outside the EU. It is therefore planned to assess possible future policies and actions in this area.

5.3.5. S3 Affected communities

The identified negative impacts on communities are related to pollution, the management of which is detailed in section *E2 Pollution*. The Group does not currently have any additional policies, action plans, or targets to manage risks and opportunities.

5.3.6. S4 Consumers and end-users

The Group sets clear quality standards for its products and services, which are defined in its Quality Policy. These requirements are reviewed and updated annually to ensure that they meet the needs of the business, customers, and the market.

The Group ensures that all projects implemented meet high-quality standards in accordance with **LST EN ISO 9001:2015**. The quality management system includes clear processes, supervision, and regular audit assessments by an independent certification company.

Quality is directly linked to the Group's competitiveness, customer satisfaction, and financial performance. Poor quality of buildings can lead to safety risks for users, warranty costs, and legal disputes. Therefore, the Group strictly monitors the supply of materials, carries out systematic quality control, and continuously analyses customer feedback.

To ensure the safety of buildings, the Group applies after-sales service mechanisms, regular safety inspections, and supply chain assessments. The Group's priority is consistent quality control, transparency of construction processes, and clear standards to ensure the safety of both clients and end-users.

5.4. Governance area

5.4.1. G1 Business ethics

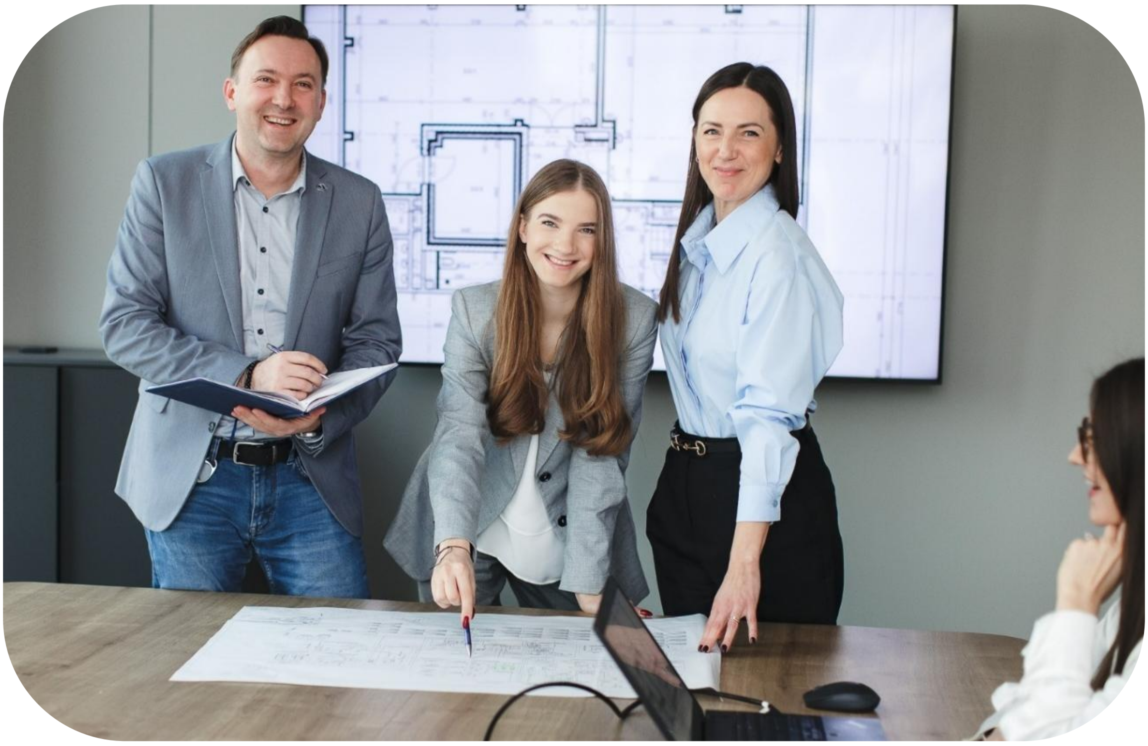
SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

One of the Group's sustainability topics in the Governance area is sustainability in the supply chain. In the construction sector, where supply chains for raw materials and supplies can be long and involve countries outside the EU, indirect impacts on the environment and people can occur in the early stages of the supply chain. The Group's strategy and business model do not currently include the direct assessment and management of these impacts, but the Group sees opportunities to strengthen this area in the future. Integrating sustainability principles into the supply chain can help improve the Group's reputation, competitiveness, and resilience to supply chain risks.

Corporate culture and preventing corruption and bribery are other key areas of the Group's governance. Although no significant direct impact has been identified in this area, the risks of corruption and non-compliance with the law remain relevant and require continuous monitoring. Any breach of compliance obligations or corruption could result in severe reputational damage, financial sanctions, or disruption to the Group's operations. At the same time, responsible and transparent business practices open up opportunities to strengthen the Group's image, while increasing trust among potential customers and driving favourable attitudes among key stakeholders.

G1-1 – Business conduct policies and corporate culture

Business ethics is an integral part of the Group's business activities. The Group strives to create and foster a culture of ethical business, to prevent corruption and bribery, and to compete fairly. The Group's position and broader approach to business ethics is declared in the PST Group's Code of Conduct for Employees, Suppliers and Company Representatives, which is made publicly available and accessible to all interested parties.



The Group actively develops and promotes a performance culture based on transparency, business ethics, and employee welfare. Management regularly reviews aspects of the Group's culture and ensures that the ethics policy is implemented in practice.

Managers actively contribute to strengthening the culture by promoting employee engagement and responsibility. The Group supports ethical behaviour through training, incentive programmes, and social responsibility initiatives. Employees are given the opportunity to anonymously report possible violations, ensuring their protection.

In the future, the Group intends to further strengthen its corporate culture by introducing new solutions and improving employee engagement mechanisms.

Whistleblowing channel and whistleblower protection

The Group has an internal and external whistleblowing system in place to identify, report, and investigate illegal conduct or breaches of business ethics. This system allows employees, suppliers, and other stakeholders to anonymously report:

- Bribery and corrupt practices.
- Unfair treatment of suppliers and customers.
- Violations of the Code of Ethics.
- Other breaches of business ethics.

Reporting channels:

- E-mail address skundai@pst.lt

- Phone number: +370 616 23545
- Directly contacting the management or the managers responsible.
- On arrival at the Group's headquarters (P. Puzino g. 1, Panevėžys).
- An anonymous internal messaging platform.

Whistleblower reports are received, registered, investigated, while whistleblower protection measures are ensured in accordance with the requirements of the Law on Whistleblower Protection. The Group does not tolerate any discrimination or negative impact on persons who have provided information on possible violations.

All notifications are reviewed by a specially designated responsible official. Procedures for the prompt, independent, and impartial handling of whistleblowing are set out in PST's Whistleblowing Procedures and Procedures Manual. Where irregularities are identified, appropriate corrective measures are implemented. The Group continuously reviews and improves these measures to ensure the highest standards of business conduct.

The Group does not have a specific adopted policy on business ethics training and training can be arranged for staff as required. All employees (100%) are provided with a signed copy of the whistleblowing and whistleblowing procedure.

Anti-corruption policy

PST Group and its subsidiaries do not tolerate any form of corruption and its manifestations are committed to transparent operations, fair competition, and ethical business conditions. The Group is committed to conducting its business with the highest standards of transparency and openness.

The Group does not have an anti-corruption or anti-bribery policy in line with the United Nations (UN) Convention against Corruption. Still, it plans to incorporate the provisions of this Convention into the overall Sustainability Policy under development.

The Group does not tolerate fraud, extortion, informal accounting, illegal and improperly documented transactions, fictitious expense accounting, use of false documents, and other forms of corruption. The anti-corruption provisions apply to all employees of the Group, members of the management and supervisory bodies, and third parties acting on behalf of the Group.

Corruption risks are mitigated by effective internal control mechanisms to identify potential threats. Group companies continuously monitor and improve processes to ensure transparency. The Group does not engage in political influence activities or finance political parties, nor their representatives, candidates, or election campaigns.

The Group always cooperates with the relevant authorities and is ready to provide all necessary information.

No significant breaches of legislation were recorded in 2024 and no fines were imposed for non-compliance. The Group complies with all legal and regulatory requirements.

The Group has not identified any specific posts that could be at higher risk of corruption and bribery.

G1-2 – Management of relationships with suppliers

PST Group and its subsidiaries shall ensure that all procurement is carried out in accordance with the principles of equality, non-discrimination, transparency, mutual recognition, proportionality, confidentiality, and impartiality. Procurement is also carried out in accordance with the principles for the rational use of funds. Suppliers shall be selected on the basis of the most economically advantageous tender or the lowest price criterion, with equal and non-discriminatory treatment of all suppliers. In the process of selecting subcontractors, the Group assesses their qualifications, paying particular attention to compliance with environmental and occupational health and safety legislation, together with the integrity of the subcontractors themselves.

The Group aims to pay all suppliers on time, in accordance with the agreements, without discrimination against small and medium-sized enterprises (SMEs).

The Group manages its relationships with suppliers to ensure transparency and responsible business practices throughout the supply chain. Currently, social, environmental, and business ethics criteria are not applied to the selection and monitoring of suppliers. The Group plans to strengthen this area by obliging suppliers to comply with established ethical standards and by collecting information from suppliers on compliance with environmental and social criteria. These first steps will form the basis for future impact management challenges in the supply chain.

Target by 2027

- **Develop a Supplier Code of Conduct, integrating a supplier questionnaire on environmental and social matters. Ensure that at least 50% of suppliers and/or subcontractors declare compliance with the Code and submit completed questionnaires.**

G1-4 – Incidents of corruption or bribery

During the reporting period, there were no cases of corruption or bribery in the Group. The Group did not receive any convictions for breaches of anti-corruption or anti-bribery laws.

G1-6 – Payment practices

The Group aims to make payments to suppliers on the due dates, but the actual timing of payments may vary due to various circumstances, such as settlements with final customers or additional, sometimes informal, arrangements. The Group does not discriminate against suppliers, including small and medium-sized enterprises (SMEs).

There are no standard payment terms with suppliers; they can range from advance payments to up to 90 days from the date of receipt of the invoice for construction work carried out. The Group's objective is to align payment terms as closely as possible with those that are appropriate for buyers and suppliers.

There are currently no pending court cases related to late payments.

5.5. Indices

5.5.1. ESRS disclosed indicators

Applicable ESRS Sector	Not available
ESRS 2 General Disclosures	

Disclosure Requirement		**Page**
1. Basis for preparation		
BP-1	General basis for preparation of sustainability statements	46
BP-2	Entities included in the organisation's sustainability reporting	46
2. Governance		
GOV-1	The role of the administrative, management and supervisory bodies	47
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	48
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SBM-2	Interests and views of stakeholders	52
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	55
4. Impact, risk and opportunity management		
4.1 Disclosures on the materiality assessment process		
IRO-1	Description of the process to identify and assess material impacts, risks and pportunities"	59
IRO-2	Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	62
4.2 Minimum disclosure requirement on policies and actions		
Policies MDR-P	Policies adopted to manage material sustainability matters	69
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Metrics MDR-M	Metrics in relation to material sustainability matters	62
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Environmental topics		
ESRS E1 Climate Change		
Governance		
E1 ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	48
Strategy		
E1-1	Transition plan for climate change mitigation	70
E1 ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	68
Impact, risk and opportunity management		
E1 ESRS 2 IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	59
E1-2 (MDR-P)	Policies related to climate change mitigation and adaptation	69
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E1-7	GHG removals and GHG mitigation projects financed through carbon credits	73
E1-8	Internal carbon pricing	73
ESRS E2 Pollution		
Impact, risk and opportunity management		
E2 ESRS 2 IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	59
MDR-P	Policies adopted to manage material sustainability matters	73
MDR-A	Actions and resources in relation to material sustainability matters	73
MDR-T	Tracking effectiveness of policies and actions through targets	73
ESRS E3 Water and marine resources		
Impact, risk and opportunity management		
E3 ESRS 2 IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	59
MDR-P	Policies adopted to manage material sustainability matters	75

MDR-A	Actions and resources in relation to material sustainability matters	75
MDR-T	Tracking effectiveness of policies and actions through targets	75
ESRS E4 Biodiversity and ecosystems		
Strategy		
E4 ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	68
Impact, risk and opportunity management		
E4 ESRS 2 IRO-1	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	59
MDR-P	Policies adopted to manage material sustainability matters	75
MDR-A	Actions and resources in relation to material sustainability matters	75
MDR-T	Tracking effectiveness of policies and actions through targets	75
ESRS E5 Resource use and circular economy		
Impact, risk and opportunity management		
E5 ESRS 2 IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	59
MDR-P	Policies related to resource use and circular economy	76
MDR-A	Actions and resources related to resource use and circular economy	76
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E5-4	Resource inflows	76
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Strategy		
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5.5.2. List of datapoints in cross-cutting and topical standards that derive from other EU legislation

This appendix is an integral part of the ESRS 2. The table below illustrates the datapoints in ESRS 2 and topical ESRS that derive from other EU legislation.

The undertaking shall also include a table of all the datapoints that derive from other EU legislation as listed in Appendix B of this standard, indicating where they can be found in the sustainability statement and including those that the undertaking has assessed as not material, in which case the undertaking shall indicate "Not material" in the table in accordance with ESRS 1 paragraph 35.

Disclosure Requirement and related datapoint	SFDR[12] reference	Pillar 3[13] reference	Benchmark Regulation[14] reference	EU Climate Law[15] reference	Page
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816[16], Annex II		47
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		47
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				48
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453[17] Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Not applicable

[12] Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosures Regulation) (OJ L 317, 9.12.2019, p. 1).

[13] Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation "CRR") (OJ L 176, 27.6.2013, p. 1).

[14] Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

[15] Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).

[16] Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3.12.2020, p. 1).

[17] Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 as regards the disclosure of environmental, social and governance risks (OJ L 324.19.12.2022, p.1.).

ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Not applicable
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818[18], Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not applicable
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not applicable
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	70
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		Not applicable
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		71

[18] Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406, 3.12.2020, p. 17).

ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				71
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				71
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				72
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		72
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		72
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	73
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Phased-in disclosure requirement
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)		Article 449a Regulation (EU) No 575/2013; Commission			Phased-in disclosure requirement

ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).		Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34;Template 2:Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			Phased-in disclosure requirement
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Phased-in disclosure requirement
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				Not applicable
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				Not applicable
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1				Not applicable
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				Not applicable
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				Not material

ESRS E3-4 Total water consumption in m^3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				Not material
ESRS 2- IRO 1 - E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				59
ESRS 2- IRO 1 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				59
ESRS 2- IRO 1 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				59
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				Not applicable
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				Not applicable
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				Not applicable
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				78
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				78
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				55
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				55
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				Phased-in disclosure requirement
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		Phased-in disclosure requirement
ESRS S1-1	Indicator number 11 Table #3 of Annex I				Phased-in disclosure requirement

processes and measures for preventing trafficking in human beings paragraph 22					
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				Phased-in disclosure requirement
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				Phased-in disclosure requirement
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		99
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				99
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Phased-in disclosure requirement
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				Phased-in disclosure requirement
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				100
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		100
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				89
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				Phased-in disclosure requirement
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1				Phased-in disclosure requirement

ESRS S2-1Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Phased-in disclosure requirement
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		Phased-in disclosure requirement
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				Phased-in disclosure requirement
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				Phased-in disclosure requirement
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Phased-in disclosure requirement
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				Phased-in disclosure requirement
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Phased-in disclosure requirement
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Phased-in disclosure requirement
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				Phased-in disclosure requirement
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				102

ESRS G1-1 Protection of whistle- blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				102
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		104
ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				104

5.5.3. Statement on due diligence (GOV-4)

CORE ELEMENTS OF DUE DILIGENCE	PARAGRAPHS IN THE SUSTAINABILITY STATEMENT
a) **Embedding due diligence in governance, strategy and business model**	GOV-1: 47 p. GOV-2: 48 p. GOV-3: 48 p. SBM-3: 55, 68, 89, 101 p.
b) **Engaging with affected stakeholders in all key steps of the due diligence**	GOV-2: 48 p. SBM-2: 52 p. IRO-1: 59 p.
c) **Identifying and assessing adverse impacts**	SBM-3: 55, 68, 89, 101 p. IRO-1: 59 p. MDR-P: 69, 91, 102 p.
d) **Taking actions to address those adverse impacts**	MDR-A: 70, 73, 75, 75, 76, 91-96, 101-104 p.
e) **Tracking the effectiveness of these efforts and communicating**	SBM-1: 49 p. MDR-T: 71, 73, 75, 75, 76, 91-96, 104 p.

SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

6. Company's Financial Statements

Statement of comprehensive income

For the year ended 31 December, EUR thousand

	Note	2024	2023
Revenue from contracts with customers	6.1.5	71,875	80,751
Cost of sales	6.1.6	(71,460)	(76,909)
Gross profit		**415**	**3,842**
Other revenue	6.1.10	1,360	1,351
Selling expenses	6.1.7	(422)	(390)
Administrative expenses, total:	6.1.8	(6,648)	(7,673)
Impairment loss (reversal) on trade debts, contract assets and other receivables		46	30
Reimbursement of costs under the Settlement Agreement		1,200	-
Other administrative expenses		(7,894)	(7,703)
Other expenses	6.1.10	(430)	(759)
Operating profit (loss)		**(5,725)**	**(3,629)**
Finance income, total	6.1.11	1,478	1,293
Interest income		455	428
Other finance income		1,023	865
Finance expense, total:	6.1.11	(789)	(383)
Interest expenses		(440)	(375)
Other finance expense		(349)	(8)
Profit (loss) before tax		**(5,036)**	**(2,719)**
Income tax expenses (benefit)	6.1.12	113	440
Net profit (loss)		**(4,923)**	**(2,279)**
Other comprehensive income			
Items that will never be transferred to profit/(loss)		**-**	**-**
Non-current asset revaluation impact		-	-
Deferred income tax on revaluation of non-current assets		-	-
Items that will be transferred to profit (loss)			
Other comprehensive income, total		**-**	**-**
Total comprehensive income (loss)		**(4,923)**	**(2,279)**
Basic earnings (loss) per share (EUR)	6.1.31	(0.301)	(0.14)

Statement of Financial Position

As at 31 December 2024, EUR thousand

	Note	2024	2023
ASSETS			
Non-current assets			
Property, plant and equipment	6.1.13	3,840	3,966
Intangible Assets	6.1.14	133	150
Investment Property	6.1.15	3,991	3,926
Right of use assets	6.1.26	279	457
Investments in subsidiaries	6.1.16	2,554	2,850
Loans granted	6.1.17	6,837	6,378
Non-current trade receivables	6.1.4, 6.1.19	-	1
Other non-current financial assets		465	548
Deferred tax assets	6.1.12	1,004	891
Total non-current assets		**19,103**	**19,167**
Current assets			
Inventories	6.1.18	4,084	4,634
Trade receivables	6.1.4, 6.1.19	7,475	13,757
Contract assets	6.1.4, 6.1.19	2,700	2,531
Prepayments		547	1,050
Loans granted	6.1.17	1,169	1,427
Other current assets	6.1.20	27	36
Prepaid income tax		-	-
Cash and cash equivalents	6.1.21	1,276	5,125
Total current assets		**17,278**	**28,560**
TOTAL ASSETS		**36,381**	**47,727**

Statement of financial position (continued)

As at 31 December 2024, EUR thousand

	Note	2024	2023
EQUITY AND LIABILITIES			
Equity			
Issued capital	6.1.22	4,742	4,742
Reserves	6.1.22	2,042	2,296
Retained earnings		7,434	12,131
Total equity		**14,218**	**19,169**
Non-current liabilities			
Debt to the Competition Council	6.1.27	1,624	3,017
Warranty provisions	6.1.25	369	270
Deferred tax liability	6.1.12	-	-
Pension fund provision	6.1.25	66	81
Non-current lease liabilities and other payables	6.1.26	418	225
Total non-current liabilities		**2,477**	**3,593**
Current liabilities			
Loans	6.1.23	2,366	4,120
Current lease liabilities	6.1.26	229	259
Trade payables	6.1.24	10,983	14,595
Contract liability	6.1.27, 6.1.19, 6.1.25	1,033	915
Provisions	6.1.25	276	306
Other liabilities	6.1.19, 6.1.27	4,799	4,770
Total current liabilities		**19,686**	**24,965**
Total liabilities		**22,163**	**28,558**
TOTAL EQUITY AND LIABILITIES TOTAL		**36,381**	**47,727**

Statement of changes in equity

EUR thousand	Note	Issued capital	Legal reserve	Revaluation reserve	Retained earnings	Total equity
Balance as at 31 December 2023		**4,742**	**475**	**1,822**	**12,131**	**19,170**
Net profit (loss)		-	-	-	(4,923)	**(4,923)**
Total comprehensive income for the year		**-**	**-**	**-**	**(4,923)**	**(4,923)**
Disposal of assets		-	-	(28)		**(28)**
Depreciation of revalued assets		-	-	(227)	226	**(1)**
Balance as at 31 December 2024		**4,742**	**475**	**1,567**	**7,434**	**14,218**
Balance as at 31 December 2022		**4,742**	**475**	**2,034**	**14,197**	**21,448**
Net profit (loss)		-	-	-	(2,279)	**(2,279)**
Total comprehensive income for the year		**-**	**-**	-	**(2,279)**	**(2,279)**
Depreciation of revalued assets		-	-	(212)	213	**1**
Balance as at 31 December 2023		**4,742**	**475**	**1,822**	**12,131**	**19,170**

Statement of Cash Flows

For the year ended 31 December, EUR thousand

	Note	2024	2023
Cash flows from operating activities			
Net profit (loss)		(4,923)	(2,279)
Adjustments to:			
Depreciation and amortisation	6.1.13, 6.1.14	507	670
Result from disposal of property, plant and equipment		(241)	(45)
Income tax expenses (benefit)	6.1.12	(113)	(440)
Financing activities	6.1.11	(1,113)	(1,026)
Other non-cash items		725	(627)
Net cash flows from operating activities before changes in working capital		**(5,158)**	**(3,747)**
Changes in working capital			
Changes in non-current receivables		241	241
Changes in inventories	6.1.18	454	617
Changes in trade receivables and contract assets	6.1.19	5,272	2,232
Changes in prepayments		439	(353)
Changes in other assets		10	366
Changes in trade payables	6.1.24	(3,109)	410
Change in contract liabilities (prepayments received)	6.1.19	249	(755)
Changes in other liabilities		127	(4,607)
Income tax paid		-	-
Net cash flows from operating activities		**(1,475)**	**(5,596)**
Cash flows used in investing activities			
Acquisition of intangible assets and property, plant and equipment	6.1.13, 6.1.14	(452)	(640)
Disposal of property, plant and equipment		401	71
Acquisition of investments		65	-
Recovery of Investments		-	3,108
Loans granted	6.1.28	-	-
Collection of loans granted		348	24
Dividends received	6.1.11	1,003	854
Interest received	6.1.11	-	1
Net cash flows used in investing activities		**1,365**	**3,418**
Cash flows from/used in financing activities			
Dividends paid*		-	-
Loans received (overdraft)	6.1.4, 6.1.23	26,998	26,853
Loans and other borrowings repaid	6.1.4, 6.1.23	(30,143)	(24,100)
Lease obligations	6.1.26	(158)	(117)
Interest paid	6.1.4	(437)	(345)
Net cash flows from/used in financing activities		**(3,740)**	**2,291**
Net increase/(decrease) in cash and cash equivalents		(3,850)	113
Effect of foreign exchange on cash			
Cash and cash equivalents as at January 1	6.1.21	5,126	5,013
Cash and cash equivalents as at December 31	6.1.21	**1,276**	**5,126**

* There were no dividend payments in 2024 and 2023.

