



**VKC**  
Valdymo koordinavimo centras

# STATE-OWNED ENTERPRISES IN LITHUANIA

2022/2023

# TABLE OF CONTENTS

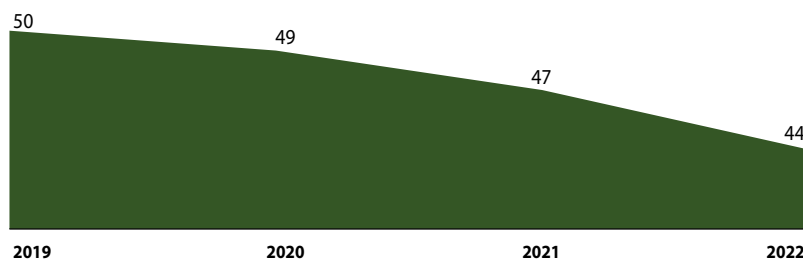
<b>SOE PORTFOLIO: A BRIEF OVERVIEW</b>	<b>4</b>
<b>FOREWORD BY THE MINISTER OF ECONOMY AND INNOVATION</b>	<b>6</b>
<b>FOREWORD BY THE DIRECTOR OF THE GOVERNANCE COORDINATION CENTRE</b>	<b>7</b>
<b>MAJOR EVENTS AND NEWS</b>	<b>8</b>
<b>LITHUANIAN STATE OWNERSHIP POLICY</b>	<b>11</b>
Lithuanian Ownership Policy	13
Nomination of Members of Collegial Bodies	15
Transparency of the SOEs	16
Role of Institutions Representing the State in the SOE Activities	18
<b>ACTIVITIES OF SOES</b>	<b>20</b>
Overview of SOE Portfolio Results	20
Aggregated Financial Information of SOEs	22
SOEs' Market Value on NASDAQ OMX Vilnius Stock Exchange	23
Remuneration of Executives and Members of The Collegial Supervisory and Management Bodies of SOE	24
Overview of Collegial Governing or Supervisory Bodies of SOEs	35
Special Obligations	37
Sponsorship Provided by SOEs	45
Achievement of Profitability and Performance Ratios	47
Contributions by SOEs to the State budget	54
Asset Management	56
Net Profit	58
<b>COMPANIES IN DETAIL</b>	<b>60</b>
<b>EVALUATION METHODOLOGY</b>	<b>125</b>
<b>LIST OF STATE-OWNED ENTERPRISES</b>	<b>127</b>
<b>ABBREVIATIONS AND DEFINITIONS</b>	<b>130</b>

# SOE Portfolio: a Brief Overview

## 44

### ENTERPRISES

THE NUMBER OF ENTERPRISES IN THE SOE PORTFOLIO IS STEADILY DECREASING

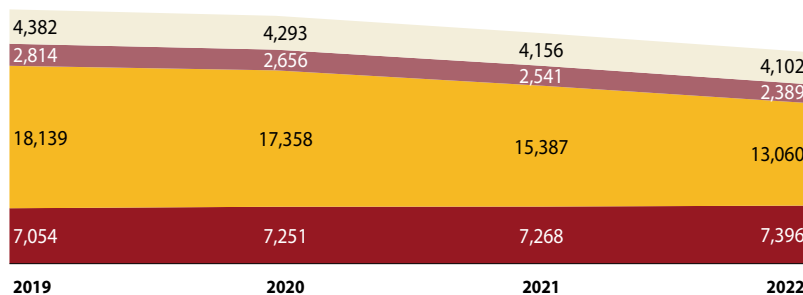


Number of enterprises

## 26,947

### EMPLOYEES

NUMBER OF EMPLOYEES DECREASED BY 8.3%

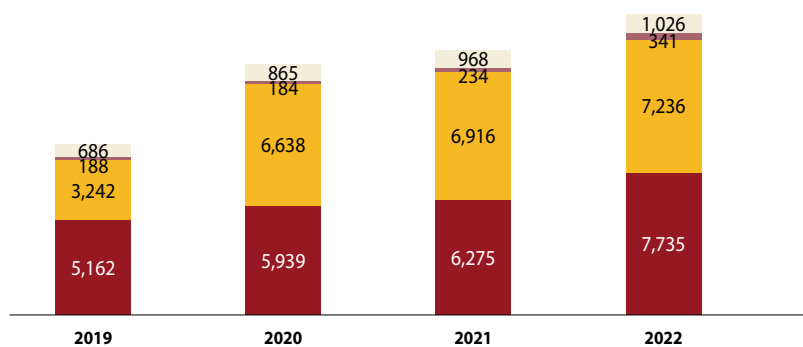


Number of employees

## 16.3

### BILLION EUR ASSETS

VALUE OF SOE PORTFOLIO ASSETS INCREASED BY 13.5%

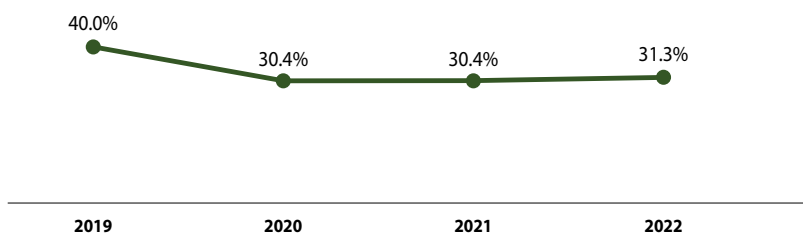


Assets (EUR million)

## 31.3%

### D/E

THE DEBT-TO-EQUITY RATIO OF SOES INCREASED BY ALMOST 1 PERCENTAGE POINT

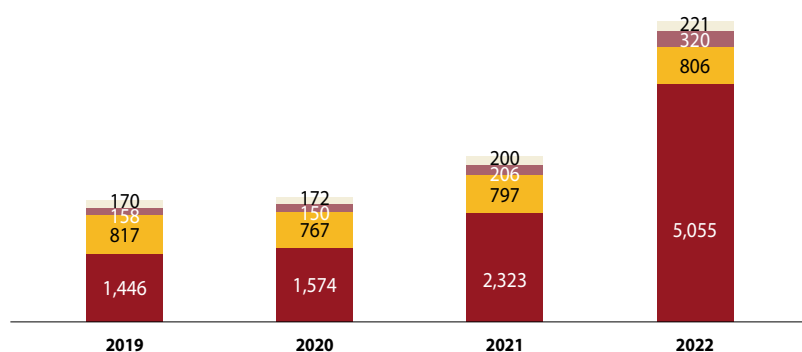


D/E of SOE portfolio

2022

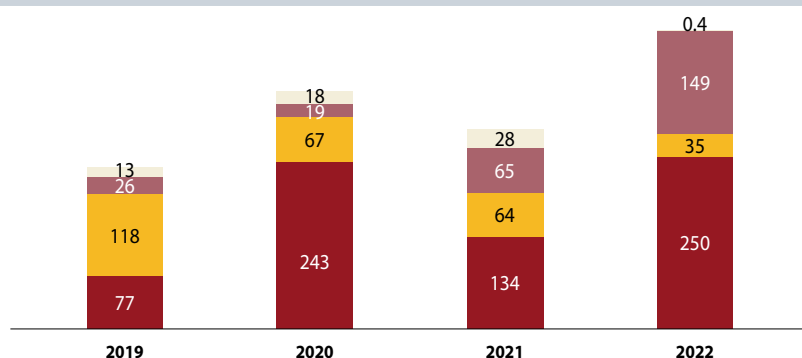
## PORTFOLIO SALES REVENUE GREW BY 81.6%

Sales revenue (EUR million)


**6.4**  
 BILLION EUR  
 REVENUE

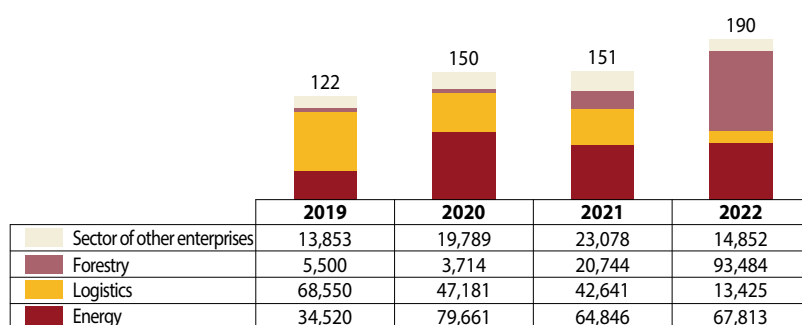
## NET PROFIT FOR SOES INCREASED BY 49.4%

Net profit (EUR million)


**434.3**  
 MILLION EUR  
 NET PROFIT

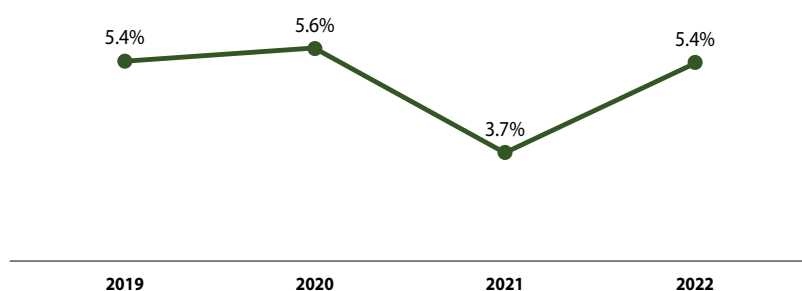
## THE ALLOCATED AMOUNT OF DIVIDENDS AND PROFIT CONTRIBUTIONS INCREASED BY A QUARTER

Dividends and profit contributions


**189.6**  
 MILLION EUR  
 DIVIDENDS  
 AND PROFIT  
 CONTRIBUTIONS

## RETURN ON EQUITY OF SOES INCREASED BY 1.7 PERCENTAGE POINTS

ROE of SOE portfolio


**5.4%**  
 ROE





*The year 2022 has brought the world much anxiety and tension over Russia's war in Ukraine. However, despite the difficulties, our country's SOE sector has shown remarkable resilience. Last year, SOEs earned a record return of EUR 240 million for the State. This confirms that targeted reform of SOEs is the right way to go and is delivering tangible results – year on year, we are seeing improved financial performance, more efficient service delivery to the public, and a solid return to the State.*

Over the past year, the portfolio of SOEs has been further streamlined, with a significant number of SOEs, which are considered to be in an unsophisticated legal form, being converted into limited liability companies. The remaining of the state-owned enterprises are facing the same transformation. In addition, in response to the spike in energy prices, the SOEs have taken decisions that allow them to use resources more efficiently, thus reducing not only their costs but also their dependence on market fluctuations.

Although we are still on the path of change, international organisations identify Lithuania today as one of the best practices in implementing reforms in the SOE sector. Therefore, we are sharing our experience and knowledge of what has worked and what has not worked with representatives from other countries that are still planning to follow this path. Nevertheless, we still have ambitious plans of our own to further increase the level of professionalism in the management of these enterprises, to refine their activities, to centralise the management of the portfolio of SOEs, and to maintain the upward trend in the returns they generate for the State.

The bar for the governance of the SOEs has been set high, and I look forward to continuing to move decisively towards even greater breakthroughs, creating more opportunities for Lithuania.

Yours sincerely

**Aušrinė Armonaitė**

Minister of the Economy and Innovation  
of the Republic of Lithuania

*The past year since 24 February 2022 has unequivocally been a historic one, and all the processes and achievements since that date are inevitably seen in the context of the ongoing war. The tense and high-risk geopolitical environment had a significant impact on the Lithuanian SOE sector as well – after the initial shock subsided, all SOEs mobilised their existing competences and took decisive decisions that were in the best interest of the organisation, the shareholder, and the public, to maintain the stability they had created, and to increase energy independence.*



I am extremely pleased that last year saw the achievement of a strategically important milestone in the area of assessing the performance of SOEs, with the new concept of KPIs approved at the end of 2021 being put into practice in 2022. We have been preparing for this change for years, and while the process of alignment has not been easy, the maturity of SOE governance that has been achieved has allowed us to move towards a more advanced assessment of corporate performance, thus laying the groundwork for the individualised measurement of the performance of SOEs, taking into account the specificities of each individual enterprise. I am also proud to say that, at the time of writing this report, the depoliticisation and independence of collective management and supervisory bodies in the governance of SOEs has reached a new level – for the first time ever, the Chairpersons of the Boards of Directors and Supervisory Boards of all SOEs are independent. Meanwhile, the percentage of independent members in the elected collegial bodies of SOEs remains high at 63%, which is in line with OECD good governance practices. In terms of the functioning of collegial bodies, the increasing leadership of women is also encouraging, with almost one in three of the SOEs collegial bodies chaired by a woman in 2022 – the highest number in the last five years.

As a brief overview of the performance of the 2022 SOE portfolio, I would like to point out that in the context of a geopolitical situation that is difficult to predict, the State's diversification of the SOE portfolio is more evident than ever – even in the face of a changing market and environment, last year's performance of the SOE sector has not only kept up with the commitments to the State, but also exceeded all expectations. Despite the stressful period, the benefits to the State are often measured in terms of the contribution of SOEs to the State budget, and we can be pleased that in 2022 we have a record contribution of almost EUR 240 million. We sincerely believe that this 30% increase compared to the previous comparative period is significantly due to the professional management of the SOEs, the responsible attitude of the shareholder and the SOEs' own perception of the importance of leveraging all the possible opportunities to ensure an ever-improving performance of their portfolio. We expect this trend to continue to be a priority for the new term of office of the members of the collegial bodies and the top management of the companies – in 2022, as many as 14 new Boards of Directors and one Supervisory Board have been formed, and 6 new General Directors of SOEs have been elected.

I very much appreciate the visits of foreign delegations, which have already become a tradition – they give us confidence and motivation to continue to improve. The growing international cooperation is unequivocally beneficial for all parties involved, but it is certainly encouraging that Lithuania's example is being followed by a number of countries planning to transform their SOEs – over the past three years we have hosted guests from Croatia, Montenegro, and Sakartvelo in the Governance Coordination Centre, and have been able to share our experience. Of course, we also aim to strengthen our own community of Lithuanian SOEs: the GCC events are very popular – we estimate that we have attracted close to 3,000 participants since the beginning of their organisation. This is the second year that we have brought together exclusively top-level executives in a beautiful reforestation initiative – the aim is to provide an opportunity to socialize in an informal setting, to establish new contacts, and to go beyond formal cooperation.

While we are doing our utmost to ensure that the pursuit of the highest standards in the governance of SOEs is gaining momentum, the attitude of the shareholder remains crucial for the proper implementation of good governance. We hope that the strong political will to raise the bar on the governance of SOEs will continue, and that the centralised governance model we are moving towards will ensure even more professional management of SOEs, greater transparency and a solid return to the State.

We invite you to read about the activities and performance of the SOE portfolio in this annual report summarising the activities of the SOEs.

Yours sincerely

**Vidas Danielius**

Director of the Governance Coordination Centre

# Major events and news of SOEs

On 26 January 2022, the Government approved the consolidation model of national development institutions (NDI) – UAB Investicijų ir verslo garantijos, UAB Viešųjų investicijų plėtros agentūra, UAB Valstybės investicijų valdymo agentūra and UAB Žemės ūkio paskolų garantijų fondas **on the basis of Invega by designating it as the parent company**, and the rest of the institutions as its subsidiaries. The NDI consolidation action plan was also approved, which foresees the essential stages of consolidation, and the Ministry of Finance was assigned to represent the State in the consolidated NDI with the rights of a shareholder. Consolidation of national development institutions will ensure a unified investment strategy, synergy of instruments, effective reuse of EU support, attraction of institutional and private investors, generating at least twice the leverage effect of financial instruments.



On 18 May 2022, the Minister of Economy and Innovation approved a description of the content requirements and procedures for the preparation of the objectives pursued by the State in a State-owned enterprise and the expectations set for a State-owned enterprise. This description adjusted the financial and non-financial expectations of State-owned enterprises. The new description specifies that the inclusion of core and specialised indicators in the strategic plan of a State-owned enterprise must be ensured. A State-owned enterprise may have a financial expectation to achieve higher profitability, an optimal capital structure and the value of individual dividends or profit contributions than the legislation governing the governance of State-owned enterprises. Also, the maximum dividend payment by subsidiaries of the State-owned enterprise to the State-owned enterprise and the same non-financial expectations as for the State-owned enterprise to the subsidiary should be emphasised.



After the new version of the Republic of Lithuania Law **on the Civil Service came into force on 1 May 2022, civil servants acquired the right to receive the statutory salary for activities performed as a member of the collegial body of a state- or municipality-owned enterprise or its subsidiaries.** According to the previously valid procedure, civil servants working in the collegial bodies of state- or municipality-owned enterprises did not receive remuneration, while in the case of state or municipal enterprises, the remuneration was transferred to the relevant budget.



On 18 May 2022, the Government approved the Key Financial Performance Indicators (KPIs) for state-owned enterprises for the period 2022-2024. These companies are expected to pay more dividends to the State and be more profitable than before. This will be supported by a change in performance measurement to include profitability, optimal capital structure and individual dividends as well as profit contributions. The revised assessment methodology will allow companies to be more flexible, make more effective decisions and achieve the results they want and need, according to the Minister of Economy and Innovation.

On 3 August 2022, a Government Resolution amended the Resolution on the Description of the Procedure for Payment of Remuneration to Members of Collegial Bodies of State-Owned Enterprises and Municipally-Owned Enterprises. According to the updated legal act, the enterprises acquire the obligation to pay all members of the collegial body remunerations of the determined amounts. The previous version of the document did not provide for the remuneration of civil servants, who did not receive any remuneration for their work in the collegial body of a State or municipally-owned enterprise, while other members of the collegial body were subject to a remuneration ceiling, which has become a lower limit since the update. The new regulations also require the enterprise to insure, at its own expense, the civil liability of the members of the collegial bodies.



**On 2 January 2023, the state-owned enterprises Klaipėdos valstybinio jūrų uosto direkcija (KVJUD), Oro navigacija (ON) and Lietuvos automobilių kelių direkcija (LAKD) were transformed into public limited liability companies.** The transformation was carried out in line with the Government's programme and the Organisation for Economic Co-operation and Development's recommendations to review, simplify and harmonise the legal forms of State-owned enterprises. The only State-owned enterprise in the transport sector remains VĮ Lietuvos oro uostai, which is expected to be transformed into a public limited liability company in the third quarter of 2023.

**On 11 January 2023, the Government approved a revised plan of measures for the restructuring and centralisation of the management of State-owned enterprises.** It is planned to start the liquidation procedures of UAB Lietuvos Kinas in 2023, the procedures of transformation of the state-owned enterprises Valstybinė miškų urėdija, Lietuvos oro uostai, Registrų centras, Regitra into public limited liability companies, and the transformation of the state-owned enterprise Indėlių ir investicijų draudimas into a public enterprise. These changes continue the implementation of the centralisation of management plan, which was approved back in 2021.



**On 15 February 2023, UAB Investicijų ir verslo garantijos (Invega) will become the only state-owned financial institution that will provide support to businesses, including those that do not receive bank financing.** This action completes another phase of the reform of the consolidation of the national development institutions (NDI), through which the National Development Fund will help to bring together ministries' strategic objectives, financial sources and financial market players. According to the Government's decision, Invega will be the only one to have the status of an NDI, while its subsidiaries will lose such status. The consolidation of the national development institutions, launched by the Government in October 2022, will continue, with the subsidiaries, i.e. Žemės ūkio paskolų garantijų fondas (ŽŪPGF), Viešųjų investicijų plėtros agentūra (VIPA) and Valstybės investicijų valdymo agentūra (VIVA), being wholly or partially merged into Invega.

**2023 m. liepos 31 d. Vyriausybė pritarė atnaujintam Valstybės valdomų įmonių pertvarkos ir valdymo centralizavimo priemonių planui.** Planuojama, kad pasibaigus 2024-iesiems metams, VVĮ portfelyje liks 31 įmonė – visos akcinės bendrovės arba uždarnosios akcinės bendrovės (nebeliks valstybės įmonės (VĮ) juridinį statusą turinčių įmonių).



**According to the data for the first quarter of 2023, there are 8 enterprises from the SOE sector among the 50 enterprises in Lithuania that have paid the most taxes and other contributions to the State Tax Inspectorate:** UAB Ignitis (1st place), AB Klaipėdos nafta (5th place), AB Energijos skirstymo operatorius (12th place), VĮ Valstybinių miškų urėdija (14th place), AB Lietuvos automobilių kelių direkcija (26th place), VĮ REGITRA (38th place), AB LTG Cargo (45th place), AB Kelių priežiūra (46th place). These 8 enterprises collectively paid EUR 305.5 million in taxes in the first three months of 2023.



**In 2023, the depoliticisation and independence of the collective management and supervisory bodies of SOEs reached a new level: for the first time, the chairpersons of the boards and supervisory boards of all SOEs are independent.** Independent and depoliticised collegiate bodies of the SOEs are one of the key elements of effective and transparent SOE governance. The number of independent members in the elected collegiate bodies of SOEs is already 65%, which is in line with OECD good governance practice.

On 29 September 2022, the best of the SOE Good Governance Index 2021-2022 were evaluated and awarded

**The Governance Coordination Centre presented its annual Good Governance Index, which assesses the quality of the governance of SOEs, with the most positive changes in governance in the areas of accountability and collegial bodies, and the lowest scores in the area of sustainability.**

For 10 consecutive years, the Good Governance Index for SOEs has been one of the main tools for assessing qualitative aspects of SOE governance. Each SOE is assessed against 260 criteria, reflecting the OECD Recommendations, the Transparency Guidelines and other SOE governing documents and global best practices. 2022 was the anniversary year of the Index, marking 10 years since the first Good Governance Index assessment. In retrospect, the change that has taken place in this period of time is enormous: in 2012, there were 115 SOEs in total, of which 77 were SE in legal form, and of the 38 companies operating at the time, only 10 had independent members on their boards. This Good Governance Index score has been tightened, but even with a higher score on the corporate governance scorecard, more than half of the companies in the SME sector scored positively on corporate governance. While there is not yet a single SOE that has fully implemented all the governance requirements, most of the larger SOEs are well advanced and their governance principles can be considered exemplary.

The best governance practices in the category of large companies are implemented – by **AB Ignitis grupė**, in the category of medium-sized companies – by **UAB Toksika**, in the category of small companies – by **UAB Valstybės investicijų valdymo agentūra**. Special nominations were given to recognise companies' achievements in specific areas of good governance. **AB Smiltynės perkėla** was recognised for its accountability. The nomination for management progress was awarded to **VĮ Valstybinių miškų urėdija**, while **AB Litgrid** was named the most innovative subsidiary. The **Ministry of Finance** is recognised as the most professional manager.



The Governance Coordination Centre's index of good governance for SOEs covers three main areas: transparency, collegial bodies, strategic planning and implementation. The methodology of the Index is reviewed and updated annually to respond to changes in the legislation regulating the activities of SOEs and evolving governance practices.







# Lithuanian state ownership policy

Examples of many foreign countries show that SOEs can operate efficiently, provide benefits to consumers, and compete successfully on the market, and their performance can stand on a par with or even surpass the indicators of private enterprises. Modern and efficiently functioning SOEs can significantly contribute to state budgets, while additional funds can be redistributed to a wide range of areas, from pensions, teachers' and medical staff salaries to investment projects of national importance. In addition, these companies, having implemented advanced management models, become an example of transparent and responsible business, thereby promoting sustainable economic development. To turn SOEs into modern efficient companies, it is necessary to warrant the introduction of the good governance principles through ongoing and professional supervision of state-owned enterprises. It is important that the State has a clear ownership policy outlined and high transparency standards as well as ambitious expectations set for these companies.

The activities of Organisation for Economic Co-operation and Development (hereinafter – the OECD) had a significant effect on the

improvement of governance of State sector companies. OECD is a multilateral forum for discussions, sharing of experience and development of new economic and social policy guidelines. The organisation offers its members and partner countries support in introducing the good global practices and standards in the public policy field. Lithuania became a full member of the OECD on 5 July 2018.

Despite the accession to the OECD, Lithuania continues to put significant efforts to increase the efficiency of state-owned enterprises.

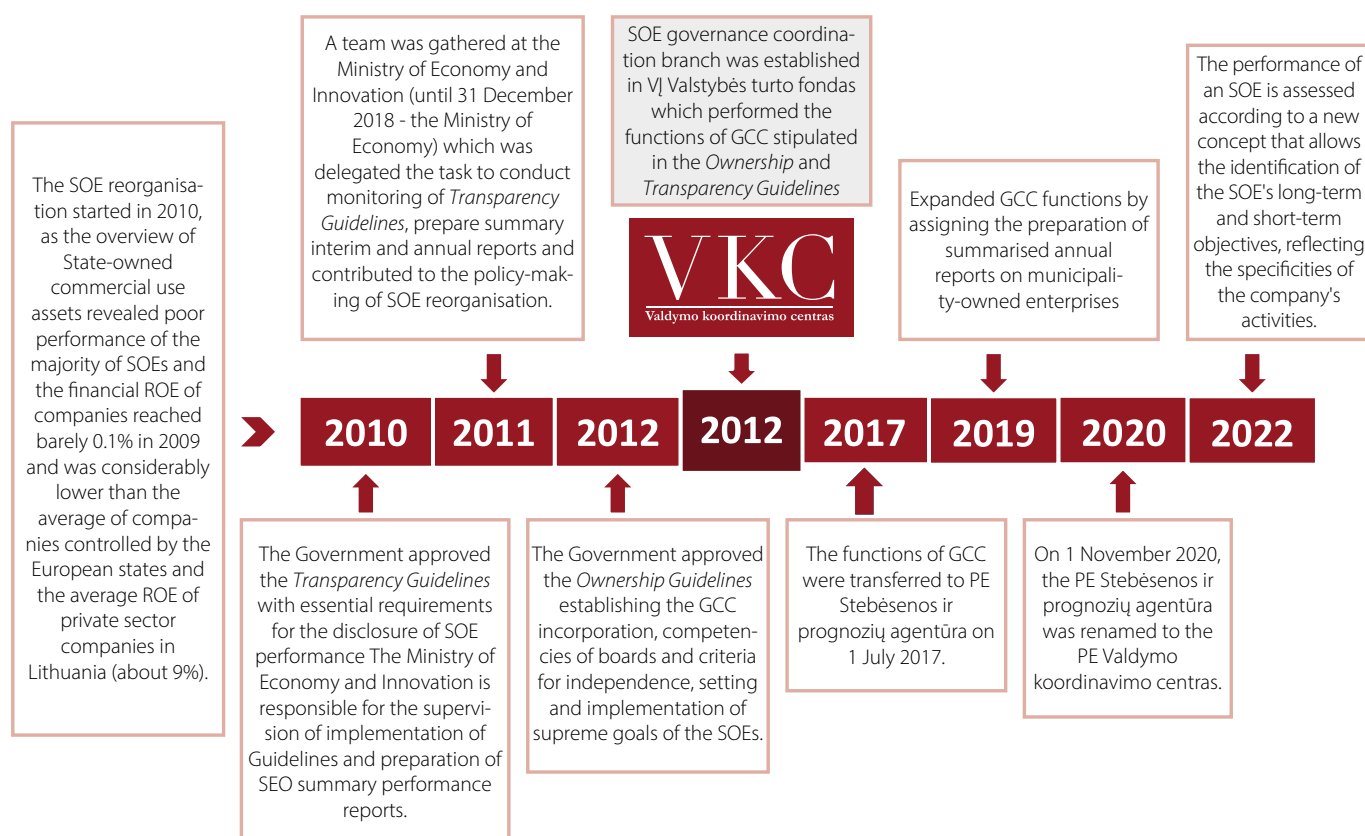
The OECD's Progress Assessment Report on Lithuania's implementation of the priority recommendations, published in December 2022, assessed Lithuania's implementation of the priority recommendations favourably, stating that Lithuania has made significant progress in the implementation of Recommendations 1 and 4 in the areas of governance of SOEs and the strengthening of accounting and audit standards. Lithuania was encouraged to pursue reforms related to changing the legal form of the envisaged state-owned enterprises (SOEs), strengthening the empowerment of collegial bodies, and the removal of term limits for SOE managers, as foreseen in recommendations 2, 3 and 5.

## Governance Coordination Centre

In order to ensure consistent and professional governance of the SOEs, the Government has decided to establish the Governance Coordination Centre, an institution that monitors and analyses the implementation of the State's policies across state-owned enterprises. Since 1 July 2017, the functions of GCC have been undertaken by VĮ Stebėsenos ir prognozių agentūra which was renamed into VĮ Valdymo koordinavimo centras as of 1 November 2020. The rights and obligations of the owner of the institution are implemented by the Ministry of Economy and Innovation. Successful implementation of good governance practices led to the result that since January 2019, upon entry into force of the new wording of the Law on the Management, Use and Disposal of State-owned and Municipal Property of the Republic of Lithuania, analogous good governance practices started to be installed in municipality-owned companies as well. The functions

undertaken by the VKC include an increasingly wider range of SOE coordination activities: nomination of independent board and supervisory board members, supervision of the implementation of strategic plans, preparing analytical reports and publishing information on the SOE and MOE activities, assistance in the policy-making in the SOE and MOE sector, and advice on the matters concerning the introduction of good governance. In addition to its primary goal - to promote installation of good governance principles and State- and municipality-owned enterprises – the GCC pursues the improvement of the following key areas:

- Improving SOE transparency and accountability;
- Improving the independence and powers of the collegial and governance bodies at SOEs and MOEs;
- promoting SOE and MOE centralisation and efficient governance.



Areas of activity and functions of the Governance Coordination Centre:

- Transparency (preparing summary reports, evaluation of the companies' financial performance and efficiency, analysis of executive remuneration at SOEs);
- Setting targets (assessment of long-term key financial indicators to be achieved by SOEs, harmonisation and publication of specialised indicators, assessment of the ambition of corporate strategic objectives and monitoring of implementation);
- Work of collegial bodies (compilation of a database of potential members of collegial bodies, assessment of the competences of collegial bodies, advising on boards and supervisory boards of companies, partic-

ipation in the nomination commission for members of the management and supervisory boards of SOEs);

- Policy initiatives (preparation of methodological recommendations, initiatives for new legislation, advising the Government and the Ministry of Economy and Innovation of the Republic of Lithuania on related policy formulation); Consultations (advising the Government and the public authorities on the management of the SOEs and on the most important shareholder decisions, on the expectations and the expected results, advising the SOEs on the implementation of the operational and good governance practices, organisation of experience-sharing events and seminars, and advising the Government and the Ministry of Finance on the payment of dividends and corporate contributions).

## Regulatory Environment of SOEs

The shared experience of foreign countries shows that the implementation of the SOE good governance principles is an important, yet a complex initiative. The main challenge is to strike a balance between the State's commitment to actively pursue its ownership functions (such as setting financial and other objectives and their monitoring) and the unbiased

regulation of the sector in which the company operates. For these reasons, different countries adopt legislation on ownership policy clearly outlining the rights and obligations of all stakeholders involved in SOE governance. The documents laying down the ownership policy also outline the procedure for determining the salaries of members of collegial governing or supervi-



sory bodies, formalise their nomination principles, establish the principles for the composition and independence of such bodies, and detail the expected performance of the SOEs. The purpose of establishing clear ownership functions is to ensure that the State is an active owner of the property – that it sets objectives for enterprises, establishes expectations pertinent to ensuring efficient business and good performance, and lays down the inter-institutional communication standards and liabilities.

The Lithuanian State implements its functions of the SOE owner through the government ministries or their subordinate bodies. The role of the Government is to establish the strategy for the implementation of the State ownership functions and basic guidelines. It is the main decision maker on key SOE governance issues. The general SOE governance policy is shaped by the Ministry of the Economy and Innovation of the Republic of Lithuania, which drafts relevant legislation and submits it to the Government.

## Key Legislation Governing the Activities of State-Owned Enterprises in Lithuania

The activities of state-owned enterprises and their efficiency are strongly influenced by the national legal framework. In their business, the enterprises, subject to their legal form, sectors and other aspects of their activities, must rely on existing legislation. The Law on Possession, Use and Disposal of State and Municipal Property of the Republic of Lithuania lays down the terms and conditions for the possession, use and disposal of state and municipal assets and the powers of state and municipal institutions in this area.

Based on the OECD guidelines and the global best practices, in 2010 the Government passed the Resolution Approving the Schedule of Guidelines for Ensuring Transparency in the Operations of State-Owned Enterprises and Appointing the Coordinating Body (known as the *Transparency Guidelines*, latest wording of 30/04/2021), which set high transparency and reporting standards for all SOEs, and in 2012, the Resolution Approving the Schedule of Procedures for the Implementation of State Property and Non-Property Rights in State-Owned Enterprises (known as the *Ownership Guidelines*, latest wording of 13/01/2023), which outlined the Government's ownership policy for the SOEs. The *Ownership Guidelines* provide solutions as to the principles to be followed when outlining strategic objectives and identifying financial indicators, separating the regulatory and ownership functions while forming boards and supervisory boards at SOEs, etc. The *Ownership Guidelines* contain three essential measures to reinforce the SOE governance: a strong shareholder, strong corporate executives and clear objectives. To reinforce the principles of independence and nomination of the boards and supervisory boards, the Resolution Approving the Schedule of Procedures for the Nomination of Candidates to the Board of Directors of a State or Municipal Enterprise and Candidates to the Collegial Supervisory or Governing Body of a State- or Municipality- Owned Enterprise to be Elected by the General Meeting (known as *Nomination Guidelines*, latest wording 01/06/2023) was adopted. The *Nomination Guidelines* are a unique piece of legislation within the scope of the OECD and other world best practices, which clearly and publicly formalises the selection process, determines the composition of SOE collegial bodies, requirements for candidates and more.

Ownership Guidelines	Transparency Guidelines	Nomination Guidelines
Define the setting of targets for enterprises: the process of defining, aligning and publishing core and specialised indicators, and obliges the VAI to draw up Letters of Expectation	Detail information to be disclosed by all state-owned enterprises about their business and deadlines for providing such information	Establish composition of collegial governing and supervisory bodies of SOEs and instruct them to have independent members
Oblige institutions representing the State to separate the ownership and regulatory functions of SOEs	Oblige SOEs to prepare interim financial statements	List the requirements for candidates to the collegial governing and supervisory bodies of SOEs and lay down the criteria for independence
Oblige SOEs to develop strategies and follow them	Oblige all SOEs to keep their financial records in accordance international accounting standards	Formalise nomination and appointment process for candidates to collegial governing and supervisory bodies
Oblige major SOEs to have collegial governing bodies and key committees	Oblige SOEs to provide information on special obligations undertaken	Outline the principles for the formation of nomination committee and its functions
Establish recommendations for the remuneration of executives and members of collegial governing and supervisory bodies	Oblige the coordinating authority (the GCC) to prepare summary reports on SOEs and their activities	

## Implementation of Lithuanian Ownership Policy

### APPLICATION OF THE OWNERSHIP GUIDELINES

The provisions contained in the *Ownership Guidelines* are of mandatory nature and must be abided by the public authorities involved in the SOE governance. Some provisions of the *Ownership Guidelines* are subject to the “comply or explain” rule, which allows deviations from these provisions only when they are objectively necessary; in such cases, each deviation must be reasonably justified and explained in the SOE's annual activity report or annual report.

### CLEAR OBJECTIVES

In order to make SOEs perform as efficiently as possible and help them have clear information about what is expected from them by the State, the institution representing the State must clearly identify the financial and non-financial objectives set for the companies and its expectations in terms

of their business. As set forth in the *Ownership Guidelines*, “the State, being involved in the SOE governance, pursues the growth of business value, yield from dividends or profit contributions, guarantees of national security interests, implementation of strategic projects or other objectives”. Therefore, in the Letters of Expectation, the VAI presents customised expectations for an SOE concerning its commercial objectives, special obligations, etc. This goes to show that along with the generic public objectives for SOEs, such as the requirement of financial return, there is an emerging trend of setting custom objectives related to the specific business of a company.

The key guidelines applicable to the Letters of Expectation to be prepared by the VAI are provided in the Guidelines for Drafting a Letter of the Institution Representing the State on the State's Objectives in a State-Owned Enterprise and Expectations from a State-Owned Enterprise (hereinafter – the *Expectations Guidelines*, current wording in force from 18/05/2022).

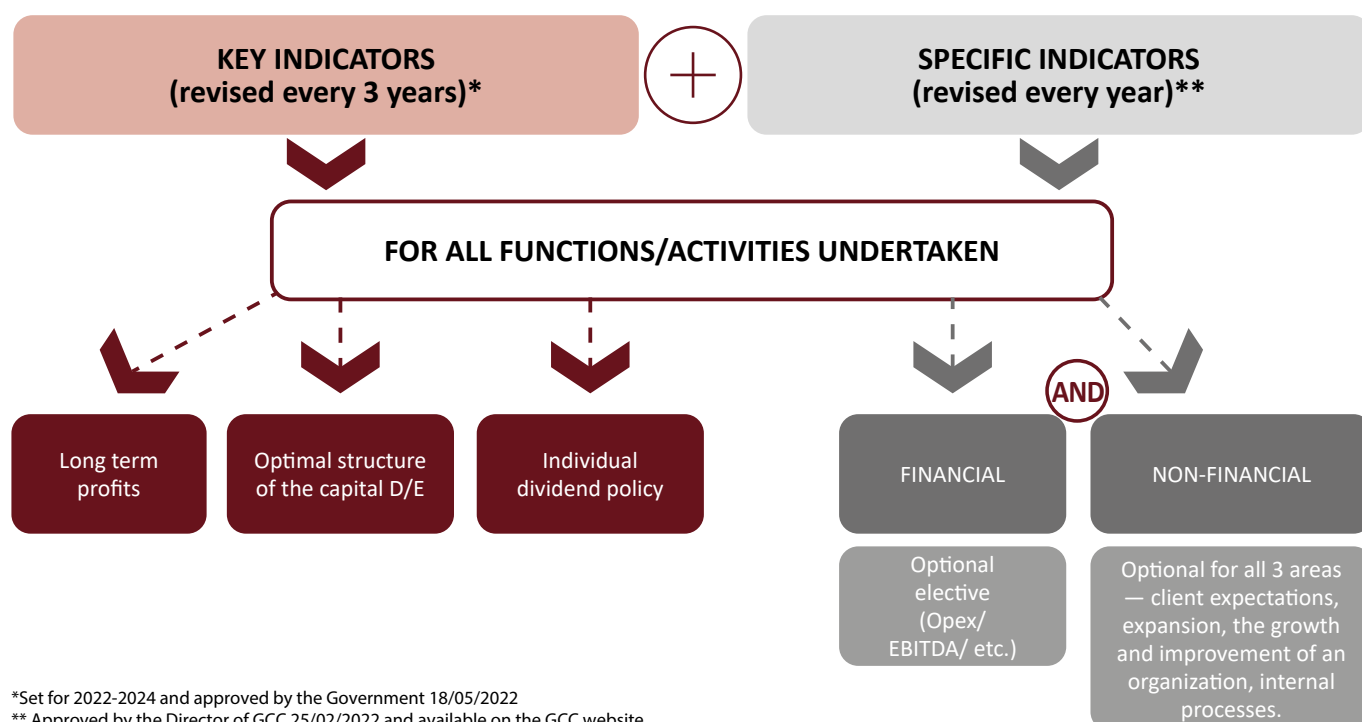
These guidelines outline the principles for shaping the financial and non-financial expectations, establish the communication requirements in the process of getting the target deliverables approved and set along with their values, set forth an obligation to identify the primary requirements for special obligations undertaken, and outline reporting requirements.

The *Letters of Expectation* must be an integral part of corporate strategies. The target financial and non-financial performance expectations should be ambitious, measurable, and quantifiable. For the purposes of monitoring the achievement of objectives, the enterprises should be assessed on a regular basis in terms of how they pursue their goals. All this information, as provided by the Ownership Guidelines, shall be available to the public; therefore, the above-mentioned letters shall be published on the SOE, VAI and GCC websites.

## 1. State Objectives for the SOEs

**1.1.** The Government, being an active manager of State assets expressed in shares of SOEs, aims to increase the value and financial return of such assets, maintaining a balanced risk and ensuring proper

performance of special obligations. Setting goals and the indicators that measure them, regular analysis of their achievement are important instruments for assessing the relevance of continuing to be the owner of a SOE and for formulating the directions of activities for the future. Performance appraisal is one of the most useful management tools because of its ability to combine strategic planning and implementation control into a single entity. One of the stages of strategy preparation is the establishment of key performance indicators (hereinafter – KPI), with the help of which both the Government and SOEs themselves monitor and evaluate their activities: they assess progress and success or lags behind the desired results, which allows to adopt better business solutions for achieving goals. In order to ensure that SOEs have a clear understanding of what is expected of them by their main shareholder, the State, as well as to take into account the good practice of the OECD countries to formulate financial and non-financial targets and KPIs reflecting them in accordance with a unified concept of performance measurement, In December 2021, the Government endorsed the concept of KPIs proposed by the GCC, which applies from 2022:



## 1.2. Dividends for the shares in state-owned limited liability companies and profit contributions by state enterprises

SOEs, subject to their legal form, pay either dividends or profit contributions to the State budget with the dividends being paid by the limited liability companies, and profit contributions, by state enterprises. The procedure for payment of dividends and profit contributions to SOEs is regulated by the Law on State and Municipal Enterprises of the Republic of Lithuania and the Resolution of the Government of the Republic of Lithuania "On the Approval of the Procedures for the Implementation of State Property and Non-Property Rights in State-Owned Enterprises" (hereinafter – the *Ownership Guidelines*). Following the above legislation, SOE pays dividends or profit contributions on the distributable profit of the reporting year. The specific amounts of dividends or profit contributions to be paid are determined by Resolution of the Government of the Republic of Lithuania No. 509 "On the Approval of the Target Key Financial Performance Indicators of State-Owned Enterprises for the Period 2022-2024"

## 2. SOE Strategies

SOEs must have clear strategic plans that would serve as communication tools among the Government, the shareholder or institution implementing the owner's functions, corporate boards and executives. The Government has placed all SOEs under the obligation to develop their strategic business plans. From the autumn of 2019, this obligation applies to subsidiaries of SOEs, and from 2022 onwards, i.e. for "grand-

daughter" companies. The limited liability companies should develop their strategic business plans for at least a three-year period, state enterprises, for a four-year period and they should update them annually. These



plans must include their strategic directions for the company's business to be developed, long-term and short-term objectives and targets with specific target indicator values to measure the achieved objectives and targets. The plans should also provide for comprehensive financial forecasts, investments and their funding sources along with the evaluation of return, the enterprise's environmental and risk analysis, available resources, etc.

The SOEs and their subsidiaries are obliged to submit their draft strategies to the Governance Coordination Centre, every year before 15th November, which provides recommendations and proposals for their improvement. The GCC also evaluates the target indicators outlined in these strategic plans and provides recommendations and proposals for their improvement. The approved strategic plans shall be submitted to the Governance Coordination Centre by the 15th January of the year of their approval.

### COLLEGIAL GOVERNING BODIES

One of the key factors to achieve profitable and efficient business of the company is a competent, motivated and independent management or a supervisory board, where it is formed. The board is the main governing body that establishes the company's strategic priorities, assesses the activities of the company's executives and ensures their accountability.

Following the amendments to the *Ownership Guidelines*, SOEs are no longer divided into five categories, instead they have been subjected to the concepts of public-interest entities (i.e. SOEs which are considered to be large in accordance with the Law on Financial Reporting by Undertakings) and of enterprises that are considered of importance for ensuring national security. Such public-interest entities and the companies of importance for ensuring national security must have functioning collegial bodies. A decision on the management boards (or supervisory boards) to be formed in other SOEs is vested with the institution representing the State.

*On the basis of their legal form, all state-owned enterprises (SOEs) fall into the following categories: **state enterprises (SEs)** and **state owned limited liability companies** (either public limited liability companies (AB) or private limited liability companies (UAB)).*

*SEs are companies incorporated using public assets or enterprises transferred to the State according to the procedure established by the laws; they are owned by the State and they manage, use and dispose of the assets transferred to them or acquired by them under the right of trust. As at 31 December 2022, there were 13 SOEs in Lithuania, including VĮ Valstybinių miškų urėdija, VĮ Ignalinos atominė elektrinė, etc.*

*State-owned public and private limited liability companies (AB and UAB) are private legal entities with limited civil liability with all or part of their shares owned by the State. At the end of 2022, there were 13 SOEs, which were public limited liability companies (AB) in terms of their legal form, in Lithuania (including AB Lietuvos paštas, AB Lietuvos geležinkeliai, AB Klaipėdos nafta), and 19 SOEs, which were private limited liability companies (UAB) in terms of their legal form (UAB Ignitis grupė, UAB EPSO-G, UAB Lietuvos parodų ir kongresų centras LITEXPO, etc.).*

### COMMITTEES

SOEs, which are considered to be public-interest entities under the Law on the Audit of Financial Statements of the Republic of Lithuania, are required to form audit committees which would reinforce the internal control of the companies – monitor the process of having the companies' financial statements prepared, the efficiency of various internal control systems, the auditing process, etc. An audit committee must consist of at least three members, of which more than half must be independent. An independent member shall be elected as the chair of the audit committee.

Every state-owned limited liability company, which is considered to be large under the Law on Financial Reporting by Undertakings of the Republic of Lithuania, must also have a remuneration committee formed to prepare proposals for the remuneration schemes of the company's executives.

### REMUNERATION

In order to attract as many experienced independent professionals as possible to become members of collegial bodies,

they may be remunerated for their work. The remuneration of the members of the collegiate bodies must be discussed at each company's general meeting of shareholders, and the shareholder must ensure that the members of the Boards of Directors and Supervisory Boards of state-owned enterprises are paid a fixed remuneration, not less than 1/4 of the average monthly salary of the company's General Director and not more than the average monthly salary of the company's General Director, and it is recommended that the chairpersons of the Boards of Directors and the Supervisory Boards should receive a remuneration of not less than 1/3 of the average monthly salary of the General Director. The remuneration paid to members of collegiate bodies who are civil servants shall be not less than 1/8th and not more than 1/4th of the remuneration paid to the company's General Director. The remuneration paid to a member of the Board of Directors of a SOE may not exceed 1/5 of the average monthly salary of the General Director.

## Nomination of Members of Collegial Bodies

The *Nomination Guidelines* establish the principles for the formation of collegial governing and supervisory bodies, the general, special and independence criteria, the selection and nomination procedures, and the composition of the nomination committee. The *Nomination Guidelines* apply only to a collegial body directly elected by the nomination initiating subject (institution representing the State or State-owned company, to collegial body of the subsidiaries of which the nomination is organised - hereinafter referred to as the VAI), regardless of the legal form or size of the SOE (or its subsidiary).

### COMPOSITION OF COLLEGIAL BODIES

In order to achieve improved independence of collegial bodies, at least 1/2 of the collegial body members of SOE must meet the independence criteria set out in the *Law on Disposal*, while, in case of subsidiary

of SOE, independent members should account for 1/3 of the number of members of collegial body established in the Statutes. In addition, it has been established that persons who are civil servants of political confidence or persons that are responsible for the policy-making in the



economic sector, which the company operates in, may not be elected as members of a collegial body. This principle separates the functions of policy-making for an economic sector and of ownership implementation.

### REQUIREMENTS FOR THE CANDIDATES

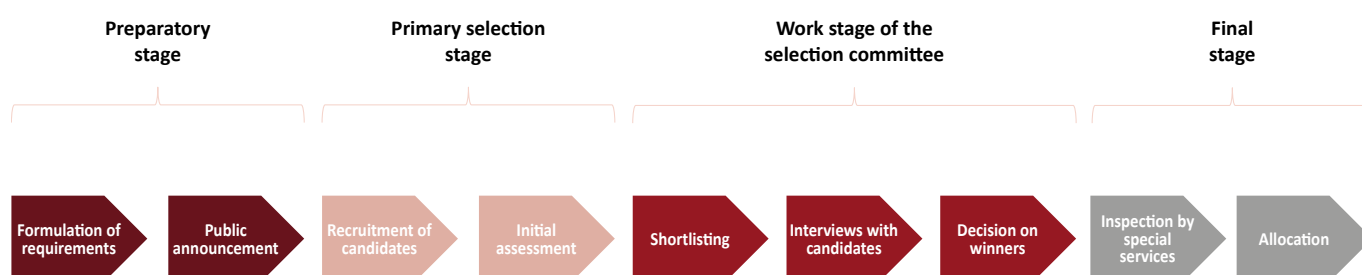
The *Law on Disposal* sets out general, specific and independence requirements. The general requirements must be met by every candidate for membership of a collegiate body, i.e. each candidate must have a university degree, be of good repute, and not be a shareholder of the SOE, its subsidiary or of an associated company, which they stand for, or their representative. Special requirements for candidates are determined by the entity initiating the selection (AIS), taking into account the needs of the specific company and the missing or desired competencies of the collegial management body.

The *Nomination Guidelines* set out the competences that a collegiate body of the company must have. A collegial body elected by the VAI at every single SOE must have members with a variety of competences, including, but not limited to the competences in the areas of finance, strategic planning and management, and knowledge of the economic sector, which the company operates in.

### SELECTION OF CANDIDATES

In order to increase the value added created by the members of collegial bodies of SOE, they should be appointed or elected pursuant to the provisions of the *Law on Disposal*, the *Nomination Guidelines* and other legislation to depoliticise management of companies, to attract necessary governance competencies by increasing the possibilities to ensure implementation of State and public interests in the companies. The provisions of the *Nomination Guidelines* stipulate that the initiating subject (IS), having made a decision to have an independent member nominated for the position of a member of the collegial body at a state-owned enterprise, must notify the company, GCC and the selection agency. The latter must provide the initiating subject with the proposals on the areas of competences that would be best suited to contribute to the company's strategic objectives to be achieved and the special requirements to be set for the candidates within 10 business days. The nomination process for independent members starts with the identification of the requirements for the candidates and publishing of an advertisement about the nomination. The selection of the other members of the collegial body is subject to simplified requirements, but the procedure for selecting them is also open to the public and is carried out in accordance with approved rules.

#### Procedure for selection of independent members of the Collegial Body of SE



The procedures for assessing compliance with the general and special requirements and independence criteria are followed by a transfer of the list of potential candidates by the nomination agency to the nomination committee. The nomination committee is authorised to elect independent members of collegial bodies by drawing up a final shortlist of candidates to be invited to an interview and conducting selection interviews with the selected candidates. The winner of the nomination procedure shall be determined in accordance with the voting and winner announcement arrangements laid down in the *Nomination Guidelines*. The nomination committee shall present the selected best candidate to the initiating subject that, in turn, shall take the decision either to appoint the candidate a member of the collegial body or propose a vote on them at the general meeting.

The nomination commission in charge of election of independent members to the collegial body of enterprise is composed by the decision of VAI from:

- five members – a member proposed by the Prime Minister, a member proposed by the head of VAI, a member proposed by the Minister of Economy of Innovation, a member proposed by the Minister of Finance and one representative of the GCC in case of nomination to the members of collegial body of the SOE;

ter of Economy of Innovation, a member proposed by the Minister of Finance and one representative of the GCC in case of nomination to the members of collegial body of the SOE;

- five members – one representative proposed by the head of VAI, three representatives of the parent state-owned enterprise and one representative of the VKC, when the selection is made for the members of the collegial body of the subsidiary company of the State-owned enterprise.

In addition, experts from different institutions, bodies or organisations may also be invited to the selection interviews following the decision of the VAI. When composing the nomination commission, the VAI must appoint the responsible secretary who is not the member of commission, but organises the work of the entire nomination commission. The chairman of the nomination commission, who is responsible for the due observance of the procedure stipulated in the *Nomination Guidelines* and communication with VAI, shall be elected during the first meeting of the nomination commission. All members of the Commission have one vote each. Recruitment (selection) agencies shall be engaged in the search of independent board members of SOE.

## Transparency of the SOEs

The transparency of the activities of SOEs is crucial, because every Lithuanian citizen is a shareholder in the state-owned enterprises. For the purposes of good corporate governance, it is necessary not only to publish clear objectives for the SOEs and their executives, but also evaluate the achievement of these objectives by the SOEs on a periodic basis.

The *Transparency Guidelines* have been adopted based on best global practice and the *OECD Guidelines*. They stipulate that SOEs must comply with similar transparency requirements as the ones applicable to the companies listed on the stock exchange. In addition, it has been recommended that both the record-keeping of the SOEs and the audit of their annual financial statements be carried out in accordance with the international accounting standards. Moreover, the provisions of the *Transparency Guidelines* put SOEs under the obligation to provide information on their special obligations in conjunction with their annual financial statements.

### APPLICATION OF THE TRANSPARENCY GUIDELINES

*Transparency Guidelines* must be followed by all Lithuanian SOEs. The latest version of this legislation extends the scope (subsequent subsidiaries are included) and clarifies the mandatory requirements for both state-owned enterprises and their subsidiaries. Furthermore, all SOEs, regardless of whether an SOE is listed or not on the stock exchange, are required to comply with the corporate governance code of the listed companies of NASDAQ OMX Vilnius as regards the disclosure of information. In order to assess the SOEs' compliance with the *Transparency Guidelines* and other good governance principles, the GCC prepares the Good Corporate Governance Index of the SOEs with its results being submitted to the Government and published on the GCC website.

### SUBMISSION OF INFORMATION

State-owned limited liability companies must prepare the sets of annual and six-monthly interim financial statements, while state enterprises, the sets of annual and quarterly financial statements. All SOEs must additionally prepare annual reports (for public and private limited liability companies) or annual activity reports (for state enterprises), i.e. documents which must give a brief overview of the company's business model, major events and their performance in terms of achieving the objectives provided in the company's business strategy, profitability, liquidity, asset turnover and debt indicators, information about special obligations to be undertaken, the total annual payroll, the average monthly salary, ongoing or scheduled investment projects, and investments made over the reference year. They must also include the information about the implementation of the risk management, dividends, salary and investment policies applicable in the company, the information on the compliance with the *Transparency Guidelines*, etc. The largest Lithuanian SOEs must additionally prepare six-monthly interim reports or interim activity reports.

These documents must be submitted in accordance with the deadlines provided in the *Transparency Guidelines* and published online where they can easily be accessed by the public.

### SUMMARY REPORTS

The documents referred to in the *Transparency Guidelines* shall be submitted to the GCC, which aggregates the data and prepares summary annual and six monthly interim reports on the SOE activities.

The summary annual reports on the SOE activities provide generic information on SOEs (the changes in the number of enterprises, their legal form, the State's interest in the share capital of the SOE), an overview of the SOE governance policies, the total value of SOEs, an overview of financial and non-financial performance, information about the special obligations to be undertaken by the enterprises, sponsorship granted by the companies, a general overview of the implementation of SOE remuneration policies, and other SOE-related information. These summary reports and the mentioned findings and proposals are submitted to the Ministry of the Economy and Innovation and the institutions representing the State, and they are presented to the Government of the Republic of Lithuania in line with the deadlines provided for in the *Transparency Guidelines*. The reports are also published on the GCC website (<http://governance.lt>), which additionally has the financial statements, annual and six-monthly interim reports or activity reports and other relevant information of all SOEs available to the public.

### DISCLOSURE OF INFORMATION ON SPECIAL OBLIGATIONS

In line with the OECD Guidelines and in order to improve transparency and facilitate financial analysis, SOEs are under the obligation to provide information, along with annual financial statements, on their non-commercial functions (*special obligations*) undertaken. This implies that SOEs must also publish the costs of all social obligations undertaken or public services provided, various subsidies received, financial assistance, capital used, etc. The separation and disclosure of special obligations are particularly important for assessing the performance of commercial activities and for establishing clear and transparent financing mechanisms for non-commercial functions that would not distort the market as in the course of their commercial activities SOEs must operate under the conditions of fair competition.

SOE  
submits its financial  
statements and  
annual/interim report



GCC  
analyses the submitted  
information and prepares  
summary reports



GCC  
submits summary reports to the  
Ministry of the Economy and  
Innovation of the Republic of Lithuania



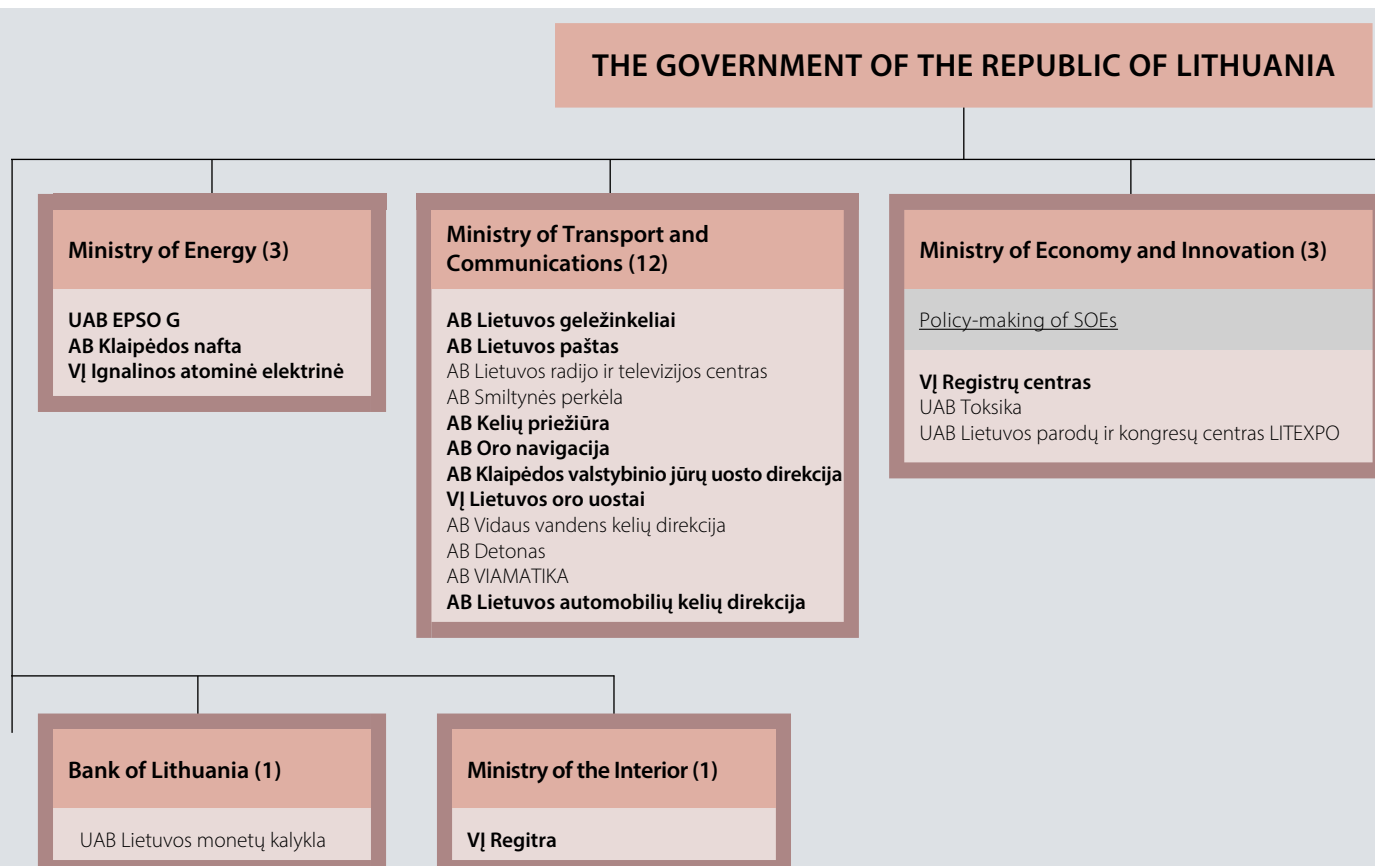
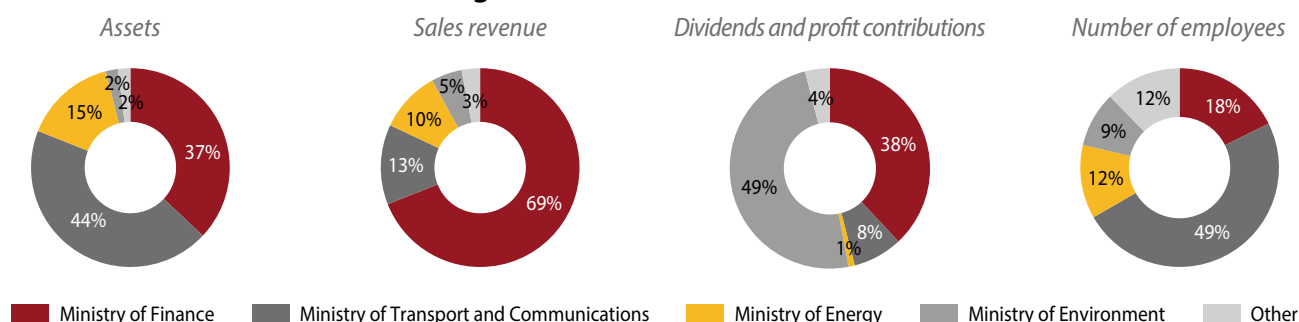
# Role of Institutions Representing the State in the SOE Activities

## 11 institutions represented the government in SOE activities

The Lithuanian State implements the functions of the SOE owner through the government ministries or their subordinate bodies. In terms of controlling the SOEs, the State quite often finds itself in an ambiguous situation when it comes to balancing different views – the roles of a shareholder in SOEs and of a policy maker in certain sectors of the market, in which SOEs operate. This is addressed by separating the corporate governance functions from policy-making in the institutions or by transferring the governance of the SOEs to institutions other than the policy-maker of the sector.

The institution representing the State (hereinafter – the VAI), which is the institution or shareholder exercising the rights and obligations of the owner of the company, shapes the expectations for the SOE business that include the expectations in terms of commercial objectives, special obligations, and other goals relating to the business of the companies. The VAI is also charged with ensuring the introduction of good governance practices, passing the decisions relating to the SOE business, and resolving other issues pertaining to the SOE business and governance. In turn, Lithuanian SOEs must act in compliance with the same principles of transparency as applicable to the companies listed on the stock exchange.

### Data for the end of 2022 according to VAI:



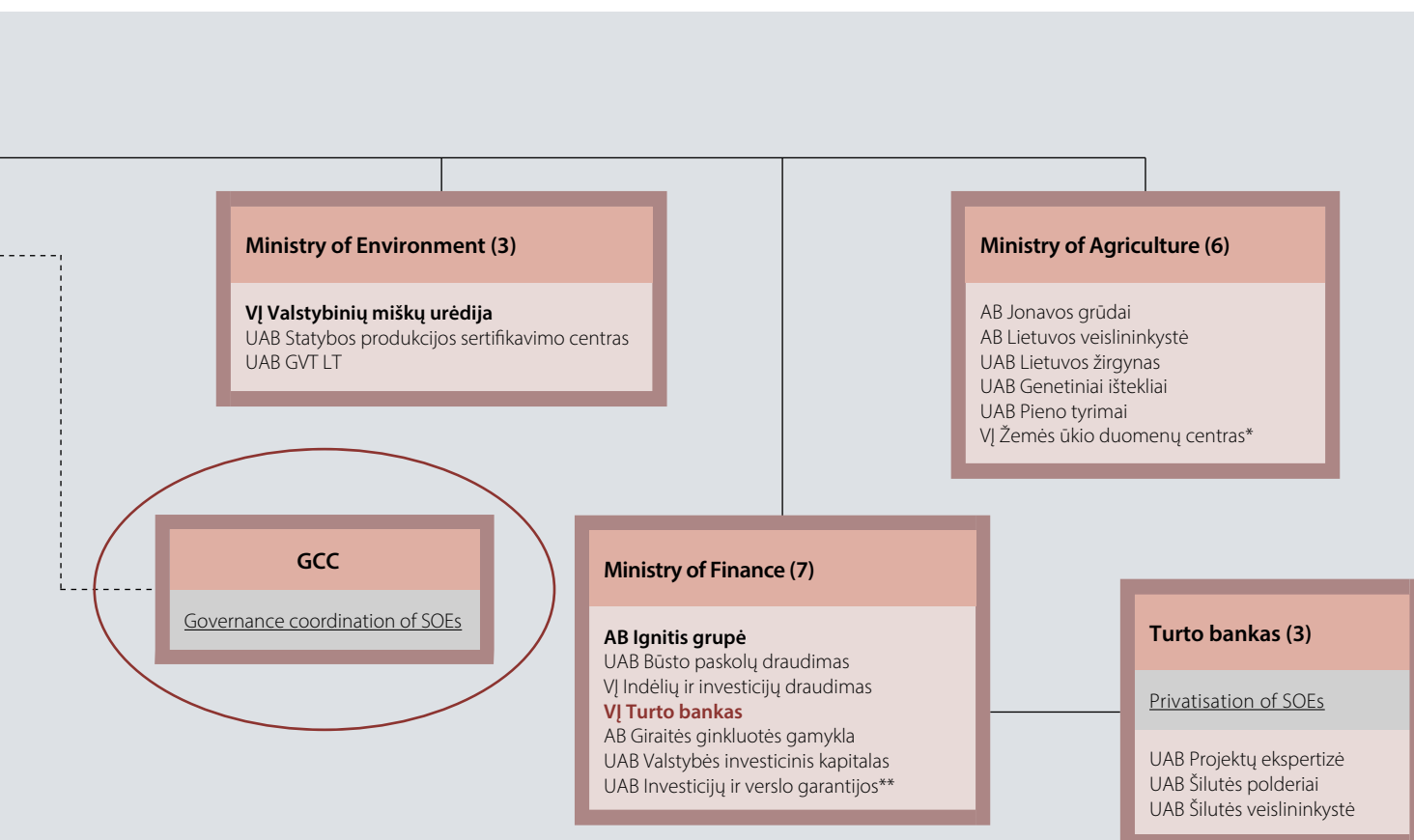
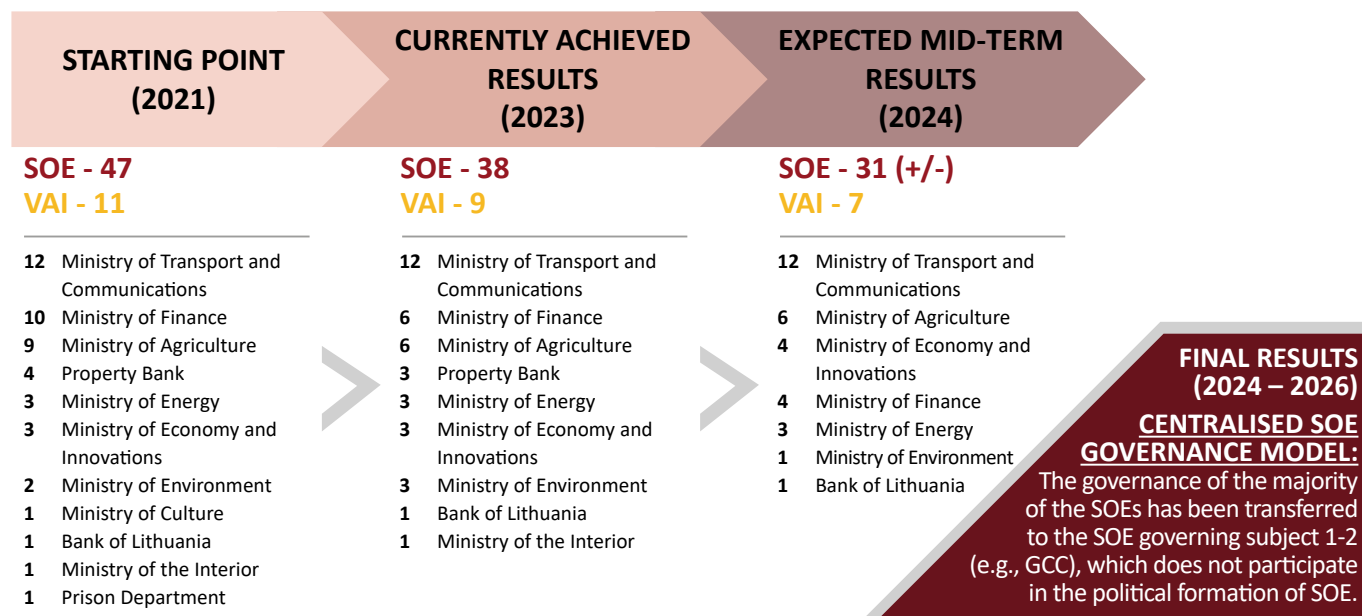
\*On 3 January 2023, VĮ Žemės ūkio informacijos ir kaimo verslo centras, VĮ Distancinių tyrimų ir geoinformatikos centras GIS-Centras, VĮ Valstybės žemės fondas were reorganised by merger into the VĮ Žemės ūkio duomenų centras

\*\*n 2 January 2023, the Ministry of Finance signed an agreement with UAB Investicijų ir verslo garantijos, whereby INVEGA became a shareholder of UAB Viešųjų investicijų plėtros agentūra, UAB Valstybės investicijų valdymo agentūra and UAB Žemės ūkio paskolų garantijų fondas

As of 31 December 2022, 10 institutions, of which three managed one company each, exercised the rights and obligations of the owner or the functions of a share manager in 44 SOEs operating in Lithuania. Compared to the reporting year 2021, the total number of SOEs decreased by three companies. It should be noted that the Ministry of Economy and Innovation of the Republic of Lithuania, to which three SOEs were subordinated at the end of 2022, also formulates the general SOE governance policy, prepares and submits relevant legal acts and submits reports prepared by the Governance Coordination Centre (GCC) to the Government of the Republic of Lithuania, manages companies and performs the rights and obligations of the GCC owner, therefore participates in all chains of policy formulation and implementation.

With the successful implementation of the SOE transformation and centralisation plan, as of 1 July 2023, there are 39 SOEs, 26 subsidiaries of SOEs and 32 downstream subsidiaries in Lithuania.

### Future prospective







# Activities Of SOEs

## Overview of SOE Portfolio Results

The number of SOEs decreased by 3 enterprises during the year – the State managed 44 enterprises at the end of 2022

The portfolio of 2022 SOEs includes 44 analysed companies, which is 3 less than a year ago. The events leading to the changes in the number of SOEs were as follows:

- From 15 January 2022, **AB Kiaulių veislininkystė** ceased to operate and the company is considered bankrupt
- On 11 May 2022, **UAB Panevėžio veislininkystė** was transferred to VĮ Turto bankas and on 17 April 2023, the creditors' meeting adopted a resolution to pursue the company out-of-court in the bankruptcy procedure;
- On 16 May 2022, VĮ Grunto valymo technologijos was transferred to the Ministry of the Environment for management by **UAB GVT LT**;
- On 22 October 2022, bankruptcy proceedings were opened against **VĮ Mūsų amatai**;
- On 20 January 2023, the liquidation of **UAB Lietuvos kinas** was initiated.

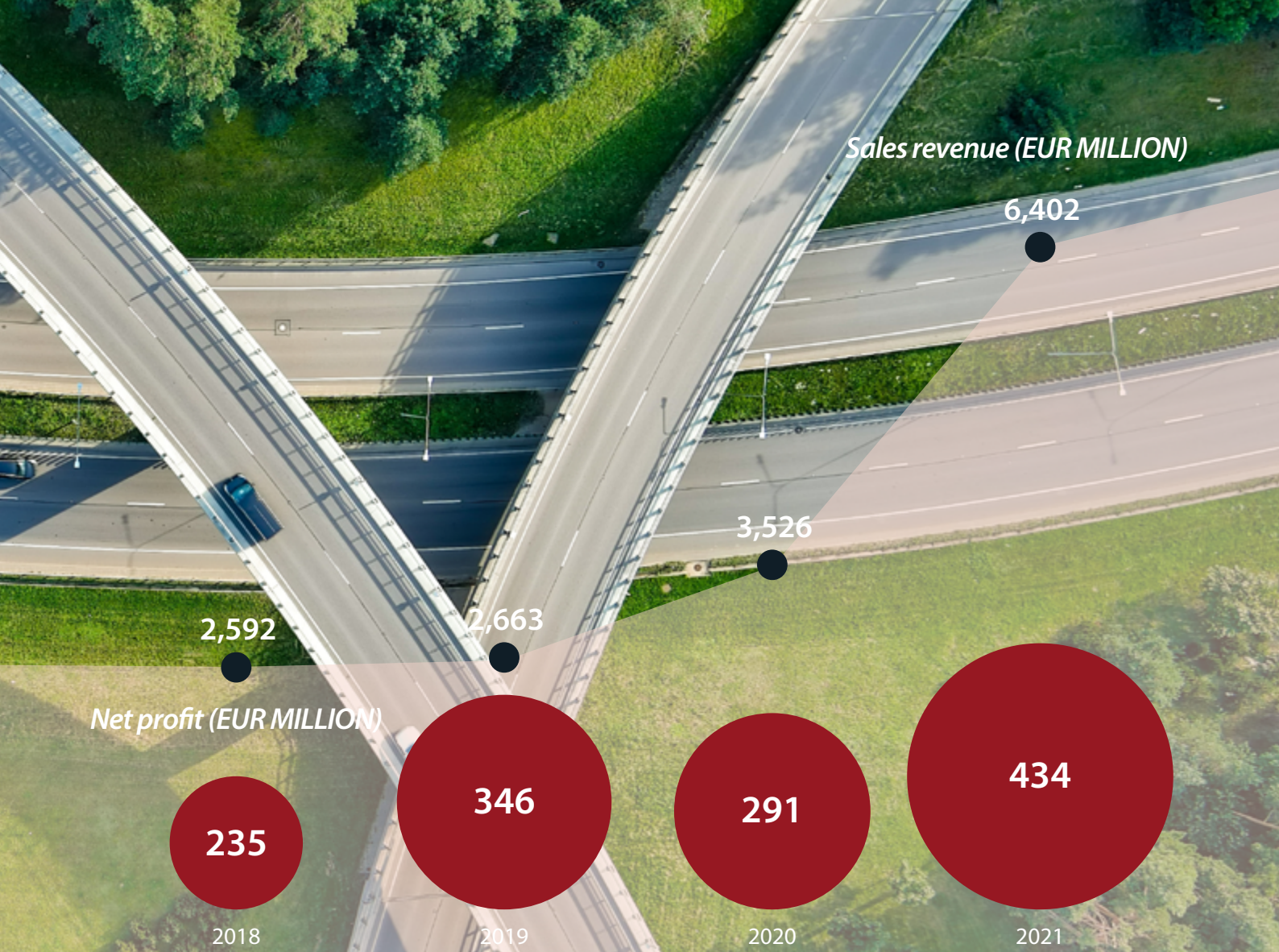
In total, from 2015 to the first quarter of 2022, 12 shareholdings in SOEs (including 10 controlling) were privatized for EUR 18.819 million.

All SOEs fall into four sectors: Transport and Communications, Energy, Forestry, and Other Enterprises. The Other Enterprises sector includes the enterprises, which do not fall in any of the first three sectors. The Energy sector consists of four SOEs, which hold 47.3%

(EUR 7.7 billion) of the portfolio assets. In 2022, the sales revenue from this sector accounted for 78.9% (EUR 5.1 billion) of the total revenue of the portfolio. The Transport and Communications sector includes ten enterprises that have for a long time accounted for the largest share of the assets under management of the SOE sector, but by 2022 they had fallen behind the energy sector companies, and the share of the assets under management of the transport sector currently stands at 44.3% (EUR 7.2 billion) of the portfolio's assets, with only 12.6% (EUR 806.3 million) of the portfolio's total revenue generated by their disposition over 2022. The Forestry sector includes only one enterprise – **VĮ Valstybinė miškų urėdija** – surviving following the reorganisation. The assets of this company accounted for 2.1% (EUR 0.3 billion) of the analysed SOEs' assets, while the revenue generated by the company accounted for 5.0% (EUR 319.9 million) of total portfolio turnover. The Other Enterprises sector includes 29 enterprises with their aggregate sales revenue representing 3.5% (EUR 220.6 million) of the total portfolio revenue, and their disposable assets, 6.3% (EUR 1,025.9 million) of the total SOE portfolio assets.

The chart below compares the numbers of enterprises comprising sectors and the volumes of disposable assets and revenue. The size of circles corresponds to the size of sales revenue (EUR million) inscribed in the circles.





## Numbers of SOE employees in decline for the sixth year in a row

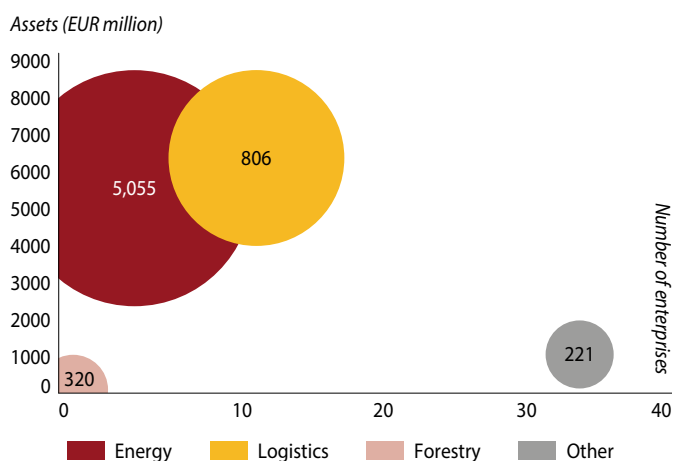
At the end of 2022, SOEs had 26,947 employees or 2,405 employees less than a year ago. Almost half (48.5%) of the employees worked in the Transport and Communications sector, and the five largest employers – the group of companies **UAB Ignitis grupė**, **AB Lietuvos geležinkeliai** together with the companies **AB Lietuvos paštas**, **VĮ Valstybinių miškų urėdija** and **AB Kelių priežiūra** – employed 66.48% (17,913) of all SOEs' employees.

At the end of 2022, 7,396 employees worked in energy sector companies – the number of employees in this sector has increased for the second year in a row (compared to 2021 data, the number of employees in energy sector companies increased by 1.8% in 2022).

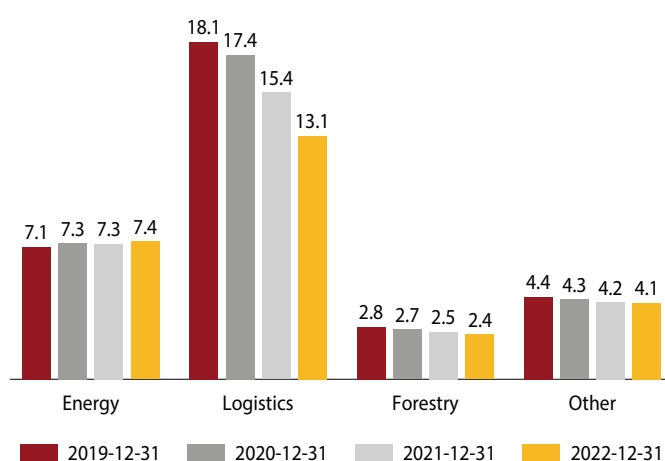
At the end of 2022, the Transport and Communications sector employed (13,060) 15.1% employees less than a year ago. Mostly, the number of staff in this sector fell due to the change in the employee count at **AB Lietuvos geležinkeliai** – at the end of the reference period, the company had 6,126 employees, i.e. 1,678 employees less than a year ago.

The number of employees in the Forestry sector dropped by 6.0%. At the end of 2022, the sector employed 2,389 employees. In the other 29 enterprises, which are not assigned to any of the main sectors, the number of employees grew by 1.3% to 4,102 employees.

Number of enterprises, assets and revenues by sectors



Dynamics of the number of employees by sector (thousands)



# Aggregated Financial Information of SOEs

The following table contains summarised financial information of all SOEs based on the financial statements for 2022.

