

## STATEMENT OF EXECUTIVE OFFICERS OF THE COMPANY

Hereby we confirm that based on the information available to us, the interim financial statements of the Company and the Group provided for the six months of the year 2023 prepared in accordance with the International Financial Reporting Standards are true and show the assets, liabilities, financial position, profit or loss and cash flows of *Panevezio statybos trestas AB* and *Panevezio statybos trestas AB Group* in a correct manner, and that the review of business development and performance is indicated correctly in the interim report.

Tomas Stukas  
Managing Director  
*Panevezio statybos trestas AB*

Evaldas Pocevicus  
Finance Director  
*Panevezio statybos trestas AB*



**PANEVEZIO STATYBOS TRESTAS AB**  
***Consolidated Interim Financial Statements and Consolidated Interim Report***  
***for First Half of 2023***  
**(UNAUDITED)**

**31 August 2023**

**Panevezys**

### **1. Accounting period covered by the Semi-Annual Report**

This Consolidated Report for the half-year of 2023 covers the period from 1 January 2023 till 30 June 2023.

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

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

### **3. Nature of the main operation of the issuer**

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

*Vision* – To become a reputed construction company in Europe, the first choice for clients in terms of construction companies, which uses advanced technologies, ensures quality and agreed work completions terms.

*Mission* - While honestly fulfilling our obligations, promoting long-term cooperation and proposing mature solutions in construction, we ensure profitable and sustainable business development, thus creating the value to our clients, shareholders and employees.

*Objective* - To retain the leading position in the construction market by activity volumes, improve by applying innovative company management methods, look for new business areas, investment partners, participate in business development processes, strengthen the position of a builder in the industrial, infrastructural and public construction sectors, promote training and development of employees at all levels.

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

As of 30 June 2023, the Group of *Panevezio statybos trestas AB* included the following companies:

<i>Subsidiary company</i>	<i>Registration date, register administrator</i>	<i>Company code</i>	<i>Registered address</i>	<i>Telephone, fax, e-mail, website</i>	<i>Portion of shares held (per cents)</i>
<i>Skydmedis UAB</i>	17 June 1999 State Enterprise <i>Centre of Registers</i>	148284718	Pramones Str. 5, Panevezys	Tel. (+370 45) 467626 Fax (+370 45) 460259 <a href="mailto:info@skydmedis.lt">info@skydmedis.lt</a> <a href="http://www.skydmedis.lt">www.skydmedis.lt</a>	100
<i>Vekada UAB</i>	16 May 1994 State Enterprise <i>Centre of Registers</i>	147815824	Marijonu Str. 36, Panevezys	Tel. (+370 45) 461311 Fax (+370 45) 461311 <a href="mailto:info@vekada.lt">info@vekada.lt</a> <a href="http://www.vekada.lt">www.vekada.lt</a>	95.6
<i>Alinita UAB</i>	8 December 1997 State Enterprise <i>Centre of Registers</i>	141619046	Tinklu Str. 7, Panevezys	Tel. (+370 45) 467630 Fax (+370 45) 467630 <a href="mailto:info@alinita.lt">info@alinita.lt</a> <a href="http://www.alinita.lt">www.alinita.lt</a>	100
<i>Kingsbud Sp.z o.o.</i>	11 August 2010 District Court in Bialystok, XII Economic Department of National Court	200380717	A. Patli Str. 12, 16-400 Suwalki, Poland	Tel. (+48 875) 655 021 Fax (+48 875) 655 021 <a href="mailto:biuro@kingsbud.pl">biuro@kingsbud.pl</a> <a href="http://www.kingsbud.lt">www.kingsbud.lt</a>	100
<i>PS Trests SIA</i>	22 May 2000 <i>Centre of Registers,</i> Republic of Latvia	40003495365	Skultes Str. 28, Skulte, Marupes Parish, Riga Region, Latvia	Tel. +371 29525066	100
<i>Seskines projektai UAB</i>	9 November 2010 State Enterprise <i>Centre of Registers</i>	302561768	Ukmerges Str. 219, Vilnius	Tel. (+370 5) 2102130 <a href="mailto:info@psti.lt">info@psti.lt</a> <a href="mailto:gbujokas@psti.lt">gbujokas@psti.lt</a>	100
<i>Ateities projektai UAB</i>	25 April 2006 State Enterprise <i>Centre of Registers</i>	300560621	Ukmerges Str. 219, Vilnius	Tel. (+370 5) 2102130 Fax (+370 5) 2102131 <a href="mailto:info@psti.lt">info@psti.lt</a> <a href="mailto:gdieckuviene@psti.lt">gdieckuviene@psti.lt</a>	100
<i>PST investicijos UAB</i>	23 December 1998 State Enterprise <i>Centre of Registers</i>	124665689	Ukmerges Str. 219, Vilnius	Tel. (+370 5) 2102130 <a href="mailto:info@psti.lt">info@psti.lt</a> <a href="mailto:gbujokas@psti.lt">gbujokas@psti.lt</a>	68
<i>Tauro apartamentai UAB</i>	23 October 2018 State Enterprise <i>Centre of Registers</i>	304937621	Ukmerges Str. 219, Vilnius	Tel.(+370 610) 09222 <a href="mailto:gbujokas@psti.lt">gbujokas@psti.lt</a>	100
<i>Hustal UAB</i>	11 December 2018 State Enterprise <i>Centre of Registers</i>	304968047	Tinklu Str. 7, Panevezys	Tel.(+370 45) 585087 <a href="mailto:tomas.stukas@hustal.eu">tomas.stukas@hustal.eu</a> <a href="http://www.hustal.eu">www.hustal.eu</a>	100
<i>Aliuminio fasadai UAB</i>	2 January 2020 State Enterprise <i>Centre of Registers</i>	305412441	Pramones Str. 5, Panevezys	Tel. +370 686 32727 <a href="mailto:info@alfasadai.lt">info@alfasadai.lt</a> <a href="http://www.alfasadai.lt">www.alfasadai.lt</a>	100

## 5. Contracts with the intermediary of public trading in securities

The Company has the contract for securities accounting signed with *Siauliu bankas AB*.