6.1. Notes to the Financial Statements

6.1.1. General information

PST Group AB (hereinafter the "Company") was established in 1957. The company code is 147732969, registered address is P. Puzino st. 1, LT-35173 Panevėžys, the Republic of Lithuania. As from 13 July 2006, the Company's ordinary shares are listed on the Official trading list of the Nasdaq Vilnius Stock Exchange. The main activities of the Company are construction of buildings, structures, plant and communication facilities in Lithuania and abroad. As at 31 December 2024, the Company had 402 employees (31 December 2023: 491 employee).

The Company has the following branches in Lithuania: *Gerbusta* and *Pastatų Apdaila*. The Company also has permanent establishments in the Republic of Latvia and in the Kingdom of Sweden.

As at 31 December 2024, the principal shareholders of the Company were as follows:

- *Hisk AB*, S. Kerbedžio st. 7, Panevėžys, company code 147710353, (49.78%; ultimate controlling shareholder);
- *Prosperus Grupė UAB* (5.00%).
- The freely traded shares, owned by natural and legal persons (45.22%). No one owns more than 5%.

These financial statements are the Company's separate financial statements. The Company is also preparing the Company and its subsidiaries' consolidated financial statements. Set of consolidated financial statements is kept at the Company's registered office at P. Puzino st. 1, LT-35173 Panevėžys, the Republic of Lithuania, and published on website www.pst.lt. The information about the subsidiaries' activities is presented in Note 6.1.16

The shareholders of the Company have a statutory right to either approve these financial statements or not approve them and require a new set of financial statements to be prepared. The Company's management authorised these financial statements on 8 April 2025.

6.1.2. Basis of Preparation

Statement of compliance

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

Basis of preparation of the financial statements

The financial statements for the year ended 31 December 2024 have been prepared on a going concern basis and using the historical cost convention, except for certain items of property, plant and equipment, investment property, and certain financial instruments measured at fair value.

These financial statements also present comparative information for the previous reporting period

Functional and presentation currency

The financial statements are presented in euro, the national currency of the Republic of Lithuania, which is the Company's functional currency.

Due to rounding of certain amounts to thousand, figures in the tables may differ. Such rounding bias is immaterial in these financial statements.

Judgements and estimates

The preparation of the financial statements in conformity with IFRSs requires management to make judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty in applying accounting policies that have a significant effect on the amounts recognised in the financial statements and have a significant risk of causing material adjustments to the financial statements in the next financial year is included in the following notes:

Note 6.1.12: deferred taxes recognition. Deferred tax asset is recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences could be utilised.

Note 6.1.13: fair value of land and buildings which are measured using the revaluation model, useful lives of property, plant and equipment and intangible assets. The Company assesses the useful lives of property, plant and equipment and intangible assets at least once a year (Note 3.3). Revaluations are carried out regularly ensuring that the carrying amount of land and buildings do not significantly differ from their fair values as at reporting date. The Company's real estate appraisal was carried out when preparing these financial statements,

Note 6.1.16: measurement of recoverable amounts of investments in subsidiaries. A key factor in estimating the recoverable amounts of the investment in subsidiaries is the recoverability of ongoing construction projects and other assets of subsidiaries. Therefore, the Company engaged external appraisers to estimate the fair values of these projects based on discounted cash flow or comparable price technique, the Company also relied on the Purchase and Sale Agreement signed with a third party after the reporting date and related information.

Notes 6.1.19 and 6.1.27: impairment of trade receivables and estimation of revenue from contracts with customers and contract assets as well as contract liabilities based on the stage of completion of the construction contracts. The accuracy of the recognition of revenue on contracts in progress is highly dependent on the judgement exercised by management in assessing the completeness and accuracy of planned costs (budget) as it is the key assumption in the assessment of revenue, contract assets and contract liabilities based on the stage of completion of the contracts in progress. Estimating the recoverable amounts of receivables is a process, which requires significant management judgement and estimates, particularly those that are related to expected credit losses assessment based on the analysis of the historical credit losses, considerations of future factors and other subjective risk factors related to the specific debtor or debtors' group. Estimates were applied in assessing the amounts to be collected and their timing.

Note 6.1.17: loans granted are classified as long-term or short-term. Additionally, the impairment testing requires the management to make an assessment of the significance of increase in credit risk since initial recognition, which is performed by the management considering the liquidity situation of subsidiaries taking into account their financial statements and cash flows forecasts.

Note 6.1.25: the Company estimates warranty provision on a monthly basis having regard to monthly revenue. Warranty provision is being estimated by taking into account revenue, actual warranty expenses incurred in previous periods, its proportion against actual sales, statutory term of warranty and historical information.

Note 6.1.28: The management judgements are to predict the outcome of litigations. Provisions are not recognised in the financial statements as based on the management judgement it is more likely than not, that the Company will win the legal disputes mentioned in the Note 6.1.28, or it is not possible to assess reliably the possible outcome of the contingency at the moment.

6.1.3. Summary of Significant Accounting Policies

During the reporting period, the Company adopted new standards and amendments to existing standards and their interpretations, which are relevant to the activities and effective for annual periods beginning on or after 1 January 2024.

a) **Below are new standards, amendments thereto and interpretations effective for annual periods beginning on or after 1 January 2024**

Amendments to IAS 1: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current (issued on 23 January 2020, effective from 1 January 2024)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments.

The amendments in Non-current Liabilities with Covenants (Amendments to IAS 1) (issued on 31 October 2022, effective from 1 January 2024):

Modify the requirements introduced by Classification of Liabilities as Current or Non-current on how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances: only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The amendments are applied retrospectively in accordance with IAS 8 and earlier application is permitted. The amendments do not have a material impact on the Company's financial statements

Amendments to IFRS 16 Lease Liability in a Sale and Leaseback with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale (issued on 22 September 2022, effective from 1 January 2024):

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to sale and leaseback transactions entered into after the date of initial application. The adoption of the amendments had no significant impact on the Company's financial statements.

Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements (issued on May 2023, effective from 1 January 2024):

Supplier Finance Arrangements amends IAS 7 Statement of Cash Flows to require an entity to provide additional disclosures about its supplier finance arrangements. The amendments also add supplier finance arrangements as an example within the liquidity risk disclosure requirements of IFRS 7 Financial Instruments: Disclosures. The amendments do not have a material impact on the Company's financial statements

b) Standards issued but not yet effective and not early adopted and their amendments

Amendments to IAS 21 Lack of Exchangeability (issued on August 2023, effective from 1 January 2025, early application is possible):

Lack of Exchangeability amends IAS 21 The Effects of Changes in Foreign Exchange Rates to require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

The Company has not yet evaluated the impact of the implementation of these amendments.

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 (issued on 18 December 2024, effective from 1 January 2026 with early application permitted)

The amendments are to the own-use requirements, and hedge accounting requirements, together with related disclosures. The scope of the amendments is narrow, and only if contracts meet the specified scoping characteristics will they be in the scope of the amendments.

The amendments include - clarifying the application of the ‘own-use’ requirements; permitting hedge accounting if these contracts are used as hedging instruments; and adding new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows.

Amendments to IFRS 9 Financial Instruments

The own-use requirements in IFRS 9 are amended to include the factors an entity is required to consider when applying IFRS 9:2.4 to contracts to buy and take delivery of renewable electricity for which the source of production of the electricity is nature-dependent.

The hedge accounting requirements in IFRS 9 are amended to permit an entity using a contract for nature-dependent renewable electricity with specified characteristics as a hedging instrument:

to designate a variable volume of forecast electricity transactions as the hedged item if specified criteria are met; and

to measure the hedged item using the same volume assumptions as those used for the hedging instrument.

Amendments to IFRS 7 Financial Instruments: Disclosures and IFRS 19 Subsidiaries without Public Accountability: Disclosures

The IASB amends IFRS 7 and IFRS 19 to introduce disclosure requirements about contracts for nature-dependent electricity with specified characteristics

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.

The amendments shall be applied retrospectively; prior periods need not be restated to reflect the application of the amendments

The Company has not yet evaluated the impact of the implementation of these amendments.

Annual Improvements Volume 11 (issued on 18 July 2024 effective from 1 January 2026, earlier application is permitted)

These amendments include clarifications, simplifications, corrections and changes aimed at improving the consistency of several IFRS Accounting Standards. The amendments contained in the Annual Improvements relate to:

- IFRS 1 First-time Adoption of International Financial Reporting Standards - Hedge Accounting by a First-time Adopter
- IFRS 7 Financial Instruments: Disclosures:
  - Gain or loss on derecognition
  - Disclosure of differences between the fair value and the transaction price
  - Disclosures on credit risk
- IFRS 9 Financial Instruments:
  - Derecognition of lease liabilities
  - Transaction price
- IFRS 10 Consolidated Financial Statements - Determination of a ‘de facto agent’
- IAS 7 Statement of Cash Flows - Cost Method.

These amendments are mandatory for financial years beginning on or after 1 January 2026; earlier application is permitted.

The Company has not yet evaluated the impact of the implementation of these amendments.

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (issued on 30 May 2024 effective from 1 January 2026; earlier application is permitted)

Clarifying the classification of financial assets with environmental, social and corporate governance (ESG) and similar features—ESG-linked features in loans could affect whether the loans are measured at amortised cost or fair value.

Stakeholders asked how to determine how such loans should be measured based on the characteristics of the contractual cash flows. To resolve any potential diversity in practice, the amendments clarify how the contractual cash flows on such loans should be assessed.

Settlement of liabilities through electronic payment systems—stakeholders highlighted challenges in applying the derecognition requirements in IFRS 9 to the settlement of a financial asset or a financial liability via electronic cash transfers. The amendments clarify the date on which a financial asset or financial liability is derecognised. The IASB also decided to develop an accounting policy option to allow a company to derecognise a financial liability before it delivers cash on the settlement date if specified criteria are met.

With these amendments, the IASB has also introduced additional disclosure requirements to enhance transparency for investors regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features, for example features tied to ESG-linked targets.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026. Earlier application of either all the amendments at the same time or only the amendments to the classification of financial assets is permitted.

An entity is required to apply the amendments retrospectively. An entity is not required to restate prior periods to reflect the application of the amendments, but may do so if, and only if, it is possible to do so without the use of hindsight.

The Company has not yet evaluated the impact of the implementation of these amendments.

IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024 effective from 1 January 2027)

IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements and the notes.

The Company has not yet evaluated the impact of the implementation of this standard.

6.1.3.1. Foreign currency

Transactions in foreign currencies are translated to the functional currency at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate by the European Central Bank ruling at that date. The foreign currency gain or loss on monetary items is recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities denominated in foreign currencies that are measured at cost are translated to the functional currency at the exchange rate at the date that the asset or liability is recognised in statement of financial position. Foreign currency differences arising on translation are recognised in profit or loss.

6.1.3.2. Financial instruments

Financial instrument: a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

At initial recognition, financial asset is classified as either measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss.

The classification of the financial asset depends on the contractual cash flow characteristics of the asset and the Company’s business model for managing the asset. These assets, except for trade receivables that do not have a significant financing component, are initially measured by the Company at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs. Trade receivables that do not have a significant financing component are measured at the transaction price identified under IFRS 15.

Financial asset is classified and measured at amortised cost or fair value through other comprehensive income, where cash flows arising from financial asset are solely payments of principal and

interest (SPPI) on the principal amount outstanding. This assessment is known as the SPPI test and is performed for each financial instrument.

The Company's financial asset management model indicates how the Company manages its financial assets to generate cash flows. The business model determines whether cash flows will be generated by collecting contractual cash flows, by selling this financial asset or by using both options.

Ordinary purchases or sales of financial assets are recognised on the trade date, i.e. the date on which the Company commits to purchase or sell the financial asset.

Subsequent measurement

After initial recognition, the Company measures financial assets:

(a) Amortised cost (debt instruments);
(b) Fair value through OCI with recycling of cumulative gains and losses upon derecognition (debt instruments). As at 31 December 2024 and 2023, the Company did not have such financial instruments.
(c) Fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments). As at 31 December 2024 and 2023, the Company did not have such financial instruments.
(d) Fair value through profit or loss. As at 31 December 2024 and 2023, the Company did not have such financial instruments.

Financial asset at amortised cost (debt instruments)

The Company measures financial assets at amortised cost, if the two conditions are met:

(a) Financial assets are held within the business model whose objective is to hold financial assets to collect their contractual cash flows; and
(b) Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets measured at amortised cost are subsequently accounted for by applying the effective interest method (EIR) less impairment losses. Gain or loss is recognised in the statement of comprehensive income when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade, other current and non-current receivables, loans granted.

Impairment of financial assets

In general, IFRS 9 requires the Company to recognize expected credit losses (ECLs) for all debt instruments that are not measured at fair value through profit or loss. ECLs are based on the difference between all contractual cash flows and all the cash flows that the Company expects to receive, discounted at the approximate original effective interest rate. ECLs are recognised in two stages.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises an impairment loss based on lifetime ECLs at each reporting date.

Assessment of impairment of trade receivables and contract assets

Based on the Company's management assessment, trade receivables and contract assets do not include a significant financing component and are accordingly measured for impairment using the simplified method, i.e. management makes an individual assessment of expected credit losses for each important customer taking into account its credit history, future factors and subjective risk factors related to the borrower. To assess all other receivables the Company uses the expected loss rate matrix which is based on historical credit loss analysis and adjusted to reflect future factors specific to borrowers and the economic environment.

Estimation of the impairment of loans granted

The Company grants loans to the Group companies with a fixed maturity as it is disclosed in Note 17. For assessment of impairment of loans granted the expected 12-months credit losses are assessed and accounted upon issue of the loan. In subsequent periods, given the absence of significant increase in the credit risk associated with the debtor, the Company reassesses the 12-months ECL balance based on the loan amount still outstanding as of the date of the re-assessment. If it is determined that the financial position of the debtor has significantly deteriorated compared to the position prevailing at the time of the loan issue, the Company accounts for all the ECLs over the remaining life of the loan. Loans subject to assessment of lifetime ECLs are considered to be credit-impaired financial assets.

The Company considers a financial asset in default when contractual payments are 90 days past due or when indications exist that the debtors or a group of debtors are experiencing significant financial difficulty, they breach the contract (such as a default or delinquency in interest or principal payments), there exists a probability that they will enter bankruptcy or other financial reorganisation, and in cases where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

ECLs for loans and trade receivables is accounted for through profit/loss using allowance for doubtful debts. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement:

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans received and payables. All financial liabilities are recognised initially at fair value and, in the case of loans received and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans received, including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below.

Loans received and other payables

After initial recognition, loans and other payables are carried at amortised cost using the effective interest method (EIR). Gains and losses are recognised in the statement of comprehensive income, when the liabilities are written off or amortised. Amortised cost is calculated by reference to the discount or premium on acquisition, as well as taxes or costs that are an integral part of the EIR. EIR amortization is included in financial expenses in the statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, i.e. to realise the assets and settle the liabilities simultaneously.

Derecognition of Financial Assets and Liabilities

Financial assets

A financial asset (or, where appropriate, a part of a financial asset or part of a group of similar financial assets) is derecognised (i.e. it is removed from the statement of financial position of the Company) when:

the contractual rights to receive cash flows from the financial asset have expired; or

the Company has transferred its contractual rights to receive cash flows from the financial asset; or undertakes to remit, without material delay, any cash flows received to a third party under a transfer agreement and (a) has transferred substantially all risks and rewards of the asset, or (b) has neither transferred, nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Once the Company transfers the contractual rights to receive the cash flows of the financial asset or enters into a qualifying pass-through arrangement with a third party, the Company evaluates whether and to what extent it retains the risks and rewards of ownership of the financial asset. When the Company neither transfers nor retains substantially all the risks and rewards of the asset nor transfers control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In this case, the Company also recognizes the associated liability. The transferred asset and associated liability are measured based on the rights and obligations retained by the Company.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower amount of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay (the amount of the guarantee).

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When a present financial liability is swapped with other liability to the same lessor, although, upon other conditions or when the present liability terms are substantially changed, this change is recognized as initial derecognition and establishment of a new liability. The difference between respective balance values is recognised in the statement of comprehensive income.

6.1.3.3. Property, Plant and Equipment

Items of property, plant and equipment except for land and buildings are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method over the assessed useful life of an asset.

Land and buildings are carried at revalued amount which is their fair value as at the revaluation date less subsequently accumulated depreciation and impairment. Revaluations are carried out regularly ensuring that the carrying amount of land and buildings do not significantly differ from their fair values as at reporting date.

The fair value of land and buildings is established by certified independent real estate appraisers. The revaluation reserve of land and buildings is reduced by an amount equal to the difference between the depreciation based on the revalued carrying amount and the depreciation based on the original cost of the land and buildings each year and is transferred directly to retained earnings or loss.

In case of revaluation, when the estimated fair value of the assets exceeds their residual value, the residual value is increased to the fair value and the amount of increase is included into revaluation reserve of property, plant and equipment as other comprehensive income in equity. However, such increase in revaluation is recognised as income to the extent it does not exceed the decrease of previous revaluation recognised in profit or loss. Depreciation is calculated from the depreciable amount which is equal to acquisition cost or revaluated amount less residual value of an asset.

The accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal or recognising regular depreciation charge, any revaluation surplus relating to the particular asset being depreciation or sold is transferred to retained earnings.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Borrowing costs related to qualifying assets are capitalised.

When components of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The residual value of the replaced component is written-off. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives of the assets are the following:

- Buildings and structures 8–40 years
- Plant and equipment 5–10 years
- Vehicles 5–10 years
- Fixtures and fittings 3–6 years

Depreciation methods, residual values and useful lives are reviewed at each reporting date.

Gains and losses on disposal are determined by comparing the proceeds from disposal with the residual value of property, plant and equipment and are recognised net within other income or expenses. When revalued assets are sold or reclassified, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

6.1.3.4. Intangible assets

Software and other intangible assets, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful life is 3 years. The Company does not have any intangible assets with infinite useful life.

6.1.3.5. Investment Property

Investment property of the Company consist of buildings that are held to earn rentals or for capital appreciation, rather than for use in the production, or supply of goods, or services or for administration purposes, or sale in the ordinary course of business.

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property are included in the profit or loss in the period in which they arise.

Acquisition cost includes expenditure that is directly attributable to the acquisition of the assets. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Borrowing costs related to qualifying assets are capitalised.

Investment property is derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, plant and equipment, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property, plant and equipment is reclassified to investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

6.1.3.6. Leased Assets and Lease Liabilities

A. Company as a lessee

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company (as a lessee) applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right of use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of the initial measurement of the lease liability, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Cars 3 years
- Buildings and structures 5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the estimates of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company apply the short-term lease recognition exemption to its non-current-asset (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(B) The Company as a lessor:

The Company's buildings that are leased under the operating lease agreements are accounted in the statement of financial position as investment property. Lease income is recognised on a straight line basis over the lease period.

6.1.3.7. Investments in subsidiaries and joint operations

Investments in subsidiaries are accounted for at cost less impairment.

A joint arrangement is an arrangement of which two or more parties have joint control. These arrangement has the following characteristics:

- The parties are bound by a contractual arrangement.
- The contractual arrangement gives two or more of those parties joint control of the arrangement.
- The Company has a joint arrangement that is a joint operation (Note 16).
- As a joint operator the Company recognises in relation to its interest in a joint operation:
- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

6.1.3.8. Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out (FIFO) principle, and includes expenditure incurred in acquiring the inventories, production and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Inventories related to ongoing construction projects are accounted for under inventories caption in the statement of financial position until inventories are used in construction process and further are accounted for as cost of sales. Project related inventories' accounting policy is the same as stated above. Unrealisable inventory is fully written-off.

6.1.3.9. Cash and cash equivalents

Cash includes cash at banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of 3 months or less and that are subject to an insignificant risk of change in value.

In the statement of cash flows, cash and cash equivalents are considered to be cash in the current bank accounts and deposits the terms of which on the day of signing the contract are no less than three months.

6.1.3.10. Impairment of non-financial assets

The carrying amounts of non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount is the greater of the asset's value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash flows from continuing use that are largely independent of the cash flows of other assets or groups of assets.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. An impairment loss on a non-revalued asset is recognised in profit or loss. However, an impairment loss on a revalued asset is recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Such an impairment loss on a revalued asset reduces the revaluation surplus for that asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

6.1.3.11. Dividends

Dividends are recognised as a liability in the period in which they are declared.

6.1.3.12. Provisions

A provision is recognised in the statement of financial position if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows to their present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying construction services are sold, i.e. assurance type warranties, as the Company does not grant additional warranties to the customers. The provision is based on historical warranty costs data and probabilities.

6.1.3.13. Employee benefits

The Company does not have any defined contribution and benefit plans and has no share-based payment schemes. Post-employment obligations to employees retired on pension are borne by the State.

In accordance with the requirements of the Labour Code of the Republic of Lithuania, each employee leaving the Company at the age of retirement is entitled to a one-off payment amounting to two-month salary. The past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. Any gains or losses appearing as a result of changes in terms of benefits (curtailment or settlement) are recognised in the statement of comprehensive income as incurred. Current year cost of employee benefits is recognised as incurred in the statement of comprehensive income. The above mentioned employee benefit obligation is calculated based on actuarial assumptions, using the projected unit credit method. Obligation is recognised in the statement of financial position and reflects the present value of these benefits on the preparation date of the statement of financial position. Present value of the non-current obligation to employees is determined by discounting estimated future cash flows using the discount rate which reflects the interest rate of the Government bonds of the same currency and similar maturity as the employment benefits. Actuarial gains and losses are recognised in other comprehensive income as incurred.

Short-term employee benefits are recognised as a current expense in the period when employees render the services. These include salaries and wages, social security contributions, bonuses, paid holidays and other benefits.

6.1.3.14. Revenue

Revenue from contracts with customers

The Company's primary business activity is the construction of buildings, structures, plant and equipment and communication facilities. Revenue from contracts with customers is recognised at the amount to which the entity expects to be entitled to in return for the sale of goods or services when a control of goods or services is transferred to the customer. Generally, the Company does not have significant variable components of remuneration in its contracts with customers.

The Company has concluded that generally it is the principal in its construction services contracts even when the subcontractors are used in the implementation of the projects, because the Company:

- controls the goods and services before transferring them to the customer;
- is responsible for the overall performance of the contract with the customer and is exposed to the risk of default;
- the entity has discretion in establishing the price.