PROFIT (LOSS) STATEMENT (THOUSAND EUR)	2021	2022	CHANGE
Sales revenue	3,525,644	6,401,563	+81.6%
Cost of goods sold	2,295,007	4,853,620	+111.5%
<b>Gross profit (loss)</b>	<b>1,230,637</b>	<b>1,547,944</b>	<b>+25.8%</b>
Cost of sales	540,801	553,517	+2.4%
General and administrative expenses	386,307	479,137	+24.0%
Results of other activities	34,452	29,418	-14.6%
Net financial items	-48,394	-90,339	-86.7%
<b>Profit (loss) before taxes</b>	<b>289,586</b>	<b>454,369</b>	<b>+56.9%</b>
Corporation tax	27,823	62,574	+124.9%
<b>Net profit (loss)</b>	<b>261,763</b>	<b>391,794</b>	<b>+49.7%</b>
<b>Adjusted net profit (loss)</b>	<b>290,544</b>	<b>434,262</b>	<b>+49.5%</b>
BALANCE SHEET (THOUSAND EUR)	12/31/2021	12/31/2022	CHANGE
<b>Non-current assets</b>	<b>11,497,190</b>	<b>12,106,705</b>	<b>+5.3%</b>
<b>Current assets</b>	<b>2,703,507</b>	<b>4,170,160</b>	<b>+54.3%</b>
Cash and cash equivalents	1,034,724	1,648,536	+59.3%
<b>Deferred charges and accrued income</b>	<b>191,250</b>	<b>60,766</b>	<b>-68.2%</b>
<b>Total assets</b>	<b>14,391,947</b>	<b>16,337,631</b>	<b>+13.5%</b>
<b>Equity</b>	<b>7,823,781</b>	<b>8,376,736</b>	<b>+7.1%</b>
<b>Grants and subsidies</b>	<b>2,300,704</b>	<b>2,397,265</b>	<b>+4.2%</b>
<b>Provisions</b>	<b>208,729</b>	<b>181,209</b>	<b>-13.2%</b>
<b>Amounts payable and other liabilities</b>	<b>3,751,125</b>	<b>4,732,746</b>	<b>+26.2%</b>
Amounts payable after one year and other non-current liabilities	2,259,784	2,665,926	+18.0%
<i>Financial liabilities</i>	1,936,695	2,268,499	+17.1%
Amounts payable within one year and other current liabilities	1,491,341	2,066,820	+38.6%
<i>Financial liabilities</i>	442,085	356,741	-19.3%
<b>Accrued expenses and deferred income</b>	<b>311,229</b>	<b>447,078</b>	<b>+43.6%</b>
<b>Total equity and liabilities</b>	<b>14,395,625</b>	<b>16,337,631</b>	<b>+13.5%</b>
RATIOS	12/31/2021	12/31/2022	CHANGE
ROA	2.1%	2.8%	+0.7 p.p.
ROE	3.7%	5.4%	+1.7 p.p.
D/E	30.4%	31.3%	+0.9 p.p.
EBITDA	703,893	925,640	+ 31.5%
EBITDA margin	20.0%	14.5%	-5.5 p. p.
Net profit margin	7.4%	6.1%	-1.3 p. p.
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)	2021	2022	CHANGE
Awarded dividends (share of the State)	83,538	75,109	-10.1%
Allocated profit contributions	67,772	114,464	+68.9%
Dividends and profit contributions to the State	151,310	189,573	+25.3%
Property and raw material tax	33,859	49,962	+47.6%
Total:	185,169	239,535	+29.4%
INFORMATION ABOUT EMPLOYEES	2021	2022	CHANGE
Number of employees	29,375	26,947	-8.3%

# SOEs' Market Value on NASDAQ OMX Vilnius Stock Exchange

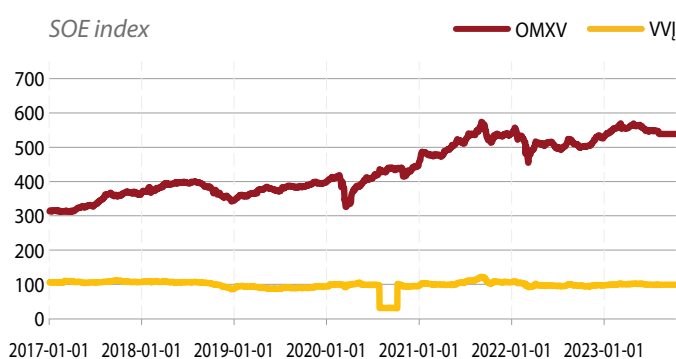
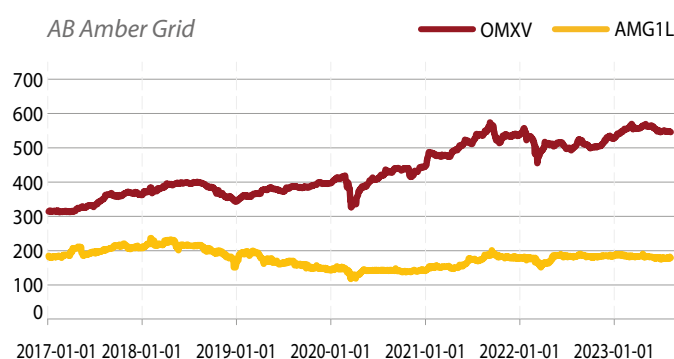
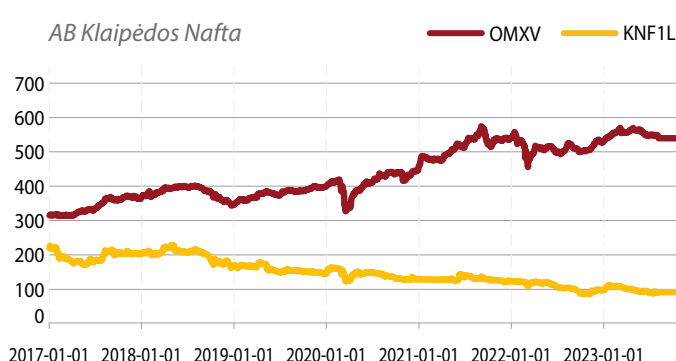
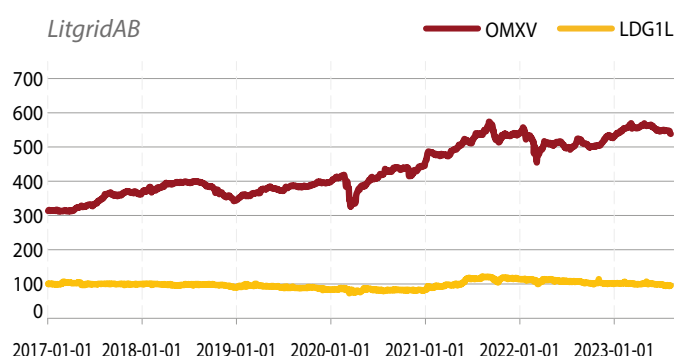
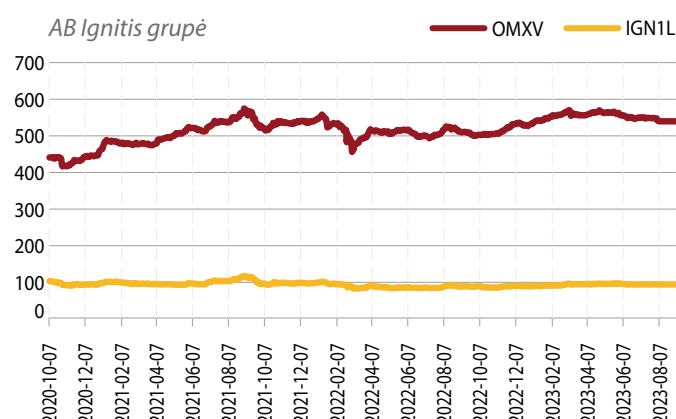
## The market value of listed SOEs increased

In 2022, four state-owned enterprises and their subsidiaries were listed on the NASDAQ OMX Vilnius Stock Exchange. At the end of 2022, the market value of all these state-owned enterprises amounted to EUR 1,659.1 million and was 9.1% lower than at the end of 2021. It is worth noting that the Extraordinary General Meeting of Shareholders of AB Ignitis grupė held on 24 May of the reporting year decided to reduce the company's authorised capital from EUR 1,658.8 million to EUR 1,616.4 million by cancelling the 1,894,797 ordinary registered shares which the company itself had acquired. This increased the State's share of the company from 73.08% to 74.99%.

31 DEC 2022 SOEs market value on stock exchange	Share value 31 DEC 2022 (Thousand EUR)	State-owned interest*		Value of the state-owned interest as of 31 DEC 2022		Annual change of the share value	Annual change of State-owned interest
		31 DEC 2021	31 DEC 2021	Nominal value (Thousand EUR)	Percentage of the total value		
AB Ignitis grupė	1,376,838	73.08%	74.99%	1,032,491	62.2%	-9.4%	-9.4%
Litgrid AB	353,032	97.50%	97.50%	344,215	20.7%	-11.9%	-11.9%
AB Klaipėdos nafta	91,295	72.47%	72.47%	66,165	4.0%	-21.8%	-21.8%
AB Amber Grid	223,870	96.58%	96.58%	216,210	13.0%	2.9%	2.9%
SOE:	2,045,035	-	-	1,659,081	100.0%	-	-
OMXV index of all the shares:							-2.0%

\*The percentage points are rounded to .00

In 2022, the largest share (62.2%) of the market value of State-owned shares of SOEs consisted of **AB Ignitis grupė** (EUR 1,032.5 million), while the lowest (4.0%) – **AB Klaipėdos nafta** (EUR 66.2 million). In 2022, the value of Amber Grid shares increased by 2.9% to EUR 223.9 million. The remaining enterprises recorded a decline in share price: The share price of **AB Ignitis grupė** fell by 9.4%, **Litgrid AB** – by 11.9%, and **AB Klaipėdos nafta** share price dropped by 21.8%. An index compiled of state-owned shares of SOEs shows the changes in the value of quoted state-owned assets starting as of the end of 2021. The SOE index decreased by 8.7% from the end of 2021 to the end of 2022, while the value of the NASDAQ OMX Vilnius stock index decreased by 2.0% during the same period.





# Remuneration of executives and members of the collegial supervisory and management bodies of SOEs

## SUMMARY

### Remuneration of executives of SOEs

- In 2022, the average remuneration of executives of SOEs increased by as much as 11.9% and amounted to EUR 7,218 (the average salary increased by 13.4% in the country). The lowest average monthly remuneration of executives of SOEs amounted to EUR 2,529, the highest one reached EUR 16,516.
- The variable part of the salary paid to SOE managers is on average about 27.5% of the total salary.

### Remuneration of members of the collegial supervisory and management bodies of SOEs

- The state-owned enterprises comply with the government's policy on the remuneration of the board members, and all SOEs have complied with the stipulated limits on remuneration levels.
- The applied payment systems differ between the SOEs. The remuneration systems for members of the SOE CB are based on the hours worked, a fixed remuneration or a fixed portion based on the manager's average salary. In Western European countries, a fixed remuneration model is commonly used.
- The remuneration of the chairpersons of the Board of Directors of the

SOEs increased by 43.0% during the year. The actual remuneration of the members of the SOE CB has increased over 2022, while that of the other members has increased by 35.1%. The average remuneration of a CB chairperson was EUR 1,797 per month and that of a CB member – EUR 1,277 per month. The lowest remuneration of CB members was EUR 549 per month and the highest one amounted to EUR 2,534 per month.

- On average the salary paid to a chairperson of a collegial body is about 1.3 times higher than that paid to other members, whereas the chairperson's salary in global practice is about twice or more times higher.

### Remuneration of members of SOEs' committees

- The principles of the remuneration of the members of the SOEs' committees are not regulated by legal acts. Committees are mostly created in SOEs attributed to the category of large enterprises.
- The same system of payment is usually applied to the committee members as to the members of the body that established the committee. The most common system was fixed remuneration.
- On average, a committee member's remuneration in 2022 was 59.7% of a CB member's remuneration, or EUR 763 per month. The average remuneration of the chairperson of the Committee was 67.5% of the remuneration of a CB member, or EUR 1,214 per month.

## Remuneration of executives of SOEs

The activities of executives of state-owned limited liability enterprises are often extremely complex, consisting of both commercial objectives (as in the case of private sector companies) and social objectives set by the State in the form of special obligations. For these reasons, running of a state-owned limited liability enterprise is no less a challenge than running a private business. Because of the highest standards of transparency applied to SOEs, the remuneration of executives of SOEs becomes one of the most important elements of governance and is therefore regulated by resolutions of the Government.

### POLICY OF THE REMUNERATION OF EXECUTIVES OF SOES

The policy of the remuneration of executives of SOEs is regulated by Resolution No 1341 of the Government of the Republic of Lithuania of 23 August 2002 On the Remuneration for Work of Executives of State-owned Enterprises (hereinafter referred to as the Remuneration Resolution). This Remuneration Resolution regulates only the remuneration of executives of SE (except for VĮ Ignalinos atominė elektrinė) and their deputies. The provisions of the Remuneration Resolution are recommendatory in character for the state-owned limited liability companies, i.e. shall apply if

the institution representing the State makes a reasoned decision to follow the provisions of the Remuneration Resolution.

According to the provision of the Remuneration Resolution, the monthly salary of SOEs' executives consists of a fixed and variable part. The fixed part of a monthly salary is determined by the company's category and a respective coefficient assigned to the company. The company's category is determined by the sales figures of the previous year and the average number of employees or assets owned, and the coefficient is assigned according to the established category (the decision on the specific coefficient is taken by the body establishing the salary of the executive of the company). Coefficients are established on the basis of the basic official salary (remuneration) amounts set by the Seimas of the Republic of Lithuania to state politicians, judges, state officials and civil servants of the Republic of Lithuania. If the company has authorisation to be in charge of public administration, it shall be assigned to one category above that established by the indicators. If the company is put on the list of enterprises of strategic importance for national security, its coefficient of a fixed part of the monthly salary can be increased up to 75 % (on the decision of the body establishing the remuneration of the executive of the company).

Category	Sales revenue	Average number of employees and assets owned	Coefficients*
I	≥ EUR 57.92 million	≥ 1 000 employees or ≥ EUR 150 million	19.2-21.8 (38.2**)
II	Revenue ≥ EUR 57.92 million or ≥ 1 000 employees or assets owned ≥ EUR 150 million		16.2-19.2 (33.6**)
III	≥ EUR 8.69 million	< 1,000 employees and < EUR 150 million	12.7-16.2 (28.4**)
IV	< EUR 8.69 million	< 1,000 employees and < EUR 150 million	9.3-12.7 (22.2**)

\*On the basis of the basic official salary amounts set by the Seimas of the Republic of Lithuania to state politicians, judges, state officials and civil servants of the Republic of Lithuania

\*\*The maximum raise of the coefficient is possible for enterprises with strategic importance for national security.

In 2022, the basic official salary (remuneration) amount set by the Seimas of the Republic of Lithuania to state politicians, judges, state officials and civil servants of the Republic of Lithuania amounted to EUR 181 and was 2.3% higher than in 2021.

Based on the Remuneration Resolution, the variable part of a monthly salary of the executive of the enterprise cannot exceed 50% of the fixed part. The variable part is related to and paid taking into consideration the results of the company achieved (the objectives set to the executive of the company). Furthermore, the executive of the enterprise can be awarded with a bonus from the profit of the enterprise whose amount cannot exceed the amount of four fixed parts of his/her monthly salary, or a bonus from the savings intended for salaries, which cannot exceed the amount of one fixed part of his/her monthly salary.

The data presented further in the report includes the data on the remuneration of the executives of all SOEs that functioned on the last day of the year 2022. The data presented in the report are based on the information collected by the Ministry of Security and Labour on the remuneration of the executives of SOEs in 2022. Remuneration amounts are presented as average monthly gross salaries.

Although the remuneration of the executives of state-owned limited liability companies is not regulated by any legal acts, according to the provisions of the Remuneration Resolution and seeking to compare the data, a great number of companies are provided with information about the remuneration of the executives of state-owned limited liability companies following the same principle as in case of executives of state enterprises.

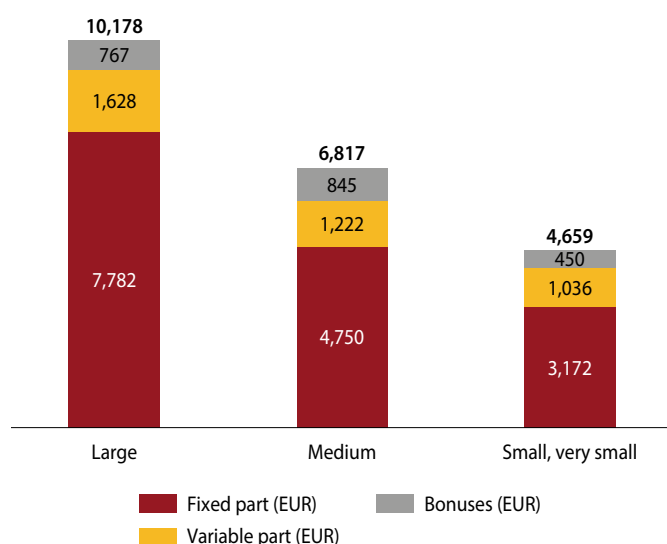
### SIZE AND STRUCTURE OF THE REMUNERATION OF EXECUTIVES OF SOES

In 2022, the salary, including the variable part and the annual bonus paid, of the executives of SOEs ranged from EUR 2,529 to EUR 16,516 (the average amounted to EUR 7,120, median EUR 6,710). The average fixed part of a salary reached EUR 5,141 (72.4% of the total salary), the median being

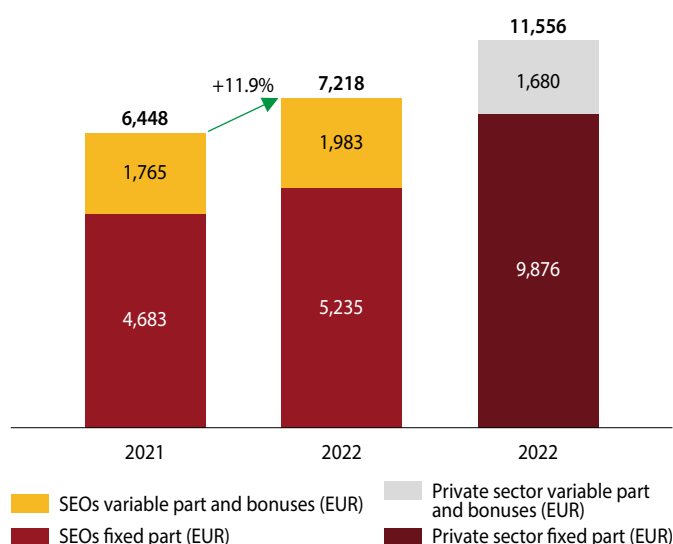
EUR 5,080. The average variable part (including the bonus) was equal to EUR 1,960 (27.6% of the total salary), the median being EUR 1,668. In individual cases structures of the remuneration of the executives of enterprises differed significantly: from EUR 52% (**UAB Žemės ūkio paskolų garantijų fondas**) to 100% (**AB Lietuvos paštas Group**, **UAB Lietuvos monetų kalykla**, **UAB Lietuvos parodų ir kongresų centras LITEXPO**) of the fixed part of the total salary. Attention should be paid to the fact that different levels of the remuneration of the executives of companies are determined by both business volumes of the companies that differ significantly (their turnover range from several tens of thousands of euros to more than EUR 1 billion) the specificity of the activities (for example, the company manages significant assets in funds, which are not reflected in the consolidated financial statements) and the actual results, which determine the amount of the variable part of the remuneration of the executives of the company.

Over the year 2022, the average salary of the executives of SOEs increased by as much as 11.9%. Salaries increased much more significantly in SOEs attributed to the category of medium-sized companies – by 11.7%. Whereas salaries in SOEs assigned to the category of large, small and micro-sized companies increased by 4.2% and 4.7, respectively. During 2022, the fixed share of remuneration increased by 11.8%, while the variable part increased by 12.4%. The positive performance results achieved by the companies could have influenced the faster growth of the variable part. During 2022, the remuneration of the executives increased at 21 SOEs (on average by 17.8%), but decreased at 11 SOEs (on average by 8.3%). The decrease in salary was usually determined by an unassigned bonus or a lower bonus amount or a reduced variable part, if the manager of the company did not implement the indicators set for him/her. Comparing an increase in the remuneration of the executives of SOEs with an average increase in the salary, the average increase in the remuneration of the executives of SOEs was slightly smaller. On the basis of the data presented by the Lithuanian Department of Statistics (Statistics Lithuania), in 2022, the average salary in the country increased by as much as 13.4% (that of executives of SOEs – by 11.9%).

Structure of monthly remuneration for Executives of SOEs by enterprise categories



Structure of monthly remuneration of executives of SOEs and private sector companies



In order to systematically assess the remuneration of the executives of SOEs in the market context, in cooperation with external consultants (Figure Baltic Advisory), a comparative analysis of the Lithuanian market in 2022 was carried out. The analysis included the remuneration data of 184 executives of the compared company. The sampling included enterprises of both Lithuanian and foreign capital operating in the Lithuanian market. The analysis carried out showed that the annual salary of the executives of SOEs (including the fixed parts of the salary) was markedly lower than that of the executives of the market companies being compared. Although the situation is improving, the average remuneration of the executives of state-owned enterprises accounted for about 55-70% of the salaries paid in the market.

Significant differences can also be seen when comparing the remuneration structures of the executives of SOEs and the executives of

comparable market companies. The variable part of remuneration of SOE executives (including annual bonuses) averages about 38% of the total salary, while in the market the variable part of remuneration in 2022 averaged about 14-17%. Differences in the remuneration structure are determined by regulation of the remuneration regulation for the executives of SOEs, which sets low limits for the fixed part of the remuneration and the possibility for the variable part of the remuneration (including the bonus) to form a significant part of total remuneration. Due to low limits of the fixed part of a salary, it is often sought to make the remuneration of the executives of SOEs more competitive through the set larger variable part of the remuneration. An analysis of the data for 2022 shows that the variable part of remuneration accounted for a smaller share of remuneration both in the private sector and among state-owned enterprises.



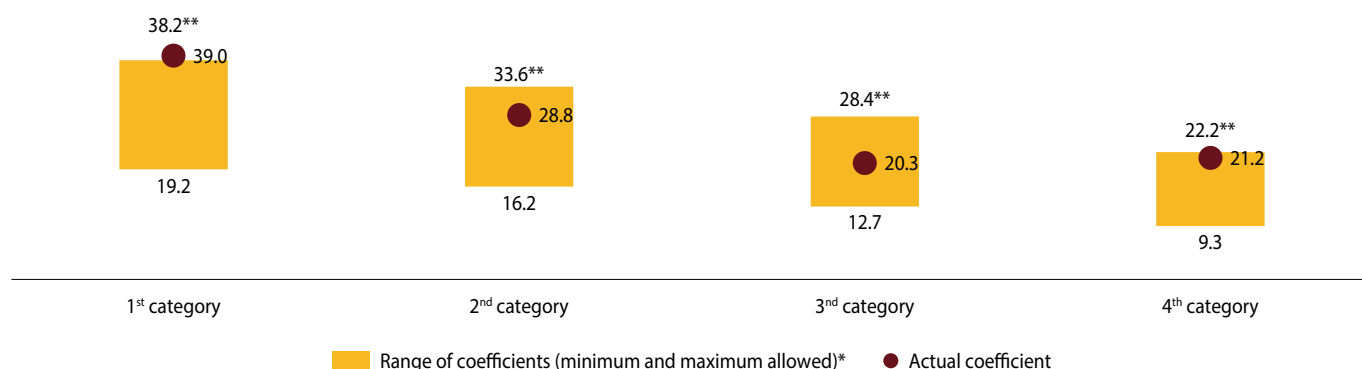
### IMPLEMENTING THE REMUNERATION POLICY OF SOEs

The coefficients apply only to the fixed part of the remuneration of the executives of state enterprises; however, most state-owned limited liability companies also comply with the provisions of the Remuneration Resolution and establish their remuneration by applying these coefficients. The category and coefficients for the companies, which failed to comply with the provisions of the Remuneration Resolution, were calculated by the Governance Coordination Centre on the information available.

In 2022, the maximum coefficients or the coefficients close to the maximum limit were set for the executives of the majority of SOEs (except those that are put on the list of the enterprises of strategic important for

national security). Also, in recent years, there has been an increase in the number of state-owned enterprises that no longer comply with the provisions of the Remuneration Resolution and set a higher fixed share of salary than would be allowed by the Remuneration Resolution (state-owned enterprises may not be subject to the Remuneration Resolution). As a result, the coefficients of the fixed share of the enterprises assigned to the category I of companies in 2022 were on average higher than provided for in the Remuneration Resolution. The growing differences between the actual fixed part, where the provisions of the Remuneration Resolution are not binding, and the range of coefficients set in the Remuneration Resolution show that the remuneration policy is increasingly different from market conditions.

*Coefficients of the Fixed Part of Remuneration of SOE Executives*



\*On the basis of the basic official salary amounts set by the Seimas of the Republic of Lithuania to state politicians, judges, state officials and civil servants of the Republic of Lithuania

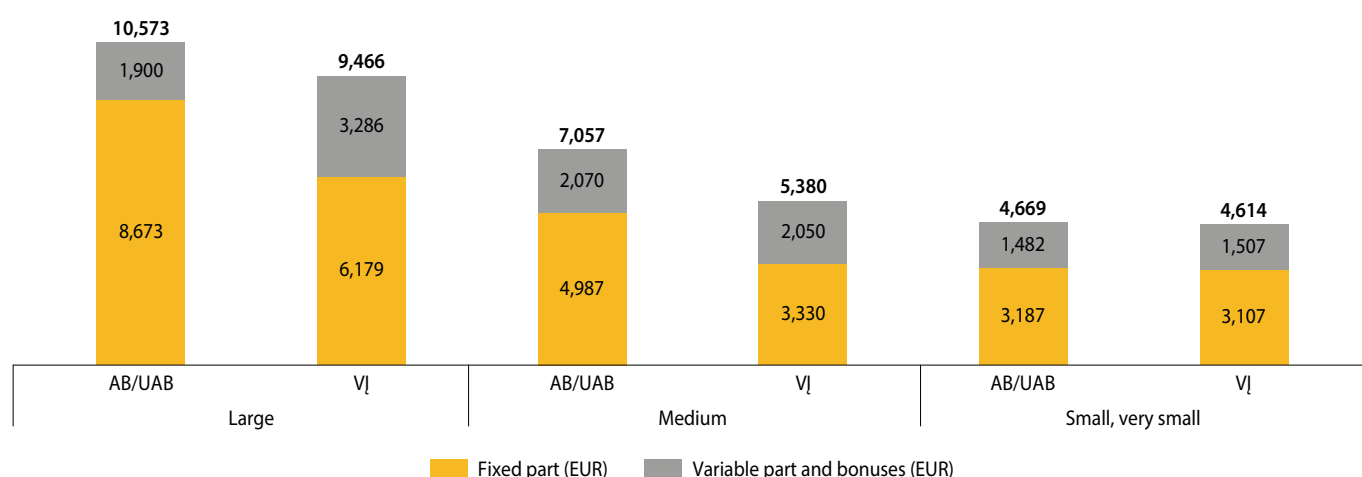
\*The maximum default coefficient is based on an assessment of the possibility for companies of strategic importance to national security to increase it by 75%.

The main cause of non-compliance with the market conditions is the fact that the range determined for the fixed part of a salary is too narrow and its threshold is too low. The target coefficients preclude the establishment of a competitive remuneration and are markedly lower than the salary paid in the market. Even after the maximum allowable size of the fixed part of a salary has been established, the remuneration of the executives of SOEs most often would be considerably lower than that in the private sector. Differences between the salary paid in the market and that paid to the executives of SOEs are somewhat reduced by the provisions specified in the Remuneration Resolutions allowing the remuneration for the executives of enterprises to be increased provided that these enterprises perform functions related to public administration or are assigned to the enterprises of strategic significance to national security. These provisions provide these enterprises with the possibility to bring the remuneration of the executives of SOEs closer to the market conditions, however, they do not solve the issue of salaries of the executives systematically.

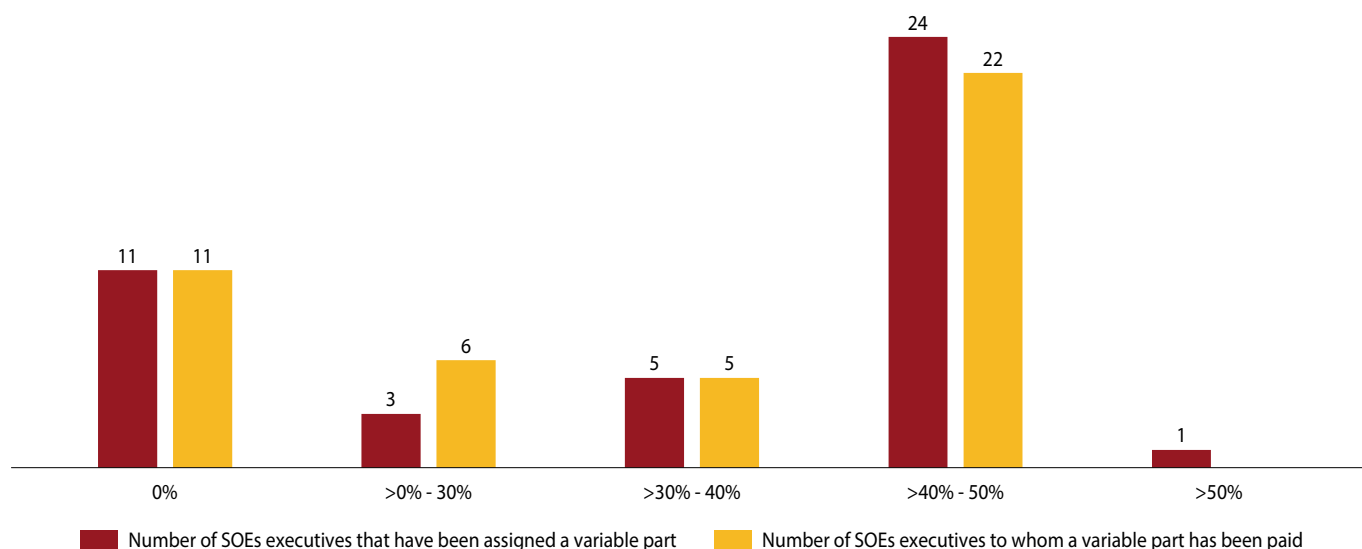
The effect of the provisions in the Remuneration Resolution is noticeable not only when comparing SOEs with companies operating in the market, but also when comparing state-owned enterprises (SOEs) and

state-owned companies (AB/UAB). The salaries of executives of large companies are higher than those of large state-owned enterprises. The fixed part of the salary is especially different – the fixed part of the companies was about 1.4 times higher than those of the SE. These differences are mainly due to the fact that large companies are more in line with market practices, while SEs must comply with the provisions of the Remuneration Resolution. Large SEs try to compensate for the low fixed part of the remuneration through a higher variable part, but this creates the preconditions for setting easily achievable targets so that the remuneration paid to the executive is more competitive and the variable part can at least partially compensate for the low fixed part. The differences in the companies in the lower categories are not so significant, as the majority of companies follow the provisions of the Remuneration Resolution. The Remuneration Resolution also provides for a condition that allows to increase the remuneration category of the enterprise when the enterprise performs public administration functions. The majority of state enterprises perform such functions, whereas companies did not fulfil these functions in 2022, so they are formally assigned lower remuneration ranges, which result in lower total remuneration.

*Remuneration structure for executives of state-owned limited liability companies and state enterprises by categories, EUR*



*Number of executives of SOEs by share of the variable part of remuneration with regard to the fixed part thereof*



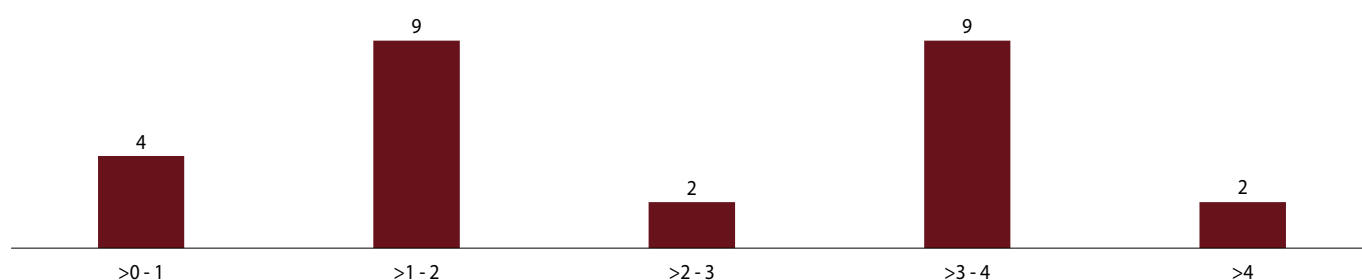
Pursuant to the Remuneration Resolution, the variable part of the remuneration (excluding bonuses) of up to 50.0% of the fixed part of the salary may be set for the executives of SOEs. In 2022, the target variable part of a larger part of salaries of the executives of SOEs amounted to 50.0% or was close to it. The average target variable part amounted to 45.1%, the median being 50.0% (including only those companies the executives of which are assigned a monthly variable part of remuneration). The average variable part of the remuneration actually paid was smaller and accounted for 41.8%, the median being 46.0%. During 2022, 15 executives were paid a lower-than-expected variable part due to incompletely implemented indicators. A variable part reaching 57.0% of the fixed part of remuneration was determined for the executive of **VĮ Registrų centras**. Seven companies pay their executives the variable part of the remuneration, which is related to the indicators set to the executive, in annual bonuses, therefore they do not set the monthly variable part of the remuneration at all.

Apart from the monthly variable part of the remuneration, the executives of SOEs can additionally be granted an annual bonus as well. In 2022 (for the results of 2021), bonuses were granted to 26 out of 44 executives

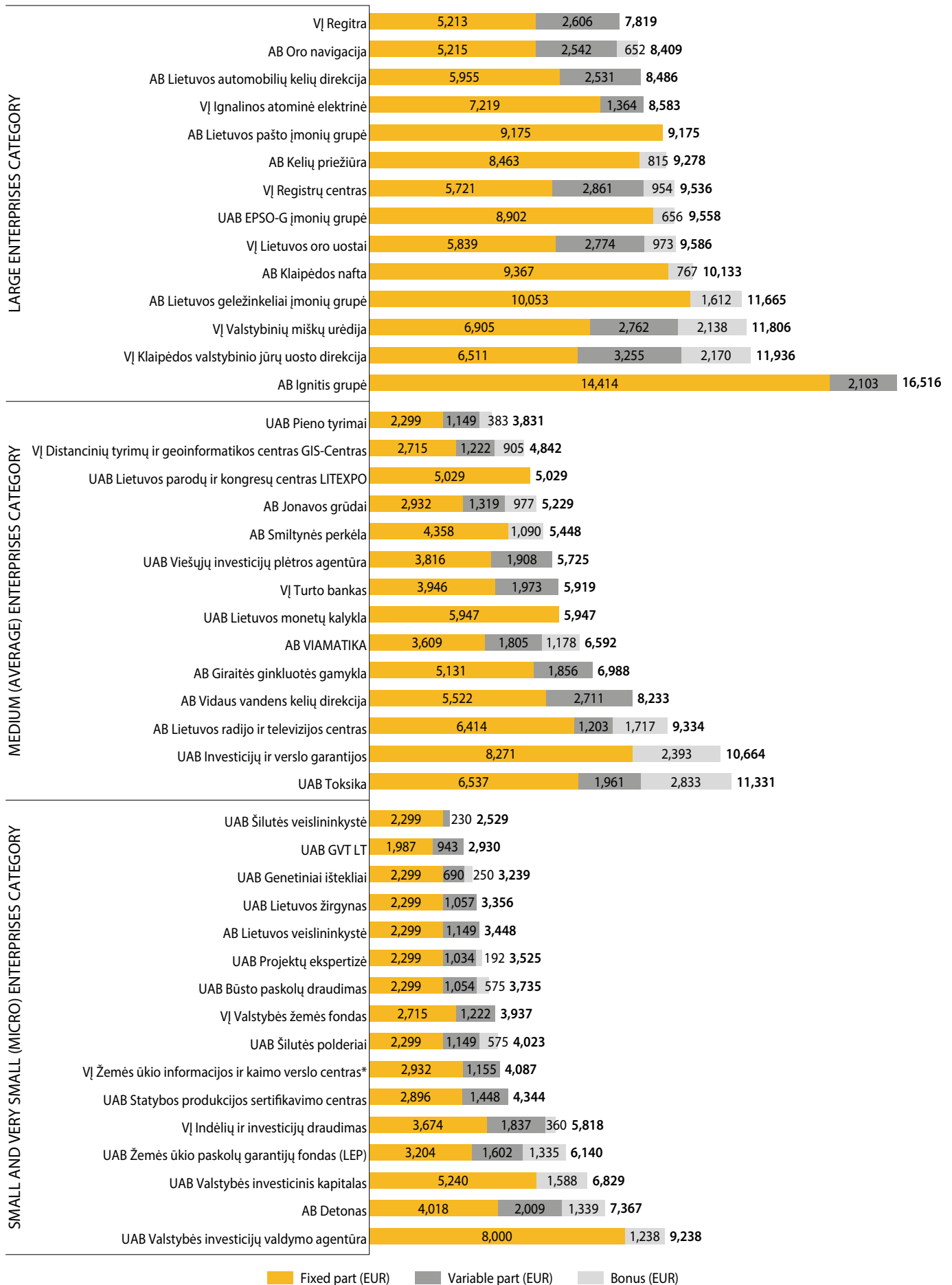
of SOEs. The average annual bonus was about 2.6 fixed monthly salaries (the Remuneration Resolution stipulates that the annual bonus for good performance from the company's profit may not exceed the amounts of a fixed part of 4 monthly salaries) or an average of EUR 13,743 (EUR 14,316 for SOEs which are attributed to the category of large enterprises). In most cases, bonuses are paid for good performance from the company's annual profit or instead of the monthly variable part of the salary (when the company's executive is not paid a monthly variable part of the salary). In 2022, the average share of the company's net profit allocated to the SOE executive's bonus amounted to 1.7%. It should be noted that the amount of the annual bonus is not directly related to the company's performance indicators or net profit margins (unless the bonus is paid instead of the monthly variable part of the salary), i.e. the decision-maker does not always set in advance specific objectives or indicators on the basis of which the decision to award the prize would be taken.

Having analysed practices of the remuneration of the executives of SOEs applied in 2022, no significant cases where state enterprises, on which the provisions of the Remuneration Resolution are binding, failed to follow, were established.

*Number of the executives of SOEs by the amount of bonus with regard to the variable part of remuneration*



## Structure of the remuneration of executives of SOEs in 2022



\*The General Director of VĮ Žemės ūkio informacijos ir kaimo verslo centras has been appointed to temporarily perform the duties of the General Director for 0.5 full-time positions, the schedule indicates the remuneration for 1 full-time position.



## Remuneration of members of the collegial supervisory and management bodies

The issue of the remuneration of members of the collegial supervisory and management bodies (hereinafter referred to as boards) is one of the most important areas of governance of SOEs as boards play an essential role in the whole structure of governance of SOEs. Global practice shows that the remuneration paid to the members of the boards of independent SOEs must motivate and encourage the attraction of competent and motivated professionals to the boards of SOEs. The issues of the remuneration of the board members who represent a shareholder (in Lithuania these are most often civil servants) is a little more complex and practices can vary significantly. The remuneration policy of the members of the boards of Lithuanian SOEs is regulated by Government resolutions.

### THE REMUNERATION POLICY OF MEMBERS OF THE COLLEGIAL SUPERVISORY AND MANAGEMENT BODIES

Depending on the legal form of the company, the remuneration policy of the board members is regulated by two resolutions of the Government: Resolution No. 665 of the Government of the Republic of Lithuania of 6 June 2012 On the Approval of the Description of the Procedure for the Implementation of Property and Non-property Rights of the State in State-Owned Enterprises regulates the remuneration policy of state-owned limited liability companies and the remuneration policy of state enterprises is regulated by Resolution No. 1092 of the Government of the Republic of Lithuania of 14 October 2015 On the Approval of the Description of the Procedure for the Remuneration of Members of the Boards of State Enterprises and Municipal Enterprises and Insurance of the Third-party Liability of the Members of the Boards.

In previous years (until 2022), the remuneration policy of the board members at state enterprises stipulated that board members are subject to an hourly pay system, i.e. board members shall fill in activity reports and their working hours are remunerated at the hourly rate set by the bodies implementing the owner's rights and obligations. Under the updated version of the legislation, a member of a collegial body is paid a fixed monthly remuneration. In addition, the remuneration of a member of a CB in a state-owned enterprise cannot exceed 1/5 of the salary of the general director of the enterprise. On 1 May 2022, after the new version of the Republic of Lithuania Law on the Civil Service comes into effect, civil servants have the right to receive salaries for their activities as members of the collegial body of SOEs. Board members may also get travel expenses reimbursed.

For members of collegial bodies of state-owned enterprises, it is recommended that the remuneration of the chairperson of the collegial body should be at least 1/3 of the average monthly salary of the enterprise's general director; for an independent member of a collegiate body and for a member of a collegiate body who is another person chosen by the entity initiating the selection – at least 1/4 of the average monthly salary of the company's general director and no more than the average monthly salary of the company's general director; for a civil servant – at least 1/8 and no more than 1/4 of the average monthly salary of the company's general director. The decision on the payment and level of remuneration of the members of the Board of Directors shall be taken by the authority exercising the rights and duties of the owner of the enterprise.

The data presented further in the report include information about the remuneration for independent members of the collegial bodies elected directly by an institution representing the State. The survey included 35 SOEs that had independent members on their collegiate bodies in 2022. The remuneration of other members of the CB (civil servants or other natural persons who are not considered to be independent) is not analysed in detail, as the proportion of these members in the collegiate bodies was very low and the remuneration system for civil servants was only changed towards the end of the year, and their remuneration will not be analysed as well.

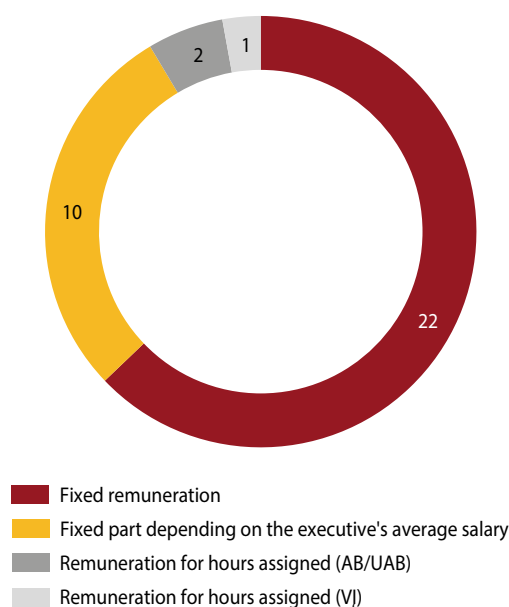
Due to different practices of the remuneration for the activities on the boards, salaries of all board members are recalculated and presented as an average monthly remuneration. The recalculation of the remuneration is based on the number of months that the board member worked in

2022, calculating it on a per day basis. The report provides data on the last remuneration system used by state-owned enterprises. The remuneration sizes are presented with all the taxes and contributions payable. In cases where a board member has been in business for a very short period of 2022, his/her remuneration data shall not be included in the report in order not to distort the data.

### REMUNERATION SYSTEMS

The remuneration systems for independent members of collegiate bodies vary. Fixed remuneration was the most common practice, with 22 SOEs using this practice at the end of 2022. A significant number of them, i.e. 10 SOEs, also applied a fixed remuneration depending on the average salary of the executive, a practice that started in the reporting year. Remuneration was paid for working hours in 3 SOEs: **AB Oro navigacija**, **VĮ Lietuvos oro uostai** and **AB Lietuvos automobilių kelių direkcija**. Fixed remuneration systems were applied by all enterprises under the Ministry of Transport and Communications (8 enterprises) and one SOE in 2022, by all (3) enterprises under the Ministry of Energy, and by all enterprises under the Ministry of Economy and Innovation (2 enterprises and 1 SOE). The fixed remuneration system was also applied by 3 enterprises subordinated to the Ministry of Agriculture, 2 enterprises subordinated to the Ministry of Finance, 1 enterprise each subordinated to the Bank of Lithuania and the VĮ Turto bankas, and one SOE subordinated to the Ministry of the Interior. A remuneration system where the fixed part depended on the executive's average salary was applied in 6 enterprises of the Ministry of Finance, 3 enterprises of the Ministry of Agriculture and one enterprise of the Ministry of Environment.

Number of SOEs by the remuneration systems



It is also to be noted that in setting the remuneration for the board members, additional restrictions related to the size of the remuneration paid are often introduced. For example, some enterprises with fixed remuneration stipulate that the remuneration has to be reduced if a member of the CB does not attend meetings, does not express an opinion on agenda items, etc. In addition to these limitations, the remuneration actually paid to the members of the boards of the SOEs may also be reduced as a result of statutory requirements, which are discussed in the preceding section.

For civil servants who held positions as members of the CB, a fixed remuneration system or a fixed percentage of the executive's average salary was introduced in the reporting year, with 31 SOEs applying this practice. However, as this practice only started at the end of the reporting

year, it will not be analysed further in the report. Other members of the CB (employee representatives, representatives of other shareholders) were remunerated according to the same principles as the independent members of the same CB.

Attention should be paid to the fact that developed countries use the established practice to pay a fixed annual remuneration to the board members, supplementing it in some cases with the variable part depending on the number of meetings attended. The fixed remuneration system is recognised as the most convenient and suitable for remunerating the board members for their activities. Since the end of the reporting year, this practice has been widely adopted in Lithuania, with only a few enterprises left using hourly remuneration. It has been noticed that when applying practices of hourly pay, the administrative burden increases, and when paying for the hours worked challenges related to trust and communication between the board members and the institution representing the State arise.

### CONTRACTUAL REMUNERATION LEVELS

Remuneration for the board members of state-owned limited liability companies is determined in operational contracts not only including all taxes (gross), but also after their deduction (net). In the reporting year, 34 enterprises had gross remuneration in their contracts and only **AB Lietuvos geležinkeliai Group** applied a slightly different system, whereby residents of the Republic of Lithuania had all taxes included in their remuneration, while foreign residents paid part of their taxes in foreign countries.

In 2022, rates of the contractual remuneration for independent members differed significantly. In the case of a fixed remuneration, the latter amounted to from EUR 747 per month to EUR 3,140 per month (that of the chairperson ranged between EUR 1,050 and EUR 4,180 per month). In determining the

fixed remuneration the scope of the activity of the company was taken into consideration and a higher remuneration was paid to the board members of large enterprises. When the fixed part of the remuneration depended on the executive's average salary, the remuneration ranged from EUR 814 per month to EUR 2,180 per month (EUR 898 per month to EUR 2,906 per month in the case of the chairperson). There was no difference in the hourly rates for the enterprises that paid the hourly rate – all 3 enterprises paid EUR 78 per hour for an independent member.

The remuneration set for the independent chairperson of the board established in the contract was on average about 1.3 times higher than for the other members of the board (excluding companies that applied hourly remuneration). The hourly rate of the remuneration for the chairperson was the same as that for other members. In case of an hourly remuneration, the principle that the chairperson receives a higher salary than other board members for his/her greater contribution, therefore, his/her remuneration is in fact higher due to the higher number of hours worked.

When comparing practices applied in Lithuania with those used in Western Europe, we see that chairmen of the boards of SOEs in Lithuania are paid lower remuneration. In the countries of Western Europe the chairperson of the board is typically paid at least a twice higher salary than other board members. Similar practices are applied on the boards of SOEs of the neighbouring countries too (Sweden, Norway, Estonia) – the chairperson is paid about twice as much. A proper formulation of the policy is important not only in seeking to compensate adequately for the contribution of the chairperson of the board but also in bringing the role of the chairperson up-to-date, which is of great importance to organising the activities of the board, as well as maintaining communication with the shareholders of the company.



Remuneration system for the hours worked	Contractual remuneration (Independent chairperson of the board)	Contractual remuneration (Independent member of the board)
AB Oro navigacija	EUR 78 per hour	EUR 78 per hour
VĮ Lietuvos oro uostai	EUR 78 per hour	EUR 78 per hour
AB Lietuvos automobilių kelių direkcija	EUR 78 per hour	EUR 78 per hour
<b>Fixed percentage of the executive's average salary</b>		
UAB Valstybės investicijų valdymo agentūra	EUR 2,906 per month	EUR 2,180 per month
AB Giraitės ginkluotės gamykla	EUR 2,168 per month	EUR 1,626 per month
UAB Valstybės investicinis kapitalas	EUR 2,032 per month	EUR 1,524 per month
VĮ Valstybinių miškų urėdija	EUR 1,757 per month	EUR 1,255 per month
UAB Viešųjų investicijų plėtros agentūra	EUR 1,699 per month	EUR 1,274 per month
AB Lietuvos veislininkystė	EUR 1,206 per month	EUR 862 per month
UAB Lietuvos žirgynas	EUR 1,175 per month	EUR 839 per month
VĮ Turto bankas	EUR 1,160 per month	EUR 1,160 per month
UAB Būsto paskolų draudimas	EUR 1,085 per month	EUR 814 per month
VĮ Žemės ūkio informacijos ir kaimo verslo centras	EUR 898 per month	EUR 898 per month
<b>Fixed remuneration system</b>		
AB Vidaus vandens kelių direkcija	EUR 23,592 per year	EUR 14,976 per year
VĮ Regitra	EUR 18,000 per year	EUR 15,600 per year
AB Ignitis grupė	EUR 4,180 per month	EUR 3,140 per month
AB Lietuvos geležinkeliai Group	EUR 3,742 per month	EUR 2,807 per month
AB Klaipėdos nafta	EUR 3,516 per month	EUR 2,637 per month
AB Lietuvos paštas Group	EUR 3,423 per month	EUR 2,567 per month
UAB EPSO-G Group	EUR 3,406 per month	EUR 2,555 per month
AB Kelių priežiūra	EUR 3,255 per month	EUR 2,441 per month
AB Lietuvos radijo ir televizijos centras	EUR 3,043 per month	EUR 2,283 per month
UAB Toksika	EUR 2,900 per month	EUR 2,175 per month
AB Detonas	EUR 2,307 per month	EUR 1,731 per month
AB VIAMATIKA	EUR 2,089 per month	EUR 1,566 per month
VĮ Ignalinos atominė elektrinė	EUR 1,980 per month	EUR 1,415 per month
AB Smiltynės perkėla	EUR 1,832 per month	EUR 1,374 per month
VĮ Registrų centras	EUR 1,700 per month	EUR 1,500 per month
UAB Lietuvos parodų ir kongresų centras LITEXPO	EUR 1,500 per month	EUR 1,125 per month
AB Jonavos grūdai	EUR 1,488 per month	EUR 1,063 per month
UAB Žemės ūkio paskolų garantijų fondas*		EUR 1,210 per month
UAB Pieno tyrimai	EUR 1,207 per month	EUR 862 per month
UAB Šilutės polderiai	EUR 1,207 per month	EUR 862 per month
UAB Lietuvos monetų kalykla	EUR 1,200 per month	EUR 800 per month
UAB Genetiniai ištekliai	EUR 1,050 per month	EUR 747 per month

\* The Chairwoman of the Supervisory Board of UAB Žemės ūkio paskolų garantijų fondas in 2022 was a civil servant



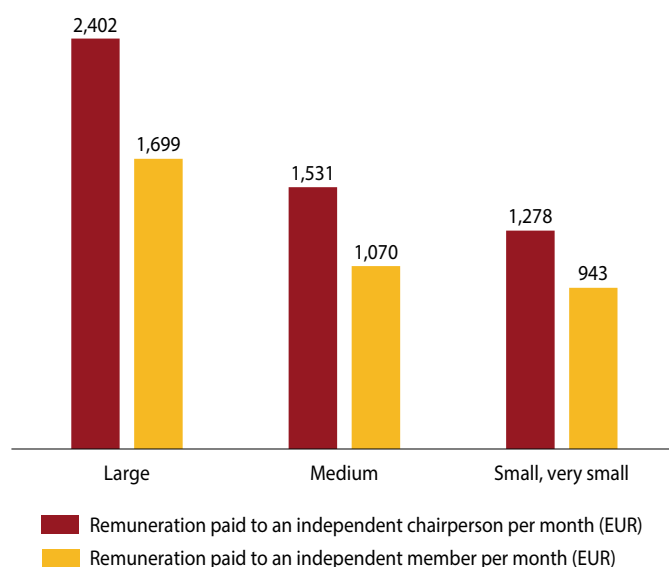
### CALCULATED REMUNERATION

In 2022, the remuneration paid to the independent members of the Board of Directors varied considerably, from an average of EUR 549 per month at **UAB Genetiniai ištekliai** to EUR 2,534 per month at **AB Ignitis grupė**. Remuneration also differed significantly between the enterprises belonging to the same category of enterprises, the actual remuneration of the members of the boards of enterprises belonging to the category of large enterprises differed up to 3.8 times, medium-sized enterprises – up to 3 times, small enterprises – up to 3.5 times.

Although the remuneration of the members of the boards of SOEs belonging to the same category may differ significantly, the assessment of the total remuneration amounts according to the categories of companies shows the dependence of the remuneration on the scope of the company's activities – members of the boards of larger companies receive higher remuneration. In 2022, the average remuneration of the members of the boards of SOEs classified as large enterprises was EUR 1,699, while for medium-sized enterprises it was EUR 1,070 and for small enterprises it was EUR 943. This is primarily due to the policy pursued by the Government, which links the remuneration of a board member to the remuneration of a company executive, which is higher

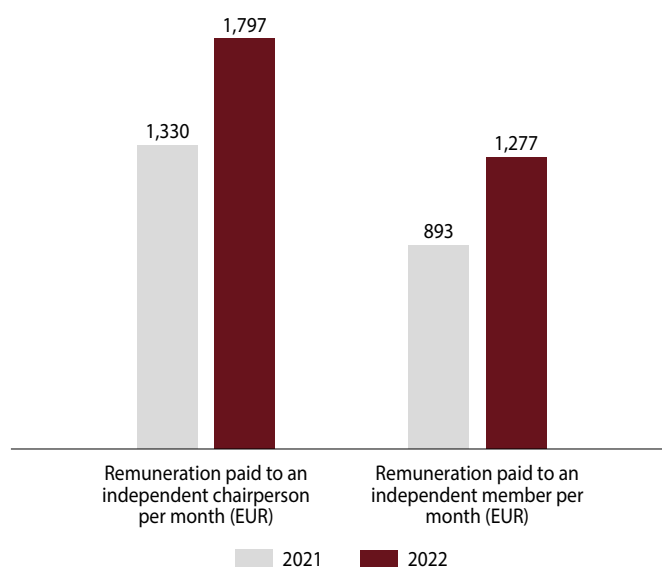
in larger enterprises. It is also influenced by the more intensive involvement of the members of the boards of larger companies in the supervision and control of companies (higher number of hours worked is paid or allowed to be paid). The results are significantly influenced by decisions taken by several institutions representing the State and the companies within their jurisdiction, for example, there are twenty-five out of thirty-five SOEs under the Ministry of Agriculture and the Ministry of Transport and Communications where collegiate bodies are set up, therefore the remuneration policies applied by these two Ministries alone influence greatly the overall portfolio situation of SOEs.

In 2022, the effective remuneration of the members of the SOE CB increased by 35.1% and that of the chairpersons by 43.0% (EUR 384 and EUR 467 respectively). The change was mainly caused by changes in contractual remuneration amounts, when enterprises started to apply a fixed remuneration system, instead of previously paid remuneration for hours or attended meetings. The most significant increases were for members of collegiate bodies of small and micro-enterprises. Looking at developments over the last three years, the remuneration of the members of the collegiate bodies has been on the rise, with the increase in the reporting year mainly due to changes in the remuneration schemes applied.

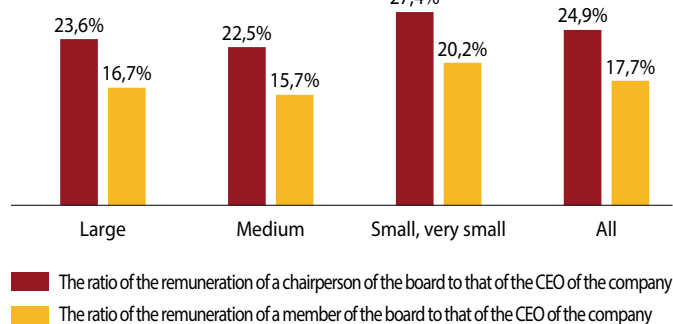


Comparing the actual remuneration of independent CB members by legal form of the enterprise (the remuneration policy applied varies depending on the legal form), it can be observed that the remuneration charged to CB members of the enterprises in 2022 was higher than that charged to CB members of state-owned enterprises. The existing differences are justified, among other reasons, by the fact that the functions performed by the boards of state enterprises are narrower than those of the boards of limited liability companies and are more in line with the function performed by the supervisory collegial body alone. These differences usually require less involvement of the board members of state enterprises.

The Government regulates levels of the remuneration of all members of SOEs' boards through the remuneration of the chief executive officer of the company, therefore the ratio of the remuneration of a member of the board to that of the CEO of the company is one of the main indicators in assessing the compliance with the policy established by the Government. In 2022, the average remuneration of independent chairmen of SOEs accounted for 24.9% of the remuneration of the CEO of the company, whereas that of independent members amounted to about 17.7%. In assessing changes that took place during 2022, it can be seen that the remuneration of the members of CB amounted to a larger part of the salary of the general director of the company than that in 2021, the remuneration ratio of the members increased by 5.8 percentage points, and that of other chairpersons – by 6.6 percentage points. The reasons for this change are changes in the remuneration system following the introduction of fixed remuneration for enterprises and the introduction of a fixed percentage of the manager's average salary in contracts. Attention should be drawn to the fact that the information presented in the graph on the right includes a comparison with the contractual (non-paid) remuneration of the CEO of the company including also variable parts of the



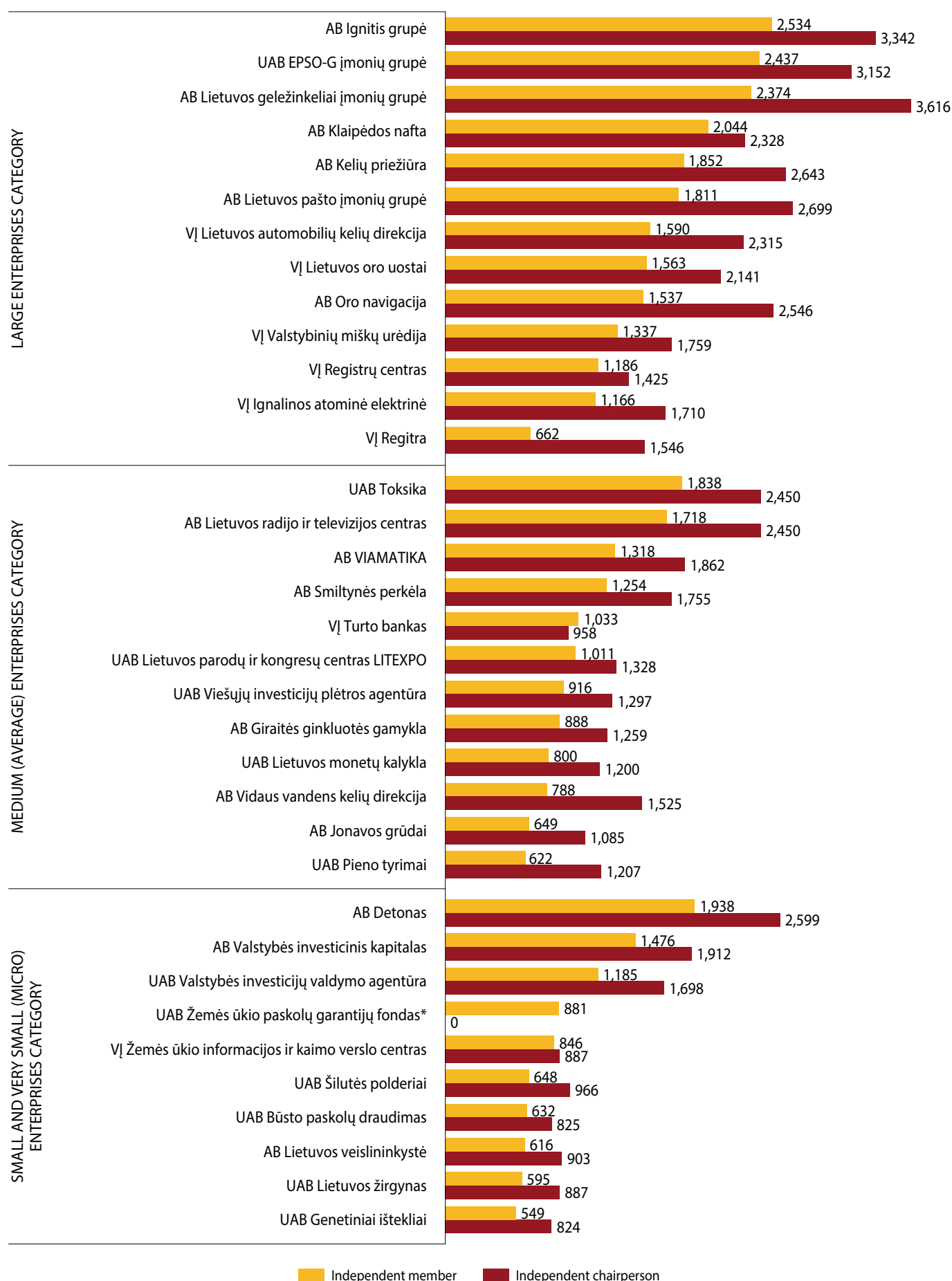
### Share of independent members of SOEs with regard to the remuneration of the CEO



remuneration (the variable part of the remuneration and annual bonuses).

A comparison of the remuneration of independent members and the CEOs of the company with the practice of foreign countries shows that in case of Lithuania the share of the remuneration paid to members of the board with regard to the remuneration of the CEO is larger than that paid in foreign countries. For example, the average remuneration paid to the Chairperson of the Board of a Norwegian SOE accounts for about 9-10% of the annual remuneration of the CEO's annual salary, whereas the remuneration of other members accounts for about 5-6% thereof. Nevertheless, the fact that the remuneration of members of the boards of Lithuania SOEs is relatively higher than the remuneration of the CEO of the company as compared with foreign countries does not necessarily mean that members of the boards are overcompensated but sooner reveals that CEOs are underpaid.

## Remuneration paid to independent members of SOEs (EUR/month)



\*The Chairwoman of the Supervisory Board of UAB Žemės ūkio paskolų garantijų fondas in 2022 was a civil servant

## REMUNERATION OF COMMITTEE MEMBERS

Committees are formed only in SOEs that are assigned to the category of public interest or large enterprises. Usually only audit committees are set up, sometimes a remuneration (remuneration allocation) committee or other committees are formed too. All SOEs of public interest must form the audit committee. Those SOEs whose securities are traded in the market regulated by the Republic of Lithuania and (or) a Member State and which, on the basis of the Law of the Republic of Lithuania on Financial Reporting by Undertakings, are assigned to the category of large enterprises, meet the definition of a public interest enterprise. Only those state-owned limited liability companies, which are assigned to the category of large enterprises must set up the Committee of Remuneration (Remuneration Allocation). Other committees are formed as needed, and the principles of their formation are not regulated.

The Government does not regulate principles of the remuneration for the activities in committees by legal acts. The institution representing the State can take decision on the remuneration for the activities in the committees on its own.

The data presented further in the report comprise the information about the remuneration of independent Committee members. The remuneration of other Committee members is not analysed due to the same reasons as when analysing the remuneration of the members of CB.

Due to different practices of a remuneration for activities in the Committees, the remuneration paid to all members is recalculated and presented as the average monthly salary. The recalculation of the remuneration is based on the number of months that the board member worked in 2022, calculating it on a per day basis. The remuneration includes all the amounts calculated for the

activities in the Committee in 2022, irrespective of the date of their payment. The remuneration sizes are presented with all the taxes and contributions payable.

In 2022, almost all SOEs in the large enterprise category had audit committees in place, with only **AB Lietuvos automobilių kelių direkcija** not having an audit committee in place. Four enterprises had remuneration/appointment committees: **AB Ignitis grupė**, **UAB EPSO-G**, **AB Lietuvos geležinkeliai** and **AB Klaipėdos nafta**. Two of these companies had one more additional committee formed: **AB Ignitis grupė** had the Committee for Risk Management and Business Ethics Supervision set up, **UAB EPSO-G Group** – the Innovations and Development Committee.

Usually the Committee members were remunerated for their activities in the Committee following the same remuneration policy as when remunerating the activities of independent CB members, that is, if the CB of the company applied the practice of the fixed salary, the fixed salary was paid to the Committee members too. In only four enterprises were committee members not remunerated in the same way as CB members. At the end of 2022, nine SOEs applied the fixed remuneration schemes, four SOEs paid for the hours spend carrying out the activities and one SOE paid for the participation in meetings. As in the case of the CB, in some cases the fixed remuneration has been reduced if a member of the Committee does not attend meetings, does not express an opinion on agenda items, etc. In addition, **AB Ignitis grupė** has also made additional provisions providing that for committee members who also act as members of the company's collegial bodies, the remuneration for their activities in the committee is included in their remuneration for their activities in the collegial body, and that no additional remuneration is payable for their activities in committees.

	Contractual remuneration (Independent chairperson of the board)	Contractual remuneration (Independent members of the board)
<b>Fixed remuneration system</b>		
AB Ignitis grupė*	EUR 2,000 per month	EUR 1,800 per month
UAB EPSO-G Group	EUR 2,724 per month**	EUR 2,155 per month
AB Klaipėdos nafta***	EUR 1,141 per month	EUR 1,319 per month
VĮ Ignalinos atominė elektrinė	EUR 1,400 per month	EUR 500 per month
AB Lietuvos geležinkeliai Group***	EUR 2,105 per month	EUR 1,403 per month
AB Lietuvos paštas Group	EUR 1,926 per month	EUR 1,284 per month
VĮ Lietuvos oro uostai	EUR 7,560 per year	EUR 5,040 per year
AB Lietuvos radijo ir televizijos centras	EUR 1,712 per month	EUR 1,141 per month
AB Kelių priežiūra	EUR 1,832 per month	EUR 1,221 per month
<b>Remuneration system for the hours worked</b>		
VĮ Oro navigacija****	EUR 40 per hour	EUR 40 per hour
VĮ Klaipėdos valstybinio jūrų uosto direkcija****	EUR 40 per hour	EUR 40 per hour
VĮ Valstybinių miškų urėdija	EUR 30 per hour	EUR 30 per hour
VĮ Registrų centras****	EUR 40 per hour	EUR 40 per hour
<b>Remuneration system for attending meetings (EUR per meeting)</b>		
VĮ Regitra	EUR 180 per meeting	EUR 180 per meeting

\*Only members of the Audit Committee are remunerated, as members of the other committees are members of the Supervisory Board and do not receive additional remuneration

\*\*The amount shown corresponds to the average of the remuneration set by the Group's committees

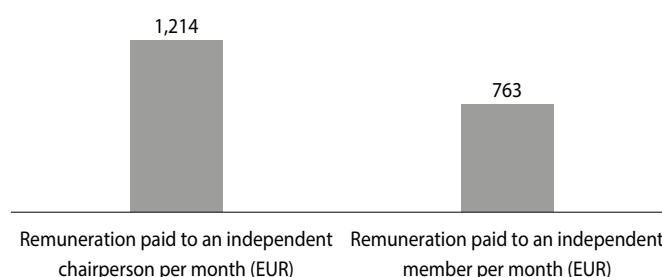
\*\*\*The Company has Audit and Remuneration Committees with the same level of remuneration

\*\*\*\*Remuneration indicated exclude payable taxes and contributions (net)

Most often a lower salary was set for the Committee members than for the CB members, however, practices between different SOEs differed considerably. At the very least, the contractual remuneration of a committee member was up to 7% of the remuneration of a CB member, but in a few enterprises the remuneration of committee members was set at close to or the same as that of CB members.

In assessing the actually calculated levels of a remuneration in 2022, it was established that the average remuneration of an independent Chairperson of the Committee amounted to EUR 1,214 per month, whereas the remuneration paid to a member of the Committee was EUR 763 per month. In analysing levels of the remuneration paid to the members of the Audit Committee only, it was found that the average salary of the Chairperson of the Audit Committee amounted to EUR 1,017 per month and that of a Committee member was EUR 664 per month. The differences in remuneration varied significantly between the SOEs, ranging from EUR 109 per month in the Audit Committee of **AB Oro navigacija** to EUR 1,843 per month in the Audit Committee of the **UAB EPSO-G Group**. However, in most cases, the remuneration ranged up to EUR 1,000.

An analysis of the relationship between the remuneration of committee members and board members shows that the average remuneration of a committee member in 2022 was 59.7% of that of a CB member. The average remuneration of the chairperson of the Committee was 67.5% of the CB chairperson. When comparing the remuneration ratios with those in foreign countries, we see that the salary paid to the Committee members of Lithuanian SOEs most often constitute a similar part of the remuneration paid to a member of the Board as in Western European countries.





# Overview of Collegial Governing or Supervisory Bodies of SOEs

One of the key factors to achieve profitable and efficient business of the SOEs is a particular focus on the role of the supreme supervisory or governing bodies of the Company – the so-called collegial bodies. A professional, motivated and independent board or a supervisory board, where it is formed, has a considerable influence in setting the strategic priorities of companies, as well as assessing the performance of company's managers and ensuring their accountability. According to the effective legislation, public-interest entities and the companies of importance for ensuring national security must have functioning collegial bodies. A decision on the management boards (or supervisory boards) to be formed in other SOEs is vested with the institution representing the State.

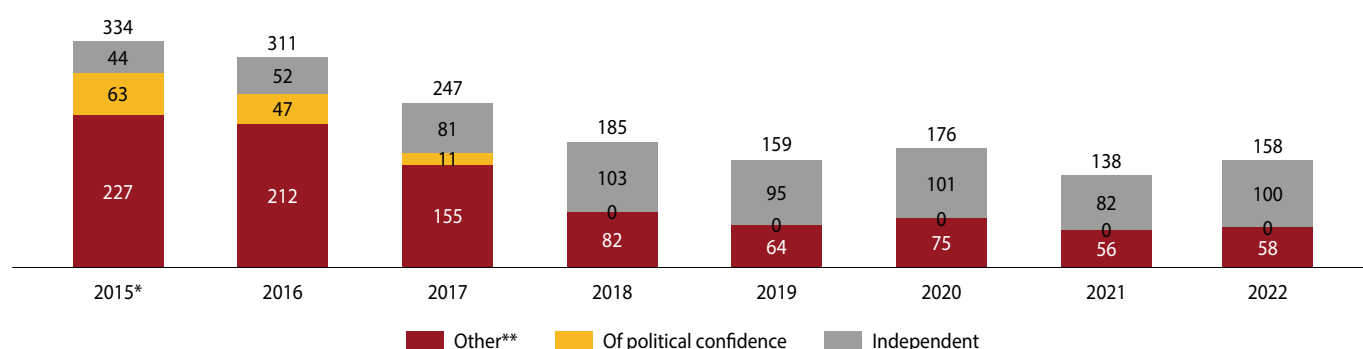
To ensure the transparency and effectiveness of the activity of SOEs and by introducing the principles of good governance, independent members have been elected to the collegial bodies of State-owned public and private limited liability companies and, from 1 March 2015, to the boards of State Enterprises (VĮ). From 1 January 2018, autonomy of collegial bodies of SOEs was even more enhanced by legal acts with an obligation that before this date in composition of collegial bodies of all SOEs (irrespective of their size and other indices) at least 1/2 of all members of the board (if the supervisory board is not formed) would comply with the criteria for autonomy.

According to the effective legal acts, the supervisory boards may be formed in public and private limited liability companies only. Supervisory

boards cannot be formed in VĮ as well as at least 1/5 members of the board in VĮ shall include the representatives of employees.

Over the last six years, significant changes have occurred in the processes of formation of collegial bodies in SOEs. Seeking for professional and depoliticised governance, at the end of 2018 already there were no members of political confidence left in the compositions of collegial bodies compared with a figure of almost 19% of all members three years ago. Previously formed compositions of collegial bodies (in 2016) were dominated by public servants (representatives of shareholder/ owner), employees of the company and other persons delegated that accounted for nearly 70% of all members and only 17% of members complied with criteria for autonomy. Starting with 2018, we can already see significant changes in the situation, where the majority – as much as 56% - of members of collegial bodies elected by institutions directly representing the state consist of independent professionals, while persons of political confidence are no longer delegated at all. This tendency has been observed for the sixth consecutive year, whereas, in Q4 2022, the number of independent members nominated by the selection commission reached 63%. It should be noted that as part of the implementation of the SOE restructuring and centralisation plan, at the end of 2022, UAB Investicijų ir verslo garantijos and AB Klaipėdos valstybinio jūrų uosto direkcija were in the final stages of reorganisation-merger and change of legal status, respectively, and, as such, Supervisory Boards had not been formed in these enterprises.

Members of supervisory (management) boards\*\*\*



\*Data for 2015 adjusted by eliminating 42 Boards of Miškų urėdijos.

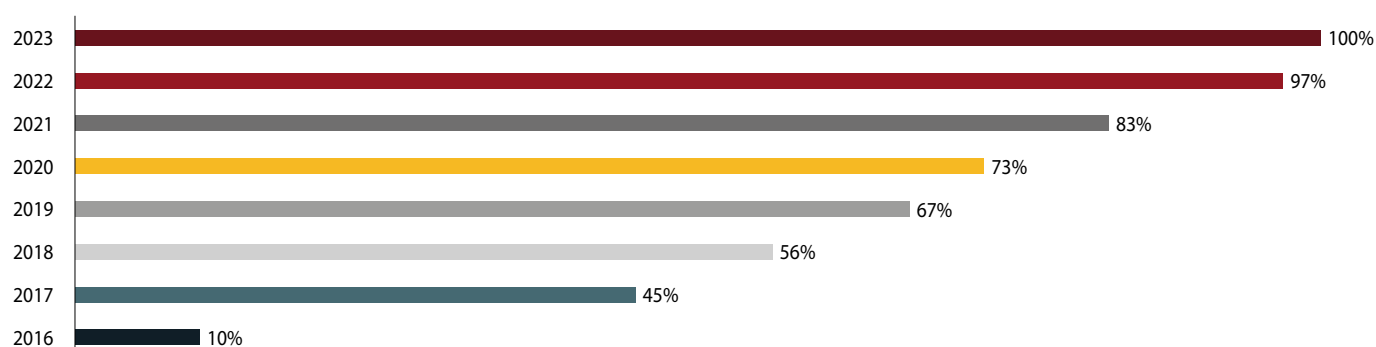
\*\*Public servants (representatives of shareholder/owner), company's employees, etc.

\*\*\*Specified only the members of collegial bodies nominated directly by authorities representing.

At the end of 2022, almost all chairpersons of collegial bodies also met the autonomy criteria set – there were 34 of them out of 36. One of the chairpersons of the collegiate bodies elected directly by the State was a civil servant and the other chairperson was a foreign national. For the

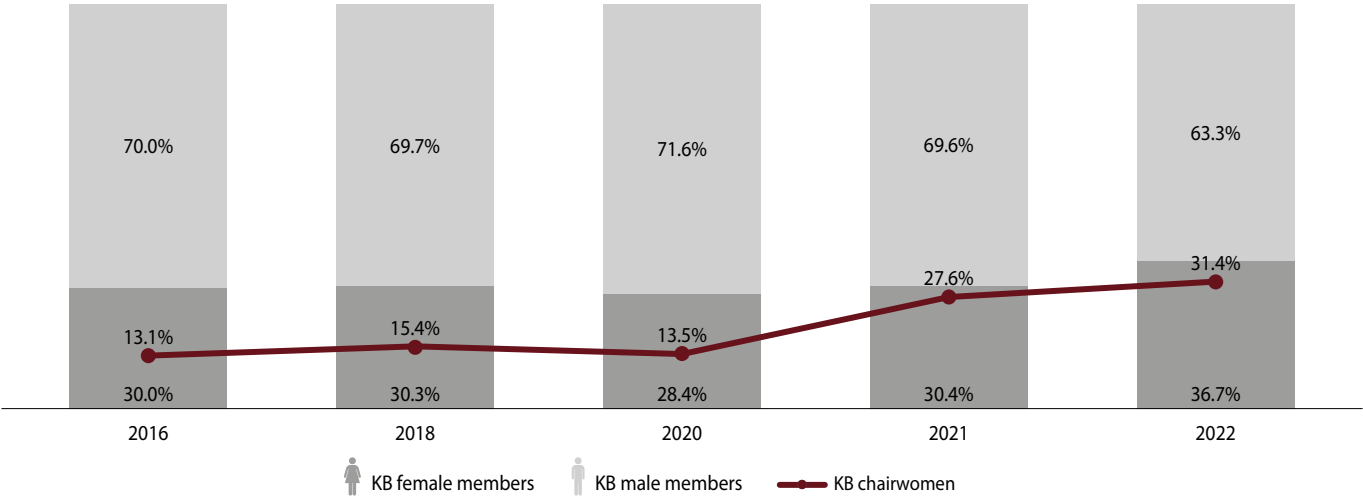
third consecutive year, no employee representative has been appointed as the chairperson of the collegiate bodies. **In 2023, a new level of quality was reached in the governance of the SOEs, with all chairpersons of the SOEs' elected collegiate bodies being independent.**

Independent chairpersons of Boards and Supervisory Boards of public enterprises



In terms of distribution of the members of boards and supervisory boards of Lithuania SOEs, it has been observed that, in general, men account for 1.7 times more members of collegial bodies than women. This ratio is at the lowest level since 2016. Similarly, women make up just under a third of those holding the position of chairperson of a collegiate body, but compared to 2021, the number of women appointed as chairpersons in 2022 has risen to 11, with an increase of several percentage points in percentage terms, which is higher than ever before (31.4% in 2022 and 27.6% in 2021). It is noteworthy that distribution between male and female in the positions of chairpersons

of collegial bodies of State-owned enterprises in Sweden is rather balanced: in 2016, women accounted for 45% of all chairpersons of SOEs, in 2021 – just under a half, i.e. 48%. It should be noted that the SOEs of some countries have established the minimum number of board members that must be women. For example, in Finland, Germany, Iceland, Slovenia, France, Italy, more than 40% of the Board of SOEs must be women. In Norway, there must be at least 40% of the representatives of each gender. So, overall, steps forward in gender equality issues have been taken, but it is still lagging behind other European countries.



At the end of 2022, eight foreign experts in total shared their international experience and worked in the boards of three companies under the Ministry of Transport and Communications and the supervisory board of one company under the Ministry of Finance. Furthermore, pursuant to the good governance practices and seeking for high quality outcomes, it is recommended for one person to have positions in no more than three collegial bodies. The number of persons holding the maximum recommended number of positions totalled only four in Q4 2022, another 13 persons were the members in 2 boards at the same time and the remaining of all members of collegial bodies held one position only.

At the start of July 2023, the boards were formed in 32 enterprises (out

of 38 SOEs), supervisory boards in 4 enterprises – they had both the board and supervisory board formed. In the month of July 2023, there were a total of 148 positions on the boards of the SOEs in Lithuania in 2023 held by 133 members, of which 90 positions were reserved for independent members, which were held by 78 persons. There were 22 positions on the supervisory boards of the SOEs, all of which were occupied. 14 positions were dedicated to the members of supervisory boards meeting the criteria for autonomy.