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

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

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

### Comparison of PTR1L Panevezio statybos trestas and OMX Vilnius Benchmark GI indexes for the First Half of 2023



### Company share price variation at the Stock Exchange Market Nasdaq Vilnius for the period covering 2019 through the First Half of 2023 (Euros)



*Company share price variation at the Stock Exchange Market Nasdaq Vilnius for the First Half of 2023 (Euros)*



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

<b>Indicator</b>	<b>6 months 2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Highest price, Eur	0.582	0.694	0.838	0.85	0.878
Lowest price, Eur	0.482	0.50	0.53	0.52	0.71
Average price, Eur	0.535	0.564	0.677	0.629	0.78
Share price as of the end of reporting period, Eur	0.498	0.518	0.66	0.57	0.75
Traded volume, pcs.	378,510	99,215	2,935,832	1,980,134	986,685
Turnover, mln. Eur	0.202	0.56	1.99	1.25	0.77
Capitalisation, mln. Eur	8.14	8.47	10.79	9.32	12.26

**7. Authorised capital of the issuer and its structure**

As of 20 July 2023, the authorised capital of the company amounted to 4,741,500 Euros divided into 16,350,000 ordinary registered shares (ORS), the nominal value of each share being 0.29 Euros. All shares are non-certificated and fully paid. The proof of ownership is the record in the securities accounts. On 30 June 2022, the total number of shareholders was 1772.

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

<i>Full name of a shareholder (company name, type, headquarter address, company code)</i>	<i>Number of ordinary registered shares held by a shareholder under ownership right (pcs.)</i>	<i>Percentage of authorized capital held</i>	<i>Percentage of votes granted by shares held under ownership right</i>
<b>HISK AB</b> S. Kerbedzio Str. 7, Panevezys Company code: 147710353	8,138,932	49.78	49.78
Freely negotiable shares	8,211,068	50.22	50.22

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

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

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

### *Key events of the reporting period*

**1 February 2023.** The General Extraordinary Meeting of Shareholders was reconvened to take the resolution on approval of the agreed material conditions for the settlement agreement with the State Tax Inspectorate.

**27 April 2023.** The Ordinary General Meeting of Shareholders of *Panevezio statybos trestas AB* took place. The Ordinary General Meeting of Shareholders did not come to the decision to pay dividends.

**27 July 2023.** The Extraordinary General Meeting of *Panevezio statybos trestas AB* took place. The Extraordinary General Meeting of Shareholders selected the audit company *Grant Thornton Baltic UAB* to carry out the audit of the financial statement sets of *Panevezio statybos trestas AB* and the companies of *Panevezio statybos trestas AB* Group for the years 2023 and 2024, and approved the terms and conditions of payment for the audit services.

**31 July 2023.** The Board of *Panevėžio statybos trestas, AB (PST)* has appointed Tomas Stukas as the company's CEO. Egidijus Urbonas, who has held this position for the last three years, will remain in the Group's management team and continue his career as PST director of construction.

**1 August 2023.** By the court judgement dated 20 July 2023, the Panevezys Chamber of the Panevezys District Court approved the settlement agreement dated 17 February 2023 between the company and the State Tax Inspectorate at the Ministry of Finance of the Republic of Lithuania on recovery of the fine imposed by the Competition Council in the enforcement case.

### *Risk factors related to operation of the Company:*

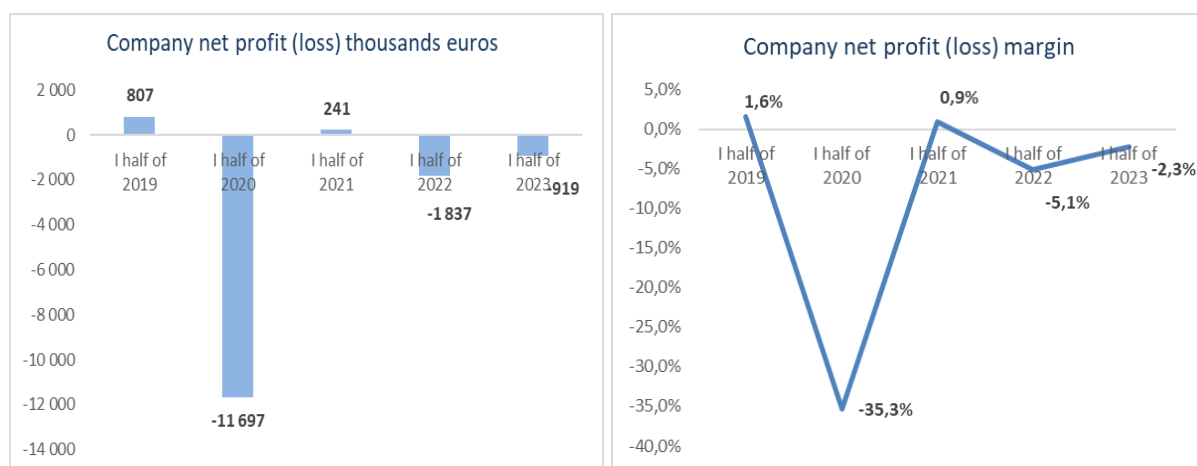
In their operation, both the Company and the Group face various types of risks, such as legal regulation, severe competition, shortage of qualified labour, cyclical nature of economy, consistency of orders, volatile material prices in the global market, macroeconomic factors, damping. However, only a few of them may have significant impact on the performance results of the Group and the Company. The main factors that create business risk for the Company and the Group are competition in the construction market and changes in the demand for construction services. The demand for construction services also depends heavily on the volume of investments and financing received from the EU structural funds. Increase and variation of material and service prices together with the risk of disturbances in the supply chain make the process of the project budgeting and possibility to complete the already started projects based on the planned costs more difficult. This results in extra risk for performance of fixed price construction contracts and reduces profitability of projects. Furthermore, activity of the Company and the Group is influenced by the economic situation (economic cycles), geopolitical changes in Lithuania and the countries where the Group companies operate, Russia's military invasion of Ukraine, and remaining risks related to COVID-19. Although there is still some uncertainty about the trends in global economic development as well as regional and global crisis in future.