Performance obligations arising from the construction contracts with customers are fulfilled over time and respectively revenue from the construction and installation services are recognised over time if any of the following criteria are met: (a) the customer simultaneously receives and consumes the benefits provided by the Company's performance; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

When the Company can reasonably measure its progress towards complete satisfaction of the performance obligation, the Company recognises revenue and expenses in relation to each construction contract over time, based on the progress of performance. The progress of performance is assessed based on the proportion of the costs incurred in fulfilling the contract up to date over to the total estimated costs of the construction contract.

When the outcome of a contract cannot be estimated reliably (for example, in the early stages of a contract), only the portion of the contract costs incurred that is expected to be recovered is recognised as revenue.

Contract modification (scope or price or both) are accounted for as a separate contract if the scope of the contract increases because of the addition of promised goods or services that are distinct and the price of the contract increases by an amount of consideration that reflects the Group's stand-alone selling prices of the additional promised goods or services in the circumstances of the particular contract. Otherwise the contract modification is accounted as (a) termination of the existing contract and the creation of a new contract, if the remaining goods or services are distinct from the goods or services transferred on or before the date of the contract modification, or (b) part of the existing contract if the remaining goods or services are not distinct and, therefore, form part of a single performance obligation that is partially satisfied at the date of the contract modification. The effect that the contract modification has on the transaction price, and on the Company's measure of progress towards complete satisfaction of the performance obligation, is recognised as an adjustment to revenue (either as an increase in or a reduction of revenue) at the date of the contract modification.

Provisions for loss making contracts are recognised when the Company has a present obligation (legal or constructive) to complete the construction contract for the third party for the price that is lower than the total estimated cost to perform the contract as of the date of the financial statements. The difference between the contract price and the total estimated cost of delivery under the contract is recognised in the statement of comprehensive income at the reporting date. Where the contract costs are expected to exceed contract revenue, the loss is recognised immediately in profit or loss. When performing the contracts the Company may receive short-term prepayments from its customers. Applying the practical expedient, the Company is not adjusting the price allocation by the financing component, if at the inception of the contract it is expected that the time period from the customer payment for goods/services until the delivery of these goods/services will not exceed one year.

Balances under contract

Contract assets

Contract asset is the right of the Company to remuneration in exchange for the goods or services that have been transferred to the customer. If the Company performs the contract by transferring goods or services to a customer before the customer pays consideration or before the Company's right to amount of consideration is unconditional, the Company reports such a right to consideration as a contract asset, except for any amounts reported as receivables.

Receivables

Receivable represents the Company's right to an amount of consideration that is unconditional, i.e., only the passage of time is required before payment of the consideration is due. Receivables are accounted for in accordance with IFRS 9 (Note 6.1.3.2).

Contract liability

A contract liability is the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. Contract liability is recognised as revenue when the Company performs under the contract.

Revenue from the sale of other services or goods is recognised when the services are rendered or control of the inventory is transferred, but such transactions are relatively insignificant.

6.1.3.15. Finance Income and Expense

Financial income comprises interest income and dividend income. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Company's right to receive payment is established. Financial costs comprise interest expense and other financial expenses. All borrowing costs are recognised using the effective interest method. Foreign currency gains and losses are reported on a net basis in profit or loss.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. Other borrowing costs are expensed as incurred.

6.1.3.16. Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date.

Deferred taxes are calculated using the balance sheet liability method. Deferred tax is recognised, providing for temporary differences between the carrying values of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantially enacted at the date of the statement of financial position.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Starting from 1 January 2014, the tax loss carried forward cannot exceed 70% of the taxable profit of current financial year in Lithuania. Tax losses can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments. Such carrying forward is disrupted if the company changes its activities due to which these losses were incurred except when the entity does not continue its activities due to reasons which do not depend on the Company itself. The losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and can only be used to reduce the taxable income earned from the transactions of the same nature.

6.1.3.17. Earnings per share

The Company presents basic and diluted earnings per share (EPS) data. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, such as convertible notes and share options granted to employees.

The Company has no dilutive potential ordinary shares. The diluted earnings per share are the same as the basic earnings per share.

6.1.3.18. Segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. An operating segment's operating results are reviewed regularly by management of the Company to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. For management purpose, the Company is considered as a single construction activity business segment. Due to this no additional disclosures are presented in these financial statements regarding segments on the Company level.

In 2024 and 2023, the Company also does not distinguish geographical segments, as the Company's income from foreign countries did not account for more than 10% of the total income and all its non-current assets are also located in Lithuania.

6.1.3.19. Assessment of fair value

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Fair values have been determined for measurement and/or disclosure purposes based on the methods and assumptions described in Notes 6.1.13, 6.1.15, 6.1.16 and 6.1.29. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

6.1.3.20. *Inter-company offsetting*

When preparing the financial statements, assets and liabilities as well as revenues and expenses are not set off except for the cases where the International Financial Reporting Standards specifically require such off-setting.

6.1.4. Financial Risk Management

General information

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

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

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contract liabilities, and arises principally from the Company's trade receivables and loans granted.

The Company controls credit risk by credit policies and procedures. The Company has established a credit policy under which each new customer is analysed for creditworthiness before the standard payment terms and conditions are offered. Customers that fail to meet the benchmark creditworthiness may transact with the Company only on a prepayment basis.

The measure of credit risk is the maximum credit risk for each class of financial instruments, which is equal to their carrying amount. The maximum amount of exposure to credit risk in relation to particular classes corresponds to their carrying amount.

The maximum exposure to credit risk is set out below:

(EUR thousand)	2024	2023
Trade Receivables and Contract Assets	10,175	16,289
Loans granted	8,006	7,805
Cash and cash equivalents	1,276	5,125
Total	**19,457**	**29,219**

Trade receivables and contract assets:

(EUR thousand)	2024	2023
Municipalities and state institutions	1,094	1,268
Legal persons	9,081	15,021
Total trade receivables and contract assets	**10,175**	**16,289**

In the statement of financial position, trade receivables and contract assets (i.e. accrued income on the stage of completion) are accounted for under the caption "Non-current and current trade receivables and contract assets", as disclosed in Note 6.1.19.

Breakdown of the largest credit risks related to trade receivables and contract assets by customers as at the reporting date:

(EUR thousand)	2024	%	2023	%
Client 1	1,499	14.7	4,212	25.9
Customer No 2	1,240	12.2	3,122	19.2
Customer No 3	1,094	10.8	1,142	7.0
Customer No 4	869	8.5	1,116	6.8
Customer No 5	612	6.0	747	4.6
Customer No 6	505	5.0	718	4.4
Customer No 7	484	4.8	441	2.7
Other customers	4,713	46.3	4,847	29.7
Impairment	(841)	(8.3)	(56)	(0.3)
Total	**10,175**	**100**	**16,289**	**100**

Breakdown of trade receivables and contract assets by geographic regions:

(EUR thousand)	2024	2023
Local market (Lithuania)	10,175	16,276
Latvia	-	-
Other	-	13
Total	**10,175**	**16,289**

Ageing of (gross) trade receivables as at the reporting date can be specified as follows:

(EUR thousand)		Impairment	2023	Impairment
Not overdue	8,304		13,627	
Overdue 0-30 days	1,218		1,117	
Overdue 30-90 days	272		813	
More than 90 days	1,222	841	788	56
Total	**11,016**	**841**	**16,345**	**56**

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables.

The main components of this allowance are specific losses that relate to individually significant accounts receivable and expected credit losses recognised using ECLs method (in line with IFRS 9). Methodology used for establishing the allowance is reviewed regularly to reduce any differences between loss estimate and actual loss experienced.

Maturity and ageing of loans granted is presented in Note 6.1.17.

Cash and cash equivalents comprise cash on hand and at bank; therefore, the related credit risk is relatively low.

Apart from the impairment already recognised as at 31 December 2024, the management considers that there is no risk of material loss to the Company.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash on demand to meet expected operating expenses, including the servicing of borrowings.

On 20 February 2023, the agreement was signed with the Tax Authority on the payment of the fine imposed in equal instalments over period of four years. The fee payable to the Competition Council is accounted for under the non-current and current liabilities.

Payment terms of financial liabilities, including calculated interest, as to the agreements, as at 31 December 2024 are presented below:

(EUR thousand)	Carrying amount	Contractual net cash flows	Up to 6 months	More than 6 months
Liabilities				
Trade payables	11,328	11,328	11,328	-
Lease liabilities	302	312	154	158
Overdraft	2,366	2,472	-	2,472
Fine payable in accordance the decision of the Competition Council	3,016	3,140	746	2,394
Total	**17,012**	**17,252**	**12,228**	**5,024**

Payment terms of financial liabilities, including calculated interest, as to the agreements, as at 31 December 2023 are presented below:

(EUR thousand)	Carrying amount	Contractual net cash flows	Up to 6 months	More than 6 months
Liabilities				
Trade payables	14,595	14,595	14,595	-
Lease liabilities	484	493	134	359
Overdraft	4,120	4,253	4,253	-
Fine payable in accordance the decision of the Competition Council	4,409	4,671	772	3,899
	23,608	**24,012**	**19,754**	**4,258**

On 17 June 2021, an overdraft agreement was signed with bank with the limit of EUR 5 million. The agreement was extended until 30 September 2025. As at 31 December 2024, the balance of overdraft limit utilised amounted to EUR 2,366 thousand (Note 6.1.23).

Change in Liabilities Arising from Financing Activities

(EUR thousand)	**31/12/2023**	Accrued	Cash inflows/outflows	Other	**31/12/2024**
Loans received	4,120	26,998	(28,752)	-	2,366
Dividends	28	-	-	-	28
Lease liabilities	484	156	(338)	-	302
Total	**4,632**	**27,154**	**(29,090)**	**-**	**2,696**

Market risk

Market risk is the risk that changes in market prices, such as changes in foreign currency rates and interest rates will affect the results of the Company. The purpose of the market risk management is to manage open positions of risk in order to optimize returns. As at 31 December 2024 and 2023, the Company did not use any derivatives.

Currency risk. The Company is exposed to the significant risk of changes in foreign currency rates, since sales and receivables, purchases, payables and borrowings are denominated in a currency other than the functional currency are not material. The majority of monetary assets and liabilities as at 31 December 2024 and 2023 were denominated in EUR.

Interest rate risk. The Company's issued and received loans and borrowings are subject to variable interest rates linked to EURIBOR. No financial instruments are used by the Company to manage the risk. Taking into consideration the current level of issued loans, the change of interest rate would not have a material effect as disclosed below.

The Company's financial assets and borrowings subject to variable interest rates outstanding as of 31 December 2024 were as follows:

	Contract currency	2024	2023
Long-term loans granted	EUR thousand	6,837	6,378
Short-term loans granted	EUR thousand	1,169	1,427
Total		**8,006**	**7,805**
Loans received (overdraft)	EUR thousand	2,366	4,120
Total		**2,366**	**4,120**

- With an increase in the interest rate by 0.5% as at 31 December 2024, the Company's net profit would increase by approximately EUR 448 thousand.
- With an increase in the interest rate by 0.5% as at 31 December 2023, the Company's net profit would increase by approximately EUR 512 thousand.
- With an increase in the interest rate by 0.5% as at 31 December 2024, the Company's net profit would decrease by approx. EUR 142 thousand due to the loan received.
- With an increase in the interest rate by 0.5% as at 31 December 2023, the Company's net profit would decrease by approximately EUR 267 thousand due to the loan received.

Capital management

The Company's Boards policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company's Board monitors the return on capital and proposes the level of dividends to ordinary shareholders based on the Company's financial results and strategic plans.

The Board also aims to keep balance between higher return, which could be available if there was higher level of borrowed "funds" and security, which is provided by higher level of equity. The Company adheres to the requirement set in the Law on Companies of the Republic of Lithuania under which the equity of the Company must not be less than ½ of the issued capital. As at 31 December 2024 and 2023, the Company was in line with this regulation. The Company's capital management policy did not change during the year.

For capital management purpose, capital consists of share capital, retained earnings, revaluation reserve and legal reserve.

6.1.5. Revenue from Contracts with Customers

Revenue is derived from construction-installation work (approx. 98% in 2024 and 97% in 2023).

(EUR thousand)	2024	2023
Lithuania	71,875	79,141
Latvia	-	1,610
Sales in total	**71,875**	**80,751**

Revenue from the largest customer of the Company in 2024 amounted to approximately EUR 11,592 thousand (2023: EUR 17,234 thousand) of the Company's total revenues.

In 2024, the Company recognised EUR 2,700 thousand of revenue from contracts with customers that were included to the balance of contract liabilities at the beginning of the period (2023: EUR 2,531 thousand). Information on contracts outstanding at the end of the financial year is disclosed in Note 6.1.19.

6.1.6. Cost of sales

(EUR thousand)	2024	2023
Construction sub-contractors	39,230	38,735
Raw materials and consumables	13,411	18,644
Payroll expenses (Note 6.1.9)	9,956	10,943
Depreciation charge	194	240
Amortisation charge	1	2
Machinery expenses	1,244	1,686
Rent expenses (short term lease)	1,667	2,199
Onerous contracts	692	(413)
Other expenses	5,065	4,873
Total cost of sales	**71,460**	**76,909**

6.1.7. Selling expenses

(EUR thousand)	2024	2023
Advertising and other expenses	18	35
Payroll expenses (Note 6.1.9)	404	355
Total selling expenses	**422**	**390**

6.1.8. Administrative expenses

(EUR thousand)	2024	2023
Payroll expenses (Note 6.1.9)	4,442	4,938
Purchased services for administrative use	1,026	1,523
Rent expenses	287	302
Depreciation charge	204	268
Operating taxes other than income tax	140	119
Audit expenses	84	35
Sponsorship	7	13
Amortisation charge	21	21
Reimbursement of costs under the Settlement Agreement	(1,200)	-
Total expenses of impairment (reversal of impairment) of trade receivables, contract assets and other receivables:	**831**	**(20)**
Impairment (reversal of impairment) of trade receivables (Note 6.1.19)	-	(28)
Decrease (increase) in other amounts receivable	831	8
Other expenses	806	474
Total administrative expenses	**6,648**	**7,673**

On 23 January 2024, *PST Group AB* (PST), former managing director and insurers R&Q Syndicate Management Limited and Marco International Insurance Company Limited signed a settlement agreements, whereby amicably discontinuing all court and arbitration disputes regarding the civil liability of the former managing director of PST (regarding the fine imposed by the Competition Council of the Republic of Lithuania under the resolution No 2S-11 (2017) of 20 December 2017) and the payment of the related insurance benefit. In line with the settlement agreements, the insurers paid EUR 1,200,000 in favour of PST, and PST waived all its claims against the insurers and the former managing director. The indicated amount was charged to operating expenses.

6.1.9. Payroll expenses

(EUR thousand)	2024	2023
Wages and salaries	14,654	15,293
Social security contributions	274	293
Daily allowances and incapacity benefits	452	674
Change in accrued vacation reserve and bonuses	(538)	52
Change in pension provision (Notes 6.1.25 and 6.1.27)	(12)	(17)
Total salary related expenses	**14,830**	**16,295**
Recognised in:		
Cost of sales	9,956	10,943
Administrative expenses	4,442	4,938
Selling expenses	404	355
Other operating expenses	28	59
Total salary related expenses	**14,830**	**16,295**

6.1.10. Other Income and Expenses

(EUR thousand)	2024	2023
Gain from sale of property, plant and equipment	246	51
Rental income (Note 6.1.15)	522	466
Gain on revaluation of assets	180	140
Other revenue	412	694
Total other income	**1,360**	**1,351**
Depreciation of rented property	(87)	(139)
Other expenses	(343)	(620)
Total other expenses	**(430)**	**(759)**
Total other income and expenses, net	**930**	**592**

6.1.11. Finance Income and Expense

(EUR thousand)	2024	2023
Interest income	455	428
Other finance income	1,023	865
Total finance income	**1478**	**1,293**
Loan interest expenses	(440)	(375)
Other expenses	(349)	(8)
Total finance expense	**(789)**	**(383)**
Total finance income and expense, net	**689**	**910**

6.1.12. Income tax

Income tax expenses (benefit):

(EUR thousand)	2024	2023
Current income tax expense	-	-
Change in deferred tax	(113)	(440)
Total income tax expense	**(113)**	**(440)**

In 2024 and 2023, the Company applied a standard 15% rate in Lithuania, a 22% rate in the Kingdom of Sweden and 0% rate in Latvia. Reconciliation of effective tax rate:

(EUR thousand)	2024		2023	
Profit (loss) before tax		(5,036)		(2,279)
Income tax expense (benefit) applying the Company's tax rate in Lithuania	15,0%	(576)	15,0%	(342)
Non-deductible expenses		267		356
Non-taxable income		(271)		(522)
Change in deferred tax asset's realisation allowance		646		68
	(2.24) %	**(113)**	**(19.3)%**	**(440)**

Deferred tax:

(EUR thousand)	2024		2023	
	Temporary differences	Deferred tax	Temporary differences	Deferred tax
Impairment of trade and other receivables	77	12	122	19
Accrued bonuses	132	21	267	40
Pension provision	265	43	278	42
Vacation reserve	23	4	30	4
Warranty provision	369	59	270	40
Provisions for deferred expenses	76	12	0	0
Inventory write-off to net realisable value	96	15	91	14
Tax loss carry forward (indefinite period)	8,684	1,389	8,684	1,303
Onerous contracts	794	127	102	15
Total deferred tax assets		**1,682**		**1,477**
Not recognised deferred tax assets (trade receivable allowance)		**(10)**		**(10)**
Deferred tax asset recognised		**1,672**		**1,467**
Revaluation of land and buildings	(1,866)	(299)	(2,144)	(322)
Difference in investment property value	(2,306)	(369)	(1,694)	(254)
Deferred tax liability		**(668)**		**(576)**
Deferred tax, net		**1,004**		**891**

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Part of deferred tax has not been recognised due to uncertainty of deferred tax realisation.

Change in deferred income tax:

(EUR thousand)	2024	2023
Net deferred tax as at 1 January	891	451
Amounts recognised in other comprehensive income	-	-
Recognised in profit or loss	113	440
Net deferred tax as at 31 December	**1,004**	**891**

The Company does not recognise deferred tax in respect of taxable temporary differences associated with investments in subsidiaries as the Company controls timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

6.1.13. Property, Plant and Equipment

(EUR thousand)	Land and buildings	Machinery and equipment	Vehicles	Fixtures and fittings	Construction-in-progress	Total
Cost (revalued carrying amount of land and buildings)	**3,795**	**2,452**	**1,874**	**495**	**20**	**8,636**
Balance as at 1 January 2024						
Additions	17	276	38	115	-	446
Reclassification	135	-	-	-	(20)	115
Asset written-off	(496)	(277)	(96)	(159)	-	(1,028)
Balance as at 31 December 2024	**3,451**	**2,451**	**1,816**	**451**	**-**	**8,169**
Balance as at 1 January 2023	3,840	2,594	1,759	546	-	8,739
Additions		311	184	116	20	631
Reclassification	(45)	-	-	-	-	(45)
Asset written-off	-	(453)	(69)	(167)	-	(689)
Balance as at 31 December 2023	3,795	2,452	1,874	495	20	8,636
Depreciation and impairment						
Balance as at 1 January 2024	874	2,044	1,515	237	-	4,670
Depreciation for the year	208	104	85	102	-	499
Depreciation of asset written-off	(345)	(278)	(83)	(134)	-	(840)
Balance as at 31 December 2024	**737**	**1,870**	**1,517**	**205**	**-**	**4,329**
Balance as at 1 January 2023	650	2,287	1,467	284	-	4,688
Depreciation for the year	224	196	114	113	-	647
Depreciation of asset written-off		(439)	(66)	(160)	-	(665)
Balance as at 31 December 2023	874	2,044	1,515	237	-	4,670
Residual value						
As at 1 January 2024	**2921**	**408**	**359**	**258**	**20**	**3,966**
As at 31 December 2024	**2,714**	**581**	**299**	**246**	**-**	**3,840**
As at 1 January 2023	**3,190**	**307**	**292**	**262**	**-**	**4,051**

(EUR thousand)	2024	2023
Depreciation recognised in:		
Cost of sales	194	240
Operating expenses	218	268
Other expenses	87	139
Total depreciation	**499**	**647**

Land and buildings are stated at revalued amount. The last external revaluation was performed on 31 December 2022 based on the estimates on possible market prices of the Company's land and buildings provided by independent appraisers, having appropriate recognised professional qualifications and necessary experience in valuation of property at certain location and of certain category. The valuation was performed using the comparable value approach. Significant unobservable data was used in fair value measurement, i.e. price per square meter/are. The fair value would increase with an increase in price per square meter/are and decrease with a decrease in price per square meter/are.

If the buildings and land were stated at cost model, their net book value as at 31 December 2024 would be equal to EUR 1,328 thousand (as at 31 December 2023, EUR 1,526 thousand).

As at 31 December 2024, the acquisition cost of fully depreciated property, plant and equipment still in use amounted to EUR 2,853 thousand, (as at 31 December 2023, EUR 2,927 thousand).

Land and buildings with the carrying amount of EUR 4,549 thousand as at 31 December 2024 (as at 31 December 2023, EUR 6,327 thousand) have been pledged to banks and the state authorities (see Note 6.1.28).

6.1.14. Intangible Assets

(EUR thousand)	Software	Other assets	Total
Cost			
Balance as at 1 January 2024	**211**	**-**	**211**
Additions	5	-	5
Asset written-off	(7)	-	(7)
Balance as at 31 December 2024	**209**	**-**	**209**
Balance as at 1 January 2023	202	-	202
Additions	9	-	9
Asset written-off	-	-	-
Balance as at 31 December 2023	211	-	211
Amortisation and impairment			
Balance as at 1 January 2024	**61**	**-**	**61**
Amortisation charge for the year	22	-	22
Amortisation of asset written-off	(7)	-	(7)
Balance as at 31 December 2024	**76**	**-**	**76**
Balance as at 1 January 2023	38	-	38
Amortisation charge for the year	23	-	23
Amortisation of asset written-off			
Balance as at 31 December 2023	61	-	61
Residual value			
As at 1 January 2024	**150**	**-**	**150**
As at 31 December 2024	**133**	**-**	**133**
As at 1 January 2023	**164**	**-**	**164**

(EUR thousand)	2024	2023
Amortisation recognised in:		
Cost of sales	1	2
Administrative expenses	21	21
Total amortisation	**22**	**23**

The Company did not have any intangible assets fully amortised but still in use neither as at 31 December 2024, nor as at 31 December 2023.

6.1.15. Investment Property

(EUR thousand)	2024	2023
Balance as at 1 January	3,926	3,741
Reclassification from (to) property, plant and equipment	(115)	45
Change in fair value	180	140
Balance as at 31 December	**3,991**	**3,926**

In 2015, the Company acquired a 14-floor hotel Panevėžys located in Panevėžys, 16.74% of which is rented out to third parties, and the rest of the hotel is not used. The Company has no detailed plans regarding the use of the remaining part of the building yet; however, the building is not planned to be further used in the Company's activities; therefore, the whole building is classified as an investment property.

The fair value measurement has been determined by valuation of the building carried out by the independent property appraisers *Ober-Haus UA*B, having appropriate professional qualification and relevant valuation experience. The discounted cash flow method was used in the valuation (discount rate – 9%, exit yield – 7%, occupation rate of premises adequate for use – 60%; the same assumptions were used in 2024 and 2023).