The relevant lists of members of collegial supervisory and governing bodies that are updated on a monthly basis are available on GCC website: [www.governance.lt](http://www.governance.lt)



# Special obligations

## SUMMARY

- 22 of 44 SOEs carried out special obligations in 2022;
- 2 of 22 SOEs that carried out special obligations in the accounting period have not submitted to the Governance Coordination Centre (GCC) the recommended separation of the financial statements by significant functions performed;
- Separation of financial statements of SOEs by function is superficial in majority of cases, some companies do not have a suitable methodology;
- A significant part of the expenses incurred in the performance of the special obligations and the assets assigned to the special obligations are not reflected in the financial statements of SOEs;
- Some SOEs generate greater returns than average SOE portfolio return while carrying out their special obligations;
- Some of the functions performed by SOEs could be classified as special obligations by nature of activity, although they do not satisfy the formal criteria of a special obligation on to the legal basis to be classified as special obligations.

## Policy of special obligations of SOEs

According to the *Recommendations for Special Obligations*<sup>1</sup>, the activities carried out by SOEs fall into three categories: a special obligation, a commercial function assigned by the State and a commercial activity.

Special obligations are the functions performed by SOEs that a company would not assume on a commercial basis (or would do so for a price higher than the set price) and that are assigned to these enterprises by decisions of the State. Therefore, the State does not require any financial return from these functions. A function performed by the SOE is considered as special obligation if the obligation to perform such function is established by laws or by resolutions of the Government of the Republic of Lithuania and at least one of the following criteria is met:

1. State budget allocations are granted for the performance of the function;
2. The performance of the function is sponsored by the European Union and (or) other funds;
3. The expenses of the performance of the function are covered by the revenue from other activities performed by the enterprise;
4. Pricing related to the performance of the function is regulated by the laws, the Government of the Republic of Lithuania or an institution authorised by it, and the profit margin of the price determined for a product or service is not included or limited in such a way that it does not allow the covering of alternative costs;
5. The activity is considered a public administration function.

It should be noted that the assignment of the function to the special obligations is possible only with the written approval from the Governance Coordination Centre. In 2023, for the first time, the *List of Special Obligations*<sup>2</sup> was approved by the Minister of Economy and Innovation, including 87 special obligations performed by 23 SOEs. Following the *Recommendations for Special Obligations* and the *Transparency Guidelines*, an SOE shall separate the accounting for special obligations from its commercial functions. The purpose of this separation is to increase the transparency of SOEs by disclosing the cost of special obligations incurred by companies and the State.

Commercial functions assigned by the State are functions to which an SOE is exclusively entitled under the laws or a resolution of the Government of the Republic of Lithuania, which generate revenue directly from service users. Service fees are set by an independent regulator who includes a profit margin that allows the company to cover opportunity cost. These functions generate sufficient returns and are therefore considered commercially attractive. For this reason, the State requires a financial return on these functions, but the required return is limited by the established pricing regulation. In 2022, two SOEs – **AB Smiltynės perkėla** and **AB Oro navigacija** performed State-assigned commercial functions.

Commercial activities are considered to be all other activities of the SOE that are not assigned by legal acts: laws or Government resolutions and/or do not meet the criteria of other special obligations. From these functions, the State seeks an adequate return that would be required of private capital commercial companies engaged in similar activities.

## Financial results of special obligations performed by SOEs

In 2022, 22 out of 46 SOEs carried out special obligations. Eleven of them fulfilled only special obligations, while the remainder of the SOEs had significant commercial activities. The expenses incurred by two<sup>3</sup> companies resulting from the special obligations were not recognised in the profit (loss) statements in full, while the expenses incurred by four<sup>4</sup> were not recognised in greater part. The aforementioned expenses were directly reimbursed by the State budget or by other sources of funding, reducing the sales or operational expenses by the amount of compensation.

The summarised financial information of the SOEs portfolio, split between the segments of special obligations, commercial functions assigned by the State, commercial activity and undistributed share, is provided below. It should be noted that not all SOEs (2<sup>5</sup> out of 22) have separated their financial results of special obligations to the extent recommended, i. e. both the company's revenues and expenses, and the assets.

1. Order No 4-193 of the Minister of Economy and Innovation of the Republic of Lithuania of 27 April 2023 "On Approval of the List of Special Obligations Performed by State-Owned Enterprises and Their Subsidiaries"

2. Order No 4-193 of the Minister of Economy and Innovation of the Republic of Lithuania of 27 April 2023 "On Approval of the List of Special Obligations Performed by State-Owned Enterprises and Their Subsidiaries"

3. UAB Žemės ūkio paskolų garantijų fondas, VĮ Distantinių tyrimų ir geoinformatikos centras GIS-Centras

4. VĮ Indėlių ir investicijų draudimas, VĮ Valstybės žemės fondas, VĮ Valstybinių miškų urėdija, VĮ Žemės ūkio informacijos ir kaimo verslo centras

5. VĮ Distantinių tyrimų ir geoinformatikos centras GIS-Centras, UAB Žemės ūkio paskolų garantijų fondas



PROFIT (LOSS) STATEMENT (THOUSAND EUR)	SPECIAL OBLIGATIONS	COMMERCIAL FUNCTIONS ASSIGNED BY THE STATE	COMMERCIAL FUNCTIONS	NON- DISTRIBUTED SHARE	TOTAL
Sales revenue	461,177.0	29,647.5	5,896,935.8	13,803.0	6,401,563.3
Cost of goods sold	324,141.0	20,817.4	4,506,029.5	2,631.7	4,853,619.6
Gross profit	137,036.1	8,830.0	1,390,906.2	11,171.3	1,547,943.6
Cost of sales	28,471.2	354.4	524,691.6	0.0	553,517.2
General and administrative expenses	108,693.5	6,166.1	354,716.7	9,560.5	479,136.8
Operating profit	-128.6	2,309.5	511,497.9	1,610.8	515,289.6
Profit (loss) before taxes	1,873.3	2,141.0	448,368.9	1,985.7	454,368.8
Net profit (loss)	1,452.4	1,970.5	387,030.6	1,341.0	391,794.5
<b>BALANCE (THOUSAND EUR)</b>					
Assets	6,732,217.0	67,101.8	9,439,560.6	98,751.2	16,337,630.6
Equity	4,199,486.6	52,265.1	4,088,490.1	36,494.0	8,376,735.9
Grants and subsidies	1,832,296.0	6,553.5	555,189.0	3,226.3	2,397,264.8
Liabilities	700,434.3	8,283.1	4,795,881.9	59,030.9	5,563,630.3

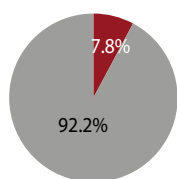
In 2022, the revenue generated by special obligations that is included in the Profit (Loss) Statement of SOEs accounted for only 7.2% of the total operating revenue of the portfolio, and the expenses accounted for 7.8% of the total cost. Profit of special obligations before tax for the reporting period amounted to EUR 1.9 million. At the same time, the profit of commercial functions assigned by the State and other commercial functions before tax was EUR 448.4 million. Despite the relatively small impact on the revenue and expenses of the SOEs portfolio, the assets of special obligations accounted for a much larger share of the total value of the SOEs portfolio – as much as 41.2%. Most of the expenses attributable to special obligations that are included in the financial statements were generated by **AB Kelių priežiūra** (EUR 78.9 million or 27.2%), in addition, most of the assets were also managed by **AB Lietuvos automobilių**

**kelių direkcija** (EUR 3.5 billion or 55.7%). It is noteworthy that SOEs are much better at separating financial line items in the profit (loss) statement by their functions than the balance sheet items – some companies do not split assets by function at all and allocate them under the undistributed share. For this reason, it is not possible to accurately determine the assets that are attributed to special obligations.

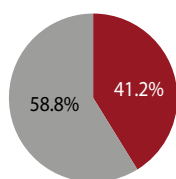
In the reporting year, the assets attributed to the performance of special obligations were 4.0% or EUR 256.2 million higher than those recorded in 2021. Operating profit before taxation fell by as much as 85.7% or EUR 11.2 million. The changes in assets were mainly driven by an increase in the assets of the AB Lietuvos geležinkeliai Group and the VĮ Lietuvos automobilių kelių direkcija, which grew by EUR 155.6 million and EUR 69.5 million respectively.

It should be emphasised that the expenses and assets not included in the company's financial statements should also be taken into account when assessing the extent and effect of the special obligations. The latter arise when a specific obligation – the management of holding funds – is carried out through the establishment of funds and separate accounting units for this purpose – public sector entities, the accounting of which is managed separately from the accounting of SOEs, but in order to more accurately assess the scope of SOE activities, they are included in the analysis. In the reporting period, revenue from special obligations not included in the financial statements of SOEs amounted to EUR 26.9 million (in 2021 – EUR 7.4 million), expenses – EUR 52.4 million (in 2021 – EUR 125.7 million). Grants from the state budget and from the European

Expenses



Assets



■ Special obligations

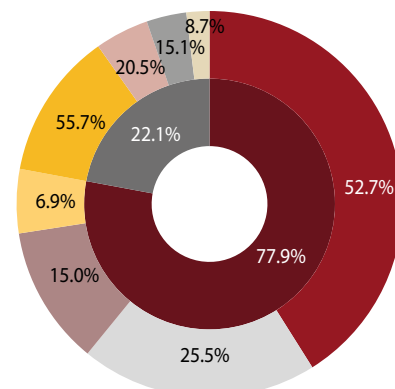
■ Functions assigned by the State or other commercial functions

Expenses of Special Obligations



■ Included in financial statements

Assets of Special Obligations



■ Not included in financial statements

Union or other funds that reduce costs are also included in the costs excluded from the companies' financial statements. In 2022, **VĮ Ignalinos atominė elektrinė** received the largest number of such grants – EUR 86.7 million. The assets of fund managers not directly included in the financial statements of the SOEs themselves accounted for more than a

quarter of the total assets used to meet special obligations, amounting to EUR 1.9 billion. The largest amount of assets not included in the financial statements of SOEs was disposed of through managed funds by **UAB Investicijų ir verslo garantijos** – EUR 1.1 billion or 55.7% and by **UAB Viešųjų investicijų plėtros agentūra** – EUR 390.1 million or 20.5%.

Company	Revenue of special obligations (Thousand EUR)	Cost of special obligations (Thousand EUR)	Profit before taxes of special (Thousand EUR)	Assets of special obligations (Thousand EUR)	Key special obligations
VĮ Ignalinos atominė elektrinė	133.8 <i>0.0</i>	-5,775.0 <i>86,685.0</i>	5,321.6 <i>0.0</i>	463,677.3 <i>0.0</i>	• Decommissioning of nuclear power facilities and management of radioactive waste
UAB EPSO-G Group	203.0	203.7	-0.7	160,507.1	• Administration of the PSO funds
AB Lietuvos geležinkeliai Group	49,523.4 <i>0.0</i>	40,702.6 <i>3,012.8</i>	2,176.4 <i>0.0</i>	1,548,046.1 <i>0.0</i>	• Public local passenger transport by rail • Maintenance, modernization and development of public railway infrastructure and provision of minimum access package services.
AB Lietuvos paštas Group	24,932.8	28,145.6	-3,212.8	23,394.5	• Universal postal services • Delivery of periodicals for subscribers to rural residential areas
VĮ Klaipėdos valstybinio jūrų uosto direkcija	2,281.1	2,965.5	-704.2	56,234.0	• Providing access to infrastructure for the Lithuanian Navy
AB Vidaus vandens kelių direkcija	0.0 <i>3,983.0</i>	1,289.1 <i>3,983.0</i>	-1,295.2 <i>0.0</i>	36,756.9 <i>0.0</i>	• Enabling transportation by waterways
VĮ Registrų centras	56,815.2 <i>0.0</i>	46,668.9 <i>3,762.4</i>	10,146.3 <i>0.0</i>	62,953.6 <i>0.0</i>	• Maintenance of State registers • Managing the information systems of e-Health (E. sveikata) services and collaboration infrastructure;
AB Kelių priežiūra	76,316.2	78,888.3	- 2,697.5	132,620.1	• Maintenance and management of state roads (arterial, regional and district).
UAB Investicijų ir verslo garantijos	6,976.4 <i>1,032.8</i>	6,017.8 <i>374.0</i>	998.3 <i>8,288.4</i>	0.0 <i>1,061,916.1</i>	• Provision of guarantees • Functions of the fund manager
VĮ Indėlių ir investicijų draudimas	760.5 <i>20,579.7</i>	760.5 <i>-57,457.4</i>	75.5 <i>0.0</i>	0.0 <i>288,841.9</i>	• Administration of the funds
VĮ Turto bankas	20,066.6 <i>0.0</i>	21,873.8 <i>1,715.6</i>	-1,817.2 <i>0.0</i>	445,356.1 <i>0.0</i>	• Administration of State-owned real estate, its rent, organisation of renovation • Administration of loans, State-issued guarantees and other property obligations
UAB Viešųjų investicijų plėtros agentūra	4,943.5 <i>355.0</i>	4,159.0 <i>355.0</i>	882.8 <i>0.0</i>	33,309.4 <i>390,131.0</i>	• Development and implementation of financial incentives and performance of related activities
VĮ Regitra	27,347.3	22,988.9	4,379.7	24,184.9	• Administration of the register of road vehicles • Examination of drivers, issue of driving licenses and maintenance of the register
AB Jonavos grūdai	273.3	300.1	-26.8	147.8	• Storage of the State reserves (wheat, rye)
UAB Žemės ūkio paskolų garantijų fondas	0.0 <i>0.0</i>	0.0 <i>447.5</i>	0.0 <i>0.0</i>	29.6 <i>166,592.4</i>	• Administration of financial measures
VĮ Valstybės žemės fondas	246.1 <i>0.0</i>	176.4 <i>875.3</i>	69.7 <i>0.0</i>	0.0 <i>0.0</i>	• Sale of State-owned land and lease bids • Development and maintenance of the land information system
VĮ Distantinių tyrimų ir geoinformatikos centras GIS-Centras	- <i>-</i>	- <i>-</i>	- <i>-</i>	- <i>-</i>	• Functions of the manager of LEI portal • Functions of the manager of the Georeferenced Base Cadastre
VĮ Žemės ūkio informacijos ir kaimo verslo centras	457.8 <i>0.0</i>	370.4 <i>5,846.1</i>	87.4 <i>0.0</i>	2,170.7 <i>0.0</i>	• Administration of registers and information systems
VĮ Valstybinių miškų urėdija	434.9	19,453.8	14,203.7	27,741.0	• Construction and maintenance of forest roads, forest fire protection, planting, nature management works
UAB Statybos produkcijos sertifikavimo centras	-	-	-	-	• Functions of registrar • Certification of managers of the main areas of construction technical activities
VĮ Lietuvos automobilių kelių direkcija	13,123.0	12,467.0	964.0	3,547,385.0	• Management of state roads and organisation of ensuring safe traffic conditions
UAB Valstybės investicijų valdymo agentūra	2,378.5	1,997.4	381.1	2,027.5	• Liquidity support for medium and large companies

\*The data in the table presented in *Italics* is not included in the financial statements of the SOEs.

## VĮ Ignalinos atominė elektrinė

Special obligations:

- Decommissioning of nuclear energy facilities and radioactive waste management (including the installation and operation of the necessary infrastructure).

The special obligation is the only activity carried out by the company and the company did not perform any significant commercial functions. All **VĮ Ignalinos atominė elektrinė** activities are focused on meeting the public interest, i.e. the decommissioning of the Ignalina Nuclear Power Plant operations funded by the State and international donors, which is undertaken on the cost reimbursement basis. The decommissioning of the power plant is expected by 2038.

In 2022, the costs of fulfilling special obligations incurred directly by the company (not through managed funds) were the highest of all SOEs – EUR 80.9 million (in 2020 – EUR 99.5 million). The majority of the costs, i.e. EUR 86.7 million, were covered by grants which were not reflected in the company's financial statements, while the costs reflected in the financial statements were positive (EUR 5.8 million) due to the reversal of the reversal of the decommissioning provision, which increased 4 times to EUR 23.6 million. The activities of **VĮ Ignalinos atominė elektrinė** are financed by the European Union funds through the Ignalina Program Fund and the International Ignalina Decommissioning Support Fund and by the State funds through the Ignalina Program Administration Program in Lithuania. The company also receives funds for investment, commercial and economic activities (in 2022 – EUR 133.8 thousand were earned). During the reporting period, the company also managed the third largest assets under special obligations, amounting to more than half a billion euros.

## AB Kelių priežiūra

Special obligations:

- Maintenance and management of state roads (arterial, regional and district).

The majority of the activities carried out by **AB Kelių priežiūra** is considered a special obligation – in terms of revenue in 2022, it accounted for 67.2% or EUR 76.3 million of the company's total activity and was the largest revenue generator from special obligations among companies. The Company supervises 21 thousand km of roads of national importance. Road maintenance works are classified into regular or having no influence on road characteristics and periodic works used to restore road characteristics. Regular maintenance refers to the works that have no or only insignificant influence on the operational characteristics of the object: monitoring, inspections, constant supervision during winter time, works of cleaning the areas covered with plantation and road areas as well as elimination of road disturbances. Periodic maintenance refers to the works improving the operational characteristics of road: planned elimination of road disturbances based on the need for improvement of road condition as well as organisation of current and capital repairs. The company's commercial activities include contracting, road design, leasing, machinery and equipment services, investment activities, etc.

Expenses of the special obligation incurred in the reporting year amounted to EUR 78.9 million (EUR 71.2 million in 2021) and was the largest of all costs directly reflected in the profit (loss) statements of the SOE. No grants were received to offset the expenses. **AB Kelių priežiūra** performs a special obligation on the basis of agreement with the **AB Lietuvos automobilių kelių direkcija** and its revenue from these functions constitutes of grants from the State budget received from the **AB Lietuvos automobilių kelių direkcija**. The amount of grants received in 2022 was EUR 76.3 million, while in 2021 EUR 66.2 million were received. The loss of the company's special obligations before taxation decreased from EUR -4.8 million to EUR -2.7 million.

## VĮ Indėlių ir investicijų draudimas

Special obligations:

- Administration of the Deposit Insurance Fund;
- Administration of the Fund of Liabilities to Investors;
- Administration of the Resolution Fund.

**VĮ Indėlių ir investicijų draudimas** carried out only special obligations in 2022. As the company manages funds, the accounting of these funds is separate from the accounting of the company itself and is not included in the financial statements of VĮ Indėlių ir investicijų draudimas. Expenses of special obligations of the company during the reporting period amounted to EUR 56.7 million (the company's financial statements included EUR 0.8 million in fund administration costs), whereas assets managed: EUR 305.1 million (of which EUR 16.3 million directly managed by the company itself). The assets consisted and the costs were generated by three funds managed by the company:

- Deposit Insurance Fund. It is a cumulative fund that raises funds to pay out deposit insurance claims and to finance resolution measures for financial sector entities. As at 31 December 2022, 13 banks and 61 credit establishments insured their deposits in this fund, while the fund's assets amounted to EUR 285.9 million;
- Fund of Liabilities to Investors. It is a cumulative fund that raises funds to pay out liabilities to investors insurance claims. At the end of 2022, 25 participants insured their obligations to investors and the fund's assets remained the same and amounted to EUR 2.9 million;
- Resolution Fund. It is a cumulative fund that raises funds to restructure problematic participants of the Resolution Fund. During the reporting period, the participant of the fund was 1 financial brokerage company. The assets of the fund amounted to EUR 8.0 thousand at the end of 2022.

The company's activities are regulated by the Law on Deposit and Liabilities to Investors Insurance of the Republic of Lithuania and Law on Financial Sustainability of the Republic of Lithuania and are mainly funded by management fees of fund participants and by the company's own investments in low-risk financial instruments. It should be noted that, when separating the financial data of special obligations, **VĮ Indėlių ir investicijų draudimas** has not disclosed the information on the share of the company's assets (included in the company's financial statements) of the value of EUR 16.3 million by each special obligation.

## AB Lietuvos geležinkeliai Group

Special obligations:

- Public passenger transport by rail;
- Maintenance, modernization and development of public railway infrastructure and provision of minimum access package services.



In 2022, **AB Lietuvos geležinkeliai Group** carried out two special obligations. The purpose of the Company's special functions is to provide high-quality passenger transport services and to provide and maintain services for railway companies under equal conditions, modernize and develop the public railway infrastructure. The special obligation covering the latter activities is performed by **AB LTG Infra**, a subsidiary of **AB Lietuvos geležinkeliai**, and passenger transport by rail is assigned to another subsidiary, **UAB LTG Link**. This function includes the carriage of eligible passengers and the carriage of passengers on local routes, which are loss-making for the carriers but necessary for the public. This function is performed on the basis of agreement on the provision/use of public services that is renewed annually between the Ministry of Transport and Communications and **AB Lietuvos geležinkeliai**. State-budget assignments are allocated to the performance of special obligation.

Revenue from the fulfilment of special obligations in the reporting year accounted for 27.0% of the company's total revenue, expenses – 26.9% (excluding the impact of internal transactions and grants). The expenses of special obligations amounted to EUR 223.2 million in the reporting year, of which EUR 170.8 million were intra-group transactions. It should be noted that the major part of the expenses of special obligations incurred by the Group, amounting to 76.5%, are internal (paid to the subsidiaries of **AB Lietuvos geležinkeliai**) and do not affect the consolidated financial results of the Group. These expenses incurred by **UAB LTG Link** and **AB LTG Infra** are revenues of subsidiaries engaged in freight transportation, railway infrastructure and other activities. In this way the income of other directorates of the Company is indirectly subsidised. A significant part of the costs of the passenger transportation function was offset in 2022 by the company receiving a grant of EUR 39.9 million from the State budget, which was recorded in the revenue from other activities (in 2021 – EUR 39.7 million). As a result, the function had a positive impact on the company's results, increasing its net profit by EUR 2.3 million (compared to a net profit of EUR 3.0 thousand a year ago). Another specific commitment, covering the provision of services to railway undertakings and the maintenance, modernisation and development of railway infrastructure, received a cost reduction grant of EUR 4.8 million (EUR 3.0 million in 2021). The maintenance, modernization and development of public railway infrastructure and the obligation to provide the minimum access package services suffered a loss of EUR 0.2 million in the reporting year (a loss of EUR 0.7 million in 2021).

The Group used 75.2 of assets disposed (of the value of EUR 1,713.7 million) in performance of special obligations by using which it earned EUR 2.1 million while the company's the company's total profit amounted to EUR 1.2 million.

## VĮ Registrų centras

Special obligations:

- Management of the real estate register and the real estate cadastre;
- Management of legal entities register;
- Management of address register;
- Management of residents' register;
- Management of rights register;
- Managing the information systems of e-Health (E. sveikata) services and collaboration infrastructure;
- Management of the national information system for the delivery of electronic items via the postal network.

Most of the activities of the **VĮ Registrų centras**, 87.8% in terms of generated revenue, were considered special obligations during the reporting period, when in 2021 the revenue from special obligations made up 88.2% of the Company's total revenue generated. The special obligations generated a total of EUR 56.8 million in revenue and EUR 46.7 million in expenses in 2022, the net result of special obligations at the end of the year was EUR 8.8 million, while in 2021 – EUR 18.3 million. In the reporting year, all revenue from special obligations was earned directly from customers, where pricing is regulated by Government resolutions. The only special obligation that does not generate revenue is the management of electronic health services and cooperation infrastructure information system. The allocation of EUR 3.3 million was issued from the budget and European Union funds to cover its expenses, which reduced the cost of sales. EUR 0.5 million has been allocated to cover the costs of other special obligations.

The functions that are considered to be special obligations according to the *Recommendations for Special Obligations* consisted of the management of various State registers and information systems and are entrusted to the company by Laws or Governmental resolutions. It should be noted that some of the functions performed by the **VĮ Registrų centras** could be considered as special obligations according to the nature of the activity, although they were not included in the List of Special Obligations, due to the fact that according to the *Recommendations for Special Obligations*, these functions do not meet the criteria of the special obligation – they are not assigned to the company by the Law or the Government resolutions.

## VĮ Regitra

Special obligations:

- Registration of road vehicles transport vehicles;
- Issuance of driving licenses;
- Management of the Register on Road Transport Vehicles;
- Examination of persons seeking to acquire a right to drive road vehicles;
- Management of the Driver Registry of Road Vehicles;
- Administration of motor vehicle registration tax.

During the reporting period, as well as in 2021, all activities carried out by **VĮ Regitra** were treated as special obligations. The Company is delegated the administration and management of the Register of Road Vehicles of the Republic of Lithuania and Drivers Registry of Road Vehicles of the Republic of Lithuania and the information systems used to ensure the assigned functions, as well as the functions of driver examination, issuance of certificates and registration of road vehicles. The revenue from these special obligations amounted to EUR 27.3 million, while the expenses amounted to EUR 23.0 million in 2022. According to the revenue, the major share of Company's activities consisted of the Road Vehicle Registration function – 59.0%, to which the assets assigned accounted for 59.0% of the Company's total assets. The Company earned EUR 4.8 million from driver examinations, EUR 3.8 million from issuing driving licenses, while the maintenance of road vehicle and driver registers, which the company accounts for together, generated the least revenue amounting to EUR 0.7 million. The Company generated EUR 4.3 million of profit before tax (12.3% more than in 2021) while carrying out the special obligations, normalized return on equity amounted to 23.6% (for comparison, the normalized ROE of the SOE portfolio is 5.4%). The income earned by the company consisted of fees from the clients of **VĮ Regitra** for the company's services. The Company did not receive any grants from the

State budget or EU funds. The pricing of services under three functions - registration of road transport vehicles, examination of persons seeking to acquire a right to drive road vehicles, and issuance of driving licenses is determined by orders of the Minister of the Interior. Pricing for the processing of register on Road Transport Vehicles and Driver Register of Road Vehicles is based on Governmental resolutions.

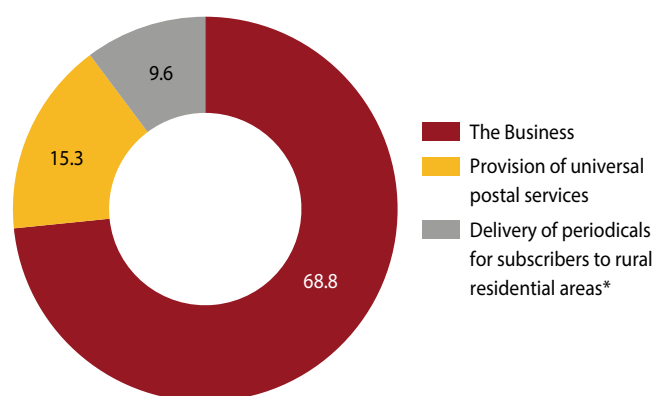
## AB Lietuvos paštas Group

Special obligations:

- Provision of universal postal services throughout the territory of the Republic of Lithuania for at least 5 business days per week;
- Delivery of periodicals for subscribers to rural residential areas.

In 2022, the **AB Lietuvos paštas** carried out two special obligations, which accounted for EUR 24.9 million or 26.6% of activities of **AB Lietuvos paštas Group** by revenues, and 19.2% of the Group's assets were used to earn this revenue. The operation of the first special obligation, the universal postal services (UPS), is assigned to the company by the legislation. Pricing for this special obligation is regulated by the Communications Regulatory Authority (CRA); the loss incurred by performing the function, i. e. the difference between the rates set by and the costs of providing the UPS may be compensated by the State budget. In 2022, **AB Lietuvos paštas** suffered a loss of EUR 3.1 million in performance of this function, and in comparison, the Company incurred a loss of EUR 0.8 million in 2021. The activities of the second special obligation – delivery of periodicals for subscribers to rural residential areas, are not attributable to the UPS operations; however, according to the Postal Law of the Republic of Lithuania, the UPS supplier is obliged by the Government to provide this service. The pricing of this special obligation is regulated by the Government, while the loss incurred in performance of this function is covered by the assignments from the State budget. The function of delivery of periodicals for subscribers to rural residential areas did not make a loss and, in the reporting year, its costs were 100% covered by the revenue generated, whereas in 2021 the function made a loss of EUR -25.1 thousand. The expenses of the aforementioned function until 2020 have been partially reimbursed from the state budget, however, by taking into account that the loss results from a limitation on the price of the service which results in insufficient revenue being collected to cover the loss, it was decided to compensate for the loss of subscription delivery to be recognised in other revenue. In 2022, compensation for subscription losses amounted to EUR 7.9 million, compared to EUR 7.2 million in the previous year.

Revenue of AB Lietuvos paštas Group by functions performed (Million EUR)



\*EUR 7.2 million of this revenue consists of other operating revenue, which includes compensation for subscription losses

## UAB Investicijų ir verslo garantijos

Special obligations:

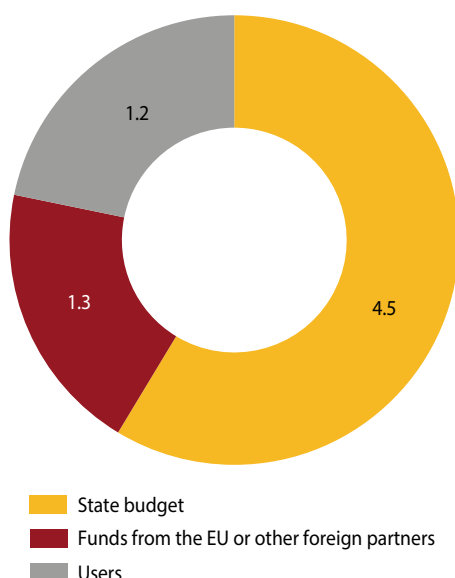
- Guarantee activities of a State-established guarantee institution;
- Functions of the implementing authority, the global grants manager, and the administration of reimbursement measures;
- The functions of the manager of the Controlling Funds, the fund of funds, the Innovation Promotion Fund, individual financial engineering, incentive-based financial instruments and financial instruments.

In 2022, all activities carried out by **UAB Investicijų ir verslo garantijos** were considered special obligations. The company's mission - to promote the growth and competitiveness of Lithuanian businesses by being an active partner in business financing. During the reporting period, the Company managed the largest amount of assets not directly included in the financial statements through its controlled funds, out of all SOEs – EUR 1,061.9 million (total assets included in the special obligations of fund managers' SOEs, which are not included in the financial statements, amounted to EUR 1,907.5 million in 2022). These assets consisted of funds managed by the company and other financial instruments. In 2022, **UAB Investicijų ir verslo garantijos** administered holding funds financed from funds that reached business entities and returned or will return to holding funds as well as funds funded by the EU Structural Funds. Funds managed by the company:

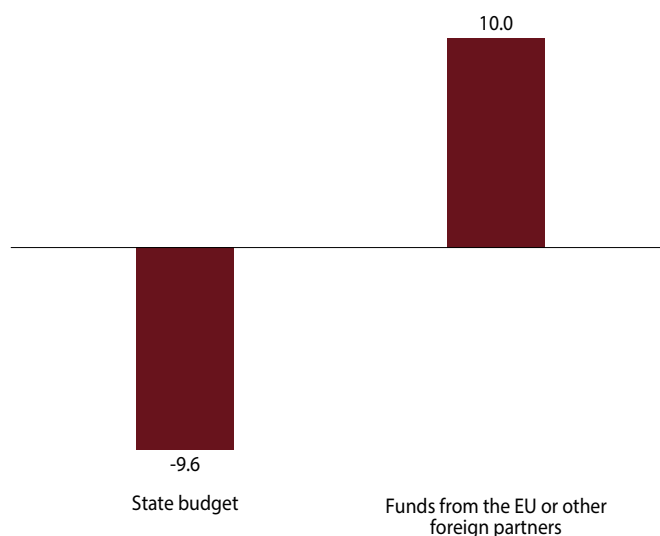
- Controlling INVEGA fund. The assets of this fund at the end of the reporting period amounted to EUR 800.4 million, and the expenses for carrying out activities amounted to EUR 10.9 million;
- Controlling Entrepreneurship Promotion Fund. The assets of this fund amounted to EUR 10.0 million at the end of 2022 and the Company did not incur any operating costs;
- Entrepreneurship Promotion Fund 2014-2020 funded by the European Social Fund. The assets of this fund at the end of 2022 amounted to EUR 22.5 million, for which costs of EUR 0.4 million have been incurred;
- Entrepreneurship Promotion Fund funded by the European Regional Development Fund. The assets of the fund at the end of 2022 amounted to EUR 189.8 million and the costs of managing the Fund amounted to EUR 10.0 million;
- Defence Investment Fund, financed from the State budget. At the end of the reporting period, the assets of this fund amounted to EUR 14.8 million and the operating costs amounted to EUR 0.1 million;
- Innovation Promotion Fund, financed from the state budget. At the end of 2022, the fund had assets under management amounting to EUR 25.4 million, which required costs of EUR 0.4 million to operate.

Functions of the special obligation performed by **UAB Investicijų ir verslo garantijos** – holding funds, fund of funds, Innovation Promotion Fund, individual financial engineering, incentive financial instruments and manager of financial instruments – in 2022, the costs incurred through the funds were subsidized mainly from the State budget (EUR -9.6 million compared to EUR 16.7 million in 2021) and EU funds (EUR 10.0 million compared to EUR 4.6 million in 2021).

Origin of revenue of UAB Investicijų ir verslo garantijos (Million EUR)



Origin of grants compensating the costs of funds managed by UAB Investicijų ir verslo garantijos (Million EUR)



## VĮ Turto bankas

Special obligations:

- Recovery of debts to the State;
- Privatisation of shares owned by the state and municipalities;
- Organisation and coordination of renovation of the state-owned real estate;
- Management and maintenance of centrally managed state immovable property for administrative and other purposes under lease contracts, provision of administrative immovable property to state institutions and bodies, and implementation of projects for the renovation of centrally managed administrative immovable property and for energy efficiency improvements;
- Transfer of the state-owned assets by the right of trust to manage, use and dispose of it free of charge;
- Sale of real estate;
- Other special obligations (use of state-owned real estate for administrative purposes; performance of functions of manager of the state-owned property information search system; administration of ownerless property; liquidation of unlawfully incorporated legal entities; liquidation of assets; representation of the State in courts, etc.).

In 2022, according to the newly approved *List of Special Obligations*, the number of special obligations carried out by **VĮ Turto bankas** amounted to 15 (as at 27 April 2023, the number of special obligations carried out by the Company decreased to 11). According to this list, **VĮ Turto bankas** was the company that performed the highest number of special obligations. Special responsibilities appointed to it mainly included the centralized management of state real estate, the privatization of state and municipal shares and the recovery of debts to the State. In 2022, the Company generated most of its revenue from the provision of real estate necessary for the performance of public functions to state institutions and bodies, i.e. EUR 12.0 million, but this function also generated the largest loss – EUR 3.0 million, and had the largest impact on the Company's deteriorating financial results. The sale of state real estate and land plots and other real estate assigned to it earned EUR 4.3 million in revenue for **VĮ Turto bankas** and generated a net profit of EUR 0.8 million. During the reporting period, the Company incurred EUR 21.9 million in costs related to its special obligations, of which EUR 1.7 million was reimbursed from the State budget. All of the revenue generated by the special obligations attributed to the reporting period, amounting to EUR 20.1 million, was received from customers. In 2022, **VĮ Turto bankas** managed EUR 492.6 million of assets, compared to EUR 487.5 million at the end of last year.

## UAB Viešųjų investicijų plėtros agentūra

Special obligations:

- Development and implementation of financial incentives and performance of related activities.

All of activities carried out by UAB Viešųjų investicijų plėtros agentūra include a special obligation related to the management of various funds and financial instruments. In 2022, the company managed and administered five funds on a fiduciary basis, the assets of which were not included in the company's financial statements:

- Modernisation Fund for Apartment Buildings. The main objective of the fund is to promote energy efficiency by investing in the modernisation of apartment buildings. At the end of 2022, the fund's assets amounted to EUR 288.8 million, generating EUR 6.3 million in operating revenue;
- Energy Efficiency Fund. The Fund implements two financial instruments: a loan financial instrument, according to which the fund provides loans to finance central government public building renovation projects, and a guarantee financial instrument, the purpose of which is to guarantee payments to project funders by street lighting modernisation project promoters. At the end of 2022, the fund's assets amounted to EUR 17.2 million, and EUR 0.5 million of financing revenue was received to cover operating expenses;
- Cultural Heritage Fund. The main goal of the fund is to promote investments in cultural heritage objects in order to adapt them to the needs of the society, to preserve and reveal the valuable features of heritage objects, to increase the interest of the Lithuanian population in cultural heritage. At the



end of 2022, the fund's assets amounted to EUR 2.5 million, generating less than EUR 0.1 million in operating revenue;

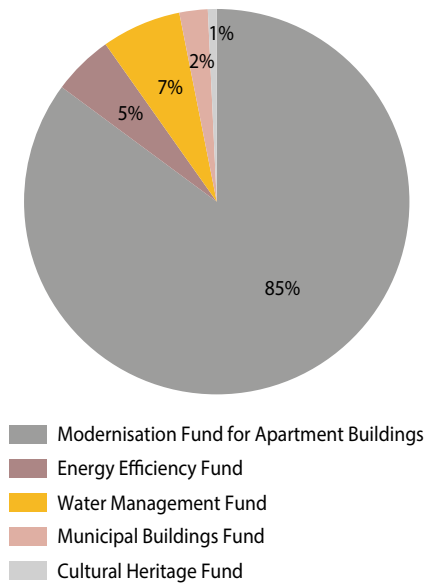
- **Municipal Buildings Fund.** The main objective of the fund is to promote energy efficiency by investing in the modernisation of municipal public buildings. At the end of 2022, the fund's assets amounted to EUR 8.1 million, generating less than EUR 0.2 million in operating revenue.

- **Water Management Fund.** The main objectives of the fund are to contribute to the development and reconstruction of drinking water supply and wastewater collection networks and to the increasing number of users. At the end of 2022, the fund's assets amounted to EUR 22.6 million, generating less than EUR 0.5 million in operating revenue.

Since 2013, the company has also been acting as a financial intermediary for the JESSICA Holding Fund managed by the European Investment Bank. The fund is not included in the financial statements of the company. The fund is not included in the financial statements of the company. The fund is also not reflected in the total assets of the SOEs portfolio, as **UAB Viešųjų investicijų plėtros agentūra** is not a manager of the fund.

During the reporting period, the costs incurred by **UAB Viešųjų investicijų plėtros agentūra**, included in the company's financial statements, amounted to EUR 4.2 million, and the excluded expenses attributable to the managed funds amounted to EUR 0.4 million. These expenses are covered by the funds' operating revenue – fund management fees paid from the funds' own contributions.

*Funds administered by UAB Viešųjų investicijų plėtros agentūra by assets under management*



## VĮ Valstybinių miškų urėdija

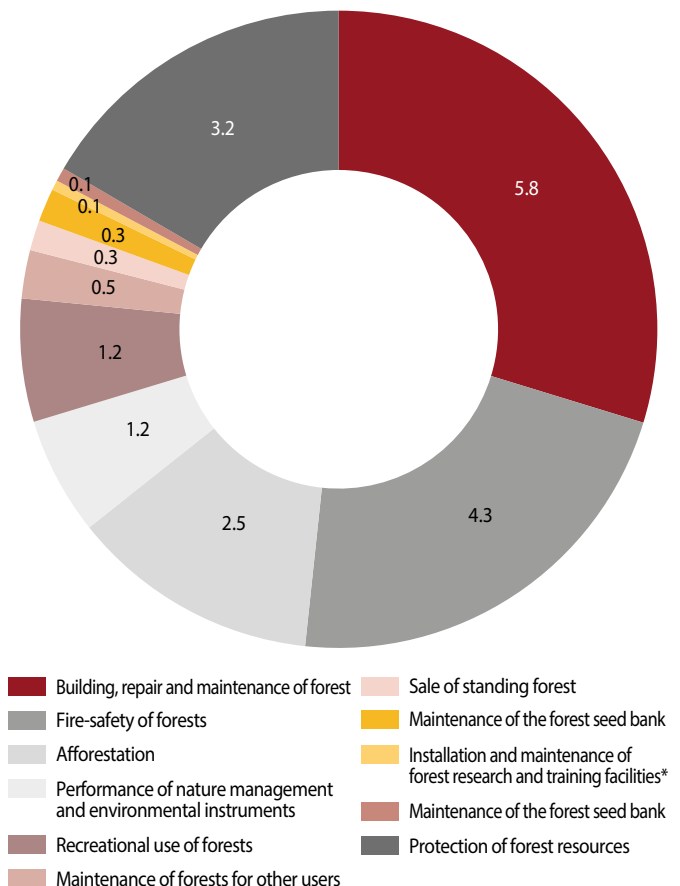
Special obligations:

- Building, repair and maintenance of forest roads;
- Fire-safety of forests;
- Afforestation;
- Performance of nature management and environmental instruments;
- Other functions of oversight of forests (adaptation of forests for recreation; maintenance of forest basic material; maintenance of forests of other users; maintenance of urban forests; protection of forest resources; installation and maintenance of forest research and training facilities);
- Sale of standing forest.

In 2022, **VĮ Valstybinių miškų urėdija** carried out 11 special obligations, i.e. the same as in 2021. In terms of costs incurred, the company's special obligations mainly involved the construction, reconstruction, repair and maintenance of forest roads (EUR 5.8 million) and forest fire protection in forests under all forms of ownership (EUR 4.3 million). The company's special obligations activities resulted in total costs of EUR 19.5 million (EUR 19.6 million in 2021). According to the latter index, **VĮ Valstybinių miškų urėdija** is the third among all SOEs performing special obligations, although in the company itself according to the revenue, special obligations accounted for barely 0.1% of all activities. Assets assigned to special obligations accounted for 8.1% of the total value of assets managed by the Company.

Out of total special obligations assigned to **VĮ Valstybinių miškų urėdija**, the only one generating revenue is the sale of standing state forest. The sales revenue of this function in the reporting year was equal to EUR 434.9 thousand, while the turnover reached EUR 317.0 thousand a year ago. Other functions generated losses and were financed from the grants and the funds of Company itself earned from commercial activities. In 2022, the Company charged the cost of the special obligations to its commercial activities.

*Special obligations of VĮ Valstybinių miškų urėdija according to the expenses (Million EUR)*



# Sponsorship provided by SOEs

Until 6 March 2019, the sponsoring state-owned enterprises had to follow Resolution No 533 of the Government of the Republic of Lithuania approving the Description of the Procedure for Granting Sponsorship by State-owned Enterprises, which was in force at that time (hereinafter – *Description of the Procedure for Granting Sponsorship*). According to this Description, if the company provides sponsorship through sponsorship funds specially created for this purpose, the company may follow the rules provided in the Law on Charity and Sponsorship Funds of the Republic of Lithuania, which correspond to the management rules of the sponsorship funds established for that purpose by a certain company. Until 6 March 2019, the company could allocate no more than 3.0% of the reported financial year net profit for sponsorship, and the amount assigned to one beneficiary per year could not exceed EUR 300,000. Upon the expiry of the *Description of the Procedure for Granting Sponsorship*, in provision of sponsorship, State-owned enterprises shall observe the Law on Charity and Sponsorship of the Republic of Lithuania No. I-172 (hereinafter – *the Law on Charity and Sponsorship*). Both in the *Law on Charity and Sponsorship* and the *Description of the Procedure for Granting Sponsorship*, the provisions has remained the same: companies cannot provide sponsorship if they incur loss in the reporting financial year. This information must contain the rules for managing the company's sponsorship or the rules of sponsorship fund for sponsorship management, the information on the sponsorship granted during the last three financial years, and the reports on the sponsorship granted, by specifying the beneficiaries, purpose of the sponsorship, amounts of sponsorship and the period of granting sponsorship.

The amendments of the *Law on Charity and Sponsorship* entered into force on 1 May 2020 with more requirements set for publication of sponsorship granted by State-owned enterprises. A new wording of the legal acts indicates that State-owned enterprises are obliged to publish information on their websites about the sponsorship granted by their parent companies and subsequent parent companies related via parent

companies. Furthermore, from 1 May 2020, before granting sponsorship, State-owned enterprises shall assess if the sponsorship meets the criteria of State aid. In cases where this compliance is determined, the sponsorship may be granted only pursuant to the European Union state aid rules.

According to the *Law on Charity and Sponsorship*, sponsorship can only be granted to legal entities registered in the Republic of Lithuania and to non-profit legal entities or other organisations established in countries of the European Economic Area. In response to the widespread hostilities in Ukraine, on 17 March 2022, the President of the Republic of Lithuania signed a law amending Article 7 of the *Law on Charity and Sponsorship*, which adds that legal entities established in democracies and states governed by the rule of law, as defined by the Rome Statute of the International Criminal Court, on a list drawn up by the Government, may be beneficiaries.

In provision of sponsorship, State-aid enterprises must observe the principles of public benefit, efficiency and rationality as well as limitations set in the *Law on Charity and Sponsorship*, one of the principal limitation of which claims that the share of net profit allocated by the State-owned enterprise for the reporting financial year cannot exceed:

- 10% of net profit of the reporting financial year of SOE, if it was up to EUR 500,000;
- 5% of net profit of the reporting financial year of SOE, if it was between EUR 500,001 and EUR 2 million inclusive;
- 3% of net profit of the reporting financial year of SOE, if it exceeded EUR 2 million (however, in such case, the sponsorship still cannot exceed the sum of EUR 500,000).

Compared with the *Description of the Procedure for Granting Sponsorship*, the annual sum for sponsorship per one beneficiary set in the Law on Charity and Sponsorship decreased by 1/3 and at the moment cannot exceed EUR 200 thousand. Same as in the previous year, the *Law on Charity and Sponsorship* stipulates that State-owned enterprises the owner (not the shareholder) of which is the State, cannot grant sponsorship at all.

Sponsorship granted in 2022			
Enterprise	Sponsorship granted in 2022 (Thousand EUR)	Net profit of the Company for the previous period (2021) (Thousand EUR)	Share of net profit for the previous period granted as sponsorship
VĮ Ignalinos atominė elektrinė	168.0	-2.1%	-
AB Lietuvos geležinkeliai Group	46.3	23,464.3	0.20%
UAB Toksika	29.4	1,262.9	2.33%
UAB Lietuvos monetų kalykla	0.8	-324.2	-
AB Smiltynės perkėla	2.0	230.2	0.87%
AB Lietuvos radijo ir televizijos centras	11.5	12,344.4	0.09%
UAB Pieno tyrimai	2.9	206.2	1.41%

According to the data provided by State-owned enterprises, 6 out of all State-owned enterprises included in the portfolio provided sponsorship in 2022 (31 enterprises): 18 UAB and 13 AB) and one state-owned enterprise – Ignalina Nuclear Power Plant. When providing sponsorship, five enterprises were guided by the limits set for the amount of sponsorship, however, in accordance with the *Law on Charity and Sponsorship*, **UAB Monetų kalykla** was not eligible to grant sponsorship as it was loss-making in the previous (pre-sponsorship) reporting period. **VĮ Ignalinos atominė elektrinė** could not provide sponsorship under the provisions of the *Law on Charity and Sponsorship*, not only because of its negative net result for 2021, but also because of its legal status as a company – neither State-owned nor municipal enterprises may be providers of sponsorship. Nevertheless, in 2022, the largest company by the amount of sponsorship was **VĮ Ignalinos atominė elektrinė**,

which contributed EUR 168.0 thousand, which was used for humanitarian aid in connection with the war in Ukraine. The enterprise indicates that the largest part of the sponsorship, i.e. EUR 168.0 thousand, went to DSNS Ukraine (the State Emergency Service of Ukraine), however, it does not publish this information on its website, which is mandatory for all sponsors under the *Law on Charity and Sponsorship*. The second largest company by the amount of sponsorship was **AB Lietuvos geležinkeliai Group**, which donated 0.2% of its net profit for the previous reporting period, i.e. EUR 46.3 thousand, to a public enterprise Mėlyna ir geltona (Blue and Yellow), also with the aim to support Ukraine. Similar amounts were contributed by **AB Smiltynės perkėla** and **UAB Pieno tyrimai**, amounting to EUR 2.2 thousand and EUR 2.9 thousand respectively. The amount allocated by AB Smiltynės perkėla for sponsorship ranged from EUR 0.86 to EUR 246.79 per beneficiary, mainly related to the

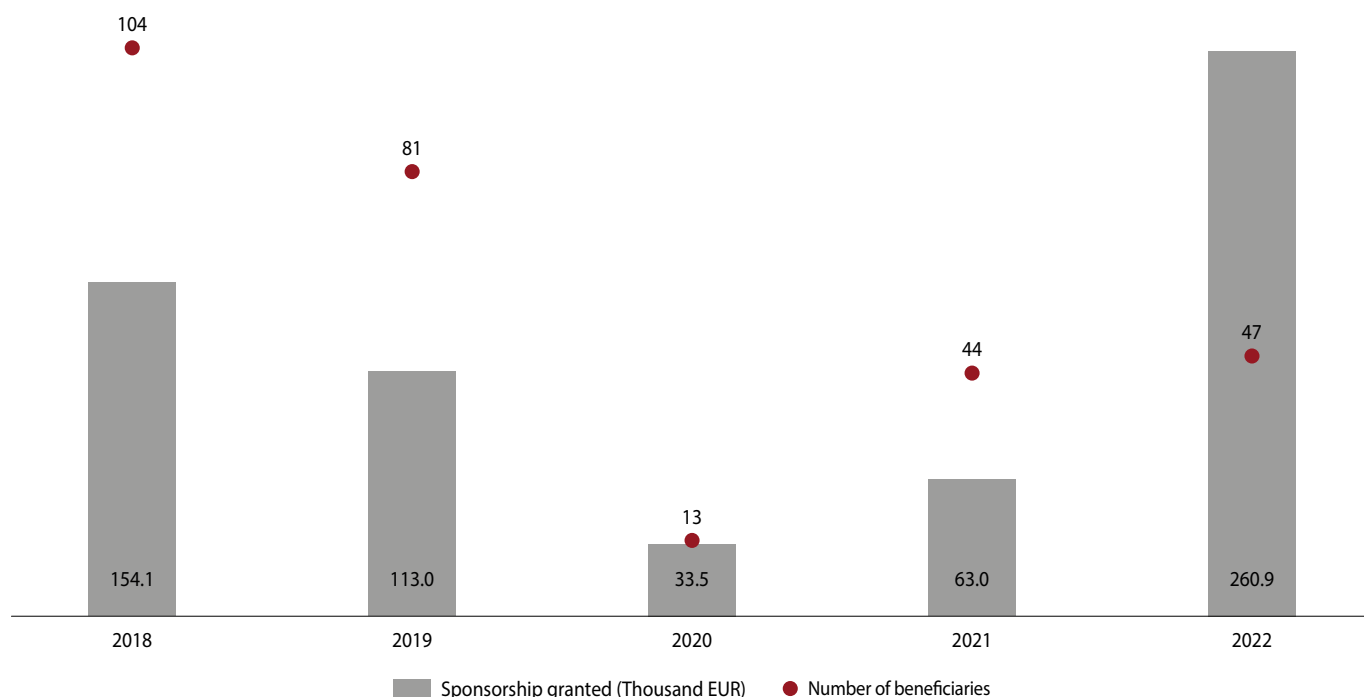
education of people with disabilities. **AB Lietuvos radijo ir televizijos centras** contributed EUR 11.5 thousand, most of which came from the transfer of land plots to the municipality for the development of infrastructure (communication and utility networks). Without the aforementioned transfer, the amount of this enterprise's sponsorship would be close to the previous few years. The highest percentage, i.e. 2.33%, of the previous period's net profit was allocated by **UAB Toksika**, the total donations of which amounted to

almost EUR 30 thousand, of which almost a third was used to meet the basic needs of war refugees. In 2022, for the first time in the last five years, **UAB Pieno tyrimai** and **UAB Lietuvos monetų kalykla** also provided sponsorship. In 2022, state-owned enterprises that provided sponsorship contributed a total of EUR 260.9 thousand to 47 beneficiaries – 87.7% of the total sponsorship provided by these enterprises was related to the hostilities in Ukraine and its consequences.

Enterprise	2019		2020		2021		2022	
	Sponsorship granted (Thousand EUR)	Number of beneficiaries	Sponsorship granted (Thousand EUR)	Number of beneficiaries	Sponsorship granted (Thousand EUR)	Number of beneficiaries	Sponsorship granted (Thousand EUR)	Number of beneficiaries
AB Klaipėdos nafta	90.0	21	-	-	-	-	-	-
AB Lietuvos paštas	-	-	10.0	2	10.0	2	-	-
UAB Toksika	-	-	19.1	2	13.8	2	29.4	8
AB Lietuvos geležinkeliai Group	-	-	-	-	14.5	1	46.3	1
AB Smiltynės perkėla	15.8	55	0.5	7	2.2	27	2.0	32
AB Lietuvos radijo ir televizijos centras	6.0	2	1.5	1	1.8	2	11.5	3
UAB Šilutės polderiai	0.8	3	2.4	1	20.7	10	-	-
UAB Šilutės veislininkystė	0.4	1	-	-	-	-	-	-
UAB Lietuvos monetų kalykla	-	-	-	-	-	-	0.8	2
UAB Pieno tyrimai	-	-	-	-	-	-	2.9	1
VĮ Ignalinos atominė elektrinė	-	-	-	-	-	-	168.0	1
<b>Total:</b>	<b>113.0</b>	<b>81</b>	<b>33.5</b>	<b>13</b>	<b>63.0</b>	<b>44</b>	<b>260.9</b>	<b>47</b>

In 2020, compared to 2019, the amount allocated to the sponsorship of state-owned enterprises decreased significantly – by as much as 70.4% and was the lowest in the entire analysed four-year period, i.e. amounted to EUR 33.5 thousand. This was influenced by **AB Klaipėdos nafta**'s decisions not to allocate sponsorship in either 2020 or 2021, which was extremely significant in previous periods. In 2021, State-owned enterprises provided the sponsorship amounting to EUR 63.0 thousand. Compared with 2020, the total number of beneficiaries supported increased by more than three times. The trend of several consecutive years of decreasing sponsorship

and the number of beneficiaries has changed from 2021 – not only the amount allocated for sponsorship increased, but also the number of enterprises providing sponsorship increased to seven enterprises in 2022. The sudden surge in sponsorships in 2022 was driven by the outbreak of the war in Ukraine, to which both natural persons and legal entities were not indifferent, including SOEs, which collectively gave as much as four times as much sponsorship in the last reporting period compared to 2021. In the 2019-2022 period, only two enterprises provided continuous sponsorship: **AB Smiltynės perkėla** and **AB Lietuvos radijo ir televizijos centras**.





# Achievement of Profitability and Performance Ratios

SOE performance assessment, which includes setting financial and non-financial goals and their measuring indicators, is an extremely important managerial tool. Up to 2022, only the single objective ratio of return on equity determined by the Government has been used to assess the commercial activities of SOEs. Although it shows the growth of business value, it is not a universal financial goal. Some SOEs, especially those that manage large-scale infrastructure, can hardly adjust the equity capital structure, so the achievement of the ROE size alone does not fully reflect the performance results. Taking this into account, **the Government of the Republic of Lithuania by its Resolution No 1124 of 22 December 2021 changed Resolution No 665 of 6 June 2012 'On the approval of the description of the procedure for the implementation of property and non-property rights of the State in state-owned enterprises', legalizing a new concept of measuring the performance of state-owned enterprises.**

The Governance Coordination Centre developed the concept of SOE activity measurement indicators, the basis of which was the aspiration to respond to the most advanced practices of OECD countries and to create and implement a more efficient and accurate SOE performance assessment system. The prepared concept of measurement of SOE activity allows to select goals set by SOE and their measurement indicators that reflect the benefits of the State, taking into account the specificity of SOE activity.

From 2022, each SOE must set 3 long-term financial indicators, the selection of which and the values to be achieved for the 3-year period are assessed by the GCC and approved by the Government. These are long-term indicators of profitability, optimal capital structure and dividends and profit contributions, which are included in the SOE's strategic business plan.

The first stage of the implementation of the concept started already in September 2021, after GCC sent a request to all SOEs and institutions representing the State for information on the most relevant indicators of profitability, optimal capital structure and dividends as long-term goals. After receiving the information, GCC assessed both the choice of measurement indicators and the ambitiousness of the values to be achieved, and made its suggestions. The GCC coordinated the final lists of indicators and values to be achieved with the SOEs themselves and the institutions representing the State at the beginning of 2022, in accordance with the submitted strategic activity plans of the SOEs.

**On 18 May 2022, the Government approved the sets of long-term financial performance indicators and their achievable values for the 3-year period by Resolution No. 509 "On approval of the main financial performance indicators to be achieved by state-owned enterprises for the period 2022-2024".** All key indicators with target values are published on the GCC website.

In 2022, the SOEs measured their performance against a total of 1,054 indicators. Non-financial goals and targets continued to dominate the overall map of strategic goals and targets, although the proportion has shifted slightly: while in 2019 financial indicators were below 24%, they accounted for a quarter of the total in 2020, 26.5% in 2021, and 29% in 2022. The representatives of GCC have repeatedly commented and made recommendations to the individual SOEs on the overly passive use of financial goals and targets, which is likely to have had a positive impact on the number of financial indicators. The set of indicators chosen by the SOEs varied considerably: the lowest number of targets was set by **UAB Lietuvos monetų kalykla** (11 in total, 7 of which were financial), while the highest number of targets and goals was set by **VĮ Turto bankas** (70 in total, 13 of which were financial).

Overall, just over half, i.e. 58%, of SOEs were successful in meeting all 3 of the key financial targets.

- **UAB Lietuvos monetų kalykla** failed to meet the long-term profitability indicator (annual EBITDA earned was 78% of the target value), and **UAB EPSO-G's** interim results for 2022 were significantly lower than the average annual targets for 2022

to 2024 provided for in its strategies (ROE in the reporting year was negative -17%, which, when considering the projected results for 2023-2024, indicates that this target may not be achieved), **AB Kelių priežiūra** (the average return on equity from commercial activities for the period 2022-2024 should be at least 6.9%, but the interim result for 2022 was negative -7.2%), **AB Viamatika** (earning an interim ROE of 8% in 2022, when the average return was expected to be at least 12% for the period 2022-2024), **AB Lietuvos veislininkystė** (average annual net profitability for 2022 was 4.17%, when the average return was expected to be at least 7%), **UAB Lietuvos žirgynas** (the average annual operating profitability for the period 2022-2024 was expected to be at least 2.8%, but the interim result for 2022 was negative -1.13%), **UAB Šilutės polderiai** (interim ROE result for 2022 was negative -32.2%. Such an achievement will obviously not allow to earn the embedded average annual ROE of 9% for the period 2022-2024).

- The target of optimal capital structure was adequately met by 21 SOEs (some SOEs are either exempt from this indicator or have decided not to measure the result of 2022). For some SOEs, this indicator was set to encourage debt-financed investments and to increase the return to the shareholder (the State), but not all SOEs reached the minimum required threshold of financial debt to EBITDA or equity ratio: **VĮ Lietuvos oro uostai** (the threshold was set at 1.0-1.5, the actual result was 0.3), **UAB Genetiniai ištekliai** (the actual result was 0.17, the planned ratio was 0.2-0.3 times), etc. **VĮ Valstybinių miškų urėdija** should have ensured that the persistent cash surplus would be reduced to at least 25% of total assets, but for undisclosed reasons the failure to make planned investments resulted in a cash surplus of 45% of total assets.

- Dividend and profit contribution targets were adequately met by the vast majority of SOEs, i.e. either in accordance with an individual return to shareholder policy approved by the Government, or in accordance with the statutory return provisions, where the expected share of distributable profits is calculated on the basis of the actual return on equity ROE. Part of the SOE's return to the shareholder could not be provided due to the accumulated balance sheet loss, thus leaving this indicator as not measurable. An exceptional case was **AB Giraitės ginkluotės gamykla**, which first allocated its profits to the formation of a legal reserve, and then allocated what was left to dividends, thus instead of the statutory 60% of distributable profits, 53% was allocated to returns.

Despite the achievement of the goals and targets, in some cases there may have been a lack of ambition in planning and submitting indicators for approval, e.g. **AB Klaipėdos valstybinio jūrų uosto direkcija** set an annual ROE of at least 1.7%, but actually earned 4.5%, **AB Lietuvos paštas** took a strong stance that in 2022 the ROE would either be 0 or just above 0, but actually earned 15.1%, while **VĮ Registrų centras'** target of a 13% annual EBITDA margin was also significantly exceeded by earning 19%.

The detailed implementation of the key financial targets is presented in the table below.

Entry No.	SOE	Long-term profitability		Optimal capital structure		Dividends/profit contributions	
		Set	Achieved	Set	Achieved	Set	Achieved
1.	AB Ignitis grupė	Annualised adjusted return on capital employed ROCE $\geq$ 5.0%	10.7%	Annual ratio of net debt to adjusted EBITDA $\leq$ 5 times	2.1	Designated dividends for the calendar year $\geq$ EUR 90.2 million	90.3
2.	UAB EPSO-G	Average annual return on equity (ROE) for 2022–2024 $\geq$ 4.7%	Intermediate result (-17%)	Average annual ratio of net debt to EBITDA for 2022–2024 $\leq$ 8.2 times	Net debt amounted to EUR -30.1 million due to the temporary unavailability of funds accumulated by the Group's companies, while EBITDA was also negative at EUR -11.2 million, which is why the mathematically calculated indicator (2.7) is not correct. Since mathematically there is more cash than financial debts, thus sufficient to amortise the negative EBITDA, the indicator is considered to be met.	0.5% of annual distributable profit	-1.2%
3.	AB Klaipėdos nafta	Average annual adjusted EBITDA for 2022–2024 $\geq$ EUR 33.9 million	Intermediate result 35.8	Annual financial debt to equity ratio threshold 1.7–3.2 times	2.9	At least 85% of distributable profits (with ROE $<$ 1.0%)	The Company generated a negative unadjusted return on equity (ROE) after ending the year 2022 with a loss, there were no distributable profits (negative amount) and therefore no return was allocated to the State
4.	VĮ Ignalinos atominė elektrinė	Ignalina nuclear power plant decommissioning budget efficiency index CPI $\geq$ 1	1.003	Ignalina programme budget allocation percentage for 2024 $\geq$ 70%	Not measured in 2022	Not applicable	-
5.	AB Lietuvos geležinkeliai	Average annual adjusted EBITDA profitability for 2022–2024 $\geq$ 25%	Intermediate result 30.5%	Annual ratio of net debt to adjusted EBITDA $\leq$ 6 times	The balance of financial debts of EUR 159.9 million was lower than the cash of EUR 213.4 million, so that the arithmetic value of the indicator would be negative. As cash is sufficient to cover all debts, the indicator is considered to be adequately met.	At least 85% of distributable profits (with ROE $<$ 1.0%)	No dividend was declared due to an accumulated loss of EUR 3.1 million
6.	AB Klaipėdos valstybinio jūrų uosto direkcija	Annual return on equity ROE $\geq$ 1.7%	4.5%	Annual net debt to EBITDA ratio $\leq$ 4 times	0.03	Distributions/dividends for the calendar year $\geq$ 70% of distributable profits	75% or EUR 7.7 million
7.	AB Lietuvos paštas	Annual return on equity ROE $\geq$ 0%	15.1%	Annual financial debt to equity ratio $\leq$ 0.8 times	0.43 times	Dividend distribution for the calendar year 70–85% of distributable profit	No dividend was declared due to an accumulated loss of EUR 0.7 million

Entry No.	SOE	Long-term profitability		Optimal capital structure		Dividends/profit contributions	
		Set	Achieved	Set	Achieved	Set	Achieved
8.	AB Lietuvos radijo ir televizijos centras	Annual EBITDA margin $\geq 24\%$	27.6%	Annual financial debt to equity ratio $\leq 1$ time	0	Based on the ROE of 2.6% per annum actually achieved, the allocated profit contributions should have been at least 80% of the distributable profit	80% or EUR 940.2 thousand
9.	AB Smiltynės perkėla	Average annual EBITDA profitability for 2022–2024 $\geq 23\%$	Intermediate result 20.7%	Annual financial debt to equity ratio threshold 0.5–1.9 times	0.6	Based on the ROE of 2.9% per annum actually achieved, the dividend distribution should have been at least 80% of the distributable profit	81% or EUR 173.6 thousand
10.	AB Kelių priežiūra	Average ROE from commercial activities for 2022–2024 $\geq 6.9\%$	Intermediate result -7.2%	Annual financial debt to equity ratio threshold 0.1–0.2 times	0.1	Declared dividends depending on the amount of return on capital ROE	Dividends not declared due to accumulated loss
11.	AB Oro navigacija	Adjusted EBIT profitability $\geq 3\%$	8.9%	Annual financial debt to equity ratio $\geq 0.08$ , but $\leq 0.3$ times	Not evaluated in 2022	Based on the ROE of 4% per annum actually achieved, the dividend distribution should have been at least 75% of the distributable profit	75% or EUR 1.66 million
12.	VĮ Lietuvos oro uostai	Annual EBITDA $\geq$ EUR 9 million	EUR 15.4 million	Annual financial debt to equity ratio threshold 1.0–1.5 times	0.3	Based on the annual return on equity (ROE) of 2.5% actually achieved, the profit contribution should have been at least 80% of the distributable profit	80% or EUR 2.98 million
13.	AB Vidaus vandens kelių direkcija	Annual EBITDA $> 0$	EUR 54 thousand	Structure of investment financing for investments to be made in 2022–2024, funded by borrowed or EU funds $\geq 50\%$	74%	Declared dividends depending on the amount of return on capital ROE	Dividends not declared due to accumulated loss
14.	AB Lietuvos automobilių kelių direkcija	Average annual EBITDA for 2022–2023 $\geq$ EUR 2.3 million	Intermediate result EUR 2.28 million	Structure of investment funding Share of investments made in 2022–2024 with funds other than RMDP (borrowed, EU or other) funded $\geq 30\%$	Not evaluated in 2022	Based on the annual return on equity (ROE) of 0.03% actually achieved, the profit contribution should have been at least 85% of the distributable profit	Dividends not declared due to accumulated loss
15.	VĮ Valstybinių miškų urėdija	Average annual adjusted EBITDA profitability for 2022–2024 $\geq 36.8\%$	Intermediate result 62%	Cash and cash equivalents to total assets $\leq 25\%$	45%	Average annual profit contribution including non-standard taxes for 2022–2024 = EUR 40.5 million	EUR 66.48 million

Entry No.	SOE	Long-term profitability		Optimal capital structure		Dividends/profit contributions	
		Set	Achieved	Set	Achieved	Set	Achieved
16.	VĮ Indėlių ir investicijų draudimas	Average annual adjusted EBITDA for 2022–2024 ≥ EUR 41.7 thousand	Intermediate result EUR 90.2 thousand	Cash and cash equivalents to total assets ≤ 25%	4%	Not applicable	-
17.	VĮ Turto bankas	Average annual EBITDA for 2022–2024 ≥ EUR 4.5 million	Intermediate result EUR 5.6 million	Annual financial debt to equity ratio threshold 0.1–0.2 times	0.01	Based on the ROE of 0% per annum actually achieved, the allocated profit contributions should have been at least 85% of the distributable profit	100% or EUR 438.9 thousand
18.	UAB Viešųjų investicijų plėtros agentūra	Average annual EBITDA for 2022–2024 ≥ EUR 1.1 million	Intermediate result EUR 1.3 million	Capital adequacy ≥ 20%	94.4%	Based on the ROE of 2.3% per annum actually achieved, the dividend distribution should have been at least 85% of the distributable profit	90% or EUR 982.5 thousand
19.	UAB Valstybės investicijų valdymo agentūra	Average annual return on equity (ROE) >0%	Intermediate result 22%	Annual total liabilities to equity ratio threshold of 0.5–0.8 times	0.37	Designated dividends for the calendar years 2022–2024 ≥ 70% of distributable profit	100% or EUR 375.9 thousand
20.	UAB Valstybės investicinis kapitalas	Average annual return on equity (ROE) >0%	No information provided	Not applicable	-	Dividend distribution average for the calendar year 75–85% of distributable profits	No information provided
21.	UAB Lietuvos monetų kalykla	Annual EBITDA ≥ EUR 0.4 million	EUR 0.31 million	Annual financial debt to equity ratio threshold 0.1–0.4 times	0.22 times	Declared dividends depending on the amount of return on capital ROE	Dividends not declared due to accumulated loss
22.	VĮ Distancinių tyrimų ir geoinformatikos centras Gis-centras	Average annual net profit for 2022–2024 ≥ 11%	No information provided	Annual total liabilities to equity ratio threshold of ≤ 0.5 times	No information provided	Declared dividends depending on the amount of return on capital ROE	No information provided
23.	AB Detonas	Average annual EBITDA for 2022–2024 ≥ EUR 0.5 million	Intermediate result EUR 962 thousand	Annual financial debt to equity ratio threshold 0.1–0.3 times	0.16	Based on the ROE per annum actually achieved, the dividend distribution should have been at least 60% of the distributable profit	60% or EUR 402.5 thousand
24.	AB Viamatika	Average annual return on equity (ROE) for 2022–2024 ≥ 12%	Intermediate result 8%	Annual financial debt to equity ratio threshold 0.1–0.2 times	0.11	Designated dividends for the calendar years 2022–2024 ≥ 65% of distributable profit	70.5% or EUR 310.9 thousand



Entry No.	SOE	Long-term profitability		Optimal capital structure		Dividends/profit contributions	
		Set	Achieved	Set	Achieved	Set	Achieved
25.	VĮ Registrų centras	Annual EBITDA margin $\geq 13\%$	19%	Annual financial debt to equity ratio $\leq 0.22$ times	0.06	Based on the ROE of 18.8% per annum actually achieved, the allocated profit contribution should have been at least 60% of the distributable profit	60% or EUR 3.72 million
26.	AB Giraitės ginkluotės gamykla	Annual EBITDA $\geq$ EUR 1.8 million	EUR 3.4 million	Annual financial debt to EBITDA ratio $\leq 5$ times	2.5	Based on the ROE of 21.1% per annum actually achieved, the dividend distribution should have been at least 60% of the distributable profit	53% or EUR 1.05 million
27.	UAB Investicijų ir verslo garantijos	Average annual return on equity (ROE) for 2022–2024 $\geq 0\%$	Intermediate result 6.7%	Not applicable	-	Designated dividends for the calendar years 2022–2024 $\geq 75$ –85% of distributable profit	75% or EUR 631 thousand
28.	UAB Toksika	Average annual EBITDA for 2022–2024 $\geq$ EUR 1.5 million	Intermediate result 1.57	Annual equity-to-total assets ratio threshold 0.3–0.45 times	0.32	Based on the ROE of 6.79% per annum actually achieved, the dividend distribution should have been at least 70% of the distributable profit	70% or EUR 413.7 thousand
29.	UAB Lietuvos parodų ir kongresų centras Litexpo	Annual EBITDA EUR (–0.7) million	EUR 32.2 thousand	Annual financial debt to equity ratio $\leq 1.6$ times	1.13	Based on the ROE per annum actually achieved, the dividend distribution should have been at least 85% of the distributable profit	Dividends not declared due to accumulated loss
30.	VĮ Regitra	Average annual net profit for 2022–2024 $\geq$ EUR 2.7 million	Intermediate result EUR 3.7 million	Annual financial debt to equity ratio $\leq 0.04$ times	0.26	Based on the return on equity ROE per annum actually achieved, the allocated profit contribution should have been at least 60% of the distributable profit	79% or EUR 4.4 million
31.	AB Jonavos grūdai	Average annual EBITDA for 2022–2024 $\geq$ EUR 900 thousand	Intermediate result EUR 1.33 million	Annual total liabilities to equity ratio threshold of $\leq 1.5$ times	2.2	Designated dividends for the calendar year of 2022 $\geq$ EUR 280 thousand	EUR 417.6 thousand
32.	AB Lietuvos veislininkystė	Average annual net profit for 2022–2024 $\geq 7.0\%$	4.17%	Annual total liabilities to equity ratio threshold 0.15–0.2 times	0.26	Based on the return on equity ROE per annum actually achieved, the allocated profit contribution should have been at least 70% of the distributable profit	70% or EUR 120 thousand

Entry No.	SOE	Long-term profitability		Optimal capital structure		Dividends/profit contributions	
		Set	Achieved	Set	Achieved	Set	Achieved
33.	UAB Lietuvos žirgynas	Average annual net profit for 2022–2024 $\geq 2.4\%$	Intermediate result (-1.13%)	Annual total liabilities to equity ratio threshold of $\leq 0.7$ times	0.75	Designated dividends for the calendar years 2022–2024 $\geq 70\%$ of distributable profit	Not allocated due to accumulated loss
34.	UAB Genetiniai ištekiai	Average annual operating profitability in 2022–2024 $\geq 2.8\%$	Intermediate result 3.6%	Annual total liabilities to equity ratio threshold of 0.2–0.3 times	0.17	Based on the return on equity ROE per annum actually achieved, the allocated profit contribution should have been at least 75% of the distributable profit	75% or EUR 87.2 thousand
35.	UAB Šilutės polderiai	Average annual return on equity (ROE) for 2022–2024 $\geq 9\%$	Intermediate result (-32.2%)	Annual total liabilities to equity ratio threshold of $\leq 0.7$ times	0.92	Designated dividends for the calendar years 2022–2024 $\geq 70\%$ of distributable profit	Not allocated due to accumulated loss
36.	Private limited liability company Šilutės veislininkystė	Average annual return on equity (ROE) for 2022–2024 $\geq 1.5\%$	Intermediate result 8.2%	Annual total liabilities to equity ratio threshold of $\leq 0.4$ times	0.29	Designated dividends for the calendar years 2022–2024 $\geq 80\%$	Not allocated due to accumulated loss
37.	UAB Žemės ūkio paskolų garantijų fondas	Average annual return on equity (ROE) for 2022–2024 $\geq 6.4\%$	Intermediate result (-13.2%)	Not applicable	-	Designated dividends for the calendar years 2022–2024 65–75% of distributable profit	100% or EUR 1.05 million
38.	UAB Pieno tyrimai	Average annual return on equity (ROE) for 2022–2024 $\geq 5\%$	Intermediate result 7.2%	Annual total liabilities to equity ratio threshold of 0.2–0.3 times	0.23	Designated dividends for the calendar years 2022–2024 70–75% of distributable profit	75% or EUR 278.3 thousand
39.	VĮ Valstybės žemės fondas	Average annual net profit for 2022–2024 $\geq$ EUR 31 thousand	no information provided	Cash and cash equivalents to total assets $\leq 35\%$	No information provided	-	No information provided
40.	VĮ Žemės ūkio informacijos ir kaimo verslo centras	Annual net profit $\geq 0\%$	28.3%	Not applicable	-	Based on the return on equity ROE per annum actually achieved, the allocated profit contribution should have been at least 60% of the distributable profit	Not allocated due to accumulated loss

In addition to the key annually set long-term (3-year) financial performance indicators, the SOE is required to set annually and include in its strategic plan **short-term specialised financial and non-financial performance measures**, following a balanced score-card framework of 1 to 2 indicators for each of the 4 perspectives of shareholder value/financial performance, customer expectations and business development, operational efficiency and organisational development. These indicators are mutually compatible between the SOE, the institution representing the shareholder and the GCC. The first set of such specialized performance measurement indicators for all SOEs with target values was approved on 25 May 2022 by the GCC director's order No. V-2 "On determination of target specialized indicators for state-owned enterprises for the years 2022-2024". These indicators are reviewed on an annual basis, i.e. the aim is to ensure that both the sets themselves and their target values reflect up-to-date information on the performance of the SOEs. Approved indicators are made public on the GCC website, with the exception of those set for listed SOEs due to the extremely high sensitivity of publicly disclosed information.

The highest achievement of all indicators, both financial and non-financial, remains in financially active companies, at 82%, although in 2021 it was even higher at 87%. Absolutely all, i.e. 100%, of the financial goals and targets were met by **UAB Viešųjų investicijų plėtros agentūra**, **VĮ Indėlių ir investicijų draudimas** and **UAB Investicijų ir verslo garantijos**. The result was dragged down by **VĮ Turto bankas**, which achieved only 62% of the financial indicators, and **UAB Valstybės investicijų valdymo agentūra** (65%) – the planned merger of the Company with **UAB Investicijų ir verslo garantijos** resulted in the non-achievement of some of the targets as no longer necessary. The non-financial goals and targets were met by 88% of financially active companies, with the **UAB Viešųjų investicijų plėtros agentūra**, **VĮ Indėlių ir investicijų draudimas** and **UAB Žemės ūkio paskolų ir garantijų fondas** meeting absolutely all of them. Following the end of the Covid-19 pandemic, which affected the 2021 results, the performance of the transport sector improved during the reporting year: while in 2021 only 57% of the financial

goals and targets were met, in 2022 the compliance rate rose to 75%, while non-financial goals and targets were met at 83% (compared to 76% in 2021). All 7 financial targets were adequately met by the **AB Klaipėdos valstybinio jūrų uosto direkcija**, 88% of such targets and goals were met by **AB Lietuvos radijo ir televizijos centras**, and 86% by **AB Lietuvos automobilių kelių direkcija**. The lowest number of indicators met was by **AB Lietuvos geležinkeliai Group**, where 62% of financial and 53% of non-financial targets were achieved. Energy sector companies achieved 65% of their financial targets, down from 68% in 2021. Non-financial goals and targets were better met, with 85% of them being achieved. Due to objective reasons related to very specific activities, **VĮ Ignalinos atominė elektrinė** had only 2 financial targets, which it duly met, and 84% of non-financial targets were achieved. 10 out of 11 financial targets were fully met by **AB Ignitis grupė**, while only 40% of the targets were met by **UAB EPSO-G Group** and 60% of the non-financial targets. The quality of information provided by the agricultural companies on the achievement of their goals was very poor: it did not reflect the financial expectations of the shareholder, did not analyse the circumstances of non-achievement of goals and targets, etc. These companies achieved 67% of their financial goals and targets and 82% of their non-financial goals and targets. Absolutely all financial targets were achieved by **UAB Genetiniai išteklių** (7 were set), **AB Jonavos grūdai** (5 were set) and **UAB Šilutės veislininkystė** (5 were set). It is worth noting that 9 out of the 10 financial targets have been properly implemented by **UAB Pieno tyrimai**. Meanwhile, **AB Lietuvos veislininkystė**, **UAB Lietuvos žirgynas** and **UAB Šilutės polderiai** achieved only 38%, 33% and 25% of their financial targets respectively.

**AB Giraitės ginkluotės gamykla**, **AB Detonas**, **VĮ Registrų centras**, **UAB Toksika**, **UAB Lietuvos parodų ir kongresų centras LITEXPO** achieved 100% of their financial targets. The worst performer was **UAB Lietuvos monetų kalykla**, which achieved only 3 out of 7 financial and 2 out of 4 non-financial goals and targets.

All information on the approved specialised indicators for SOEs (except for listed SOEs) is available on the website of the GCC at: <https://governance.lt/apie-imones/vvi-sarasas/>



# Contributions by SOEs to the State budget

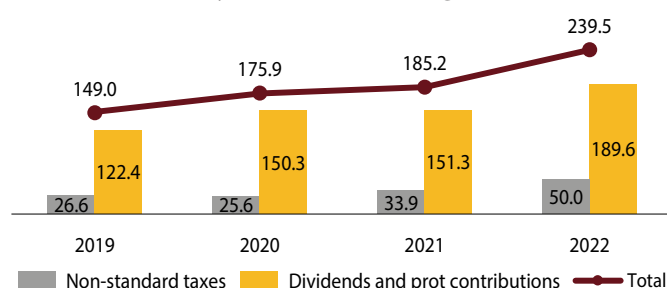
Dividends and profit contributions of state-owned enterprises are regulated by the Republic of Lithuania Law on Companies, the Republic of Lithuania Law on State and Municipal Enterprises and the Ownership Guidelines. 2022 was the first year in which the granting of dividends and profit contributions was already conditional on the individual target KPIs of the SOEs for the period 2022-2024, approved by Government Resolution, which include dividends. Dividends and profit contributions allocated to SOEs for the results of activities of 2022 will be evaluated with reference to **Government Resolution No. 509 of 18 May 2022 "On approval of key financial performance indicators to be achieved by State-owned enterprises for the period 2022-2024" (hereinafter referred to as the KPI Resolution), which approved long-term financial performance indicators and their values to be achieved for a period of 3 years.**

In cases where the KPI Resolution does not specifically set a target dividend or profit contribution rate, the amount of dividends calculated by the state-owned enterprise for each calendar year cannot be less than the amount set out in the Ownership Guidelines – the vast majority of SOEs have stuck to a dividend calculation linked to the return on equity achieved in the reporting year. SOEs pay dividends or profit contributions from the distributable profit for the accounting year. According to the Ownership Guidelines, the higher the ROE for the reporting year, the lower the percentage of the reporting year's distributable profit that the SOE is required to pay to the State budget. Dividends paid by state-owned enterprises are calculated on the company's consolidated distributable profit, not on the group's consolidated distributable profit.