Information on the types of financial risks and risk management is provided in the Notes to the Separate Financial Statements (Note 4) and Consolidated Financial Statements (Note 4). Legal uncertainties are provided in the Notes to the Separate Financial Statements (Note 28) and Consolidated Financial Statements (Note 27).

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

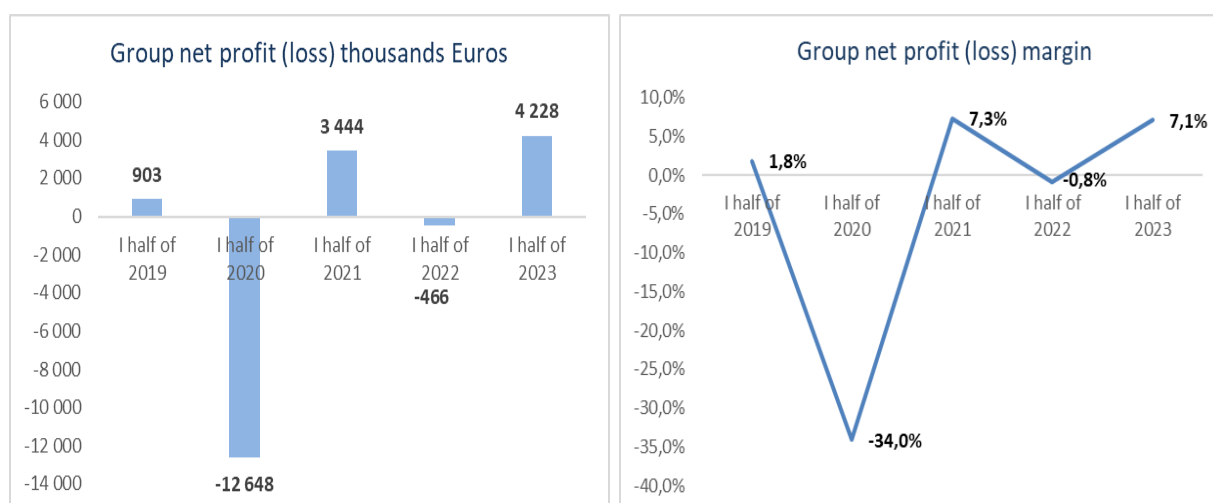
Referring to the unaudited data, over the first six months of 2023, the turnover of *Panevezio statybos trestas* AB amounted to 40.191 mln. Euros, that is by 12.5 per cents more compared to the first six months of the year 2022. The turnover of *Panevezio statybos trestas* AB over the first six months of 2022 was 35.736 mln. Euros.

In the first half of 2023, *Panevezio statybos trestas* AB incurred the net loss in the amount of 0.919 mln. Euros. Over the first half of 2022, the net loss of *Panevezio statybos trestas* AB amounted to 1.837 mln. Euros.



The consolidated revenue of *Panevezio statybos trestas* AB Group amounted to 59.690 mln. Euros, which increased by 8.2 per cents compared to that for the first half of 2022 when the revenue of the Group had been 55.150 mln. Euros. Over the accounting period of the first half of 2023 the Group was on the net profit in the amount of 4.228 mln. Euros. In the first half of 2022, the Group incurred the net loss in the amount of 0.466 mln. Euros.

A winding-up of the subsidiary company of *PST investicijos* UAB had a significant impact on the results of the Group – there were 3.7 million Euros of revenue received from financial activities. The revenue was generated by eliminating the accumulated currency reserve from the balance sheet of the Group.



EBITDA of the *Panevezio statybos trestas* AB for the six months of 2023 was negative - 1.033 mln. Euros whereas for the first half of the year 2022 the negative EBITDA amounted to 1.853 mln. Euros. EBITDA of the Group for the six months of 2023 was 2.047 mln. Euros compared to 0.389 mln. Euros for six months of 2022.



*Table 3. The results of the Company and the Group of Panevezio statybos trestas AB for the First Half of 2021 through the First Half of 2023 (thousands Euros):*

Group			Items	Company		
I half of 2021	I half of 2022	I half of 2023		I half of 2021	I half of 2022	I half of 2023
47,134	55,150	59,690	Revenue	27,794	35,736	40,191
40,168	50,527	52,746	Cost	25,046	34,588	37,717
6,966	4,623	6,944	Gross profit	2,748	1,148	2,474
14.78	8.38	11.63	Gross profit margin (per cents)	8.89	3.21	6.16
2,589	-221	1,474	Typical operating result	-302	-2,324	-1,393
5.49	-0.40	2.47	Typical operating result from turnover (per cents)	-1.09	-6.50	-3.47
3,252	389	2,047	EBITDA <sup>1</sup>	147	-1,853	-1,033
6.90	0.71	3.43	EBITDA margin (per cents)	0.53	-5.19	-2.57
3,444	-466	4,228	Net profit	241	-1,837	-919
7.31	-0.84	7.08	Nets profit (loss) margin (per cents)	0.87	-5.14	-2.29
0.21	-0.029	0.259	Earnings per share (Euros)(EPS) <sup>2</sup>	0.015	-0.112	-0.056
11.62	-1.62	13.52	Return on equity (per cents)(ROE) <sup>3</sup>	1.09	-9.05	-4.48
4.21	-0.54	4.63	Return on assets or asset profitability (per cents) (ROA) <sup>4</sup>	0.37	-3.81	-1.75
10.91	-0.90	8.15	Return on investments (per cents) (ROI) <sup>5</sup>	1.01	-8.44	-4.30
0.80	1.27	1.17	Current liquidity ratio <sup>6</sup>	0.94	1.04	1.08
0.65	0.91	0.89	Critical liquidity ratio <sup>7</sup>	0.85	0.81	0.88
0.36	0.33	0.34	Equity ratio <sup>8</sup>	0.34	0.42	0.39
1.81	1.76	1.91	Book value per share <sup>9</sup>	1.35	1.24	1.26
0.39	0.31	0.26	Ratio of share price and book value (P/BV) <sup>10</sup>	0.53	0.44	0.40