The identified fair value of the above investment property of EUR 1,870 thousand (2023: EUR 1,690 thousand) was attributed to Level 3 in the fair value hierarchy.

At the end of the financial year, future minimum lease payments receivable under non-cancellable lease agreements were the following: EUR 138 thousand in less than one year, EUR 19 thousand between one and five years (as at 31 December 2023: EUR 154 thousand in less than one year, EUR 70 thousand between one and five years). Revenue from the hotel premises rent in 2024 amounted to EUR 155 thousand (2023: EUR 132 thousand) and was accounted for under other income (see Note 10).

In addition, the Company reclassified the operational buildings, storages and other premises, leased to both subsidiaries and third parties, to investment property. Calculated fair value of these buildings as at 31 December 2022 amounted to EUR 2,236 thousand, which was evaluated in accordance with the reports of independent real estate appraisers and a percentage of leased space. The assessment of assets was carried out by *Corporation Matininkai UAB*. Assets were evaluated using comparable and income methods, with regard to the larger value. An average discount rate of 10.56% was applied to income method in accordance with weighted average cost of capital. The latter investment property was attributed to Level 3 in fair value hierarchy. The management assessed that the fair value of the investment property did not change significantly.

Expected rental receivables of this investment property under non-cancellable contracts as at 31 December 2024 amounted to: EUR 265 thousand in less than one year, EUR 728 thousand between one and five years (as at 31 December 2023: EUR 293 thousand in less than one year, EUR 629 thousand between one and five years). Revenue from lease in 2024 amounted to EUR 303 thousand (in 2023: EUR 334 thousand) and was accounted for under other income.

6.1.16. Investments in subsidiaries and joint operations

Subsidiaries

(EUR thousand)	2024		2023	
Subsidiary	Ownership interest	Cost	Ownership interest	Cost
PST Investicijos UAB, Verkių st. 25C, Vilnius	69,0%	305*	69,0%	305*
Šeškinės Projektai UAB, Verkių st. 25C, Vilnius	100%	1,600	100%	1,600
Ateities Projektai UAB, Verkių st. 25C, Vilnius	100%	400	100%	400
Tauro Apartamentai UAB, Verkių st. 25C-1, Vilnius	100%	2	100%	2
Hustal UAB, Tinklų st. 7, Panevėžys	100%	34	100%	34
Vekada UAB, Tinklų st. 7, Panevėžys	100%	274**	95,6%	225
Stadus UAB, Pramonės st. 5, Panevėžys	100%	145	100%	145
Alinita UAB, Tinklų st. 7, Panevėžys	100%	70	100%	70
SIA PS Trests, Skultes iela 28, Skulte, Marupes nov., Latvia	100%	4	100%	4
Kingsbud Sp.z.o.o, A. Patli st. 12, 16-400 Suwalki, Poland	100%	1	100%	1
Aliuminio Fasadai UAB, Pramonės st. 5, Panevėžys	100%	250	100%	250
Impairment:				
PST Investicijos UAB		(207)		(112)
Aliuminio Fasadai UAB		(250)		-
Alinita UAB		(70)		(70)
PS Trests SIA		(4)		(4)
Total investments		**2,554**		**2,850**

* In 2024, the General Meeting of Shareholders of *PST Investicijos UAB* made a decision to liquidate the company. In 2023, the decision was made to pay EUR 4,576 thousand in dividends to the shareholders, by reducing the issued capital of *PST Investicijos UAB*.

** In 2024, the Company bought-up the shares in the subsidiary *Vekada UAB* from natural persons, increasing the financial assets held up to 100%.

Financial information on subsidiaries can be specified as follows:

Subsidiaries of PST Group AB

(EUR thousand)	Type of activity	Equity As at 31 December 2024	Net profit (loss) for 2023	Equity As at 31 December 2023	Net profit (loss) for 2023
PST Investicijos UAB	Real estate development	142	(73)	250	5,502
Vekada UAB	Construction: electrical installation	608	(243)	851	(182)
Stadus UAB	Construction: wooden houses	1,534	243	1,892	884
Alinita UAB	Construction: conditioning equipment	(967)	(719)	(251)	18
Hustal UAB	Trade, construction	2,785	123	3,038	1,243
Aliuminio Fasadai UAB	Production of aluminium profile systems	(1,023)	(825)	(198)	(8)
PS Trests SIA	Construction	(213)	(31)	(182)	11
Šeškinės Projektai UAB	Real estate development	8,853	572	8,280	701
Kingsbud Sp.z.o.o	Trade	688	107	581	141
Ateities Projektai UAB	Real estate development	498	(122)	619	216
Tauro Apartamentai UAB	Real estate development	3	-	3	-

As at 31 December 2024 and 2023, based on the management's assessment, the investments in *Alinita UAB*, *Aliuminio Fasadai UAB* and *PS Trests SIA* were impaired, therefore, a 100% impairment loss was recognised. The management estimated the recoverable amount for investment into *PST Investicijos UAB* as at 31 December 2024 and 2023 as described below. There were no impairment indications for other investments as at 31 December 2024 and 2023.

As at 31 December 2024, *PST Investicijos UAB* recoverable amount was estimated as follows:

Carrying value of *PST Investicijos UAB* as at 31 December 2023 (cost less impairment recognised)	193
Other assets less liabilities at estimated fair value	142
Recoverable value of *PST Investicijos UAB*	142
Number of shares held by *PST Group AB*	68,974%
PST Investicijos UAB recoverable value attributed to *PST Group AB*	98
Estimated potential impairment as at 31 December 2024.	(95)
Estimated impairment until 31 December 2023	**(112)**
Impairment of *PST Investicijos UAB* recognised during 2024	(95)
Total impairment for as of 31 December 2024	**(207)**

As at 31 December 2023, *PST Investicijos UAB* recoverable amount was estimated as follows:

Carrying value of *PST Investicijos UAB* as at 31 December 2022 (cost less impairment recognised)	193
Other assets less liabilities at estimated fair value	250
Recoverable value of *PST Investicijos UAB*	250
Number of shares held by *PST Group AB*	68,974%
PST Investicijos UAB recoverable value attributed to *PST Group AB*	172
Estimated potential impairment as at 31 December 2023.	(20)
Estimated impairment until 31 December 2022	**(5,558)**
Reduction in financial assets of *PST investicijos UAB* by making payments to shareholders	3,127
Reduction in financial assets of *PST investicijos UAB* by covering losses	2 319
Total impairment for as of 31 December 2023	**(112)**

Estimation of the recoverable amount of investment made by *PST Investicijos UAB* was mainly based on the real estate project, which was developed by *ZAO ISK Baltevromarket* in Kaliningrad. The subsidiary *ZAO ISK Baltevromarket* (Kaliningrad) of *PST investicijos UAB* was removed from the register on 30 May 2023.

Joint operations

In 2016, the Company concluded the agreement with limited liability company *SIA ARMS GROUP,* Gobu iela 1-129, Baloži, Kekavas novads, Latvia, regarding joint operations and several liability for newly established general partnership enterprise *PST Un Arms*. General partnership enterprise *PST Un Arms* is established for certain project developed in Latvia. The development of the project was finalised in 2021. As of 29 February 2024, the operations of a general partnership enterprise *PST Un Arms* have been suspended, and, as of 4 March 2024, it is not permissable to engage in transactions.

Under this agreement, 50% of operating expenses, assets and liabilities of *PST Un Arms* belong to the Company and these amounts were included in these financial statements of the Company.

General information of *PST Un Arms*:

(EUR thousand)	2024	2023
Total assets	14	14
Total liabilities	3	3
Equity	11	11
Revenue	-	-
Net result	-	-

6.1.17. Long-term and short-term loans granted

(EUR thousand)	Interest rate	Maturity	2024	2023
Šeškinės Projektai UAB	Variable interest	As at 1 July 2026	6,837	6,378
Short-term loans				
Ateities Projektai UAB	Variable interest	As at 31 December 2024	1,169	1,379
Kingsbud Sp.z.o.o	Fixed interest	As at 31 December 2023	-	48
Total			**8,006**	**7,805**

As at 31 December 2024 and 2023, the recoverability of loans was assessed under the principles disclosed in Note 6.1.3.2, and the principal assumptions that impact the assessment are the same as disclosed in Note 6.1.16.

6.1.18. Inventories

(EUR thousand)	2024	2023
Raw materials and consumables	804	1,359
Projects under development	3,376	3,366
Write-down to net realisable value	(96)	(91)
Total inventories	**4,084**	**4,634**

In 2024 and 2023, the change in write-down of inventory to the net realizable value was accounted for in administrative expenses.

The net realizable value of the development project in Vilnius (Kudirkos St.) by PST group AB was determined based on a consultation with the real estate appraiser "Ober-Haus Nekilnojamas Turtas" regarding potential market prices as of December 2, 2024. The residual value method was applied. In December 2024, the Group's board decided to sell the development project in Vilnius (Kudirkos St.).

6.1.19. Trade Receivables and Contract Assets

(EUR thousand)	2024	2023
Trade receivables	7,282	12,729
Contract assets (accrued income based on the stage of completion)	2,700	2,531
Receivables from subsidiaries	1,035	1,085
Impairment at the beginning of the year	(56)	(126)
Write-off of doubtful trade receivables	39	42
Repayment of doubtful trade receivables	6	7
Additional impairment/reversal during the period	(831)	21
Impairment at the end of the year	(842)	(56)
Total trade receivables and contract assets, net	**10,175**	**16,289**

The part of trade receivables due from customers is accounted for as non-current trade receivables: EUR 0 thousand as at 31 December 2024, EUR 1 thousand as at 31 December 2023. These amounts are related with non-current retentions as indicated below.

As at 31 December 2024, trade receivables include retentions (retention – a fixed percentage of the total contract price which shall be paid by the customer when the construction is completed and the bank guarantee in the amount of the retained payment is provided or warranty document of the insurance Company is provided to the customer) of EUR 1,459 thousand (2023: EUR 1,400 thousand) relating to construction contracts in progress. For impairment of trade receivables refer to Note 6.1.4.

Information about customers' specific projects in progress as at 31 December 2024 and 2023:

(EUR thousand)	2024	2023
Sales by specific customers' projects in progress, recognised in the statement of comprehensive income during the year	31,661	47,711
Sales by specific customers' projects in progress, recognised over the contract period	72,500	69,594
Expenses incurred for completing specific customers' projects in progress, recognised in the statement comprehensive income during the year	32,420	45,757
Expenses incurred for completing specific customers' projects in progress, recognised in the statement comprehensive income over the contract period	70,998	66,993
Contract assets (Note 19)	2,700	2,531
Contract liability (deferred income) under outstanding contracts at the year-end (Note 27)	596	728
Contract liability (payments from customers for purchase of inventories and etc.)	437	187
Provisions for onerous contracts (Note 27)	793	102
Trade receivables (under the caption of trade receivables and receivables from related parties)	4,097	11,525

As at 31 December 2024, the total contract amount attributed to performance obligations under the construction contracts with customers that were outstanding (or partly outstanding) amounted to EUR 198,118 thousand (as at 31 December 2023, EUR 97,318 thousand). Most of these construction projects are expected to be completed and revenue recognised within one year.

6.1.20. Other current assets

(EUR thousand)	2024	2023
Non-financial assets		
Excess VAT	27	36
Accrued revenue from contracts	-	-
Other current assets	-	-
Non-financial assets, total	**27**	**36**
Other current assets, total	**27**	**36**

As at 31 December 2024 and 2023, the Company did not have any term deposits.

6.1.21. Cash and cash equivalents

(EUR thousand)	2024	2023
Cash at bank	1,276	5,125
Cash on hand	-	-
Cash and cash equivalents, total	**1,276**	**5,125**

As from 21 June 2022, the Company does not have any cash on hand.

6.1.22. Capital and reserves

The Company's issued capital consists of 16,350,000 ordinary shares with a nominal value of 29 euro cents each. The Company's issued capital is fully paid. The holders of the ordinary shares are entitled to one vote per share in the shareholders' meeting and are entitled to receive dividends as declared from time to time and to capital repayment in case of decrease of the capital. There were no changes in the issued capital in 2024 and 2023. The Company did not hold its own shares as at 31 December 2024 and 2023. As at 31 December 2024 and 2023, the subsidiaries had not acquired any shares of the Company.

The reserves were as follows:

(EUR thousand)	2024	2023
Revaluation reserve	1,568	1,822
Legal reserve	475	475
Total reserves	**2,043**	**2,297**

The revaluation reserve relates to the revaluation of land and buildings and is equal to the residual value of revaluation less the related deferred tax liability.

Dynamics in revaluation reserve:	2024	2023
Revaluation reserve as at 1 January	**1,822**	**2,035**

Revaluation	-	-
Depreciation of revaluation reserve	(254)	(213)
Revaluation reserve as at 31 December	**1,568**	**1,822**

Legal reserve is a compulsory reserve allocated in accordance with the legislation. An annual allocation of at least 5% of the net profit is required until the reserve is not less than 10% of the issued capital. The reserve cannot be paid out in dividends. Legal reserve at 31 December 2024 and 2023 accounted for 10% of the issued capital.

6.1.23. Loans

(EUR thousand)	Interest rate	Maturity	2024	2023
OP Corporate Bank plc. Lithuania (overdraft)	Variable interest	As at 30 September 2025	2,366	4,120
Total			**2,366**	**4,120**

6.1.24. Trade payables

Payables to suppliers by geographic region:

(EUR thousand)	2024	2023
Local market (Lithuania)	11,154	14,033
Latvia	25	193
Ukraine	-	5
Poland	109	328
Germany	40	36
Total	**11,328**	**14,595**

Trade payables are non-interest bearing and normally settled on 30–90 day term.

6.1.25. Provisions

Warranty provisions are related to constructions built in 2019–2023. Based on the legislation of the Republic of Lithuania, the Company has a warranty liability for construction works. The term of liability varies from 5 to 10 years after delivery of construction works, i.e. an assurance type warranty and it is not provided as the Company's separate service. Provision for warranties is based on estimates made from historical data of actually incurred costs of warranty repairs.

Change in provisions:	Warranty 2024	Pension * 2024	Other 2024	Warranty 2023	Pension* 2023	Other 2023
Provisions at the beginning of the year	**270**	**278**	**109**	**471**	**295**	**-**
Used and recognised in the cost of sales and operating costs	(275)	(57)	(33)	(421)	(56)	-
Accrued during the year	374	45	-	220	39	109
Provisions at the end of the year	**369**	**266**	**76**	**270**	**278**	**109**

* Represents current and non-current part of provision.

6.1.26. Right-of-Use Assets and Lease Liabilities

Dynamics of the Company's right-of-use assets during the reporting period:

(EUR thousand)	Buildings	Cars	Total
Balance as at 1 January 2024	357	100	457
Additions	-	145	145
Asset written-off	-	(16)	(16)
Increase in value due to prior periods	-	16	16
Depreciation charge	(212)	(112)	(324)
Balance as at 31 December 2024	145	133	278
As at 1 January 2023	568	123	691
Additions	-	91	91
Asset written-off	-	-	-
Depreciation charge	(211)	(114)	(325)
Residual value as at 31 December 2023	357	100	457

The Company has long-term contracts with two lessors for lease of premises and cars.

Lease liabilities and their dynamics:

(EUR thousand)	2024	2023
Residual value at the beginning of the period	484	704
Contracts signed under IFRS 16	146	91
Contracts terminated (write-off of liability and accrued interest)	-	-
Accrued interest	10	11
Lease payments (principal portion and interest)	(338)	(322)
Residual value as at 31 December	**302**	**484**
Non-current lease liabilities	73	225
Current lease liabilities	229	259

The Company's payments under leases were as follows:

(EUR thousand)	2024	2023
Minimum payments		
Within first year	229	283
From two to five years	83	210
More than five years	-	-
Total	**312**	**493**
Future finance costs		
Within first year	(5)	(7)
From two to five years	(5)	(2)
More than five years	-	-
Total	**(10)**	**(9)**
Residual value	**302**	**484**

6.1.27. Contract and Other Liabilities

(EUR thousand)	2024	2023
Non-financial liabilities		
Contract liability (deferred income) under contracts in progress (Note 19)	596	728
Contract liability (payments from customers for purchase of inventories and etc.) (Note 19)	437	187
Liabilities related to the fine imposed by the Competition Council (Note 28)	3,016	4,409
Payable VAT	-	-
Accrued vacation reserve	1,284	1,687
Salaries and related taxes payable	1,077	1,210
Bonus accrual for employees	132	267
Provisions for onerous contracts	793	102
Other liabilities	121	112
Other liabilities, total	**7,456**	**8,702**

6.1.28. Off-balance Liabilities

Guarantees

As at 31 December 2024, the bank guarantees in the amount of EUR 12,283 thousand to third parties, related to obligations under the construction contracts of the Company, were issued by banks on behalf of the Company (as at 31 December 2023, EUR 9,098 thousand). The guarantees expire in the period from 2 March 2025 to 30 August 2029. In addition, the Company has guarantees issued by insurance companies for the amount of EUR 13,010 thousand, which are also related to liabilities in the construction contracts (2023: EUR 13,996). The guarantees expire between 30 January 2025 and 6 December 2027. No additional liabilities are recorded in respect of these guarantees in the financial statements other than estimated warranty reserve (Note 6.1.25).

As of December 31, 2024, the Company provided guarantees to insurance companies for guarantees received by its subsidiaries in the amount of 700 thousand euros. The validity of these guarantees expires between May 24, 2025, and November 25, 2027.

The property with a carrying amount of EUR 4,549 thousand as at 31 December 2024 (EUR 6,327 thousand as at 31 December 2023) has been pledged to bank and the state authority for the guarantee limit, bank guarantees issued and deferral of payables. The guarantee limit amounts to EUR 15,000 thousand, the used amount as at 31 December 2024 is EUR 12,283 thousand. The guarantee limit agreement is effective until 30 September 2025 with the possibility to issue guarantees until 30 September 2025 that would be valid for 3 years following their date of issue. Guarantees are valid for 5 years following their date of issue if the amount does not exceed EUR 1,500 thousand. As at 31 December 2023, the guarantee limit amounted to EUR 15,000 thousand, the balance withdrawn was EUR 9,098 thousand.

Legal contingencies

There is a civil case in Vilnius District Court based on *DG Paupio Verslo Namai UAB* (Plaintiff) action against *PST Group AB* (civil case No e2-739-863/2024), under which the Plaintiff seeks that the Company and *ERGO Insurance S*E acting through *ERGO Insurance SE Lithuanian branch* be ordered jointly and severally to pay EUR 827,917.61; the Company be ordered to pay EUR 397,983.79; and the Company be ordered to pay 6% annual interest from the adjudged amount calculated from the day when the civil case was lodged in the court until complete execution of the judgement and the costs incurred.

The dispute arose out of the plaintiff's allegation that the Company did not properly carry out the exterior facade tile installation works of the apartment building at Aukštaičių g. 10, Vilnius, resulting in several tiles falling off external facade.

On 24 October 2024, the Court of Appeal of Lithuania gave the decision to upheld the in part the order of the Vilnius Regional Court of 3 April 2024, awarding EUR 455,323.10 in damages. The Company compensated for damages, however, *DG Paupio Verslo Namai UAB* lodged cassation appeal. The case is pending.

6.1.29. Related-Party Transactions

Related parties are defined as shareholders, employees, members of the Management Board, their close relatives and companies that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with the Company, provided the listed relationship empowers one of the parties to exercise the control or significant influence over the other party in making financial and operating decisions.

The Company had sales and purchase transactions during 2023–2024 with subsidiaries, the controlling company *Hisk AB* and with its subsidiaries (reported under other caption "Other related companies" below). Transactions with related parties during 2024 and 2023 were as follows:

(EUR thousand)	Type of transaction	2024	2023
Sales:			
Companies under control			
Šeškinės Projektai UAB	Interest, goods and services	639	424
Vekada UAB	Goods and services	27	14
Alinita UAB	Goods and services	465	339
PST Investicijos UAB	Services	2	19
Stadus UAB	Goods and services	77	52
Ateities Projektai UAB	Interest and services	79	80
Aliuminio Fasadai UAB	Services	560	428
Hustal UAB	Goods and services	343	171
PS Trests SIA	Services	-	102
Kingsbud Sp.z.o.o	Interest	-	7
Controlling company			
Hisk AB	Goods and services	344	106
Other related companies	Goods and services	-	-

(EUR thousand)	Type of transaction	2024	2023
Purchases:			
Companies under control			
Alinita UAB	Goods and services	1,182	384
Kingsbud Sp.z.o.o	Goods and services	1,089	1,275
Vekada UAB	Goods and services	526	1,212
PS Trests SIA	Services	0	1,725
Aliuminio Fasadai UAB	Goods and services	403	42
Šeškinės Projektai UAB	Goods and services	272	289
PST Investicijos UAB	Services	1	217
Other	Services	77	25
Controlling company			
Hisk AB	Goods and services	3,280	965
Other related companies			
Scard UAB	Goods and services	-	110
Other	Goods and services	27	39

(EUR thousand)	2024	2023
Receivables		
Companies under control		
Šeškinės Projektai UAB	20	454
Hustal UAB	6	37
Aliuminio Fasadai UAB	1,240	747
Alinita UAB	612	475
Other	8	60
Payables:		
Companies under control		
Vekada UAB	176	246
Kingsbud Sp.z.o.o	109	420
PS Trests SIA	21	171
Šeškinės Projektai UAB	57	432
Ateities Projektai UAB	95	15
Other	122	27
Controlling company		
Hisk AB	1,749	369
Other related companies		
Other	2	4
Loans receivable incl. accrued interests from companies under control:		
Kingsbud Sp.z.o.o	-	48
Šeškinės Projektai UAB	6,837	6,378
Ateities Projektai UAB	1,169	1,379

Payment terms for receivables and payables with the related parties are up to 30–90 days, except for the loans granted, which are disclosed in Note 6.1.17.

Balances at the year-end have no collaterals and all transactions are carried out in cash unless otherwise agreed. No guarantees have been received from the related parties for the amounts payable.

Management remuneration

Wages, salaries and social insurance contributions, calculated to the Company's directors and the Board members for the year 2024, amounted to EUR 1,101 thousand (2023: EUR 1,068 thousand). For the Company's management and the Board members, there were no guarantees issued, any other paid or accrued amounts or assets transferred.

6.1.30. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction under current market conditions in the principal (or the most advantageous) market independent irrespective of whether this price is directly observable or established using valuation techniques.