Distributable profit for the accounting year to be allocated as dividends or profit contributions	ROE for the accounting year
85%	Not exceeding 1%
80%	Over 1% but not exceeding 3%
75%	Over 3% but not exceeding 5%
70%	Over 5% but not exceeding 10%
65%	Over 10% but not exceeding 15%
60%	Over 15%

In 2022, SOEs' dividends and profit contributions allocated to the State budget amounted to EUR 189.6 million, which was 25.3% more than last year when the amount of EUR 151.3 million was allocated for the period of 2021. For the reporting year 2022, 25 enterprises planned to supplement the State budget, of which 20 were public limited liability companies or private limited liability companies. Non-standard taxes, which are also calculated as a contribution to the State budget, amounted to EUR 50.5 million in 2022, which is EUR 16.1 million or 47.6% more than in the previous reporting period.

Contribution by SOEs to the State budget (EUR million)



11 SOEs, almost twice as many as a year ago, have allocated higher dividends or profit contributions for the reporting year. The opposite dynamics was true for 19 SOEs, i.e. they contributed less or not at all for the

2022 results, compared to the previous year, including even 2 enterprises that contributed millions of EUR for 2021, but did not make any contribution to the State budget for 2022. The most significant changes in the allocation of dividends or profit contributions were recorded by 3 SOEs: **AB Klaipėdos valstybinio jūrų uosto direkcija**, **AB Lietuvos radijo ir televizijos centras** and **SE Centre of Registers** – together they are expected to add EUR 12.3 million to the State's budget for 2022, compared to EUR 41.0 million a year ago. The international sanctions had an impact on the financial situation of **AB Lietuvos geležinkeliai**, so the Company did not allocate dividends for 2022 results, and accordingly, a smaller part of the profit was also allocated to dividends by the already mentioned **AB Klaipėdos valstybinio jūrų uosto direkcija** or other enterprises the activities of which are affected by the geopolitical situation, e.g. **AB Klaipėdos nafta**. Despite the unfavourable circumstances, the well-diversified portfolio of SOEs still ensured a stable contribution to the budget, with the largest contribution coming from the **VĮ Valstybinių miškų urėdija**, which contributed a record profit contribution of EUR 93.5 million for the reporting period. The Company's strong performance is due to the success of the forestry reform and efficiency gains, as well as an increase in the price of raw timber purchases.

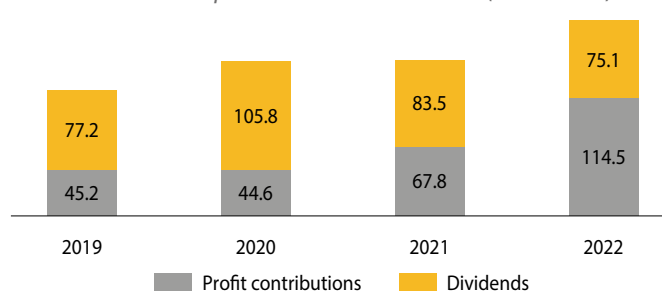
With the new personalised dividend policy of **AB Ignitis grupė** coming into force on 4 September 2020 (which is also reflected in the KPI Resolution), the Company's dividend is fixed and steadily increasing, with an annual dividend payout of 3% higher than the previous reporting period. For 2022, EUR 67.8 million was paid to the State from **AB Ignitis grupė** (a total of EUR 90.3 million paid to all shareholders), which was the second largest amount (after the **VĮ Valstybinių miškų urėdija**) that contributed significantly to the State budget, accounting for 35.7% of the total amount of the dividends and profit contributions allocated to the portfolio of SOEs. In the medium-sized enterprise category, **AB Giraitės ginkluotės gamykla**, which doubled its net profit in 2022, also significantly increased its dividends: EUR 1.1 million in dividends were distributed in 2022, 10 times more than in 2021, when EUR 103.7 thousand was distributed. This change is likely to have been influenced by the 2020-2021 exemption, which stipulates that a company may only allocate 10% of its distributable profits to dividends in respect of these two years.

It should be noted that some enterprises are subject to statutory reductions or exemptions from dividends or profit contributions. The following exceptions apply:

- **UAB EPSO-G**. Pursuant to Government Resolution of 29 March 2023 No. 208 "On Dividends to be Paid by UAB EPSO-G for the Shares Owned by the State", the Ministry of Energy, as the manager of the shares of UAB EPSO-G, is entrusted with the task of adopting a decision to allocate 0.5% of the Company's distributable profit to dividends paid by the Company during the period from 2023 to 2027 to be paid out in the period from 2012 to 2026 (in the event that it participates in the implementation of, or carries out, projects of major importance to the country, recognised as projects of special national importance by decisions of the Government or the Seimas);

- **VĮ Indėlių ir investicijų draudimas**. Pursuant to Article 43(3) of the Law on Insurance of Deposits and Liabilities to Investors of the Republic of Lithuania, all profit of the Company is allocated to the legal reserve.

Dividends and profit contributions of SOEs (EUR million)





Non-standard taxes paid by the SOEs to the State budget in the year 2022 were 47.6% higher than in 2021 and amounted to EUR 50.0 million. These taxes, which are payable only by state-owned enterprises, consisted of:

- tax paid for the use of entrusted state property (property tax);
- compulsory deductions paid to the State budget for general forestry purposes and general state budget needs from income from raw wood and non-cut wood sales (raw material tax).

Traditionally, in 2022, the largest part of non-standard taxes was paid to the State budget by **VĮ Valstybinių miškų urėdija**: property

and raw material taxes paid amounted to EUR 48.0 million or 96.2% of the total non-standard taxes paid in the reporting year. **AB Lietuvos automobilių kelių direkcija** (which in 2022 was still operating under the legal status of a state-owned enterprise (SOE)), even though it did not distribute dividends in the reporting year, paid EUR 164.0 thousand in non-typical taxes, while **VĮ Lietuvos oro uostai** paid EUR 540.7 thousand in non-typical taxes, which is the second-largest amount, following the **VĮ Valstybinių miškų urėdija**.

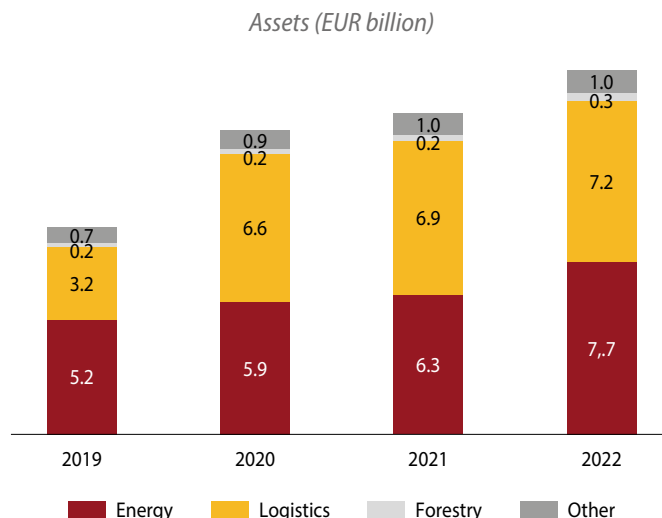
The table below shows dividends or profit contribution allocated by individual SOEs to the State.

Company	Dividends and profit contributions (State share) for the year, Thousand EUR		Change, %
	2021	2022	
AB Ignitis grupė	64,001.3	67,747.5	+5.9%
UAB EPSO-G	845.0	65.4	-92.3
AB Klaipėdos nafta	0.0	0.0	-
VĮ Ignalinos atominė elektrinė	0.0	0.0	-
AB Lietuvos automobilių kelių direkcija	2,104.0	0.0	-
AB Lietuvos geležinkeliai	6,240.7	0.0	-
AB Lietuvos paštas	0.0	0.0	-
AB Lietuvos radijo ir televizijos centras	7,639.1	940.2	-87.7
AB Smiltynės perkėla	232.6	173.6	-25.4
AB Kelių priežiūra	0.0	0.0	-
AB Oro navigacija	0.0	1,662.3	-
AB Klaipėdos valstybinio jūrų uosto direkcija	21,705.0	7,666.0	-64.7
VĮ Lietuvos oro uostai	4,719.3	2,982.7	-36.8
AB Vidaus vandens kelių direkcija	0.0	0.0	-
VĮ Valstybinių miškų urėdija	20,744.2	93,483.8	+350.7
UAB Projektų ekspertizė	142.8	129.1	-9.6
UAB Statybos produkcijos sertifikavimo centras	305.1	0.0	-
UAB Būsto paskolų draudimas	0.0	0.0	-
VĮ Indėlių ir investicijų draudimas	0.0	0.0	-
VĮ Turto bankas	2,329.3	438.9	-81.2
UAB Viešųjų investicijų plėtros agentūra	720.0	982.5	+36.5
UAB Valstybės investicinis kapitalas	0.0	0.0	-
UAB Lietuvos monetų kalykla	0.0	0.0	-
VĮ Distancinių tyrimų ir geoinformatikos centras Gis-centras	135.8	83.7	-38.4
AB Detonas	247.3	402.5	+62.8
AB VIAMATIKA	631.0	310.9	-50.7
UAB Valstybės investicijų valdymo agentūra	216.1	375.9	+73.9
VĮ Registrų centras	11,678.2	3,724.2	-68.1
AB Giraitės ginkluotės gamykla	103.7	1,052.2	+914.7
UAB Investicijų ir verslo garantijos	570.9	631.0	+10.5
UAB Toksika	715.4	382.7	-46.5
UAB Lietuvos parodų ir kongresų centras LITEXPO	0.0	0.0	-
VĮ Regitra	4,003.2	4,422.5	+10.5
AB Jonavos grūdai	304.7	292.9	-3.9
AB Lietuvos veislininkystė	159.0	119.5	-24.8
UAB Lietuvos žirgynas	0.0	0.0	-
UAB Genetiniai ištekliai	69.3	87.2	+25.8
UAB Šilutės polderiai	235.8	0.0	-
UAB Šilutės veislininkystė	0.0	0.0	-
UAB Žemės ūkio paskolų garantijų fondas	274.6	1,045.5	+280.7
UAB Pieno tyrimai	188.7	278.3	+47.5
VĮ Valstybės žemės fondas	47.6	0.0	-
VĮ Žemės ūkio informacijos ir kaimo verslo centras	0.0	0.0	-

# Asset Management

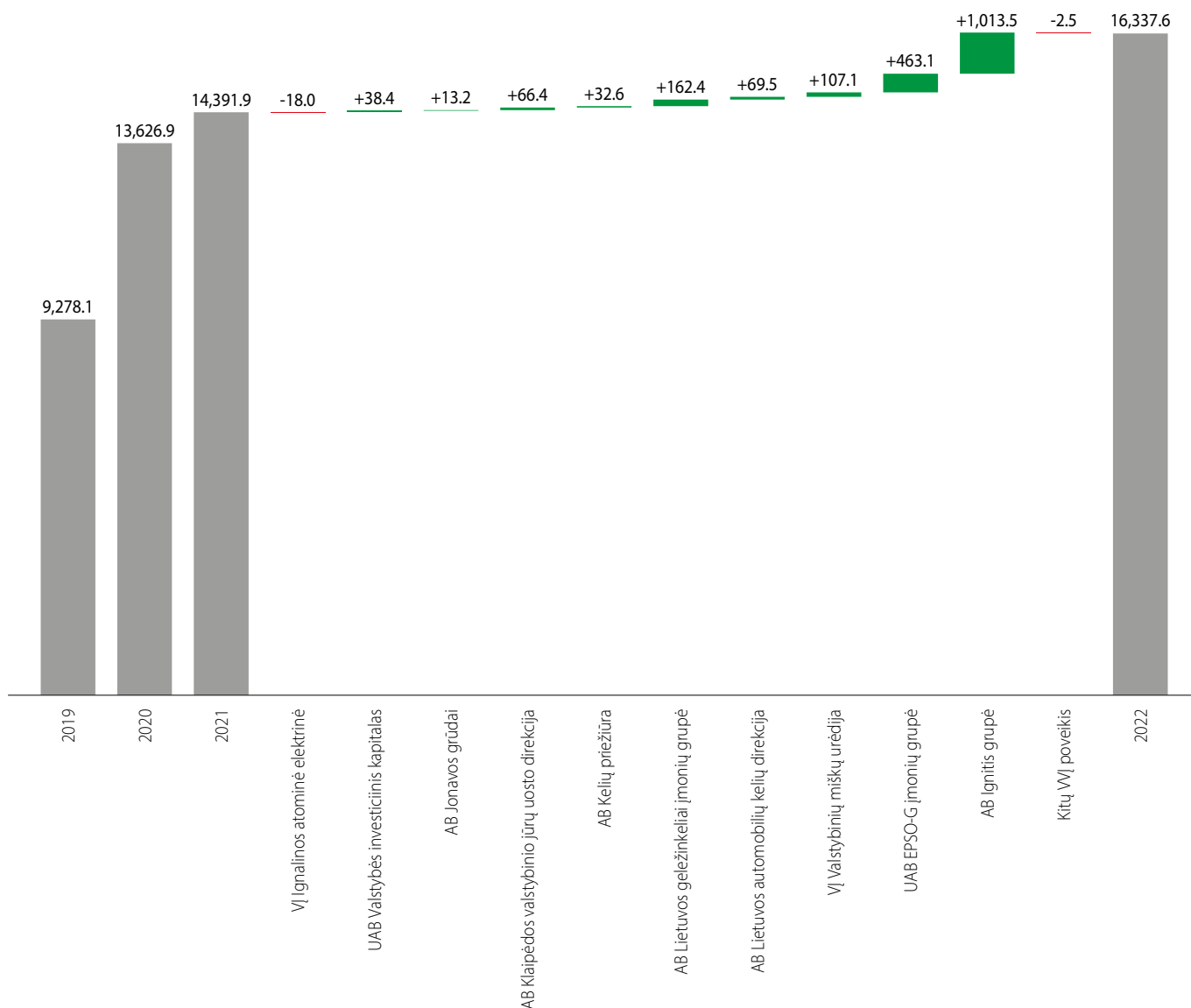
At the end of 2022, the book value of assets of SOEs amounted to EUR 16.3 billion – 13.5% more than at the end of 2021. Compared to the changes in the value of assets between 2020 and 2021, this represents a more than two-fold increase in asset growth, mainly driven by a 23.3% increase in assets in the energy sector due to an increase in the working capital of **AB Ignitis grupė**. This growth led to the energy sector becoming the most asset-rich sector for the first time since 2019, controlling EUR 7.7 billion in assets and accounting for 47.4% of total SOE assets. The transportation sector, the second largest sector in terms of assets under management, had assets amounting to EUR 7.2 billion, growing by 4.6% compared to 2021. Although assets in the forestry sector (excluding forest value) grew at the fastest rate in percentage terms (45.8%), in quantitative terms the increase was EUR 0.1 billion. For other companies not included in any of the three main sectors, the aggregate booked value of assets increased by 6.0% and exceeded EUR 1 billion at the end of 2022.

In 2022, the financial liabilities of the SOEs portfolio grew by a tenth up to EUR 2,625.2 million. This was driven by a 20.4% increase in non-current financial liabilities of the energy sector, which accounted for the largest part of the portfolio. Overall, the sector's financial liabilities amounted to EUR 2,310.6 million and accounted for 88.1% of the value of the total portfolio liabilities. The largest share of financial liabilities among the enterprises in the energy sector is accounted for by **AB Ignitis**



**grupė**, the financial liabilities of which increased by almost a fifth, or EUR 274.7 million, to EUR 1,681.0 million in 2022. This represented 72.8% of the sector's total financial liabilities. Financial liabilities of the transport

The breakdown of changes in the assets of the SOE portfolio by companies (EUR million)



and forestry sectors decreased slightly, while those of other enterprises increased by EUR 18.3 million. After a 12.2% decrease in non-current liabilities in 2021, a reverse trend was observed in 2022, with a 17.1% increase in non-current financial liabilities. Most of the increase was due to the growth in non-current liabilities of **AB Ignitis grupė** mentioned above. The situation is reversed in the dynamics of current financial liabilities, with the current financial liabilities of the SOE sector as a whole declining by almost a fifth to EUR 356.7 million. This change is due to a decrease of EUR 82.6 million in current financial liabilities of the **UAB EPSO-G Group** due to the former liability for the acquisition of AB Litgrid.

The value of equity of SOEs grew by 7.1% to EUR 8,376.7 million in 2022. Similar numerical growth in equity value was recorded in both the energy and transportation sectors, with growth of EUR 225.6 million and EUR 264.4 million respectively. In fact, while the transportation sector accounted for EUR 4,970.1 million, the energy sector accounted for almost twice as much equity at EUR 2,515.5 million. Together, the equity value of these two sectors accounts for 89.3% of the total equity value of the SOE portfolio. Equity in the forestry sector continued to grow, increasing by 48.3% to EUR 266.6 million. The amount of grants and subsidies in the SOE portfolio increased

marginally by 4.2% to EUR 2,397.3 million in 2022. The transportation sector accounted for more than two thirds, i.e. 68.0% or EUR 1,631.0 million, of the total grants and subsidies in the portfolio of SOEs during the reporting period, with an increase of EUR 71.4 million, while the largest recipients remained stable, while the largest recipients remained unchanged, as the most grants and subsidies were allocated to the **AB Lietuvos geležinkeliai group** of companies amounting to EUR 809.2 million and the **AB Lietuvos automobilių kelių direkcija** amounting to EUR 624.7 million.

At the end of 2022, the ratio of financial liabilities to equity in the portfolio of SOEs reached 31.3%, with a slight increase of 0.9 percentage points compared to 2021. The highest ratio of financial liabilities to equity at the end of 2022 continued to be observed in the energy sector, which reached 91.9%, mainly due to the increase in the aforementioned ratio of **AB Ignitis grupė**, which increased by 3.3 percentage points during the reporting year to 79.1%, as a result of the Group's signing of a number of short-term loan agreements for an amount of EUR 719.0 million. The forestry sector's financial liabilities/equity ratio remained at zero, while the transportation sector's debt/equity ratio decreased by 0.5 percentage point to 5.4%.

The information on changes in the book value of the SOE portfolio, broken down by companies that have had the greatest impact on the performance of the portfolio as a whole, is provided below.

- 
- ↓ As at 31 December 2022, the **VĮ Ignalinos atominė elektrinė** held assets worth EUR 463.7 million, a decrease of 3.7% or EUR 18.0 million compared to the end of 2021. This difference is due to depreciation of non-current assets and the sale of redundant assets.

---

  - ↑ The assets of **UAB Valstybės investicinis kapitalas** at the end of 2022 amounted to EUR 181.4 million, an increase of 26.9% or EUR 38.4 million compared to 2020. The increase was due to the rising value of investments in KÜB Business Support Fund.

---

  - ↑ The assets of **AB Jonavos grūdai** grew by 202.1% in the reporting period and amounted to EUR 19.8 million. This increase was driven by a more than fourfold increase in the value of current assets, mainly due to an increase of EUR 11.1 million in the company's inventories.

---

  - ↑ The value of assets managed by **AB Klaipėdos valstybinio jūrų uosto direkcija** amounted to EUR 730.3 million, an increase of 10.0% compared to 2021. The main increase was in tangible non-current assets, which grew thanks to intensive investment activity that led to the commissioning of EUR 21.6 million of tangible non-current assets.

---

  - ↑ The assets of **AB Kelių priežiūra** grew by 25.4% during the reporting period and amounted to EUR 161.0 million at the end of the year. This change was due to a 90.1% increase in the company's current assets as a result of the receipt of an advance of more than EUR 25.0 million for permanent road maintenance in 2023, which will be offset against services rendered in January-March 2023.

---

  - ↑ The book value of the assets of the **AB Lietuvos geležinkeliai group of companies** grew by 7.7% to EUR 2,280.3 million. The increase in assets was due to a 67.2% increase in current assets as a result of the accumulation of cash balances of the Group companies, which amounted to EUR 213.4 million at the end of the reporting year.

---

  - ↑ The assets of the **AB Lietuvos automobilių kelių direkcija** at the end of 2022 amounted to EUR 3,547.4 million and their value increased by 2.0% compared to 2021. This change was due to the increase in the value of national road assets, following the completion of road infrastructure construction and improvement works.

---

  - ↑ The book value of the assets of the **VĮ Valstybinių miškų urėdija** increased by 45.8% or EUR 107.1 million over the reporting period to EUR 341.0 million at the end of 2022. The value of non-current assets remained similar, while the most significant increase was seen in the company's current assets, which grew by 77.3%, mainly as a result of the accumulation of cash balances, which increased by EUR 23.5 million, and short-term investments (made up of government securities and fixed-term bank deposits), which increased by EUR 58.9 million.

---

  - ↑ The assets of the **UAB EPSO-G Group** at the end of 2022 amounted to EUR 1,425.7 million. The 48.1% increase was due to investments made in non-current assets, such as electricity and natural gas transmission infrastructure and the energy storage system, as well as a significant increase in current assets as a result of an increase in advances from natural gas exchange participants, the collection but not disbursement of PSO funds, and the accumulated higher revenue from congestion receipts.

---

  - ↑ The assets of **AB Ignitis grupė** at the end of 2022 amounted to EUR 5,271.7 million, an increase of 23.8% compared to the reporting period of 2021. This change was due to a EUR 717.7 million increase in accumulated current assets, mainly due to an increase in working capital, as well as to the repayment of receivables from UAB EPSO-G for the shares in AB LitGrid (EUR 84.1 million). Non-current assets grew by 10.0% during the reporting period, which was caused by an increase in the value of non-current tangible assets (EUR +193.0 million) and an increase in prepayments for non-current assets (EUR +110.0 million) as a result of the investments made in the construction of the Mažeikiai WPP, the Silesia WPP I and the Silesia WPP II.

---

  - ↓ The book value of the **remaining SOEs'** assets decreased by EUR 2.5 million during the year and had a negative impact on the overall growth of portfolio assets. Out of 34 enterprises, the assets changes of which were not detailed, the assets of 17 enterprises decreased and that of 17 increased during the accounting period.

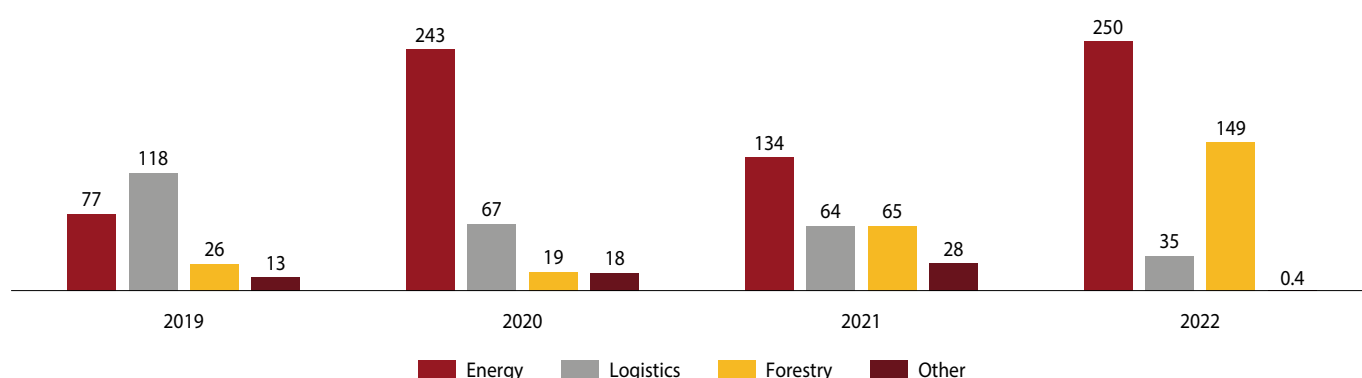
# Net profit

**In 2022, the net profit of the SOEs increased by 49.4%.**

SOEs earned EUR 434.3 million in net profit in 2022, which was 49.4% or EUR 143.7 million more than in 2021. The positive change in the portfolio's net profit was mainly influenced by the increase in the profits of companies in the energy sector from EUR 133.8 million to EUR 250.3 million, with the net result of **AB Ignitis grupė** being particularly important. VĮ Valstybinių miškų urėdija also recorded a record net profit in 2022, more than doubling from EUR 64.8 million to EUR 149.0 million compared to 2021. The net profit of companies

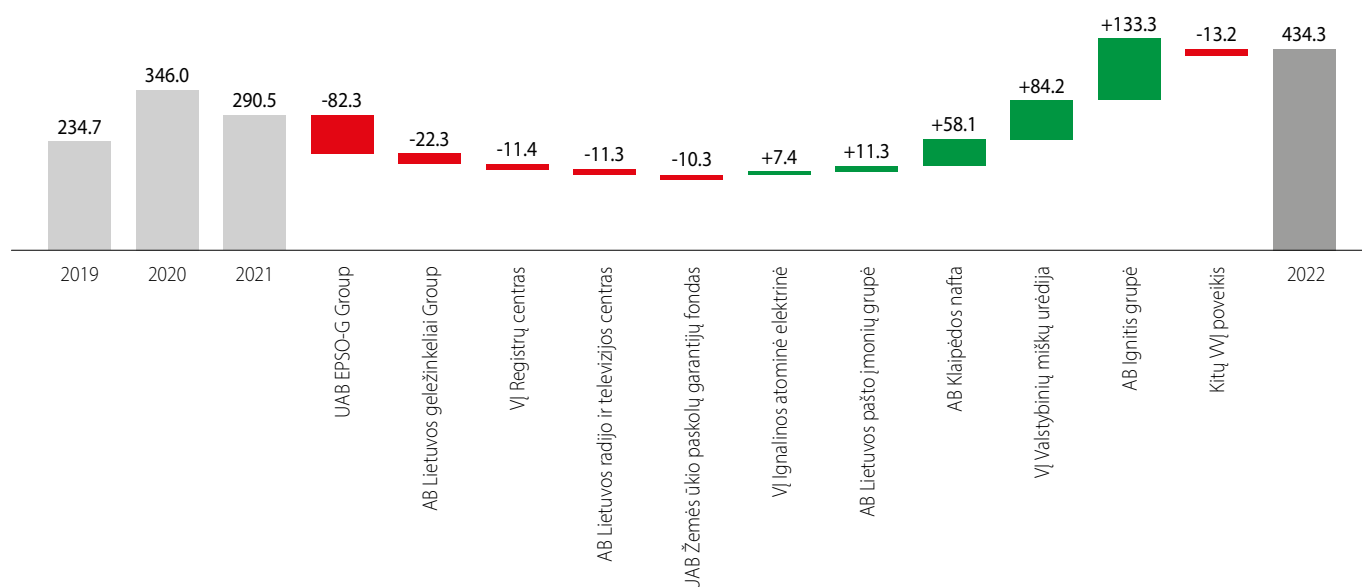
in the transport and communications sector almost halved to EUR 34.5 million at the end of the year, mainly as a result of a decrease in the net profit of **AB Lietuvos geležinkeliai Group** and **AB Lietuvos radijo ir televizijos centras**. The net profits of the other 29 companies not belonging to any of the main sectors dropped by 98.6% to less than half a million euro, mainly due to a drop in the net profit of **VĮ Registrų centras**.

Net profit (EUR million)



The information on changes in the net profit of the SOE portfolio (million EUR), broken down by companies that have had the greatest impact on the performance of the portfolio as a whole, is provided below.

The Breakdown of Changes in the Net Profit of the SOE Portfolio by Companies (EUR million)



↓ **The EPSO-G Group** incurred a net loss of EUR 42.5 million in 2022, compared to a net profit of EUR 39.8 million in 2021. Sales revenue grew by EUR 227.3 million, cost of sales by EUR 254.2 million and general and administrative expenses by EUR 64.3 million. **The EPSO-G Group's financial result was mainly negatively affected by the record high electricity and natural gas prices, which increased the cost of gas and electricity purchases for technological and captive use, the reimbursement of which will be included in the revenue from regulated services in future periods. The reported operating results, both negative EBITDA and net profit, were mainly due to temporary regulatory variances caused by price and volume deviations due to the energy price crisis from those used to determine the revenue of regulated activities.** Under the price regulation methodology, these differences will be compensated for in the determination of the revenue of the regulated activities in future periods.



- ↓ The net profit of **AB Lietuvos geležinkeliai Group** decreased by 94.8% to EUR 1.2 million compared to EUR 23.5 million in 2021. This was due to a EUR 25.4 million decrease in sales revenue and a decrease in other operating result from EUR 6.6 million in 2021 to EUR 766.9 thousand in 2022. The **LTG Group's 2022 results were mainly negatively impacted by the significant drop in freight volumes, the high cost of energy resources and rising inflation.** Optimisation of operations in LTG Group companies has helped to control costs and avoid higher losses. **Freight revenue decreased by 25.8% compared to 2021 and amounted to EUR 276.7 million.** Significant losses in freight revenue were offset by higher passenger revenue, operational optimisation measures and public support. Passenger revenue in 2022 increased by EUR 15.8 million or 84.7% to EUR 34.5 million. It accounted for 7.9% of the Group's total revenue. Revenue growth was boosted by a faster-than-expected recovery in domestic rail passenger traffic, which had been constrained in previous periods by the coronavirus (COVID-19) pandemic. Increases in freight prices and various marketing campaigns to boost sales have also had an impact.
- ↓ The profit of the **VĮ Registrų centras** dropped by 57.6% from EUR 19.7 million in 2021 to EUR 8.4 million in 2022. The decline in net profit was influenced by the fact that **sales revenue remained almost stable (down by 0.8%), while cost of sales increased by EUR 10.3 million (32.0%) to EUR 42.5 million, and general and administrative expenses increased by EUR 2.4 million. The increase in costs incurred was due to particularly high electricity prices, increases in the cost of publicly procured services, and higher fuel costs.**
- ↓ The net profit of **AB Lietuvos radijo ir televizijos centras** declined by 91.2% from EUR 12.3 million in 2021 to EUR 1.1 million in 2022. **The change was driven by faster growth in cost of ownership. Cost of sales grew by 50.5% while sales revenue grew by 35.1%.** The increase in costs was due to an increase in the volume of services provided, as well as an increase in salaries and the cost of purchased services. The result from other activities also declined sharply, from EUR 14.1 million in 2021 to EUR 444.5 thousand in 2022. The change was due to the profit on the sale of the business (EUR 13.5 million) in 2021. According to the Business Sale Agreement, the Mezon business was transferred to UAB Mezon, a Bitė Lietuva group company, on 1 January 2021.
- ↓ The operating loss of **UAB Žemės ūkio paskolų garantijų fondas** was due to provisioning requirement for guarantee obligations in 2022 which increased from EUR 14,657.1 million in 2021 to EUR 21,881.0 thousand in 2022. **In 2022, EUR 1,333.1 thousand were used to meet the guarantee obligations, increasing the provision costs to EUR 8,642.5 thousand.** For the reasons identified, a net loss of EUR 5.9 million was incurred in 2022 compared to a net profit of EUR 4.4 million in 2021. This was influenced by an increase in the cost of sales from EUR -3.9 million in 2021 to EUR 8.6 million in 2022. Following the adoption of IFRS, provisions have been made in accordance with the Provisioning Policy approved by the Company's Board of Directors and the Provisioning Procedure approved by order of the General Director of the Company, which calculates the need for funds based on the financial commitments entered into, taking into account an assessment of the classification of the risk groups of guarantees and loans, and of the potential losses that may be incurred and/or not yet realised. Provisions for guarantees are made until the Company's obligations under the guarantees it has entered into with financial institutions have been discharged in full or otherwise terminated on the grounds set out by law.
- ↑ **VĮ Ignalinos atominė elektrinė** generated a net profit of EUR 5.3 million in 2022, compared to a loss of EUR 2.1 million in 2021. The change was due to a change in general and administrative expenses, with a significant decrease in general and administrative expenses in 2022 due to the recalculation of the Company's decommissioning provision. The decrease is due to the use of own funds and the increase in market interest rates and, consequently, the discount rate.
- ↑ **AB Lietuvos paštas** earned a profit of EUR 4.8 million in 2022, compared to a loss of EUR 6.4 million in 2021. The Company's result was driven by a 2.1% increase in total operating revenue and a 7.5% decrease in costs. An increase of 80.5% in the other operating result from EUR 11.1 million in 2021 to EUR 20.0 million in 2022 is also recorded. **The growth in the other result is driven by the sale of real estate and the compensation for regulated pricing of postal services.** For 2021, this compensation (almost EUR 5 million) was booked under other revenue for 2022. The compensation for the Universal Postal Service (UPS) for the year 2021 was approved by the Communications Regulatory Authority for the first time in the Company's lifetime on 29 December 2022. The Company classifies the compensation to be received for the year 2021 (expected to be received in December 2023) as a current other receivable, after having taken into account the timing of the compensation for UPS loss.
- ↑ The net loss of **AB Klaipėdos nafta** in the reporting year will decrease from EUR 64.0 million in 2021 to EUR 5.9 million in 2022. This was mainly influenced by a 25.9% increase in sales revenue and an 86.4% decrease in cost of sales from EUR 61.9 million in 2021 to EUR 8.4 million in 2022. The main reasons for the increase in the Company's net profit were higher net profit from oil terminals as well as higher net profit from regulated LNG activities.
- ↑ **The net profit of the VĮ Valstybinių miškų urėdija** grew from EUR 64.8 million in 2021 to EUR 149.0 million in 2022. **Growth was driven by a 55.4% increase in sales revenue, compared to a 14.3% increase in cost of sales.** The result from other activities also increased, from EUR 1.1 million in 2021 to EUR 2.3 million in 2022. **The result was significantly influenced by the increase in the selling price of timber. Higher timber sales volumes also contributed to the profit growth.** However, profit growth was held back by high inflation, which pushed up the cost of the Company's production and reforestation and maintenance activities. Revenue from sales of secondary and by-products related to the timber market also increased on the back of rising prices, generating EUR 5.8 million more than in the previous reporting period.
- ↑ **AB Ignitis grupė** net profit grew by 83.3% from EUR 160.1 million in 2021 to EUR 293.4 million in 2022. Profit growth was driven by a EUR 2.5 billion increase in sales revenue. **The main reasons for growth were the start-up of Pomerania WPP operations and the outperformance of the existing Green Generation capacity, both driven by higher electricity market prices (+154.5% compared to 2021)**
- ↓ **The remaining SOEs** collectively generated EUR 11.2 million less net profit in 2022 than in 2021. Of the 34 enterprises, the changes of which were not detailed, 26 were profitable and the remaining 8 made a loss (correspondingly, the number of loss-making SOEs in 2021 was 50% higher, i.e. 12 enterprises).



# Companies in detail



<b>AB Ignitis grupė</b>	<b>64</b>	VĮ Vidaus vandens kelių direkcija	104
<i>Companies managed by AB Ignitis grupė</i>	66	UAB Statybos produkcijos sertifikavimo centras	105
<b>UAB EPSO-G Group</b>	<b>69</b>	UAB GVT LT	106
<i>Companies managed by UAB EPSO-G</i>	71	UAB Būsto paskolų draudimas	107
<b>AB Klaipėdos nafta</b>	<b>73</b>	VĮ Indėlių ir investicijų draudimas	108
<i>UAB SDG logistika</i>	75	VĮ Turto bankas	109
<b>VĮ Ignalinos atominė elektrinė</b>	<b>76</b>	UAB Projektų ekspertizė	110
<b>AB Lietuvos geležinkeliai Group</b>	<b>78</b>	UAB Šilutės polderiai	111
<i>Companies managed by AB Lietuvos geležinkeliai</i>	80	UAB Šilutės veislininkystė	112
<b>AB Lietuvos paštas</b>	<b>82</b>	AB Giraitės ginkluotės gamykla	113
<b>AB Kelių priežiūra</b>	<b>84</b>	UAB Lietuvos monetų kalykla	114
<b>AB Oro navigacija</b>	<b>86</b>	AB Detonas	115
<b>AB Klaipėdos valstybinio jūrų uosto direkcija</b>	<b>88</b>	AB VIAMATIKA	116
<b>VĮ Lietuvos oro uostai</b>	<b>90</b>	UAB Toksika	117
<b>VĮ Valstybinių miškų urėdija</b>	<b>92</b>	UAB Lietuvos parodų ir kongresų centras LITEXPO	118
<b>VĮ Registrų centras</b>	<b>94</b>	AB Jonavos grūdai	119
<b>AB Lietuvos automobilių kelių direkcija</b>	<b>96</b>	AB Lietuvos veislininkystė	120
<b>VĮ Regitra</b>	<b>98</b>	UAB Lietuvos žirgynas	121
UAB Investicijų ir verslo garantijos	100	UAB Genetiniai ištekčiai	122
<i>UAB Kofinansavimas</i>	101	UAB Pieno tyrimai	123
AB Smiltynės perkėla	102	UAB Valstybės investicinis kapitalas	124
AB Lietuvos radijo ir televizijos centras	103		

Company	Sales revenue		Net profit		Dividends/Profit contributions		Assets		Equity	
	(Thousand EUR)	Share in portfolio, %	(Thousand EUR)	Impact on portfolio result (%)	(Thousand EUR)	Share in portfolio, %	(Thousand EUR)	Share in portfolio, %	(Thousand EUR)	Share in portfolio, %
 AB Ignitis grupė	↑ 4,386,899	68.5%	↑ 293,435	67.6%	↑ 67,747	35.7%	↑ 5,271,653	32.3%	↑ 2,125,600	25.4%
 UAB EPSO-G Group	↑ 589,924	9.2%	↓ -42,515	-9.8%	↓ 65	0.0%	↑ 1,425,728	8.7%	↓ 227,774	2.7%
 AB Klaipėdos nafta	↑ 77,818	1.2%	↑ -5,904	-1.4%	0	0.0%	↑ 573,933	3.5%	↑ 139,100	1.7%
 VĮ Ignalinos atominė elektrinė	↓ 134	0.0%	↑ 5,322	1.2%	0	0.0%	↓ 463,677	2.8%	↑ 23,021	0.3%
 AB Lietuvos geležinkeliai Group	↓ 432,932	6.8%	↓ 1,213	0.3%	↓ 0	0.0%	↑ 2,280,260	14.0%	↓ 1,161,504	13.9%
 AB Lietuvos paštas	↓ 93,725	1.5%	↑ 4,838	1.1%	0	0.0%	↓ 121,883	0.7%	↑ 32,089	0.4%
 AB Kelių priežiūra	↑ 113,580	1.8%	↓ -3,918	-0.9%	↓ 0	0.0%	↑ 161,020	1.0%	↓ 102,842	1.2%
 AB Oro navigacija	↑ 26,866	0.4%	↓ 2,144	0.5%	↑ 1,662	0.9%	↑ 61,561	0.4%	↑ 49,160	0.6%
 AB Klaipėdos valstybinio jūrų uosto direkcija	↓ 60,718	0.9%	↓ 24,881	5.7%	↓ 7,666	4.0%	↑ 730,258	4.5%	↑ 556,155	6.6%
 VĮ Lietuvos oro uostai	↑ 44,708	0.7%	↑ 3,644	0.8%	↓ 2,983	1.6%	↓ 230,879	1.4%	↓ 127,607	1.5%
 VĮ Valstybinių miškų urėdija	↑ 319,866	5.0%	↑ 149,005	34.3%	↑ 93,484	49.3%	↑ 340,998	2.1%	↑ 266,648	3.2%
 VĮ Registru centras	↓ 64,655	1.0%	↓ 8,368	1.9%	↓ 3,724	2.0%	↑ 73,491	0.4%	↓ 39,670	0.5%
 AB Lietuvos automobilių kelių direkcija	↑ 13,123	0.2%	↓ 921.4	0.2%	↓ 0	0.0%	↑ 3,547,385	21.7%	↑ 2,887,013	34.5%
 VĮ Regitra	↑ 27,347	0.4%	↑ 3,866	0.9%	↑ 4,423	2.3%	↓ 24,185	0.1%	↓ 16,211	0.2%

↑ Represents a positive change;

↓ Represents a negative change;



Company	Employees		Collegial supervisory and management bodies structure (01/07/2023)						ROE (%)
	Units	Share in portfolio, %	Management Board		Share in the Company, %	Supervisory Board		Share in the Company, %	
			Independent members	Total		Independent members	Total		
 AB Ignitis grupė	↑ 4,163	15.4%	0	5	0.0%	5	7	71.4%	↑ 14.7%
 UAB EPSO-G Group	↓ 1,271	4.7%	3	5	60.0%	-	-	-	↓ -17.0%
 AB Klaipėdos nafta	↓ 358	1.3%	4	5	80.0%	2	3	1	↑ -4.2%
 VĮ Ignalinos atominė elektrinė	↓ 1,604	6.0%	3	5	60.0%	-	-	-	↑ 26.1%
 AB Lietuvos geležinkeliai Group	↓ 6,126	22.7%	5	7	71.4%	-	-	-	↓ 0.1%
 AB Lietuvos paštas	↓ 3,031	11.2%	4	4	100.0%	-	-	-	↑ 16.3%
 AB Kelių priežiūra	↓ 2,204	8.2%	4	5	80.0%	-	-	-	↓ -3.7%
 AB Oro navigacija	↑ 287	1.1%	3	5	60.0%	-	-	-	↓ 4.5%
 AB Klaipėdos valstybinio jūrų uosto direkcija	↓ 225	0.8%	0	4	0.0%	3	5	60.0%	↓ 4.5%
 VĮ Lietuvos oro uostai	↑ 569	2.1%	4	5	80.0%	-	-	-	↑ 2.9%
 VĮ Valstybinių miškų urėdija	↓ 2,389	8.9%	3	5	60.0%	-	-	-	↑ 66.7%
 VĮ Registrų centras	↑ 1,606	6.0%	5	7	71.4%	-	-	-	↓ 19.9%
 AB Lietuvos automobilių kelių direkcija	↑ 293	1.1%	3	4	75.0%	-	-	-	0.0%
 VĮ Regitra	↑ 555	2.1%	3	5	60.0%	-	-	-	↑ 23.6%

# AB Ignitis grupė

www.ignitisgrupe.lt



## Electricity and thermal energy production, supply, import and export of electricity, trade and distribution and supply of natural gas, as well as maintenance and development of power economy

The Group consists of Ignitis gamyba, AB (share of interest – 100%), AB Energijos skirstymo operatorius (100%), Ignitis, UAB (100%) and its subsidiaries; UAB Elektroninių mokėjimų agentūra (100%), UAB Vilniaus kogeneracinė jėgainė (100%), UAB Kauno kogeneracinė jėgainė (51%), UAB Ignitis grupės paslaugų centras (100%), UAB Transporto valdymas (100%), UAB Gamybos optimizavimas (100%), UAB Ignitis renewables (100%) and its subsidiaries.

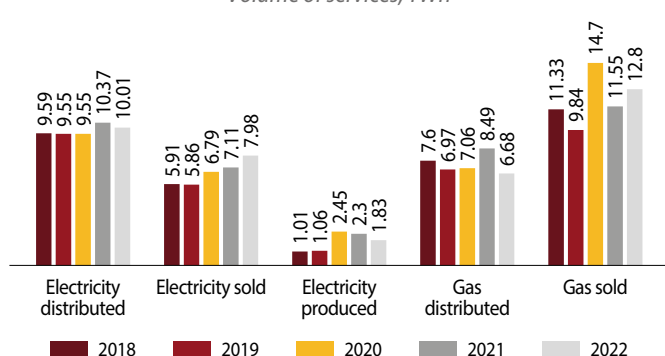
### MAJOR EVENTS:

- In April, the Group stopped buying natural gas from Gazprom in view of the Russian invasion of Ukraine and replaced it with LNG cargoes;
- In May, the GIPL gas pipeline connecting Lithuania and Poland became operational;
- In June, construction of wind turbines started at Mažeikiai WPP (63 MW);
- In July, the mass deployment of smart meters rolled out;
- In October, the third phase of liberalisation of the electricity market was postponed until the end of 2025;
- In November, an onshore WPP project (Plungė WPP) in Lithuania has been acquired with a potential capacity of up to 218 MW.

In implementing the expectations set out in the letter of expectations, the Group seeks to consistently improve the network reliability indicators - electricity and gas, SAIDI (Average duration of unplanned interruptions in electricity or gas transmission) and SAIFI (Frequency of unplanned interruptions per user). Over 2022, the Group's electricity SAIDI index changed from 201.95 min. to 178.73 min., while the SAIFI index increased from 1.45 units to 1.52 units. The gas distribution SAIDI index also decreased to 0.27 min. compared to 0.47 min in 2021 and the SAIFI frequency was approximately 0.003 units compared to approximately 0.006 units in 2021. In 2022, power quality indicators were negatively affected by extreme weather conditions and strong winds. The decrease in the SAIDI index is attributed to the increased number of installed automated solutions and the number of the prepared employees based on the weather conditions.

The amount of distributed electricity decreased by 3.5% in 2022 and reached 10.01 TWh. This negative change was mainly recorded in the private customer segment, with high energy prices being cited as the reason for this, which reduced consumption. The Group's electricity sales grew by 12.2% to 7.98 TWh due to higher sales to business customers in Lithuania, Latvia and Poland. Lower sales continued to be recorded for private customers due to the ongoing liberalisation of the electricity market in Lithuania. The volume of electricity produced decreased by 20.4% and reached 1.83 TWh. This change was mainly due to lower production at Elektrėnai CCU and Kruonis PSHP as a result of changes in market conditions, although this was partially offset by Pomerania WF and Kaunas HPP. The significant increase in natural gas prices has led to a reduction in gas consumption in favour of alternative fuels, resulting in a 21.3% decrease in the Group's gas allocation in 2022 to 6.68 TWh. The volume of natural gas sold amounted to 12.80 TWh, i.e. an increase of 10.8% or 1.25 TWh compared to 2021. The growth is mainly attributable to the efficient operation of the Lithuanian LNG terminal and profitable transactions with foreign customers. SAIFI and SAIDI for gas distribution improved due to the avoidance of significant outages.

Volume of services, TWh



The Group's main sources of revenue include four operating segments. In the reporting year, the revenue of the Customer Solutions segment, which includes electricity and gas trade activities, amounted to EUR 3,083.8 million and accounted for 69.1% of the Group's total revenue. Revenue in this segment more than tripled compared to the previous year. Revenue from the Networks segment, which accounted for 15.3% of the Group's total revenue, amounted to EUR 681.1 million. Green Production segment revenue was 10.3% or EUR 458.4 million, while Flexible Generation revenue was 5.4% or EUR 240.7 million.



Head of the Company  
Darius Maikštėnas

Chairperson of the  
Supervisory Board  
Alfonso Faubel

- ↑ Sales revenue increased by 131.1% to EUR 4.4 billion
- ↑ Net profit increased by 83.3% to EUR 293.4 million
- ↑ Dividends to the State grew by 5.9% to EUR 67.7 million

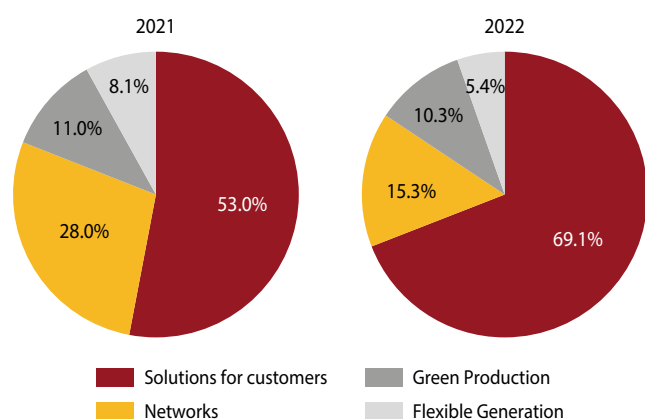
PROFIT (LOSS) STATEMENT (THOUSAND EUR)	2021*	2022*	CHANGE
Sales revenue	1,898,657	4,386,899	+131.1%
Cost of goods sold	1,380,882	3,608,723	+161.3%
<b>Gross profit (loss)</b>	<b>517,775</b>	<b>778,176</b>	<b>+50.3%</b>
Cost of sales	325,766	390,384	+19.8%
OPEX	174,600	220,000	+26.0%
Results of other activities			-
Net financial items	-16,097	-50,512	-213.8%
<b>Profit (loss) before taxes</b>	<b>175,912</b>	<b>337,280</b>	<b>+91.7%</b>
Corporation tax	15,815	43,845	+177.2%
<b>Net profit (loss)</b>	<b>160,097</b>	<b>293,435</b>	<b>+83.3%</b>
BALANCE SHEET (THOUSAND EUR)	31 DEC 2021*	31 DEC 2022*	CHANGE
<b>Non-current assets</b>	<b>2,867,375</b>	<b>3,249,138</b>	<b>+13.3%</b>
<b>Current assets</b>	<b>1,233,814</b>	<b>1 980 469</b>	<b>+60.5%</b>
Cash and cash equivalents	449,073	694,062	+54.6%
<b>Deferred charges and accrued income</b>	<b>156,999</b>	<b>42,046</b>	<b>-73.2%</b>
<b>Total assets</b>	<b>4,258,188</b>	<b>5,271,653</b>	<b>+23.8%</b>
<b>Equity</b>	<b>1,855,916</b>	<b>2,125,600</b>	<b>+14.5%</b>
<b>Grants and subsidies</b>	<b>279,134</b>	<b>296,804</b>	<b>+6.3%</b>
<b>Provisions</b>	<b>71,619</b>	<b>55,589</b>	<b>-22.4%</b>
<b>Amounts payable and other liabilities</b>	<b>1,801,819</b>	<b>2,388,533</b>	<b>+32.6%</b>
Amounts payable after one year and other non-current liabilities	1,211,959	1,544,250	+27.4%
<i>Financial liabilities</i>	1,164,352	1,468,350	+26.1%
Amounts payable within one year and other current liabilities	589,860	844,283	+43.1%
<i>Financial liabilities</i>	241,962	212,624	-12.1%
<b>Accrued expenses and deferred income</b>	<b>249,700</b>	<b>405,127</b>	<b>+62.2%</b>
<b>Total equity and liabilities</b>	<b>4,258,188</b>	<b>5,271,653</b>	<b>+23.8%</b>
RATIOS	31 DEC 2021	31 DEC 2022	CHANGE
ROA	3.9%	6.2%	+2.3 p. p.
ROE	8.7%	14.7%	+6.0 p. p.
D/E	+75.8%	79.1%	+3.3 p. p.
EBITDA	343,212	539,721	+67.0%
EBITDA margin	18.1%	12.3%	-5.8 p.p.
Net profit margin	8.4%	6.7%	-1.7 p. p.
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)	2021	2022	CHANGE
Awarded dividends (share of the State)	64,001	67,747	+5.9%
INFORMATION ABOUT EMPLOYEES	2021	2022	CHANGE
Number of employees	3,886	4,163	+7.1%
Average monthly salary of a manager (gross, EUR)**	15,038	16,516	+9.8%
INSTITUTION REPRESENTING THE STATE AND OTHER SHAREHOLDERS	OWNED SHARES		
The Republic of Lithuania, represented by the Ministry of Finance of the Republic of Lithuania			75.0%
Small investors			25.0%
MANAGEMENT (01/07/2023)			
<b>Head of the Company</b>	Darius Maikštėnas		
<b>Chairperson of the Board of Directors</b>	Darius Maikštėnas		
<b>Members of the Board of Directors</b>	Živilė Skibarkienė Jonas Rimavičius Vidmantas Saliotis Mantas Mikalajūnas		
<b>Chairperson of the Supervisory Board</b>	Alfonso Faubel***		
<b>Members of the Supervisory Board</b>	Judith Buss*** Bent Christensen*** Lorraine Wrafter*** Tim Brooks*** Aušra Vičkauskienė Ingrida Muckutė		

\* Compared to the Group's public disclosures, there may be inconsistencies in the data presented in this table (different distributions between rows) due to the presentation of the information according to different accounting standards.

\*\* Including remuneration for the position of Chairman of the Board of Directors

\*\*\*Independent member

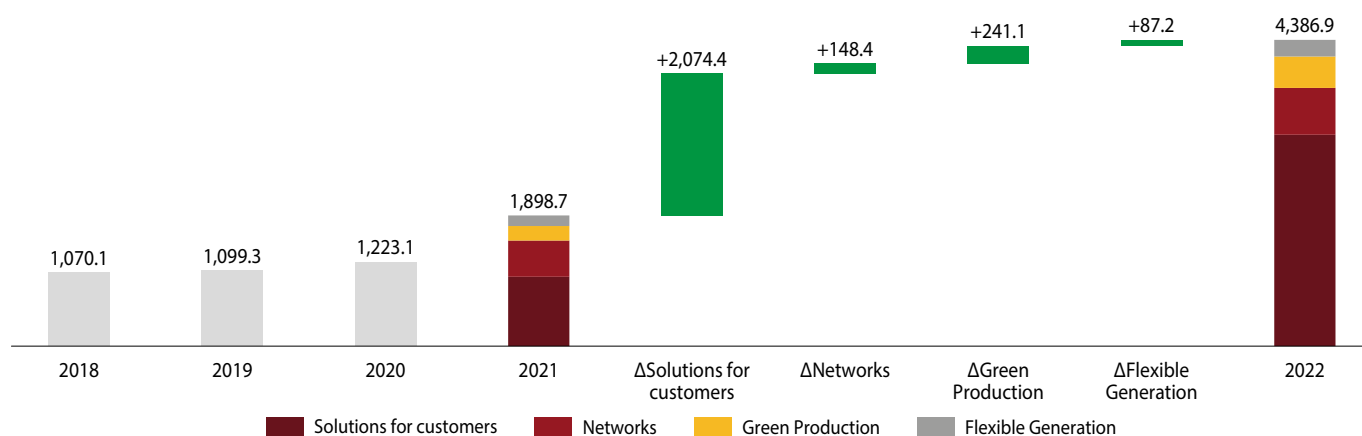
Group Revenue Structure



**In the reporting year, the Group's sales revenue increased by 131.1% and reached EUR 4.4 billion.** The growth was mainly driven by the following reasons:

- EUR 2,074.4 million higher revenue of the Customer Solutions segment, the growth of which was determined by increased revenue from electricity and gas activities mainly due to increased market prices and higher volumes of electricity and natural gas sold;
- EUR 241.1 million higher revenue of the Green Generation segment's across all technologies (wind, hydro, waste-to-energy), driven by higher electricity market prices, the signing of a new long-term electricity trading contract and the launch of Pomerania's WF, which will start commercial operations in December 2021.
- EUR 148.4 million higher revenue of the Network segment due to higher electricity distribution revenue as a result of the recovery of technology loss costs at the end of 2022. The increase was also driven by an increase in guaranteed supply revenue due to significantly higher electricity market prices.
- EUR 87.2 million higher revenue of the Flexible Generation segment. The increase was mainly driven by revenue from electricity reserve services to cover the costs incurred in relation to the natural gas reserve. Higher revenue from the commercial activities of the combined central unit (CCU) due to improved market conditions for production also contributed to the revenue growth.

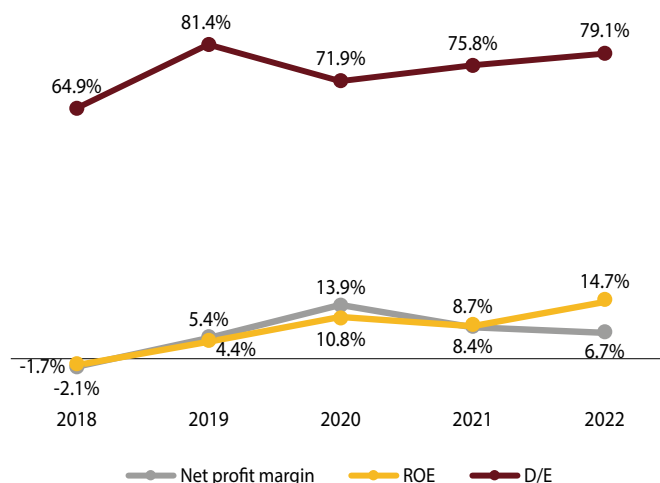
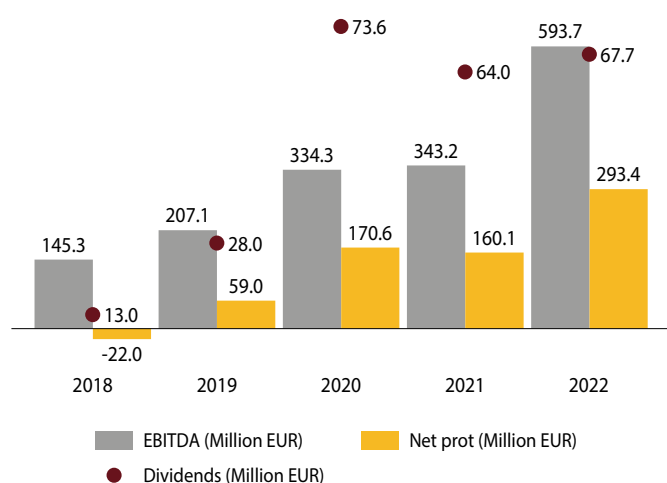
Sales revenue (Million EUR)



**The Group's operating costs increased by 134.3% and reached EUR 4 billion.** In the reporting year, the costs of electricity and natural gas purchases amounted to EUR 3.6 billion, which is 161.3% more than in 2021. The change was due to significantly higher market prices. Despite the significant increase in costs, sales revenue grew even faster, resulting in an **83.3% increase in the Group's net profit in 2022 amounting to EUR 293.4 million.** The improved performance resulted in a 57.3% increase in the Group's EBITDA, which amounted to EUR 539.7 million at the end of 2022. The change in net profit had a different impact on the Group's financial indicators: the net profit margin decreased by 1.7 percentage points to 6.7%, while

the return on equity grew by 6.0 percentage points to 14.7%, and the return on assets rose by 2.3 percentage points to 6.2%. **The Group's financial return, or dividends otherwise distributed to the State, amounted to EUR 67.7 million for 2022 results, an increase of EUR 3.7 million compared to 2021.**

The ratio of the Group's debt-to-equity (D/E ratio) has been growing – mainly due to ongoing investments. In the reporting year, this ratio increased by 3.3 percentage points to 79.1% due to the Group's long-term loans for the deployment of IT solutions for smart meters and for the refinancing of a subsidiary's loan and working capital.



**The Group's investments in 2022 amounted to EUR 521.8 million, which is 122.1% more than in 2021.** During the reporting period, the largest investments, amounting to EUR 268.1 million or 51.4% of all investments, were made to the Networks segment. Investments in this segment grew by EUR 76.9 million, driven by an increase in contractors' fees for connecting new customers and increasing capacity, as well as rising investments in the development of electricity distribution networks. The most significant growth was in the Green Production segment, with EUR 226.2 million, i.e. EUR 193.9 million more than in 2021. This







growth was mainly driven by investments in wind farms in Lithuania and Poland at Silesian WPP and Mažeikiai WPP and in biomass/waste-to-energy technologies, with the Vilnius CHP biomass unit being the main contributor.

In 2022, the Group received EUR 29.0 million in investment grants for 2022, the largest part of which (EUR 15.1 million) was allocated for the Vilnius CHP project and the maintenance of the electricity and natural gas distribution networks (EUR 13.9 million). At the end of 2022, the total balance amount of received grants reached EUR 296.8 million and was 6.3% higher than at the end of 2021.

# Companies managed by AB Ignitis grupė

Logo	Name and management (01/07/2023)*	Field of activity	Key performance indicators for 2022	Investments	Managed companies
	<b>AB Ignitis gamyba</b> Manager of the Company: Rimgaudas Kalvaitis Chairman of the Board: Vidmantas Salietis	Manages and develops strategically important power generation capacities in Lithuania – the Kruonis Hydro Accumulation Power Plant, the combined cycle unit and the reserve power plant in the Elektrėnai complex, the Kaunas Algirdas Brazauskas Hydroelectric Power Plant and the third thermal power plant in Vilnius.	In 2022, the Company's power plants generated and sold 38% less electricity compared to 2021. In total, the power plants operated by the Company generated 1.09 TWh of electricity in 2022 and 1.76 TWh in 2021. In 2022, Kruonis HAPPP sold 0.09 TWh and bought 0.06 TWh of balancing electricity. In 2022, the EC sold 0.003 TWh and bought 0.004 TWh of balancing electricity.	In 2022, the Company invested EUR 16.5 million.	-
		<b>AB Energijos skirstymo operatorius</b> Manager of the Company: Renaldas Radvila. Chairman of the Board: Nerijus Datkūnas	Distributes electricity and gas and maintains distribution networks, implements smart solutions to make the networks reliable and efficient, takes care of troubleshooting them and connecting new customers.  The Company owned 127.5 thousand km of electricity lines and operated 9.6 thousand km of gas distribution pipelines. In 2022, 10.01 TWh of electricity and 6.68 TWh of gas were distributed to the Company's customers, which was lower by 3.5% and 21.3%, respectively, due to lower consumption. The significant increase in natural gas prices has prompted business users to reduce their gas consumption, stop production or switch to alternative fuels, which has had an impact on natural gas distribution volumes. The decrease in distributed electricity was caused by the lower consumption by the household segment as a result of higher electricity market prices. The number of new gas connections and capacity additions fell by 40.9% due to higher gas prices. The smart electricity meter roll-out project started in 2022 and by the end of the year 210,000 units had been installed.	In 2022, the Company invested EUR 265.017 million in non-current assets.	-
	<b>UAB Ignitis renewables</b> Manager of the Company: Thierry Michel W Aelens Chairman of the Board: Jonas Rimavičius	The Company controls renewable energy projects in the Baltic States and Poland and is responsible for effective operation of active wind farms, maintenance of wind parks under construction and development of new parks	Renewables Group companies own four operational wind farms with a total capacity of 151 MW: there are 15 MW and 24 MW wind farms in Lithuania, an 18 MW wind farm in Estonia and a 94 MW wind farm in Poland. 4 new wind farms are under construction.	In 2022, the investment amounted to EUR 160.1 million	UAB EURAKRAS UAB Vėjo gūsis UAB Vėjo vatas UAB VVP Investment Pomerania Wind Farm sp. z o.o. UAB Ignitis renewables projektai UAB Ignitis renewables projektai 2 UAB Ignitis renewables projektai 3 UAB Ignitis renewables projektai 4 UAB Ignitis renewables projektai 5 UAB Ignitis renewables projektai 6 UAB Ignitis renewables projektai 7 UAB Ignitis renewables projektai 8 UAB Vėjo galia bendruomenėi UAB Plungės vėjo energija UAB Vėjas LT Tuuleenergia OU Ignitis Renewables Polska sp. z o.o. (owns 100% Ignitis Res Dev sp. z o.o.) Silesia1 Wind Farm Sp. z o.o. Silesia2 Wind Farm S.A. Ignitis renewables Latvia SIA IGN RES DEV1 SIA IGN RES DEV2 SIA IGN RES DEV3 SIA IGN RES DEV4 SIA IGN RES DEV5, SIA IGN RES DEV6, SIA IGN RES DEV7, SIA SP Venta, SIA CVE, SIA BRVE, SIA
	<b>UAB Ignitis</b> Manager of the Company: Artūras Bortkevičius Chairman of the Board: Vidmantas Salietis	Supplies electricity and natural gas to more than 1.4 million customers throughout Lithuania	According to the data of the National Energy Regulatory Council (hereinafter – NERC), at the end of 2022, in the business customer sector in Lithuania, UAB Ignitis had almost 47% of the electricity supply market and intends to maintain a similar market share in future. According to the Company's data, it supplies electricity to almost 25,000 business customers. In total, Ignitis will sell 6.18 TWh of electricity in Lithuania in 2022, of which 3.62 TWh will be sold to business customers and 2.57 TWh to private customers. Sales to business customers amounted to 1.12 TWh in Latvia and 0.41 TWh in Poland and Estonia combined. Ignitis has a 99.79% share of the gas supply market for private customers in Lithuania (NERC data of the first half of 2022). In the Lithuanian business customer segment, Ignitis is one of the 25 entities that supplied gas last year (NERC data of the first half of 2022). In the first half of 2022, Ignitis accounted for 48% of the Lithuanian retail natural gas market in terms of volumes of natural gas sold to business customers.	The total investment amounted to EUR 6.4 million in 2022.	Ignitis Eesti OÜ Ignitis Latvija SIA Ignitis Polska Sp. z o.o. Ignitis Suomi Oy



Logo	Name and management (01/07/2023)*	Field of activity	Key performance indicators for 2022	Investments	Managed companies
	<b>UAB Ignitis grupės paslaugų centras</b>  Manager of the Company: Irma Kaukienė Chairman of the Board: Živilė Skibarkienė	Internal service centre of Ignitis grupė. Focusing repetitive and supporting services or activities, functions or their parts, which the Group needs to compete quickly and efficiently (gain an advantage), save costs, gain synergy, improve quality, control, transparency, as well as have expertise and a competence centre capable of serving a global organisation.	The Company provides services of 8 service groups: IT, law, procurement, communications, accounting, people and culture, document management and asset management services.	In 2022, the Company's investments amounted to EUR 9.7 million.	-
	<b>UAB Elektroninių mokėjimų agentūra</b>  Manager of the Company: Gabrielė Lubytė Valdybos pirmininkas: Andrius Kavaliauskas	Takes care of the collection of payments for household services, such as electricity, gas, water, heating, home care, communication, waste removal and security, through the website eignitis.lt.	Currently, it is possible to pay all major utility service providers through the self-service website e.ignitis.lt, but the network of partners, the number of which currently reaches around 300, continues to expand.	The Company invested EUR 49,000 in the development of the Electronic Paying Agency (EPA) system in the reporting year.	-
	<b>UAB Vilniaus kogeneracinė jėgainė</b>  Manager of the Company: Mantas Burokas Chairman of the Board: Mantas Mikalajūnas	The only power plant in Lithuania that has both biofuel and waste boilers to produce heat and electricity. Vilnius CHP is capable of providing heat energy to almost half of Vilnius and will utilise municipal waste unsuitable for processing in the capital and Utena.	The objective of the Vilnius CHP project for the construction of a biofuel boiler house and a biofuel preparation farm is to construct a 169 MW heat and 73 MW electricity power plant that meets environmental requirements, within the scope, budget and timeframe set out in the project plan. The project implementation period is Q3 2016 – 2023. The total investment in the biofuel power plant project was EUR 270 million (including the LVPA grant for this project). The project is currently in the implementation phase, with service and works contracts in place. Key missing equipment for the preparation of the biofuel digester was delivered to the site, and the hydraulics retest of the boilers was successfully completed. Cold tests have started.	In 2022, EUR 63.7 million of investments were made in a biofuel power plant.	-
	<b>UAB Kauno kogeneracinė jėgainė</b>  Manager of the Company: Ramūnas Paškauskas Valdybos pirmininkas: Andrius Vilkauskas	Kaunas Combined Heat and Power Plant, one of the most modern in the Baltic States, uses electricity and heat to recycle unsuitable household and non-hazardous industrial waste left after sorting. The power plant can produce almost half of the heat required for Kaunas.	In 2022, the Company handled 209,000 tonnes of waste, generated 416 GWh of thermal energy (net) and 160 GWh of electricity (net).	EUR 0.2 million was invested in non-current assets in 2022	-
	<b>UAB Transporto valdymas</b>  Manager of the Company: Jurgita Navickaitė-Dedeliene	Takes care of vehicle rental, leasing, repair, maintenance, renewal and service.	The Company rents and maintains more than 1,100 vehicles, providing these services throughout the country.	In the reporting year, the Company's investments amounted to EUR 19 thousand.	-
	<b>UAB Gamybos optimizavimas</b>  Manager of the Company: Tomas Tumonis	Performs planning, optimisation, forecasting, trade and trade mediation activities of electricity and other energy resource production modes.	The main customers of the Company are Ignitis group companies AB Ignitis gamyba, UAB Kauno kogeneracinė jėgainė, UAB Vilniaus kogeneracinė jėgainė, wind farm companies.	In 2022, the Company did not implement investment projects.	-

\*More detailed individual company results can be found in the list of subsidiaries at the end of this report

#### MOST IMPORTANT EVENTS OF 2022:

- **AB Energijos skirstymo operatorius** (hereinafter – **ESO**) has started a large-scale deployment of smart electricity meters and by the end of the year had installed over 210,000 units.
- **UAB Ignitis Renewables** (hereinafter – **REN**) commercially launched the Pomerania Wind Park, launched the world's first B2C lease service for customers, started the construction of Silesia WPP1 (50 MW), and launched the development of Lithuania's first hybrid solar park (the Tauragė Solar Farm Project), with an output of 22 MW.
- **UAB Ignitis gamyba** (hereinafter – **IGG**) together with the TSO carried out the first in the Baltic States experiment on the joint operation of a KHPP and a 1 MW battery, which demonstrated the new possibilities for the integration of renewable energy sources, the successful completion of the 3rd stage of the development of the Obeniai Solar Farm, and the optimisation of the power management of the power plant of the zone of Units 1 to 6, which has made it possible to increase the efficiency and competitiveness of the Elektrėnai complex as well as to reduce the costs for power generation and the costs for maintenance and repair.
- **UAB Ignitis** (hereinafter – **IGN**) stopped purchasing natural gas from Gazprom and replaced it with LNG cargoes, and a decision was taken to discontinue a part of the provided services, i.e. installation of solar power plants for private customers, heat pump solutions for private customers, lighting retrofitting, and ESCO services for corporate customers, in order to devote attention and capacity on quality assurance, development and innovation of services of strategic importance.
- **UAB Vilniaus kogeneracinė jėgainė** (hereinafter – **VKJ**) resumed the construction of a biofuel power plant and also signed PPAs for the sale of electricity.
- **UAB Kauno kogeneracinė jėgainė** (hereinafter – **KKJ**) has signed a EUR 110 million loan agreement with Swedbank AB, which will be used to refinance the loan previously granted for the implementation of KKJ project.

The assets of the Enterprises managed by AB Ignitis grupė grew by 25.4% in the reporting year, bringing the value of the assets recorded in the balance sheet as at 31 December 2022 to EUR 5.3 billion. The investments made led to a rapid increase in

non-current assets of EUR 3.2 billion and current assets of EUR 2.0 billion. Around 40% of the total assets of these enterprises were assets managed by **ESO** (EUR 2.05 billion in 2022), which include high-value electricity distribution networks and other operational assets. **IGG**'s assets amounted to EUR 744.8 million and consisted mainly (EUR 416.4 million) of a combined cycle unit and a standby power plant, a hydroelectric power plant and a pumped storage power plant, as well as other non-current assets. The value of **IGN**'s assets under management on 31 December 2022 amounted to EUR 1.4 billion and was 74.7% higher than in 2021 due to an increase in current assets: the arrears of non-household customers for natural gas and electricity more than doubled (to EUR 498.9 million). The value of natural gas inventories grew by a factor of 2.5 (to EUR 378.8 million) due to price increases, while cash balances almost quadrupled (to EUR 306.6 million) due to an increase in the payments collected under the contracts with solar park developers for the acquisition, lease and servicing of remote solar power plants. In the reporting year, **VKJ** held assets worth EUR 368.1 million, almost all of which was the value of the CHP plant. **KKJ**'s assets under management amounted to EUR 198.0 million, 71% of which was accounted for by the value of the CHP plant. At the end of 2022, the renewable energy project manager **REN** recorded a 59.1% increase in assets, totalling EUR 530.9 million, of which 79.2% were non-current assets, such as renewable energy parks under management, investments in subsidiaries, and others.

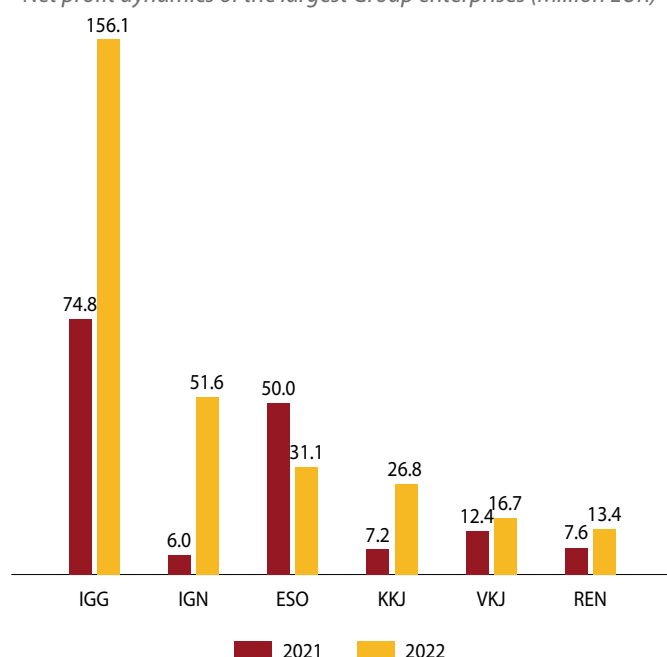
The total liabilities of the Group's managed companies grew by 31.0% to EUR 3.1 billion in 2022. A third of this amount (EUR 1.4 billion) was accounted for by amounts owed to **ESO**: 80% (EUR 856.9 million) of the Company's liabilities were accounted for by financial debts, which increased by almost one fifth. **IGN**'s liabilities grew by 67.4% during the year and amounted to EUR 1.3 billion: the balance of the parent company's loan amounted to EUR 371.0 million, the use of the overdraft facility and other short-term loans amounted to EUR 288.8 million, and the amount of fees payable, deposits and receivables from derivatives and accrued expenses and other amounts due totalled EUR 233.3 million. Accounts payable to **REN** increased by 64.2% to EUR 462.7 million in the reporting year, with the largest increase in long-

term loan balances. In the reporting year, IGG reduced its liabilities by around 30.6% to EUR 133.7 million, while accounts payable amounted to EUR 166.4 million for VKJ and EUR 110.7 million for KKJ.

**Absolutely all subsidiaries posted a profitable year-end in 2022, with a strengthening of the total capital base** – the total shareholders' equity of the entire AB Ignitis grupė grew by 14.5% to reach EUR 2.1 billion at the end of the year. Overall, the Group's managed companies generated an 83.1% increase in net profit in 2022, amounting to EUR 293.4 million as at 31 December 2022. This has been significantly influenced by the rise in energy prices, which has enabled companies to generate higher revenue: the accumulated revenue of all companies under management reached a record high of EUR 4.4 billion in 2022. The highest revenue growth was recorded in IGG's accounts, with revenues rising from EUR 997.2 million in 2021 to EUR 3.2 billion in 2022 as a result of higher gas and electricity prices. ESO's revenue grew by 27.7%, with the main reason for the revenue growth coming from the recovery of technology loss costs at the end of 2022 (incurred during 2022) due to higher electricity prices. This increase in revenue was partly offset by a decrease in gas distribution revenues (EUR -3.6 million). IGG increased its revenue by 81.1% and recorded revenue of EUR 535.6 million at the end of 2022. The cogeneration plants VKJ and KKJ earned EUR 42.3 million and EUR 59.4 million respectively in 2022. REN generated 154.8% more revenue, accounting for EUR 57.9 million in the reporting year, with the main reasons for the change in revenue coming from the launch of Pomerania's commercial operations in December 2021, the transfer of Tuuleenergia's shares to REN in December 2021, and the generally higher electricity market prices, as well as from the signing of the Power Purchase Agreements (PPAs) for the wind farms in Lithuania.

Of course, higher resource prices have also had a negative impact on the costs of the Group's managed companies, as well as the increased cost of materials, tools, repairs, etc. due to the disruption of global supply chains. All of this reduced the gross profit margin of some companies by 10.8 p. p. to 20.0%, but the increase in revenue offset the increase in cost and operating expenses, while the Group's subsidiaries collectively generated a 101.9% increase in operating profit in 2022 (EUR 387.8 million), and an 83.1% increase in net profit in the same year (EUR 293.4 million). IGG earned more than half of the annual accumulated result of all managed companies, with a net profit of EUR 156.1 million in 2022. ESO made a profit of EUR 31.1 million, REN – EUR 13.4 million, IGG – EUR 51.6 million and the CHP plants collectively – EUR 43.5 million.

Net profit dynamics of the largest Group enterprises (Million EUR)



ESO invested 40.9% more in the reporting year than in 2021, with total investments amounting to EUR 265.0 million for the expansion of the electricity network, as well as an increase in contract fees. In January–December 2022, the largest investment, i.e. EUR 141.7 million, was made in the expansion of the electricity network due to a higher number of new customer connections and capacity additions, as well as increased reconstructions due to the demand of new customers, which represents an increase of EUR 75.1 million, or 112.8%, compared to the same period in 2021. In addition, the increase is linked to the start of the mass roll-out of smart meters in July 2022 (EUR +20.6 million). Investment growth was also boosted by higher contractors' contract rates for new customer connections and power updates, which grew by 56% on average per customer. Investments in the development of the electricity grid accounted for 53.5% of the Company's total investments.

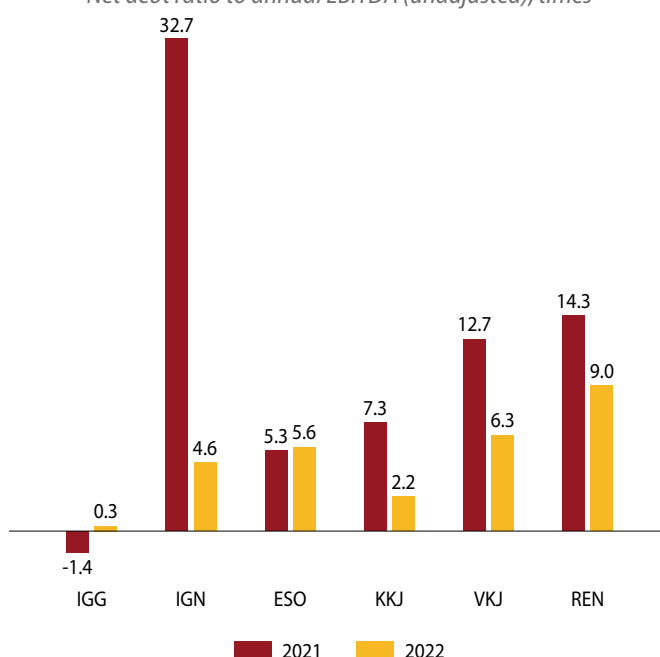
REN's 2022 investment amounted to EUR 160.1 million, an increase of EUR 143.1 million compared to 2021. The larger investments were mainly related to

Although the EBITDA profitability of the subsidiaries of AB Ignitis grupė decreased by 5.7 p. p. due to rising costs, the EBITDA earned was 57.3% higher and amounted to EUR 539.7 million at the end of the reporting year. IGG earned the highest EBITDA of EUR 201.5 million, mainly due to increased production at KHPP, the efficient use of Kruonis HAPP in the market, the improved performance of derivatives and the evolution of electricity prices in the market. ESO's EBITDA for the reporting year was 10.3% lower at EUR 150.6 million than in 2021, partly due to an increase of EUR +11.4 million in wage costs as well as to an increase in the cost of repairs and maintenance (which led to an increase of EUR +8.6 million in the cost of this group). However, after taking into account the impact of the new tariff component and the higher RAB, adjusted EBITDA for the reporting year amounted to EUR 167.1 million, an increase of 12.6%. IGG reported an EBITDA result of EUR 98.3 million, which was more than 6 times higher than in 2021, but after adjusting for the negative result from the electricity supply business and for the change in the value of the inefficient derivatives market, the adjusted EBITDA was almost half the 2021 figure at EUR 15.6 million. In 2022, REN's EBITDA was 149.9%, or EUR 24.2 million, higher than in 2021, mainly as a result of the factors that also contributed to the growth in the company's revenue and those already discussed above.