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

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

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

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

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

<sup>6</sup> Current liquidity ratio = current assets / current liabilities

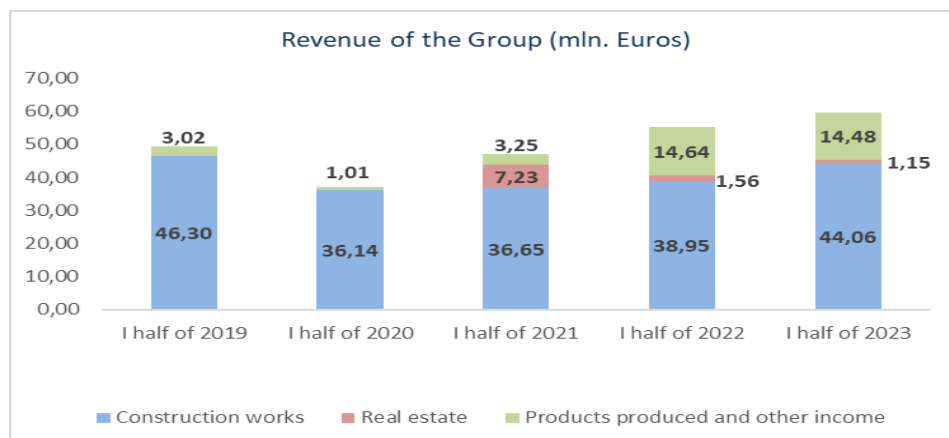
<sup>7</sup> Critical liquidity ratio = (current assets – inventories) / current liabilities

<sup>8</sup> Equity ratio = equity capital / assets

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

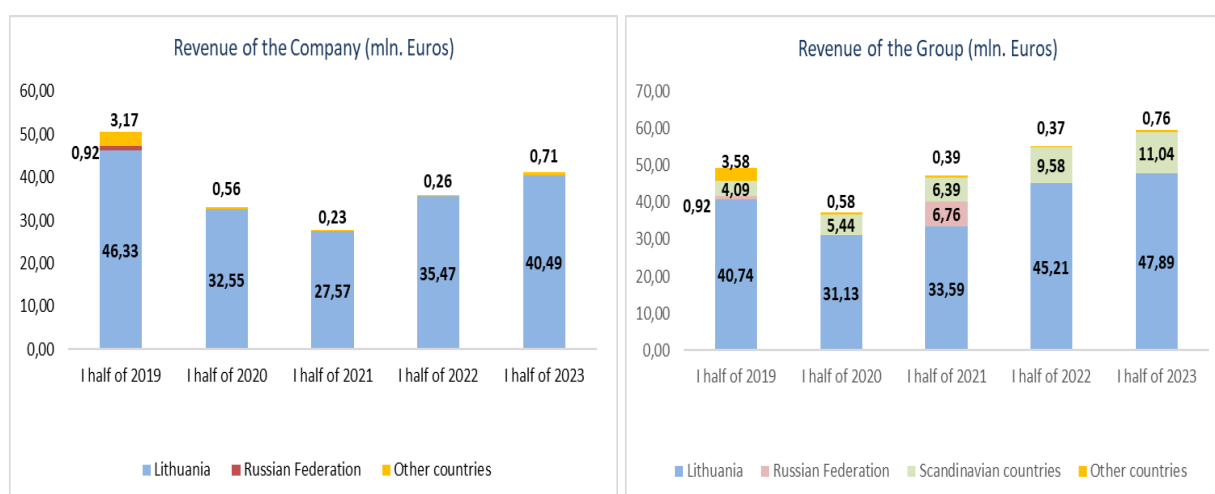
<sup>10</sup> Price-to-book ratio (P/B ratio) = share price as of the end of reporting period / share book value

Revenue (mln. Euros) by activity types:



During the first half of 2023, the main revenue of *Panevezio statybos trestas AB* by operation types amounted to 40.19 mln. Euros (37.74 mln. Euros in the first half of 2022) and was from construction and erection. The revenue of the Group from construction and erection activities amounted to 59.69 mln. Euros (55.15 mln. Euros in the first half of 2022). The revenue of the Group from construction and erection totalled 73.8 per cents, the revenue from real estate was 1.9 per cents, the revenue from made products and other revenue amounted to 24.3 per cents of the total revenue. In the first half of 2022, the revenue of the Group from construction and erection totalled 70.6 %, the revenue from real estate was 2.8 per cents, the revenue from made products and other revenue amounted to 26.5 per cents.

Operating revenue (mln. Euros) by countries:



In the first half of 2023, the main activities of *Panevezio statybos trestas AB* were carried out in Lithuania and made 98.3 per cents compared to 99.3 per cents over the first half of 2022. The revenue of the Group from the works performed inside the country made 80.23 per cents, the revenue in the Scandinavian countries was 18.50 per cents of the revenue. In the first half of 2022, the revenue inside the country made 82 per cents of the revenue, 17.4 per cents in the Scandinavian countries.

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

There were no such transactions concluded.