As at 31 December 2024

(EUR thousand)	Carrying amount	Fair value		
	Total	**Level 1**	**Level 2**	**Level 3**
Financial assets				
Trade receivables	10,175	-	-	10,175

Loans granted	8,006	-	-	8,006
Cash and cash equivalents	1,276	1,276	-	-
Financial assets, total	**19,457**	**1,276**	**-**	**18,181**
Financial liabilities				
Loans (overdraft)	(2,366)	(2,366)	-	-
Trade payables	(11,328)	-	-	(11,328)
Lease liabilities	(302)	-	-	(302)
Fine payable in accordance the decision of the Competition Council	(3,016)	-	-	(3,016)
Total financial liabilities	**17,012**	**(2,366)**	**-**	**(14,646)**

As at 31 December 2023

(EUR thousand)	**Carrying amount**	**Fair value**		
	Total	**Level 1**	**Level 2**	**Level 3**
Financial assets				
Trade receivables	16,289	-	-	16,289
Loans granted	7,805	-	-	7,805
Cash and cash equivalents	5,125	5,125	-	-
Financial assets, total	**29,219**	**5,125**	**-**	**24,094**
Financial liabilities				
Loans (overdraft)	(4,120)	(4,120)	**-**	-
Trade payables	(14,595)	-	-	(14,595)
Lease liabilities	(259)	-	-	(259)
Fine payable in accordance the decision of the Competition Council	(4,409)	-	-	(4,409)
Total financial liabilities	**(23,383)**	**(4,120)**	-	**(19,263)**

There were no transfers between levels of the fair value hierarchy in 2024 and 2023 at the Company.

The following methods and assumptions are used by the Company to estimate the fair value of the financial instruments not carried at fair value:

Cash

Cash represents cash at banks and on hand stated at value equal to the fair value.

Receivables

The fair value of trade and other receivables and loans granted is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. Fair value of short-term trade and other receivables with no stated interest rate is deemed to approximate their face value on initial recognition and carrying value on any subsequent date as the effect of discounting is immaterial.

The fair value of non-current trade receivables was estimated to approximate carrying value as discounting effect was determined to be not material.

The fair value of loans granted was estimated to approximate carrying value as majority of the loans are subject of market level variable interest.

Financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Fair value of current trade payables with no stated interest rate is deemed to approximate their face value on initial recognition and carrying value on any subsequent date as the effect of discounting is immaterial. The fair value of borrowings (overdraft) was estimated to approximate carrying value as it is subject to variable interest. The carrying value of lease liabilities approximates the fair value as it is a subject to interest. The fair value of fine under the decision of the Competition Council is also approximates carrying value, since it is subject to interest.

6.1.31. Earnings and dividends per share

(EUR)	2024	2023
Net result for the year	(4,923,162)	(2,278,981)
Dividends declared	-	-
Average number of shares	16,350,000	16,350,000
Basic and diluted earnings/(loss) per share	**(0.301)**	**(0.14)**
Dividends declared per share	**-**	**-**

6.1.32. Events after the End of the Reporting Period

In February 2025, the mortgage loan agreement was signed with ERGO Insurance SE Lithuanian branch for the pledge of property in the amount of EUR 478 thousand.

7. Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

For the year ended December 31

EUR thousand	Note	2024	2023
Revenue from contracts with customers	7.1.5, 7.1.6	100,678	119,828
Cost of sales	7.1.7	(96,225)	(107,588)
Gross profit		**4,453**	**12,240**
Change in fair value of investment property	7.1.11	285	38
Other revenue	7.1.11	1,734	1,753
Selling expenses	7.1.8	(601)	(579)
Administrative expenses, total	7.1.9	**(8,988)**	**(11,221)**
Impairment loss on trade debts, contract assets and other receivables		45	96
Reimbursement of costs under the Settlement Agreement		1,200	-
Other administrative expenses		(10,233)	(11,317)
Other expenses	7.1.11	(1,536)	(1,585)
Operating profit (loss)		**(4,653)**	**646**
Finance income, total	7.1.12	33	3,788
Other finance income		33	8
Result of subsidiary liquidation	7.1.12	-	3,780
Finance expense, total	7.1.12	(1,636)	(1,272)
Interest expenses		(1,607)	(1,467)
Reversal of impairment of contracts in progress	7.1.12	0	341
Other finance expenses		(29)	(146)
Profit (loss) before tax		**(6,256)**	**3,162**
Income tax expense	7.1.13	102	160
Net profit (loss)		**(6,154)**	**3,322**
Other comprehensive income			
Items that will never be transferred to profit/(loss)		**-**	**-**
Non-current asset revaluation impact		-	-
Deferred income tax on revaluation of non-current assets		-	-
Items that can or will be transferred to profit/(loss)		**-**	**(3,644)**
Currency translation effect		-	(3,644)
Other comprehensive income (loss), total		**-**	**(3,644)**
Total comprehensive income (loss)		**(6,154)**	**(322)**
Net profit/(loss) attributable to:			
To the equity holders of the Parent		(6,131)	3,324
Non-controlling interest		(23)	(2)
		(6,154)	**3,322**
Comprehensive income (loss) attributable to:			
To the equity holders of the Parent		(6,131)	(375)
Non-controlling interest		(23)	53
		(6,154)	**(322)**
Basic and diluted earnings/(loss) per share (EUR)	7.1.26	(0.38)	0.20

Consolidated Statement of Financial Position

As at 31 December

EUR thousand

	Note	2024	2023
ASSETS			
Non-current assets			
Property, Plant and Equipment	7.1.14	8,776	9,631
Intangible Assets	7.1.15	236	210
Investment Property	7.1.16	35,130	33,841
Right of use assets		133	100
Non-current trade receivables	7.1.18	-	66
Other non-current financial assets		860	724
Deferred tax assets	7.1.13	1,466	1,079
Total non-current assets		**46,601**	**45,651**
Current assets			
Inventories	7.1.17	7,579	8,969
Trade receivables	7.1.18	9,202	16,319
Contract assets	7.1.18	3,567	3,143
Prepayments		624	1,110
Other assets	7.1.19	698	1,104
Prepaid income tax	7.1.13	10	28
Cash and cash equivalents	7.1.20	4,253	10,047
Total current assets		**25,933**	**40,720**
TOTAL ASSETS		**72,534**	**86,371**

Consolidated Statement of Financial Position (continued)

As at 31 December

EUR thousand

	Note	2024	2023
EQUITY AND LIABILITIES			
Equity			
Issued capital	7.1.21	4,742	4,742
Reserves	7.1.21	3,521	3,788
Retained earnings		15,906	21,764
Total equity attributable to equity holders of the Parent		**24,169**	**30,294**
Non-controlling interest		(117)	(47)
Total equity		**24,052**	**30,247**
Loans and borrowings	7.1.23	19,103	21,182
Provisions	7.1.24	708	583
Deferred tax liability	7.1.13	1,470	1,236
Non-current lease liabilities		73	59
Other liabilities		1,053	663
Total non-current liabilities		**22,407**	**23,723**
Current liabilities			
Loans and borrowings	7.1.23	4,445	6,209
Current lease liabilities		67	51
Trade payables	7.1.22	14,313	17,859
Contract liabilities	7.1.25	3,158	3,130
Provisions	7.1.18, 7.1.25	276	306
Income tax payable	7.1.13	23	147
Other liabilities	7.1.25	3,793	4,699
Total current liabilities		**26,075**	**32,401**
Total liabilities		**48,482**	**56,124**
TOTAL EQUITY AND LIABILITIES		**72,534**	**86,371**

Consolidated Statement of Changes in Equity

EUR thousand	Note	Issued capital	Legal reserve	Revaluation reserve	Foreign currency translation reserve	Retained earnings	Attributable to the equity holders of the Parent	Non-controlling interest	Total equity
Equity as at 31 December 2023		**4,742**	**734**	**3,071**	**(17)**	**21,764**	**30,294**	**(47)**	**30,247**
Total comprehensive income for the year									
Net profit (loss)		-	-	-	-	(6,131)	(6,131)	(23)	(6,154)
Currency translation effect		-	-	-	-	-	-	-	-
Total other comprehensive income		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**(6,131)**	**(6,131)**	**(23)**	**(6,154)**
Transactions with owners of the Parent, recognised directly in equity									
Dividends		-	-	-	-	-	-	(11)	(11)
Elimination of non-controlling interest		-	-	8	-	27	35	(36)	(1)
Total transactions with owners of the Parent		**-**	**-**	**8**	**-**	**27**	**35**	**(47)**	**(12)**
Disposal of assets		-	-	(29)	-	-	(29)	-	(29)
Depreciation transfer for buildings		-	-	(246)	-	246	-	-	
Equity as at 31 December 2024		**4,742**	**734**	**2,804**	**(17)**	**15,906**	**24,169**	**(117)**	**2,4052**
Equity as at 31 December 2022		**4,742**	**734**	**3,355**	**3,682**	**18,200**	**30,713**	**1,373**	**32,086**
Total comprehensive income for the year									
Net profit (loss)		-	-	-	-	3,324	3,324	(2)	3,322
Currency translation effect		-	-	-	(3,699)	-	(3,699)	55	(3,644)
Total other comprehensive income		**-**	**-**	**-**	**(3,699)**	**-**	**(3,699)**	**55**	**(3,644)**
Total comprehensive income for the year		**-**	**-**	**-**	**(3,699)**	**3,324**	**(375)**	**53**	**(322)**
Transactions with owners of the Parent, recognised directly in equity									
Dividends		-	-	-	-	-	-	(24)	(24)
Repayment of issued capital		-	-	-	-	-	-	(1,449)	(1,449)
Total transactions with owners of the Parent		-	-	-	-	-	-	**(1,473)**	**(1,473)**
Depreciation transfer for buildings		-	-	(284)	--	240	(44)	0	(44)
Equity as at 31 December 2023		**4,742**	**734**	**3,071**	**(17)**	**21,764**	**30,294**	**(47)**	**30,247**

Consolidated Statement of Cash Flows

For the year ended December 31

EUR thousand	Note	2024	2023
Cash flows from operating activities			
Net profit (loss)		(6,154)	3,322
Adjustments to:			
Depreciation and amortisation (including impairment)	7.1.14, 7.1.15	1,050	1,198
Proceeds from disposal of property, plant and equipment		12	(64)
Income tax expense	7.1.13	(102)	(160)
Elimination of results from financing activities		1,619	(3,411)
Change in fair value of investment property	7.1.11	(285)	(178)
Other non-cash items		219	(51)
Net cash flows from operating activities before changes in working capital		**(3,641)**	**656**
Changes in working capital:			
Changes in inventories	7.1.17	1,037	240
Changes in trade receivables and contract assets	7.1.18	6,801	1,533
Changes in prepayments		487	(264)
Changes in other assets	7.1.19	255	1,509
Changes in trade payables	7.1.22	(3,187)	776
Changes in prepayments received		(665)	(921)
Changes in other liabilities		(53)	(1,908)
Income tax paid		(130)	(98)
Net cash flows from operating activities		**904**	**1,523**
Cash flows used in investing activities			
Acquisition of intangible assets and property, plant and equipment	7.1.14, 7.1.15	(1,482)	(1,104)
Disposal of property, plant and equipment		243	99
Acquisition of investments		-	(19)
Loans granted		-	-
Collection of loans granted		-	1
Interest and dividends received		2	2
Net cash flows used in investing activities		**(1,237)**	**(1,021)**
Cash flows from/used in financing activities			
Dividends paid	7.1.31	-	-
Repayment of borrowings	7.1.31	(30,815)	(24,772)
Loans and borrowings received	7.1.31	26,998	2,6853
Payment of finance lease liabilities	7.1.31	(24)	(24)
Interest paid		(1,620)	(1,467)
Net cash flows from/used in financing activities		**(5,461)**	**590**
Net increase/(decrease) in cash and cash equivalents		(5,794)	1,092
Effect of foreign exchange on cash		-	-
Cash and cash equivalents at the beginning of the period		10,047	8,955
Cash and cash equivalents at the end of the period		**4,253**	**10,047**

7.1. Notes to the Financial Statements

7.1.1. General information

PST Group AB (hereinafter the "Company") is a limited liability company registered in the Republic of Lithuania in 1957. The company code is 147732969 and it is registered at P. Puzino st. 1, LT-35173 Panevėžys. As from 13 July 2006, the Company's ordinary shares are listed on the Official trading list of the Nasdaq Vilnius Stock Exchange. These consolidated financial statements comprise the financial statements of the Parent and its subsidiaries (hereinafter "the Group"). The Group is primarily involved in the construction of buildings, structures, other facilities and networks, as well as real estate development in Lithuania and abroad. As at 31 December 2024, the Group had 633 employees (2023: 762 employees).

As at 31 December 2024, the principal shareholders of the Company were as follows:

- *Hisk AB*, S. Kerbedžio st. 7, Panevėžys, company code 147710353, (49.78%) – the ultimate controlling parent;
- *Prosperus Grupė UAB* (5.00%);
- The freely traded shares, owned by natural and legal persons (45.22%). No one owns more than 5%.

Hisk AB is the ultimate controlling parent which prepares separate and consolidated financial statements in accordance with Lithuanian Financial Reporting Standards (LFRS). Majority of shareholders of *Hisk AB* is natural persons, none of them holds more than 50% of shares. The shareholders of the Company have a statutory right to either approve these financial statements or not approve them and require a new set of financial statements to be prepared. The Company's management authorised these financial statements on 8 April 2025.

Financial information of the subsidiaries is as follows:

(EUR thousand)	of operation country	Type of activity	Equity as at 31/12/2024	Net profit/(loss) for the year 2024	Equity as at 31/12/2023	Net profit/(loss) for the year 2023
PST Investicijos UAB	Lithuania	Real estate development	142	(73)	250*	5,502
Vekada UAB	Lithuania	Construction: electrical installation	608	(243)	813	(182)
Hustal UAB	Lithuania	Wholesale of steel structures	155	123	3,038	1,243
Stadus UAB	Lithuania	Construction: wooden panel houses	1,534	243	1,892	884
Alinita UAB	Lithuania	Construction: conditioning equipment	(967)	(719)	(251)	18
Kingsbud Sp.z.o.o.	Poland	Intermediary services	688	107	581	141
SIA PS Tresta	Latvia	Construction	(213)	(31)	(182)	11
Šeškinės Projektai UAB	Lithuania	Real estate development	8,853	572	8,280	701
Ateities Projektai UAB	Lithuania	Real estate development	498	(122)	619	216
Aliuminio Fasadai UAB	Lithuania	Production of aluminium profile systems	(1,023)	(825)	(198)	(8)
Tauro Apartamentai UAB	Lithuania	Real estate development	3	-	3	-

* In 2023, the General Meeting of Shareholders of *PST Investicijos UAB* made a decision to pay EUR 4,576 thousand in dividends to the shareholders, by decreasing the issued capital of *PST Investicijos UAB*.

Ownership of subsidiaries:

	Registration address	2024	2023
PST Investicijos UAB	Verkių st. 25C, Vilnius	69,0%	68,3%
Vekada UAB	Tinklų st. 7, Panevėžys	100%*	95,6%
HUSTAL UAB	Tinklų st. 7, Panevėžys	100%	100%
Stadus UAB	Pramonės st. 5, Panevėžys	100%	100%

Alinita UAB	Tinklų st. 7, Panevėžys	100%	100%
Šeškinės Projektai UAB	Verkių st. 25C, Vilnius	100%	100%
Kingsbud Sp. z. o. o.	A. Patli st. 12, 16-400 Suwalki, Poland	100%	100%
SIA PS Trests	Skultes st. 28, Skulte, Marupes mun., Latvia	100%	100%
Tauro Apartamentai UAB	Verkių st. 25C-1, Vilnius	100%	100%
Ateities Projektai UAB	Verkių st. 25C-1, Vilnius	100%	100%
Aliuminio Fasadai UAB	Pramonės st. 5, Panevėžys	100%	100%

* In 2024, the Company bought-up the shares in the subsidiary *Vekada UAB* from natural persons, increasing the financial assets held up to 100%.

Joint operations

In 2016 the Group made and agreement with limited liability Group SIA ARMS GROUP, Gobu st. 1-129, Baloži, Kekavas municipality, Latvia, regarding joint operations and joint liability for newly established general partnership enterprise PST Un Arms. Under the agreement, 50% of operating expenses and income, assets and liabilities of the joint operations of PST Un Arms belongs to the Group. General partnership enterprise PST Un Arms is established for a certain project developed in Latvia. In 2021, the project was completed.

Under this agreement, 50% of operating expenses, assets and liabilities of *PST Un Arms* belong to the Company and these amounts were included in these financial statements of the Company. Summarised information of PST Un Arms:

(EUR thousand)	2024	2023
Total assets	14	14
Total liabilities	3	3
Equity	11	11
Revenue	-	-
Net result	-	-

7.1.2. Basis of Preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (hereinafter “IFRSs”).

The Group submits annual reports in the European Single Electronic Format (ESEF) using the XHTML format and tags the consolidated financial statements, including the explanatory notes, with Inline eXtensible Business Reporting Language (iXBRL). The prepared annual financial statements comply with the 2022 taxonomy. If a financial statement line item or text block is not defined in the ESEF taxonomy, a taxonomy extension has been created.

Basis of preparation of the Consolidated Financial Statements

The consolidated financial statements for the year ended 31 December 2024 have been prepared on a going concern basis and using the historical cost convention, except for certain items of property, plant and equipment, investment property, and certain financial instruments measured at fair value.

These consolidated financial statements also present comparative information for the previous reporting period.

Functional and presentation currency

The consolidated financial statements are presented in the national currency of the Republic of Lithuania, euro (EUR), which is the Parent company’s functional currency as well as of subsidiaries operating in Lithuania and Latvia. The functional currencies of foreign subsidiaries are the respective foreign currencies of the country of residence. Items included in the financial statements of these subsidiaries are measured using their functional currency. The principles of functional currency translation into the currency of the Group’s financial statements are disclosed in Note 7.1.3.1.

Due to rounding of certain amounts to thousand, figures in the tables may differ. Such rounding bias is immaterial in these financial statements.

Judgements and estimates

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty in applying accounting policies that have a significant effect on the amounts recognized in the financial statements and have a significant risk of causing material adjustments to the financial statements in the next financial year is included in the following notes:

Note 7.1.4: Classification of the fine imposed by the Competition Council. Given the settlement agreement with the Tax Authority regarding the payment of the fine by instalments, the liability is classified as current and non-current in the Groups financial statements.

Note 7.1.13: Deferred taxes recognition. Deferred tax asset is recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences could be utilised.

Note 7.1.14: Fair value of land and buildings which are measured using the revaluation model, useful lives of property, plant and equipment. The Group verifies economic useful lives of property, plant and equipment and intangible assets at least once a year (Note 7.1.3.3). Revaluations are carried out regularly ensuring that the carrying amount of land and buildings do not significantly differ from their fair values as at reporting date. The revaluation was carried out on 31 December 2022.

Note 7.1.16: Fair value of investment property. The Group engaged external appraisers to estimate the fair values of these assets.

Note 7.1.17: Measurement of net realizable value of inventories. A key factor in estimating the net realizable value of inventories is the recoverability of ongoing construction projects. Therefore, the Group engaged external appraisers to estimate the fair values of these projects based on discounted cash flow or comparable value approach, the Company also relied on the Purchase and Sale Agreement signed with a third party after the reporting date and related information.

Note 7.1.18: Impairment of trade receivables and measurement of revenue from contracts with customers as well as contract assets and contract liabilities based on the stage of completion of the construction contracts. The accurate recognition of revenue on contracts in progress is highly dependent on judgement exercised by the management in assessing the completeness and accuracy of the overall costs of the project (estimates) as it is the key assumption in the assessment of the stage of completion of the contracts in progress. Estimating the recoverable amounts of receivables is a process, which requires significant management judgement and estimates, particularly those that are related to future cash flows, expected credit losses assessment based on the analysis of the historical credit losses, considerations of future factors and other subjective risk factors related to the specific debtor or debtors' group. Estimates were applied in assessing the amounts to be collected and their timing.

Note 7.1.24: Warranty provision is calculated by the Group on a monthly basis based on monthly revenue. Warranty provision is being calculated by taking into account revenue, actual warranty expenses incurred in previous periods, its proportion against actual sales, legal term of warranty and historical information.

Note 7.1.27: The management judgements are to predict the outcome of litigations. Provisions are not recognised in the financial statements as based on the management judgement it is more likely than not, that the Group will win the legal disputes mentioned in the Note 7.1.27, or it is not possible to assess reliably the possible outcome of the contingency at the moment.

7.1.3. Summary of Significant Accounting Policies

Basis of consolidation

The financial statements of the subsidiaries are prepared for the same reporting year, using consistent accounting policies.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- The power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- The right to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.
- Generally, there is a presumption that a majority of voting rights result in control.
- Subsidiaries are consolidated from the date from which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. All intergroup transactions, balances and unrealised gains and losses on transactions among the Group companies have been eliminated. The equity and net income attributable to non-controlling interests, are shown separately in the statement of financial position and the statement of comprehensive income.
- The losses of subsidiaries are attributable to the non-controlling interest even if that results in a deficit balance on the non-controlling interest.
- Acquisitions and disposals of non-controlling interest by the Group are accounted as equity transaction: the difference between the value of the net assets acquired from/disposed to the non-controlling interests in the Group's financial statements and the share purchase/sale prices are accounted directly in equity.
- Change of ownership share in the subsidiary when control is retained, is accounted for as equity transaction. If the Group loses control of the subsidiary, the Group takes the following actions:
- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of non-controlling interest, if any;
- Derecognises accumulated currency exchange differences accounted for in equity;
- Accounts for consideration received at fair value;
- Accounts for retained investment at fair value;
- Accounts for arising surplus or deficit in the profit or loss;

Reclassifies the components previously recognized in other comprehensive income and attributable to the parent company to the statement of comprehensive income or retained earnings respectively.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the acquisition-date fair value of the consideration transferred and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration that is classified as an asset or liability is measured at fair value in accordance with IFRS 9: in either in profit/loss or as a change in other comprehensive income. If contingent consideration is classified as equity, it is not remeasured and its subsequent settlement is accounted for within equity. Acquisition costs incurred are expensed and included in administrative expenses.

If the business combination is achieved in stages, the acquirer's equity interest previously held in the acquiree is measured at fair value at the acquisition date through statement of comprehensive income.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in statement of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Impairment is assessed annually. Accounted impairment is not restated. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, assigned to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

A joint arrangement is an arrangement of which two or more parties have joint control. These arrangement has the following characteristics:

- The parties are bound by a contractual arrangement.
- The contractual arrangement gives two or more of those parties joint control of the arrangement.
- The Group has a joint arrangement that is a joint operation.
- As a joint operator the Group recognises in relation to its interest in a joint operation:
- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

During the reporting period, the Group adopted new standards and amendments to existing standards and their interpretations, which are relevant to the activities and effective for annual periods beginning on or after 1 January 2024.

a) Below are new standards, amendments thereto and interpretations effective for annual periods beginning on or after 1 January 2024

Amendments to IAS 1: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current (issued on 23 January 2020, effective from 1 January 2024)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments.