The significant increase in the net profit of the companies managed by AB Ignitis grupė resulted in an improvement in the ROE for the Group as a whole, which grew by 6.0 p. p. and reached 14.7% in the reporting year. IGG had a high return on capital – 38.6% (+18.1 p. p.), REN – 22.3% (+6.2 p. p.), IGG – 48.2% (+39.2 p. p.), KKJ – 43.9% (+26.1 p. p.), VKJ – 24.5% (+1.3 p. p.) and UAB Elektroninių mokymų agentūra – 27.3% (+7.2 p. p.).

Increasing investments by the Group's subsidiaries led to a slight increase in the debt-equity ratio by 0.3 percentage points to 155.4%. The most indebted, i.e. having more financial debt than capital at the end of 2022, were ESO – 127.8%, REN – 617.4%, IGG – 352.8%, VKJ – 202.0% and KKJ – 138.9%. However, after taking into account cash balances and annual EBITDA (unadjusted), the worst performers in terms of net debt to EBITDA were ESO (5.55 times), REN (9.0 times) and VKJ (6.3 times). Considering that ESO's ratio is not close to the threshold considered dangerous, REN is introducing new renewable energy projects, which will increase its revenue, and VKJ is increasing its capacity, which will have a positive impact on the growth of EBITDA. All the companies seem to be fully capable of servicing the financial liabilities they have assumed.

Net debt ratio to annual EBITDA (unadjusted), times



the construction of Mžeikiai WPP and Silesian WPP I, the newly acquired Silesian WPP II in Poland and the expansion of the Polish Solar Portfolio II. In addition, the investment formula has been retrospectively adjusted from the beginning of 2022 to include prepayments for non-current assets.

IGG's 2022 investments amounted to EUR 16.5 million, with the largest being the modernisation of the Combined Cycle Unit (CCU) and Units 7-8 of the Elektrėnai Power Plant (EUR 15.0 million in total, including an advance of EUR 13.2 million for the planned repairs of the CCU). IGG has invested EUR 1.8 million in IT systems. In 2022, UAB Ignitis paslaugų grupė also improved and strengthened its IT systems, investing EUR 9.7 million. In 2022, VKJ resumed the construction of the biofuel plant with a total investment of over EUR 63.7 million. KKJ purchased EUR 0.2 million of non-current assets in the past year – the number of modifications and improvements needed is decreasing year on year as the Company shifts from a design to a process-oriented operation.

# UAB EPSO-G Group

www.epsog.lt

The main activities of the Group are to ensure uninterrupted and stable transmission of electricity on high voltage networks, transportation of natural gas through high pressure pipelines, and to ensure the operation, maintenance and development of these transmission systems; to organise trading on exchanges of natural gas and biofuel.

The Group consists of the management company UAB EPSO-G (State share – 100%) and they are directly subordinated to AB Litgrid (controlled shares – 97.5%), UAB Baltpool (67.0%) and UAB Tetas (100.0%), UAB Energy cells (100.0%), AB Amber Grid (96.6%) and its subsidiary UAB GET Baltic (34.0%).

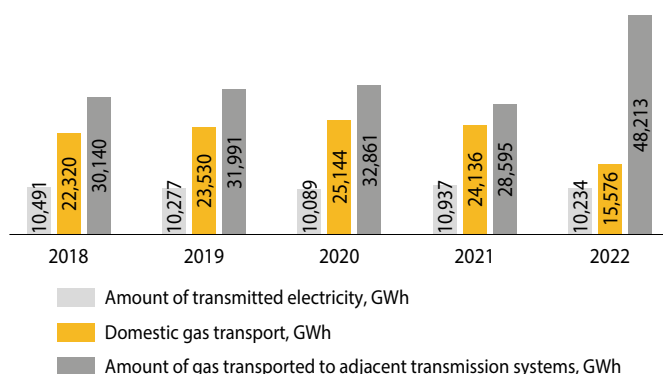
Special obligations: activities of the administration of PSO funds (the function is performed by UAB Baltpool, a subsidiary company of UAB EPSO-G); Implementation of the functions of the executor of the project for the installation of a physical barrier at the external border of the European Union with the Republic of Belarus.

## MAJOR EVENTS:

- On 27 January, the European Union Connecting Europe Facility (CEF) Coordination Committee awarded top marks to the joint application of the Transmission System Operators (TSOs) of Lithuania, Latvia, Estonia and Poland, paving the way for the largest possible contribution of EUR 170 million;
- On 2 April, Lithuania's gas transmission system started operating without Russian gas imports;
- On 15 April, Energy Cells, a Group company, was awarded EUR 87.6 million in funding from the EU's Recovery and Resilience Facility;
- On 5 May, the Lithuanian-Polish gas pipeline GIPL was officially inaugurated, breaking the energy isolation of the Baltic States and Finland and integrating the countries into the EU's common gas network;
- On 23 May, Nord Pool, the operator of the electricity exchange, decided to suspend the trading of Russian electricity by the companies of the Inter RAO group, which are the only ones importing electricity from Russia to the Baltic States. Since then, Russian electricity is no longer imported to Lithuania;
- On 1 June, EPSO-G launched a sustainability bond issue, raising EUR 75 million. This is the first sustainability-related bond issue in the Baltic States;
- On 29 June, Energy cells started the installation of the first battery parks in the Baltic States with the burial of a symbolic capsule;
- On 22 August, Mindaugas Keizeris has taken up the post of the General Director of EPSO-G;
- On 28 October, Litgrid has signed agreements with Danish and Finnish energy transmission operators Energinet and Fingrid for two 18.8% stakes in TSO Holding (37.6% in total). The entire shareholding was subsequently transferred to EPSO-G;
- On 7 December, Amber Grid completed the Enhancement of Latvia-Lithuania Interconnection (ELLI) project a year earlier;
- On 30 December, EPSO-G has signed the final deed of the Physical Barrier at the border with Belarus with the State Border Guard Service.

In 2022, 10,234 GWh of electricity was transmitted through high-voltage transmission networks to meet the needs of the country's population and businesses, which is 6.4% less than in 2021. Also during the reporting year, 15 576 GWh of natural gas was transported to Lithuanian consumers in gas distribution or directly connected consumer systems, i.e. the volume of transported gas decreased by 35.5%. The changes in both natural gas and electricity transmission were influenced by savings made by the population and businesses as a result of the rise in energy prices following Russia's invasion of Ukraine, and by the increase in the number of consumers generating electricity from renewable sources.

Gas transportation to adjacent transmission systems grew by 68.6% and amounted to 48,213 GWh. This change was also due to the war in Ukraine, the restriction and withdrawal of Russian natural gas across the region, and increased demand from the other Baltic States and Finland, which received 18.4 TWh of gas, i.e. 10 times more than in 2021. Since May, 6.4 TWh of gas has been transported to Poland through the GIPL pipeline. During the year 2022, 79.0% of the total amount of gas admitted to the consumers of Lithuania and other Baltic States (32.1 TWh) was served from the Klaipėda LNG terminal.



# EPSOG



**General Director**  
Mindaugas Keizeris

**Chairperson of the Board of Directors**  
Robertas Vyšniauskas

- ↑ The Company's sales revenue increased 62.7% to EUR 590.0 million
- ↓ The Group net loss was EUR 42.5 million compared to a net profit of EUR 39.8 million in 2021
- ↑ The value of assets at the end of 2022 increased by 48.1% and amounted to EUR 1.4 billion

PROFIT (LOSS) STATEMENT (THOUSAND EUR)	2021	2022	CHANGE
Sales revenue	362,910	589,967	+62.7%
Cost of goods sold	205,728	459,940	+123.6%
<b>Gross profit (loss)</b>	<b>157,182</b>	<b>129,984</b>	<b>-17.1%</b>
Cost of sales	112,382	176,685	+57.2%
General and administrative expenses	0	0	-
Results of other activities	307	43	-86.0%
Net financial items	-1,704	-3,019	77.2%
<b>Profit (loss) before taxes</b>	<b>43,096</b>	<b>-49,677</b>	-
Corporation tax	3,278	-7,162	-
<b>Net profit (loss)</b>	<b>39,818</b>	<b>-42,515</b>	-
BALANCE SHEET (THOUSAND EUR)	31 DEC 2021	31 DEC 2022	CHANGE
<b>Non-current assets</b>	<b>651,787</b>	<b>706,479</b>	<b>+8.4%</b>
<b>Current assets</b>	<b>310,819</b>	<b>719,249</b>	<b>+131.4%</b>
Cash and cash equivalents	41,284	248,096	+500.9%
<b>Deferred charges and accrued income</b>	<b>0</b>	<b>0</b>	-
<b>Total assets</b>	<b>962,606</b>	<b>1,425,728</b>	<b>+48.1%</b>
<b>Equity</b>	<b>271,598</b>	<b>227,774</b>	<b>-16.1%</b>
Grants and subsidies	0	0	-
<b>Provisions</b>	<b>5,672</b>	<b>4,857</b>	<b>-14.4%</b>
<b>Amounts payable and other liabilities</b>	<b>685,336</b>	<b>990,500</b>	<b>+44.5%</b>
Amounts payable after one year and other non-current liabilities	243,722	291,984	+19.8%
Financial liabilities	151,871	192,226	+26.6%
Amounts payable within one year and other current liabilities	441,614	698,516	+58.2%
Financial liabilities	109,922	27,309	-75.2%
<b>Accrued expenses and deferred income</b>	<b>0</b>	<b>0</b>	-
<b>Total equity and liabilities</b>	<b>962,606</b>	<b>1,425,728</b>	<b>+48.1%</b>
RATIOS	31 DEC 2021	31 DEC 2022	CHANGE
ROA	4.6%	-3.6%	-8.2 p. p.
ROE	15.8%	-17.0%	-32.8 p. p.
D/E	96.4%	96.4%	-
NET D/E	81.2%	-13.2%	-94.4 p. p.
EBITDA	79,639	-11,273	-
EBITDA margin	21.9%	-1.9%	-23.8 p. p.
Net profit margin	11.0%	-7.2%	-18.2 p. p.
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)	2021	2022	CHANGE
Awarded dividends (share of the State)	845	65	-92.3%
INFORMATION ABOUT EMPLOYEES	2021	2022	CHANGE
Number of employees	1,278	1,271	-0.5%
Average monthly salary of a manager (gross, EUR)	10,175	9,558	-6.1%
INSTITUTION REPRESENTING THE STATE	OWNED SHARES		
Ministry of Energy of the Republic of Lithuania	100.0%		
MANAGEMENT (1 JUL 2023)			
<b>General Director</b>	Mindaugas Keizeris		
<b>Chairperson of the Board of Directors</b>	Robertas Vyšniauskas*		
<b>Members of the Board of Directors</b>	Dainius Bražiūnas Asta Sungailienė* Liudas Liutkevičius* Tomas Daukantas		

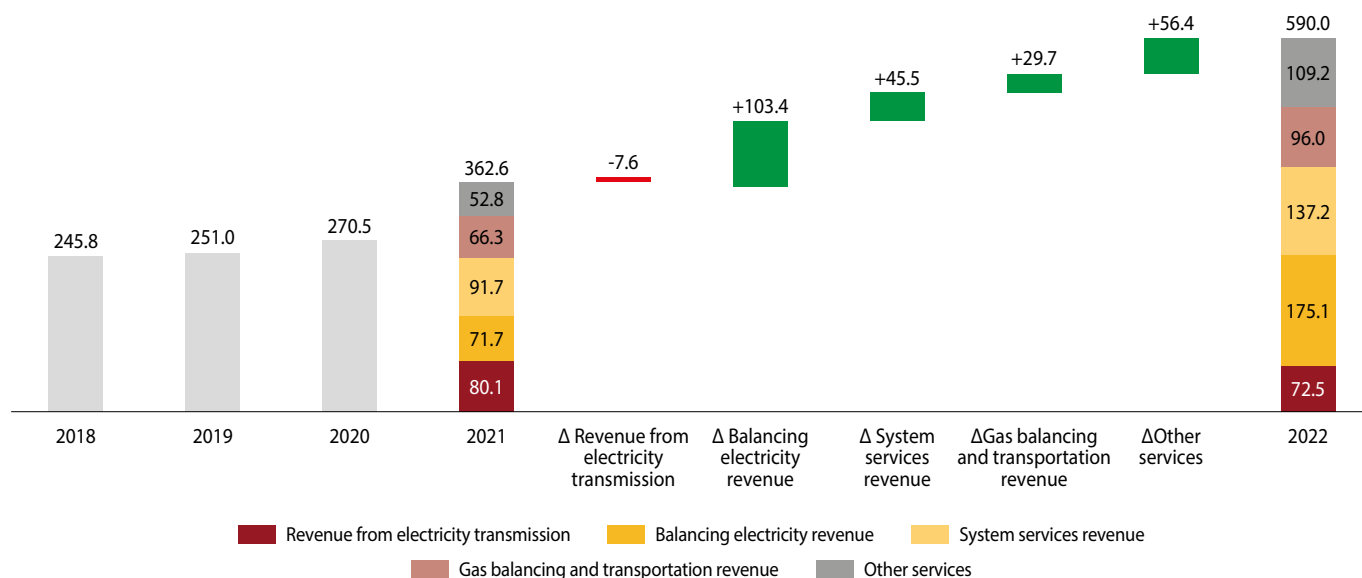
\*Independent member

In 2022, the volume of natural gas traded on the Get Baltic gas exchange in Lithuania, Latvia, Estonia and Finland decreased by 12.7% to 6,946 GWh due to the aforementioned geopolitical events in the region, high natural gas prices and a decrease in gas demand in the region. In 2022, 6,828 GWh of biofuels were traded on the Baltpool energy exchange, i.e. an increase of 18.1% compared to 2021. 8.4 thousand transactions were made on the exchange, amounting to almost EUR 532 million.

In 2022, the Group's sales revenue increased by 62.7% and amounted to EUR 589.9 million. Revenue from electricity transmission and related activities amounted to EUR 420.3 million in the reporting year, i.e. 55.3% higher than in 2021. The latter growth

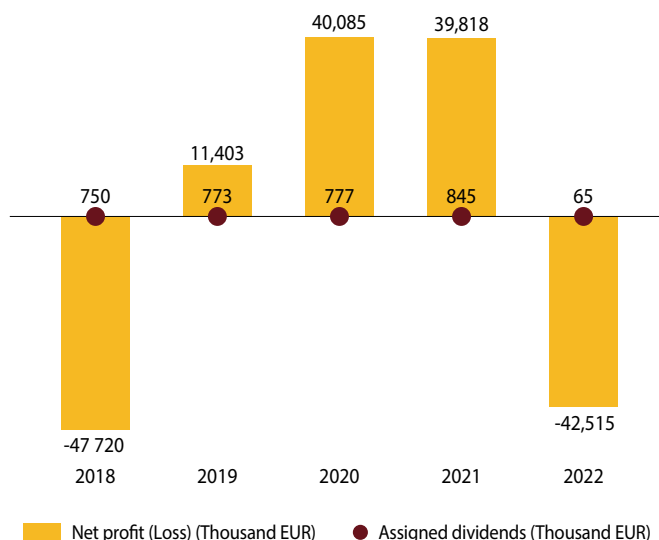
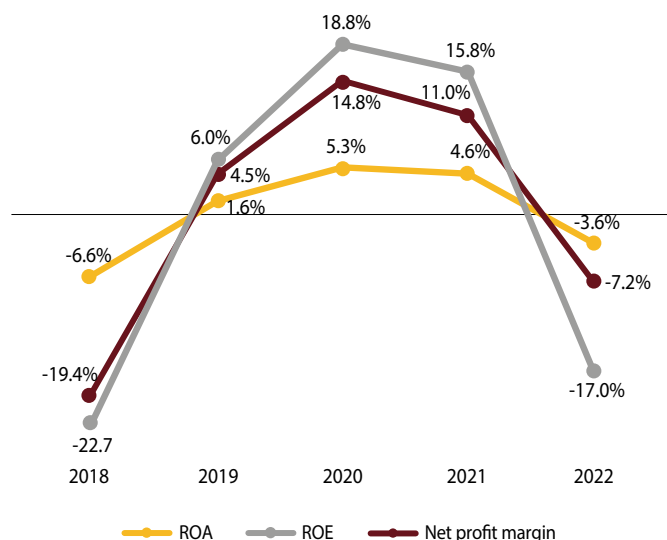
was driven by an increase in imbalance and balancing power revenue, which grew 2.4 times to EUR 175.1 million, and the growth of system services revenue by almost 50% to EUR 137.2 million. Revenue from gas transmission and related services and the organisation of natural gas trading amounted to EUR 98.3 million and increased by 43% in the reporting year. The growth was influenced by international gas flows transported through the Lithuanian gas system. The opening of the interconnector with Poland and the extension of the interconnector with Latvia have transformed the business into servicing cross-border gas flows in the region. The Group's other revenue amounted to EUR 71.3 million, the majority of which came from the implementation of a special obligation to build a physical barrier on the border with Belarus.

Sales revenue (Million EUR)



The Group's costs increased 2-fold in the reporting year, amounting to EUR 636.6 million. The largest share, i.e. 72.2% of total costs, was accounted for by the purchase of energy resources and related services. The increase in costs was mainly due to a significant increase in average energy prices. Depreciation costs increased by EUR 0.3 million and remained similar to 2021, but wage costs increased by 27.2%. A significant part of the costs was accounted for by the contracting and subcontracting of the physical barrier construction by Tetras, which accounted for 9.3% of the total cost structure, or EUR 59.1 million.

In 2022, the Group incurred a loss of EUR 42.5 million, compared to a profit of EUR 39.8 million the previous year. The Group's EBITDA was negative at EUR -11.3 million in the reporting year, mainly due to an almost 2.2-fold increase in the cost of purchasing electricity and related services and a 3.5-fold increase in the cost of natural gas and related services, which in turn was driven by the increase in the price of energy resources. The Group's losses led to a decline in profitability ratios: return on equity dropped significantly to -17.0% and net profit margin decreased by 18.2 percentage points to -7.2%.








The value of assets managed by the Group at the end of 2022 reached EUR 1,425.7 million, i.e. 48.11% more than at the end of 2021. The Group's non-current assets grew by 8.39% to EUR 706.5 million, while current assets more than doubled to EUR 719.3 million. The growth in non-current assets is linked to investments in electricity and natural gas transmission infrastructure and energy storage facilities. The significant increase in the value of current assets is attributable to prepayments by natural gas exchange participants due to the sharp increase in gas prices at the end

of the year, the collected but not yet paid PSO funds due to the high price of electricity, and the accumulated higher revenue from congestion receipts.

At the end of the reporting year, the Group's financial liabilities amounted to EUR 219.5 million, a decrease of 16.2% compared to 2021. In terms of investments, the Group's investments increased by EUR 63 million to EUR 175.2 million in 2022. In 2022, the Group's largest investments were in strategic projects of national importance (EUR 23 million), electricity storage facilities (EUR 53 million) and grid rehabilitation (EUR 37 million).



# Companies managed by UAB EPSO-G Group

Logo	Name and management (02/07/2023)*	Field of activity	Key performance indicators for 2022	Investments	Managed companies
	<b>AB Litgrid</b> General Director: Rokas Masiulis Chairman of the Board: Tomas Varneckas	Operator of the Lithuanian electricity transmission system, ensuring stable electricity flows and reliable electricity transmission to consumers.	The company maintains 6,966.8 km of high voltage lines and 236 transformer substations. In 2022, the amount of transmitted electricity reached 10,234 GWh.	In 2022, investments for EUR 56.2 million were made.	TSO Holding AS (39.6% as at October 2022; shares acquired by EPSO-G in November 2022)
	<b>AB Amber Grid</b> General Director: Nemunas Biknius Chairman of the Board: Dalius Svetulevčius	Lithuanian gas transmission system operator, which ensures safe and reliable transmission of natural gas to customers through high-pressure gas pipelines.	In 2022, the Company managed 2,288 km of main gas pipelines, increasing the number of system users by ~11% to 122. During the reporting year, 15,756 GWh of gas was transported to the internal discharge point, while 48,213 GWh of gas was transported to the adjacent transmission systems.	The Company invested over EUR 42.9 million in strengthening the gas transmission network.	UAB GET Baltic (100% in 2022, 34.0% from May 2023)
	<b>UAB Baltpool</b> General Director: Andrius Smaliukas Chairman of the Board: Ieva Kuodė	Licensed operator of the Lithuanian Energy Resources Exchange, with the right to organise centralised trade in biofuel products and heat energy auctions.	In 2022, transactions for the amount of EUR 253 million were concluded on the biofuel exchange, the volume of which reached 5.8 tWh. The transactions of the timber trade system amounted to 1.4 million cubic m for EUR 169.02 million. The budget for administered PSO funds also amounted to EUR 19.2 million in the reporting year.	In 2022, the Company did not implement investment projects.	-
	<b>UAB Tetas</b> General Director: Ramūnas Papinigis Chairman of the Board: Darius Kašauskas	Construction, repair and maintenance of engineering networks, i.e. electrical equipment up to 400 kV voltage, as well as construction of electrical substations.	During the reporting year, the Company provided services to business customers who were equipped with solar power plants with a capacity of more than 4MW. The Company has signed contracts for the construction of a 1.84 MWp solar power plant in Ignalina district, the connection of the 110/20 kV grid to the 4x50 MW BEKS substations in Alytus, Vinius, Šiauliai and Utena, the installation of a 220 kV 135 MVAR reactor in Denmark, etc.	In 2022, the Company made investments for EUR 0.3 million.	-
	<b>UAB Energy cells</b> General Director: Rimvydas Štilišis Chairman of the Board: Paulius Butkus.	The main activity is to provide the Lithuanian electricity transmission system operator LitGrid with the service of guaranteeing the electricity reserve necessary for the isolated operation of the electricity system.	The Company has set the price for the isolated working reserve service and has also concluded an isolated working reserve service contract with AB Litgrid.	In 2022, the Company invested EUR 33.3 million in electricity storage facilities.	-

\*More detailed individual company results can be found in the list of subsidiaries at the end of this report

## MOST IMPORTANT EVENTS OF 2022:

- **AB Litgrid** increased the level of implementation of the strategic synchronisation project programme to 51.5%, and approved a new development plan for the 400-110 KV grids of the Lithuanian energy system. On 23 May 2022, imports of electricity from Russia were stopped;
- **UAB Tetas** has installed more than 200 km of physical barrier on the territory of the Republic of Lithuania at the external border of the European Union with the Republic of Belarus;
- **UAB Baltpool** has introduced a new product SM3D (dry logging residues) to trading on the exchange, and has started a new unregulated activity, i.e. intermeditation to exchange participants for factoring services;
- Since 2 April, **AB Amber Grid** has completely switched away from importing Russian gas, with the Klaipėda LNG terminal supplying all of its natural gas needs, while the GIPL pipeline connecting Lithuania and Poland became operational in May. The completion of the ELLI project, a year ahead of schedule, has increased the pipeline's capacity with Latvia by one third;
- **UAB Energy Cells** has started the installation and testing of the energy storage system;
- On 1 February, **UAB GET Baltic** commenced the selection of a strategic

partner, which was successfully finalised in May 2023 with the acquisition of a 66% stake in EEX AG.

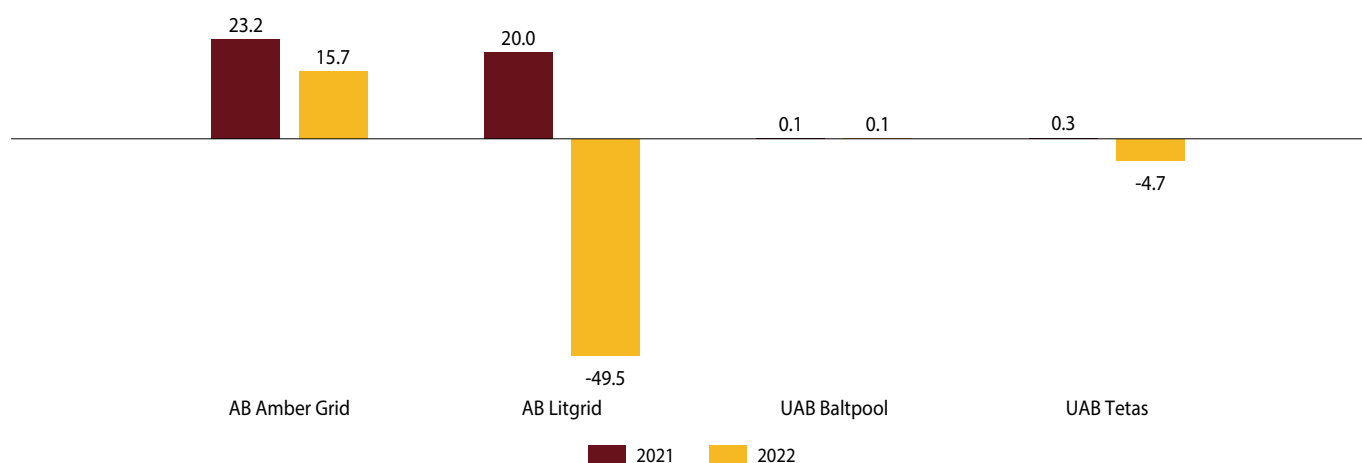
At the end of 2022, **UAB EPSO-G** managed 5 subsidiaries, which collectively accounted for assets worth of EUR 1.5 billion, an increase of 46.2% compared to 2021. The investments made have partially amortised the significant depreciation costs of non-current assets, resulting in only a marginal increase of 6.0% in the value of non-current assets at the end of 2022. Non-current assets managed by the two subsidiaries **AB Amber Grid** and **AB Litgrid**, i.e. operators of gas and electricity transmission systems, accounted for 97.7% (EUR 676.1 million) of the total non-current assets. Total current assets more than doubled in the Group companies, accounting for 53.8% of total assets on the balance sheet. Such rapid dynamics was mainly influenced by a EUR +188.4 million increase in the balance of the loan granted by **AB Litgrid** to the parent company under a cash-pool borrowing agreement, the inclusion of the shareholding of the downstream company **UAB GET Baltic** in current financial assets held by **AB Amber Grid** (as a result, **AB Amber Grid**'s current assets grew from EUR 108.1 million in 2021 to EUR 256.2 million in 2022), as well as an increase of EUR +56 million in the balance of PSO funds administered by the energy exchange operator **UAB Baltpool**.

The increase in energy prices and the related increase in the cost of technological losses more than doubled the operating loss of **AB Litgrid** (loss

for the reporting year amounted to EUR 49.5 million), which consequently had the largest negative impact on the total equity base of the Group's subsidiaries, which declined by 12.4% to EUR 354.2 million at the end of 2022. Other subsidiaries also ended the reporting year with a loss: UAB Tetras, which generated a net profit of EUR 0.38 million in 2021, incurred a significant loss of EUR

4.7 million in 2022, mainly due to the rapid increase in the cost of subcontracting and the cost of materials used, while UAB Energy Cells incurred an annual loss of EUR 0.51 million. An almost 75% increase in AB Amber Grid's operating costs reduced the company's profitability indicators, resulting in a net profit for the year of EUR 15.7 million, i.e. 32.5% lower than in the previous reporting period.

Overall net profit dynamic of the companies belonging to the Group (Million EUR)



The liabilities of the subsidiaries managed by the UAB EPSO-G Group grew by 85.2% or EUR 495.1 million overall, mainly due to an approximate 4-fold increase in the current payables of AB Litgrid as a result of an increase in the short-term portion of the repayable portion of the accumulated congestion funds, as well as an increase in the amount of EUR 202.6 million recorded in the Group's liabilities to be transferred to AB Amber Grid, which is attributable to the sale of the shareholding in the expected sale of the downstream company UAB GET Baltic.

Overall, the Group's subsidiaries' financial liabilities decreased by almost 12% to EUR 163.1 million in 2022, with more than two-thirds of the Group's financial liabilities coming from long-term loan balances. Almost all of the Group's subsidiaries have successfully reduced their reliance on financial debt, with the most significant changes recorded in AB Litgrid, which covered EUR 24.1 million of loans to financial institutions, and AB Amber Grid, which reduced its financial debt burden by EUR 11.6 million in the reporting year, or from a total balance of EUR 94.7 million in 2021 to EUR 83.1 million in the reporting year.

Revenue the companies managed by the Group increased by 60.7% in the reporting year, reaching EUR 597.3 million. As usual in previous periods, in 2022 the largest revenue generator was AB Litgrid, which generated 55.3% more revenue than in 2021 (EUR 420.3 million), as the average selling price increased by 2.5 times, while revenue from imbalance and balancing power increased by 2.4 times, respectively, while AB Amber Grid's revenue also grew significantly by 42.3% to EUR 97.6 million at the end of the reporting year due to higher gas transportation volumes and higher gas prices. UAB Tetras earned EUR 78.8 million, UAB Baltpool earned EUR 1.5 million while UAB Energy Cells earned just EUR 93 thousand. Unfortunately, the energy price crisis and the disruption in the supply chain, which led to an increase in the cost of some services and materials, resulted in a total loss of EUR 38.9 million. As already mentioned, AB Litgrid incurred the largest loss among the companies managed by the Group, resulting in a very negative result for the Group as a whole.

A significantly weaker financial year for the Group's subsidiaries resulted in negative ROE and ROA ratios, however, the two companies that finished the year profitably, i.e. AB Amber Grid and UAB Baltpool, also recorded a decrease in

their returns: ROE were 8.7% and 11.2% respectively, while and ROA – 4.7% and 0.1% respectively. Despite the less profitable year, the companies managed by the Group have collectively allocated to all their shareholders a dividend payment for 2022 results almost 3 times higher than for 2021, i.e. EUR 12.5 million (EUR 5.0 million for the results of 2021).

The reported operating results, both negative EBITDA and net profit, were mainly due to temporary regulatory variances caused by price and volume deviations due to the energy price crisis from those used to determine the revenues of regulated activities. Under the price regulation methodology, these differences will be compensated for in the determination of the revenue of the regulated activities in future periods.

Recalculations of regulated revenue, cost and profitability indicators are made for temporary regulatory deviations from the regulated profitability approved by NERC. The calculation of the adjusted figures takes into account the adjustment of the revenue from prior periods, which has already been approved by the NERC decision for the purpose of setting the regulated prices for transmission services for the reporting period, and takes into account the deviation between the profitability approved by the NERC for the reporting period and the actual profitability, which will be taken into account by the NERC in setting the transmission tariffs for the following period. • Adjusted EBITDA in 2022: EUR 63.4 million (EUR 65.2 million in 2021). • Adjusted net profit in 2022: EUR 21.4 million (EUR 27.8 million in 2021). • Adjusted average annual return on equity (ROE) in 2022: 7.6% (11.3% in 2021).

Total investments by the Group's subsidiaries amounted to almost EUR 100 million. Following the completion of the GIPL pipeline construction and the CBCA contribution of EUR 27.5 million calculated as a non-current asset, AB Amber Grid's investments in 2022 decreased by 6% to EUR 42.9 million, of which about 73% consisted of the refurbishment and upgrading of existing non-current assets. In the reporting year, AB Litgrid made investments amounting to EUR 56.2 million, a large part of which was spent on the reconstruction of the 330kV overhead line between Lietuvos elektrinė and Alytus, the reconstruction of switchyards, as well as the construction of several new transmission lines.



# AB Klaipėdos nafta

www.kn.lt



AB Klaipėdos nafta is a listed company in the Lithuanian energy sector, which manages oil and LNG cargo loading terminals and a small-scale LNG distribution station in Klaipėda, provides long-term storage services for oil products at the oil terminal in Subačius (Kupiškis District), and develops international LNG projects.

AB Klaipėdos nafta holds 100% of the shares of UAB SGD Logistika and 100% of the shares of UAB SGD terminalas.

## MAJOR EVENTS:

• **On 6 May**, the first LNG cargo ordered by the Polish energy group PGNiG (belonging to the ORLEN Group from 2 November 2022) was delivered to the Klaipėda LNG terminal. The arrival of almost 150,000 m<sup>3</sup> of LNG from the USA marks an important step towards further integration of gas markets and strengthening energy security in the region.

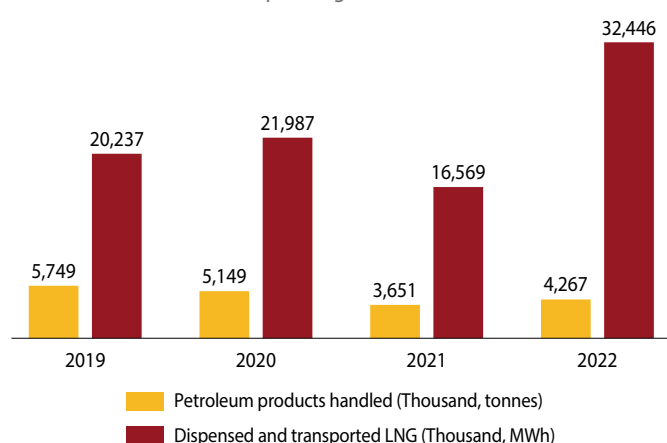
• **On 5 October**, the Company notified HÖEGH Group companies that it was exercising its option to acquire the Independence floating storage and regasification unit (FSRU). After fulfilling all the option conditions specified in the vessel lease agreement, the Company will acquire the FSRU no later than by 6 December 2024. Until then, the Company will continue to lease the FSRU under the same terms.

• **On 30 December**, AB Klaipėdos nafta and the public enterprise Lithuanian Energy Agency signed a contract for the provision of storage, storage and management services for light petroleum products (diesel and gasoline) owned by the State of Lithuania at the Subačius Oil Terminal. The contract entered into force on 1 January 2023 and is valid for 10 (ten) years.

During the reporting year, the Company's oil terminals in Klaipėda and Subačiai handled 16.9% more petroleum products which amounted to 4 267 thousand tonnes. The Group's oil terminals' volumes were influenced by the geopolitical, supply and demand factors, as well as by the prices of energy resources. The new customers attracted resulted in an increase in petrochemical shipments, which were 3 times higher than in 2021. Meanwhile, tanker deliveries of petroleum products (diesel and petrol) were 20% higher in 2022 than a year earlier. Bitumen loading has started and has been successfully carried out using the tanks refurbished in 2021. Bitumen handling at Klaipėda Oil Terminal accounted for about 22% of the total bitumen handling in the terminal market in the Baltic States and the Gulf of Finland (Russia). The variety of oil products handled at the Klaipėda Oil Terminal has been increased by the introduction of Lithuanian crude oil in the first half of 2022. Biofuel handling continued to grow, with 4% more biofuels handled in the reporting year compared to 2021.

The LNG terminal, which started its dispensing operations on 27 November 2014, will dispense and transport 32,446 thousand MWh of LNG in 2022, i.e. 95.8% more than in 2021. 2022 was a record year for the LNG terminal, with 54 LNG carriers arriving at the LNG terminal last year. In the reporting year, the LNG terminal in Klaipėda was used by six consumers from Estonia, Poland, Norway and Lithuania. From 2023, a new terminal user from Latvia will start using the terminal's services. In 2022, Lithuania consumed about 15.6 TWh of natural gas and 79% of all natural gas imported into the system of the Lithuanian transmission system operator AB Amber Grid came from the Klaipėda LNG terminal. In the reporting year, the average utilisation of Klaipėda LNG terminal reached 72.0% (37.0% in 2021), while, according to GIE ALSI data, the average utilisation of LNG terminals in Europe was about 64.0% (39% in 2021).

Operating volumes



In 2022, the Group's sales revenue amounted to EUR 77.8 million, an increase of 25.9% compared to 2021. The regulated operating revenue



General Director  
Darius Šilenskis

Chairperson of the  
Supervisory Board  
Robertas Vyšniauskas

- ↑ The LNG terminal degassed and overloaded 95.8% more resources than in 2021
- ↑ The Group's sales revenue grew by 25.9% to EUR 77.8 million
- ↑ Cost of sales decreased by 86.4% and reached EUR 8.4 million

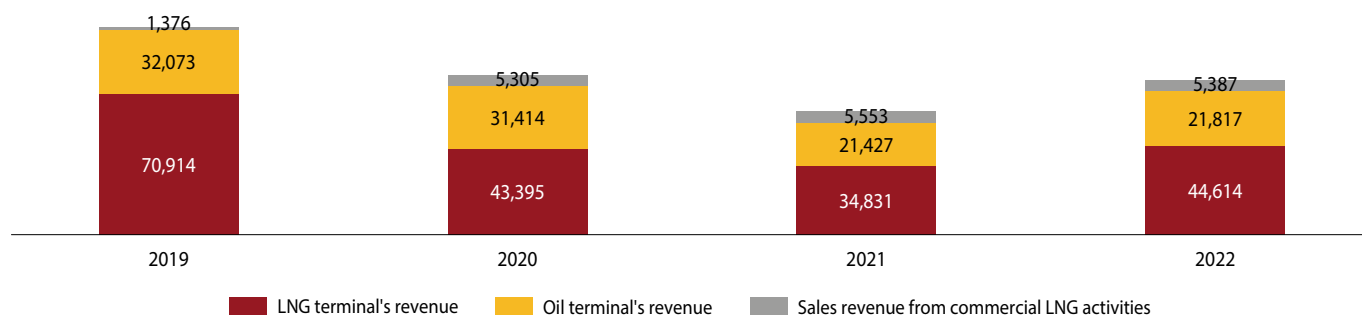
PROFIT (LOSS) STATEMENT (THOUSAND EUR)	2021	2022	CHANGE
Sales revenue	61,811	77,818	+25.9%
Cost of goods sold	53,109	57,703	+8.7%
<b>Gross profit (loss)</b>	<b>8,702</b>	<b>20,115</b>	<b>+131.2%</b>
Cost of sales	61,928	8,432	-86.4%
General and administrative expenses	0	0	-
Results of other activities	61	510	+736.1%
Net financial items	-22,602	-19,093	+15.5%
<b>Profit (loss) before taxes</b>	<b>-75,767</b>	<b>-6,900</b>	<b>+90.9%</b>
Corporation tax	-11,756	-996	+91.5%
<b>Net profit (loss)</b>	<b>-64,011</b>	<b>-5,904</b>	<b>+90.8%</b>
BALANCE SHEET (THOUSAND EUR)	31 DEC 2021	31 DEC 2022	CHANGE
<b>Non-current assets</b>	<b>493,240</b>	<b>481,050</b>	<b>-2.5%</b>
<b>Current assets</b>	<b>78,841</b>	<b>92,883</b>	<b>+17.8%</b>
Cash and cash equivalents	61,517	72,423	+17.7%
<b>Deferred charges and accrued income</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Total assets</b>	<b>572,081</b>	<b>573,933</b>	<b>+0.3%</b>
<b>Equity</b>	<b>144,713</b>	<b>139,100</b>	<b>-3.9%</b>
<b>Grants and subsidies</b>	<b>5,771</b>	<b>5,468</b>	<b>-5.3%</b>
<b>Provisions</b>	<b>3,596</b>	<b>5,663</b>	<b>+57.5%</b>
<b>Amounts payable and other liabilities</b>	<b>418,001</b>	<b>423,702</b>	<b>+1.4%</b>
Amounts payable after one year and other non-current liabilities	360,181	358,142	-0.6%
<i>Financial liabilities</i>	359,474	357,573	-0.5%
Amounts payable within one year and other current liabilities	57,820	65,560	+13.4%
<i>Financial liabilities</i>	47,554	51,815	+9.0%
<b>Accrued expenses and deferred income</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Total equity and liabilities</b>	<b>572,081</b>	<b>573,933</b>	<b>+0.3%</b>
RATIOS	31 DEC 2021	31 DEC 2022	CHANGE
ROA	-10.5%	-1.0%	+9.5 p. p.
ROE	-35.5%	-4.2%	+31.3 p. p.
D/E	281.3%	294.3%	+13.0 p. p.
EBITDA	-27,519	34,857	-
EBITDA margin	-44.5%	44.8%	-
Net profit margin	-103.6%	-7.6%	+96.0 p. p.
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)	2021	2022	CHANGE
Awarded dividends (share of the State)	0	0	-
INFORMATION ABOUT EMPLOYEES	2021	2022	CHANGE
Number of employees	375	358	-4.5%
Average monthly salary of a manager (gross, EUR)	10,427	10,133	-2.8%
INSTITUTION REPRESENTING THE STATE AND OTHER SHAREHOLDERS	OWNED SHARES		
Ministry of Energy of the Republic of Lithuania			72.5%
UAB KONCERNAS ACHEMOS GRUPĖ			10.4%
Other shareholders			17.1%
MANAGEMENT (1 JUL 2023)			
<b>General Director</b>	Darius Šilenskis		
<b>Chairperson of the Supervisory Board</b>	Robertas Vyšniauskas*		
<b>Members of the Supervisory Board</b>	Mantas Šukevičius* Dovilė Kavaliaukienė		
<b>Chairperson of the Board of Directors</b>	Edvinas Katilius*		
<b>Members of the Board of Directors</b>	Guy Mason* Jūratė Lingienė* Alfonso Morriello* Karolis Švaikauskas		

\*Independent member

of the LNG terminal increased by 28.1% to EUR 44.6 million. In total, the sales revenue of oil terminals in 2022 was 29.8% higher and amounted to EUR 27.8 million. This increase in revenue was due to a 16.9% or 616 kt increase in the handling of petroleum products. However, when analysing the period 2019-2022, the oil terminal's revenue in 2022 was 13.3% lower compared to

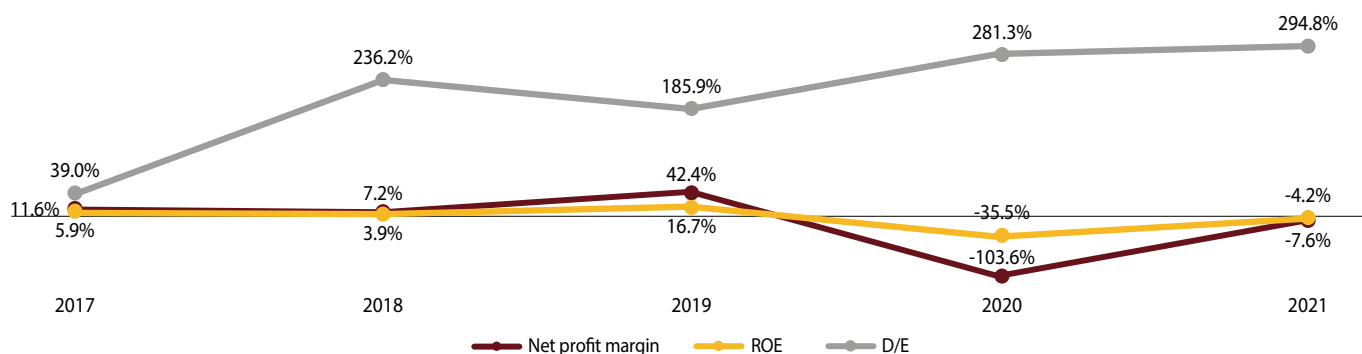
2019. In the reporting year, sales revenue from commercial LNG activities decreased by 3.0% to EUR 5.4 million. **In 2022, revenue from customers registered in Lithuania accounted for 71.7%, down 14.5 percentage points from 2021.** Revenue from foreign customers increased 2.6-fold to EUR 22.0 million compared to EUR 8.5 million in 2021.

Sales revenue structure of AB Klaipėdos nafta (Thousand EUR)



**In the reporting year, the Group's operating costs decreased by 42.5% and reached EUR 66.1 million.** Cost of sales, which accounted for 87.3% of the Group's total costs, increased by 8.7% to EUR 57.7 million. The increase in cost price was due to higher variable costs (natural gas, electricity, rail services) as well as higher costs related to the lease of the LNG carrier's regasification facilities and higher costs of emission allowances and environmental pollution tax. The rest of the costs, which made up the operating costs, fall by a factor of 7.3 from EUR 61.9 million to EUR 8.4 million in 2022. This change is due to an impairment of EUR 54.3 million recognised in 2021.

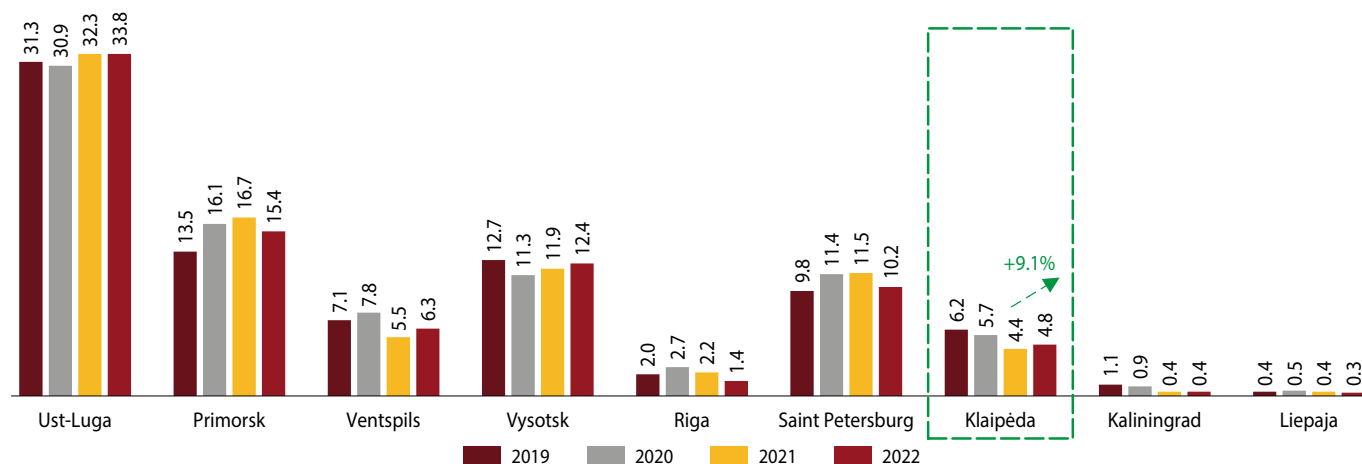
**The previously listed changes in revenue and costs resulted in a net loss for the Group of EUR 5.9 million. Although there was no net profit in the reporting year, the loss was reduced by more than 10 times.** The Group's EBITDA for the reporting year amounted to EUR 34.9 million compared to EUR 27.6 million a year earlier. The financial results also had a positive impact on profitability indicators: although still negative, the net profit margin increased significantly to -7.6% and the return on equity rose by 31.3 percentage points to -4.2%. **The Group's financial liabilities to equity ratio continued to increase and stood at 294.3% at the end of the reporting year, 13.0 percentage points higher than at the end of 2021.** The increase was mainly driven by an increase in short-term financial debts.



Ports on the eastern Baltic coast (excluding Estonian ports), which are considered to be the Company's main competitors, according to statistics, handled about 90.1 million tonnes of oil products in 2022. Compared to the cargo handling volumes of 92.7 million tonnes in 2021, the cargo handling decreased by 2.8% during the reporting period. Although in the reporting year the handling of petroleum products in the port of Klaipėda increased by 9.1% compared to 2021, it still did not reach the level of 2019, when the handling of petroleum products reached

6.2 million tonnes. The neighbouring port of Riga in Latvia has been experiencing falling handling volumes by 27.0% on average per year since 2021, suggesting that it is losing its position in the market. In the period 2019-2022, the total volume of transshipment of petroleum products through Lithuanian and Latvian ports decreased by 18.0%. The share of Russian ports in the total transshipment market for petroleum products on the eastern Baltic Sea coast increased from 78% to 80%, influenced by higher cargo volumes at Ust-Luga and Vysotsk ports.

Transshipment of oil products in the ports of the eastern coast of the Baltic Sea (million tonnes)





# UAB SGD logistika

The Company did not earn LNG transportation revenue in 2022.

**The Company incurred costs of EUR 10.5 thousand in the reporting year, a decrease of 7.1% compared to 2021.** This change is due to the absence of tax costs from other activities that the Company incurred in 2021.

A 5 times higher increase in revenue from financial and investment activities enabled the Company to earn a net profit of EUR 653.4 thousand compared to a net profit of EUR 120.4 thousand a year earlier.

The total book value of the Company's assets under management increased by 15.7%. **The largest share of total assets was represented by funds in banks, amounting to EUR 4.7 million, which increased by 28.4% during the reporting year.**

The Company had no financial liabilities.

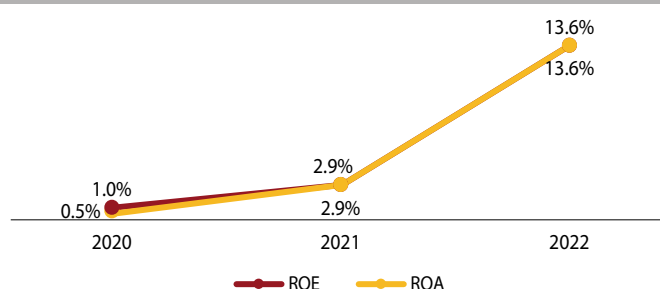
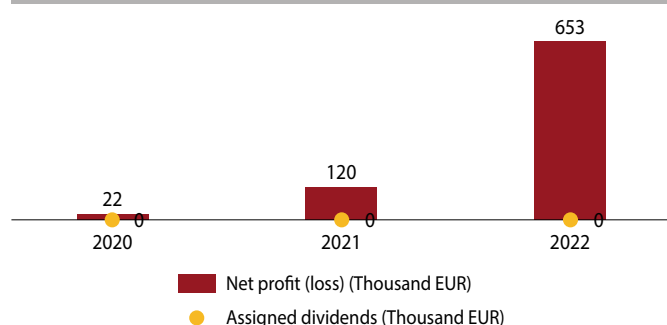
The net profit earned had a positive impact on the Company's financial return indicators, with the return on equity and assets increasing by 11.7 percentage points to 14.6%.

↑ The net profit of the Company increased 5 times to EUR 653.0 thousand.

↑ Cash funds increased by 28.4% to EUR 4,665.3 thousand.

↑ The Company's ROA and ROE grew by 11.7 p.p. to 14.6%.

PROFIT (LOSS) STATEMENT (THOUSAND EUR)	2021	2022	CHANGE
Sales revenue	0	0	-
Cost of goods sold	0	0	-
<b>Gross profit (loss)</b>	<b>0</b>	<b>0</b>	-
Cost of sales	0	0	-
General and administrative expenses	11	11	-
Results of other activities	0	0	-
Net financial items	132	664	+402.6%
<b>Profit (loss) before taxes</b>	<b>121</b>	<b>653</b>	<b>+440.9%</b>
Corporation tax	0	0	-
<b>Net profit (loss)</b>	<b>120</b>	<b>653</b>	<b>+440.9%</b>
BALANCE SHEET (THOUSAND EUR)	31 DEC 2021	31 DEC 2022	CHANGE
<b>Non-current assets</b>	<b>151</b>	<b>151</b>	-
<b>Current assets</b>	<b>4,012</b>	<b>4,665</b>	<b>+16.3%</b>
Cash and cash equivalents	3,634	4,665	+28.4%
<b>Deferred charges and accrued income</b>	<b>0</b>	<b>0</b>	-
<b>Total assets</b>	<b>4,163</b>	<b>4,816</b>	<b>+15.7%</b>
<b>Equity</b>	<b>4,162</b>	<b>4,815</b>	<b>+15.7%</b>
Grants and subsidies	0	0	-
Provisions	0	0	-
<b>Amounts payable and other liabilities</b>	<b>1</b>	<b>1</b>	-
Amounts payable after one year and other non-current liabilities	0	0	-
Financial liabilities	0	0	-
Amounts payable within one year and other current liabilities	1	1	-
Financial liabilities	0	0	-
<b>Accrued expenses and deferred income</b>	<b>0</b>	<b>0</b>	-
<b>Total equity and liabilities</b>	<b>4,163</b>	<b>4,816</b>	<b>+15.7%</b>
RATIOS	31 DEC 2021	31 DEC 2022	CHANGE
ROA	2.9%	13.6%	+10.7 p. p.
ROE	2.9%	13.6%	+10.7 p. p.
D/E	0.0%	0.0%	-
EBITDA	-11	-11	-
EBITDA margin	0.0%	0.0%	-
Net profit margin	0.0%	0.0%	-
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)	2021	2022	CHANGE
Awarded dividends (share of the State)/ profit contributions	0	0	-
INFORMATION ABOUT EMPLOYEES	2021	2022	CHANGE
Number of employees	2	2	-
INSTITUTION REPRESENTING THE STATE	OWNED SHARES		
AB Klaipėdos nafta	100.0%		
MANAGEMENT (1 JUL 2023)			
General Director	Linas Kilda		



# VĮ Ignalinos atominė elektrinė

www.iae.lt



Until 2010, the Company's main activity was the generation of electricity, but after the final shutdown of the power units (Ignalina NPP Unit 1 was permanently shut down on 31 December 2004 and Unit 2 on 31 December 2009) **The Company's main activity has broadly become radioactive waste management.** The Company's activities include both direct radioactive waste management activities (dismantling of equipment, removal of accumulated waste from old storage facilities, demolition of structures and management of all waste generated during these processes (sorting, treatment, packaging, transportation, storage, etc.) and the installation and operation of the infrastructure necessary for such activities (storage facilities, repositories, disposal sites, and a wide range of waste management facilities), as well as all other support activities.

In 2019, VĮ Ignalinos AE was merged with VĮ RATA, and at the same time the infrastructure and activities of VĮ RATA – decommissioning of the Maišiagala radioactive waste repository, as well as other functions of this organisation – were transferred to the Company. Since then, VĮ Ignalinos AE has been, and for the foreseeable future will be, the only company in the country carrying out radioactive waste management activities

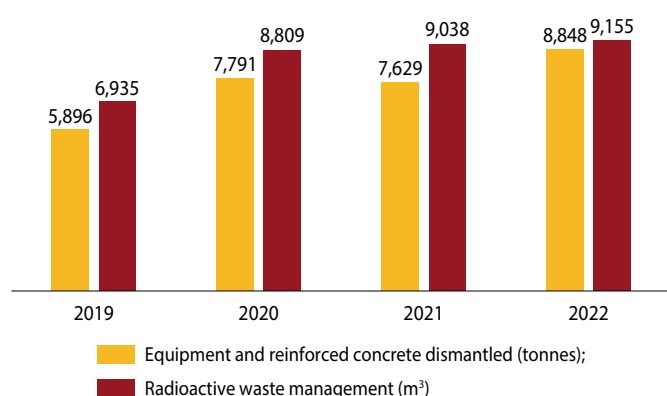
*Special obligations: decommissioning of nuclear energy facilities and radioactive waste management (including the installation and operation of the necessary infrastructure)*

## MAJOR EVENTS:

- In March, the authorisation for the industrial operation of a solid radioactive waste management and storage complex was obtained;
- In April, the transfer of nuclear fuel from the power units to the Interim Spent Fuel Storage Facility (ISFSF) was completed;
- In April, a contract was signed for preparatory works for the demolition of the Maišiagala Radioactive Waste Storage Facility (MRWSF);
- In July, the removal of historical radioactive waste from repository 155/1 was completed;
- In September, a contract was signed for geophysical surveys of a deep repository at representative sites;
- In December, preliminary contracts were signed for the design of dismantling and waste management technologies;
- In December, the VATESI decision on the suitability of the site for the disposal of bituminous radioactive waste became public.

The Company's activities are focused on meeting the public interest, i.e. the decommissioning of the INPP's operations funded by the State and international donors, which is undertaken on the cost reimbursement basis. In the period from 2000-2022 to 1,439.0 million were used for the decommissioning of the Ignalina nuclear power plant, of which EUR 240.7 million were allocated by the Republic of Lithuania.

During the performance of the main activities, decommissioning of the Ignalina Nuclear Power Plant – a third of the equipment was dismantled from 2010 to the end of 2022 (66.4 thousand tonnes out of 180.0 thousand tonnes). During the reporting year, 4,070 tonnes of INPP equipment and 4,778 tonnes of reinforced concrete were dismantled. In 2022, the dismantling plan was exceeded (290 t more equipment was dismantled than planned). The solid and liquid radioactive waste treatment targets were also met and exceeded during the reporting period. In 2022, the 190th and final spent fuel container was transported from the INPP units' fuel pools to the new Interim Spent Fuel Storage Facility (hereinafter – ISFSF). Also during the reporting year, all unused (fresh) nuclear fuel remaining after the final shutdown of the reactors was transported to the ISFSF. After the nuclear fuel was discharged from the containment pools, the bottom of the pools was cleaned. With all the nuclear fuel dismantled, one of the most significant milestones in the INPP's decommissioning programme has been achieved, paving the way for the INPP to obtain a decommissioning licence and dismantle all remaining equipment.



**General Director**  
Acting Audrius Kamienas

**Chairperson of the Board of Directors**  
Darius Jasinskis

- ↓ Provisions decreased by 38.8% to EUR 36.4 thousand
- ↑ The value of the reported profit increased to EUR 5,322 thousand
- ↑ A positive ROE of 26.1% was achieved

PROFIT (LOSS) STATEMENT (THOUSAND EUR)			
	2021	2022	CHANGE
Sales revenue	162	134	-17.6%
Cost of goods sold	0	0	-
<b>Gross profit (loss)</b>	<b>162</b>	<b>134</b>	<b>-17.6%</b>
Cost of sales	0	0	-
General and administrative expenses	1,926	-5,775	-
Results of other activities	-272	-84	+69.1%
Net financial items	-56	-503	-792.2%
<b>Profit (loss) before taxes</b>	<b>-2,091</b>	<b>5,322</b>	<b>-</b>
Corporation tax	0	0	-
<b>Net profit (loss)</b>	<b>-2,091</b>	<b>5,322</b>	<b>-</b>
<b>Adjusted net profit (loss)</b>	<b>-2,091</b>	<b>5,322</b>	<b>-</b>
BALANCE SHEET (THOUSAND EUR)			
	31 DEC 2021	31 DEC 2022	CHANGE
<b>Non-current assets</b>	<b>208,307</b>	<b>170,744</b>	<b>-18.0%</b>
<b>Current assets</b>	<b>273,215</b>	<b>292,726</b>	<b>+7.1%</b>
Cash and cash equivalents	26,088	18,181	-30.3%
<b>Deferred charges and accrued income</b>	<b>182</b>	<b>207</b>	<b>+13.9%</b>
<b>Total assets</b>	<b>481,704</b>	<b>463,677</b>	<b>-3.7%</b>
<b>Equity</b>	<b>17,700</b>	<b>23,021</b>	<b>+30.1%</b>
<b>Grants and subsidies</b>	<b>395,276</b>	<b>393,527</b>	<b>-0.4%</b>
<b>Provisions</b>	<b>59,460</b>	<b>36,397</b>	<b>-38.8%</b>
<b>Amounts payable and other liabilities</b>	<b>9,144</b>	<b>10,577</b>	<b>+15.7%</b>
Amounts payable after one year and other non-current liabilities			-
<i>Financial liabilities</i>			-
Amounts payable within one year and other current liabilities	9,144	10,577	+15.7%
<i>Financial liabilities</i>	0	0	-
<b>Accrued expenses and deferred income</b>	<b>125</b>	<b>155</b>	<b>+23.8%</b>
<b>Total equity and liabilities</b>	<b>481,704</b>	<b>463,677</b>	<b>-3.7%</b>
RATIOS			
	31 DEC 2021	31 DEC 2022	CHANGE
ROA	-0.4%	1.1%	-
ROE	-11.2%	26.1%	-
D/E	0.0%	0.0%	-
EBITDA	-1,437	6,506	-
EBITDA margin	-885.5%	4,862.8%	-
Net profit margin	-1,288.5%	3,977.3%	-
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)			
	2021	2022	CHANGE
Awarded dividends (share of the State)/ profit contributions	0	0	-
Property tax	0	0	-
Total contributions and non-standard taxes to the State	0	0	-
INFORMATION ABOUT EMPLOYEES			
	2021	2022	CHANGE
Number of employees	1,744	1,612	-7.6%
Average monthly salary of a manager (gross, EUR)	9,826	8,724	-11.2%
INSTITUTION REPRESENTING THE STATE			
Ministry of Energy of the Republic of Lithuania			100.0%
Management (1 July 2023)			
<b>General Director</b>	Acting Audrius Kamienas		
<b>Chairperson of the Board of Directors</b>	Darius Jasinskis*		
<b>Members of the Board of Directors</b>	Rimvydas Štilinis Patricija Ceiko Laimonas Belickas* Dr. Jurgita Radzevičė		

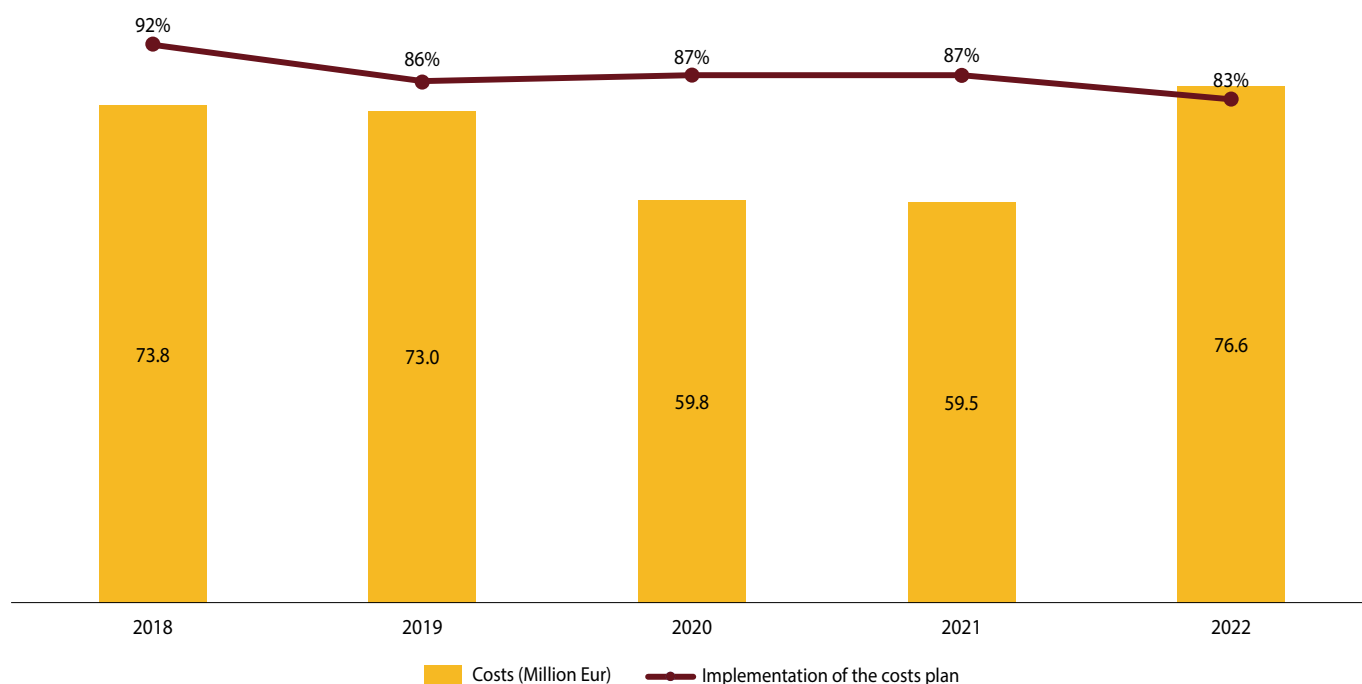
\*Independent member

According to the Order of the Minister of Energy of the Republic of Lithuania of 11 August 2020 No. 1-248, the updated decommissioning plan of the Ignalina Nuclear Power Plant was approved, according to which the decommissioning of the power plant, the value of which, including inflation and risks, amounts to EUR 3.3 billion, is planned to be completed by 2038. The national contribution is expected to be 14%. The plan also describes in detail the technological equipment of the Ignalina Nuclear Power Plant, estimates the decommissioning costs, preliminary quantities of radioactive waste generated and their management methods, envisages the decommissioning strategy and sets out the work plan.

According to Order of the Minister of Energy of the Republic of Lithuania of 25 November 2020 No 1-386, the Company transfers the revenue from the sale of non-current and current assets to the special account of the State treasury for the installation of a deep repository for long-lived radioactive waste and for the management of radioactive waste. When unnecessary uncontaminated or decontaminated equipment is dismantled, the Company sells it in public auctions.

In the reporting year, in the overall revenue structure, revenue from the sale of idle assets represented 86.9% of total revenue, i.e. EUR 1.6 million, which is 39.5% less than in 2021, but it should be noted that due to the unfavourable market prices, scrap metal has not been sold in 2020 and the sales have been made in 2021, which means that the revenue generated is higher than in 2022. **The Company's profit (loss) statement reflects a decrease of 17.5% in the reporting year, amounting to EUR 133,8 thousand, in sales revenues from other economic and commercial activities (transport, training services, temporary reception and storage of ionising sources, etc.).**

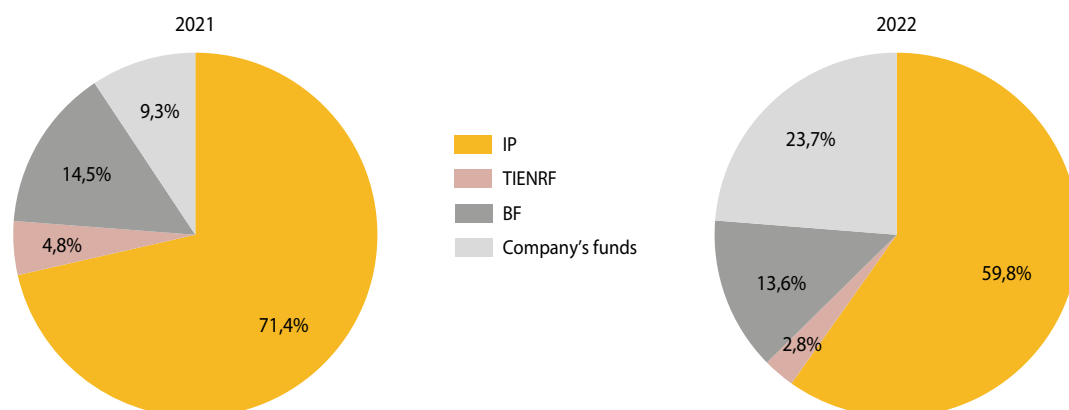
**In the period of 2018-2022, the Company incurred an average of EUR 68.5 million in costs every year.** The total implementation of the Company's operating costs estimate for the last five years was 87.0% of the planned plan. The Company's operating costs are subsidised, therefore the general and administrative costs reflect only non-subsidised amounts of incurred costs. In the reporting year, such costs decreased due to the reversal of the provision for decommissioning, which was affected by the increase in the interest rate in 2022.



**EUR 74.4 million was used for the decommissioning of the power plant in 2022, i.e. 26.7% more than in 2021.** The majority of the funds, i.e. 62.6% (EUR 46.6 million) – consisted of funds from the Ignalina Programme (hereinafter – IP). Of these, the use of funds allocated and financed by VŠĮ Centrinės projektų valdymo agentūra amounted to EUR 44.5 million. The use of the funds of the International Decommissioning

Support Fund for the Ignalina Nuclear Power Plant (hereinafter – TIENRF) amounted to EUR 2.1 million and, compared to 2021, slightly decreased by 0.7%. EUR 10.14 million were used from the budget of the Republic of Lithuania (hereinafter – BF) and, compared to 2021, the use of funds increased by 19.4%. The amount financed by the Company's funds increased three times to EUR 17.7 million.

#### Funding structure



**The net result of the Company in 2022 was EUR 5,321.6 thousand.** Until 2022, the provision for decommissioning was calculated up to 2028, but in 2022 the use of the provision was recalculated up to 2038, resulting in an increase in the value of the profit recorded. At the end of 2022, the Company's EBITDA amounted to EUR 6,506.4 thousand, compared to negative EBITDA of EUR -1,437.1 thousand a year earlier. The adjusted return on equity was 26.1% in the reporting year, compared to a negative return in 2021. The following results are determined by

the abovementioned reasons and the peculiarities of the Company's activities:

- Its main activity does not generate positive cash flows because it is focused on the activities that meet the public interest – the decommissioning of Ignalina Nuclear Power Plant – and is subsidised by the State and through international assistance funds.
- During the decommissioning phase, there will be a major part of the Company's assets liquidated with most of them unfit for reuse or other disposal.

# AB Lietuvos geležinkeliai Group

www.litrail.lt



AB Lietuvos geležinkeliai owns 100% shares of UAB Geležinkelio tiesimo centras, UAB Rail Baltica statyba, AB LTG Cargo, AB LTG Infra, UAB LTG Link, as well as 79.61 percent of VšĮ Geležinkelių logistikos parkas, 34% shares of UAB voestalpine Railway Systems Lietuva and 33.33% shares of VšĮ Transporto inovacijų centras (undergoing liquidation).

**Freight and passenger transportation by railways, rail network administration, public railway infrastructure management, maintenance and development, repair and manufacture of rolling stock.**

**Special obligations performed: public passenger transport services; maintenance, modernisation and development of public railway infrastructure; provision of minimum access package services.**

## MAJOR EVENTS:

- **In March**, in response to the Russian government's war against Ukraine and after evaluating the new sanctions of the European Union, the cargo transportation company of the Group, i.e. LTG Cargo, stopped the transportation of the products of the sanctioned companies to the Klaipėda Seaport;

- **In March**, LTG initiated a Group-wide Operational Optimisation Project covering three areas: improving operational efficiency, cost reduction, diversification and expansion into new markets, particularly in Western Europe;

- **On 30 March**, the Group's passenger transport company LTG Link launched a new ticketing system. From now on, you can plan your trip, buy tickets and find all the information you need on the new website [www.ltglink.lt](http://www.ltglink.lt). Later in May, the LTG Link mobile application for train travellers was launched. Passengers can use it to store their tickets, view their travel information and receive prompt notifications of important changes;

- **On 6 April**, the Ministry of Transport and Communications of the Republic of Lithuania and the Group company LTG Infra signed a Multi-annual Contract (MAC) to ensure the quality and financing of the public railway infrastructure and the railway service facilities owned by the Lithuanian state. The State funding will allow LTG Group to ensure the maintenance of the infrastructure, improve the quality of its services and offer attractive tariffs for businesses. The State's long-term obligation to balance the revenue and costs of the infrastructure manager is enshrined in European Union and Lithuanian legislation. The contract will be valid for five years.

- **In April**, LTG Cargo, the Group's freight forwarding company, started to transport intermodal cargo to Duisburg in Germany, with the first scheduled train departing on 4 April, and also started to offer customers intermodal freight services from Kaunas Intermodal Terminal to terminals in Poland;

- **On 27 April**, LTG Cargo, the Group's freight transport company, started a test run from Kaunas Intermodal Terminal to Ukraine via Poland. This is the first time in LTG's history that cargo from Ukraine reached Lithuania by rail, bypassing Belarus;

- **In July**, LTG Cargo, the Group's cargo transportation company, started transporting petroleum products by rail from a terminal in Lithuania to Ukraine;

- **On 21 July**, Rail Baltica is being built towards Latvia – a symbolic sign marking the start of the construction of the Rail Baltica railway bridge over the Neris River was buried near Jonava. The complex engineering structure, which will have no supports in the water to protect the Natura 2000 site, will be the longest railway bridge in the Baltic States. It is expected to take 2.5 years to build it;

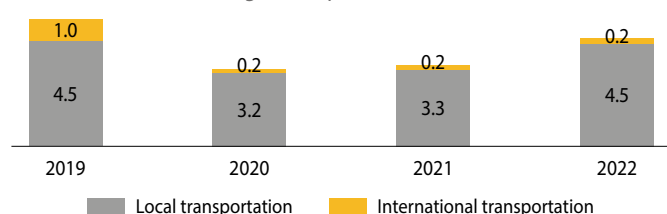
- **In October**, LTG Infra completed repairs of the longest (599 m) and tallest (42 m) railway bridge in Lithuania, the Lyduvėnai Railway Bridge, at a cost of almost EUR 2.6 million;

- **On 29 December**, the Ministry of Transport and Communications and LTG Link signed a Public Service Obligation (PSO) contract for the period 2023-2032, which commits the Ministry of Transport and Communications and LTG Link to provide public passenger rail transport services and to make rail travel more convenient for all people, including those with individual needs, and to promote the use of more sustainable public rail transport as well as to reduce environmental impacts of transport;

- **In December**, the first train of the joint international route departed from Vilnius to Warsaw and Krakow. For the convenience of passengers, the services, organised together with the Polish carrier PKP Intercity, will operate daily.

**In 2022, the number of passengers transported increased to 4.7 million, i.e. 34.6% more than in 2021.** There has been a significant increase in rail travel, particularly in the local transport market, which in previous periods was severely constrained by the coronavirus (COVID-19) pandemic. **35.2% more passengers were transported via local routes, amounting to 4.5 million passengers and accounting for 95.1% of all passengers transported.** The change has been driven by an increase in the number of local journeys, as well as ongoing marketing campaigns and other measures to increase the attractiveness of train travel. **0.2 million passengers travelled on international routes, i.e. 23.5% more than in 2021.** At the end of the reporting year, there were 8 international trains, 6 of which were transit trains.

Passenger transportation (million)



**General Director**  
Egidijus Lazauskas

**Chairperson of the Board of Directors**  
Kęstutis Šliužas

- ↓ Group's net profit decreased by 94.8% and reached EUR 1.2 million
- ↓ The Company did not declare a dividend to the shareholder for 2022
- ↓ Return on equity decreased by 1.9 percentage points to 0.1%.

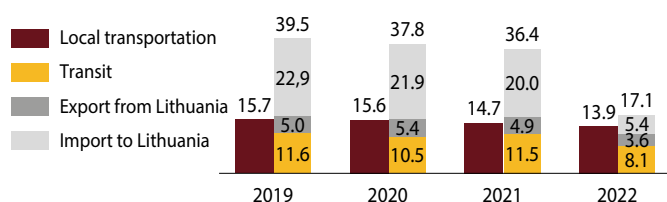
PROFIT (LOSS) STATEMENT (THOUSAND EUR)	2021	2022	CHANGE
Sales revenue	458,377	432,932	-5.6%
Cost of goods sold	354,957	349,615	-1.5%
<b>Gross profit (loss)</b>	<b>103,420</b>	<b>83,317</b>	<b>-19.4%</b>
Cost of sales	0	0	-
General and administrative expenses	81,275	78,363	-3.6%
Results of other activities	6,616	767	-88.4%
Net financial items	-3,411	-2,759	+19.1%
<b>Profit (loss) before taxes</b>	<b>25,349</b>	<b>2,962</b>	<b>-88.3%</b>
Corporation tax	1,885	1,749	-7.2%
<b>Net profit (loss)</b>	<b>23,464</b>	<b>1,213</b>	<b>-94.8%</b>
BALANCE SHEET (THOUSAND EUR)	31 DEC 2021	31 DEC 2022	CHANGE
<b>Non-current assets</b>	<b>1,940,559</b>	<b>1,991,316</b>	<b>+2.6%</b>
<b>Current assets</b>	<b>169,489</b>	<b>283,412</b>	<b>+67.2%</b>
Cash and cash equivalents	84,656	213,434	+152.1%
<b>Deferred charges and accrued income</b>	<b>7,833</b>	<b>5,531</b>	<b>-29.4%</b>
<b>Total assets</b>	<b>2,117,881</b>	<b>2,280,260</b>	<b>+7.7%</b>
<b>Equity</b>	<b>1,166,608</b>	<b>1,161,504</b>	<b>-0.4%</b>
<b>Grants and subsidies</b>	<b>603,642</b>	<b>809,164</b>	<b>+34.0%</b>
<b>Provisions</b>	<b>15,159</b>	<b>15,078</b>	<b>-0.5%</b>
<b>Amounts payable and other liabilities</b>	<b>316,025</b>	<b>286,979</b>	<b>-9.2%</b>
Amounts payable after one year and other non-current liabilities	187,272	167,762	-10.4%
<i>Financial liabilities</i>	152,526	130,281	-14.6%
Amounts payable within one year and other current liabilities	128,753	119,217	-7.4%
<i>Financial liabilities</i>	27,539	29,633	+7.6%
<b>Accrued expenses and deferred income</b>	<b>16,446</b>	<b>7,535</b>	<b>-54.2%</b>
<b>Total equity and liabilities</b>	<b>2,117,881</b>	<b>2,280,260</b>	<b>+7.7%</b>
RATIOS	31 DEC 2021	31 DEC 2022	CHANGE
ROA	1.1%	0.1%	-1.0 p. p.
ROE	2.0%	0.1%	-1.9 p. p.
D/E	15.4%	13.8%	-1.6 p. p.
EBITDA	136,856	112,104	-18.1%
EBITDA margin	29.9%	25.9%	-4.0 p. p.
Net profit margin	5.1%	0.3%	-4.8 p. p.
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)	2021	2022	CHANGE
Awarded dividends (share of the State)	6,241	0	-
INFORMATION ABOUT EMPLOYEES	2021	2022	CHANGE
Number of employees	7,804	6,126	-21.5%
Average monthly salary of a manager (gross, EUR)	12,053	11,797	-2.1%
INSTITUTION REPRESENTING THE STATE	OWNED SHARES		
Ministry of Transport and Communications of the Republic of Lithuania	100.0%		
Management (1 July 2023)			
General Director	Egidijus Lazauskas		
Chairperson of the Board of Directors	Kęstutis Šliužas*		
Members of the Board of Directors	Bernard Guillelmon* Dalia Andruilionienė* Dr. Aurimas Vilkelis* Eugenijus Preikša* Agnė Amelija Mikalonė Romas Svedas		

\*Independent member



The Group generates most of its revenue from freight transport activities. In 2022, the Group transported 31.0 million tonnes of freight, 39.4% less than in 2021. The structure of freight transported by railways continued to be dominated by chemical and mineral fertilisers, oil and its products and construction materials, accounting for more than half of all freight transported.

Freight transportation (millions of tonnes)

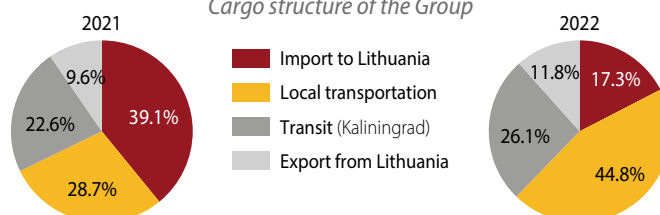


The structure of the Group's freight traffic changed significantly during the reporting year. International transportation, which accounted for 55.2% of the overall structure, more than halved to 17.1 million tonnes. The change was caused by the fact that the Company's subsidiary LTG Cargo, reacting to the situation and taking into account the sanctions imposed on Russia and Belarus, suspended the transportation of products of the sanctioned companies, including to the Klaipėda Seaport. The volume of freight in transit through Klaipėda Seaport dropped by 78.9% in the reporting year, with fertilisers and ferrous metals showing a significant decrease. Volume of freight transported by transit in the direction of the Kaliningrad region decreased by 29.7% in 2022. The main decrease was in the volume of solid mineral fuels transported in this direction. The volume of local freight transportation, which accounted for 44.8% of the total amount of transported freight, decreased by 5.3% to 13.9 million tonnes in 2022. The decrease was mainly due to a drop in fertiliser transportation, of which Lifosa's freight account for a significant share. Flows were partly offset by increased freight of oil, construction products and vegetable products. In order to adapt to the changed business environment, the current focus is placed on diversification and expansion into new markets, in particular Western Europe.