*Environmental protection*

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

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

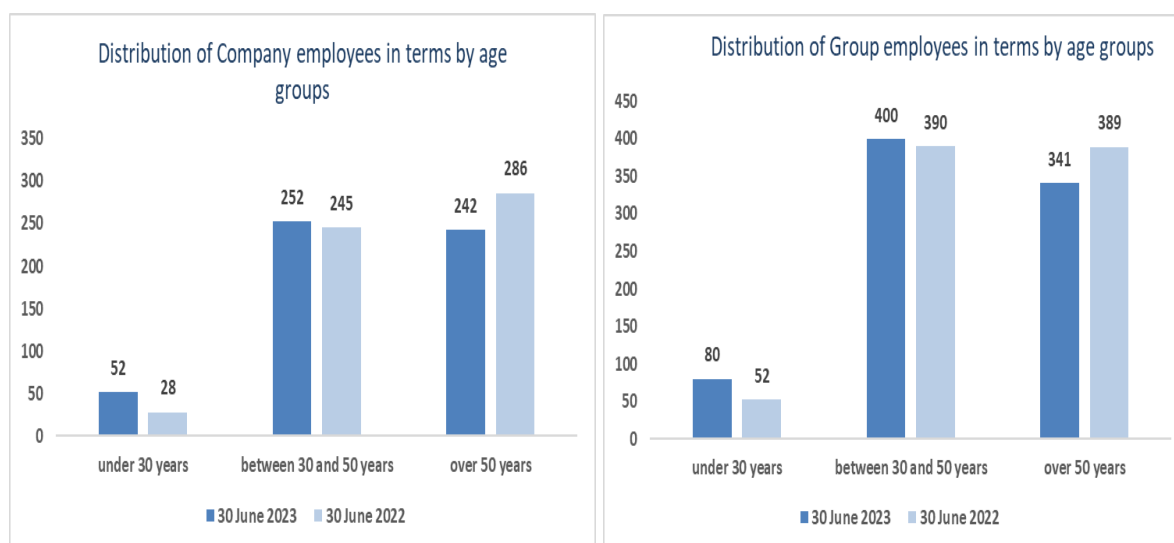
The companies of the Group also have Quality, Environmental and Occupational Health and Safety Management Systems in accordance with the requirements of LST EN ISO 9001:2015, LST EN ISO 14001:2015 and LST ISO 45001:2018 introduced and successfully functioning.

*Employees*

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

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

As of 30 June 2023, the number of employees in the Group was 822, in the Company – 546. As of 30 June 2022, the number of employees in the Group was 831, in the Company – 560.



*Table 4. Average number of employees*

Average number of employees	I half of 2022		I half of 2023	
	Group	Company	Group	Company
Managers	22	10	22	11
Specialists	307	223	306	222
Workers	490	310	490	304
Total	819	543	818	537

*Table 5. Education level of the Group employees as of the end of the period*

PST Group employees	Payroll number	Higher university level education	Higher non-university education	Junior college education	Secondary education	Incomplete secondary education
Managers	22	21	0	1	0	0
Specialists	303	225	34	30	14	0
Workers	497	22	13	60	364	38
Total	<b>822</b>	<b>268</b>	<b>47</b>	<b>91</b>	<b>378</b>	<b>38</b>

*Table 6. Average monthly gross pay per employee (Euros)*

	I half of 2022		I half of 2023	
	Group	Company	Group	Company
Managers	4,627	5,106	4,636	5,617
Specialists	2,234	2,241	2,637	2,647
Workers	1,606	1,550	2,067	2,031
Total	1,940	1,918	2,379	2,383

Taking care of its employees, both the Company and the Group significantly increased the wages of specialists (+18%) and workers (+31%).

Over the first half of 2023, the natural turnover of employees took place. Employment contracts do not include any special rights and obligations of employees or some part of them.

In 2023, the company also pays much attention to qualification improvement. Training in the company is done in three directions using:

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

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

The Company and companies of the Group continually pay much attention to increase of operational management efficiency, improvement of construction work quality and introduction of modern technologies. We are looking for the ways to make activities more efficient, apply innovative and resource-saving process management methods, improve working conditions of employees, improve quality of construction works and services.

Realizing that construction activities leave a fairly significant footprint for nature and environment, we make emphasis on the sustainability issue in our operation. We strive to analyse the impact of our operation in order to consistently reduce the negative influence on the health of employees, surrounding communities and nature, amount of CO<sub>2</sub>.

By optimizing production processes, we aim to reduce the amount of energy used in our activities. We invest the processes allowing to generate and use green energy.

To maintain the highest competence in the construction sector, the Company introduces and uses advanced processes and technologies. In cooperation with our partners, we strive for a wider application of the digital model (BIM) principles in development project management.

The up-to-date design software is used to prepare building designs. We continually follow innovations and complement the software used with actual applications.

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

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

## **12. Bodies of the issuer**

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

The General Meeting of Shareholders is the highest governing body of the Company, resolving the issues assigned to its competence by the Law on Companies and the Articles of Association of the Company.

The competence of the General Meeting of Shareholders does not differ from that of the competence prescribed by the Law on Companies.

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

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

### *The Board:*

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

JUSTAS JASIUNAS, Chairman

*Educational background:* Mykolas Romeris University, Master in Law.

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

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

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

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

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

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

As of 30 June 2023, held no shares of the Company.

GVIDAS DROBUŽAS, Board Member

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

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

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

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

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

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

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

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

As of 30 June 2023, held 5 (five) shares of the Company, a shareholder of *HISK AB*.

**VAIDAS GRINCEVICIUS, Board Member**

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

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

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

As of 30 June 2023, held no shares of the Company.

**KRISTINA MACIULIENE, Board Member**

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

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

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

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

Chairman at *Hustal UAB* (company code 148284860, Tinklu Str. 7, Panevezys),

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

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

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

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

As of 30 June 2023, held 10 (ten) shares of the Company.

**LINA SIMASKIENE, Board Member**

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

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

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

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

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

As of 30 June 2023, held no shares of the Company.

*Administration:*

**TOMAS STUKAS** – Head of Administration, Managing Director of the Company from 31 July 2023. Education – Vilnius Gediminas Technical University, Bachelor in Industrial Engineering, Vilnius Gediminas Technical University, Master in Industrial Engineering.



*Participation in activities of other companies:*

Director at *Hustal UAB* (company code 148284860, Tinklu Str. 7, Panevezys).

As of 30 June 2023, held no shares of the Company.

EVALDAS POCEVICIUS – Finance Director of the Company. Education – ISM University of Management and Economics and BI Norwegian Business School, Master in Management (Master Programme for Top Management), Vilnius Gediminas Technical University, Master in Management/Finance. Holds no shares of the Company.

In the first half of 2023 neither the members of the Board nor the top managers of *Panevezio statybos trestas AB* were granted loans, given guarantees and sureties, had any property transfers to them.