The amendments in Non-current Liabilities with Covenants (Amendments to IAS 1) (issued on 31 October 2022, effective from 1 January 2024):

Modify the requirements introduced by Classification of Liabilities as Current or Non-current on how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances: only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The amendments are applied retrospectively in accordance with IAS 8 and earlier application is permitted. The amendments do not have a material impact on the Group's financial statements

Amendments to IFRS 16 Lease Liability in a Sale and Leaseback with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale (issued on 22 September 2022, effective from 1 January 2024):

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to sale and leaseback transactions entered into after the date of initial application. The amendments do not have a material impact on the Group's financial statements

Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements (issued on May 2023, effective from 1 January 2024):

Supplier Finance Arrangements amends IAS 7 Statement of Cash Flows to require an entity to provide additional disclosures about its supplier finance arrangements. The amendments also add supplier finance arrangements as an example within the liquidity risk disclosure requirements of IFRS 7 Financial Instruments: Disclosures. The amendments do not have a material impact on the Group's financial statements

b) Standards issued but not yet effective and not early adopted and their amendments

Amendments to IAS 21 Lack of Exchangeability (issued on August 2023, effective from 1 January 2025, early application is possible):

Lack of Exchangeability amends IAS 21 The Effects of Changes in Foreign Exchange Rates to require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

The Group has not yet evaluated the impact of the implementation of these amendments.

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 (issued on 18 December 2024, effective from 1 January 2026 with early application permitted)

The amendments are to the own-use requirements, and hedge accounting requirements, together with related disclosures. The scope of the amendments is narrow, and only if contracts meet the specified scoping characteristics will they be in the scope of the amendments.

The amendments include - clarifying the application of the 'own-use' requirements; permitting hedge accounting if these contracts are used as hedging instruments; and adding new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

Amendments to IFRS 9 Financial Instruments

The own-use requirements in IFRS 9 are amended to include the factors an entity is required to consider when applying IFRS 9:2.4 to contracts to buy and take delivery of renewable electricity for which the source of production of the electricity is nature-dependent.

The hedge accounting requirements in IFRS 9 are amended to permit an entity using a contract for nature-dependent renewable electricity with specified characteristics as a hedging instrument:

to designate a variable volume of forecast electricity transactions as the hedged item if specified criteria are met; and

to measure the hedged item using the same volume assumptions as those used for the hedging instrument.

Amendments to IFRS 7 Financial Instruments: Disclosures and IFRS 19 Subsidiaries without Public Accountability: Disclosures

The IASB amends IFRS 7 and IFRS 19 to introduce disclosure requirements about contracts for nature-dependent electricity with specified characteristics

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.

The amendments shall be applied retrospectively; prior periods need not be restated to reflect the application of the amendments The Group has not yet evaluated the impact of the implementation of these amendments.

Annual Improvements Volume 11 (issued on 18 July 2024 effective from 1 January 2026, earlier application is permitted)

These amendments include clarifications, simplifications, corrections and changes aimed at improving the consistency of several IFRS Accounting Standards. The amendments contained in the Annual Improvements relate to:

- IFRS 1 First-time Adoption of International Financial Reporting Standards - Hedge Accounting by a First-time Adopter
- IFRS 7 Financial Instruments: Disclosures:
    - Gain or loss on derecognition
    - Disclosure of differences between the fair value and the transaction price
    - Disclosures on credit risk
- IFRS 9 Financial Instruments:
    - Derecognition of lease liabilities
    - Transaction price
- IFRS 10 Consolidated Financial Statements - Determination of a ‘de facto agent’
- IAS 7 Statement of Cash Flows - Cost Method.

These amendments are mandatory for financial years beginning on or after 1 January 2026; earlier application is permitted. The Group has not yet evaluated the impact of the implementation of these amendments.

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (issued on 30 May 2024 effective from 1 January 2026; earlier application is permitted)

Clarifying the classification of financial assets with environmental, social and corporate governance (ESG) and similar features—ESG-linked features in loans could affect whether the loans are measured at amortised cost or fair value. Stakeholders asked how to determine how such loans should be measured based on the characteristics of the contractual cash flows. To resolve any potential diversity in practice, the amendments clarify how the contractual cash flows on such loans should be assessed.

Settlement of liabilities through electronic payment systems—stakeholders highlighted challenges in applying the derecognition requirements in IFRS 9 to the settlement of a financial asset or a financial liability via electronic cash transfers. The amendments clarify the date on which a financial asset or financial liability is derecognised. The IASB also decided to develop an accounting policy option to allow a company to derecognise a financial liability before it delivers cash on the settlement date if specified criteria are met.

With these amendments, the IASB has also introduced additional disclosure requirements to enhance transparency for investors regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features, for example features tied to ESG-linked targets.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026. Earlier application of either all the amendments at the same time or only the amendments to the classification of financial assets is permitted.

An entity is required to apply the amendments retrospectively. An entity is not required to restate prior periods to reflect the application of the amendments, but may do so if, and only if, it is possible to do so without the use of hindsight. The Group has not yet evaluated the impact of the implementation of these amendments.

IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024 effective from 1 January 2027)

IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. The Group has not yet evaluated the impact of the implementation of this standard.

7.1.3.1. Foreign currency

Transactions in foreign currencies are translated to the functional currency at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate by the European Central Bank ruling at that date. The foreign currency gain or loss on monetary items is recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities denominated in foreign currencies that are measured at cost are translated to the functional currency at the exchange rate at the date that the asset or liability is recognised in statement of financial position. Foreign currency differences arising on translation are recognised in profit or loss.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to the presentation currency at exchange rates at the dates of the transactions. The effect of translation is recognized directly in other comprehensive income. When a foreign operation is disposed of, the relevant amount in the foreign currency translation reserve is reclassified to profit or loss.

7.1.3.2. Financial instruments

Financial instrument: a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

At initial recognition, financial asset is classified as either measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables and contract assets that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not have a significant financing component are measured at the transaction price identified under IFRS 15.

Financial asset is classified and measured at amortised cost or fair value through other comprehensive income, where cash flows arising from financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is known as the SPPI test and is performed for each financial instrument.

The Group's business model for managing financial assets refers to how the Group manages its financial assets in order to generate cash flows. The business model determines whether cash flows will be generated by collecting contractual cash flows, by selling this financial asset or by using both options.

A regular way purchases or sales of financial assets are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

After initial recognition, the Group measures a financial asset at:

a) Amortised cost (debt instruments);
b) Fair value through OCI with recycling of cumulative gains and losses upon derecognition (debt instruments). The Group did not have such instruments as at 31 December 2024 and 2023;
c) Fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments). The Group did not have such instruments as at 31 December 2024 and 2023;
d) Fair value through profit or loss. The Group did not have such instruments as at 31 December 2024 and 2023.

Financial asset at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

i) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
ii) Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets measured at amortised cost are subsequently accounted for by applying the effective interest method (EIR) less impairment losses. Gain or loss is recognised in the statement of comprehensive income when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade, other current and non-current receivables and loans granted.

Impairment of financial assets

Following IFRS 9, in common case scenario, the Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Assessment of impairment of trade receivables and contract assets

Based on the Group's management assessment, trade receivables and contract assets do not include a significant financing component and are accordingly measured for impairment using the simplified method, i.e. management makes an individual assessment of expected credit losses for each important customer taking into account its credit history, future factors and subjective risk factors related to the borrower. For all other receivables the Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Estimation of the impairment of loans granted

The Group is granting loans under the agreements with defined repayment terms. For assessment of impairment of loans granted the expected 12-months credit losses are assessed and accounted upon issue of the loan. In subsequent periods, given the absence of significant increase in the credit risk associated with the debtor, the Group re-assesses the 12-months ECL balance based on the loan amount still outstanding as of the date of the re-assessment. If it is determined that the financial position of the debtor has significantly deteriorated in comparison with the position when the loan was issued, the

Group accounts for ECL over the remaining life of the loan. Loans subject to assessment of lifetime ECLs are considered to be credit-impaired financial assets.

The Group considers that the debtor has defaulted on the obligations associated with the financial assets, if the contractual payments are overdue more than 90 days or when there are indications that the debtor, or the group of debtors, are facing significant financial difficulties, default on the payments of principal amount or interest, and there is a probability that bankruptcy or reorganization procedures will be initiated, as well as when observable data indicates that the decrease of expected future cash flows is likely, e.g. change in the overdue days or change in the economic factors that correlate with the defaults on the obligations.

ECLs for loans and trade receivables is accounted for through profit/loss using allowance for doubtful debts. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement:

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans received and payables. All financial liabilities are recognised initially at fair value and, in the case of loans received and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans received, including bank overdrafts and finance lease liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below.

Loans received and other payables

After initial recognition, loans and other payables are carried at amortised cost using the effective interest method (EIR). Gains and losses are recognised in the statement of comprehensive income, when the liabilities are written off or amortised. Amortised cost is calculated by reference to the discount or premium on acquisition, as well as taxes or costs that are an integral part of the EIR. EIR amortization is included in financial expenses in the statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, i.e. to realise the assets and settle the liabilities simultaneously.

Derecognition of Financial Assets and Liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

the contractual rights to receive cash flows from the financial asset have expired; or

The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the financial asset.

When the Group has transferred its rights to receive cash flows from a financial asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

The Group involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay (amount of the guarantee).

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

When a present financial liability is swapped with other liability to the same lessor, although, upon other conditions or when the present liability terms are substantially changed, this change is recognized as initial derecognition and establishment of a new liability. The difference between respective balance values is recognised in the statement of comprehensive income.

7.1.3.3. Property, Plant and Equipment

Items of property, plant and equipment except for land and buildings are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets.

Land and buildings are carried at revalued amount which is their fair value as at the revaluation date less subsequently accumulated depreciation and impairment. Revaluations are carried out regularly ensuring that the carrying amount of land and buildings do not significantly differ from their fair values as at reporting date. The fair value of land and buildings is established by certified independent real estate appraisers. The revaluation reserve of land and buildings is reduced by an amount equal to the difference between the depreciation based on the revalued carrying amount and the depreciation based on the original cost of the land and buildings each year and is transferred directly to retained earnings or loss.

In case of revaluation, when the estimated fair value of the assets exceeds their residual value, the residual value is increased to the fair value and the amount of increase is included into revaluation reserve of property, plant and equipment as other comprehensive income in equity. However, such increase in revaluation is recognised as income to the extent it does not exceed the decrease of previous revaluation recognised in profit or loss. Depreciation is calculated from the depreciable amount which is equal to acquisition cost or revaluated amount less residual value of an asset.

The accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal or recognising regular depreciation charge, any revaluation surplus relating to the particular asset being depreciation or sold is transferred to retained earnings.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of the Group’s self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Borrowing costs related to qualifying assets are capitalised.

When components of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The cost of replacing component of property, plant and equipment is capitalised only if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. The residual value of the replaced component is written-off. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives of the assets are the following:

- Buildings and structures 8–40 years
- Plant and machinery 5-10 years.
- Vehicles 5–10 years
- Tools and other assets 3–6 years

Depreciation methods, residual values and useful lives are reviewed at each reporting date.

Gains and losses on disposal are determined by comparing the proceeds from disposal with the residual value of property, plant and equipment and are recognised net within other income or expenses. When revalued assets are sold or reclassified, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

7.1.3.4. *Intangible assets (other than goodwill)*

Software and other intangible assets, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful life is 3 years. The Group does not have any intangible assets with infinite useful life.

7.1.3.5. *Investment Property*

Investment property of the Group consists of buildings that are held to earn rentals or for capital appreciation, rather than for use in the production, or supply of goods, or services or for administration purposes, or sale in the ordinary course of business.

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property are included in the profit or loss in the period in which they arise.

Acquisition cost includes expenditure that is directly attributable to the acquisition of the assets. The cost of self-constructed assets includes the cost of raw materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, as well as the costs of dismantling and removing the items and restoring the site on which they are located. Borrowing costs related to qualifying assets are capitalised.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, plant and equipment, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

7.1.3.6. *Leased Assets and Lease Liabilities*

A) Group as a lessee

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group (as a lessee) applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The Group had only few assets (cars) lease contracts that are insignificant at the beginning of 2020, however, a long-term lease agreement for 21 car was effective at the end of 2021.

Right of use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of the initial measurement of the lease liability, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Cars 3 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Leased Assets and Lease Liabilities

The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the estimates of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group apply the short-term lease recognition exemption to its non-current-asset (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

B) Group is a lessor

The Group’s buildings that are leased under operating lease agreements are accounted in the statement of financial position as *investment property.* Lease income is recognised on a straight line basis over the lease period.

7.1.3.7. Inventories

Capitalised costs related to the real estate development projects for sale in the usual activities of the Group, are classified as inventories and carried at lower of the cost or net realisable value (NRV).

Capitalised costs include land, construction, sub-contracting and other project development costs.

Other inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out (FIFO) principle, and includes expenditure incurred in acquiring the inventories, production and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Unrealisable inventory is fully written-off.

7.1.3.8. Cash and cash equivalents

Cash includes cash on hand and cash at banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of 3 months or less and that are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and in current bank accounts, as well as deposits in bank with original term equal to or less than 3 months.

7.1.3.9. Impairment of non-financial assets

The carrying amounts of non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount is the greater of the asset's value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash flows from continuing use that are largely independent of the cash flows of other assets or groups of assets.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. An impairment loss on a non-revalued asset is recognised in profit or loss.

However, an impairment loss on a revalued asset is recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Such an impairment loss on a revalued asset reduces the revaluation surplus for that asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

7.1.3.10. Dividends

Dividends are recognised as a liability in the period in which they are declared.

7.1.3.11. Provisions

A provision is recognised in the statement of financial position if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows to their present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

A provision for warranties is recognized when the underlying construction services are sold (assurance type warranty), as the Group does not provide additional warranties to customers. The provision is based on historical warranty costs data and probabilities.

7.1.3.12. *Employee benefits*

The Group does not have any defined contribution and benefit plans and has no share based payment schemes. Post-employment obligations to employees retired on pension are borne by the State.

Based on the requirements of the Labour Code of the Republic of Lithuania, each employee leaving the Group at the age of retirement is entitled to a one-off payment in the amount of 2-month salary.

The past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. Any gains or losses appearing as a result of changes in terms of benefits (curtailment or settlement) are recognised in the statement of comprehensive income as incurred. Current year cost of employee benefits is recognised as incurred in the statement of comprehensive income.

The above mentioned employee benefit obligation is calculated based on actuarial assumptions, using the projected unit credit method. Obligation is recognised in the statement of financial position and reflects the present value of these benefits on the preparation date of the statement of financial position. Present value of the non-current obligation to employees is determined by discounting estimated future cash flows using the discount rate which reflects the interest rate of the Government bonds of the same currency and similar maturity as the employment benefits. Actuarial gains and losses are recognised in other comprehensive income as incurred.

Short-term employee benefits are recognised as a current expense in the period when employees render the services. These include salaries and wages, social security contributions, bonuses, paid holidays and other benefits.

7.1.3.13. *Revenue*

Revenue from contracts with customers

The majority of the Group's revenue comes from the construction of buildings, structures, equipment and networks, and the production and assembly of wooden panel houses. In addition, as described in Note 7.1.5, the Group earns revenue from the design and manufacturing of metal structures. Revenue from contracts with customers is recognised when control of the services or goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services or goods. Generally, the Group has no material variable price components in its contracts with customers.

The Group has concluded that generally it is the principal in its construction services contracts even when the subcontractors are used in the implementation of the projects, because:

- controls the goods and services before transferring them to the customer;
- is responsible for the overall performance of the contract with the customer and is exposed to the risk of default;
- the entity has discretion in establishing the price.

Performance obligations arising from the construction contracts with customers', contracts for the assembly of wooden panel houses and the design and production of metal structures are fulfilled over time and respectively revenue from these contracts and installation services are recognized over time if any of the following criteria are met: (a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

When the Group can reasonably measure its progress towards complete satisfaction of the performance obligation, for each contract, the Group recognizes revenue and expenses based on the stage of completion. The stage of completion is assessed based on the proportion of the costs incurred in fulfilling the contract up to date over to the total estimated costs of the contract.

When the outcome of a contract cannot be estimated reliably (for example, in the early stages of a contract), only the portion of the contract costs incurred that is expected to be recovered is recognised as revenue.

Contract modification (scope or price or both) are accounted for as a separate contract if the scope of the contract increases because of the addition of promised goods or services that are distinct and the price of the contract increases by an amount of consideration that reflects the Group's stand-alone selling prices of the additional promised goods or services in the circumstances of the particular contract. Otherwise the contract modification is accounted as (a) termination of the existing contract and the creation of a new contract, if the remaining goods or services are distinct from the goods or services transferred on or before the date of the contract modification, or (b) part of the existing contract if the remaining goods or services are not distinct and, therefore, form part of a single performance obligation that is partially satisfied at the date of the contract modification. The effect that the contract modification has on the transaction price, and on the Group's measure of progress towards complete satisfaction of the performance obligation, is recognised as an adjustment to revenue (either as an increase in or a reduction of revenue) at the date of the contract modification.

Provisions for loss making contracts are recognized when the Group has a present obligation (legal or constructive) to complete the construction contract for the third party for the price that is lower than the total estimated cost to perform the contract as of the date of the financial statements. The difference between the contract price and the total estimated cost of delivery under the contract is recognised in the statement of comprehensive income at the reporting date. When contract costs are likely to exceed contract revenue, a loss is recognized immediately in profit or loss.

When fulfilling the contracts, the Group can receive short term prepayments from its customers.

Applying the practical expedient, the Group is not adjusting the price allocation by the financing component, if at the inception of the contract it is expected that the time period from the customer payment for goods/services till the delivery of these goods/services will not exceed one year.

Balances under contract

Contract assets

Contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before the Group's right to amount of consideration is unconditional, a contract asset is recognised for the earned consideration, except any amounts that are recognized as receivables.

Receivables

Receivables represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Receivables are accounted for in accordance with IFRS 9 (Note 7.1.3.2).

Contract liability

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when the Group performs under the contract.

Revenue from the sale of other services or goods is recognised when the services are rendered or control of the inventory is transferred, but such transactions are relatively insignificant.

7.1.3.14. Finance Income and Expense

Finance income comprises mainly interest income and other similar income. Interest income is recognised as it accrues, using the effective interest method. Financial costs comprise interest expense and other financial expenses. All borrowing costs are recognised using the effective interest method. Foreign currency gains and losses are reported on a net basis in profit or loss.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. Other borrowing costs are expensed as incurred.

7.1.3.15. Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date. Each company of the Group is taxed individually, irrespective the consolidated Group's results. Most of the Group's activities are carried out in Lithuania, where income tax rate of 15% applies.

Deferred taxes are calculated using the balance sheet liability method. Deferred tax is recognised, providing for temporary differences between the carrying values of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantially enacted at the date of the statement of financial position.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Starting from 1 January 2014, the tax loss carried forward cannot exceed 70% of the taxable profit of current financial year in Lithuania. Tax losses can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments. Such carrying forward is disrupted if the company changes its activities due to which these losses were incurred except when the entity does not continue its activities due to reasons which do not depend on the Company itself. The losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and can only be used to reduce the taxable income earned from the transactions of the same nature.

7.1.3.16. Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the net profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, such as convertible notes and share options granted to employees.

The Group has no dilutive potential ordinary shares. The diluted earnings per share are the same as the basic earnings per share.

7.1.3.17. Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. An operating segment's operating results are reviewed regularly by the chief operating decision maker of the Group to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

7.1.3.18. Assessment of fair value

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Fair values have been determined for measurement and/or disclosure purposes based on the methods and assumptions described in Notes 7.1.14, 7.1.16 and 7.1.29. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

7.1.3.19. Inter-company offsetting

When preparing the financial statements, assets and liabilities as well as revenues and expenses are not set off except for the cases where the International Financial Reporting Standards specifically require such off-setting.

7.1.4. Financial Risk Management

General information

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

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

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty fails to meet its contract liabilities. This risk arises principally from the Group's trade receivables, contract assets and the balance of cash and cash equivalents.

The Group controls credit risk by credit policies and procedures. Based on the credit risk policy established by the Group, standard payments and terms are only offered after credit standing of each new client has been assessed. Customers that fail to meet the benchmark creditworthiness may transact with the Group only on a prepayment basis.

The measure of credit risk is the maximum credit risk for each class of financial instruments, which is equal to their carrying amount. The maximum amount of exposure to credit risk in relation to particular classes corresponds to their carrying amount.

The maximum exposure to credit risk is set out below:

(EUR thousand)	2024	2023
Trade Receivables and Contract Assets	12,769	19,528
Loans granted	-	-
Cash and cash equivalents	4,253	10,047
Total	**17,022**	**29,575**

Trade receivables and contract assets (EUR thousand)	2024	2023
Municipalities and state institutions	1,094	1,354
Legal persons	11,675	18,174
Total trade receivables and contract assets	**12,769**	**19,528**

In the statement of financial position, trade receivables and contract assets (i.e. accrued income on the stage of completion) are accounted for under the caption “Non-current and current trade receivables and contract assets”, as disclosed in Note 7.1.18.

Trade receivables from major customers:

(EUR thousand)	2024	%	2023	%
Client 1	1,499	11.7	4,212	25.9
Customer No 2	1,240	9.7	3,122	19.2
Customer No 3	1,094	8.6	1,142	7.0
Customer No 4	869	6.8	1,116	6.8
Customer No 5	612	4.8	747	4.6
Customer No 6	505	4.0	718	4.4
Customer No 7	484	3.8	441	2.7
Other customers	6,709	52.5	8,302	29.7
Impairment	(243)	(1.9)	(272)	(0.3)
Total	**12,769**	**100**	**19,528**	**100**

Trade receivables by geographic regions:

(EUR thousand)	2024	2023
Local market (Lithuania)	12,342	18,432
Euro zone countries	198	772
Other countries	229	324
Total	**12,769**	**19,528**

Ageing of gross trade receivables as at the reporting date can be specified as follows:

(EUR thousand)	2024	Impairment	2023	Impairment
Not overdue	11,046		16,238	
Overdue 0-30 days	1,391		1,405	
Overdue 30-90 days	270		1,126	
More than 90 days	305	243	1,031	272
Total	**13,012**	**243**	**19,800**	**272**

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The main components of this allowance are specific losses that relate to individually significant accounts receivable and expected credit losses recognised using ELCs method. Methodology used for establishing the allowance is reviewed regularly to reduce any differences between loss estimate and actual loss experienced.

Cash and cash equivalents comprise cash on hand and at bank (only reliable banks are selected); therefore, the related credit risk is relatively low.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial liabilities as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Typically, the Company ensures that it has sufficient cash on demand to meet expected operating expenses, including the servicing of borrowings.

Payment maturities of financial liabilities as at 31 December 2024 (undiscounted) as to the agreements, are presented below:

(EUR thousand)	Carrying amount	Contractual undiscounted cash flows	Up to 6 months	More than 6 months
Liabilities				
Loans and lease liabilities	20,532	39,425	21,336	18,089
Trade payables	14,672	14,672	14,672	-
Fine payable in accordance the decision of the Competition Council	3,016	3,140	746	2,394
Total	**38,220**	**57,237**	**36,754**	**20,483**

Payment maturities of financial liabilities as at 31 December 2023 (undiscounted) as to the agreements, are presented below:

(EUR thousand)	Carrying amount	Contractual undiscounted cash flows	Up to 6 months	More than 6 months
Liabilities				
Loans and lease liabilities	22,982	25,939	5,082	20,857
Trade payables	17,859	17,859	17,859	-
Fine payable in accordance the decision of the Competition Council	4,409	4,671	772	3,899

Total	**45,250**	**48,469**	**23,713**	**24 756**

Interest rate applied for calculation of contractual net cash flows:

	2024	2023
Loans and lease liabilities	5.154-6.536%	6.349-6.561%

On 14 December 2017, an overdraft agreement was signed with bank with the limit of EUR 15 million. Overdraft with the repayment term of 14 June 2021 was used for the development of real estate project of *Šeškinės Projektai UAB* on 31 December 2020. To refinance the loan, *Šeškinės projektai UAB* signed a credit agreement with *OP Corporate Bank PLC* and *Citadele AB* for EUR 20,000 thousand in 2021. The contractual maturity date is 1 July 2026. On 17 June 2021, the Group signed an overdraft agreement with bank with the limit of EUR 5 million. . The agreement was extended until 30 September 2025. As at 31 December 2024, the balance of overdraft limit utilised amounted to EUR 2,366 thousand (Note 7.1.23).