In the reporting year, the Group's sales revenue decreased by 5.6% to EUR 432.9 million. Freight revenue, which accounted for 63.9% of total sales

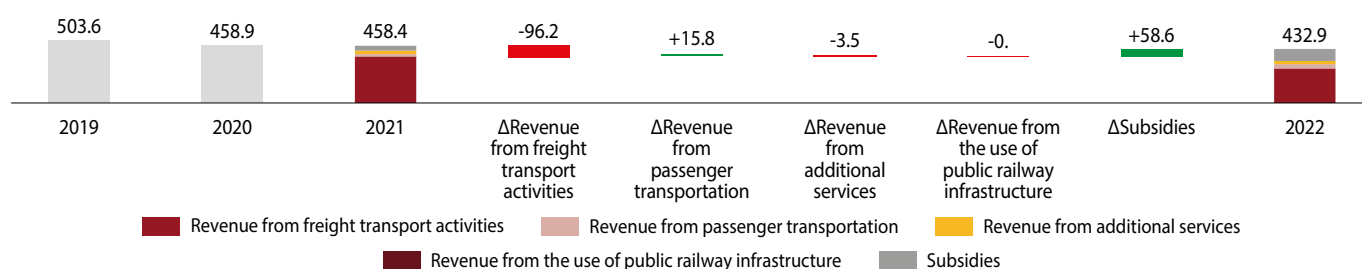
The overall decrease in cargo volumes was significantly influenced by geopolitical changes related to Russia's war in Ukraine, as well as the wide range of sanctions imposed on Belarus and Russia by the United States of America and the European Union. Particularly significant declines were recorded in the segments of chemical and mineral fertilisers, ferrous metals and solid mineral fuels transport.

Cargo structure of the Group



revenue, decreased by 25.8% to EUR 276.7 million. The change was mainly due to a decrease in freight turnover as a result of the impact of sanctions and the reduction of links with Russia and Belarus. A further drop in sales was offset by an increase in tariffs for certain groups of freight. Passenger transportation revenue, which accounted for 8.0% of the 2022 sales revenue structure, increased by 84.7% and reached EUR 34.5 million. The positive development is due to a faster-than-expected recovery in domestic rail passenger traffic, which was limited in previous periods by the coronavirus (COVID-19) pandemic. Increases in transport prices have also had an impact. Revenue from the use of public railway infrastructure accounted for 0.1% of total sales revenue and amounted to EUR 0.4 million. Other revenue (maintenance and repair of rolling stock, public railway infrastructure objects, property lease, sale of scrap metal and other revenue), which accounted for 5.8% of total revenue, decreased by 12.2% to EUR 25.1 million. The Group must ensure the provision of services to the public which are necessary but not commercially viable for local transport. The State allocates grants to the Company's subsidiary LTG Link to compensate for losses incurred in the carriage of passengers via local transport routes. In 2022, they amounted to EUR 36.2 million, and in 2021 to EUR 37.6 million. A subsidy of EUR 60.0 million was also received in the reporting year to balance the revenue and costs of the public railway infrastructure manager LTG Infra.

Sales revenue (Million EUR)



In the reporting year, the Group's operating costs amounted to EUR 428.0 million, i.e. 1.9% less than in 2021. Most of the costs, i.e. 36.6%, consisted of costs related to personnel maintenance, which decreased by 7.6% in the reporting year due to a 21.5% decrease in the number of Group employees and amounted to EUR 156.8 million. Asset depreciation and amortization expenses, which amounted to 24.8% of total operating costs, shrank by 1.6% to EUR 106.4 million. Energy resource costs, which accounted for 15.1% of operating costs, increased by 5.4% to EUR 64.5 million. The increase was driven by a significant rise in electricity prices. The increase in other costs was influenced by the geopolitical situation and related events, which resulted in significant year-end impairments and changes in provisions for non-current assets, inventories, construction in progress, receivables, etc. held by the Group's companies. These atypical non-operating costs significantly increased the Group's other costs in 2022.

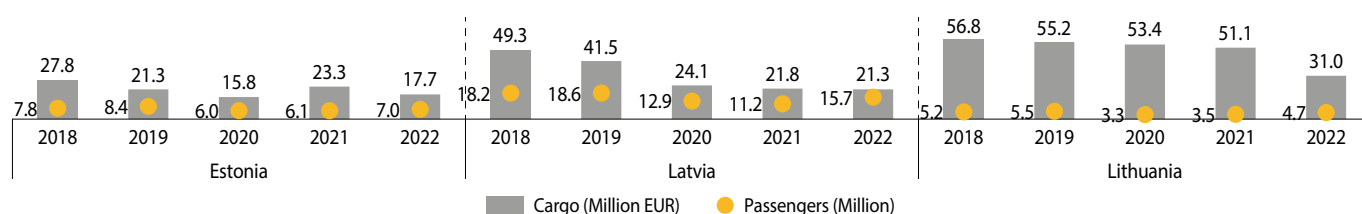
The Group's net profit decreased by 94.8% to EUR 1.2 million in the reporting year. The Group's EBITDA reached EUR 112.1 million, i.e. 18.1% less than in 2021. The discussed changes led to worse financial indicators of the Group: the net profit margin decreased by 4.8 percentage points and reached 0.3%, the return on equity shrank by 1.9 percentage points to 0.1%. During the reporting

period, the parent Company (other than the Group) incurred a financial loss and no dividend was paid to the shareholder.






In 2022, the Group's investments grew by 21.6% compared to 2021 and amounted to EUR 188.9 million. Of these investments, 81.4% were allocated for the renovation and expansion of the railway infrastructure.

Comparing the volumes of Lithuanian rail passengers and cargoes with other Baltic States, it is noticeable that Latvian railways are leading the way in the transportation of passengers: in 2022 they carried 15.7 million passengers, which is 3 times more than Lithuanian railways. The volume of passenger transport on Estonian railways, which grew by 14.8% and reached 7.0 million transported passengers in 2022, was also 1.5 times higher as in Lithuania. Lithuania was a leader of the Baltic States by the amount of cargo transported in 2022: the amount of cargo carried by Lithuanian railways amounted to 31.0 million tonnes. Although the amount of freight transported by Lithuanian railways has decreased compared to 2021, the amount of cargo transported was 1.5 times higher than in Latvia and 1.8 times higher than in Estonia. Cargo volumes in the Baltic States have been declining due to the geopolitical situation.

Volumes of passenger and freight transportation by rail in the Baltic States



# Companies managed by AB Lietuvos geležinkeliai Group

Logo	Name and management (01/07/2023)*	Field of activity	Key performance indicators for 2022	Investments	Managed companies
	<b>AB LTG Cargo</b> General Director: Eglė Šimė Chairman of the Board: Arnoldas Ukeniekas	Freight transportation by railways, railway rolling stock repair and maintenance services.	In 2022, railway transport carried 31.0 million tonnes of freight, 39.4% less than in 2021. The significant drop in freight flows was due to geopolitical developments related to Russia's war in Ukraine and sanctions imposed against Belarus and Russia. Local transportation, which accounted for 44.8% of the total freight transported, decreased by 5.3% to 13.9 million tonnes in 2021. International transportation, which accounted for 55.2% of the total freight transported, decreased by 53.1% to 17.1 million tonnes compared to 2021. Intermodal container train volumes in 2022 dropped by 36.7%, with a significant part coming from China, however, the intermodal transport by semi-trailer trains increased more than 4 times.	In 2022, the Company invested EUR 16.9 million. The most significant investment was made in rolling stock repairs.	LTG Cargo Polska Sp. z o. o. UAB LTG Wagons LLC LTG Cargo Ukraine OOO Rail Lab (being liquidated)
	<b>AB LTG Link</b> General Director: Linas Baužys Chairman of the Board: Aurelija Kazlauskienė	Passenger transportation by rail and related services.	4.5 million passengers were transported on local routes in 2022, while 0.2 million passengers were transported on international routes. The total number of rail passengers in 2022 increased by 34.6% compared to 2021. In previous periods, transportation volumes were severely limited by the COVID-19 pandemic. In addition to the increase in the number of local trips, the growth in passenger numbers has also been positively influenced by ongoing marketing campaigns and other measures to increase the attractiveness of travelling by train (including a new ticketing system and a mobile application to be launched in 2022).	In the report year, the Company invested EUR 8.8 million. Most of the investments were intended for overhaul of passenger rolling stock.	-
	<b>UAB LTG Infra</b> General Director: Rūta Jakubauskienė Chairman of the Board: Gediminas Almantas	The Company's main activities are the management, usage and disposal of railway infrastructure in trust and performance of the functions of the manager of the public railway infrastructure.	The volume of train work in 2022 was 15.9 billion tonnes of gross km, the train mileage was 12.3 million train km. The decrease in the volume of train work and train mileage was caused by a significant drop in freight transport volumes on the territory of Lithuania during the reporting period due to Russia's military actions in Ukraine and a wide range of US and EU sanctions imposed on Belarus and Russia.	In 2022, the investment amounted to EUR 155.1 million. The Company implements high-value investment projects, some of which are recognised as economic projects of national importance. The implementation of the Rail Baltica project, the electrification project of the IX B corridor, the construction of the second railway tracks, the installation of noise reduction walls, etc., are ongoing.	-
	<b>UAB Geležinkelio tiesimo centras</b> General Director: Justas Vyžintas	Maintenance of railway infrastructure, implementation of construction, repair and modernisation projects	In the reporting year, the Company assembled/re-assembled 16 km of railway, dismantled 25 km and constructed 28 km of track. Work volumes declined by 50-80% in individual segments due to disruptions in the supply of crushed rock, unplanned project suspensions, delays in signing contracts, etc.	In 2022, the Company's investments amounted to EUR 239 thousand. The investment was allocated for the renewal of machinery.	-
	<b>UAB Rail Baltica statyba</b> General Director: Arenijus Jackus	RBS is a subsidiary of LTG, established to participate in the management of the Baltic joint venture RB Rail AS, which coordinates the implementation of the Rail Baltica project.	The specifics of the Company's activities mean that it does not have core activities, i.e. inbound-outbound logistics, marketing and sales, nor does it participate in the market and the competitive environment, nor does it have a manageable infrastructure. In view of this, the Company does not calculate profitability and return indicators.	The Company does not carry out investment projects.	RB Rail AS (33.33% of shares)

\*More detailed individual company results can be found in the list of subsidiaries at the end of this report

## MOST IMPORTANT EVENTS OF 2022:

• In February 2022, **AB LTG Cargo** (hereinafter referred to as **LTG Cargo**), in accordance with the decision of the Government of the Republic of Lithuania, discontinued the provision of services to Belaruskalij and the transit of fertilisers through Lithuania was suspended, and in March, in response to the Russian government's war against Ukraine and in view of the new sanctions imposed by the EU, it suspended the transport of the products of the sanctioned companies to the Klaipėda Seaport. As part of its diversification, in April the Company started to transport intermodal cargo to Duisburg in Germany, conducted test runs to Ukraine via Poland, and started offering intermodal freight services from Kaunas Intermodal Terminal to terminals in Poland. LTG Cargo's subsidiary LTG Cargo Ukraine became the operator of cargo transport between Lithuania and Ukraine in December;

• The Baltic countries and RB Rail AS, the shareholder of which is UAB Rail Baltica Statyba, have applied for funding for the project from the Connecting Europe Facility for the period 2021-2027, under which EUR 928 million has already been allocated for the year 2023, of which Lithuania's share is EUR 394 million;

• **UAB LTG Link** (hereinafter referred to as **LTG Link**) launched a new joint international train route Vilnius–Kaunas–Warsaw–Kraków, a new ticketing system and a mobile application for train travellers in December. In December, the Ministry of Transport and Communications and LTG Link signed a Public Service Obligation (PSO) contract for the period 2023-2032, which commits the Ministry of Transport and Communications and LTG Link to provide public passenger rail transport services and to make rail travel more convenient for all people, including those with individual needs, and to promote the use of more sustainable public rail transport as well as to reduce environmental impacts of transport;

• **UAB LTG Infra** (hereinafter referred to as **LTG Infra**) continues the implementation of strategic investment projects (Rail Baltica, electrification of the IX B corridor, traffic safety projects); **InfraGo** – an electronic self-service portal and a railway traffic interruption planning system for railway undertakings (carriers) and contractors – has been launched; the Ministry of Transport and Communications of the Republic of Lithuania, LTG Infra and the Central Project Management Agency signed financing agreements for the electrification of the Kaišiadorys–Klaipėda section of the main railway artery. In April, the Ministry of Transport and Communications of the Republic of Lithuania and LTG Infra signed a Multi-annual Contract (MAC) to ensure the quality and financing of the public railway infrastructure and railway service facilities owned by the Lithuanian state. The public funding will the Company to ensure the maintenance of the infrastructure, improve the quality of the services provided and offer attractive tariffs for businesses. The State's long-term obligation to balance the revenue and costs of the infrastructure manager is enshrined in European Union and Lithuanian legislation. The contract will be valid for five years.

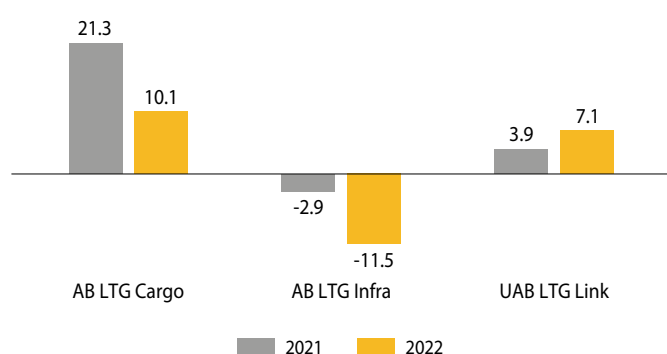
**The total assets of LTG Group's subsidiaries grew by 7.9% in the reporting year.** At the end of 2022, it reached EUR 2.2 billion, with non-current assets accounting for 87.3% (EUR 1.95 billion). Of the subsidiaries, **LTG Infra** accounted for the largest share of assets at EUR 1.7 billion, of which EUR 1.6 billion were non-current assets. **LTG Cargo** had assets under management amounting to EUR 325.6 million while **LTG Link** managed assets amounting to EUR 170.7 million. The cash balances of LTG Group subsidiaries grew more than 4.5 times and amounted to EUR 207.2 million at the end of the reporting year, representing 9.3% of total assets. The largest amounts of funds held in banks

were accounted for by **LTG Infra** (EUR 112.0 million), representing the part of the subsidy received from the state budget at the end of the year to balance the public railway infrastructure manager's revenue and costs, and the additional State funding provided (for the implementation of investment projects) and **LTG Cargo** (EUR 53.0 million – the increase in cash was due to the repayment of EUR 33.4 million to **LTG Infra** in December following the recalculation of MPP tariffs for the schedule of 2020/2021). There were no other significant changes in the value of assets under management.

The total liabilities of LTG Group's subsidiaries decreased insignificantly by 5.4% during the reporting year, with these balance sheet items amounting to EUR 438.4 million at the end of the year. Financial debts amounted to EUR 309.7 million, i.e. EUR 2.7 million less than in 2021. LTG Infra and LTG Cargo accounted for about 96% of the total liabilities of the subsidiaries, with long-term and short-term payables amounting to EUR 215.2 million and EUR 205.7 million respectively. LTG Infra's total liabilities were mainly made up of financial debts, which decreased by around 10% in the reporting year (EUR 143.1 million), the majority of which were payables to external institutional creditors. Loans for the renovation and expansion of railway infrastructure. LTG Cargo's financial debts accounted for 78.3% of total liabilities and amounted to EUR 161.0 million at the end of 2022, the majority of which was due to institutional creditors and the parent company AB Lietuvos geležinkeliai for the acquisition of rolling stock. For short-term needs, the Company drew on the Group's cash-pool account during the year to avoid working capital imbalances, but did not have any debt liabilities at the end of the year. LTG Link's total payables in 2022 amounted to EUR 13.4 million, of which financial debts (lease liabilities) amounted to EUR 4.0 million, and the remainder were current trade debts and wage-related amounts.

The equity of LTG Group's subsidiaries remained almost unchanged and amounted to EUR 947.8 million at the end of the reporting year. In terms of the scale of the Group's operations, the highly symbolic consolidated net profit of EUR 852 thousand for 2022 of all subsidiaries contributed only 0.1% to the increase in shareholders' equity. Due to a drop in work volumes, GTC (EUR -4.9 million) and LTG Infra (EUR -11.5 million) incurred losses in the reporting year, while LTG Cargo posted a significantly lower profit due to a drastic drop in cargo turnover, with a net result for the year of EUR 10.1 million, a 52.4% decrease compared to 2021. LTG Link was the only Group company to enjoy a record high net profit of EUR 7.1 million, recording a recovery in passenger traffic after the end of the Covid-19 pandemic. In 2022, the amount of subsidies and grants granted to the Group's subsidiaries increased by 34.0%, amounting to EUR 808.3 million at the end of the year. All of these amounts were recorded in LTG Infra's balance sheet and the increase was due to additional state funding for public railway infrastructure projects of strategic importance.

Net profit dynamic of the largest Group's companies (Million EUR)



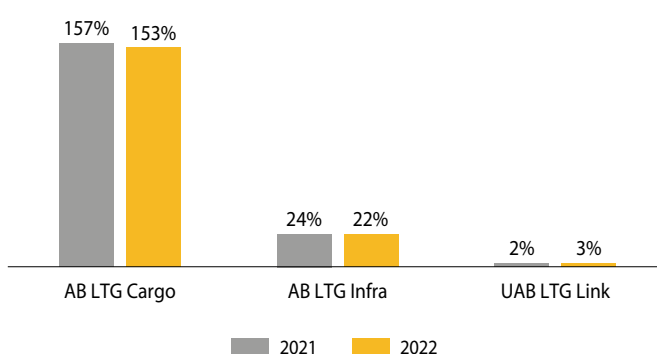
The performance of LTG subsidiaries in 2022 was significantly impacted by geopolitical factors, which significantly reduced the volumes of freight transported by Lithuanian railways, disrupted the global supply chain, and triggered a crisis in energy prices. During the reporting period, **the revenue of Group's subsidiaries decreased by 14.2% overall and reached to EUR 574.5 million. LTG Cargo's** revenue fell by almost a quarter to EUR 293.7 million due to a 73% drop in sales of international transport services, **LTG Infra's** revenue remained stable at EUR 189.2 million in 2022 after taking into account the state subsidies to balance its operating results, while **LTG Link's** revenue grew by 25.5% to EUR 71.7 million.

**The decline in revenue had a negative impact on EBITDA, which dropped by almost a fifth in 2022 to EUR 110.2 million at the end of the year.** Almost all of the EBITDA in the reporting year was generated by 3 enterprises of the Group: **LT Infra** – EUR 52.8 million, **LTG Cargo** – EUR 37.8 million and **LTG Link** – EUR 21.8 million.

**The LTG Group subsidiaries' financial debt to equity ratio decreased by 0.3 percentage points,** demonstrating that, despite the negative impact of external factors, the loan portfolio was not increased, and that some of the Group's subsidiaries' impaired working capital balances were "saved" by the Group's internally circulated funds. The Group's only company, **LTG Cargo**, had a relatively high

PROFIT (LOSS) STATEMENT (THOUSAND EUR)	2021	2022	CHANGE
Sales revenue	669,816	574,537	-14.2%
Cost of goods sold	555,983	466,336	-16.1%
<b>Gross profit (loss)</b>	<b>113,833</b>	<b>108,201</b>	<b>-4.9%</b>
Cost of sales	0	0	-
General and administrative expenses	85,531	99,460	+16.3%
Results of other activities	993	669	-32.6%
Net financial items	-5,124	-5,999	-17.1%
<b>Profit (loss) before taxes</b>	<b>24,171</b>	<b>3,411</b>	<b>-85.9%</b>
Corporation tax	1,589	2,559	+61.0%
<b>Net profit (loss)</b>	<b>22,583</b>	<b>852</b>	<b>-96.2%</b>
BALANCE SHEET (THOUSAND EUR)	31 DEC 2021	31 DEC 2022	CHANGE
<b>Non-current assets</b>	<b>1,890,368</b>	<b>1,950,358</b>	<b>+3.2%</b>
<b>Current assets</b>	<b>171,508</b>	<b>278,572</b>	<b>+62.4%</b>
Cash and cash equivalents	45,038	207,215	+360.1%
<b>Deferred charges and accrued income</b>	<b>8,337</b>	<b>5,207</b>	<b>-37.5%</b>
<b>Total assets</b>	<b>2,070,212</b>	<b>2,234,138</b>	<b>+7.9%</b>
<b>Equity</b>	<b>947,119</b>	<b>947,843</b>	<b>+0.1%</b>
<b>Grants and subsidies</b>	<b>603,031</b>	<b>808,340</b>	<b>+34.0%</b>
<b>Provisions</b>	<b>15,719</b>	<b>15,914</b>	<b>+1.2%</b>
<b>Amounts payable and other liabilities</b>	<b>463,572</b>	<b>438,415</b>	<b>-5.4%</b>
Amounts payable after one year and other non-current liabilities	309,394	317,560	+2.6%
<i>Financial liabilities</i>	279,738	281,213	+0.5%
Amounts payable within one year and other current liabilities	154,178	120,855	-21.6%
<i>Financial liabilities</i>	32,677	28,498	-12.8%
<b>Accrued expenses and deferred income</b>	<b>40,771</b>	<b>23,625</b>	<b>-42.1%</b>
<b>Total equity and liabilities</b>	<b>2,070,212</b>	<b>2,234,138</b>	<b>+7.9%</b>
RATIOS	31 DEC 2021	31 DEC 2022	CHANGE
ROA	1.1%	0.0%	-1.1 p. p.
ROE	2.4%	0.1%	-2.3 p. p.
D/E	33.0%	32.7%	-0.3 p. p.
EBITDA	136,703	110,224	-19.4%
EBITDA margin	20.4%	19.2%	-1.2 p. p.
Net profit margin	3.4%	0.1%	-3.3 p. p.
INFORMATION ABOUT EMPLOYEES	2021	2022	CHANGE
Number of employees	6,702	5,244	-21.8%
ACCOUNTABILITY			
AB Lietuvos geležinkeliai			

Financial debt to equity ratio, percent



gearing level of 153%, but considering the ratio of net financial debt of 4.3 times to annual EBITDA, it is clear that the risk of default remains minimal.

Despite the weaker performance, investment projects continued in the enterprises, albeit on a smaller scale in some of them. **LTG Infra's** investments in 2022 amounted to EUR 155.1 million, with the majority of the investments going towards the implementation of major infrastructure projects, i.e. Rail Baltica, electrification, construction of secondary roads, installation of noise attenuation walls, rehabilitation of main railway tracks, etc. The investments are funded by the EU and state budgets as well as the Company's own funds. **LTG Cargo's** investments in 2022 amounted to EUR 16.9 million, all of which (100%) were funded with the Company's own funds. The majority of the investments were made in overhauls of freight rolling stock (80.2%). The lower investment volumes in 2022 were due to the geopolitical situation, which has led to a review of the portfolio of investment projects, some of which have been postponed to later periods. **LTG Link's** investments in 2022 amounted to EUR 8.8 million – all investments (100%) were funded by the Company's own funds, more than half of which (68.8%) were for the overhaul of passenger rolling stock. **UAB Geležinkelio tiesimo centras** funded the investments made in the reporting year with its own funds for the renewal of machinery, totalling EUR 239 thousand.

# AB Lietuvos paštas Group

www.post.lt



## Provision of universal and other postage, courier, financial and other services

AB Lietuvos paštas group of companies consists of AB Lietuvos paštas and its subsidiary, UAB LP mokėjimų sprendimai, under 100% ownership of the shares (not active).

Special obligations: provision of universal postal services (UPS) throughout the territory of the Republic of Lithuania; delivery of periodicals for subscribers to rural residential areas.

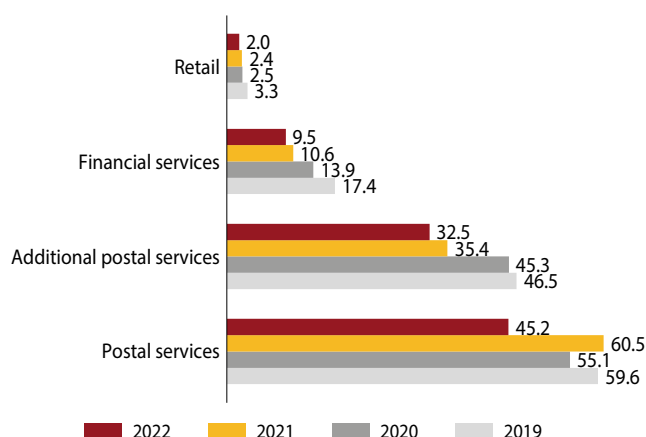
### MAJOR EVENTS:

- In June, the motorisation of letter carriers is under way, with the delivery of the first of almost 300 new cars;
- In July, LP EXPRESS started delivering parcels to and from Poland to Vinted e-commerce platform users;
- In October, a ten-year lease agreement was signed with the manager of the Technopolis office complex;
- In October, Lietuvos paštas was awarded two international ISO certificates (ISO 9001 and ISO 14001) for its quality and environmental management systems;
- In November, LP EXPRESS introduced the first new generation portable post office machine LP EXPRESS ECO in Lithuania.

At the end of 2022, the service provision network of the Lietuvos paštas Group (hereinafter – the Group) consisted of: 171 stationary customer service departments, 104 post offices, 17 mobile mailers and 581 yellow mailboxes. At the end of the reporting year, the Group operated a network of 352 LP EXPRESS parcel self-service postal terminals. In 2022, the fleet was renewed: 120 old vehicles were retired and 80 new vehicles were purchased. Optimised logistics routes: from 371 routes in 2021 to 333 routes in 2022 more than 1 million kilometres saved.

In the reporting year, 89.2 million units of basic services were provided, and compared to 2021, the number of provided services decreased by 6.6% compared to 18.2. In 2022, customers sent 11.1% fewer items and letters domestically than in 2021. The volume of items sent via post offices and courier channels decreased by 11.3% and 19.4% respectively, while the volume of letters decreased by 16.5%. The volume of items sent by self-service postal terminals increased by 15.3%. Export revenue in 2022 has shrunk by about 12.7% compared to 2021. The fall in export revenue was largely due to a significant drop of 60.4% in the flow of ETOEs. In addition, the fall in export revenue was due to a 16.8% drop in items and a 29.8% drop in letters. Import receipts contracted by more than 52.6% in a year, influenced by a fall in volumes of imported items.

Volume of provided services, millions of units



The majority of the Group's revenue consisted of revenue from postal services provided to business customers (71.0%), while the revenue from services provided to natural persons amounted to 29.0%. In 2022, the revenue from the postal services of physical customers decreased by 25.9% where the biggest change was due to the 51.5% decrease in revenue from the import of goods. Revenue from business customers is only 0.6 percentage points lower than in 2021. Revenue from ETOE activities decreased by EUR 3.7 million in the reporting period. This is the operational model of activities established by the Universal Postal Union (UPU) that allows the operator to establish and operate postal exchanges in other countries. Mail sent from such an exchange shall be sent on the same basis as would be sent from an exchange in the operator's country. Revenue from the import of goods also decreased by EUR 1.7 million in the reporting year. However, this contraction was offset by a EUR 3.3 million increase in domestic letter revenue and a EUR 2.2 million increase in domestic parcel revenue.



General Director  
Rolandas Zukas

Chairperson of the  
Board of Directors  
Mindaugas Kyguolis

- ↑ The result from other activities increased by 80.5% to EUR 20.0 million
- ↑ The Company earned net profit of EUR 4.8 million
- ↓ Volume of services provided decreased by 18.1% to 89.2 million units

PROFIT (LOSS) STATEMENT (THOUSAND EUR)	2021	2022	CHANGE
Sales revenue	99,215	93,725	-5.5%
Cost of goods sold	0	0	-
<b>Gross profit (loss)</b>	<b>99,215</b>	<b>93,725</b>	<b>-5.5%</b>
Cost of sales	116,954	108,238	-7.5%
General and administrative expenses	0	0	-
Results of other activities	11,096	20,032	+80.5%
Net financial items	-888	-521	+41.3%
<b>Profit (loss) before taxes</b>	<b>-7,530</b>	<b>4,997</b>	<b>-</b>
Corporation tax	-1,085	159	-
<b>Net profit (loss)</b>	<b>-6,445</b>	<b>4,838</b>	<b>-</b>
BALANCE SHEET (THOUSAND EUR)	31 DEC 2021	31 DEC 2022	CHANGE
<b>Non-current assets</b>	<b>64,111</b>	<b>56,937</b>	<b>-11.2%</b>
<b>Current assets</b>	<b>48,737</b>	<b>58,839</b>	<b>+20.7%</b>
Cash and cash equivalents	25,539	33,892	+32.7%
<b>Deferred charges and accrued income</b>	<b>11,313</b>	<b>6,107</b>	<b>-46.0%</b>
<b>Total assets</b>	<b>124,161</b>	<b>121,883</b>	<b>-1.8%</b>
<b>Equity</b>	<b>27,251</b>	<b>32,089</b>	<b>+17.8%</b>
<b>Grants and subsidies</b>	<b>175</b>	<b>139</b>	<b>-20.5%</b>
<b>Provisions</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Amounts payable and other liabilities</b>	<b>71,432</b>	<b>70,957</b>	<b>-0.7%</b>
Amounts payable after one year and other non-current liabilities	27,535	21,390	-22.3%
Financial liabilities	27,399	21,142	-22.8%
Amounts payable within one year and other current liabilities	43,897	49,567	+12.9%
Financial liabilities	5,730	6,297	+9.9%
<b>Accrued expenses and deferred income</b>	<b>25,303</b>	<b>18,698</b>	<b>-26.1%</b>
<b>Total equity and liabilities</b>	<b>124,161</b>	<b>121,883</b>	<b>-1.8%</b>
RATIOS	31 DEC 2021	31 DEC 2022	CHANGE
ROA	-5.4%	3.9%	-
ROE	-21.1%	16.3%	-
D/E	121.6%	85.5%	-36.1 p. p.
EBITDA	716	13,046	+1,722.1%
EBITDA margin	0.7%	13.9%	+13.2 p. p.
Net profit margin	-6.5%	5.2%	-
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)	2021	2022	CHANGE
Awarded dividends (share of the State)	0	0	-
INFORMATION ABOUT EMPLOYEES	2021	2022	CHANGE
Number of employees	3,728	3,031	-18.7%
Average monthly salary of a manager (gross, EUR)	10,267	9,175	-10.6%
INSTITUTION REPRESENTING THE STATE	OWNED SHARES		
Ministry of Transport and Communications of the Republic of Lithuania	100.0%		
MANAGEMENT (1 JUL 2023)			
<b>General Director</b>	Rolandas Zukas		
<b>Chairperson of the Board of Directors</b>	Mindaugas Kyguolis*		
<b>Members of the Board of Directors</b>	Alditas Saulius* Arnold Schroyen* Jūratė Stanišauskienė*		

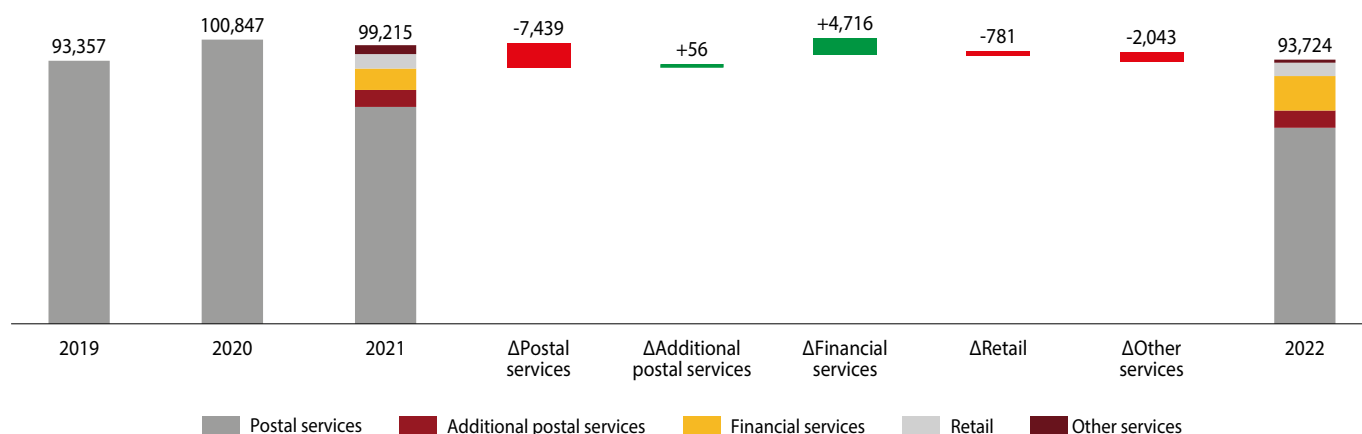
\*Independent member



During the reporting period, the Group's sales revenue decreased by 5.5% and amounted to EUR 93.7 million. Revenue from postal services accounts for the largest share of the sales revenue structure, i.e. 74.2% of total sales revenue. Postal service revenue fell by 9.7% to EUR 69.6 million in 2022, driven by a fall in total items and letter volumes. Financial services revenue increased significantly by 62.6% to EUR 12.2 million, driven by higher revenue from the delivery

and payment of pensions, allowances and other benefits, and the collection of contributions and taxes. The growth in revenue from ancillary postal services was marginal, reaching only 0.9%. The biggest decline was in the revenue received from other services, which shrank by 65.8% in the period under review and amounted to EUR 1.1 million. The decrease in this category was mainly due to a drop in revenue from transport partners.

Sales revenue (Thousand EUR)



The Group's operating costs contracted by 7.5% to EUR 108.2 million in the reporting period. In 2022, costs related to personnel maintenance, which accounted for 42.5% of total costs or EUR 46.0 million, decreased by 1.9%. This decrease is associated with implemented projects intended to increase operational efficiency. At the end of 2022, the Group had 3,031 employees, a decrease of 18.7% compared to the end of 2021. The cost of international mail transport and settlements with foreign post offices, which accounted for 21.9% or EUR 23.7 million of total operating costs, decreased by 26.6% compared to 2021, with the fall in these costs attributable to lower export traffic. Costs in the other cost group, which accounted for 12.4% of the Group's total costs, fell by 7.5%, driven by decreases in the cost of taxes and charges, compensation for missing consignments and the cost of shipments from China. Utilities costs increased by more than a third, i.e. 33.6%, due to a sharp rise in electricity and heating energy prices. The increase in the price level also pushed up the cost of materials and raw materials by almost one-fifth, 18.3%.

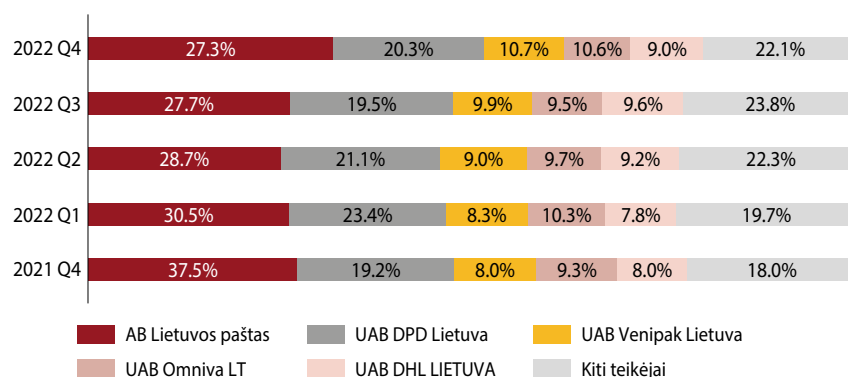
A 2.1% increase in the Group's gross revenue and a 7.5% contraction in costs resulted in a net profit of EUR 4.8 million, compared to a loss of EUR 6.4 million in 2021. The positive result also led to an increase in EBITDA, with an EBITDA of EUR 13.0 million in 2022 compared to only EUR 0.7 million in 2021. Return indicators have also increased: ROE was 16.3% and – ROA 3.9%. In previous years, these indicators were negative. The Group's investments in 2022 amounted to EUR 4.3 million and, compared to 2021, decreased by 31.7%. The bulk of the investment, EUR 2.1 million, was in post offices and their expansion, with almost 3 times more invested in this group compared to 2021. A large part of the investment, i.e. EUR 0.7 million, was allocated for upgrading software.

The value of the Group's assets under management decreased by 1.8% to EUR 121.9 million at the end of 2022. The main contributor to the change was the contraction of tangible non-current assets from EUR 43.0 million to EUR 39.0 million, mainly due to the transfer of the Kaunas and Klaipėda central post office buildings to the Ministry of Culture of the Republic of Lithuania for public use.

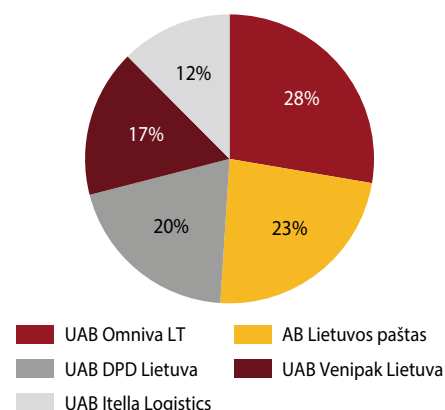
The Group's financial liabilities shrank by 17.2% to EUR 27.4 million in 2022. Liabilities to credit institutions amounted to EUR 14.0 million, a decrease of 14.3% compared to 2021. The received financing was targeted and intended for investments in the construction of a new centralized Vilnius Logistics Centre, the renewal of the vehicle fleet and the purchase of self-service parcel terminals. The remaining 48.9%, or EUR 13.4 million, of the financial liabilities is accounted for by lease liabilities, which decreased by 20.0% compared to 2021. These developments led to a decrease in the D/E ratio (financial liabilities to equity) by 36.1 percentage points to 85.5%.

According to the data of the report "Activity Report for the Provision of Postal Services for the Fourth Quarter of 2022" published by the Communications Regulatory Authority, as of 31 December 2022, 44 enterprises provided postal services in the country, i.e. 5 enterprises less than on 31 December 2021. In the reporting year, the enterprises earned EUR 257.2 million for the provided postal services, and the revenue growth was 7.6% compared to 2021. Parcel revenue grew by 7.4% to EUR 196.6 million, followed by an 8.1% increase in correspondence revenue to EUR 55.2 million. According to the Q4 2022 revenue from parcel delivery, the largest market share, i.e. 31.9%, was held by Lietuvos paštas Group. Compared to the data of the fourth quarter of 2021, the market share of the Group increased by 4.6 percentage points. The second largest postal service provider, UAB DPD Lietuva, had a market share of 19.6% in the fourth quarter of 2022, a decrease of 0.7 percentage points compared to fourth quarter 2021. In the reporting year, the total number of post offices in the country increased from 1,323 units to 1,517 units. At the end of 2022, Lietuvos paštas Group operated a network of 352 LP EXPRESS parcel self-service post offices. In 2022, 69 new self-service parcel terminals were installed and the total number of parcel boxes reached 498 thousand units. According to the number of operated self-service parcel terminals, UAB Omniva LT has the largest market share, which managed 420 self-service parcel terminals at the end of the year.

Market share held by providers of postal services according to the revenue received for the delivery of consignments



Number of self-service parcel terminals: (at the end of 2022)



## AB Kelių priežiūra

www.keliuprieziura.lt



Ongoing and periodic maintenance of public roads, infrastructure and transport and communication object design, building and repair works for municipalities and other legal and natural persons, extraction of materials and equipment hire.

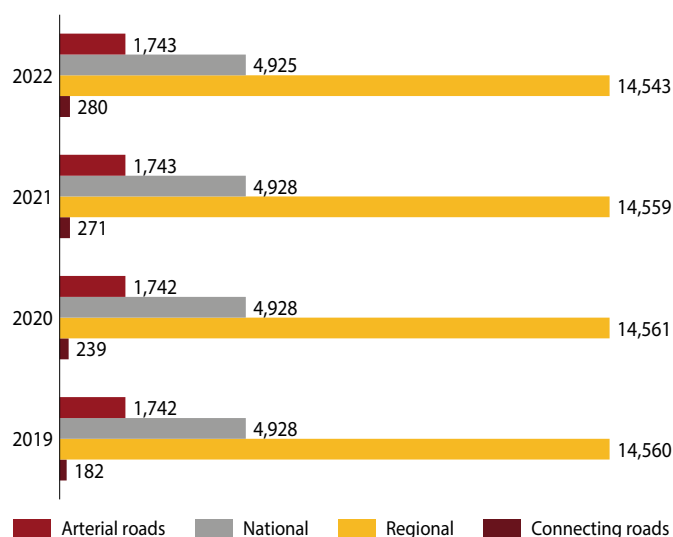
Special obligations: road maintenance services

## MAJOR EVENTS:

- In 2022, a mobile defect tracking application was developed to efficiently capture defects in roads, their elements and structures, and set deadlines for fixing them;
- From 1 May 2022, 100% of the electricity purchased by the Company will be generated from renewable energy sources;
- In 2022, the Gerkiškis asphalt decommissioning project was completed;
- In order to enhance the safety of workers on the roads, the first of its kind in Lithuania, i.e. shock absorbers, have been purchased to act as a shield, absorbing the impact of a crash;
- In January 2023, the Company became a member of the Lithuanian Responsible Business Association (LAVA).

From 1 January 2020, roads of state importance are divided into five levels of road maintenance according to traffic intensity and importance. The following arterial roads are of the highest priority: Via Baltica, Vilnius – Kaunas – Klaipėda, Vilnius – Panevėžys, Vilnius – Trakai, Vilnius Southern Bypass. These roads are maintained by the Company's employees around the clock.

Maintained kilometres by road level, km



In order to ensure proper road maintenance, the Company has developed a large territorial network and infrastructure consisting of 21 road offices and 49 foremen in all regions of the country. The Company manages more than 2,000 self-propelled vehicles and 3,000 dedicated or separately used specialized devices and mechanisms.

About 50 Company crews roam around the country every day to inspect the road in order to assess the condition of the roads, identify dangerous places, analyse emergency sections and take preventive measures. According to the statistics of the winter seasons of 2020–2021 and 2021–2022, on average around 80 thousand tonnes of pure salt and about 100 thousand tonnes of sand-salt mix are used per season for spreading works. On average, about 8.3 million of km are driven during the winter, according to the statistics for the last 2 seasons.

The Company has been granted a permit by the Lithuanian Geological Survey under the Ministry of the Environment of the Republic of Lithuania to use underground resources in 74 sand and gravel quarries. The total area of these quarries is more than 1.0 thousand hectares. More than 400,000 cubic metres of sand and gravel are extracted from them per year. 70.0% of the extracted materials are used in the Company's direct activities, while about 30.0% are sold. The Company currently operates 1 asphalt plant. During the year 2022, more than 49.0 thousand tonnes of asphalt were produced at the Company's asphalt plant in Kuršėnai. In 2022, the Gerkiškis asphalt decommissioning project was completed. It involved dismantling asphalt production equipment that had been in operation for over 30 years.

The Company's sales revenue in 2022 grew by 23.6% compared to 2021, reaching EUR 113.6 million. The Company's main customer is AB Lietuvos



Acting General Director  
Kristupas Baranauskas

Chairperson of the Board of Directors  
Vygantas Sliesoraitis

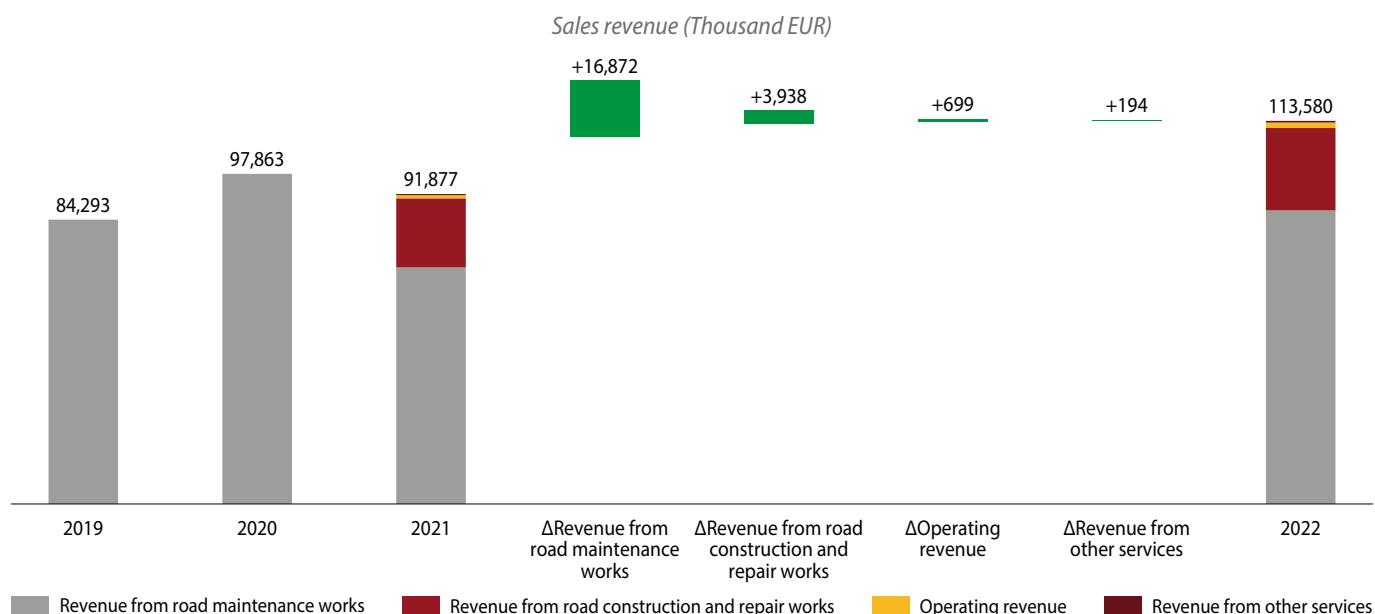
- ↑ Cost of sales increased by 24.5%
- ↓ The company suffered a loss of EUR 3.9 million
- ↓ Liabilities increased by 188.7%

PROFIT (LOSS) STATEMENT (THOUSAND EUR)	2021	2022	CHANGE
Sales revenue	91,877	113,580	+23.6%
Cost of goods sold	88,058	109,627	+24.5%
<b>Gross profit (loss)</b>	<b>3,819</b>	<b>3,953</b>	<b>+3.5%</b>
Cost of sales	0	0	-
General and administrative expenses	8,038	8,527	+6.1%
Results of other activities	606	902	+48.8%
Net financial items	-204	-832	-307.8%
<b>Profit (loss) before taxes</b>	<b>-3,816</b>	<b>-4,504</b>	<b>-18.0%</b>
Corporation tax	-513	-586	-14.2%
<b>Net profit (loss)</b>	<b>-3,303</b>	<b>-3,918</b>	<b>-18.6%</b>
BALANCE SHEET (THOUSAND EUR)	31 DEC 2021	31 DEC 2022	CHANGE
<b>Non-current assets</b>	<b>96,510</b>	<b>100,292</b>	<b>+3.9%</b>
<b>Current assets</b>	<b>31,939</b>	<b>60,728</b>	<b>+90.1%</b>
Cash and cash equivalents	17,624	43,633	+147.6%
<b>Deferred charges and accrued income</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Total assets</b>	<b>128,449</b>	<b>161,020</b>	<b>+25.4%</b>
<b>Equity</b>	<b>106,761</b>	<b>102,842</b>	<b>-3.7%</b>
<b>Grants and subsidies</b>	<b>12</b>	<b>11</b>	<b>-8.3%</b>
<b>Provisions</b>	<b>2,634</b>	<b>3,200</b>	<b>+21.5%</b>
<b>Amounts payable and other liabilities</b>	<b>19,042</b>	<b>54,967</b>	<b>+188.7%</b>
Amounts payable after one year and other non-current liabilities	3,295	6,758	+105.1%
<i>Financial liabilities</i>	2,664	5,971	+124.1%
Amounts payable within one year and other current liabilities	15,747	48,209	+206.2%
<i>Financial liabilities</i>	355	3,297	+827.7%
<b>Accrued expenses and deferred income</b>			<b>-</b>
<b>Total equity and liabilities</b>	<b>128,449</b>	<b>161,020</b>	<b>+25.4%</b>
RATIOS	31 DEC 2021	31 DEC 2022	CHANGE
ROA	-2.4%	-2.7%	-0.3 p. p.
ROE	-3.0%	-3.7%	-0.7 p. p.
D/E	2.8%	9.0%	+6.2 p. p.
EBITDA	6,855	7,366	+7.5%
EBITDA margin	7.5%	6.5%	-1.0 p. p.
Net profit margin	-3.6%	-3.4%	+0.2 p. p.
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)	31 DEC 2021	31 DEC 2022	CHANGE
Awarded dividends (share of the State)	0	0	-
INFORMATION ABOUT EMPLOYEES	2021	2022	CHANGE
Number of employees	2,251	2,204	-2.1%
Average monthly salary of a manager (gross, EUR)	9,747	9,278	-4.8%
INSTITUTION REPRESENTING THE STATE	OWNED SHARES		
Ministry of Transport and Communications of the Republic of Lithuania			100.0%
MANAGEMENT (15 JUL 2023)			
Acting General Director	Kristupas Baranauskas		
Chairperson of the Board of Directors	Vygantas Sliesoraitis*		
Members of the Board of Directors	Audrius Vaitkus* Agnė Amelija Mikalėnė Zivilė Valeišienė* Nerijus Datkūnas*		

\*Independent member

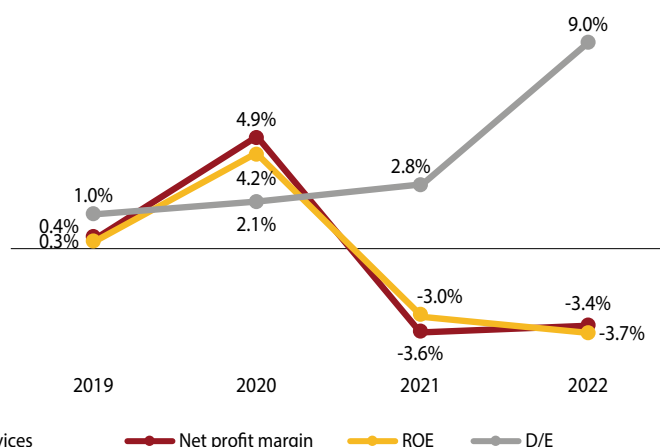
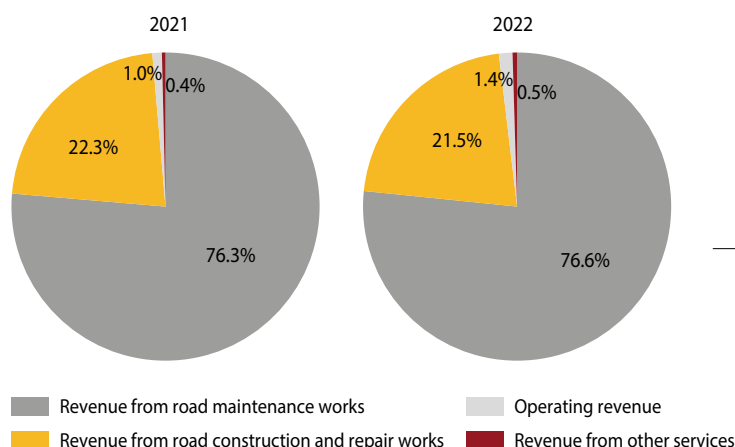
automobilių kelių direkcija (LAKD), from which revenue from road maintenance and road construction and repairs increased overall from EUR 71.7 million in 2021 to EUR 88.5 million in 2022 (with an increase of 15.3% when considering only the share of the special obligations). Revenue from the core business of road maintenance (considering all customers: LAKD, municipalities and other operators) increased

by 24.1% to EUR 87.0 million. The increase in revenue is due to increased funding, both for additional road maintenance works and due to stricter road maintenance requirements. Operating revenue from the sale of asphalt, gravel and similar materials increased by 76.2% to EUR 1.6 million. Revenue from road construction and repair also increased by 19.2% to EUR 24.4 million.



The Company's turnover growth in 2022 was recorded in all revenue categories. In terms of revenue structure, the two largest revenue groups are the revenue from road maintenance works and revenue from road construction and repair works. Road maintenance accounts for the largest share of revenue received from the Lithuanian Road Administration, municipalities and other business entities. In the reporting year, this revenue share accounted for 76.6% of total revenue, an increase of 0.3 percentage points compared to 2021. The

**share of road construction and repair revenues in the total revenue structure fell from 22.3% to 21.5% in 2022.** The main contributor to the structural change has been the increase in revenues from road maintenance. The Company expects that the share of road repair works in the revenue structure will continue to decrease, in line with the Company's shareholder's letter of expectation, while revenue from other services will increase as the Company plans to develop other activities (road marking, electrical and lighting services).



**In 2022, the cost of sales of the Company, which amounted to EUR 109.6 million compared to 2021, increased by 24.5%.** The largest part (37.9%) in the structure of the cost of sales was the cost of compensation to employees, which increased by 11.1% to EUR 41.6 million during the reporting year. The increase in these costs is mainly due to changes in average wages in the labour market. Material acquisition costs, which accounted for 26.3% of costs, increased by 48.2% to EUR 28.9 million. The main contributor to the increase in these costs was the increase in the price of salt consumed, with the average price of salt rising by 27.0%. Fuel prices have also risen significantly, leading both to an increase in transport costs (the average price of the main fuel, diesel, has risen by 52%) and, to a certain extent, to an increase in the cost of materials (the cost of transporting the materials is included in the cost of materials when outsourcing). Transport operating costs, which accounted for 19.2% of cost of sales, increased by more than a third to EUR 21.1 million.

**In the reporting year, as in 2021, a net loss of EUR 3.9 million was incurred.** The Company made a loss because costs grew faster than revenue. The Company's EBITDA of EUR 7.4 million in 2022 increased by 7.5% compared to the previous period. At the same time, most of the return indicators were worse in the reporting year: the return on equity dropped from -3.0% to -3.7%,

while the net profit margin barely increased but remained negative. The ratio of financial liabilities to equity rose by 6.2 percentage points to 9.0% in 2022. The change was due to the loan received, which resulted in a more than 3-fold increase in the Company's financial liabilities. Incidentally, the Company's current assets have almost doubled from EUR 31.9 million to EUR 60.7 million as a result of the receipt of an advance payment for the permanent maintenance of the roads in 2023 (the amount of the advance exceeded EUR 25 million), but this increase is temporary and will be offset by the receipt of the advance payment for the services rendered in January/March 2023.

**The value of investments made in 2022 was EUR 14.5 million, an increase of 9.8% compared to 2021.** The largest amount of investments, which accounted for 96.0% of all investments and amounted to EUR 13.6 million, was allocated for the purchase of new vehicles, machines and equipment. These investments are aimed at updating the existing technical fleet and purchasing the necessary equipment for the development of new activities. EUR 0.5 million have been allocated for other devices and tools. Software investments increased by 69.1% from EUR 162.0 thousand in 2021 to EUR 274.0 thousand in 2022. The rest of the investments was allocated for buildings and structures, construction in progress and prepayments as well as land.

# AB Oro navigacija

www.oronavigacija.lt



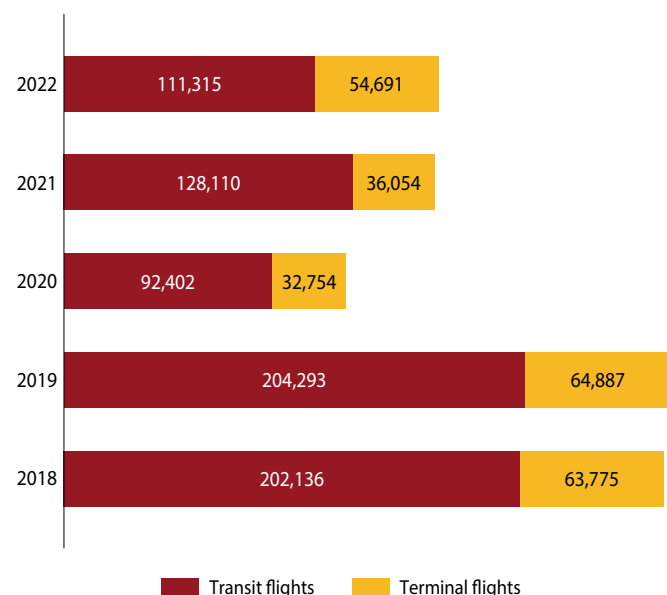
## Air navigation services for aircrafts flying in the airspace of the Republic of Lithuania

### MAJOR EVENTS:

- **On 27 February**, the country's airspace was closed to all air carriers holding an air operator's certificate issued by the Russian Federation. Aircraft of Russian air carriers are no longer allowed to land or depart in Lithuanian airspace;
- **On 22 June**, Vilnius Airport (Runway 19) launched the ILS/DME CAT I Instrument Landing System (ILS/DME CAT I), a long-range instrument landing system that ensures safe landing of aircraft even in poor weather conditions;
- **In September**, in cooperation with CS SOFT a.s., the flight management system of Kaunas Air Traffic Control Centre was upgraded to ensure the provision of operational services in Kaunas Air Traffic Control Centre and the reserve Regional Air Traffic Control Centre.
- **At the beginning of 2023**, the legal status of Oro navigacija was changed from a state-owned enterprise (SOE) to a public limited liability company (AB).

The Lithuanian and European aviation sector from 2020 onwards was severely impacted by the significant reduction in the number of flights due to the COVID-19 pandemic, as well as the consequences of the war in Ukraine. Although the flight statistics show the growth of air traffic and the control of the COVID-19 pandemic, there is still uncertainty in the Lithuanian aviation market as there is no end in sight to Russia's aggression in Ukraine.

Over the last two years, Lithuania's aviation sector has been slowly catching up to its pre-pandemic level. In 2022, the number of flights served exceeded 166.0 thousand, which already accounted for 61.7% of the total number of flights recorded in 2019 before the pandemic. However, in 2022, compared to the same period in 2021, the number of flights grew marginally by 1.0%. The majority, i.e. 67.1% of the flight structure consists of transit flights, the number of which decreased by 13.1% in the reporting year and reached 111.3 thousand flights. The negative development is due to the closure of Lithuanian airspace to all air carriers of the Russian Federation in mid-Q1 2022 due to the Russian invasion of Ukraine. However, a significant increase of 51.0% in terminal flights to 54.7 thousand flights was observed during the reporting year. This change is due to the recovery of flights after the Covid 19 pandemic, but the pre-pandemic number of flights remains unachieved.



The share of the top ten transit flights in the airspace of the Republic of Lithuania accounted for 64.6% of the total number of transit flights, while the share of terminal flights operated by the ten main airlines accounted for as much as 72.2% of the total number of terminal flights.

The Company's core operating revenue consists of route and terminal fees, which cover the costs incurred in connection with the provision of air navigation services. **In the reporting year, the revenue of the main activity increased by 2.7% and reached EUR 26.9 million.** The increase in this revenue is mainly due to an increase in service charge rates and a higher fixed cost base used to set charges. During the reporting period, revenue from en-route air navigation services decreased by 8.9% to EUR 19.5 million and revenue from terminal services increased by 54.3% to EUR 7.4 million in 2022. The share of terminal services in operating revenue increased from 18.3% to 27.5%. This is the highest share of terminal service revenue in the Company's revenue for decades.



**General Director**  
Saulius Batavičius

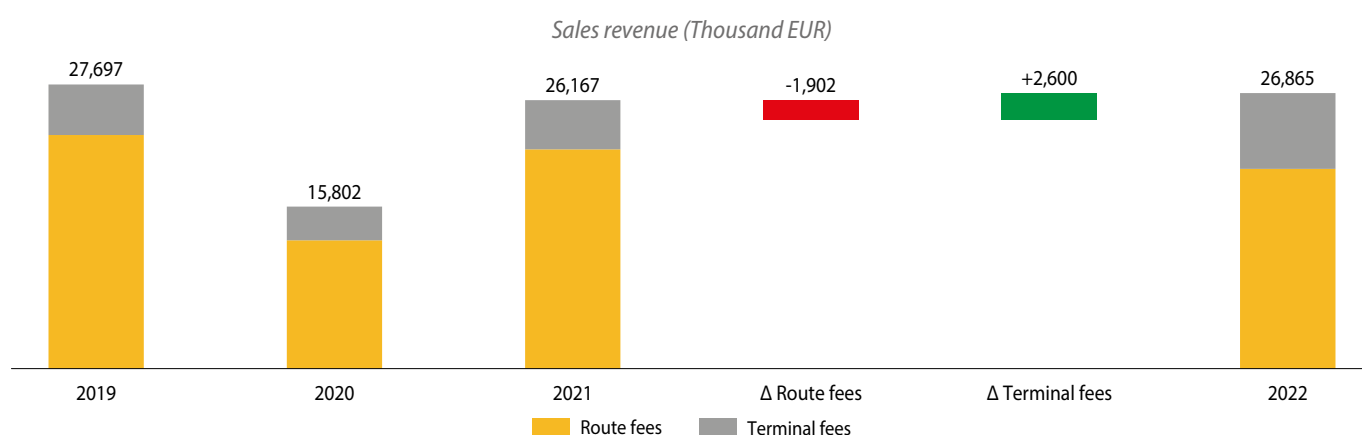
**Chairperson of the Board**  
Jūratė Stanišauskienė

- ↑ The number of terminal flights increased by 51.0% to 54.7 thousand
- ↓ The Company's adjusted net profit decreased by 57.9% to EUR 2.1 million
- ↑ The Company has declared a dividend of EUR 1.7 million for the reporting year

PROFIT (LOSS) STATEMENT (THOUSAND EUR)			
	2021	2022	CHANGE
Sales revenue	26,167	26,866	+2.7%
Cost of goods sold	16,718	19,078	+14.1%
<b>Gross profit (loss)</b>	<b>9,449</b>	<b>7,788</b>	<b>-17.6%</b>
Cost of sales	0	0	-
General and administrative expenses	4,362	5,501	+26.1%
Results of other activities	-203	-239	-17.4%
Net financial items	-14	70	-
<b>Profit (loss) before taxes</b>	<b>4,870</b>	<b>2,119</b>	<b>-56.5%</b>
Corporation tax	-28	169	-
<b>Net profit (loss)</b>	<b>4,898</b>	<b>1,950</b>	<b>-60.2%</b>
<b>Adjusted net profit (loss)</b>	<b>5,092</b>	<b>2,144</b>	<b>-57.9%</b>
BALANCE SHEET (THOUSAND EUR)			
	31 DEC 2021	31 DEC 2022	CHANGE
<b>Non-current assets</b>	<b>45,145</b>	<b>45,889</b>	<b>+1.6%</b>
<b>Current assets</b>	<b>12,082</b>	<b>13,888</b>	<b>+15.0%</b>
Cash and cash equivalents	6,914	5,146	-25.6%
<b>Deferred charges and accrued income</b>	<b>2,622</b>	<b>1,784</b>	<b>-32.0%</b>
<b>Total assets</b>	<b>59,848</b>	<b>61,561</b>	<b>+2.9%</b>
<b>Equity</b>	<b>47,111</b>	<b>49,160</b>	<b>+4.4%</b>
<b>Grants and subsidies</b>	<b>7,808</b>	<b>6,554</b>	<b>-16.1%</b>
<b>Provisions</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Amounts payable and other liabilities</b>	<b>3,825</b>	<b>3,773</b>	<b>-1.4%</b>
Amounts payable after one year and other non-current liabilities	1,061	1,195	+12.6%
<i>Financial liabilities</i>	0	0	-
Amounts payable within one year and other current liabilities	2,764	2,577	-6.7%
<i>Financial liabilities</i>	522	0	-
<b>Accrued expenses and deferred income</b>	<b>1,104</b>	<b>2,075</b>	<b>+87.9%</b>
<b>Total equity and liabilities</b>	<b>59,848</b>	<b>61,561</b>	<b>+2.9%</b>
RATIOS			
	31 DEC 2021	31 DEC 2022	CHANGE
ROA	8.5%	3.5%	-5.0 p. p.
ROE	10.8%	4.4%	-6.4 p. p.
D/E	1.1%	0.0%	-
EBITDA	8,348	6,009	-28.0%
EBITDA margin	31.9%	22.4%	-9.5 p. p.
Net profit margin	19.5%	8.0%	-11.5 p. p.
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)			
	2021	2022	CHANGE
Awarded dividends (share of the State)/ profit contributions	0	1,662	-
Property tax	228	228	-
Total contributions and non-standard taxes to the State	228	1,891	+728.1%
INFORMATION ABOUT EMPLOYEES			
	2021	2022	CHANGE
Number of employees	269	287	+6.7%
Average monthly salary of a manager (gross, EUR)	7,920	8,409	+6.2%
INSTITUTION REPRESENTING THE STATE OWNED SHARES			
Ministry of Transport and Communications of the Republic of Lithuania			100%
MANAGEMENT (1 JUL 2023)			
<b>General Director</b>	Saulius Batavičius		
<b>Chairperson of the Board</b>	Jūratė Stanišauskienė*		
<b>Members of the Board of Directors</b>	Gediminas Almantas* Mantas Šukevičius* Darius Stravinskis Vytautas Vaižmužis		

\*Independent member





**The Company's operating costs increased by 16.3% in the reporting year and reached EUR 25.6 million.** The increase in costs compared to 2021 is mainly due to an increase in salary and staff costs. The increase in salary costs and the return to 2019 levels is due both to increased recruitment to fill vacant and unfilled positions during the pandemic years, and to the financial and other benefits to employees of collective bargaining agreements that have been largely restored after a two-year suspension. Costs related to staff maintenance accounted for 65.9% of all costs and, compared to 2021, increased by 17.5%. Depreciation and amortisation costs, which accounted for 15.5% of the total cost structure, increased by 19.1% to EUR 4.0 million.

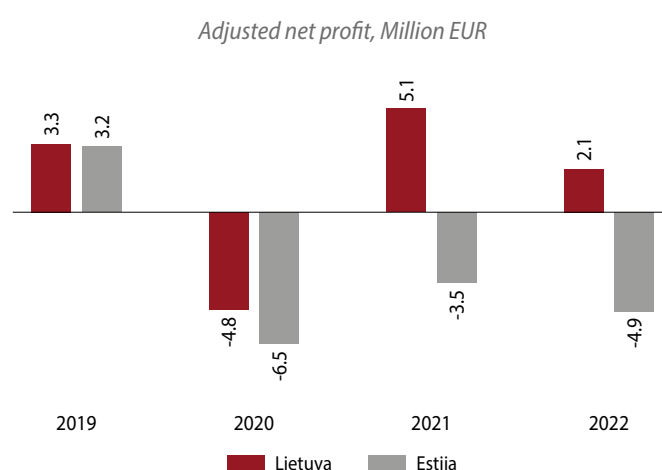
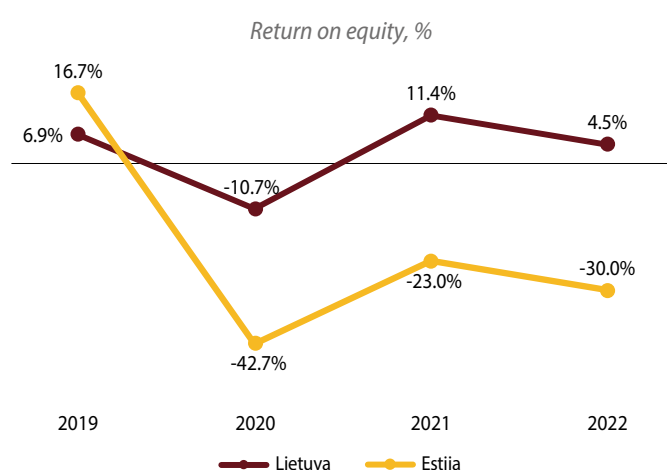
**The Company's adjusted net profit for the year fell by 57.9% to EUR 2.1 million.** The change was due to faster growth in costs compared to revenue growth. The changes discussed above also led to a decline in the Company's financial indicators: the net profit margin decreased by 11.5 percentage points to 8.0% and the return on equity fell by 6.4 percentage points to 4.4%.

The main goal of the Company is not to seek profit, but to satisfy the interests of the public and the performance of commercial functions assigned by the State, giving priority to the implementation of social and political goals. Profitable activities play a secondary role. Pursuant to Article 15 (5) of the Republic of Lithuania Law on State and Municipal Enterprises, the Company was exempted from paying the profit contribution to the State budget, as the structure of the Company's revenue and expenses is regulated by European Union legislation. However, for several years in a row, the Company has paid profit contributions. The Company has allocated a profit contribution of EUR 1.2 million for its 2019 performance, which was paid in 2020. In the period of 2020 – 2021, profit contributions to the State budget were not allocated due to the impact of the COVID-19 pandemic on the Company's activities, when the

demand for provided services fell sharply due to travel restrictions. Dividends for 2022, following the change in the Company's legal status, amounted to EUR 1.7 million.

**In 2022, the Company's investments amounted to EUR 3.2 million, i.e. 38.2% more than in 2021.** In carrying out investment projects, the Company aims to ensure the required level of flight safety and quality of service provision and implements the tasks of the Local Single Sky Implementation Plan (LSSIP) and ongoing European projects, and carries out local and regional projects. The investment projects carried out/planned by ON are directly related to the technological tasks specified in the European ATM Master Plan Level 3 document, the SESAR Deployment Manager Programme, the Performance Based Navigation (PBN) Plan.

**In 2022, when AB Oro navigacija earned an adjusted net profit of EUR 2.1 million, the Estonian company Lennuliiklusteeninduse AS recorded a loss of EUR 4.9 million.** However, it is worth noting that the goal of AB Oro navigacija is the satisfaction of the public service, and not the pursuit of profit. Return on equity reveals that in 2019 the return on equity of Lennuliiklusteeninduse AS was significantly higher than that of Lithuanian Air Navigation Company. However, due to the COVID-19 pandemic in 2020, the return on equity of Lennuliiklusteeninduse AS dropped by 59.4 percentage points, while the Lithuanian company's decreased by 17.6 percentage points. Although the return on equity of AB Oro navigacija decreased by 6.9 percentage points in the reporting year, it remained positive at 4.5%, while the return on equity of the Estonian provider of air navigation services remained negative in the reporting year. \*\* According to Eurocontrol data on air navigation service providers, the airspace controlled by AB Oro navigacija in 2022 was 76 126 sq. km, i.e. the smallest among the Baltic States.



Source: Data from the financial statements of AB Oro navigacija, Lennuliiklusteeninduse AS

\*\*Comparison of data may be affected by different ratio calculation methodologies applied by other countries. The Lithuanian company is only compared to Estonia's Lennuliiklusteeninduse AS, as at the time of writing the report Latvian data had not yet been published.

# AB Klaipėdos valstybinio jūrų uosto direkcija

www.portofklaipeda.lt



**The main functions of the Company: ensuring safe shipping in Klaipėda State Seaport, maintenance and development of port infrastructure.**

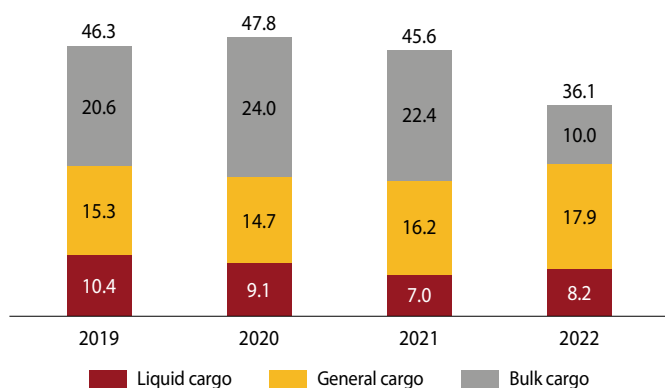
**Special obligations – the opportunity to use the infrastructure of the Klaipėda State Seaport is provided for the Lithuanian Naval Force, the construction, modernization and development of the infrastructure of the Klaipėda Seaport necessary for shipbuilding and repair; construction, modernization and development of the infrastructure required for the production, assembly and/or storage of offshore wind power plants and their components.**

## MAJOR EVENTS:

- On 9 February, the Government of the Republic of Lithuania amended the description of the list of types of Klaipėda State Seaport charges, their maximum amounts and principles of their application, which had been in force since 2008, which led to an increase in the scale of container distribution activities in the port;
- On 27 April, the Government approved the special plan for the development of transport infrastructure in the territory of KSS between Kalnupės, Minijos, Senosios Smiltelės, Marių streets and the Curonian Lagoon, and the procedure of land acquisition for the public needs in accordance with the solutions of the special plan will be started;
- On 19 December, the European Investment Bank will finance the development of a sustainable and environmentally friendly infrastructure for the Port of Klaipėda with a loan of EUR 65 million;
- On 21 December, the Port of Klaipėda set a new container handling record of more than 1 million TEU (standardised containers);
- On 2 January 2023, with the registration of the new Articles of Association at the State Enterprise Centre of Registers, the transformation of the Seaport Authority was completed – the company became a public limited liability company.

In 2022, the cargo turnover of the port of Klaipėda decreased by 20.8% and amounted to 36.1 million tonnes. Compared to the previous year, there has been a marked change in the structure of cargo handling. General cargo accounted for the largest share in the reporting year, accounting for 49.6% of the total cargo structure and reaching 17.9 million tonnes, which is 10.4% more than in 2021. This change in the structure was significantly influenced by the increase in container cargo and the elimination of natural and chemical fertilisers from these countries due to the sanctions against Belarus and Russia, which resulted in a 77.0% drop in the total cargo of fertilisers in the Port of Klaipėda. Correspondingly, the bulk cargoes that made up the main of the structure in the previous year (which include fertilisers) more than doubled to 10.0 million tonnes in 2022. Liquid cargo volumes grew by 17.2% to 8.2 million tonnes. In the latter group, liquefied natural gas (LNG) load growth of 92% can be highlighted.

Volume of stevedoring (million of tonnes)



In 2022, the number of vessels entering the Port of Klaipėda decreased by 14.5% compared to 2021, amounting to 5,605 vessels, of which 4,274 vessels were engaged in stevedoring. Compared to 2021, the number of vessels with stevedoring operations decreased by 13.7%. The number of passengers visited reached 337.0 thousand, an increase of 69.7% compared to 2021. In the reporting year, 61 cruise ships visited the Port of Klaipėda (compared to only 2 in 2021). 46.9 thousand cruise passengers visited the port city on these ships.

The Company's operating revenue fell by 8.1% to EUR 60.7 million. The changes in operating revenue are mainly determined by the collected port fees, which will account for around 83.3% of total operating revenue in 2022. Compared to the 20.8% decrease in cargo volumes, the decrease in port fees was smaller, with port fees revenue falling by 8.1% to EUR 50.6 million in the reporting period. This result was due to the fact that part of the cargo flow lost due to sanctions was compensated by increased or new, higher revenue generating cargoes. The amount of port fee revenue depends on the volume of cargo stevedoring in the port, i. e.



**General Director**  
Algis Latakas

**Chairperson of the Board of Directors**  
Nemunas Biknius

- ↓ Total cargo volume shrank by 20.8% to 36.1 million tonnes
- ↓ Adjusted net profit decreased 20.8% to EUR 24.9 million
- ↓ Financial debts have increased significantly

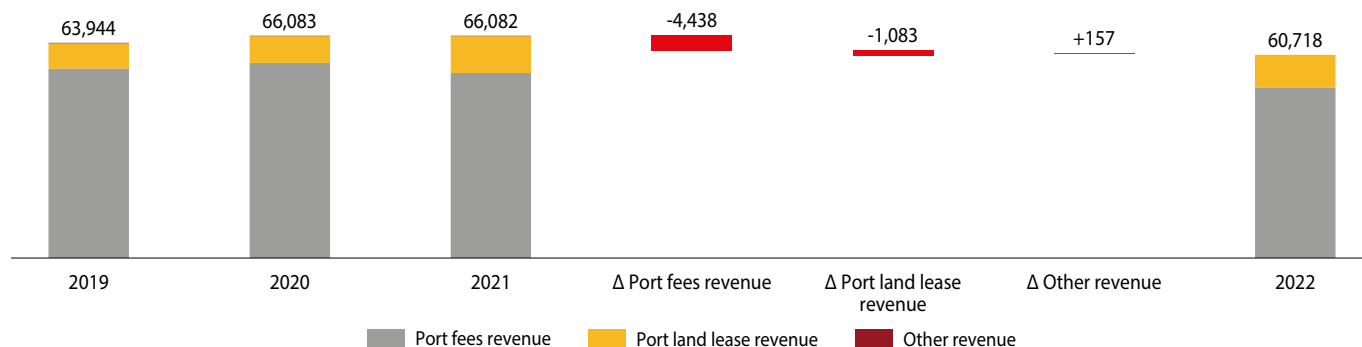
PROFIT (LOSS) STATEMENT (THOUSAND EUR)			
	2021	2022	CHANGE
Sales revenue	66,082	60,718	-8.1%
Cost of goods sold	0	0	-
<b>Gross profit (loss)</b>	<b>66,082</b>	<b>60,718</b>	<b>-8.1%</b>
Cost of sales	0	0	-
General and administrative expenses	29,817	34,671	+16.3%
Results of other activities	49	140	+185.7%
Net financial items	-5	-256	-5,020.0%
<b>Profit (loss) before taxes</b>	<b>36,309</b>	<b>25,931</b>	<b>-28.6%</b>
Corporation tax	5,302	1,451	-72.6%
<b>Net profit (loss)</b>	<b>31,007</b>	<b>24,480</b>	<b>-21.1%</b>
<b>Adjusted net profit (loss)</b>	<b>31,408</b>	<b>24,881</b>	<b>-20.8%</b>
BALANCE SHEET (THOUSAND EUR)			
	31 DEC 2021	31 DEC 2022	CHANGE
<b>Non-current assets</b>	<b>643,662</b>	<b>691,084</b>	<b>+7.4%</b>
<b>Current assets</b>	<b>20,219</b>	<b>39,174</b>	<b>+93.7%</b>
Cash and cash equivalents	15,274	31,222	+104.4%
Deferred charges and accrued income	0	0	-
<b>Total assets</b>	<b>663,881</b>	<b>730,258</b>	<b>+10.0%</b>
<b>Equity</b>	<b>553,424</b>	<b>556,155</b>	<b>+0.5%</b>
<b>Grants and subsidies</b>	<b>79,807</b>	<b>126,787</b>	<b>+58.9%</b>
<b>Provisions</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Amounts payable and other liabilities</b>	<b>30,650</b>	<b>47,316</b>	<b>+54.4%</b>
Amounts payable after one year and other non-current liabilities	16,439	30,501	+85.5%
Financial liabilities	15,894	30,084	+89.3%
Amounts payable within one year and other current liabilities	14,211	16,815	+18.3%
Financial liabilities	1,098	2,231	+103.2%
<b>Accrued expenses and deferred income</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Total equity and liabilities</b>	<b>663,881</b>	<b>730,258</b>	<b>+10.0%</b>
RATIOS			
	31 DEC 2021	31 DEC 2022	CHANGE
ROA	4.8%	3.6%	-1.2 p. p.
ROE	5.7%	4.5%	-1.2 p. p.
D/E	3.1%	5.8%	2.7 p. p.
EBITDA	51,760	40,535	-21.7%
EBITDA margin	78.3%	66.8%	-11.6 p. p.
Net profit margin	47.5%	41.0%	-6.6 p. p.
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)			
	2021	2022	CHANGE
Awarded dividends (share of the State)/ profit contributions	21,705	7,666	-64.7%
Property tax	472	472	-
Total contributions and non-standard taxes to the State	22,177	8,138	-63.3%
INFORMATION ABOUT EMPLOYEES			
	2021	2022	CHANGE
Number of employees	237	225	-5.1%
Average monthly salary of a manager (gross, EUR)	10,780	11,847	+9.9%
INSTITUTION REPRESENTING THE STATE			
Ministry of Transport and Communications of the Republic of Lithuania			100%
MANAGEMENT (1 JUL 2023)			
<b>General Director</b>	Algis Latakas		
<b>Chairperson of the Board of Directors</b>	Algis Latakas		
<b>Members of the Board of Directors</b>	Vidmantas Paukštė Martynas Armonaitis Džiugas Saulys		
<b>Chairperson of the Supervisory Board</b>	Nemunas Biknius*		
<b>Members of the Supervisory Board</b>	Eligijus Kajieta* Aurimas Vilkėlis* Gytis Mažeika Kristina Petraitienė		

\*Independent member

on changes in the market, geopolitics and other areas that affect freight flows. The Port Authority can influence this type of revenue by increasing port throughput and competitiveness, i.e. developing the port infrastructure, which, together with private investment in supra-infrastructure, helps maintain existing and attract new cargo flows. The revenue from land lease, which in the reporting year made up about 16.2% of operating revenue, fell by 9.9% compared to 2021 and amounted to EUR 9.9 million. This revenue is collected from port users under long-term land lease agreements. The decrease in revenue from land lease in 2022, compared to 2021, was caused by the additional, atypical land lease received in 2021 (+ EUR 2.6 million) in accordance with the contract concluded with the land lessee of the

port. Excluding such atypical revenue received in 2021, revenue from port land lease in the reporting year, compared to 2021, grew by 18.1%. This growth is due to the indexation of the port land lease price from 2022 and the adjusted model of port land lease charges for the use of port infrastructure (quays) for non-cargo lessees and the improving port infrastructure parameters (the main influence is the increasing draught at the quays). Other operating revenue, derived from the lease of assets and the provision of various services related to port functions, such as the provision of berths for the use of small and fishing vessels or the performance of bathymetric surveys, more than doubled to EUR 0.3 million. This is mainly due to the taxation of the KIPIS information system in 2022 for external users.