*Audit Committee*

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

The duties of the Audit Committee are as follows:

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

The following members were elected to the Audit Committee at the Annual General Meeting of Shareholders of *Panevezio statybos trestas AB* on 27 April 2023:

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

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

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

### **13. Information about public information**

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

### **14. Information on compliance with the Governance Code**

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

The Company partially complies with the Governance Code applicable to the companies that are on the list of the Vilnius Stock Exchange. During the six months of 2023, there were no essential changes related to the company's notification on compliance with the Governance Code for the year 2022 applicable to the companies that are on the list of *NASDAQ OMX VILNIUS* Stock Exchange.

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

**15. Unaudited financial statements**

**Separate statement of comprehensive income**

*thousand Euros*

ITEM	<i>6 months of 2023</i>	<i>6 months of 2022</i>
REVENUE	40,191	35,736
COST OF SALES	-37,717	-34,588
<b>GROSS PROFIT (LOSS)</b>	<b>2,474</b>	<b>1,148</b>
Other income	670	468
Selling expenses	-185	-172
Administrative expenses	-3,682	-3,300
Other expenses	-482	-330
<b>OPERATING PROFIT (LOSS)</b>	<b>-1,205</b>	<b>-2,186</b>
FINANCIAL AND INVESTMENT ACTIVITIES	106	84
Income	256	127
Expenses	-150	-43
<b>PROFIT (LOSS) BEFORE TAXATION</b>	<b>-1,099</b>	<b>-2,102</b>
INCOME TAX	180	265
<b>NET PROFIT (LOSS)</b>	<b>-919</b>	<b>-1,837</b>



**Consolidated statement of comprehensive income**

*thousand Euros*

<b>ITEM</b>	<b>6 months of 2023</b>	<b>6 months of 2022</b>
REVENUE	59,690	55,150
COST OF SALES	-52,746	-50,527
<b>GROSS PROFIT (LOSS)</b>	<b>6,944</b>	<b>4,623</b>
Other income	803	1,013
Selling expenses	-294	-254
Administrative expenses	-5,176	-4,590
Other expenses	-878	-1,093
<b>OPERATING PROFIT (LOSS)</b>	<b>1,399</b>	<b>-301</b>
FINANCIAL AND INVESTMENT ACTIVITIES	3,019	-247
Income from company winding-up	3,745	0
Other financial income	76	90
Expenses	-802	-337
<b>PROFIT (LOSS) BEFORE TAXATION</b>	<b>4,418</b>	<b>-548</b>
INCOME TAX	-190	82
<b>NET PROFIT (LOSS)</b>	<b>4,228</b>	<b>-466</b>
ATTRIBUTABLE TO SHAREHOLDERS	4,249	-486
ATTRIBUTABLE TO MINORITY INTEREST	-21	20

Separate statement of financial position

thousand Euros

ASSETS	30 June 2023	31 Dec. 2022
<b>Non-current assets</b>	<b>18,858</b>	<b>21,678</b>
Intangible assets	154	164
Tangible assets	7,855	8,483
Investment and amounts receivable in one year	10,217	12,580
Deferred tax assets	632	451
<b>Current assets</b>	<b>33,665</b>	<b>31,084</b>
Inventories	6,105	5,267
Prepayments	892	706
Trade receivables	20,965	18,336
Other current assets	1,627	1,762
Cash and cash equivalents	4,076	5,013
<b>TOTAL ASSETS</b>	<b>52,523</b>	<b>52,762</b>

EQUITY AND LIABILITIES	30 June 2023	31 Dec. 2022
<b>Equity</b>	<b>20,530</b>	<b>21,448</b>
Share capital	4,742	4,742
Reserves	2,403	2,509
Retained earnings	13,385	14,197
Translation reserve	0	0
<b>Minority share</b>	<b>0</b>	<b>0</b>
<b>Amounts payable and liabilities</b>	<b>31,993</b>	<b>31,314</b>
<b>Amounts payable after one year and non-current liabilities</b>	<b>835</b>	<b>966</b>
Loans and other financial liabilities		
Provisions	427	558
Deferred tax liabilities	0	0
Other amounts payable and non-current liabilities	408	408
<b>Amounts payable in one year and current liabilities</b>	<b>31,158</b>	<b>30,348</b>
Loans and financial liabilities	4,923	0
Trade payables	15,593	13,979
Income tax payable	0	0
Other amounts payable and current liabilities	10,642	16,369
<b>TOTAL EQUITY AND LIABILITIES:</b>	<b>52,523</b>	<b>52,762</b>

**Consolidated statement of financial position**

*thousand Euros*

<b>ASSETS</b>	<b>30 June 2023</b>	<b>31 Dec. 2022</b>
<b>Non-current assets</b>	<b>45,098</b>	<b>45,142</b>
Intangible assets	222	235
Tangible assets	43,142	43,233
Investment and amounts receivable after one year	926	1,065
Deferred tax assets	808	609
<b>Current assets</b>	<b>46,227</b>	<b>43,015</b>
Inventories	11,003	9,674
Advance payments	798	846
Amounts receivable	23,685	20,958
Other current assets	1,692	2,582
Cash and cash equivalents	9,049	8,955
<b>TOTAL ASSETS:</b>	<b>91,325</b>	<b>88,157</b>

<b>EQUITY AND LIABILITIES</b>	<b>30 June 2023</b>	<b>31 Dec. 2022</b>
<b>Equity</b>	<b>31,265</b>	<b>30,713</b>
Share capital	4,742	4,742
Reserves	3,963	4,089
Retained earnings	22,575	18,200
Translation reserve	-15	3,682
<b>Minority interest</b>	<b>-83</b>	<b>1,373</b>
<b>Grants and liabilities</b>	<b>71</b>	<b>84</b>
<b>Amounts payable and liabilities</b>	<b>60,072</b>	<b>55,987</b>
<b>Amounts payable after one year and non-current liabilities</b>	<b>20,605</b>	<b>20,927</b>
Loans and other financial liabilities	18,526	18,862
Provisions	682	765
Deferred tax liabilities	1,185	1,088
Other liabilities	212	212
<b>Amounts payable in one year and current liabilities</b>	<b>39,467</b>	<b>35,060</b>
Loans and financial liabilities	5,608	696
Trade payables	18,916	17,083
Income tax payable	195	132
Other amounts payable and current liabilities	14,748	17,149
<b>TOTAL EQUITY AND LIABILITIES:</b>	<b>91,325</b>	<b>88,157</b>