Market risk

Market risk is the risk that changes in market prices, such as changes in foreign currency rates and interest rates will affect the results of the Group. The purpose of the market risk management is to manage open positions of risk in order to optimize returns. As at 31 December 2024 and 2023, the Group did not use any derivatives.

Currency risk. The Group is exposed to the risk of changes in foreign currency rates on sales and receivables, purchases payables and borrowings that are denominated in a currency other than the functional currency.

During the year, currency exchange rates in respect of the euro were as follows:

	As at 31 December 2024	Average 2024	As at 31 December 2023	Average 2023
1 SEK =	0.0871	0.0875	0.0901	0.0871
1 PLN =	0.2344	0.2323	0.2304	0.2201
1 NOK =	0.0844	0.0860	0.0817	0.0876

The Group’s analysis of monetary balance sheet items by currency can be specified as follows:

As at 31 December 2024 (EUR thousand)	EUR	NOK	PLN
Deferred tax assets	1,466		
Trade Receivables and Contract Assets	11,793	-	976
Excess VAT, prepaid income tax	344	-	40
Cash and cash equivalents	4,105	44	104
Deferred tax liability	(1,470)	-	-
Loans and borrowings	(23,548)	-	-
Trade payables	(13,820)	(122)	(730)
Provisions	(984)	-	
Income tax	-	(20)	(3)
Other liabilities	(6,812)	-	(1,265)
		-	
Total exposure	**(28,926)**	**(98)**	**(878)**

As at 31 December 2023 (EUR thousand)	EUR	NOK	PLN
Deferred tax assets	1,079	-	
Trade Receivables and Contract Assets	18,347	-	1,115
Excess VAT	613	-	41
Cash and cash equivalents	4,058	91	104
Deferred tax liability	(1,470)	-	-

Loans and borrowings	(23,548)	-	-
Trade payables	(17,099)	(30)	(730)
Provisions	(889)	-	-
Income tax	(14)	(130)	(3)
Other liabilities	(8,245)	(222)	(84)
Total exposure	**(27,168)**	**(291)**	**443**

Interest rate risk. All the Group's loans received and granted, and other borrowings are subject to variable interest rates linked to EURIBOR. No financial instruments are used by the Group to manage the risk.

With an increase in the interest rate by 0.5% as at 31 December 2024, the Group's net profit would decrease by approximately EUR 103 thousand due to loans received (as at 31 December 2023, net profit would decrease by EUR 115 thousand).

Capital management

The Boards policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital and proposes the level of dividends based on the Group's financial results and strategic plans.

The Board also aims to keep balance between higher return, which could be available if there was higher level of borrowed "funds" and security, which is provided by higher level of equity. The Group adheres to the requirement set in the Law on Companies of the Republic of Lithuania under which the equity of the entity must not be less than ½ of the issued capital. As at 31 December 2024 and 2023, the Group was in line with this requirement. The Group's capital management policy did not change during the year.

For capital management purpose, capital consists of share capital, retained earnings, revaluation reserve and legal reserve.

7.1.5. Segments

For management purposes, the Group is organized into business units based on type of activities and has four reportable segments:

- Construction;
- Steel structures;
- Wooden panel houses;
- Other activity.

The segment of construction includes operations of *PST Group AB, Vekada UAB*, *Alinita UAB*, *Aliuminio Fasadai UAB* and *PS Trests SIA*. The main field of activity is the construction, design and installation of various buildings, aluminium design production and installation, constructions, facilities and communications or construction of other objects (electrical installation works, renovation of buildings, installation of plumbing, sewage and fire protection systems, video surveillance systems, security and fire alarm systems) in Lithuania and outside the country.

The segment of **Steel Structures** includes operations of *Hustal UAB*. The main field of activity is designing and fabrication of steel structures for construction purposes. This company also supplies steel structures for other companies where steel items are required.

The segment of wooden panel houses includes operation of *Stadus UAB*. The main field of activity is production, construction and outfit of wooden panel houses. Wooden panel houses are the main product of the Group with approximately 92 % of products successfully exported to Norway, Sweden, the Netherlands, Iceland and other countries.

Other activity includes operations of *Šeškinės Projektai UAB*, *Ateities Projektai UAB*, *PST Investicijos UAB*, whose main activity is real estate development, and *Kingsbud Sp.z.o.o.*, which the main activity is the wholesale trading of building materials, as well as other activities of *PST Group AB* (concrete floor installation, etc.).

Operating segments related to construction activity have been aggregated in order to form one construction segment as these separate segments are to various operations performed at different phases of construction. No other operating segments have been aggregated to form the above reportable segments.

Segment performance is evaluated based on operating profit or loss and is measured consistently with profit from operations in the consolidated financial statements.

Transfer prices between operating segments are based on the prices set by the management, which management considers being similar to transactions with third parties.

Operating Segments

The following tables present revenue, expenses, profit and certain asset and liability information regarding the accountable operating segments:

Segment assets and liabilities are presented after elimination of intercompany assets and liabilities within the segment, which are eliminated on consolidation.

Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment properties.

(EUR thousand) **As at 31 December 2024 or during 2024**	**Construction**	**Steel structures**	**Wooden panel houses**	**Other activity**	**Total segments**	**Intersegment eliminations**	**Total Group**
Third parties	76,141	6,158	8,326	10,053	100,678	-	100,678
Intersegment	3,276	1	-	1,457	4,734	4,734	
Total revenue	**79,417**	**6,159**	**8,326**	**11,510**	**105,412**	**4,734**	**100,678**
Other revenue	985	7	106	921	2,019	-	2,019
Expenses							
Depreciation and amortisation	(796)	(96)	(138)	(20)	(1050)	-	(1,050)
Other administrative and selling expenses	(82,473)	(5,628)	(7,965)	(8,698)	(104,764)	-	(104,764)
Interest expenses	(439)	(2)	-	(1,166)	(1,607)	-	(1,607)
Interest income	-	-	-	-	-	-	-
Financial activity (other than interest), net	(3)	-	6	1	4	-	4
Other expenses	(526)	(7)	(62)	(941)	(1,536)	-	(1,536)
Income tax expense	395	7	(22)	(278)	102	-	102
Segment result	**(3,440)**	**440**	**251**	**1,329**	**(1,420)**	**4,734**	**(6,154)**
Segment assets	**46,422**	**4,084**	**3,177**	**40,712**	**94,395**	**(21,861)**	**72,534**
Segment liabilities	**26,993**	**1,299**	**1,644**	**30,493**	**60,429**	**(11,947)**	**48,482**
Other disclosures							
Capital expenditure	**456**	**190**	**39**	**47**	**732**	**-**	**732**

(EUR thousand) **As at 31 December 2023 or during 2023**	**Construction**	**Steel structures**	**Wooden panel houses**	**Other activity**	**Total segments**	**Intersegment eliminations**	**Total Group**
Revenue							
Third parties	87,662	10,009	11,163	10,994	119,828	-	119,828
Intersegment	4,033	1	0	1,845	5,879	5,879	-
Total revenue	**91,695**	**10,010**	**11,163**	**12,839**	**125,707**	**5,879**	**119,828**
Other revenue	964	3	120	704	1,791	-	1,791
Expenses							
Depreciation and amortisation	(964)	(85)	(135)	(14)	(1,198)	-	(1,198)
Other administrative and selling expenses	(88,020)	(8,513)	(10,088)	(11,569)	(118,190)	-	(118,190)
Interest expenses	(376)	(3)	-	(1,088)	(1,467)	-	(1,467)
Interest income	-	-	-	-	-	-	-
Financial activity (other than interest), net	(1)	-	1	3,983	3983	-	3983
Other expenses	(894)	(9)	(55)	(627)	(1,585)	-	(1,585)
Income tax expense	455	(2)	(126)	(167)	160	-	160
Segment result	**2,859**	**1,401**	**880**	**4,061**	**9,201**	**5,879**	**3,322**
Segment assets	**57,636**	**4,589**	**4,492**	**41,286**	**108,003**	**(21,632)**	**86,371**
Segment liabilities	**32,588**	**1,551**	**2,601**	**31,520**	**68,260**	**(12,136)**	**56,124**
Other disclosures							
Capital expenditure	**673**	**191**	**159**	**80**	**1,103**	**-**	**1,103**

Reconciliation of assets	2024	2023
Segment operating assets	**94,395**	**108,003**
Intersegment assets	(21,861)	(21,632)
Total assets	**72,534**	**86,371**

Reconciliation of liabilities	2024	2023
Segment operating liabilities	**60,429**	**68,260**
Intersegment liabilities	(11,947)	(12,136)
Total liabilities	**48,482**	**56,124**

Geographical information

The following table presents the Group's geographical information on revenue based on the location of the customers:

	2024	2023
Lithuania	85,719	97,131
Scandinavian countries	12,504	20,521
Other countries	2,455	2,176
	100,678	**119,828**

The major part of the Group's non-current assets is located in Lithuania. Non-current assets consist of property, plant and equipment, investment property, intangible assets, non-current financial and other assets.

7.1.6. Revenue from contracts with customers

(EUR thousand)	2024	2023
Construction	76,141	87,662
Other revenue from contracts with customers	24,537	32,166
Total sales income	**100,678**	**119,828**

In 2024, the Group recognised EUR 3,567 thousand of revenue from contracts with customers that were included in the balance of contract liabilities at the beginning of the period (2023: EUR 3,143 thousand).

Information on contracts outstanding at the end of the financial year is disclosed in Note 7.1.18

7.1.7. Cost of sales

(EUR thousand)	2024	2023
Construction sub-contractors	38,823	43,867
Raw materials and consumables	31,497	40,324
Payroll expenses (Note 7.1.10)	14,893	16,276
Depreciation and amortisation	415	418
Other	10,597	6,703
Total cost of sales	96,225	**107,588**

7.1.8. Selling expenses

(EUR thousand)	2024	2023
Advertising and similar expenses	48	58
Payroll expenses (Note 7.1.10)	514	475
Other expenses	39	46
Total selling expenses	**601**	**579**

7.1.9. Administrative expenses

(EUR thousand)	2024	2023
Payroll expenses (Note 7.1.10)	6,468	7,870
Purchased services for administrative use	1,809	1,793
Operating taxes other than income tax	314	298
Depreciation charge	402	492
Total impairment loss of trade debts, contract assets and other receivables:	**(29)**	**(96)**
Impairment (reversal of impairment) of receivables (Note 7.1.18)	(29)	(96)
Amortisation charge	32	38
Write-down (reversal) of inventories to net realizable value (Note 7.1.17)	12	17
Audit expenses	132	99
Rent expenses	287	310
Reimbursement of costs under the Settlement Agreement	(1,200)	-
Other expenses	761	400
Total administrative expenses	**8,988**	**11,221**

On 23 January 2024, *PST Group AB* (PST), former managing director and insurers *R&Q Syndicate Management Limited* and *Marco International Insurance Company Limited* signed a settlement agreements, whereby amicably discontinuing all court and arbitration disputes regarding the civil liability of the former managing director of PST (regarding the fine imposed by the Competition Council of the Republic of Lithuania under the resolution No 2S-11 (2017) of 20 December 2017) and the payment of the related insurance benefit. In line with the settlement agreements, the insurers paid EUR 1,200,000 in favour of PST, and PST waived all its claims against the insurers and the former managing director. The indicated amount was charged to operating expenses.

7.1.10. Payroll expenses

(EUR thousand)	2024	2023
Wages and salaries	20,476	22,011
Compulsory social security contributions	408	435
Daily allowances and incapacity benefits	983	1,218
Change in accrued vacation reserve and bonuses	36	1,016
Total salary related expenses	**21,903**	**24,680**
Recognised in:		
Cost of sales	14,893	16,276
Administrative expenses	6,468	7,870
Selling expenses	514	475
Other operating expenses	28	59
Total salary related expenses	**21,903**	**24,680**

7.1.11. Other Income and Expenses

(EUR thousand)	2024	2023
Change in fair value of investment property	285	178
Rental and other income	1,579	1,466
Gain from sale of property, plant and equipment and other	155	147

Total other income	**2,019**	**1,791**
Depreciation of rented premises	(201)	(251)
Other expenses	(1,335)	(1,334)
Total other expenses	**(1,536)**	**(1,585)**
Total other income and expenses, net	**483**	**206**

7.1.12. Finance Income and Expense

(EUR thousand)	2024	2023
Interest expenses, related to penalty imposed by the Competition Council (Note 27)	-	-
Foreign currency exchange gain	24	1
Liquidation of subsidiary	-	3,780
Other finance income	9	7
Total finance income	**33**	**3,788**
Loan interest expenses	(1,607)	(1,467)
Reversal of impairment of contracts in progress	-	341
Foreign currency exchange loss	(23)	(5)
Other expenses	(6)	(141)
Total finance expense	**(1,636)**	**(1,272)**
Total finance income and expense, net	**(1,603)**	**2,516**

7.1.13. Income tax

Income tax expense:

(EUR thousand)	2024	2023
Current income tax expense	47	162
Change in deferred tax	(149)	(322)
Total income tax expense	**(102)**	**(160)**

In 2024 and 2023, the Group applied a standard rate of 15% in Lithuania, 22% rate in Norway, 19% rate in Poland, 20% in Russia and 0% in Latvia. Reconciliation of effective tax rate:

(EUR thousand)	2024		2023	
Profit (loss) before tax		(6,256)		3,162
Income tax expense (benefit) applying the Group's tax rate in Lithuania	15.0%	(938)	15.0%	474
Impact of different tax rates in other countries		12		38
Non-deductible expenses		130		(175)
Non-taxable income		(233)		(118)
Utilized tax losses		0		(57)
Change in deferred tax asset's realisation allowance		927		(322)
	(1.63)%	**(102)**	**(5.06)%**	**(160)**

Deferred tax:

(EUR thousand)	2024		2023	
	Temporary differences	Deferred tax	Temporary differences	Deferred tax
Impairment of receivables	228	37	257	39
Write-down of inventories to net realisable value	104	17	91	13
Accrued vacation reserve	353	57	610	91

Accrued bonuses	132	21	295	44
Warranty provisions and other	613	98	787	118
Accrued pensions	331	53	-	-
Tax losses carry forward	14,141	2,262	12,189	1,828
Onerous contracts	857	137	102	15
Other provisions	76	12	-	-
Total deferred tax assets		**2,694**		**2,148**
Unrecognised deferred tax asset		**(10)**		**(10)**
Deferred tax asset recognised		**2,684**		**2,138**
Revaluation of land and buildings	(2,063)	(330)	(2,362)	(354)
Difference in investment property value	(14,735)	(2,358)	(12,937)	(1,941)
Deferred tax liabilities		**(2,688)**		**(2,295)**
Total deferred tax, net		**(4)**		**(157)**
Reported in the statement of financial position as:				
Deferred tax assets		1,466		1,079
Deferred tax liability		(1,470)		(1,236)

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the tax benefit can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax asset of impairment of a part of accounts receivable and tax differences in foreign jurisdictions has not been recognized due to uncertainty of realisation.

Unused tax loss carry forward as at 31 December 2024 amounted to EUR 19,201 thousand (as at 31 December 2023, EUR 12,189 thousand). Tax loss carry forward can be utilised indefinitely.

Group’s deferred income tax assets and liabilities have been netted-off to the extent to which they are related to the same tax authority and the same taxable entity.

Change of deferred tax:

(EUR thousand)	2024	2023
Net deferred tax as at 1 January	(157)	(479)
Amounts recognised in other comprehensive income	-	-
Recognised in profit or loss	153	322
Net deferred tax as at 31 December	**(4)**	**(157)**

Change of income tax payable:

(EUR thousand)	2024	2023
Prepaid income tax as at 1 January	28	24
Income tax payable as at 1 January	(147)	(132)
Prepaid (payable) income tax as at 1 January	**(119)**	**(108)**
Income tax calculated over the reporting period	(47)	(162)
Paid/set off with overpayment of other taxes	153	151
Prepaid income tax as at 31 December	10	28
Income tax payable as at 31 December	(23)	(147)
Prepaid (payable) income tax as at 31 December	**(13)**	**(119)**

7.1.14. Property, Plant and Equipment

(EUR thousand)	Land and buildings	Machinery and equipment	Vehicles	Fixtures and fittings	Construction-in-progress	Total
Cost (revalued carrying amount of land and buildings)						
Balance as at 1 January 2024	**8,993**	**4,234**	**2,763**	**1,198**	**134**	**17,322**
Additions	16	323	38	209	16	602
Reclassification	(116)	-	-	-	(20)	(136)
Disposals and asset written off	(570)	(281)	(156)	(251)	-	(1,258)
Balance as at 31 December 2024	**8,323**	**4,276**	**2,645**	**1,156**	**130**	**16,530**
Balance as at 1 January 2023	**9,849**	**4,320**	**2,650**	**1,249**	**0**	**18,068**
Additions	75	382	286	210	134	1,087
Reclassification	(931)					(931)
Disposals and asset written off	-	(468)	(173)	(261)	-	(902)
Balance as at 31 December 2023	**8,993**	**4,234**	**2,763**	**1,198**	**134**	**17,322**
Depreciation and impairment						
Balance as at 1 January 2024	1,472	3,272	2,199	748	-	7,691
Depreciation for the year	462	233	142	179	-	1,016
Disposals and asset written off	(354)	(278)	(143)	(178)	-	(953)
Balance as at 31 December 2024	1,580	3,227	2,198	749	-	7,754
Balance as at 1 January 2023	995	3,407	2,193	805	-	7,400
Depreciation for the year	477	318	174	188	-	1,157
Disposals and asset written off		(453)	(168)	(245)	-	(866)
Balance as at 31 December 2023	1,472	3,272	2,199	748	-	7,691
Residual value						
As at 1 January 2023	**8,854**	**913**	**457**	**444**	**-**	**10,668**
As at 1 January 2024	**7,521**	**962**	**564**	**450**	**134**	**9,631**
As at 31 December 2024	**6,743**	**1,049**	**447**	**407**	**130**	**8,776**

(EUR thousand)	2024	2023
Depreciation recognised in:		
Cost of sales	413	414
Administrative expenses	402	492
Other expenses	201	251
Total depreciation	**1,016**	**1,157**

Land and buildings are stated at revalued amount. The last external revaluation was performed as at 31 December 2022 based on the consultations on possible market prices of the Group's land and buildings provided by independent appraisers, having appropriate recognized professional qualifications and necessary experience in valuation of property at certain location and of certain category. The valuation was performed using the comparable value approach. Significant unobservable data was used in fair value measurement, i.e. price per square meter/are. The fair value would increase with an increase in price per square meter/are and decrease with a decrease in price per square meter/are.

If the buildings and land were stated at cost model, their net book value as at 31 December 2024 would be equal to EUR 1,355 thousand (as at 31 December 2023, EUR 1,555 thousand).

As at 31 December 2024, the acquisition cost of fully depreciated but still in use property, plant and equipment amounted to EUR 5,025 thousand, (as at 31 December 2023, EUR 4,167 thousand).

As at 31 December 2024, land and buildings, including investment property, with the carrying amount of EUR 40,149 thousand were pledged to the banks (as at 31 December 2023, EUR 42,724 thousand). At 31 December 2024, the net book value of right-of-use assets (machinery, equipment and vehicles) was EUR 133 thousand (2023: EUR 100 thousand).

7.1.15. Intangible Assets

(EUR thousand)	Goodwill	Software	Other assets	Total
Cost				
Balance as at 1 January 2024	323	369	56	748
Additions	46	6	9	61
Asset written-off	-	(12)	-	(12)
Balance as at 31 December 2024	369	363	65	797
Balance as at 1 January 2023	323	354	56	733
Additions	-	16	-	16
Asset written-off	-	(1)	-	(1)
Balance as at 31 December 2023	323	369	56	748
Amortisation/impairment loss				
Balance as at 1 January 2024	292	192	54	538
Calculated during the year	-	30	4	34
Amortisation of asset written-off	--	(2)	(9)	(11)
Balance as at 31 December 2024	292	220	49	561
Balance as at 1 January 2023	292	153	53	498
Calculated during the year	-	40	1	41
Amortisation of assets written-off	-	(1)	-	(1)
Balance as at 31 December 2023	292	192	54	538
Residual value				
As at 1 January 2024	**31**	**177**	**2**	**210**
As at 31 December 2024	**77**	**143**	**16**	**236**

Amortisation is accounted for in the following way: EUR 2 thousand is included under cost of sales, EUR 32 thousand – administrative expenses (2023: EUR 4 thousand – under cost of sales, EUR 38 thousand – administrative expenses).

As at 31 December 2024, acquisition cost of fully amortised intangible assets still in use amounted to EUR 126 thousand, (as at 31 December 2023, EUR 28 thousand).

7.1.16. Investment Property

(EUR thousand)	2024	2023
Balance as at 1 January	33,841	32,565
Reclassification to property, plant and equipment	259	886
Reclassified of project in progress from inventories	745	212
Change in fair value (180+105)	285	178
Balance as at 31 December	**35,130**	**33,841**

In 2015, the Company acquired a 14-floor hotel Panevėžys located in Panevėžys, 16.74% of which is rented out to third parties, and the rest of the hotel is not used. The Company has no detailed plans regarding the use of the remaining part of the building yet; however, the building is not planned to be further used in the Company’s activities; therefore, the whole building is classified as an investment property.

The fair value measurement has been determined by valuation of the building carried out by the independent property appraisers *Ober-Haus UA*B, having appropriate professional qualification and relevant valuation experience. The discounted cash flow method was used in the valuation (discount rate – 9%, exit yield – 7%, occupation rate 60%; the same assumptions were used in 2024 and 2023).

The identified fair value of the above investment property of EUR 1,870 thousand (2023: EUR 1,690 thousand) was attributed to Level 3 in the fair value hierarchy.

At the end of the financial year, future minimum lease payments receivable under non-cancellable lease agreements were the following: EUR 138 thousand in less than one year, EUR 19 thousand between one and five years (as at 31 December 2023: EUR 155 thousand in less than one year, EUR 70 thousand between one and five years). Revenue from the hotel premises rent in 2024 amounted to EUR 155 thousand (2023: EUR 132 thousand) and was accounted for under other income (see Note 7.1.10).