Sales revenue (Thousand EUR)



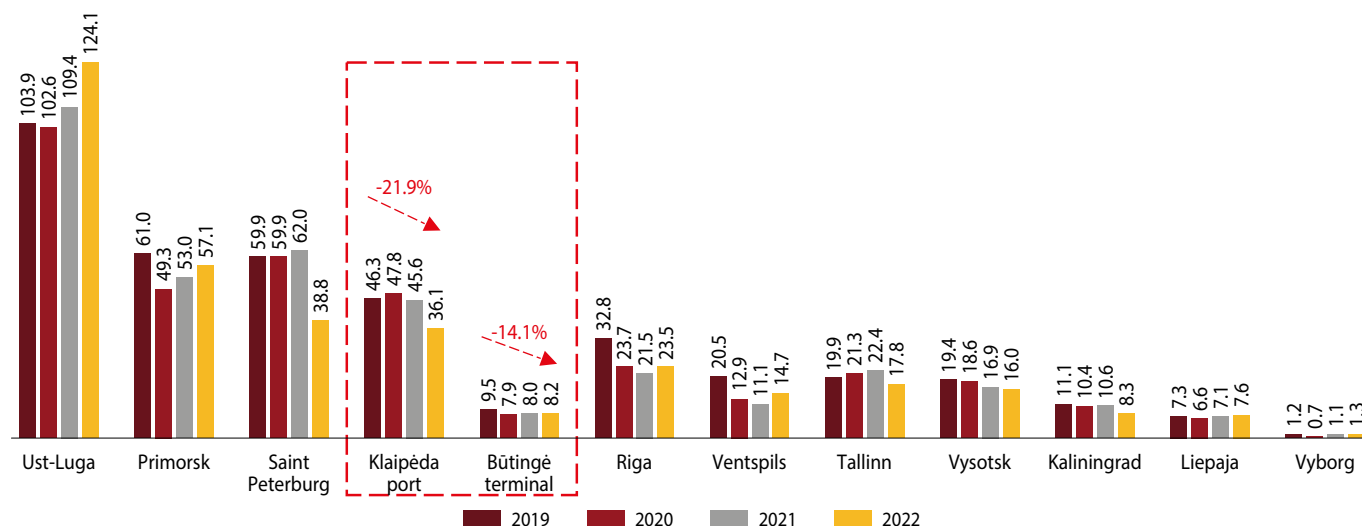
In the reporting period, the Company's operating costs amounted to EUR 34.7 million, an increase of 16.3% compared to 2021. Depreciation and amortisation of assets accounted for the largest part of the cost, 41.4%, decreasing by 7.1% to EUR 14.3 million compared to 2021. Personnel maintenance costs, which accounted for 26.6% of total costs, increased by 0.8% to EUR 9.2 million in the reporting period, and such change was caused by an increased wage fund after assessing the wage level in the market. The cost of cleaning up the harbour area has increased by almost 10 times, to EUR 4.9 million, compared to just EUR 0.5 million in 2021. The water area cleaning works are carried out annually according to the need, which depends on natural and meteorological conditions.

In 2022, the Company's adjusted net profit decreased by 20.8% to EUR 24.9 million due to a negative change in revenue and an increase in costs. This change has had an impact on the financial indicators: The Company's adjusted return on equity fell by 1.2 percentage points to 4.5%, EBITDA decreased by 21.7% to EUR 40.5 million and the adjusted net profit margin fell by 6.6 percentage points to 41.0%.

The profit contribution allocated to the State budget for 2022 decreased by 64.7% and reached EUR 7.7 million. This was due to the fact that part of the retained earnings from the Company's transformation into a public limited liability company were used to build up the authorised capital. The significant increase in financial liabilities also led to an increase in the financial dependency ratio (D/E) by 2.7 percentage points to 5.8%. The increase in financial debt is due to a new loan agreement with the European Investment Bank signed at the end of 2022.

In 2022, the value of investments implemented by the Company reached EUR 66.2 million, i.e. 61.1% more than in 2021. Most of the investments (63.5%) were intended for the construction and reconstruction of berths. 35.0% of the total amount of investment was allocated for the dredging of the water area and dredging near the berths, i.e. EUR 23.2 million. EUR 0.2 million of the investments were self-financed, EUR 20.0 million of the investments were carried out using State budget funds, EUR 17.0 million were financed by a loan, and the remaining investments (EUR 29 million) were financed by EU funds.

Stevedoring in the ports of the eastern Baltic Sea (million of tonnes)



\*Source: VĮ Klaipėdos valstybinio jūrų uosto direkcija.

According to the assessment of AB Klaipėdos valstybinio jūrų uosto direkcija, the main competitors of Port of Klaipėda are the ports of the Eastern coast of the Baltic Sea, which have the opportunity to compete with the Port of Klaipėda regarding the cargo flows along the East-West transport corridor. In 2022, the total cargo growth of 4.1% was recorded in the ports of the eastern coast of the Baltic Sea. In the reporting year, cargo volumes decreased in five ports compared to 2021: Klaipėda, Saint Petersburg, Tallinn, Vysotsk and Kaliningrad. The most significant decrease of 37.5% was recorded in Saint Petersburg. The port's decline in cargo was mainly due to a

decrease in containerised consumer goods and a drop in the cargo of petroleum products, fertilisers and metal. The growth observed in other ports ranged from 2.6% to 33.1%. The volume of cargo transported through Klaipėda port in 2022 accounted for 10.2% of the market share, while in 2021 Klaipėda port accounted for 12.4% of the cargo flow transported through the ports of the eastern coast of the Baltic Sea. In the period of 2019-2022, the cargo of Klaipėda port decreased from 46.3 million tonnes to 36.1 million tonnes, i.e. by 21.9%. During the same period, the total stevedoring in the ports on the eastern coast of the Baltic Sea fell by 10.0% or 39.2 million tonnes.

# VĮ Lietuvos oro uostai

www.ltou.lt

LIETUVOS ORO UOSTAI  
VNO KUN PLQ

## Operation of Vilnius, Kaunas and Palanga airports, rental of premises and car parks, and advertising

### MAJOR EVENTS:

• In 2022, a contract was signed for the reconstruction of the VNO T4 departure terminal module with transport accesses. This is a major project that will allow the airport to serve 2,400 passengers per hour (one way) and ensure the strategic expansion of VNO's existing terminals;

• The KUN development programme has been initiated, which includes the reconstruction of the terminal and the renewal of the necessary systems (baggage system, self-service solutions and safety and security solutions);

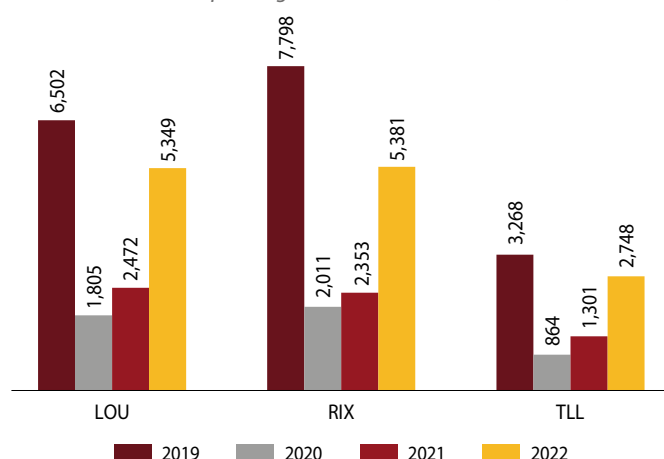
• The preparation of long-term airport Masterplans started in 2022. The long-term Masterplans will set out the principle guidelines for the future growth and development of all three Lithuanian airports;

• Construction of the DHL Cargo Terminal was completed at VNO in 2022.

In accordance with the OECD recommendations on the restructuring of state-owned enterprises engaged in economic activities into limited liability companies, as well as in order to increase operational efficiency, in 2017, the Company, together with the Ministry of Transport and Communications, started the implementation of the Company's project of restructuring into a public limited liability company. According to the roadmap for the conversion into a public limited liability company, all actions were planned to be completed by the end of 2022, but in order to reflect the market values of the company's assets, the project's deadline has been moved to the second half of 2023.

**In 2022, the number of passengers served at Lithuanian airports reached 5.3 million, more than doubling compared to 2021.** Although in the first quarter of the reporting year the whole world was shaken by Russia's military actions against Ukraine, and in Europe Ukraine's traffic in 2021 amounted to about 3.3% and Russia's to about 5.7% of the total passenger traffic, Lithuanian airports did not experience any major negative fluctuations in the number of passengers in the reporting year due to the geopolitical situation as the highest demand from Lithuanian airports is generated by the airports' flights to other European countries. Encouraged by Lithuanian airports, some airlines acted quickly – upon being forced to discontinue their routes to Ukraine, they replaced their former routes with new routes of similar distance, which started in the second quarter of 2022. Passenger growth was also driven by the full opening of UK destinations and increased holiday traffic. The new routes attracted have increased Lithuania's reach to 98 scheduled destinations in the reporting year, up from 94 destinations in 2021. During the reporting period, 12 airlines offering scheduled flights operated in Lithuanian airports. Ryanair, which accounted for 48.0% of all traffic, and Wizz Air Hungary, which served 19.0% of all passengers, remained the largest carriers. In 2022, Vilnius Airport served 73.2% of the Company's total passenger traffic, i.e. 3.9 million. Kaunas Airport served 1.2 million passengers. The number of passengers at both Vilnius and Kaunas airports has more than doubled compared to 2021, and at Palanga Airport the number of passengers has increased 3-fold from 86 thousand in 2021 to 275 thousand in 2022. In this case the passenger growth was driven by the reconstruction of a runway in autumn 2021, with no loss of carriers in 2022 and increased frequencies of flights to Riga and London. Comparing Lithuanian airports with other airports in the Baltic States, it can be noted that the overall growth in the number of passengers amounted to 116.0%. In the reporting year, Lithuanian and Riga airports had very similar market shares of 39.7% and 39.9% respectively. Although Lithuanian airports do not have a national carrier, they are only 5 destinations short of the Riga Airport.

Number of passengers in the Baltic States (million)



Source: VĮ Lietuvos oro uostai



General Director  
Acting Vidas Kšanas

Chairperson of the Board  
Eglė Čiužaitė

- ↑ The number of passengers served doubled to 5.3 million passengers
- ↑ The Company's sales revenue increased 54.3% to EUR 44.7 million
- ↑ Adjusted net profit amounted to EUR 3.6 million

PROFIT (LOSS) STATEMENT (THOUSAND EUR)			
	2021	2022	CHANGE
Sales revenue	28,982	44,708	+54.3%
Cost of goods sold	0	0	-
<b>Gross profit (loss)</b>	<b>28,982</b>	<b>44,708</b>	<b>+54.3%</b>
Cost of sales	29,572	39,365	+33.1%
General and administrative expenses	0	0	-
Results of other activities	0	0	-
Net financial items	-65	-296	-358.7%
<b>Profit (loss) before taxes</b>	<b>-654</b>	<b>5,047</b>	<b>-</b>
Corporation tax	49	1,862	+3,715.7%
<b>Net profit (loss)</b>	<b>-703</b>	<b>3,185</b>	<b>-</b>
<b>Adjusted net profit (loss)</b>	<b>-253</b>	<b>3,644</b>	<b>-</b>
BALANCE SHEET (THOUSAND EUR)			
	31 DEC 2021	31 DEC 2022	CHANGE
<b>Non-current assets</b>	<b>210,766</b>	<b>205,286</b>	<b>-2.6%</b>
<b>Current assets</b>	<b>20,839</b>	<b>25,593</b>	<b>+22.8%</b>
Cash and cash equivalents	15,081	19,450	+29.0%
<b>Deferred charges and accrued income</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Total assets</b>	<b>231,605</b>	<b>230,879</b>	<b>-0.3%</b>
<b>Equity</b>	<b>127,768</b>	<b>127,607</b>	<b>-0.1%</b>
<b>Grants and subsidies</b>	<b>53,722</b>	<b>57,410</b>	<b>+6.9%</b>
<b>Provisions</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Amounts payable and other liabilities</b>	<b>50,115</b>	<b>45,862</b>	<b>-8.5%</b>
Amounts payable after one year and other non-current liabilities	35,373	32,406	-8.4%
<i>Financial liabilities</i>	35,215	32,226	-8.5%
Amounts payable within one year and other current liabilities	14,743	13,456	-8.7%
<i>Financial liabilities</i>	2,604	3,210	+23.3%
<b>Accrued expenses and deferred income</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity and liabilities</b>	<b>231,605</b>	<b>230,879</b>	<b>-0.3%</b>
RATIOS			
	31 DEC 2021	31 DEC 2022	CHANGE
ROA	-0.1%	1.6%	+1.7 p.p.
ROE	-0.2%	2.9%	+3.1 p.p.
D/E	29.6%	27.8%	-1.8 p.p.
EBITDA	7,212	15,438	+114.1%
EBITDA margin	25.0%	34.5%	+9.5 p.p.
Net profit margin	-0.9%	8.2%	+9.1 p.p.
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)			
	2021	2022	CHANGE
Awarded dividends (share of the State)/ profit contributions	4,719	2,983	-36.8%
Property tax	529	541	+2.1%
Total contributions and non-standard taxes to the State	5,249	3,523	-32.9%
INFORMATION ABOUT EMPLOYEES			
	2021	2022	CHANGE
Number of employees	518	569	+9.8%
Average monthly salary of a manager (gross, EUR)	7,958	9,586	+20.5%
INSTITUTION REPRESENTING THE STATE			
OWNED SHARES			
Ministry of Transport and Communications of the Republic of Lithuania			
MANAGEMENT (1 JUL 2023)			
General Director	Acting Vidas Kšanas		
Chairperson of the Board	Eglė Čiužaitė*		
Members of the Board of Directors	Tadas Arvydas Vizgirda* Saulius Kerza* Darius Makauskis Gediminas Almantas*		

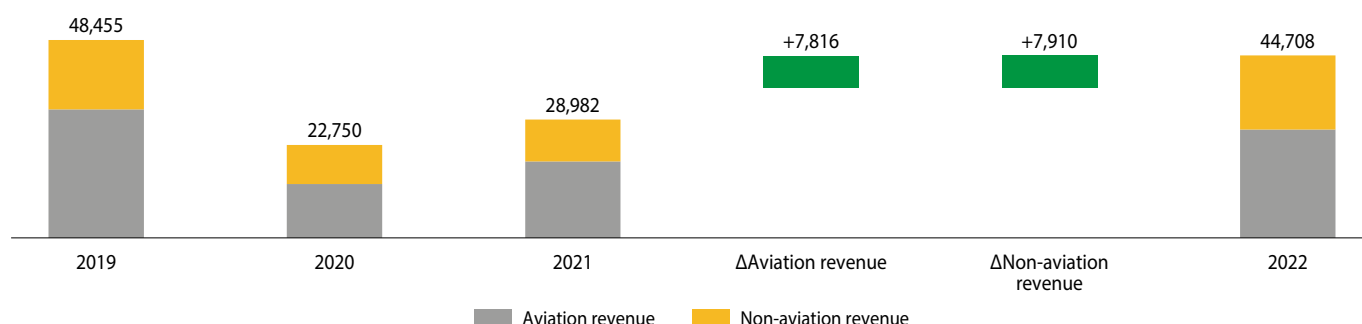
\*Independent member



During the reporting period, the Company's sales revenue increased by 54.3% and reached EUR 44.7 million. Aviation revenue, which accounted for 59.4% of the total revenue structure, increased by 41.7% and reached EUR 26.6 million. The

share of non-aviation operating revenue in the total revenue structure was 40.6%, and compared to 2021, it increased by 77.2% to EUR 18.2 million. Both aviation and non-aviation revenue growth was driven by increased flight and passenger traffic.

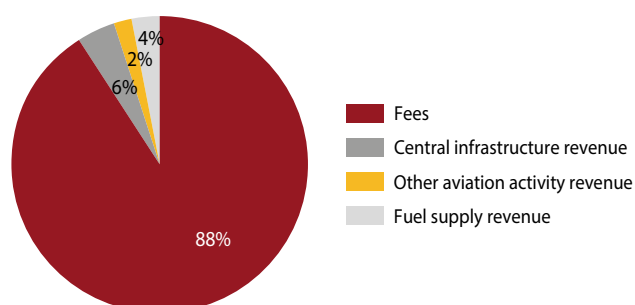
Sales revenue (Thousand EUR)



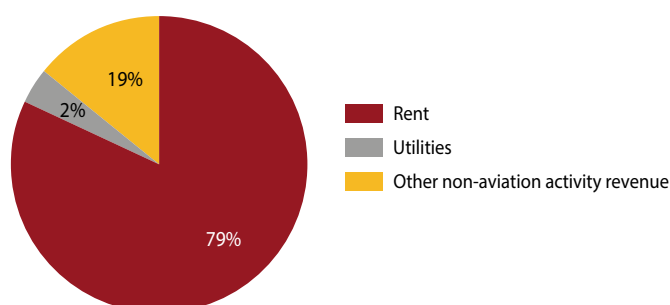
In 2022, the share of fees in the aviation revenue structure was 88.2% (compared to 91.3% in 2021), and a growth of 37.0% was recorded. Revenue from central infrastructure, including revenue from restricted mobility and services for disabled passengers, depends on the flow of scheduled flights and grew by 87.4% in 2022 compared to 2021. As in the previous year, the main share (79.0%) of non-aviation services sales revenue came from the rental of buildings and premises. This revenue is

70.9% higher in the reporting year than in 2021. The reporting year can be considered as a recovery year for non-aviation services: all non-aviation services were fully operational. Although the recovery in passenger traffic in 2022 has not yet reached the record level of 2019, records have been reached and surpassed in terms of non-aviation revenue, as a higher proportion of passengers purchased goods or services than in the past, and average baskets of goods or services purchased also increased.

Aviation revenue structure



Structure of non-aviation services



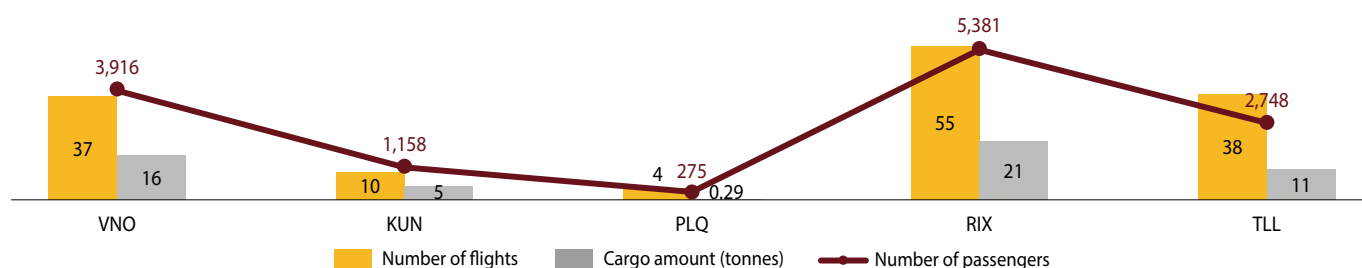
The Company's operating costs increased by 33.1% to EUR 39.4 million in the reporting year. The largest share, i.e. 38.6%, was accounted for by personnel maintenance costs, which amounted to EUR 15.2 million, an increase of 28.1% compared to 2021, driven by the Company's recovery from the pandemic, the increase in the number of employees and the return of variable part of remuneration. Asset maintenance costs, which accounted for 10.3% or EUR 4.1 million of total costs, increased by 27.3% in the reporting year, as a result of efforts to ensure adequate infrastructure. Utilities costs, which also accounted for 10.3% of total costs, more than doubled to EUR 4.1 million in 2021 from EUR 2.0 million due to higher market prices.

As a result of revenue growth outpacing costs, the Company generated a net profit of EUR 3.6 million in the reporting year, compared to a loss of EUR 0.3 million in 2021. The EBITDA ratio increased from EUR 7.9 million to EUR

15.4 million. The Company's revenue growth also led to a change in return on equity from -0.2% to -2.9%.

In order to improve and expand the services provided by airports, modernise infrastructure, ensure flight safety and optimise operational processes, the Company implements investment projects – the amount of investments made in 2022 amounted to EUR 11.1 million and, compared to 2021, was 70.1% lower. In 2022, the main investments were made in buildings and structures, while the largest investments were: VNO Departures Terminal T4 (EUR 4.1 million), installation of an AIS system (EUR 2.7 million). Investments were implemented not only by using the Company's funds, but also by using the state budget – EUR 6.6 million as well as the budget of the European Union – EUR 2.0 million.

Activity Volumes in Baltic States Airports in 2022, thousands



Source: VĮ Lietuvos oro uostai

The comparative data of competing airports for 2022 show that in terms of the number of flights and the volume of passenger flows, Vilnius Airport is second only to Riga Airport, while the cargo volumes in the Lithuanian and Riga airports in the reporting year were almost equal. In 2022, the number of cargo handled jointly at all three Lithuanian airports increased by about

3.9%, to 21.3 thousand tonnes. Vilnius Airport handled 15.9 thousand tonnes of cargo, Kaunas – 5.1 thousand tonnes, and Palanga – 0.3 thousand tonnes of cargo. During the same period, 21.0 thousand tonnes of cargo was handled at Riga Airport and 11.0 thousand tonnes at Tallinn Airport.

# VĮ Valstybinių miškų urėdija

www.vmu.lt



VĮ Valstybinių miškų urėdija is a strategic state-owned enterprise engaged in forest management, forestry, timber harvesting and trade activities and is the largest wood sector company in Lithuania, operating in accordance with international business, social and environmental standards. Maintains 1.1 million ha of forest by the right of confidence; aims to provide a stable financial return to the State each year; plants approximately 50 million units of trees per year; restores 8,500 ha of forests per year; plants approximately 500 ha of new forests; maintains 38,200 km of the network of forest paths and 1,126 recreational objects; prepares 3.8 million stere of timber; performs forest fire protection in all Lithuanian forests, extinguishes fires in the forest; upgrades approximately 11,600 km of fire straps, Main activities: afforestation, reforestation and maintenance, forest planting cultivation, logging and timber trade, forest management, sanitary forest protection and fire protection as well as forest protection from illegal activities, maintenance and repair of forest roads in forests of all forms of ownership, construction of forest roads, recreational site installation and maintenance, professional hunting area management and organisation of hunting, implementation of environmental instruments in forests, protection of species and habitats.

*Special obligations performed: planting, maintenance and protection of seed forest plantations and trial plantations; creation, transfer of cadastral files, registration, afforestation, maintenance and handling, management of activities related to land plots taken over from the Free State Land Fund for afforestation, as well as the forest land transferred for use, until the stand reaches the age of 20 years; sanitary and fire protection in forests; construction, reconstruction, repair and maintenance of forest roads in line with management of activities; implementation of nature management measures in forests, in line with management of activities; maintenance, protection and management of other users' forests (including those reserved for restitution); installation, maintenance and management of recreational facilities in forests, in line with management of activities; maintenance, protection and management work of urban forest; sale of uncut state-owned forest fuel-wood to residents, discounted sale of uncut state-owned forest to individuals affected by natural disasters; installation and maintenance of research and training objects including museums, information centres, arboreta, infrastructure for training needs in forests; the activities of state forestry officials in investigating and preventing forest offences and protecting forest resources.*

## SVARBIAUSI ĮVYKIAI:

- The Company was awarded the first FSC® Ecosystem Services Certificate in the Baltic States for biodiversity in forests;
- The following Board members were appointed: Paulius Martinkus, Normantas Marius Dvareckas, Marius Aleinikovas, Ina Bikuviienė, Aurimas Saladžius;
- The new Audit Committee of the Company started operating;
- The VMU has received a new Founder's Letter of Expectations, which has guided the launch of the strategy sessions and the updating of the VMU's operational strategy for 2023-2027;
- The modernised Dubrava Nursery's cone harvesting facility has been opened, i.e. the only facility of its kind, which has been harvesting cones from a wide range of trees for almost 50 years, with the aim of continuously regenerating and replanting the country's forests from the selected seeds;
- As part of the reorganisation of the forestry districts and in order to strengthen the forestry districts as a structural unit and to unify their workloads, the Company carried out an assessment of the professional competences of more than 700 forestry specialists, after which they were offered to work in the newly formed forestry districts as of 1 January 2023;
- The centenary of Lithuanian forest management and how forest management processes have changed during this period were celebrated;
- A Greenhouse Gas (GHG) Management Plan has been developed;
- The implementation of the Anti-Corruption Management System has been completed, the first evaluative analysis and internal audit have been carried out, and preparations have been made for certification in accordance with LTS ISO 37001:2017 "Anti-Bribery Management Systems. Requirements and Guidelines for Use" standard.

**Forestry:** The Company applies the principles of sustainable farming in the forests, restores all forest areas where the main deforestation operations were carried out (9,458 ha were restored in 2022) and plants new ones (768 ha of new forests were planted in 2022). Since 1934, the area of forests has more than doubled in Lithuania – up to 33.8%. The planting stocks necessary for restoration and planting of forests are grown in the tree nurseries managed by the Company.

**Forest seeds and planting stock.** 17 tree nurseries of the Company and Raudondvaris decorative planting stock nursery of VĮ VMU were operating in Lithuania in 2022. Work continues to implement the aims and objectives of the National Forestry Sector Development Programme for 2012-2020, which is to develop reforestation with selection-worthy and quality forest reproductive material and to supply the national market with high quality forest planting stocks in the long term. A programme to optimise state forest nurseries is being implemented. The Company's nurseries produce around 50 million forest planting stocks each year.

**Forest protection:** Pursuant to the Law on Forests, the Company organises implementation and support of the single national system of fire-fighting measures in all national forests irrespective of the form of their ownership. The Company ensures sanitary protection of the forest, protection of wildlife, protection of the forest from illegal actions by humans and the implementation of various preventive



**General Director**  
Valdas Kaubrė

**Chairperson of the Board of Directors**  
Paulius Martinkus

- ↑ Volume of round timber sold increased by 2.9%
- ↑ Net profit from commercial activities<sup>1</sup> increased by 113.9% to EUR 161.2 million
- ↑ Assigned profit contributions, round timber and State property taxes increased by 169.0% to EUR 141.5 million.

PROFIT (LOSS) STATEMENT (THOUSAND EUR)	2021	2022	CHANGE
Sales revenue	205,879	319,866	+55.4%
Cost of goods sold	61,217	69,966	+14.3%
<b>Gross profit (loss)</b>	<b>144,662</b>	<b>249,899</b>	<b>+72.7%</b>
Cost of sales	4,309	4,426	+2.7%
Operational costs	96,907	120,699	+24.6%
Results of other activities	1,056	2,557	+142.1%
Net financial items	-51	126	-
<b>Profit (loss) before taxes</b>	<b>44,449</b>	<b>127,457</b>	<b>+186.7%</b>
Corporation tax	6,773	19,286	+184.7%
<b>Net profit (loss)</b>	<b>37,676</b>	<b>108,171</b>	<b>+187.1%</b>
<b>Adjusted net profit (loss)<sup>1</sup></b>	<b>64,756</b>	<b>149,005</b>	<b>+130.1%</b>
<b>Net profit (loss) from trading activities<sup>1</sup></b>	<b>75,370</b>	<b>161,193</b>	<b>+113.9%</b>
BALANCE SHEET (THOUSAND EUR)	31 DEC 2021	31 DEC 2022	CHANGE
<b>Non-current assets</b>	<b>96,639</b>	<b>97,737</b>	<b>+1.1%</b>
<b>Current assets</b>	<b>137,241</b>	<b>243,261</b>	<b>+77.3%</b>
Cash and cash equivalents	87,649	111,112	+26.8%
Deferred charges and accrued income	15,823	29,042	+83.5%
<b>Total assets</b>	<b>233,879</b>	<b>340,998</b>	<b>+45.8%</b>
<b>Equity</b>	<b>179,812</b>	<b>266,648</b>	<b>+48.3%</b>
<b>Grants and subsidies</b>	<b>17,729</b>	<b>21,784</b>	<b>+22.9%</b>
<b>Provisions</b>	<b>15,468</b>	<b>16,658</b>	<b>+7.7%</b>
<b>Amounts payable and other liabilities</b>	<b>18,062</b>	<b>31,918</b>	<b>+76.7%</b>
Amounts payable after one year and other non-current liabilities	10	1,456	+14,460.0%
Financial liabilities	10	0	-100.0%
Amounts payable within one year and other current liabilities	18,052	30,462	+68.7%
Financial liabilities	26	10	-60.2%
Accrued expenses and deferred income	2,808	3,990	+42.1%
<b>Total equity and liabilities</b>	<b>233,879</b>	<b>340,998</b>	<b>+45.8%</b>
RATIOS	31 DEC 2021	31 DEC 2022	CHANGE
ROA	17.72%	37.63%	+19.9 p.p.
ROE	23.12%	48.46%	+25.3 p.p.
D/E	0.02%	0.00%	0.0 p. p.
EBITDA	54,035	136,092	+151.9%
EBITDA margin	26.25%	42.55%	+16.3 p. p.
Net profit margin	18.30%	33.82%	+15.5 p. p.
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)	2021	2022	CHANGE
Assigned profit contribution	20,744	93,484	+350.7%
Mandatory deductions for timber sold (without provision)	29,338	45,525	+55.2%
Property tax	2,521	2,515	-0.2%
Special obligations	12,487	14,339	+14.8%
Total contributions and non-standard taxes and works to the State	65,084	155,852	+139.5%
INFORMATION ABOUT EMPLOYEES	31 DEC 2021	31 DEC 2022	CHANGE
Number of employees	2,541	2,389	-6.0%
Average monthly salary of a manager (gross, EUR)	8,778	11,806	+34.5%
INSTITUTION REPRESENTING THE STATE	Ministry of Environment of the Republic of Lithuania		
MANAGEMENT (1 JUN 2023)			
<b>General Director</b>	Valdas Kaubrė		
<b>Chairperson of the Board of Directors</b>	Paulius Martinkus*		
<b>Members of the Board of Directors</b>	Normantas Marius Dvareckas* Ina Bikuviienė Marius Aleinikovas* Aurimas Saladžius		

\*Independent member

<sup>1</sup> Net profit (loss) from commercial activities is calculated according to the formula: Net profit + Compulsory deductions \* 0.85 + Property tax \* 0.85 + Special obligations \* 0.85. It shows how much profit a Company would make if it operated as a private equity firm without special deductions and obligations. Adjusted net profit is calculated according to an analogous formula, eliminating Special Obligations from it.

measures in the forests managed under the right of confidence.

**Installation and maintenance of recreational objects:** The Company organises construction, reconstruction, supervision, upgrade and liquidation of recreational objects for public needs in the forests controlled. Currently, the Company supervises 1,126 recreational objects. Information about them is uploaded to an interactive map of recreational objects and made available to the public.

**Implementation of nature management instruments in forests, protection of species and habitats:** nature management means are aimed at maintaining or restoring the habitats of natural values or other protected natural habitats. In 2022, nature management works were performed in 3,851.4 ha.

#### LOGGING AND TRADE IN TIMBER.

In 2022, the Company produced 3.8 million cubic metres of round wood – 5.7% more than in 2021 (3.6 million stère). In 2022, the Company sold 3.6 million cubic metres of round timber during the reporting period, i.e. 2.9% more than in 2021. (3.5 million stère). Sales revenue from round timber increased by 55.4% and reached EUR 287.7 million. The increase in the revenue of this group was affected by the increase in the price of average cubic metre by 51.0%. The Company's total revenue increased by 55.4% and reached EUR 319.9 million.

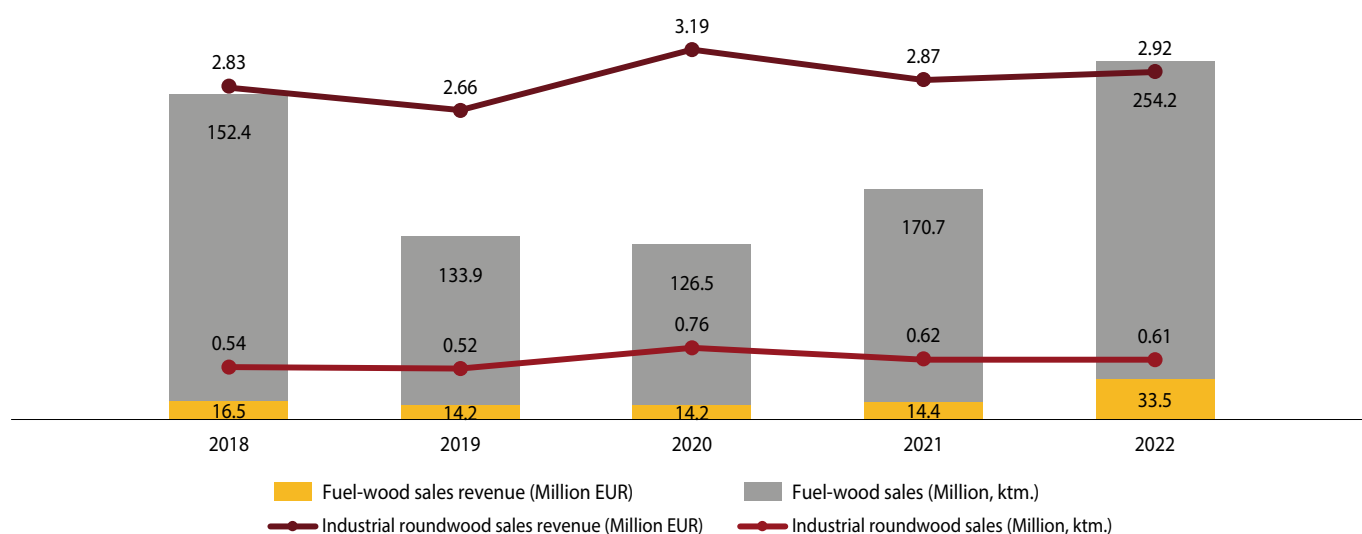
In 2022, the Company supplied its products to 367 customers, the largest of which are: UAB Juodeliai bought 863.5 thousand stère or 24.0% of the total volume of round timber sold, UAB Targirė – 306.7 thousand stère (8.5%), UAB IKEA Industry Lietuva – 246.5 thousand stère (6.8%), UAB Litforina – 151.9 thousand stère (4.2%), UAB Vudimeksus – 150.5 thousand stère (4.2%), AB Klaipėdos mediena – 121.8 thousand stère (3.4%), UAB Girtex – 82 thousand stère (2.3%), UAB Medarvitas – 78.5 thousand stère (2.2%), UAB Girojus – 78.0 thousand stère (2.2%), UAB Šilalės mediena – 76.6 thousand stère (2.1%). In 2022, VĮ Valstybinių miškų urėdija sold 299.2 thousand stère of biofuel raw material – forest cutting residues to buyers. The main purchasers of logging residues were UAB Via Fortis – 65.9 thousand stère or 22.0% of the total volume of logging residues sold, UAB Robmona – 35.3 thousand stère (11.8%), UAB Biosma – 23.2 thousand stère (7.8%).

Wholesale trade in round timber and deforestation residues produced in state forests is carried out by organising auctions for concluding contracts through the electronic timber sales system administered by UAB Baltpool. Non-harvested forest and round timber are sold in retail trade, giving priority to the sale of firewood to the residents.

Compared to 2021, the costs incurred in the analysed reporting period increased by 23.6%. In 2022, the change was mainly affected by increases in taxes and contractors' service costs. The increase in tax costs was due to mandatory deductions, which increased significantly as a result of the rise in timber sales prices and the increase in total timber sales revenue. High inflation in the Lithuanian and international markets has led to an increase in the cost of contractors' services, a rise in the payment fund, and an increase in the cost of other purchased goods and services. The net profit margin increased by 15.5 percentage points to 33.8% at the end of 2022. **Net profit from commercial activities amounted to EUR 161.2 million and increased by 113.9% compared to 2021.**<sup>1</sup>

**The Company paid EUR 141.5 million in profit contributions, round timber and State property taxes to the State budget for the results of its operations in 2022, which is 169.0% more than a year ago.** The assigned profit contribution amounts to EUR 93.5 million, compared to EUR 20.7 million in 2021. Compared to the results of 2021, non-standard taxes have grown significantly: compulsory deductions (15%) from round timber and non-felled forest sales revenue (round timber tax) amounted to EUR 45.5 million and, compared to 2021, increased by 55.2% compared to 2021, EUR 2.5 million were paid for the use of State property on trust both in 2021 and 2022. Non-standard taxes are included in the calculation of the Company's contribution to the State budget, as these taxes are not applicable to private forest managers. In 2022, the Company also performed work belonging to the group of special obligations from its own funds for EUR 14.3 million (in 2021 – for EUR 12.5 million). Private forest managers are also not obliged to perform these works, so the named amounts are included in the calculation of the net profit from commercial activities and are considered an additional contribution to the State budget.

Wood sales revenue and amounts



#### INVESTMENTS

INVESTMENTS MADE IN 2022	
Item of investments	Sum (EUR thousand)
Building and construction	6,136
Other devices, appliances and tools	1,236
Machinery and equipment	4,147
Vehicles	664
<b>Purchase of tangible assets</b>	<b>12,183</b>
Other intangible asset	639
<b>Purchase of intangible assets</b>	<b>639</b>
<b>TOTAL:</b>	<b>12,823</b>

The Company's investments in 2022 amounted to EUR 12.8 million, of which EUR 6.1 million were invested in buildings and construction, EUR 5.4 million were invested in machinery and equipment, and EUR 0.7 million were invested in vehicles for production and reforestation personnel.

#### CONSTRUCTION, REPAIR, MAINTENANCE OF FOREST ROADS.

The Company maintains about 38.2 thousand km of road network. Total road construction, reconstruction, repair and maintenance expenses (costs and investments) in State forests in 2022 amounted to EUR 7.8 million, which, compared to 2021, decreased by 9.3%.

In 2022, the Company constructed, reconstructed and overhauled 10.1 km of roads using EUR 1.4 million from the State budget. In 2021, 8.58 km were built and reconstructed, using EUR 866.7 thousand of the Road Maintenance and Development Program. In 2022, 649 km of forest roads were repaired and 12.5 thousand km of forest roads were maintained at the Company's expense – EUR 4.6 million were allocated for these works.

In 2022, the Company repaired 341 km of roads in private and public forests with the funds of the General Forestry Financing Program. A total of EUR 1.8 million was allocated to the General Forestry Financing Program.

<sup>1</sup> Net profit (loss) from commercial activities is calculated according to the formula: Net profit + Compulsory deductions \* 0.85 + Property tax \* 0.85 + Special obligations \* 0.85. It shows how much profit a Company would make if it operated as a private equity firm without special deductions and obligations. Adjusted net profit is calculated according to an analogous formula, eliminating Special Obligations from it.

# VĮ Registry centras

www.registrucentras.lt



## Maintenance of the Real Estate Cadastre, the Real Estate and other registers, development and maintenance of related information systems, property valuation, and issue of certificates

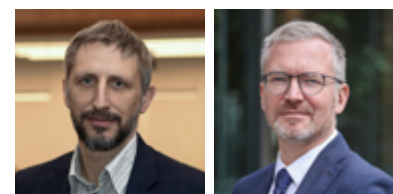
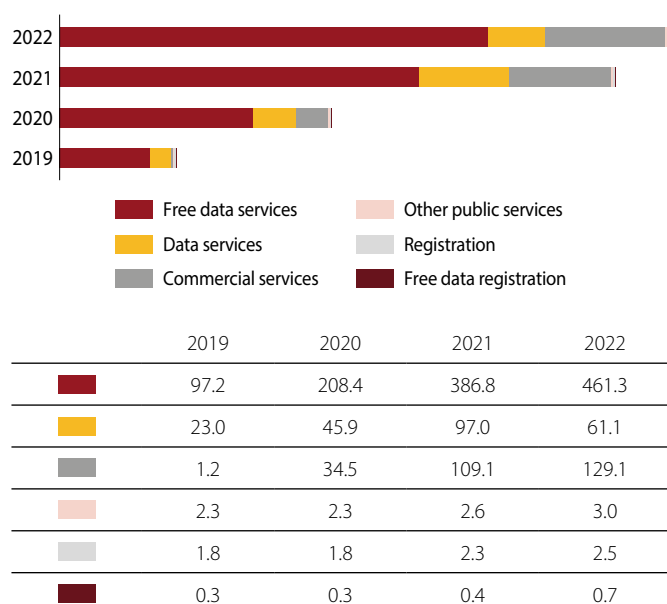
**Special obligations:** the Real Property Register and Real Property Cadastre; the Register of Legal Entities of the Republic of Lithuania; the Address Register of the Republic of Lithuania; the Population Register of the Republic of Lithuania; the Register of Powers of Attorney; the Register of Legally Incapable Persons and Persons with Limitedly Legal Capacity; the Register of Contracts and Liens; the Register of Wills; the Register of Marriage Settlements; the Register of Property Seizure Acts; eHealth Services and Co-operation Infrastructure information system; National information system for delivery of electronic parcels using the postal network information system (E. delivery system).

### MAJOR EVENTS:

- In Q1, the Register of Mortgages was dissolved and the reorganised Real Property Register and the Register of Contracts (after the reorganisation, the Register of Contracts and Liens) became operational;
- In Q2, the measurement of the post-contact customer satisfaction index (NPS) was launched;
- In Q3, the Remote Pharmacies project was implemented. The first pharmacies that started providing services are the Camelia and Eurovaistinė chains;
- In Q3, the Special Land Use Conditions (SLUC) programme was introduced, allowing providers of SLUC sites to provide information on these sites in a more efficient way, by removing the need for data submission by e-mail;
- In Q4, electronic card readers were installed in all Customer Service Units and 10 self-service cash terminals were installed;
- In 2022, the Public Information Producers and Disseminators Information System (VIRSI) became operational.

In 2022, the Company provided 657.7 million units of services to residents, businesses and the public sector, an increase of 9.9% compared to 2021. The highest growth was recorded in free data services, which increased by 74.5 million units to 461.3 million units. The most significant increase was due to the Law on Amendment of Articles 25, 27, 29, 35 and 38 No XIII-848 of the Republic of Lithuania Law on Management of State Information Resources No XI-1807, which entered into force on 1 January 2019, the purpose of which is to ensure that data and information in state registers are obtained and used free of charge in order to solve public tasks of State and municipal governance, as well as to ensure free registration of data in state registers for state and municipal institutions and establishments. The analysis of the retrospective data provided free of charge for the years 2019 – 2022 shows an increase in the volumes of such services. The share of these services in the overall structure increased by 5.5 percentage points to 70.1% in the reporting year. The change in the structure is due to a 6.9% decrease in the volume of data submissions, which accounted for 9.3% of the total structure and amounted to 61.1 million units. In 2022, 129.1 million units of commercial services were provided, an increase of 18.2% compared to 2021, resulting in an increase of 1.4 percentage points to 19.6% of the total structure of services provided. The observed growth in the volume of commercial services in recent years is associated with changes in the accounting procedure for the quantities of commercial services, offers of new services to the market, as well as a significant increase in the real estate market, changes in legal acts, obliging to apply to the relevant registers and information systems and get data from them when entering into transactions or carrying out other legal activities.

Volume of services provided (million units)



**General Director**  
Adrijus Jusas

**Chairperson of the Board of Directors**  
Egidijus Vaišvilas

- ↓ The Company's cost of sales increased by 32.0% to EUR 42.5 million.
- ↓ Adjusted net profit decreased 57.6% to EUR 8.4 million
- ↓ The Company's liabilities in grew by 92.0% to EUR 18.9 million

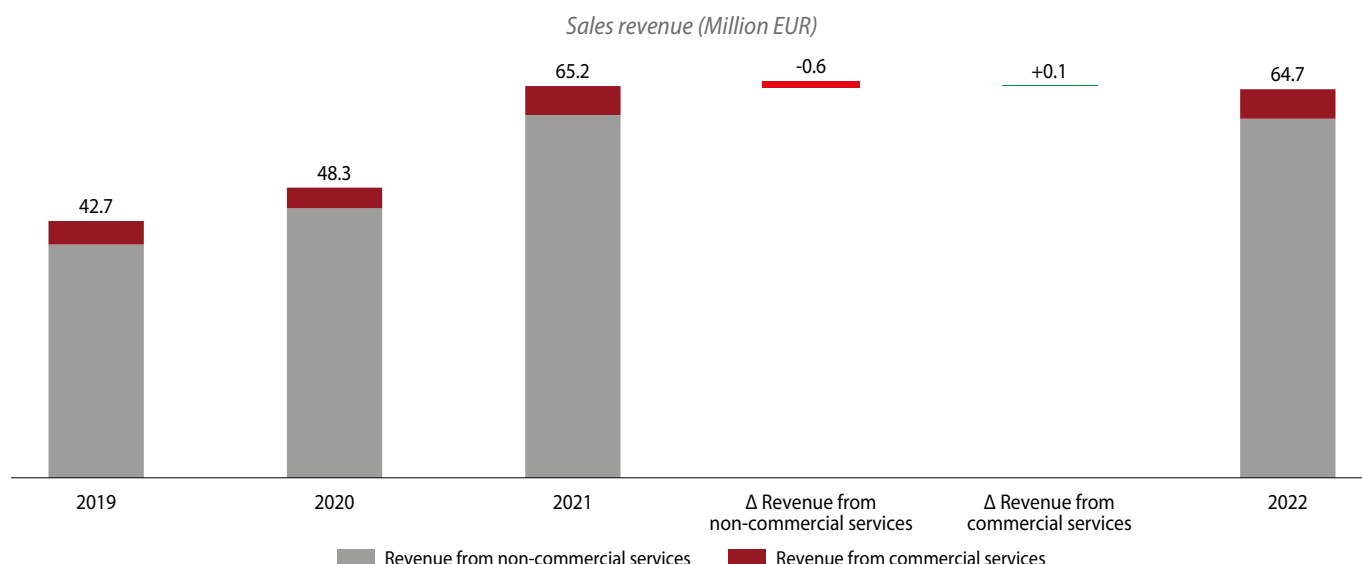
PROFIT (LOSS) STATEMENT (THOUSAND EUR)			
	2021	2022	CHANGE
Sales revenue	65,191	64,655	-0.8%
Cost of goods sold	32,204	42,518	+32.0%
<b>Gross profit (loss)</b>	<b>32,987</b>	<b>22,137</b>	<b>-32.9%</b>
Cost of sales	0	0	-
General and administrative expenses	10,136	12,554	+23.9%
Results of other activities	44	45	+2.9%
Net financial items	-14	-23	-62.5%
<b>Profit (loss) before taxes</b>	<b>22,881</b>	<b>9,605</b>	<b>-58.0%</b>
Corporation tax	3,417	1,464	-57.2%
<b>Net profit (loss)</b>	<b>19,464</b>	<b>8,142</b>	<b>-58.2%</b>
<b>Adjusted net profit (loss)</b>	<b>19,734</b>	<b>8,368</b>	<b>-57.6%</b>
BALANCE SHEET (THOUSAND EUR)			
	31 DEC 2021	31 DEC 2022	CHANGE
<b>Non-current assets</b>	<b>31,489</b>	<b>47,550</b>	<b>+51.0%</b>
<b>Current assets</b>	<b>34,921</b>	<b>24,178</b>	<b>-30.8%</b>
Cash and cash equivalents	19,468	8,573	-56.0%
<b>Deferred charges and accrued income</b>	<b>973</b>	<b>1,764</b>	<b>+81.3%</b>
<b>Total assets</b>	<b>67,383</b>	<b>73,491</b>	<b>+9.1%</b>
<b>Equity</b>	<b>44,437</b>	<b>39,670</b>	<b>-10.7%</b>
<b>Grants and subsidies</b>	<b>9,005</b>	<b>10,803</b>	<b>+20.0%</b>
<b>Provisions</b>	<b>4,120</b>	<b>4,158</b>	<b>+0.9%</b>
<b>Amounts payable and other liabilities</b>	<b>9,821</b>	<b>18,860</b>	<b>+92.0%</b>
Amounts payable after one year and other non-current liabilities	427	1,868	+337.9%
Financial liabilities	427	1,868	+337.9%
Amounts payable within one year and other current liabilities	9,395	16,992	+80.9%
Financial liabilities	355	647	+82.1%
<b>Accrued expenses and deferred income</b>			-
<b>Total equity and liabilities</b>	<b>67,383</b>	<b>73,491</b>	<b>+9.1%</b>
RATIOS			
	31 DEC 2021	31 DEC 2022	CHANGE
ROA	32.0%	11.9%	-20.2 p. p.
ROE	48.4%	19.9%	-28.5 p. p.
D/E	1.8%	6.3%	4.6 p. p.
EBITDA	25,109	12,270	-51.1%
EBITDA margin	38.5%	19.0%	-19.5 p. p.
Net profit margin	30.3%	12.9%	-17.3 p. p.
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)			
	2021	2022	CHANGE
Assigned profit contribution	11,678	3,724	-68.1%
Property tax	318	267	-16.1%
Total contributions and non-standard taxes to the State	11,996	3,991	-66.7%
INFORMATION ABOUT EMPLOYEES			
	2021	2022	CHANGE
Number of employees	1,525	1,606	+5.3%
Average monthly salary of a manager (gross, EUR)	10,354	9,629	-7.0%
INSTITUTION REPRESENTING THE STATE			
Ministry of Economy and Innovation of the Republic of Lithuania			
MANAGEMENT (1 JUL 2023)			
<b>General Director</b>	Adrijus Jusas		
<b>Chairperson of the Board of Directors</b>	Egidijus Vaišvilas*		
<b>Members of the Board of Directors</b>	Laurynas Pacenka* Dangirutis Janušas* Redvita Cetkauskienė* Ieva Bacytė Nerijus Seputis* Inga Steponavičienė		

\*Independent member



While the Company's business volumes grew, sales revenue decreased by 0.8% to EUR 64.7 million. As the main objective of the Company's activities is to fulfil special obligations – to provide public services, they account for about 93.0% of the total revenue, commercial services account for about 7.0%, respectively. In 2022, the volume of administrative services provided increased by 13.4% to EUR 67.8 million (note that in the Company's financial statements, revenue from gratuitous services is accounted for only to the extent that it has received a State budget grant. As the Company did not receive the full amount of grants from the State budget, it has accounted for the 2022 revenue for services rendered free of charge to the extent that it actually received it from the authorising officer). **The revenue of the Real Property Cadastre and Register,**

**which accounted for 69.9% of the revenue structure of public services, increased by 12.5% and reached EUR 47.4 million.** In the reporting year, the volume of services of the Address Register, the Population Register, the Register of Contracts and Liens, the E. delivery IS and the E. Invoice IS has also increased in comparison to 2021, but the volume of services of the Register of Property Seizure Acts, the Register of Marriage Settlements, the Licence IS, and the Register of Legally Incapable Persons and Persons with Limitedly Legal Capacity has decreased. **In the reporting year, the revenue of commercial services increased by 2.1% to EUR 4.9 million.** The biggest change was caused by the growth of revenue from real estate measurements, which accounted for 50.8% in the structure of commercial services, by 8.9% to EUR 2.5 million.



**The Company's expenses increased by 30.1% during the reporting period and amounted to EUR 55.1 million.** The change was driven in particular by increases in electricity prices, increases in the cost of publicly procured services and rising fuel prices. Cost of sales accounted for 77.2% of the cost structure and amounted to EUR 42.5 million. These costs increased by 32.0% compared to 2021. The remainder of the costs were made up of general and administrative costs. The largest part of costs (about 69.5%) was made up of costs related to staff maintenance, which grew by 18.5% to EUR 38.3 million in the reporting year, driven by wage growth and an increase in staff numbers.

**In 2022, lower revenue and higher costs had a negative impact on the Company's financial ratios, with adjusted net profit falling by 57.6% to EUR 8.4 million.** The Company's EBITDA, which amounted to EUR 25.1 million in 2021, decreased by 51.1% to EUR 12.3 million in the reporting year. Other ratios of financial return also decreased: the adjusted return on equity was 19.9%, which was 28.5 percentage points lower than in 2021, and the adjusted net profit margin at the end of the reporting period was 12.9%, i.e. 17.3 percentage points lower than in the previous year. The Company's lower profit resulted in a 68.1% decrease in the profit contribution, which amounted to EUR 3.7 million for 2022. Property tax also decreased by 16.1% to EUR 0.3 million, therefore the total amount of contributions and non-typical taxes to the state for the 2022 reporting period reached EUR 4.0 million.

**Compared to 2021, the Company's investments more than doubled and amounted to EUR 20.0 million.** The total amount of investments for the modernization of registers and information systems amounted to EUR 9.1 million. Development works of the information system of e-Health services and cooperation infrastructure were completed for EUR 4.8 million. It also included the development of the Beneficiary Subsystem of the Legal Entity Participants

Information System (JADIS) for EUR 1.7 million, as well as the design and installation of a data centre and the purchase of equipment at Studentų st. 39, Vilnius for almost EUR 8.0 million. **Investments from own funds accounted for the majority – 71.9% or EUR 14.4 million of the total amount invested in 2022.** The remaining amount of investments received from the European Union funds and the State budget funds was equal to EUR 3.6 million and EUR 2.0 million, respectively.

**A trend of growth of non-current assets is observed during the analysed period.** The value of the Company's non-current assets at the end of 2022 increased by 51.0% to EUR 47.6 million. The increase in non-current assets was due to the installation of the new data centre (acquisition of IT equipment) and the development and modernisation of the State information systems. At the same time, current assets decreased by 30.8% to EUR 24.2 million due to a decrease in cash and cash equivalents. The return on assets adjusted for the reporting period was 11.9%, 20.2 percentage points lower than in 2021. The ratio of financial liabilities to equity increased from 1.8% to 6.3%. The change was due to the Company's growing financial debts, consisting of short-term and long-term lease liabilities, which amounted to EUR 2.2 million in the reporting year, i.e. more than double compared to 2021. In addition, other short-term liabilities have also increased due to a particular increase in trade payables. At the end of 2022, the amount of such liabilities amounted to EUR 16.3 million, an increase of 80.8% compared to 2021.

The Company provides services to natural persons and legal entities. **As in previous years, during the analysed reporting period, the largest number of services was provided to legal entities.** The volume of services in units for legal entities increased by 10.1% and amounted to 644.4 million units. The volume of services provided to natural persons and notaries as well as their assistants also grew, reaching 7.3% and 1.5%, respectively.

	2019	2020	2021	2022
	(thousands of units)			
<b>Service recipients</b>				
<b>Legal entities</b>	114,173	281,645	585,100	644,391
<b>Natural persons</b>	3,401	3,130	3,280	3,520
<b>Notaries and their assistants</b>	5,924	5,825	7,759	7,878
<b>Attorneys and their assistants</b>	289	448	309	295
<b>Bailiffs and their assistants</b>	1,985	2,046	1,814	1,621
<b>Total:</b>	125,772	293,094	598,262	657,705

# AB Lietuvos automobilių kelių direkcija

www.lakd.lt



LIETUVOS AUTOMOBILIŲ  
KELIŲ DIREKCIJA

Organisation and coordination of maintenance of state roads, maintenance and development, performance of functions provided for the company in the Republic of Lithuania Law on Roads, the Republic of Lithuania Law on Road Traffic Safety and other legal acts, performance of other activities in order to satisfy public interests, commercial activities in transport infrastructure.

*Special obligation – management of state roads and organisation and coordination of ensuring safe traffic conditions by implementing traffic safety measures on state roads*

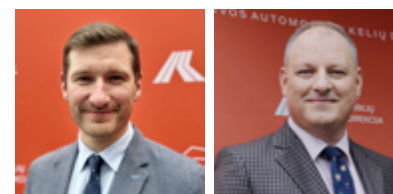
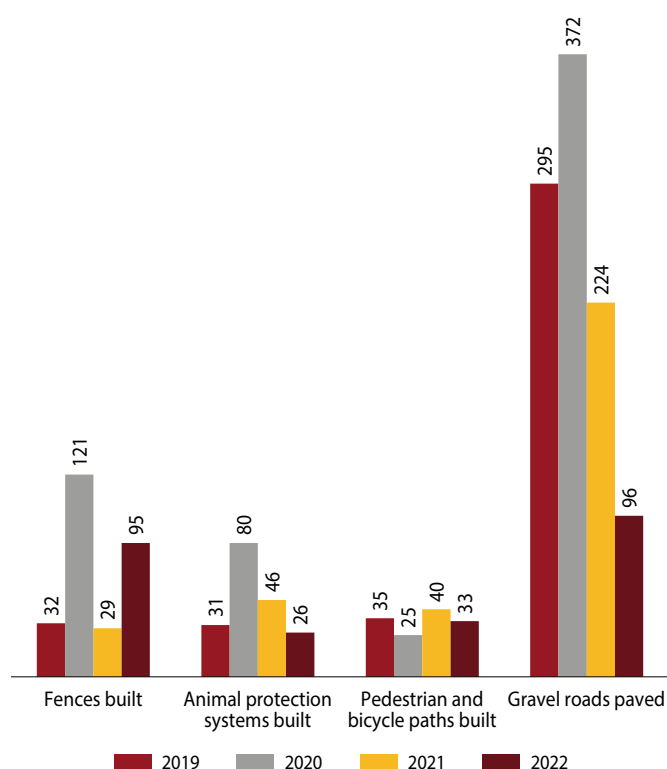
## MAJOR EVENTS:

- **On 31 March**, traffic opened over the newly built bridge (North Bridge) over the Neris River in Kaunas (on the 99.29-100.47 km section of the A1 Vilnius-Kaunas-Klaipėda motorway);
- **On 1 April**, the section of the A1 from Vilnius to Kaunas was classified as a motorway;
- **On 21 September**, the Company was awarded EUR 49.68 million from the Connecting Europe Facility (CEF), which will be invested in the widening of the A5 Kaunas–Marijampolė–Suvalkai (Via Baltica) road to accommodate Dual Mobility;

The Company, which managed 21.2 thousand km of roads of state importance at the end of 2022, was included in the list of companies important for ensuring national security. The value of roads of state importance managed by the company is EUR 2.94 billion. **In 2022, the Company used 99.4% of the funds collected under the Road Maintenance and Development Programme (RMDP) to expand and maintain the national road network.** As part of the implementation of the RMDP, the Company is also responsible for the administration of part of the RMDP funds for the development and maintenance of the local road network. Cooperation with municipalities is also ongoing to ensure the development of national and local roads and road infrastructure projects.

In 2022, 192.98 km of ordinary repairs were carried out on roads of national significance. **During the reporting year, the Company paved 96.2 km of gravel roads, i.e. 57.0% less than in 2021. The asphaltting of gravel roads is being carried out within the framework of an approved asphaltting programme, which will be completed in 2024.** There are also 95.2 km of fences and 26.4 km of animal protection systems (net fences, crossings, etc., designed to protect wild animals). The length of the existing network of pedestrian and bicycle paths in the country is 1.5 thousand km, and during the reporting year 33.2 km of pedestrian and bicycle paths were built, reconstructed and maintained. Also, 374 engineering traffic safety measures, installation, reconstruction, renovation of pedestrian crossings were implemented. The Road Administration carries out road safety education activities. Posts published on the Company's social networks on the topic of traffic safety reached an audience of about 329.0 thousand readers.

Operating volumes, km



**General Director**  
Marius Švaikauskas

**Chairperson of the Board of Directors**  
Vaidotas Balyas

- ↑ The Company's sales revenue grew by 22.7% to EUR 13.1 million
- ↓ The Company's adjusted net profit decreased by 62.3% to EUR 0.9 million
- ↑ EBITDA increased by 33.8% to EUR 2.3 million

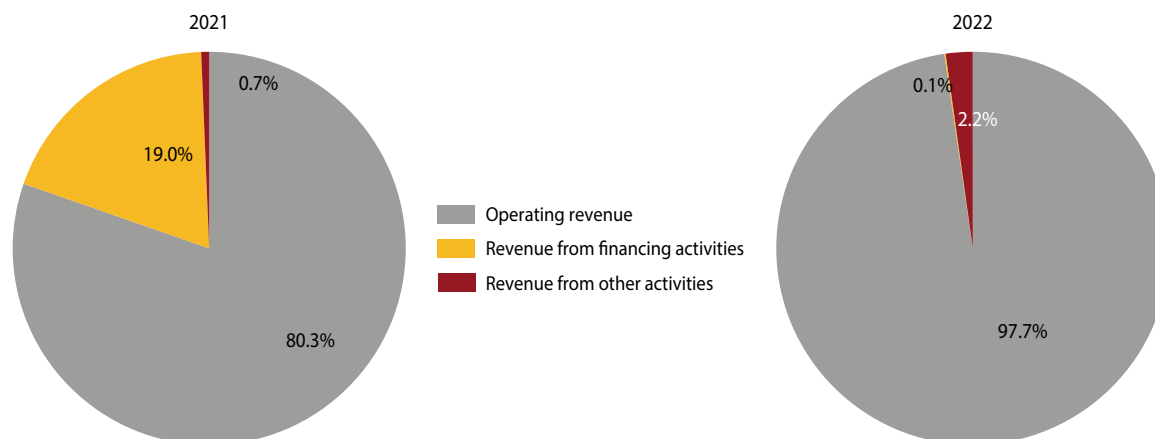
PROFIT (LOSS) STATEMENT (THOUSAND EUR)			
	2021	2022	CHANGE
Sales revenue	10,699	13,123	+22.7%
Cost of goods sold	10,301	12,467	+21.0%
<b>Gross profit (loss)</b>	<b>398</b>	<b>656</b>	<b>+64.8%</b>
Cost of sales	0	0	-
General and administrative expenses	0	0	-
Results of other activities	87	298	+242.5%
Net financial items	2,254	10	-99.6%
<b>Profit (loss) before taxes</b>	<b>2,739</b>	<b>964</b>	<b>-64.8%</b>
Corporation tax	399	182	-54.4%
<b>Net profit (loss)</b>	<b>2,340</b>	<b>782</b>	<b>-66.6%</b>
<b>Adjusted net profit (loss)</b>	<b>2,445</b>	<b>921</b>	<b>-62.3%</b>
BALANCE SHEET (THOUSAND EUR)			
	31 DEC 2021	31 DEC 2022	CHANGE
<b>Non-current assets</b>	<b>3,425,988</b>	<b>3,490,689</b>	<b>+1.9%</b>
<b>Current assets</b>	<b>51,086</b>	<b>55,621</b>	<b>+8.9%</b>
Cash and cash equivalents	20,087	12,831	-36.1%
<b>Deferred charges and accrued income</b>	<b>828</b>	<b>1,075</b>	<b>+29.8%</b>
<b>Total assets</b>	<b>3,477,902</b>	<b>3,547,385</b>	<b>+2.0%</b>
<b>Equity</b>	<b>2,606,740</b>	<b>2,887,013</b>	<b>+10.8%</b>
<b>Grants and subsidies</b>	<b>808,059</b>	<b>624,653</b>	<b>-22.7%</b>
<b>Provisions</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Amounts payable and other liabilities</b>	<b>63,103</b>	<b>31,173</b>	<b>-50.6%</b>
Amounts payable after one year and other non-current liabilities	9,928	9,419	-5.1%
Financial liabilities	0	0	-
Amounts payable within one year and other current liabilities	53,175	21,754	-59.1%
Financial liabilities	485	509	+4.9%
<b>Accrued expenses and deferred income</b>		<b>4,546</b>	<b>-</b>
<b>Total equity and liabilities</b>	<b>3,477,902</b>	<b>3,547,385</b>	<b>+2.0%</b>
RATIOS			
	31 DEC 2021	31 DEC 2022	CHANGE
ROA	0.1%	0.0%	-0.1 p. p.
ROE	0.1%	0.0%	-0.1 p. p.
D/E	0.0%	0.0%	-
EBITDA	1,702	2,278	+33.8%
EBITDA margin	15.9%	17.4%	+1.5 p. p.
Net profit margin	22.9%	7.0%	-15.9 p. p.
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)			
	2021	2022	CHANGE
Awarded dividends (share of the State)/ profit contributions	2,104	0	-
Property tax	124	164	+32.3%
Total contributions and non-standard taxes to the State	2,228	164	-92.6%
INFORMATION ABOUT EMPLOYEES			
	2021	2022	CHANGE
Number of employees	267	293	+9.7%
Average monthly salary of a manager (gross, EUR)	8,517	8,486	-0.4%
INSTITUTION REPRESENTING THE STATE			
Ministry of Transport and Communications of the Republic of Lithuania			100.0%
MANAGEMENT (1 JUL 2023)			
<b>General Director</b>	Marius Švaikauskas		
<b>Chairperson of the Board of Directors</b>	Vaidotas Balyas*		
<b>Members of the Board of Directors</b>	Agnė Amelija Mikalonė Rūta Butautaitė-Pivoriūnienė* Saulius Barauskas*		

\*Independent member

In 2022, the Company did not carry out commercial activities, therefore, all the activities of the Company consisted of the performance of a special obligation. In the reporting year, the total revenue of the Company amounted to EUR 13.4 million. Compared to 2021, revenue increased by 0.9%, driven by a 22.7% increase in sales revenue, or operating revenue from the fulfilment of a special obligation, which amounted to EUR 13.1 million in 2022 and accounted

for 97.7% of the total revenue structure. Revenue from financial activities decreased by 99.5% to EUR 13 thousand due to a change in its recognition and accounting treatment, including revenue from fines, as well as the application of contractual sanctions for non-performance of contractual obligations, interest on late work and forfeit. Other operating revenue accounted for 2.2% of total revenue, which includes guarantees, easements and other similar revenue.

Revenue structure



The Company's cost of sales increased by 21.0% to EUR 12.5 million in the reporting year. The change is due to an increase in operating costs, i.e. the cost of the special obligation. The major part, i.e. 77.5% of the operating costs comprised of personnel maintenance costs amounting to EUR 9.7 million. Compared to 2021, these costs have increased by 22.9%, influenced by an increase in the number of staff and a review of the fixed part of the staff salary after the annual evaluation. Depreciation and amortisation of tangible and intangible assets increased by 8.8% to EUR 1.3 million, representing 10.6% of total operating costs. Other costs have also risen, such as the rising cost of energy resources, the cost of equipping new employees with the necessary tools, and the cost of refurbishing worn-out or obsolete work equipment.

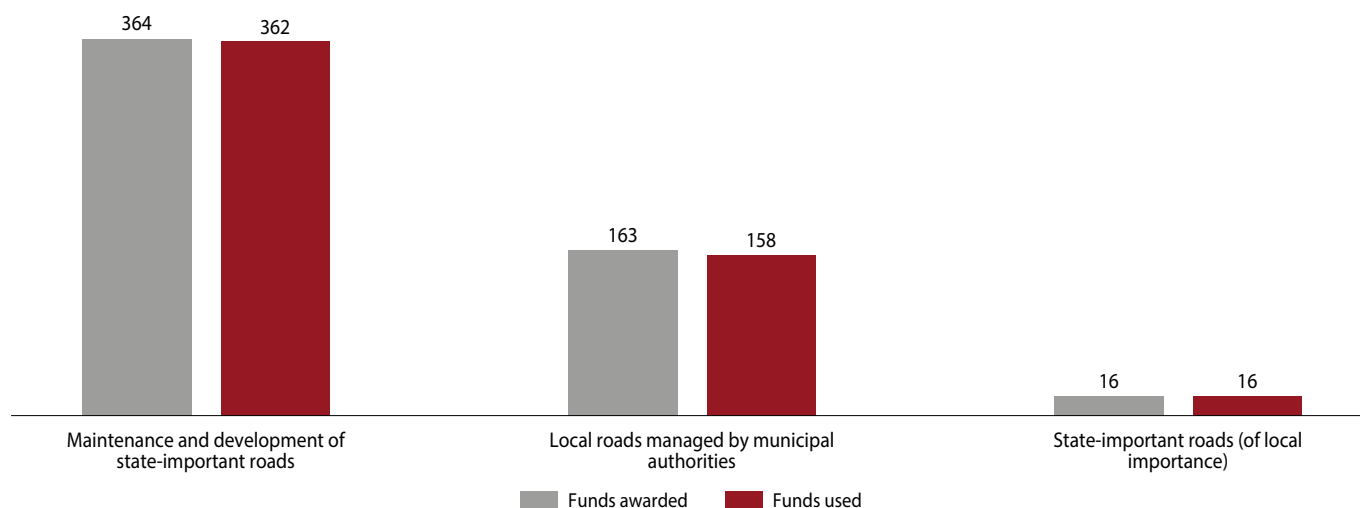
The Company's adjusted net profit at the end of 2022 was equal to EUR 0.9 million, i.e. 62.3% more than at the end of 2021. The significant decrease in the Company's profit is due to a change in the recognition and accounting treatment of revenue from financing activities, fines and interest on arrears for non-performance of obligations under signed contracts for the performance of contract works on roads of national significance. Compared to 2021, the EBITDA ratio grew by 33.8% and reached EUR 2.3 million at the end of the period. The return on equity (ROE) and return on assets (ROA) ratios showed a marginal change in the reporting year, amounting to 0.1% at the end of the year, while the net profit margin decreased by 15.9 percentage points to 7.0%. Although the Company ended 2022 with an adjusted net profit of EUR 0.9 million and a positive cumulative profit on the balance sheet, due to the nuances of the accounting for the special obligation (in accordance with the statutory methodology for the calculation of the special obligation charge, normalising the profit margin) and the change in the Company's legal status at the beginning of 2023, in the current year, i.e. 2022, the accumu-

lated profit was capitalised, leaving no balance sheet profit, therefore there was no profit available for distribution and no return to the shareholder for the Company's performance in 2022. Notably, the Company's liabilities have almost halved, in particular the reduction in short-term debts, as contractors submitted their invoices for payment earlier in the reporting period and were able to settle their accounts.

The investment projects carried out by the company are financed by RMDP and European Union structural funds. In the reporting year, a total of EUR 126.4 million of RMDP funds and EUR 10.2 million of EU Structural Funds were invested in ongoing public capital investment projects. The implementation of the special obligation of the State to reconstruct facilities of military and civil mobility importance has also started to be financed in 2022 by the EU's CEF\* Fund for Military Mobility, with the CEF being allocated to the Company after the award of the tender.

The main source of financing for the maintenance and development of state-important roads and the implementation of traffic safety measures is the RMDP financing funds allocated from the state budget of the Republic of Lithuania. Of the EUR 543.2 million allocated for RMDP in 2022, EUR 536.1 million was used, i.e. 98.7% of the approved estimate. The principle distribution of RMDP funds breaks down as follows: 67.0% is allocated to roads of national significance; 29.4% to local roads managed by municipal authorities; 3.6% to local roads of national significance. By assessing the RMDP estimate, in the reporting year, the Company used the largest amount of funds for the development of the national road network and ensuring its proper functioning, as well as for other areas, using EUR 361.6 million. EUR 158.4 million was used for the development of the road network of local importance. EUR 16.1 million was spent on local roads of national significance.

Use of RMDP funds (million EUR)



\*CEF – Connecting Europe Facility

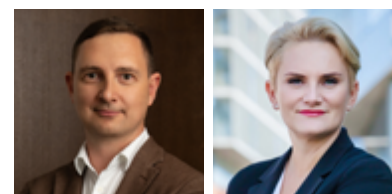
## VĮ Regitra

www.regitra.lt



**Processing of the register data on road transport vehicles of the Republic of Lithuania and driver registry of road vehicles of the Republic of Lithuania, registration of motor vehicles and their trailers, examination of drivers, issuance of driving licenses, administration of the transport vehicle registration tax and Vehicle Owners Accounting Information System (TPSAIS).**

*Special obligations: registration of road transport vehicles; issuance of driving licenses; processing of the register on road transport vehicles of the Republic of Lithuania; administration of motor vehicle registration tax; examination of persons seeking to acquire a right to drive road vehicles; processing of the driver registry of road vehicles of the Republic of Lithuania.*



**General Director**  
Vaidas Dominauskas

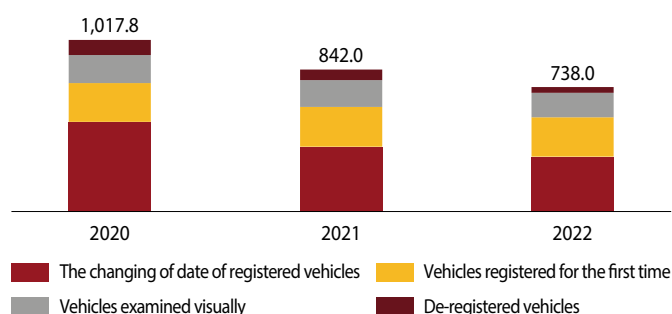
**Chairperson of the Board**  
Orijana Mašalė

**MAJOR EVENTS:**

- In January**, the new head of the Company, Vaidas Dominauskas, started work;
- On 1 May**, the prices for driving examinations, which have not been revised for more than 13 years, were changed;
- In June**, Lithuania was elected as a member of the Association of European Vehicle and Driver Registration Authorities (EReg) for 2022;
- In October**, a new design of state licence plate numbers with Vytis was approved, implementing legislative requirements;
- In November**, a virtual assistant Revis was installed on the company website;
- In December**, a decision was taken to convert the company into a public limited liability company.

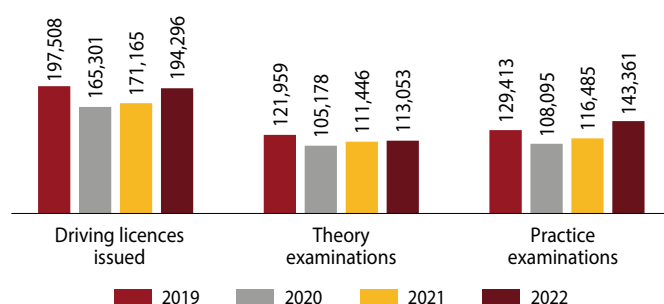
The Company serves most of its customers by providing vehicle registration services. However, there has been a recent decline in these services. In the reporting year, the volumes of these services decreased by 12.4% compared to 2021. The biggest drop was in the volume of de-registered vehicles, which fell by 46.4%, from 62.5 thousand in 2021 to 33.5 thousand in 2022. The volume of data changes for registered vehicles in the reporting year amounted to 325.9 thousand, a decrease of 15.4% compared to 2021. At the same time, the number of vehicles registered for the first time decreased slightly by 0.8% to 233.6 thousand. In the reporting year, vehicle owners paid 2.01% less registration tax, i.e. EUR 31.1 million, compared to EUR 31.8 million in 2021. The assumption is that vehicle owners are changing their habits and opting for less polluting vehicles with lower or no registration fees.

Volumes of vehicle registration services (thousands)



During the reporting period, 256.4 thousand theory and practice examinations were taken, i.e. 12.5% more than in 2021. **Theory examinations increased by 1.4% to 113.1 thousand units in 2022 from 111.4 thousand units in 2021, while the amount of practical examinations on motor vehicles increased by 23.1% and amounted to 143.4 thousand examinations. In 2022, the driver certificates issued increased by 13.5% to 194.3 thousand units.** The number of examinations and certificates issued has been affected by the restriction of examination activities between 2020 and 2021. The higher number of examinations was also due to drivers' preparedness, with prospective

Volumes of provided services (units)



- ↑ The number of practical motor vehicle driving skills and abilities examinations increased by 23.1%.
- ↑ Adjusted net profit grew by 10.2% to EUR 3.9 million
- ↑ EBITDA increased by 8.5% and reached EUR 6.4 million.