Separate statement of changes in equity

*thousand Euros*

	Share capital	Non-current tangible asset revaluation reserve	Legal reserve	Retained profit	Total
<b>Balance as of 1 January 2023</b>	<b>4,742</b>	<b>2,034</b>	<b>475</b>	<b>14,197</b>	<b>21,448</b>
Net profit (loss) for 2023				-919	<b>-919</b>
Total other comprehensive income		-106		107	<b>1</b>
<b>Balance as of 30 June 2023</b>	<b>4,742</b>	<b>1,928</b>	<b>475</b>	<b>13,385</b>	<b>20,530</b>
<b>Balance as of 1 January 2022</b>	<b>4,742</b>	<b>1,137</b>	<b>475</b>	<b>15,785</b>	<b>22,139</b>
Net profit (loss) for 2022				-1,837	<b>-1,837</b>
Total other comprehensive income		-93		94	<b>1</b>
<b>Balance as of 30 June 2022</b>	<b>4,742</b>	<b>1,044</b>	<b>475</b>	<b>14,042</b>	<b>20,303</b>

**Consolidated statement of changes in equity**

*thousand Euros*

	<b>Share capital</b>	<b>Revaluation reserve</b>	<b>Legal reserve</b>	<b>Currency translation reserve</b>	<b>Retained earnings</b>	<b>Attributable to equity holders of the company</b>	<b>Minority interest</b>	<b>Total</b>
<b>Balance as of 1 January 2023</b>	<b>4,742</b>	<b>3,355</b>	<b>734</b>	<b>3,682</b>	<b>18,200</b>	<b>30,713</b>	<b>1,373</b>	<b>32,086</b>
Decrease in revaluation reserve		-126			126			<b>0</b>
Share capital redistribution							-1,449	<b>-1,449</b>
Dividends							-24	<b>-24</b>
Net profit (loss) for 2023					4,249	4,249	-21	<b>4,228</b>
Currency translation effect				-3,697		-3,697	38	<b>-3,659</b>
<b>Balance as of 30 June 2023</b>	<b>4,742</b>	<b>3,229</b>	<b>734</b>	<b>-15</b>	<b>22,575</b>	<b>31,265</b>	<b>-83</b>	<b>31,182</b>
<b>Balance as of 1 January 2022</b>	<b>4,742</b>	<b>2,008</b>	<b>600</b>	<b>4,261</b>	<b>17,713</b>	<b>29,324</b>	<b>1,230</b>	<b>30,554</b>
Decrease in revaluation reserve		-94			94			<b>0</b>
Increase in legal reserve			<b>133</b>		-133			<b>0</b>
Net profit (loss) for 2022					-486	-486	20	<b>-466</b>
Currency translation effect				-139		-139	-8	<b>-147</b>
<b>Balance as of 30 June 2022</b>	<b>4,742</b>	<b>1,914</b>	<b>733</b>	<b>4,122</b>	<b>17,188</b>	<b>28,699</b>	<b>1,242</b>	<b>29,941</b>

**Separate statement of cash flows**

*thousand Euros*

	<i>Jan. through June 2023</i>	<i>Jan. through June 2022</i>
<b>Cash flows from operating activities</b>		
Net profit (loss)	-919	-1,837
Depreciation and amortization	360	471
Profit (loss) from transfer of non-current assets	0	-26
Other non-cash items	-180	-333
	<b>-739</b>	<b>-1,725</b>
Change in inventories	-837	-1,426
Change in trade receivables	-2,514	-648
Change in prepayments	-187	-711
Change in amounts receivable after one year	3	97
Change in other assets	175	-275
Change in trade payables	1,615	946
Change in prepayments received	-339	7
Change in provisions and other liabilities	-5,700	-1,059
	<b>-8,523</b>	<b>-4,794</b>
Income tax paid	0	0
<b>Net cash flows from operating activities</b>	<b>-8,523</b>	<b>-4,794</b>
<b>Cash flows from investing activities</b>		
Acquisition of non-current assets (excl. investments)	-417	-44
Disposal of non-current assets (excl. investments)	3	28
Acquisition of long-term investments	3,127	0
Loans granted	0	-292
Loans recovered	1	30
Dividends and interest received	55	1
<b>Net cash flows from investing activities</b>	<b>2,769</b>	<b>-277</b>
<b>Cash flows from financing activities</b>		
Dividends paid	0	0
Increase in loans and financial liabilities	4,923	1,399
Decrease in loans and financial liabilities	0	0
Interest paid	-106	-37
<b>Net cash flows from financing activities</b>	<b>4,817</b>	<b>1,362</b>
<b>Increase (decrease) in net cash flows</b>	<b>-937</b>	<b>-3,709</b>
Cash and its equivalent at the beginning of the period	5,013	5,795
<b>Cash and its equivalents at the end of the period</b>	<b>4,076</b>	<b>2,086</b>