The Group reclassified the operational buildings, storages and other premises to investment property that are rented for third parties. Estimated fair value of these buildings as at 31 December 2024 amounted to EUR 319 thousand, which was evaluated in accordance with the reports of independent real estate appraisers and a percentage of rented space. The assessment of assets was carried out by *Corporation Matininkai UAB*. Assets were evaluated using comparable and income methods, with regard to the larger value. An average discount rate of 11.91% was applied to income method in accordance with weighted average cost of capital.

Expected rental receivables of this investment property under non-cancellable contracts as at 31 December 2024 amounted to: EUR 69 thousand in less than one year, EUR 225 thousand – between one and five years (as at 31 December 2023, EUR 62 thousand in less than one year, EUR 13 thousand – between one and five years).

Revenue from lease in 2024 amounted to EUR 58 thousand (in 2023: EUR 68 thousand) and was accounted under other income.

During 2021 and 2020, the Company reclassified the real estate project under development (office building) *Šeškinės Projektai UAB* from inventories to investment property to achieve the management's current objectives to earn rentals. Following reclassification of certain assets, accounted for as assets used in Group of companies, the fair value of remaining investment property as at 31 December 2024 was estimated at EUR 32,948 thousand (as at 31 December 2023, EUR 31,800 thousand). In 2024, these assets were measured at fair value in accordance with the Group's accounting policy on investment property, and an increase in value of EUR 105 thousand (2023: EUR 178 thousand) was accounted for under other income (Note 11). The management considered the consultation of the independent appraiser (Ober-Haus Nekilnojamas Turtas) on the fair value of the project as at 5 December 2024. Key assumptions used by the management in the estimation of the recoverable value of investment as at 5 December 2024 were as follows: discount rate – 8.50% (pre-tax), leased area – 98.15%, with the cost of 11.67–24.20 EUR/sq. m. per month for lease of premises.

At the end of the financial year, future minimum lease payments receivable under non-cancellable lease agreements for office premises were as follows: EUR 2,722 thousand in less than one year, EUR 3,479 thousand between one and five years (2023: EUR 2,512 thousand in less than one year, EUR 4,370 thousand between one and five years). In 2024, lease income comprised EUR 2,444 thousand and was accounted under sales revenue (2023: EUR 2,386 thousand).

7.1.17. Inventories

(EUR thousand)	2024	2023
Capitalized costs related to real estate development	3,500	3,242
Other inventories	4,079	5,727
Total inventories	**7,579**	**8,969**

Capitalised costs related to real estate development are as follows:

(EUR thousand)	2024	2023
Cost:		
Costs of acquired land and real estate	2,624	2,700
Real estate development project costs	876	542

Total cost	3,500	3,242
Write-down:		
Write-down to net realisable value of projects in progress	-	-
Total write-down	-	-
Total capitalised costs	**3,500**	**3,242**

Change in write-down of capitalised costs:

	2024	2023
Write-down to net realisable value of capitalised costs at the beginning of the period	**-**	**481**
Additional write-down (reversal) recognized under administrative expenses	-	(481)
Write-down to net realizable value of capitalized costs at the end of the period	**-**	**-**

Write-down of capitalised costs in relation to real estate development projects is measured taking into consideration the expected realisation amounts of these projects, which are based on the assessment of market prices of real estate projects performed by independent appraisers. For each construction project under development a special purpose entity is established. As at 31 December 2024 and 2023, the following companies incurred the Group properties' development costs:

	Total capitalized costs as of 31 December 2024, carrying amount	Total capitalized costs as of 31 December 2023, carrying amount
PST Group AB	2,563	2,723
Ateities Projektai UAB	937	519
Total	**3,500**	**3,242**

The net realisable value of project developed by *Ateities Projektai UAB* was assessed based on independent real estate appraiser's *Ober-Haus Nekilnojamas Turtas* consultation on possible market price as of 31 December 2024. Income and comparable value approach was applied. The project implementation stage I was completed in 2022, construction works for the stage II and stage III are in progress.

The net realisable value of project developed by *PST Group AB* in Vilnius (Kudirkos st.) was assessed based on independent real estate appraiser's *Ober-Haus Nekilnojamas Turtas* consultation on possible market price as at 2 December 2024. Residual value approach was applied. In December 2024, the Board of the Group made the decision to sell the projects under development in Vilnius (Kudirkos st.).

Other inventories can be specified as follows:

(EUR thousand)	2024	2023
Raw materials and consumables	2,181	3,124
Work in progress and finished goods	1,746	2,434
Goods for resale	256	261
Write-down to net realizable value at the beginning of the year	(92)	(75)
Write-off	11	8
Additional write-down to net realisable value during the period	(23)	(25)
Write-down to net realisable value	**(104)**	**(92)**
Total other inventories	**4,079**	**5,727**

Change in write-down of other inventory to the net realisable value was included under administrative expenses.

7.1.18. Trade Receivables and Contract Assets

(EUR thousand)	2024	2023
Trade receivables	9,445	16,624
Contract assets (accrued income based on the stage of completion)	3,567	3,176
Receivables from related parties	-	-
Impairment at the beginning of the year	(272)	(368)
Write-off of doubtful trade receivables	39	12
Repayment of doubtful trade receivables	6	49
Additional impairment/(reversal) during the period	(16)	35
Impairment at the end of the year	(243)	(272)
Total trade receivables and contract assets	**12,769**	**19,528**

The part of trade receivables due from customers is accounted for as non-current trade receivables: EUR 0 as at 31 December 2024, EUR 66 thousand as at 31 December 2023. These amounts are related with non-current retentions as described below.

As at 31 December 2024, trade receivables include retentions (retention – a fixed percentage of the total contract price which is paid by the customer when the construction is completed and the bank guarantee in the amount of the retained payment is provided or warranty document of the insurance is provided by the Group) of EUR 2,038 thousand (2023: EUR 2,200 thousand) relating to construction contracts in progress. For impairment of trade receivables refer to Note 4.

As at 31 December 2024, the total contract amount attributed to performance obligations under the construction contracts with customers that were outstanding (or partly outstanding) amounted to EUR 204,852 thousand (as at 31 December 2023, EUR 103,298 thousand). Most of these construction projects are expected to be completed and revenue recognised within one year.

Information about customer specific contracts in progress as of 31 December 2024 and 2023:

(EUR thousand)	2024	2023
Sales by specific customers' projects in progress, recognised in the statement of comprehensive income during the year	37,987	55,180
Sales by specific customers' projects in progress, recognised over the contract period	78,867	73,625
Expenses incurred for completing specific customers' projects in progress, recognised in the statement comprehensive income during the year	38,313	52,287
Expenses incurred for completing specific customers' projects in progress, recognised in the statement comprehensive income over the contract period	76,949	73,699
Contract assets (accrued income)	3,567	3,143
Contract liability (deferred income) under outstanding contracts at the year-end (Note 25)	682	772
Contract liability (payments from customers for purchase of inventories and etc.)	1,621	2,250
Provisions for onerous contracts (Note 25)	855	108
Trade receivables (under the caption of trade receivables and receivables from related parties)	6,193	14,812

7.1.19. Other current assets

(EUR thousand)	2024	2023
Non-financial assets		
Excess VAT	340	540
Cash deposited	243	431
Other current assets	115	133
Other current assets, total	**698**	**1,104**

The Group did not have any term deposits.

7.1.20. Cash and cash equivalents

(EUR thousand)	2024	2023
Cash at bank	4,252	10,047
Cash on hand	1	-
Cash and cash equivalents, total	**4,253**	**10,047**

7.1.21. Capital and Reserves

The Group's issued capital consists of 16,350,000 ordinary shares with a nominal value of EUR 0.29 each. The Group's share capital is fully paid. The holders of the ordinary shares are entitled to one vote per share in shareholder meetings of the Group and are entitled to receive dividends as declared from time to time and to capital repayment in case of decrease of the capital. There were no changes in the issued capital in 2024. The Group did not hold its own shares in 2024 and 2023.

The reserves were as follows:

(EUR thousand)	2024	2023
Revaluation reserve	2,804	3,071
Legal reserve	734	734
Foreign currency translation reserve	(17)	(17)
Total reserves	**3,521**	**3,788**

The revaluation reserve relates to the revaluation of land and buildings and is equal to the residual value of revaluation less the related deferred tax liability.

Dynamics in revaluation reserve:	2024	2023
Revaluation reserve as at 1 January	**3,071**	**3,355**
Revaluation (Note 7.1.14)	-	-
Depreciation of revaluation	(246)	(284)
Elimination of non-controlling interest	8	-
Disposal of assets	(29)	-
-		
Revaluation reserve as at 31 December	**2,804**	**3,071**

Legal reserve is a compulsory reserve allocated in accordance with Lithuanian legislation. An annual allocation of at least 5% of the net profit is required until the reserve is not less than 10% of the authorized share capital. The reserve cannot be paid out in dividends. Legal reserve at 31 December 2024 and 2023 was estimated at 10% of the issued capital and was fully formed.

The foreign currency translation reserve results from translation differences arising on consolidation of subsidiaries with functional currency which differs from Group's functional currency.

7.1.22. Trade payables

(EUR thousand)	2024	2023
Lithuania	14,275	15,496
Latvia	25	510
Poland	175	1,598
Other	197	255
Total trade payables	**14,672**	**17,859**

Trade payables are non-interest bearing and normally settled on 30–90 day term.

7.1.23. Loans and borrowings

(EUR thousand)	2024	2023
Loans and borrowings	23,533	27,352
(Finance) lease liabilities	15	39
Total loans and borrowings	**23,548**	**27,391**
Non-current liabilities	19,103	21,183
Current liabilities	4,445	6,208
Total loans and borrowings	**23,548**	**27,391**

Loans can be specified as follows:

(EUR thousand)	Interest rate	Maturity	2024	2023
OP Corporate Bank plc. Lithuanian branch (loan)	Variable interest	07/2026	9,068	9,407
AS Citadele Banka (loan)	Variable interest	07/2026	9,083	9,416
OP Corporate Bank plc. Lithuania (overdraft)	Variable interest	09/2025	2,366	4,120
Liabilities related to the fine imposed by the Competition Council	Fixed interest	02/2027	3,016	4,409
Total loans			**23,533**	**27,352**

Under the Loan contract with banks as of 31 December 2024, the Group has pledged a right to rent a land plot together with a non-residential building at Ukmergės st. 219, Vilnius owned by its subsidiary *Šeškinės Projektai UAB*, as a collateral.

Other financial liabilities include lease liabilities with the residual value of EUR 15 thousand as at 31 December 2024 (as at 31 December 2023, EUR 39 thousand).

7.1.24. Non-Current and Current Provisions

(EUR thousand)	2024	2023
Warranty provisions	576	436
Other	408	453
Total provisions	**984**	**889**

Change in provisions:

	2024 Warranty repair	2024 Pensions*	2024 Other	2023 Warranty repair	2023 Pensions	2023 Other
Warranty provision at the beginning of the period	**436**	**335**	**118**	**580**	**384**	**9**
Used during the period	(502)	(137)	(41)	(584)	(113)	
Accrued during the year	642	133	-	440	64	109
Warranty provision at the end of the period	**576**	**331**	**77**	**436**	**335**	**118**

* Represents current and non-current part of provision.

Warranty provisions are related to constructions. Based on the legislation of the Republic of Lithuania, the Company has a warranty liability for construction works, the term of which varies from 5 to 10 years after delivery of construction works. Provision for warranties is based on estimates made from historical data of actually incurred costs of warranty repairs.

7.1.25. Contract and Other Liabilities

(EUR thousand)	2024	2023
Non-financial liabilities:		
Contract liability (deferred income) under contracts in progress (Note 7.1.18)	682	772
Contract liability (payments from customers for purchase of inventories and etc.) (Note 7.1.18)	1,621	2,250
Accrued vacation reserve	1,768	2,305
Salaries and related taxes payable	1,646	1,852
Bonus accrual for employees	156	313
Payable VAT	374	341
Accrued expenses	279	253
Provisions for onerous contracts (Note 7.1.18)	855	108
Financial liabilities:		
Operating lease liabilities	140	110
Other liabilities	264	298
Total contract and other liabilities	**7,785**	**8,602**
Whereof:		
Non-current portion	767	722
Current portion	7,018	7,880

7.1.26. Earnings and Dividends per Share

(EUR)	2024	2023
Net result for the year attributable to equity holders of the Group	(6,153,530)	3,322,234
Dividends declared	-	-
Average number of shares	16,350,000	16,350,000
Basic and diluted earnings per share	**(0.38)**	**0.20**
Dividends declared per share	**-**	**-**

The Group has no potential shares. Hence the diluted earnings (loss) per share are the same as the basic earnings per share.

7.1.27. Off-balance Liabilities

Guarantees

As at 31 December 2024, the bank guarantees of EUR 12,283 thousand issued to third parties on behalf of the Group in connection with the liabilities under the construction contracts performed by the Group (2023: EUR 9,529 thousand). The guarantees expire in the period from 2 March 2025 to 30 August 2029. In addition, the Group has guarantees issued by insurance companies for the amount of EUR 13,098 thousand, which are also related to liabilities in the construction contracts (2023: EUR 14,673). The guarantees expire in the period from 6 January 2025 to 6 December 2027. No additional liabilities are recorded in respect of these guarantees in the financial statements other than estimated warranty obligation for repair works (Note 7.1.24).

The property with a carrying amount of EUR 40,149 thousand as at 31 December 2024 (EUR 42,724 thousand as at 31 December 2023) has been pledged to banks, insurance company and the state authority for the loans, guarantee limit, bank guarantees issued and deferral of payables. The guarantee limit amounts to EUR 15,000 thousand, the used amount as at 31 December 2024 is EUR 12,283 thousand. The guarantee limit agreement is effective until 30 September 2025 with the possibility to issue guarantees until 30 September 2025 that would be valid for 3 years following their date of issue. Guarantees are valid for 5 years following their date of issue if the amount does not exceed EUR 1,500 thousand. As at 31 December 2023, the guarantee limit amounted to EUR 15,000 thousand, the balance withdrawn was EUR 9,098 thousand.

Legal contingencies

The Group is involved in below described material legal cases:

There is a civil case in Vilnius District Court based on *DG Paupio Verslo Namai UAB* (Plaintiff) action against *PST Group AB* (civil case No e2-739-863/2024), under which the Plaintiff seeks that the Company and *ERGO Insurance SE* acting through *ERGO Insurance SE Lithuanian branch* be ordered jointly and severally to pay EUR 827,917.61; the Company be ordered to pay EUR 397,983.79; and the Company be ordered to pay 6% annual interest from the adjudged amount calculated from the day when the civil case was lodged in the court until complete execution of the judgement and the costs incurred.

The dispute arose out of the plaintiff's allegation that the Company did not properly carry out the exterior facade tile installation works of the apartment building at Aukštaičių g. 10, Vilnius, resulting in several tiles falling off external facade.

On 24 October 2024, the Court of Appeal of Lithuania gave the decision to upheld the in part the order of the Vilnius Regional Court of 3 April 2024, awarding EUR 455,323.10 in damages. The Company compensated for damages, however, *DG Paupio Verslo Namai UAB* lodged cassation appeal. The case is pending.

7.1.28. Related-Party Transactions

Related parties are defined as shareholders, employees, members of the Management Board, their close relatives and companies that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with the Group, provided the listed relationship empowers one of the parties to exercise the control or significant influence over the other party in making financial and operating decisions.

The Group had sales and purchase transactions in 2023–2024 with the parent of the *Hisk AB* and with subsidiaries of *Hisk AB*. Transactions with related parties during 2024 and 2023 were as follows:

(EUR thousand)	Type of transaction	2024	2023
Sales:			

Shareholder			
Hisk AB	Goods and services	344	106
Shareholder's subsidiaries			
Other	Goods and services	-	-
Purchases:			
Shareholder			
Hisk AB	Goods and services	3,280	966
Shareholder's subsidiaries (none)			
Other companies related to the shareholder			
Scard UAB	Services	-	110
Other	Goods and services	27	42

(EUR thousand)	2024	2023
Receivables:		
Shareholder		
Hisk AB (trade receivable)	-	-
Payables:		
Shareholder		
Hisk AB	1,749	369
Shareholder's subsidiaries		
Other	-	-
Other companies related to the shareholder		
Other	2	4

Receivables and payables payment terms between the related parties are up to 30–90 days.

Balances at the year-end have no collaterals and all transactions are carried out in cash unless otherwise agreed. There have been no guarantees provided or received for any related party receivable or payable and no allowance has been made for the receivables from related parties by the Group. The balances outstanding with related parties of the Group were not overdue as at 31 December 2024 and 2023.

Management remuneration

In 2024, wages, salaries and social insurance contributions, payable to the Group`s management and the Board members amounted to EUR 1,629 thousand (2023: EUR 1,598 thousand). For the Group's management and the Board members, there were no guarantees issued, any other paid or accrued amounts or assets transferred.

7.1.29. Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction under current market conditions in the main (or the most favourable) market independent on whether this price is directly observable or established using valuation techniques.

As at 31 December 2024

	Carrying amount		**Fair value**	
	Total	**Level 1**	**Level 2**	**Level 3**
Financial assets				
Trade receivables	12,769	-	-	12,769
Cash and cash equivalents	4,253	4,253	-	-
Financial assets, total	**17,022**	**4,253**	**-**	**12,769**
Financial liabilities				
Interest bearing loans and borrowings	(23,533)	-	-	(23,533)
(Finance) lease payments	(15)	-	-	(15)
Trade payables	(14,672)	-	-	(14,672)
Total financial liabilities	**(38,220)**	**-**	**-**	**(38,220)**

As at 31 December 2023

	Carrying amount	Fair value		
	Total	Level 1	Level 2	Level 3
Financial assets				
Trade receivables	19,528	-	-	19,528
Cash and cash equivalents	10,047	10,047	-	-
Financial assets, total	**29,575**	**10,047**	**-**	**19,528**
Financial liabilities				
Interest bearing loans and borrowings	(27,352)	-	-	(27,352)
(Finance) lease payments	(39)	-	-	(39)
Trade payables	(17,859)	-	-	(17,859)
Total financial liabilities	**(45,250)**	**-**	**-**	**(45,250)**

There were no transfers between levels of the fair value hierarchy in 2024 and 2023 at the Group. The following methods and assumptions are used by the Group to estimate the fair value of the financial instruments not carried at fair value:

Cash

Cash represents cash at banks and on hand stated at value equal to the fair value.

Receivables

The fair value of trade and other receivables and loans granted is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. Fair value of short-term trade and other receivables with no stated interest rate is deemed to approximate their face value on initial recognition and carrying value on any subsequent date as the effect of discounting is immaterial.

The fair value of non-current trade receivables was estimated to approximate carrying value as discounting effect was determined to be not material.

The fair value of loans granted was estimated to approximate carrying value as majority of the loans are subject of market level interest.

Payables, loans and borrowings, and lease liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Fair value of current trade payables with no stated interest rate is deemed to approximate their face value on initial recognition and carrying value on any subsequent date as the effect of discounting is immaterial. The fair value of other liabilities is considered to approximate to their carrying amount due to short maturities. The fair value of borrowings (overdraft) was estimated to approximate carrying value as it is subject to variable market interest rates.

7.1.30. Non-Controlling Interests

As at 31 December 2023, *PST Group AB* held 95.6% and 69.0% of ordinary registered shares in subsidiaries *Vekada UAB* and *PST Investicijos UAB*, respectively. In 2024, *PST Group AB* bought-up the remaining shares in *Vekada UAB* from natural persons, and, as at 31 December 2024, its shareholding amounts to 100%. As at 31 December 2024, the holding of ordinary shares in *PST Investicijos UAB* remained unchanged. *PST Group AB* is considered a controlling shareholder of the subsidiaries. The main financial indicators of the subsidiary that has non-controlling interests (thousand EUR):

	PST Investicijos UAB	
	2024	2023
Non-controlling interest,%	31.0%	31.0%
Non-current assets	-	75
Current assets	142	185
Total assets	**142**	**260**
Non-current liabilities	-	9
Current liabilities	-	1
Total liabilities	**-**	**10**
Net assets	**142**	**250**
Net assets attributable to non-controlling interest	**44**	**78**
Revenue	9	4,075
Expenses	(82)	(273)
Net profit (loss)	**(73)**	**3,802**
Other comprehensive income	-	-
Net profit/(loss) attributable to non-controlling interest	**(23)**	**7**
Other comprehensive income attributable to non-controlling interest		0
Cash flows from operating activities	**(11)**	**(548)**
Cash flows used in investing activities	-	-
Cash flows from/used in financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	(11)	(548)

	Vekada UAB	
	2024	2023
Non-controlling interest,%	0%	4.4%
Non-current assets	-	273
Current assets	-	1,053
Total assets	**-**	**1,326**
Non-current liabilities	-	-
Current liabilities	-	434
Total liabilities	**-**	**434**
Net assets	**-**	**892**
Net assets attributable to non-controlling interest	**-**	**39**
Revenue	-	2,568
Expenses	-	(2,750)
Net profit (loss)	**-**	**(182)**
Other comprehensive income		
Net profit/(loss) attributable to non-controlling interest	**-**	**(8)**
Other comprehensive income attributable to non-controlling interest		
Cash flows from operating activities	**-**	**21**
Cash flows used in investing activities	-	-
Cash flows from/used in financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	-	21

7.1.31. Change in Liabilities Arising from Financing Activities

(EUR thousand)	**As at 31 December 2023**	Dividends declared	Accrued	Cash outflows	Currency exchange	**As at 31 December 2024**
Dividends payable	27	-	-	-	-	27
Loans received and interests payable	27,352	-	-	(3,819)	-	23,533
Finance lease liabilities	39	-	-	(24)	-	15
Total	**27,418**	**-**	**-**	**(3,843)**	**-**	**23,575**

7.1.32. Events after the End of the Reporting Period

In February 2025, the mortgage loan agreement was signed with ERGO Insurance SE Lithuanian branch for the pledge of property in the amount of EUR 478 thousand.

On 6 February 2025, *Šeškinės Projektai UAB* signed a credit agreement No 164- IV with the bank *Luminor AS*. The transaction amounts to EUR 20,850,000, period from 6 February 2025 to 31 January 2030. The credit is intended to refinance the credit agreement No KS/21-301 with AS Citadele banka Lithuanian branch and OP Corporate Bank plc Lithuanian branch.

Confirmation of responsible persons

This confirmation of responsible employees concerning the audited Consolidated Financial Statements and the Consolidated Annual Report, the Corporate Governance Report, the Consolidated Social Responsibility Report, and the Remuneration Report of *PST Group AB* and its subsidiaries (hereinafter “the Group”) for the year 2024 is presented in accordance with the Law on Securities of the Republic of Lithuania and the Rules for Preparation and Presentation of Periodic and Additional Information approved by Resolution of the Board of the Bank of Lithuania.

Hereby we confirm that, as to our knowledge, the presented consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the Group’s financial position, profit or loss and cash flows, and that the Company’s and the Consolidated Annual Report, the Corporate Governance Report, the Consolidated Social Responsibility Report, and the Remuneration Report fairly states the review of business development and activities, the Group’s position and description of the main risks and uncertainties that are faced.

PST Group AB

Managing Director

Tomas Stukas

8 April 2025

PST Group AB

Chief Financial Officer

Mindaugas Ambrasas

8 April 2025