**Consolidated statement of cash flows**

*thousand Euros*

	<i>Jan. through June 2023</i>	<i>Jan. through June 2022</i>
<b>Cash flows from operating activities</b>		
Net profit (loss)	4,228	-466
Elimination of other non-cash items:		
Depreciation and amortization	573	610
Other non-cash items	-191	-176
	<u>4,610</u>	<u>-32</u>
Change in inventories	-439	-1,851
Change in contracts in progress	-890	-93
Change in trade receivables	-2,527	412
Change in prepayments	48	-321
Change in other assets	828	280
Change in trade payables	1,834	493
Change in prepayments received	-67	-380
Change in provisions and other liabilities	-2,368	-812
	<u>1,029</u>	<u>-2,304</u>
Elimination of results from financial and investing activities	-4,401	-14
<b>Net cash flows from operating activities</b>	<b>-3,372</b>	<b>-2,318</b>
<b>Cash flows from investing activities</b>		
Acquisition of non-current assets (excl. investments)	-510	-166
Disposal of non-current assets (excl. investments)	4	0
Acquisition of long-term investments	0	0
Loans granted	0	0
Loans recovered	1	3
Dividends and interest received	0	1
<b>Net cash flows from investing activities</b>	<b>-505</b>	<b>-162</b>
<b>Cash flows from financial activities</b>		
Dividends paid	-24	0
Increase in loans and financial liabilities	4,923	1,399
Decrease in loans and financial liabilities	-336	-168
Payment of finance lease liabilities	-12	-73
Interest paid	-580	-297
<b>Net cash flows from financing activities</b>	<b>3,971</b>	<b>861</b>
<b>Increase (decrease) in net cash flows</b>	<b>94</b>	<b>-1,619</b>
Cash and cash equivalents in the beginning of the period	8,955	11,888
<b>Cash and cash equivalents at the end of the period</b>	<b>9,049</b>	<b>10,269</b>

## **EXPLANATORY NOTE**

### **General information**

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

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

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

### **Basis of interim financial statement preparation**

Separate and consolidated financial statements were prepared according to the international standards of financial accounting applicable in the European Union.

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

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

<b>Currency</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
1 PLN	4.4485	4.6869

### **Principles of consolidation**

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

### **Investments**

Over the first half of 2023 the investments of the Group in acquisition of non-current assets amounted to 510 thousand Euros.

*Panevezio statybos trestas UAB* acquired non-current assets for 417 thousand Euros. During the first half of 2023 the costs related to depreciation and amortization of the assets of the Group amounted to 573 thousand Euros, including 427 thousand Euros accounted for in the Financial Statements of *Panevezio statybos trestas AB*.

### **Assets and liabilities**

There were no significant events.



## Segments

as of 30 June 2023  
(thousands Euros)

	Construction	Metal structures	Panel houses	Other activities	Total segments	Elimination of internal transactions	Total Group
<b>Revenue</b>							
Third parties	42,974	5,587	5,548	5,581	59,690	0	59,690
Internal transactions	2,022	0	0	897	2,919	2,919	0
<b>Total revenue</b>	<b>44,996</b>	<b>5,587</b>	<b>5,548</b>	<b>6,478</b>	<b>62,609</b>	<b>2,919</b>	<b>59,690</b>
Other revenue	498	0	8	297	803	0	803
<b>Expenses</b>							
Other, general administrative and selling expenses	-43,662	-4,438	-5,006	-5,110	-58,216	0	-58,216
Interest costs	-148	-2	0	-506	-656	0	-656
Interest income	0	0	0	0	0	0	0
Net financial activities (except interest)	52	0	13	3,610	3,675	0	3,675
Other expenses	-550	-4	-20	-305	-878	0	-878
Income tax expenses	193	-169	-93	-121	-190	0	-190
<b>Segment result</b>	<b>1,379</b>	<b>974</b>	<b>450</b>	<b>6,079</b>	<b>7,147</b>	<b>2,919</b>	<b>4,228</b>
<b>Segment assets</b>	<b>61,882</b>	<b>4,401</b>	<b>5,052</b>	<b>40,668</b>	<b>112,003</b>	<b>-20,678</b>	<b>91,325</b>
<b>Segment liabilities</b>	<b>35,459</b>	<b>1,380</b>	<b>3,092</b>	<b>31,567</b>	<b>71,498</b>	<b>-11,355</b>	<b>60,143</b>

## Loans and other financial liabilities of the Group

(thousand Euros)	30 June 2023	31 Dec. 2022
Loans	24,083	19,496
Leasing (financial lease) liabilities	51	63
<b>Total loans and other financial liabilities</b>	<b>24,134</b>	<b>19,559</b>
Non-current liabilities	18,526	18,863
Current liabilities	5,608	696
<b>Total loans and other financial liabilities</b>	<b>24,134</b>	<b>19,559</b>

The loan breakdown is provided below:

(thousands Euros)	Interest rate	Valid till	30 June 2023	31 Dec. 2022
OP Corporate Bank plc. Lithuanian Branch	3-month EURIBOR+2.44%	July 2026	9,576	9,746
AS Citadele banka Lithuanian Branch	6-month EURIBOR+2.7%	July 2026	9,583	9,750
OP Corporate Bank plc. Lithuanian Branch (overdraft)	3-month EURIBOR+2.54%	Jan. 2024	4,924	0
<b>Total loans</b>			<b>24,083</b>	<b>19,496</b>

## Guarantees, sureties

As of 30 June 2023, the guarantees of the liabilities of *Panevezio statybos trestas* AB Group issued by credit institutions and insurance companies amounted to 8,065 thousand Euros, the total amount is for performance of contracts and liabilities by *Panevezio statybos trestas* AB. The Company has the sureties issued for the amount of 679 thousand Euros related to performance of obligations by the subsidiaries to insurance companies.

## Dividends

The Ordinary General Meeting of Shareholders of *Panevezio statybos trestas* AB held on 27 April 2023 failed in taking the resolution to pay the dividends to the shareholders.

## Transactions with associated parties

There were no significant transactions made with any associated parties.

## Key events and contingent liabilities

As a defendant, the Company is participating in the judicial proceedings where the claimant, *Naujasis Uzupis* UAB, on 7 April 2023 filed a claim against the defendants, Ergo Insurance and *Panevezio statybos trestas* AB, for compensation of the costs related to the work defect elimination and award of penalties for the total amount of 1.15 million Euros. As the defendants fundamentally disagree with the claims, the dispute was brought before the court.

Taking into account all the facts and circumstances known to the management of the Company, the management believes that it is more likely than not that the Company will obtain a favourable judgement in this matter, therefore, in preparation of these financial statements no provision related the described judicial proceedings has been accounted for.