PROFIT (LOSS) STATEMENT (THOUSAND EUR)	2021	2022	CHANGE
Sales revenue	24,516	27,347	+11.6%
Cost of goods sold	15,527	17,209	+10.8%
<b>Gross profit (loss)</b>	<b>8,989</b>	<b>10,138</b>	<b>+12.8%</b>
Cost of sales	0	0	-
General and administrative expenses	5,108	5,780	+13.2%
Results of other activities	164	141	-14.0%
Net financial items	-145	-120	+16.9%
<b>Profit (loss) before taxes</b>	<b>3,900</b>	<b>4,380</b>	<b>+12.3%</b>
Corporation tax	525	650	+23.8%
<b>Net profit (loss)</b>	<b>3,375</b>	<b>3,729</b>	<b>+10.5%</b>
<b>Adjusted net profit (loss)</b>	<b>3,509</b>	<b>3,866</b>	<b>+10.2%</b>
BALANCE SHEET (THOUSAND EUR)	31 DEC 2021	31 DEC 2022	CHANGE
<b>Non-current assets</b>	<b>14,593</b>	<b>14,156</b>	<b>-3.0%</b>
<b>Current assets</b>	<b>9,930</b>	<b>9,778</b>	<b>-1.5%</b>
Cash and cash equivalents	8,715	8,596	-1.4%
<b>Deferred charges and accrued income</b>	<b>257</b>	<b>251</b>	<b>-2.4%</b>
<b>Total assets</b>	<b>24,780</b>	<b>24,185</b>	<b>-2.4%</b>
<b>Equity</b>	<b>16,560</b>	<b>16,211</b>	<b>-2.1%</b>
Grants and subsidies	0	0	-
<b>Provisions</b>	<b>203</b>	<b>214</b>	<b>+5.9%</b>
<b>Amounts payable and other liabilities</b>	<b>7,968</b>	<b>7,722</b>	<b>-3.1%</b>
Amounts payable after one year and other non-current liabilities	4,751	4,581	-3.6%
<i>Financial liabilities</i>	3,595	3,425	-4.7%
Amounts payable within one year and other current liabilities	3,218	3,142	-2.4%
<i>Financial liabilities</i>	918	904	-1.5%
<b>Accrued expenses and deferred income</b>	<b>48</b>	<b>37</b>	<b>-24.1%</b>
<b>Total equity and liabilities</b>	<b>24,780</b>	<b>24,185</b>	<b>-2.4%</b>
RATIOS	31 DEC 2021	31 DEC 2022	CHANGE
ROA	14.1%	15.8%	1.7 p. p.
ROE	20.7%	23.6%	2.9 p. p.
D/E	27.3%	26.7%	-0.6 p. p.
EBITDA	5,938	6,441	8.5%
EBITDA margin	24.2%	23.6%	-0.7 p. p.
Net profit margin	14.3%	14.1%	-0.2 p. p.
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)	2021	2022	CHANGE
Assigned profit contribution	4,003	4,423	+10.5%
Property tax	158	161	+2.1%
Total contributions and non-standard taxes to the State	4,161	4,584	+10.2%
INFORMATION ABOUT EMPLOYEES	2021	2022	CHANGE
Number of employees	542	555	+2.4%
Average monthly salary of a manager (gross, EUR)	4,613	7,819	+69.5%
INSTITUTION REPRESENTING THE STATE	OWNED SHARES		
The Ministry of the Interior of the Republic of Lithuania	100.0%		
MANAGEMENT (1 JUL 2023)			
<b>General Director</b>	Vaidas Dominauskas		
<b>Chairperson of the Board</b>	Orijana Mašalė*		
<b>Members of the Board of Directors</b>	Giedrė Blazgienė* Indrė Gasperė Povilas Ruškus Tomas Tumėnas*		

\*Independent member



drivers with insufficient knowledge or inadequate driving skills taking the examination several times. In 2022, examinations were carried out during additional working hours and on rest days in order to ensure the highest possible flow of customer service. The Company started issuing international driving licenses from January 2020. **During the reporting year, 3 252 international driving licenses were issued, while the number of licenses issued in 2021 reached 963 units.**

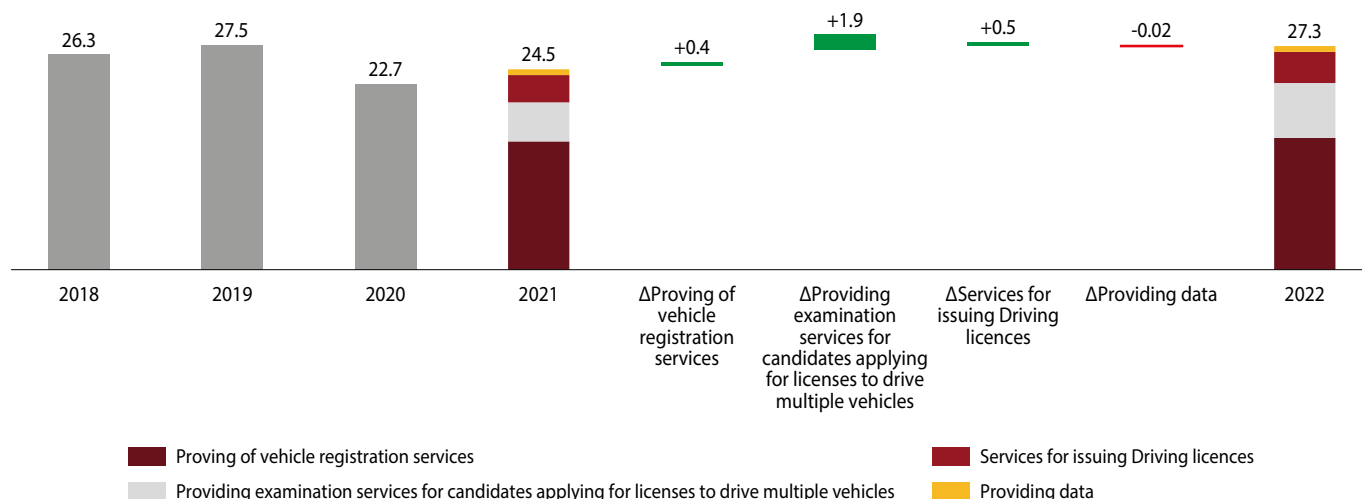
**From May 2021, a new Vehicle Owners Accounting Information System (TPSAIS) began to operate, which records the owners of all vehicles.** Each vehicle located in the country and owned by a Lithuanian resident or company must have a unique owner declaration code (ODC). More than 641.0 thousand new ODCs were created between May and December 2021 and 893.0 thousand in the reporting year.

**The share of services provided through digital channels was 29.7% in 2022.** The majority of vehicle registration services are already available online, and customers are increasingly choosing to access the service via the digital channel, with the added motivation of a lower price than in the physical service channels. In the reporting year, 37.2% of vehicle registrations were carried out digitally, i.e. as many as 104.2 thousand units of online registration services were provided. The vast majority of vehicle owners, i.e. 64.0%, chose to declare the acquisition or transfer of ownership online. The number of online driver's licences issued was 68.2 thousand, an increase of 15.6% on the previous year.

**From November 2022, a virtual assistant REVIS is available on the Company's website and advises customers and answers their questions.** Thanks to the new advisor, customers can get the information they need more quickly and conveniently at any time of the day. In its first month of operation, the virtual assistant received an average of 83 enquiries per day.

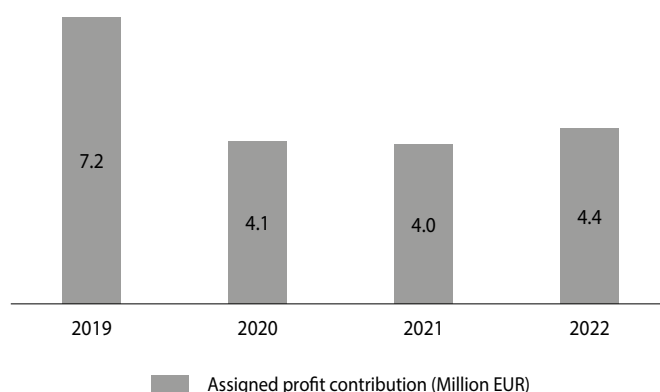
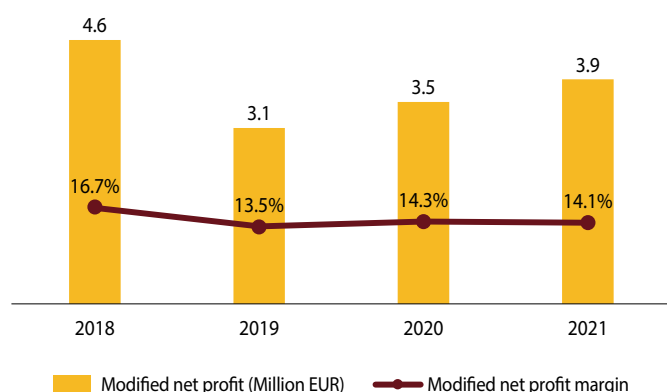
**During the reporting period, the Company's sales revenue grew by 11.6% from EUR 24.5 million to EUR 27.3 million.** Revenue from vehicle registration services, which accounted for 59.0% of the total revenue structure, increased by 2.8% to EUR 16.1 million in 2022. The growth in this revenue group was influenced by the additional demand for vehicle registrations from customers in Ukraine, following the temporary abolition of customs duties on second-hand vehicles entering the country in Ukraine. There was also active promotion of exclusive state licence plate numbers in the reporting year, which had a significant impact on their sales, allowing them to generate more revenue in 2022 than in 2021. The increase in the number of practical examinations taken, the organisation of additional weekday and weekend services, and the introduction from 1 May 2022 of higher rates for examination services, which have not been changed since 2009, have led to an increase in revenue from driving examinations of up to 40.0% to EUR 6.7 million. The increase in the volume of services provided and the volume of driver's licenses issued in a more urgent manner led to an 14.7% increase in revenue for the issuance of driver's licenses. Meanwhile, revenue from data provision fell by EUR 16.6 thousand in the reporting year.

Sales revenue (Million EUR)



**The Company's operating costs increased by 11.4% to EUR 23.0 million in the reporting year.** Personnel maintenance costs accounted for the largest share of costs, i.e. 62.7%, amounting to EUR 14.4 million, an increase of 12.2% compared to 2021. In 2021, these costs were lower due to restrictions on the provision of driver examination services due to the pandemic and to the fact that around 100 employees were placed on leave with only a fraction of their salaries, as well as to the vacancy of the post of General Director of the

Company as of the middle of 2021, and to the fact that the General Director has not been paid a remuneration for more than 6 months. On 2022, the budget has been approved for staff salary increases. The purchase of forms for issued documents (state license plate numbers, vehicle registration certificates, driver's licenses) accounted for 9.2% or EUR 2.1 million of total costs. Also, a significant part of 8.4% of the costs was attributed to the depreciation of tangible and intangible assets.



**The growth in service volumes during 2022 had a positive impact on the Company's financial ratios: adjusted net profit increased by 10.2% to EUR 3.9 million at the end of the reporting period,** while EBITDA grew by 8.5% to EUR 6.4 million, after having reached EUR 5.9 million in 2021. The Company's other financial return ratios also grew: the adjusted return on equity increased by 2.9 percentage points to 23.6%, while the adjusted return on assets, which grew by 1.7 percentage points, reached 15.8% at the end of the reporting

period. At the same time, the Company's adjusted net profit margin declined by 0.2 percentage points as the growth in adjusted net profit was slower compared to the growth in sales revenue. **The Company's return to the State: a profit contribution of EUR 4.4 million has been assigned for 2022, i.e. 10.5 % more than in 2021.** The amount of property tax increased by 2.1% and amounted to EUR 0.2 million, therefore, the total amount of contributions and non-standard taxes to the State for the reporting period amounted to EUR 4.6 million.

# UAB Investicijų ir verslo garantijos

www.invega.lt



## Provision of guarantees, provision and administration of soft loans, implementation of risk capital investment measures, implementation of compensatory measures, etc.

The Company owns 100% shares in its subsidiary UAB Kofinansavimas. On 2 January 2023, the Ministry of Finance signed an agreement with UAB Investicijų ir verslo garantijos, whereby INVEGA became a shareholder of UAB Viešųjų investicijų plėtros agentūra, UAB Valstybės investicijų valdymo agentūra and UAB Žemės ūkio paskolų garantijų fondas.

**Special obligations: offering guarantees in the capacity of the guarantee body established by the State; functions of the implementing body and/or of the global grant manager, functions for the administration of compensatory measures; functions of holding funds, Innovation Promotion Fund and/or individual financial engineering, incentive financial instruments and financial instruments manager. It should be noted that all activities of the Company and its subsidiary are the fulfilment of special obligations.**

### MAJOR EVENTS:

- In April, the management of the Company's shares was transferred to the Ministry of Finance of the Republic of Lithuania and the consolidation of all NDI operating in the country on the basis of Invega began;
- The NATO Innovation Fund (NIF) Letter of Commitment has been signed, whereby Lithuania pledged to participate in the NIF and to make financial contributions, and where Invega has been appointed as Lithuania's representative;
- Invega has joined the Network of European Financial Institutions for Micro, Small and Medium-sized Enterprises (NEFI).

In the reporting year, the Company provided nearly EUR 270 million in financing to more than 4,600 Lithuanian businesses, and leveraged nearly EUR 272 million in additional private finance to businesses. It is estimated that EUR 33.4 million worth of aid in the form of guarantees, loans and grants will reach businesses dealing with the effects of the pandemic by 2022.

The Company's revenue, including reimbursement of the expenses of administration of the Funds and global grants and reimbursement measures, amounted to EUR 7.0 million in 2022, an increase of EUR 0.9 million, or 15.3%, over 2021. The major part of this structure, 83%, was accounted for by the reimbursement of the expenses for Fund management and administration of the global grant instruments.

The Company's operating costs, provisions for guarantee claims and financial operating expenses amounted to EUR 6.0 million in 2022, an increase of EUR 0.9 million, or 18.1%. The main reason is the increase in the number of employees and the resulting increase in wage costs due to the increase in business volumes. Net profit for the reporting year grew symbolically, i.e. by 3.1% to EUR 0.8 million at the end of the year.

The Company's return to the State was 10.5% higher than in the previous year, with dividends for 2022 amounting to EUR 631 thousand.

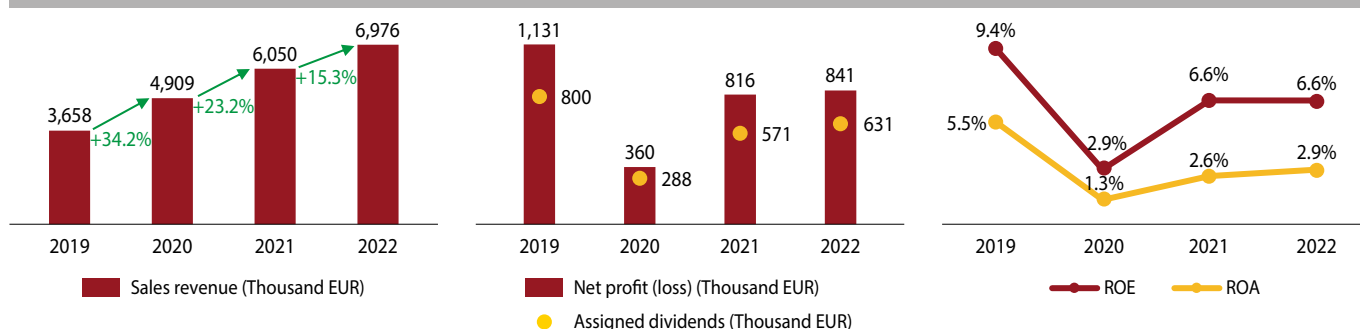
The total value of the assets remained almost unchanged during the year, amounting to EUR 28.8 million at 31 December 2022, but the composition of the assets changed. Non-current assets grew by 66.0% to EUR 11.1 million at the end of the year, driven by an increase in non-current financial assets, i.e. temporarily unrestricted funds invested in long-term securities of EU countries. Current assets as at 31 December 2022 decreased by EUR 4.5 million or 20.4% compared to 31 December 2021, mainly due to a decrease in temporarily unavailable balances on current accounts with banks as a result of investment transactions in EU securities.

Total liabilities at 31 December 2022 decreased by 35.7% to EUR 1.2 million compared to 31 December 2021. The change was due to a decrease in financial liabilities (lease agreements).

- ↑ Non-current liabilities decreased by 43.1% in the reporting year
- ↑ Non-current financial assets doubled to EUR 10.3 million at the end of the year
- ↓ Cash in accounts and banks amounted to EUR 0.7 million, a decrease of almost 10 times

PROFIT (LOSS) STATEMENT (THOUSAND EUR)	2021	2022	CHANGE
Sales revenue	6,050	6,976	+15.3%
Cost of goods sold	0	0	-
<b>Gross profit (loss)</b>	<b>6,050</b>	<b>6,976</b>	<b>+15.3%</b>
Cost of sales	-85	-85	-0.5%
General and administrative expenses	5,182	6,103	+17.8%
Results of other activities	1	4	+369.1%
Net financial items	-1	36	-
<b>Profit (loss) before taxes</b>	<b>952</b>	<b>998</b>	<b>+4.9%</b>
Corporation tax	136	157	+15.3%
<b>Net profit (loss)</b>	<b>816</b>	<b>841</b>	<b>+3.1%</b>
BALANCE SHEET (THOUSAND EUR)	31 DEC 2021	31 DEC 2022	CHANGE
<b>Non-current assets</b>	<b>6,711</b>	<b>11,137</b>	<b>+66.0%</b>
<b>Current assets</b>	<b>22,219</b>	<b>17,678</b>	<b>-20.4%</b>
Cash and cash equivalents	6,554	676	-89.7%
<b>Deferred charges and accrued income</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Total assets</b>	<b>28,930</b>	<b>28,815</b>	<b>-0.4%</b>
<b>Equity</b>	<b>12,590</b>	<b>12,861</b>	<b>+2.1%</b>
<b>Grants and subsidies</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Provisions</b>	<b>12,079</b>	<b>12,307</b>	<b>+1.9%</b>
<b>Amounts payable and other liabilities</b>	<b>1,847</b>	<b>1,188</b>	<b>-35.7%</b>
Amounts payable after one year and other non-current liabilities, of which	622	354	-43.1%
Financial (lease agreement) liabilities	503	247	-51.0%
Amounts payable within one year and other current liabilities, of which	1,225	834	-31.9%
Financial (lease agreement) liabilities	188	253	+34.7%
<b>Accrued expenses and deferred income</b>	<b>2,413</b>	<b>2,460</b>	<b>+1.9%</b>
<b>Total equity and liabilities</b>	<b>28,930</b>	<b>28,815</b>	<b>-0.4%</b>
RATIOS	31 DEC 2021	31 DEC 2022	CHANGE
ROA	2.6%	2.9%	+0.3 p. p.
ROE	6.5%	6.6%	+0.1 p. p.
D/E	5.5%	3.9%	-1.6 p. p.
EBITDA	1,184	1,254	+5.9%
EBITDA margin	19.6%	18.0%	-1.6 p. p.
Net profit margin	13.5%	12.1%	-1.4 p. p.
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)	2021	2022	CHANGE
Awarded dividends (share of the State)	571	631	+10.5%
INFORMATION ABOUT EMPLOYEES	2021	2022	CHANGE
Number of employees	107	118	+10.3%
Average monthly salary of a manager (gross, EUR)	9,880	10,644	+7.73%
INSTITUTION REPRESENTING THE STATE	OWNED SHARES		
Ministry of Finance of the Republic of Lithuania	100.0%		
MANAGEMENT (1 JUL 2023)			
<b>General Director</b>	Kęstutis Motiejūnas		
<b>Chairperson of the Board of Directors</b>	Aldita Saulius *		
<b>Members of the Board of Directors</b>	Vytenis Labanauskas* Viktorija Trimbel Tomas Urban Aušra Vičkauskienė		
<b>Chairperson of the Supervisory Board</b>	Daina Kleponė*		
<b>Members of the Supervisory Board</b>	Aivaras Čičelis* Saulius Galatilis* Povilas Kriaučiūnas Pascal Lagarde* Aurimas Saladzius Irma Patapienė		

\*Independent member



# UAB Kofinansavimas

As a full member in 2022, the Company managed an umbrella venture capital fund with three sub-funds. The Fund's activity is to invest capital in start-ups and private Lithuanian companies engaged in business development, together with private venture capital funds, business angels and other investors, as well as to provide financial and investment advice to companies. **In 2022, the Fund financed 5 new companies with 28 private investors. Since the commencement of its activities in 2017, the Fund has invested a total of EUR 15.1 million (EUR 9.5 million from the Fund) in 25 companies through 36 investments with 106 private investors.** During the reporting period, the Fund managed to raise EUR 0.98 million from private investors and used EUR 1.09 million of its own funds for venture capital measures.

In 2022, the Company's revenue grew by 6.6% to EUR 208.5 thousand. The Company's total revenue is derived from the reimbursement of expenses incurred in managing the Fund. Both revenue and costs grew during 2022 due to increases in salary of employees and the costs of maintaining the workplace. Personnel maintenance costs account for about 84.0% of the total costs, i.e. EUR 175.4 thousand.

The annual result of the Company is equal to the paid profit tax, in this case a loss of EUR 0.06 thousand in 2022.

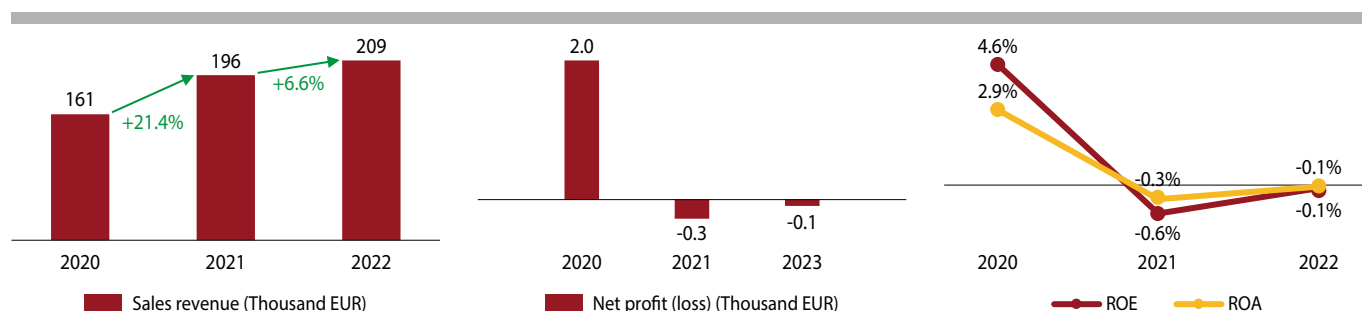
The value of the Company's assets recorded at the end of 2022 amounted to EUR 93.6 thousand and all of them were current, 51.7% of which were cash and the remaining 51.7% – accumulated revenue.

The Company's liabilities decreased by 35.7% to EUR 8.5 thousand during the reporting period. Most of the assets are financed by equity, which remained stable at EUR 48.2 thousand at the end of 2022. Accumulated costs increased by 5.2% during the year.

The Company's main operational purposes are not profit-making, but the proper implementation of the functions delegated to it (implementation of financial instruments, i.e. establishment and management of the venture capital fund Koinvesticinis Fondas and provision of investment and financial consulting related to these investments). Considering the fact that all Fund management costs incurred during the implementation of the Company's functions are compensated by the Fund itself, neither profitability nor return indicators are raised and analysed.

- ↑ Revenue grew by 6.6%
- ↑ The value of Company's assets decreased by 3.1%
- ↓ Current liabilities decreased by 35.7%

PROFIT (LOSS) STATEMENT (THOUSAND EUR)	2021	2022	CHANGE
Sales revenue	196	209	+6.6%
Cost of goods sold	196	209	+6.6%
Gross profit (loss)	0	0	-
Cost of sales	0	0	-
General and administrative expenses	0	0	-
Results of other activities	0	0	-
Net financial items	0	0	-
Profit (loss) before taxes	0	0	-
Corporation tax	0	0	-
Net profit (loss)	0	0	-
BALANCE SHEET (THOUSAND EUR)	31 DEC 2021	31 DEC 2022	CHANGE
Non-current assets	0	0	-
Current assets	97	94	-3.1%
Cash and cash equivalents	56	48	-14.3%
Deferred charges and accrued income	0	0	-
Total assets	97	94	-3.1%
Equity	48	48	-
Grants and subsidies	0	0	-
Provisions	0	0	-
Amounts payable and other liabilities	14	9	-35.7%
Amounts payable after one year and other non-current liabilities	0	0	-
Financial liabilities	0	0	-
Amounts payable within one year and other current liabilities	14	9	-35.7%
Financial liabilities	0	0	-
Accrued expenses and deferred income	35	37	+5.7%
Total equity and liabilities	97	94	-3.1%
RATIOS	31 DEC 2021	31 DEC 2022	CHANGE
ROA	-0.3%	-0.1%	+0.2 p. p.
ROE	-0.6%	-0.1%	+0.5 p. p.
D/E	0.0%	0.0%	-
EBITDA	1	0	-
EBITDA margin	0.5%	0.0%	-0.4 p. p.
Net profit margin	0.0%	0.0%	-
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)	2021	2022	CHANGE
Awarded dividends (share of the State)	0	0	-
Property tax	0	0	-
Total contributions and non-standard taxes to the State	0	0	-
INFORMATION ABOUT EMPLOYEES	2021	2022	CHANGE
Number of employees	3	3	-
Average monthly salary of a manager (gross, EUR)	3,558.00	4,324.00	+21.5%
INSTITUTION REPRESENTING THE STATE		OWNED SHARES	
UAB Investicijų ir verslo garantijos (INVEGA)		100.0%	
MANAGEMENT (1 JUL 2023)			
General Director		Viktorija Trimbel	
The Board		Not formed	



# AB Smiltynės perkėla

www.keltas.lt



## Passenger and vehicle transportation by ferries across the Curonian Lagoon to/from the Curonian Spit

**Special obligations: Relocation of Neringa, Smiltynė residents, legal entities, institutions, employees of special services and their vehicles by ferries through Klaipėda State Seaport to (from) the Curonian Spit**

### MAJOR EVENTS:

- In January, the Company modernised the passenger ferry "Nida" by replacing the main engines;
- In November, the construction works for the reconstruction of the Klaipėda State Seaport berths No. 76, 79, 153 and 156 located at Nemuno st. 8 (New Ferry) started by installing adjustable ramps;
- In December, the reconstruction of the berth of the Old Smiltynė Ferry Terminal on the Smiltynė side of the ferry was completed and two ferries can now be moored there at the same time.

In the 2022 reporting period, 28.1 thousand trips or 0.4 thousand trips (1.4%) more than in 2021. The increase in the number of trips was due to the entry into service of one additional ferry. **The increased number of ferry services has led to a significant reduction in queuing times at peak times.** In the twelve months of 2022, the number of passengers and cyclists paying for transfers by ferry increased by 9% (103 thousand), while the number of vehicles transferred by ferry decreased by 0.5% (3 thousand units) compared to the same period in 2021. The number of vehicles transferred by ferry was the lowest in the last five years.

The increase in revenue was driven by an increase in revenue from the core business of passenger and vehicle transfers by ferry (more than EUR 1.3 million in additional revenue). This was positively influenced by a 9% increase in the number of passengers, a 17% increase in the average number of passengers and a 28% increase in the cost of transferring vehicles by ferry.

Unfortunately, the Company's costs grew unevenly with the revenue: the drastic increase in ferry fuel prices, higher salaries and revised Klaipėda Seaport rates due to the tonnage of transferred vehicles increased the Company's cost price by as much as 57%, which significantly reduced the Company's EBITDA margin: from 29.2% in 2021 to 23.6% in 2022.

Although the net profit for both 2021 and 2022 was similar, the Company paid a dividend to the shareholder of EUR 173.6 thousand for the results of 2022, which was a quarter less.

The Company's non-current assets decreased by 2.8% to EUR 9.3 million in 2022, a change attributable to depreciation, as depreciation charges were higher than investments made. Current assets changed very little, increasing by just 0.7%.

At the end of the reporting period, the Company had non-current liabilities amounting to over EUR 4 million, of which 94% was the loan for the ferry "Klaipėda". During the year, ongoing loan payments reduced non-current liabilities by almost 7%.

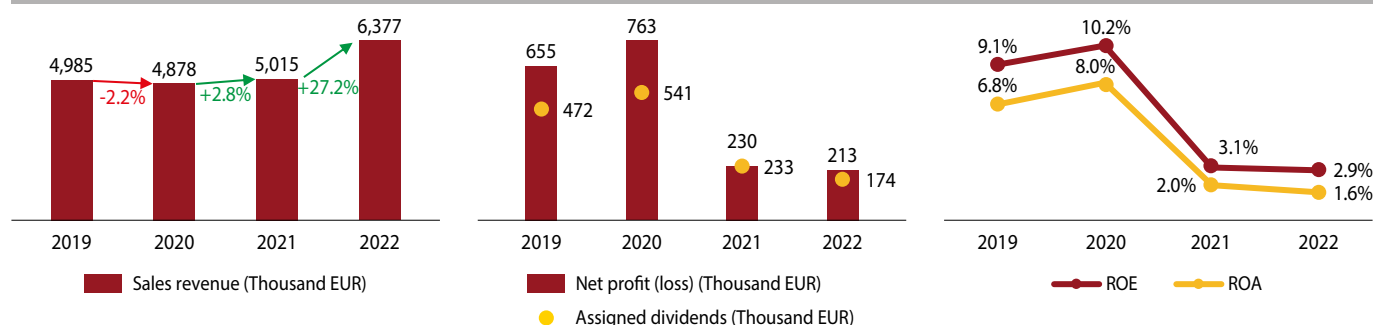
The Company's costs, which are rising more than the revenue, have also had a very negative impact on the Company's performance: compared to 2021, the ROE has fallen from 3.1% to 2.9%, and the net profit margin has shrunk by 1.3 percentage points. The successful fulfilment of financial commitments improved the EBITDA to net debt ratio, which decreased to 1.09 during the year.

In 2022, the Company made investments worth EUR 2.4 million, more than half of which was in the implementation of the site reconstruction project.

- ↑ Company's revenue increased by more than a quarter to EUR 6.4 million
- ↓ A negative change in EBITDA margin was recorded: this figure decreased by 5.6 p. p.
- ↑ The Company's net debt decreased by 11% to EUR 1.2 million at the end of 2022.

PROFIT (LOSS) STATEMENT (THOUSAND EUR)	2021	2022	CHANGE
Sales revenue	5,015	6,377	+27.2%
Cost of goods sold	2,545	3,989	+56.7%
<b>Gross profit (loss)</b>	<b>2,471</b>	<b>2,389</b>	<b>-3.3%</b>
Cost of sales	633	813	+28.4%
General and administrative expenses	1,356	1,526	+12.6%
Results of other activities	-144	263	-
Net financial items	-25	-85	-244.3%
<b>Profit (loss) before taxes</b>	<b>314</b>	<b>229</b>	<b>-27.2%</b>
Corporation tax	84	16	-81.2%
<b>Net profit (loss)</b>	<b>230</b>	<b>213</b>	<b>-7.5%</b>
BALANCE SHEET (THOUSAND EUR)	31 DEC 2021	31 DEC 2022	CHANGE
<b>Non-current assets</b>	<b>9,519</b>	<b>9,252</b>	<b>-2.8%</b>
<b>Current assets</b>	<b>3,629</b>	<b>3,653</b>	<b>+0.7%</b>
Cash and cash equivalents	3,201	3,070	-4.1%
Deferred charges and accrued income	35	26	-25.1%
<b>Total assets</b>	<b>13,182</b>	<b>12,931</b>	<b>-1.9%</b>
<b>Equity</b>	<b>7,306</b>	<b>7,283</b>	<b>-0.3%</b>
Grants and subsidies	0	0	-
Provisions	462	278	-39.8%
<b>Amounts payable and other liabilities</b>	<b>5,414</b>	<b>5,370</b>	<b>-0.8%</b>
Amounts payable after one year and other non-current liabilities	4,318	4,024	-6.8%
<i>Financial liabilities</i>	4,318	4,024	-6.8%
Amounts payable within one year and other current liabilities	1,096	1,345	+22.7%
<i>Financial liabilities</i>	299	294	-1.8%
<b>Total equity and liabilities</b>	<b>13,182</b>	<b>12,931</b>	<b>-1.9%</b>
RATIOS	31 DEC 2021	31 DEC 2022	CHANGE
ROA	2.0%	1.6%	-0.4 p. p.
ROE	3.1%	2.9%	-0.2 p. p.
D/E	63.2%	59.3%	-3.9 p. p.
EBITDA	1,466	1,505	+2.7%
EBITDA margin	29.2%	23.6%	-5.6 p. p.
Net profit margin	4.6%	3.3%	-1.3 p. p.
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)	2021	2022	CHANGE
Awarded dividends (share of the State)	233	174	-25.4%
INFORMATION ABOUT EMPLOYEES	2021	2022	CHANGE
Number of employees	91	96	+5.5%
Average monthly salary of a manager (gross, EUR)	5,425	5,448	+0.4%
INSTITUTION REPRESENTING THE STATE	OWNED SHARES		
Ministry of Transport and Communications of the Republic of Lithuania	98.99%		
Other shareholders	1.01%		
MANAGEMENT (1 JUL 2022)			
<b>General Director</b>	Mindaugas Čiakas		
<b>Chairperson of the Board of Directors</b>	Valdemaras Vaičekas*		
<b>Members of the Board of Directors</b>	Indrė Bernotaitė Rytis Valūnas*		

\*Independent member





# AB Lietuvos radijo ir televizijos centras

www.telecentras.lt



**Transmission of radio and television programs, rental of telecommunications infrastructure, transmission of data centres and data, provision of digital TV services**

## MAJOR EVENTS:

- **In March**, Nutanix, a modern and efficient data cloud platform, was launched, opening up the possibility to offer a range of data cloud services to users;
- **In April**, the Vilnius TV Tower's open-air observation deck for visitors at a height of 170 m was opened;
- **On 19 December**, a contract was signed for the construction of two data centres in Vilnius, with a total capacity of 288 server cabinets and a total estimated investment of EUR 20 million.

The Company's towers (over 100 metres tall), located at 43 sites across Lithuania, allow it to cover almost 100% of the country's territory with TV and radio signals. Telecentras manages the backbone data network connecting the country's major cities. The Company manages two data centres in Vilnius, one of which is the State Data Centre. The migration of public enterprises to the State Data Centre (SDC) has enabled rapid customer growth. The entertainment services provided by the Company's 326-metre tall Vilnius TV Tower will be used by 127.3 thousand visitors in 2022 (55.0 thousand visitors in 2021). At the end of 2022, the Company was broadcasting 26 TV programs free of charge through digital terrestrial television networks, of which 23 programs are in standard definition (SD) and 3 in high definition (HD) as well as carried out 250 live broadcasts (video transmissions) from various events to TV studios.

Steady growth in data centre services, the expansion of the TV and radio broadcasting network from mid-2022, as well as updated pricing for infrastructure services, have enabled the Company to generate revenues as much as 35% higher than in 2021 which amounted to EUR 13 million in 2022. The Company's operating costs (excluding depreciation and amortisation) amounted to EUR 9.6 million in 2022, an increase of EUR 2.6 million, or 37.4%, compared to 2021. The increase in costs is due to an increase in the volume of services provided, as well as an increase in salaries and the cost of purchased services. In terms of net profit from continuing operations, i.e. excluding non-recurring revenue and costs related to litigation and the sale of the business in 2021, the Company's net profit increased by 167.1%, from EUR 0.48 million in 2021 to EUR 1.3 million in 2022.

Following the approval of the 2022 financial statements by the Company's sole shareholder, the Company declared a dividend of EUR 940 thousand in respect of the results of the reporting period, which was only 12% of the dividend declared for the year 2021. The Company's ROE for the reporting year was 2.6% and the annual EBITDA margin was 29.8%, which was in line with shareholder expectations. The debt-to-equity ratio showed a negligible change of 0.35 times at the end of 2022.

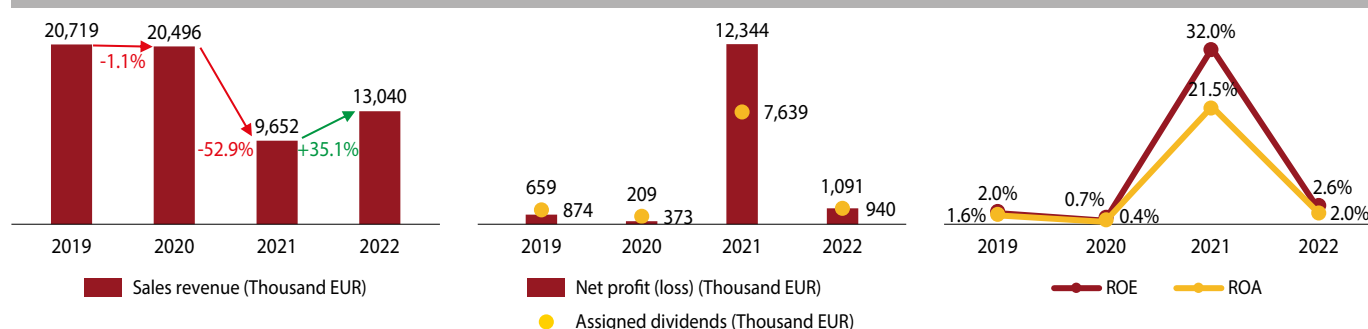
The Company's non-current assets on the balance sheet increased by EUR 12.0 million. Telecentras continued to invest in tangible and intangible assets, with a total investment of EUR 10.1 million (EUR 4.9 million in 2021) under the approved plan. The Company's non-current liabilities, which mainly include provisions related to assets sold in 2015 and related litigation, increased by 2.8%. Current liabilities decreased by 31.2% due to a 31.2% decrease in corporation tax paid on the result of the sale of the business.

The Company adheres to the approved Strategic Directions and invests in strategic projects approved by the shareholder: the state data centre project, implements the reconstruction project of the Vilnius TV tower, and develops its own solar power plant park for its own use. Further investments were made in the TV and radio network, upgrading and improving the quality of existing infrastructure, IT, etc. In total, more than EUR 10 million worth of investments were made in 2022, with the solar power plant park and the expansion of public data centres accounting for almost 60% of the total investments.

- ↑ Revenue growth in the reporting year was 35%
- ↑ Investments made in 2022 increased non-current assets by 54%
- ↓ The negative change in net profit was significantly affected by the sale of part of the business

PROFIT (LOSS) STATEMENT (THOUSAND EUR)	2021	2022	CHANGE
Sales revenue	9,652	13,040	+35.1%
Cost of goods sold	5,937	8,932	+50.5%
<b>Gross profit (loss)</b>	<b>3,716</b>	<b>4,108</b>	<b>+10.5%</b>
Cost of sales	78	137	+76.4%
General and administrative expenses	3,234	3,004	-7.1%
Results of other activities	14,077	444	-96.8%
Net financial items	-650	-529	+18.6%
<b>Profit (loss) before taxes</b>	<b>13,831</b>	<b>883</b>	<b>-93.6%</b>
Corporation tax	1,486	-209	-
<b>Net profit (loss)</b>	<b>12,344</b>	<b>1,091</b>	<b>-91.2%</b>
BALANCE SHEET (THOUSAND EUR)	31 DEC 2021	31 DEC 2022	CHANGE
<b>Non-current assets</b>	<b>22,238</b>	<b>34,243</b>	<b>+54.0%</b>
<b>Current assets</b>	<b>37,154</b>	<b>17,497</b>	<b>-52.9%</b>
Cash and cash equivalents	35,938	16,390	-54.4%
<b>Deferred charges and accrued income</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Total assets</b>	<b>59,392</b>	<b>51,740</b>	<b>-12.9%</b>
Equity	45,259	38,305	-15.4%
Grants and subsidies	0	95	-
Provisions	110	139	+26.9%
<b>Amounts payable and other liabilities</b>	<b>14,023</b>	<b>13,200</b>	<b>-5.9%</b>
Amounts payable after one year and other non-current liabilities	10,436	10,732	+2.8%
Financial liabilities	1,139	1,308	+14.8%
Amounts payable within one year and other current liabilities	3,587	2,468	-31.2%
Financial liabilities	20	27	+33.3%
<b>Accrued expenses and deferred income</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity and liabilities</b>	<b>59,392</b>	<b>51,740</b>	<b>-12.9%</b>
RATIOS	31 DEC 2021	31 DEC 2022	CHANGE
ROA	21.5%	2.0%	-19.5 p. p.
ROE	32.0%	2.6%	-29.4 p. p.
D/E	2.6%	3.5%	+0.9 p. p.
EBITDA	16,742	3,885	-76.8%
EBITDA margin	173.5%	29.8%	-143.7 p. p.
Net profit margin	127.9%	8.4%	-119.5 p. p.
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)	2021	2022	CHANGE
Awarded dividends (share of the State)	7,639	940	-87.7%
INFORMATION ABOUT EMPLOYEES	2021	2022	CHANGE
Number of employees	141	148	+5.0%
Average monthly salary of a manager (gross, EUR)**	9,153	9,334	+2.0%
INSTITUTION REPRESENTING THE STATE AND OTHER SHAREHOLDERS	OWNED SHARES		
Ministry of Transport and Communications of the Republic of Lithuania	100.00%		
MANAGEMENT (1 JUL 2022)			
<b>General Director</b>	Remigijus Šeris		
<b>Chairperson of the Board of Directors</b>	Aušra Pranckaitytė*		
<b>Members of the Board of Directors</b>	Ramūnas Markauskas* Roma Andruškevičienė		

\*Independent member



## AB Vidaus vandens kelių direkcija

www.vvkd.lt



**Marking and cleaning of inland waterway of state importance; regulation of the riverbed with hydrotechnical structures (embankments) to form a defined parameters waterway; execution of hydrographic works, mapping of the hydrographic network of the Republic of Lithuania; servicing and maintenance of inland waterway infrastructure; shipbuilding and repair**

**Special obligations Implementation of the programme "Enabling transportation by waterways"**

**MAJOR EVENTS:**

- **In March**, an agreement was signed with the EIB for the development of green freight shipping in Lithuanian waters;
- **In May**, a mobile fuel tank, built by the company, was opened;
- **On 1 July**, the legal status of the enterprise changed from a state-owned enterprise to a public limited liability company.
- **In August**, the Board was elected and approved

In the reporting year, the Company maintained 450 km of inland waterways of national importance, maintaining an average navigation time of 227 days on road E41 and 182 days on the other roads. The Company has carried out boatway management works, removing over 380,000 sq. m of shoals and performed bathymetric surveys on more than half of all inland waterways.

Commercial revenue growth exceeded the Company's expectations, increasing by 32.9%, mainly due to a 66.4% increase in charter revenue and a 101.1% increase in sales of fluvial deposits.

The positive trend in revenue growth was offset by faster growth in the Company's costs: in 2021, the Company incurred total costs of EUR 1.5 million, whereas in 2022 they amount to EUR 1.8 million. As the volume of commercial activities increased, the Company also increased the amount of items charged to commercial expenses, as well as the cost of maintenance of wages and assets. This prevented the Company from achieving a positive result for the year, with a loss of EUR 491.4 thousand recorded at 31 December 2022. EBITDA, although down by a third, remained positive at EUR 34.7 thousand at the end of the year.

In the reporting year, the Company's assets under management showed a marginal decrease of 3.6% and amounted to EUR 37.9 million, of which 93.1% were non-current assets.

The Company had no distributable profits and therefore did not provide a return to the shareholder. The Company's investments are financed by the EU and the budget, so the Company has no financial liabilities.

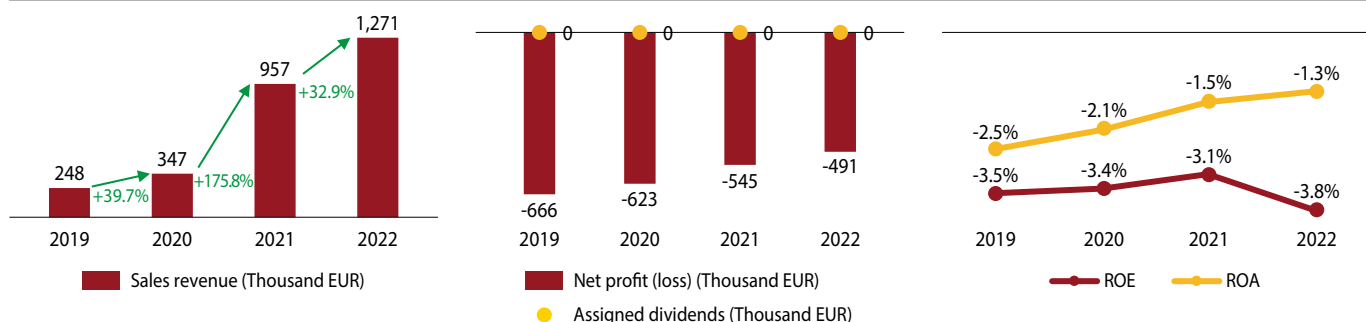
Significant cost increases (rising wages, fuel costs, etc.) reduced EBITDA profitability by 2.9 p. p. to 2.7% in the reporting year. The loss incurred resulted in negative total returns.

In 2022, the Company carried out 2 investment projects: upgrading the TEN-T network road E41 and acquiring equipment for the maintenance of the upper reaches of the River Nemunas, for a total investment of EUR ~13 million.

- ↑ Revenue grew by 32.9% to EUR 1.3 million at the end of 2022
- ↓ Equity decreased by more than a half
- ↓ Earned EBITDA decreased by 35.6% to EUR 34.7 thousand.

PROFIT (LOSS) STATEMENT (THOUSAND EUR)		2021	2022	CHANGE
Sales revenue		957	1,271	+32.9%
Cost of goods sold		649	529	-18.6%
Gross profit (loss)		307	743	+141.6%
Cost of sales		701	717	+2.4%
General and administrative expenses		173	511	+195.6%
Results of other activities		4	0	-
Net financial items		-7	-6	+17.7%
Profit (loss) before taxes		-569	-491	+13.7%
Corporation tax		0	0	-
Net profit (loss)		-569	-491	+13.7%
Adjusted net profit (loss)		-545	-491	+9.9%
BALANCE SHEET (THOUSAND EUR)		31 DEC 2021	31 DEC 2022	CHANGE
Non-current assets		37,960	35,250	-7.1%
Current assets		1,326	2,614	+97.2%
Cash and cash equivalents		991	2,015	+103.3%
Deferred charges and accrued income		4	6	+31.9%
Total assets		39,290	37,870	-3.6%
Equity		17,544	8,181	-53.4%
Grants and subsidies		6,371	6,173	-3.1%
Provisions		0	0	-
Amounts payable and other liabilities		15,334	23,517	+53.4%
Amounts payable after one year and other non-current liabilities		10,749	0	-
Financial liabilities		0	0	-
Amounts payable within one year and other current liabilities		4,585	23,517	+412.9%
Financial liabilities		0	0	-
Accrued expenses and deferred income		41	0	-
Total equity and liabilities		39,290	37,870	-3.6%
RATIOS		31 DEC 2021	31 DEC 2022	CHANGE
ROA		-1.5%	-1.3%	+0.2 p. p.
ROE		-3.1%	-3.8%	-0.7 p. p.
D/E		0.0%	0.0%	
EBITDA		54	35	-35.6%
EBITDA margin		5.6%	2.7%	-2.9 p. p.
Net profit margin		-57.0%	-38.7%	+18.4 p. p.
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)		2021	2022	CHANGE
Awarded dividends (share of the State)		0	0	-
INFORMATION ABOUT EMPLOYEES		2021	2022	CHANGE
Number of employees		81	85	-
Average monthly salary of a manager (gross, EUR)**		5,899	8,233	+39.6%
INSTITUTION REPRESENTING THE STATE AND OTHER SHAREHOLDERS			OWNED SHARES	
Ministry of Transport and Communications of the Republic of Lithuania			100%	
MANAGEMENT (1 JUL 2022)				
General Director			Vladimiras Vinokurovas	
Chairman of the Board of Directors			Evaldas Tamelis*	
Members of the Board of Directors			Manfred Seitz* Jurgita Rimkuvienė	

\*Independent member



# UAB Statybos produkcijos sertifikavimo centras

www.spssc.lt



## Certification and technical assessment of construction products, certification of sound class in buildings, small wastewater treatment plant testing.

### MAJOR EVENTS:

- In May, all public administration activities were transferred to VšĮ Statybos sektoriaus vystymo agentūra;
- In July, the Company's status has changed from State-Owned Enterprise to UAB;
- On 21 June 2023, the Company was transferred to Vilnius Gediminas Technical University.

During the reporting year, 161 certificates were issued and 97 applications were registered for certification of constancy of performance of construction products.

In the reporting year, the transfer of part of the activities to VšĮ left the Company with only commercial activities and a natural decrease in revenue, which amounted to EUR 562.1 thousand and were mainly generated by the provision of services for product certification and the determination of the sound class of buildings.

The revenue from the services provided fell by more than their cost, resulting in a decline in the gross profit margin from 37.0% in 2021 to 19.4% in 2022, thus reducing the gross profit by a factor of three (to EUR 109.2 thousand). With operating costs remaining almost stable, the operating loss of EUR -131.4 thousand resulted in both a negative EBITDA (EUR -51.2 thousand) and an annual loss of EUR 126.4 thousand.

In 2022, no dividend was paid to a shareholder due to an accumulated balance sheet loss.

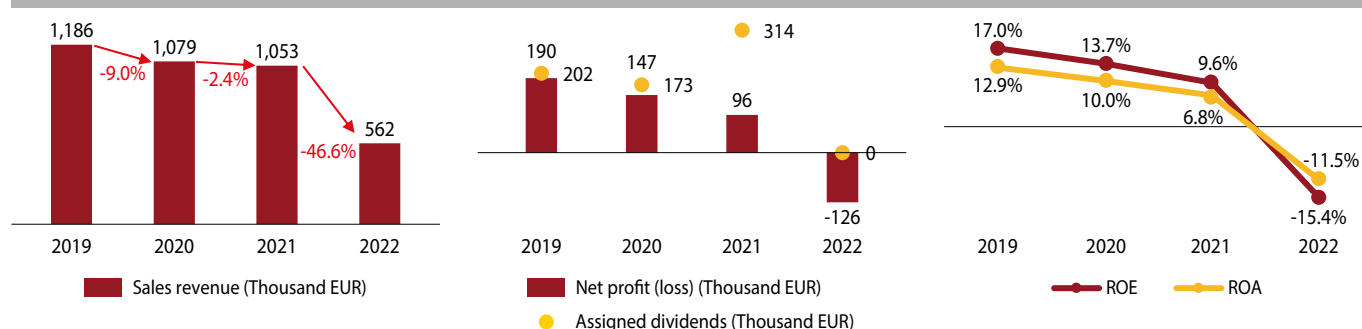
In the year under review, the Company's assets decreased by 42.9% to EUR 797.9 thousand. This was due to changes in current assets.

The Company had no financial liabilities in 2022. The annual loss incurred resulted in negative return indicators.

- ↑ Sales revenue fell by 46.6% and equalled EUR 562.1 thousand.
- ↑ Value of assets decreased by 42.9%
- ↓ EBITDA fell from EUR 132.8 thousand in 2021 to negative amount of EUR -51.2 thousand in 2022.

PROFIT (LOSS) STATEMENT (THOUSAND EUR)	2021	2022	CHANGE
Sales revenue	1,053	562	-46.6%
Cost of goods sold	663	453	-31.7%
<b>Gross profit (loss)</b>	<b>390</b>	<b>109</b>	<b>-72.0%</b>
Cost of sales	0	0	-
General and administrative expenses	287	241	-16.1%
Results of other activities	4	5	+32.4%
Net financial items	0	0	-50.0%
<b>Profit (loss) before taxes</b>	<b>107</b>	<b>-126</b>	<b>-</b>
Corporation tax	18	0	-
<b>Net profit (loss)</b>	<b>89</b>	<b>-126</b>	<b>-</b>
<b>Adjusted net profit (loss)</b>	<b>96</b>	<b>-126</b>	<b>-</b>
BALANCE SHEET (THOUSAND EUR)	31 DEC 2021	31 DEC 2022	CHANGE
<b>Non-current assets</b>	<b>175</b>	<b>231</b>	<b>+32.2%</b>
<b>Current assets</b>	<b>1,138</b>	<b>560</b>	<b>-50.8%</b>
Cash and cash equivalents	798	317	-60.3%
<b>Deferred charges and accrued income</b>	<b>84</b>	<b>7</b>	<b>-91.7%</b>
<b>Total assets</b>	<b>1,396</b>	<b>798</b>	<b>-42.9%</b>
<b>Equity</b>	<b>972</b>	<b>673</b>	<b>-30.8%</b>
<b>Grants and subsidies</b>	<b>144</b>	<b>38</b>	<b>-73.9%</b>
<b>Provisions</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Amounts payable and other liabilities</b>	<b>279</b>	<b>88</b>	<b>-68.5%</b>
Amounts payable after one year and other non-current liabilities			-
<i>Financial liabilities</i>			-
Amounts payable within one year and other current liabilities	279	88	-68.5%
<i>Financial liabilities</i>	0	0	-
<b>Accrued expenses and deferred income</b>	<b>1</b>	<b>0</b>	<b>-92.9%</b>
<b>Total equity and liabilities</b>	<b>1,396</b>	<b>798</b>	<b>-42.9%</b>
RATIOS	31 DEC 2021	31 DEC 2022	CHANGE
ROA	6.8%	-11.5%	-
ROE	9.6%	-15.4%	-
D/E	0.0%	0.0%	-
EBITDA	133	-51	-
EBITDA margin	12.6%	-9.1%	-
Net profit margin	9.2%	-22.5%	-
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)	2021	2022	CHANGE
Assigned profit contribution	305	0	-
INFORMATION ABOUT EMPLOYEES	2021	2022	CHANGE
Number of employees	39	13	-66.7%
Average monthly salary of a manager (gross, EUR)	4,665	4,344	-6.9%
INSTITUTION REPRESENTING THE STATE	OWNED SHARES		
Ministry of Environment of the Republic of Lithuania*			100.0%
MANAGEMENT (1 JUL 2023)			
Generalinis direktorius			Valdemaras Gauronskis

\*By 21 June 2023



UAB GVT LT

www.gvt.lt



**Investigation and remediation of soil, ground and water bodies contaminated by organic pollutants, restoration of natural resources, experimental development of technologies and tools for environmental remediation.**

#### MAJOR EVENTS:

• **In February**, the Company's authorised capital was increased by EUR 150,000.

• **In May**, the Ministry of the Environment of the Republic of Lithuania took over the management of the Company's shares.

In the reporting year, 21,100 tonnes of hazardous waste contaminated with petroleum products were treated.

**In 2022, the Company generated a revenue of EUR 1.1 million**, with soil, sludge and water treatment accounting for the largest 98% share.

**Wage costs accounted for more than 60% of the total costs of the works carried out.** Gross profit amounted to EUR 379.4 thousand, operating costs amounted to EUR 257.9 thousand and EBITDA for the year amounted to EUR 237.2 thousand. **In 2022, the Company ended the year with a net profit of EUR 119.9 thousand.**

The Company has allocated EUR 92.5 thousand to pay dividends.

**The Company's assets at the end of 2022 amounted to EUR 4.3 million, of which non-current assets accounted for just over a third.** The largest part of current assets is made up of cash funds, which amounted to EUR 1.8 million at the end of the reporting year.

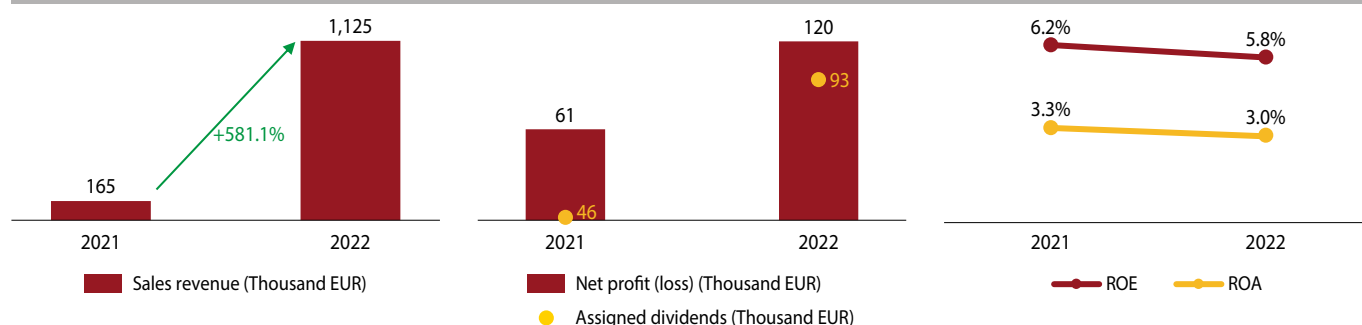
The Company had no financial liabilities.

**The return on equity in 2022 was 5.8% and the return on assets ROA was 2.8%.** Cash funds represented 41.3% of total assets, possibly reflecting inefficient management of the shareholder's assets

In 2022, the Company invested more than EUR 189.4 thousand in non-current assets: the largest investment (EUR 174.0 thousand) was for the purchase of a front loader.

PROFIT (LOSS) STATEMENT (THOUSAND EUR)	2021	2022	CHANGE
Sales revenue	165	1,125	+581.1%
Cost of goods sold	72	746	+934.4%
Gross profit (loss)	93	379	+307.5%
Cost of sales	0	0	-
General and administrative expenses	18	258	+1,301.6%
Results of other activities	1	-2	-
Net financial items	0	1	
Profit (loss) before taxes	75	120	+59.2%
Corporation tax	14	0	-
Net profit (loss)	61	120	+96.6%
BALANCE SHEET (THOUSAND EUR)	31 DEC 2021	31 DEC 2022	CHANGE
Non-current assets	1,354	1,422	+5.1%
Current assets	2,316	2,816	+21.6%
Cash and cash equivalents	1,659	1,758	+5.9%
Deferred charges and accrued income	9	17	+92.0%
Total assets	3,678	4,256	+15.7%
Equity	1,961	2,185	+11.4%
Grants and subsidies	0	0	-
Provisions	0	0	-
Amounts payable and other liabilities	58	294	+405.9%
Amounts payable after one year and other non-current liabilities			-
Financial liabilities			-
Amounts payable within one year and other current liabilities	58	294	+405.9%
Financial liabilities	0	0	-
Accrued expenses and deferred income	1,659	1,777	+7.1%
Total equity and liabilities	3,678	4,256	+15.7%
RATIOS	31 DEC 2021	31 DEC 2022	CHANGE
ROA	3.3%	3.0%	-0.3 p. p.
ROE	6.2%	5.8%	-0.4 p. p.
D/E	0.0%	0.0%	-
EBITDA	104	237	127.6%
EBITDA margin	63.1%	21.1%	-42.0 p. p.
Net profit margin	36.9%	10.7%	-26.2 p. p.
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)	2021	2022	CHANGE
Awarded dividends (share of the State)	46	93	+102%
Property tax	0	0	-
Total contributions and non-standard taxes to the State	46	93	+102%
INFORMATION ABOUT EMPLOYEES	2021	2022	CHANGE
Number of employees	23	25	+8.7%
Average monthly salary of a manager (gross, EUR)		2,930*	-
INSTITUTION REPRESENTING THE STATE		OWNED SHARES	
Ministry of Environment of the Republic of Lithuania*		100%	
MANAGEMENT (1 JUL 2023)			
Director		Spartakas Petrovas	
The Board		Not formed	

\*The Company was transferred to the Ministry of the Environment of the Republic of Lithuania on 16 May 2022.





# UAB Būsto paskolų draudimas

www.bpd.lt



## Administration of insurance contracts for mortgage loans and loans for modernization of apartment blocks

### MAJOR EVENTS:

- **In January**, the transfer of the rights and obligations in the 3,000-case portfolio was completed;
- **In March**, a non-current asset – owned administrative premises in Vilnius were sold.

At the end of 2022, the Company administered 7.7 thousand mortgage insurance contracts. In 2022, 3 insured events were reported and the amount of claims paid to beneficiaries (commercial banks) amounted to EUR 95.4 thousand.

The declining portfolio of housing loans and insurance loans for the modernisation of multi-family housing certainly reduced the Company's revenue, which decreased by 20.0% in 2022 and amounted to EUR 210.6 thousand at the end of the year.

The sale of real estate and the transfer of claims covered all costs incurred, resulting in a net profit of the Company of EUR 155.6 thousand. However, the Company did not declare any dividends to the State budget during the reporting year and did not pay any dividends due to accumulated losses in previous accounting periods.

The transfer of the portfolio of claims reduced the Company's total assets by 47.4% to EUR 10.4 million at the end of 2022.

The Company had no financial liabilities in 2022.

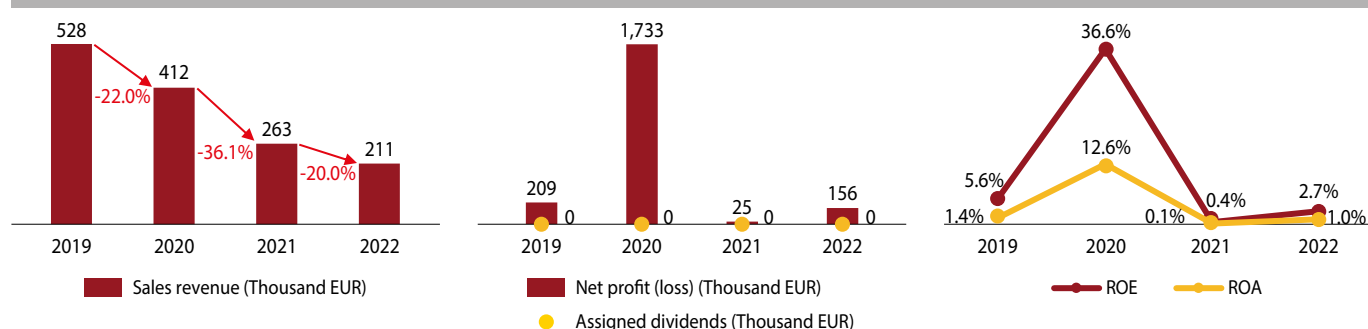
The increase in net profit due to the disposal of the portfolio of claims and the sale of real estate transactions boosted the return on equity to 2.7%, while the return on assets (ROA) grew by only 0.9 p.p. to 1.0%.

↑ Net profit increased more than 6 times and amounted to EUR 155.6 thousand

↓ Book value of assets decreased by 47.4%

↑ Return on equity ROE grew by 2.3 p. p. to 2.7%

PROFIT (LOSS) STATEMENT (THOUSAND EUR)	2021	2022	CHANGE
Sales revenue	263	211	-20.0%
Cost of goods sold	222	-1,501	-
<b>Gross profit (loss)</b>	<b>485</b>	<b>-1,290</b>	-
Cost of sales	0	0	-
General and administrative expenses	806	659	-18.3%
Results of other activities	0	2,456	-
Net financial items	356	58	-83.7%
<b>Profit (loss) before taxes</b>	<b>34</b>	<b>565</b>	<b>+1,545.8%</b>
Corporation tax	10	409	+4,159.4%
<b>Net profit (loss)</b>	<b>25</b>	<b>156</b>	<b>+530.0%</b>
BALANCE SHEET (THOUSAND EUR)	31 DEC 2021	31 DEC 2022	CHANGE
<b>Non-current assets</b>	<b>482</b>	<b>429</b>	<b>-11.0%</b>
<b>Current assets</b>	<b>10,706</b>	<b>9,945</b>	<b>-7.1%</b>
Cash and cash equivalents	1,902	9,897	+420.4%
<b>Deferred charges and accrued income</b>	<b>8,534</b>	<b>4</b>	<b>-100.0%</b>
<b>Total assets</b>	<b>19,722</b>	<b>10,378</b>	<b>-47.4%</b>
<b>Equity</b>	<b>5,621</b>	<b>5,777</b>	<b>+2.8%</b>
Grants and subsidies	0	0	-
<b>Provisions</b>	<b>1,313</b>	<b>2,829</b>	<b>+115.4%</b>
<b>Amounts payable and other liabilities</b>	<b>1,777</b>	<b>1,765</b>	<b>-0.7%</b>
Amounts payable after one year and other non-current liabilities			-
Financial liabilities			-
Amounts payable within one year and other current liabilities	1,777	1,765	-0.7%
Financial liabilities	0	0	-
<b>Accrued expenses and deferred income</b>	<b>11,011</b>	<b>8</b>	<b>-99.9%</b>
<b>Total equity and liabilities</b>	<b>19,722</b>	<b>10,378</b>	<b>-47.4%</b>
RATIOS	31 DEC 2021	31 DEC 2022	CHANGE
ROA	0.1%	1.0%	+0.9 p. p.
ROE	0.4%	2.7%	+2.3 p. p.
D/E	0.0%	0.0%	-
EBITDA	-306	522	-
EBITDA margin	-116.1%	247.8%	-
Net profit margin	9.4%	73.9%	+64.5 p. p.
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)	2021	2022	CHANGE
Assigned dividends	0	0	-
INFORMATION ABOUT EMPLOYEES	2021	2022	CHANGE
Number of employees	22	12	-45.5%
Average monthly salary of a manager (gross, EUR)	3,246	3,544	+8.9%
INSTITUTION REPRESENTING THE STATE	OWNED SHARES		
Ministry of Finance of the Republic of Lithuania			100.0%
MANAGEMENT (1 JUL 2023)			
Director			Egidijus Velička
The Board			Not formed



# VĮ Indėlių ir investicijų draudimas

www.iidraudimas.lt



**Insures deposits of depositors and liabilities towards investors in accordance with the procedure established by the laws and other legislation, manages the Deposit Insurance Fund, the Liabilities to Investors Insurance Fund and the Resolution Fund, as well as carries out other duties established by the laws**

**Special obligations: administration of the Deposit Insurance Fund; administration of the Liabilities to Investors Insurance Fund; administration of the Resolution Fund**

## MAJOR EVENTS:

• **In September**, the Company, together with the Ministry of Finance and the Bank of Lithuania, participated in the working group on the Deposit Guarantee Scheme (DGS), where the reform of the DGS was implemented within the framework of the European Commission's draft review of the DGS and the transformation of the IID into a public enterprise (PE). Draft legislation, including the Law, has been prepared and submitted for further coordination.

• **On 20 December**, the Seimas of the Republic of Lithuania discussed and adopted amendments to the Law on Insurance of Deposits and Liabilities to Investors, which strengthened Lithuania's deposit insurance system by introducing new measures to enhance the stability of the financial system and the protection of depositors, as well as to mitigate the impact of the potential insolvency of credit institutions on the markets.

• **As of 1 January 2024**, the VĮ Indėlių ir investicijų draudimas will be transformed into a public enterprise (PE).

**The Company manages three funds: Deposit Insurance Fund, Liabilities to Investors Insurance Fund and Resolution Fund.** The financial statements of the Company and the funds it administers are managed separately. At the end of 2022, the asset value of the Company's administered funds grew by 36.4% and reached EUR 288.8 million at the end of the year, 99.0% of which was the Deposit Insurance Fund. This fund accumulates funds for the payment of deposit insurance benefits. The main insured deposits of credit institutions participating in the Lithuanian deposit insurance system in 2022 amounted to EUR 26.3 billion, while the number of insured depositors amounted to 17.3 million persons. Compared to 2021, the amount of insured deposits grew by 39.7% and was the highest among EU countries. The change was driven by the expansion of banks established in Lithuania into EU countries and Member States.

**The growth in fund administration revenue increased the Company's total annual revenue by 4.2% to EUR 760.5 thousand.** Investment revenue, although amounting to EUR 66,000, grew by 19.1%.

**A steady increase in costs to revenue, together with higher revenue from investment activities, led to a 34.2% increase in profit for the year amounting to EUR 79.3 thousand.** The Company is exempted from granting and paying shareholder returns.

The value of the assets held by the Company remained stable during the reporting year, amounting to EUR 16.3 million at the end of the year, of which non-current financial assets accounted for 88.9%.

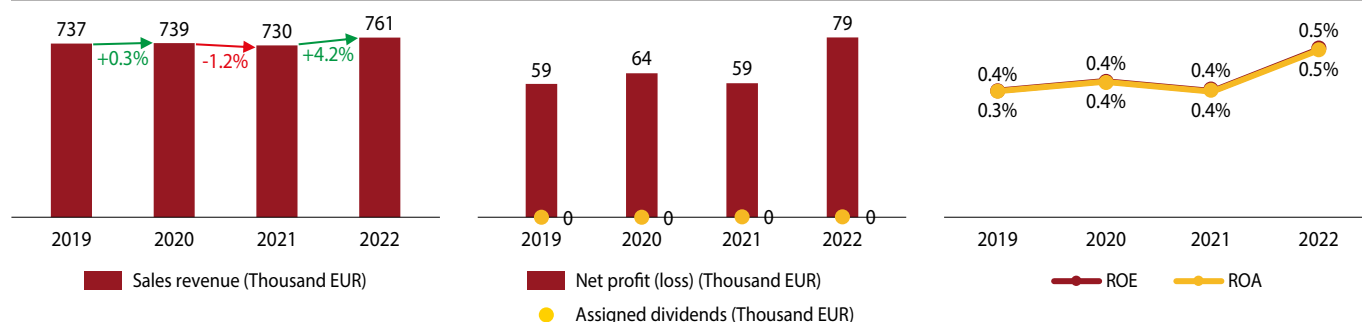
The Company had no financial liabilities.

The increase in net profit led to a positive increase in the Company's return ratios: return on equity (ROE) and return on assets (ROA) both increased by 0.1 p. p. to 0.5% at the end of 2022.

- ↑ The Company's revenue increased by 4.2% in the reporting year
- ↓ Liabilities increased by 19.3% and amounted to EUR 104 thousand at the end of 2022.
- ↑ EBITDA growth exceeded 28.6%.

PROFIT (LOSS) STATEMENT (THOUSAND EUR)	2021	2022	CHANGE
Sales revenue	730	761	+4.2%
Cost of goods sold	0	0	-
<b>Gross profit (loss)</b>	<b>730</b>	<b>761</b>	<b>+4.2%</b>
Cost of sales	0	0	-
General and administrative expenses	730	761	+4.2%
Results of other activities	0	10	-
Net financial items	55	66	+19.3%
<b>Profit (loss) before taxes</b>	<b>55</b>	<b>76</b>	<b>+36.5%</b>
Corporation tax	0	0	-
<b>Net profit (loss)</b>	<b>55</b>	<b>76</b>	<b>+36.5%</b>
<b>Adjusted net profit (loss)</b>	<b>59</b>	<b>79</b>	<b>+34.2%</b>
BALANCE SHEET (THOUSAND EUR)	31 DEC 2021	31 DEC 2022	CHANGE
<b>Non-current assets</b>	<b>13,987</b>	<b>14,465</b>	<b>+3.4%</b>
<b>Current assets</b>	<b>2,190</b>	<b>1,796</b>	<b>-18.0%</b>
Cash and cash equivalents	1,546	692	-55.2%
<b>Deferred charges and accrued income</b>	<b>5</b>	<b>13</b>	<b>+165.3%</b>
<b>Total assets</b>	<b>16,182</b>	<b>16,274</b>	<b>+0.6%</b>
<b>Equity</b>	<b>16,094</b>	<b>16,170</b>	<b>+0.5%</b>
Grants and subsidies	0	0	-
<b>Provisions</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Amounts payable and other liabilities</b>	<b>87</b>	<b>104</b>	<b>+19.3%</b>
Amounts payable after one year and other non-current liabilities			-
<i>Financial liabilities</i>			-
Amounts payable within one year and other current liabilities	87	104	+19.3%
<i>Financial liabilities</i>	0	0	-
<b>Accrued expenses and deferred income</b>			-
<b>Total equity and liabilities</b>	<b>16,182</b>	<b>16,274</b>	<b>+0.6%</b>
RATIOS	31 DEC 2021	31 DEC 2022	CHANGE
ROA	0.4%	0.5%	+0.1 p. p.
ROE	0.4%	0.5%	+0.1 p. p.
D/E	0.0%	0.0%	-
EBITDA	70	90	+28.6%
EBITDA margin	2.0%	3.2%	+1.2 p. p.
Net profit margin	8.1%	10.4%	+2.3 p. p.
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)	2021	2022	CHANGE
Awarded dividends (share of the State)/ profit contributions	0	0	-
Property tax	5	5	-
Total contributions and non-standard taxes to the State	5	5	-
INFORMATION ABOUT EMPLOYEES	2021	2022	CHANGE
Number of employees	17	17	-
Average monthly salary of a manager (gross, EUR)	5,689	5,818	+2.3%
INSTITUTION REPRESENTING THE STATE	OWNED SHARES		
Ministry of Finance of the Republic of Lithuania			100%
MANAGEMENT (1 JUL 2023)			
<b>General Director</b>	Aurelija Mažintienė		
<b>The Board</b>	Nesudaryta		

\* EBITDA is adjusted by adding revenue from financial activities



# VĮ Turto bankas

www.turtas.lt



## Centralised management of the state-owned real estate, privatisation of shares owned by the State and municipalities, recovery of debts to the State and loans conveyed under a contract of agency, state guarantees and other proprietary liabilities settlement

**Special obligations:** Collection of debts to the state and administration of loans, state guarantees and other financial obligations transferred according to assignment agreements with the Ministry of Finance of the Republic of Lithuania; privatisation of shares owned by the State and municipalities; organisation and coordination of State real estate renovation; management and maintenance of centrally managed State real estate for administrative and other purposes under lease contracts, provision of administrative real estate to State institutions and bodies, implementation of projects for the renovation of centrally managed administrative real estate and improvement of energy efficiency; sale of State real estate and the State land plots and other real estate assigned to it, as well as the conclusion and administration of sale transactions for State land plots assigned to municipal real estate to be sold; performance of the functions of the manager of the State Property Information Retrieval System (hereinafter referred to as the SPIRS), including the mandatory coordination of asset managers' decisions on the use, lease or transfer of State real estate under their management, the analysis of the efficiency of the management of the State real estate, and the drafting of the annual reports on the management of the State real estate, through the use of SPIRS; administration, sale and/or privatisation of ownerless, seized, inherited by State real estate, shares in public limited liability companies and private limited liability companies; liquidation of legal entities; organisation of liquidation/demolition of written-off State real estate; representation of the State, in accordance with the procedures laid down by the Government, in cases concerning the establishment of the fact of ownership of real estate and in other cases concerning the defence of the ownership of real estate of the State, where such assets have not been transferred to another State institution or body; other activities provided for by law relating to the centralised management of State real estate, the privatisation of shares owned by the State and municipalities, the recovery of debts owed to the State and the administration of loans, State guarantees and other property liabilities, the administration of ownerless, seized, State-inherited, and transferred to the State real estate and the administration of shares in public limited liability companies and private limited liability companies

### MAJOR EVENTS:

- In February, a new structure of the Company was adopted;
- In October, a new Energy Efficiency Plan was developed and launched.

In 2022, the Company had centrally leased 459.5 thousand sq. m of space for a total annual revenue from lease of EUR 12 million. The commercial lease agreements covered 101.9 thousand sq. m, generating an annual revenue of EUR 1.8 million. In the reporting year, more than 29,500 sq. m were renovated and 1,400 workplaces were improved. During the year, 669 properties were sold with a total area of 127,000 sq. m. The amount of debts recovered for the benefit of the State exceeded EUR 2.8 million.

In the reporting year, the Company's sales revenue grew by 28.0% to EUR 30.9 million at the end of the year. The most significant growth in the State's real estate management revenue came from the sale of unoccupied assets under management, which amounted to EUR 9.7 million in 2022.

The Company's expenses amounted to EUR ~9.4 million, or 45%, and was driven by a near doubling of the cost of maintenance and repairs of assets under management, as well as an increase in wages. This rapid increase in expenses eliminated the positive revenue dynamics, resulting in a very symbolic adjusted net profit of EUR 156.1 thousand.

The allocated profit contribution of EUR 438.9 thousand, taking into account the poorer annual financial results, was significantly lower than the one allocated in 2021 (EUR 2.3 million).

The Company's assets did not change significantly – in 2022, its value decreased by 1.0% or EUR 5.1 million. 71.6% of all assets consisted of non-current assets, the accounting value of which reached EUR 352.7 million. 13.7% of the total assets were cash worth EUR 67.5 million.

The Company's liabilities accounted for 26.0% of the total balance sheet value, of which 4.1% (EUR 5.2 million) were financial debts.

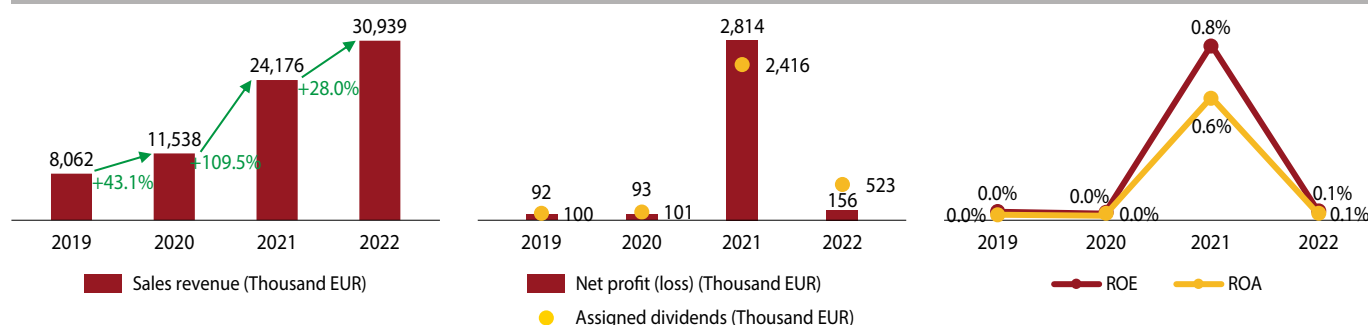
The decrease in net profit led to a decrease in ROE of 0.7 p. p. The scale of financial liabilities assumed in 2022 also increased the financial debt-to-equity ratio, which amounted to 0.4% in 2021 and 1.5% in 2022, but such ratio does not indicate a high level of indebtedness.

In the reporting year, the Company carried out 4 real estate renovation projects with a total value of EUR 18.3 million. In addition, 28 real estate renovation projects totalling EUR 100 million were carried out during the reporting year. As part of the demolition of redundant state property projects, 2 real estate object not needed for State purposes were disposed of. The innovation has been applied to 2 property renovation projects (worth EUR 30 million) using the BIM methodology (Building Information Modelling): Reconstruction of the administrative building of the Management Security Service in Vilnius and construction of the 5th Police Commissariat of the Vilnius City and the administrative building of the Traffic Police in Vilnius.

- ↑ Revenue of the Company increased by EUR 6.7 million or 28.0%.
- ↓ Adjusted net profit decreased more than 18 times to just EUR 156.1 thousand at the end of 2022.
- ↓ The Company's financial liabilities have increased significantly

PROFIT (LOSS) STATEMENT (THOUSAND EUR)			
	2021	2022	CHANGE
Sales revenue	24,176	30,939	+28.0%
Cost of goods sold	1,526	19,957	+30.7%
<b>Gross profit (loss)</b>	<b>8,911</b>	<b>10,982</b>	<b>+23.2%</b>
Cost of sales	0	0	-
General and administrative expenses	5,737	10,530	+83.5%
Results of other activities	0	0	-
Net financial items	195	164	-15.6%
<b>Profit (loss) before taxes</b>	<b>3,369</b>	<b>617</b>	<b>-81.7%</b>
Corporation tax	628	532	-15.3%
<b>Net profit (loss)</b>	<b>2,740</b>	<b>84</b>	<b>-96.9%</b>
<b>Adjusted net profit (loss)</b>	<b>2,814</b>	<b>156</b>	<b>-94.5%</b>
BALANCE SHEET (THOUSAND EUR)			
	31 DEC 2021	31 DEC 2022	CHANGE
<b>Non-current assets</b>	<b>349,366</b>	<b>352,698</b>	<b>+1.0%</b>
<b>Current assets</b>	<b>137,657</b>	<b>138,803</b>	<b>+0.8%</b>
Cash and cash equivalents	74,513	67,502	-9.4%
<b>Deferred charges and accrued income</b>	<b>445</b>	<b>1,053</b>	<b>+136.8%</b>
<b>Total assets</b>	<b>487,467</b>	<b>492,554</b>	<b>+1.0%</b>
<b>Equity</b>	<b>350,321</b>	<b>352,707</b>	<b>+0.7%</b>
<b>Grants and subsidies</b>	<b>9,501</b>	<b>11,668</b>	<b>+22.8%</b>
<b>Provisions</b>	<b>107</b>	<b>68</b>	<b>-36.6%</b>
<b>Amounts payable and other liabilities</b>	<b>127,509</b>	<b>128,072</b>	<b>+0.4%</b>
Amounts payable after one year and other non-current liabilities	64,604	63,956	-1.0%
Financial liabilities	1,414	4,771	+237.4%
Amounts payable within one year and other current liabilities	62,905	64,116	+1.9%
Financial liabilities	47	505	+973.0%
<b>Accrued expenses and deferred income</b>	<b>30</b>	<b>40</b>	<b>+35.1%</b>
<b>Total equity and liabilities</b>	<b>487,467</b>	<b>492,554</b>	<b>+1.0%</b>
RATIOS			
	31 DEC 2021	31 DEC 2022	CHANGE
ROA	0.6%	0.1%	-0.5 p. p.
ROE	0.8%	0.1%	-0.7 p. p.
D/E	0.4%	1.5%	+1.1 p. p.
EBITDA	7,890	5,597	-29.1%
EBITDA margin	32.6%	18.1%	-14.5 p. p.
Net profit margin	11.6%	0.5%	-11.1 p. p.
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)			
	2021	2022	CHANGE
Awarded dividends (share of the State)/ profit contributions	2,329	439	-81.2%
Property tax	87	84	-2.9%
Total contributions and non-standard taxes to the State	2,416	523	-78.3%
INFORMATION ABOUT EMPLOYEES			
	2021	2022	CHANGE
Number of employees	221	240	+8.6%
Average monthly salary of a manager (gross, EUR)	5,818	6,251	+7.4%
INSTITUTION REPRESENTING THE STATE OWNED SHARES			
Ministry of Finance of the Republic of Lithuania			
MANAGEMENT (1 JUL 2023)			
<b>General Director</b>	Mindaugas Sinkevičius		
<b>Chairperson of the Board of Directors</b>	Laimonas Belickas*		
<b>Members of the Board of Directors</b>	Marius Junda* Aurimas Tomas Staškevičius* Justė Žibūdienė Lina Frejūtė		

\*Independent member



# UAB Projektų ekspertizė

www.proex.lt



## Engineering and related technical consultancy, full and partial design review for new buildings to be built and for buildings to be repaired, and building examination

In 2022, the Company carried out 319 technical project reviews. By having long-term main contract work agreements for civil projects with AB Lietuvos automobilių kelių direkcija, Vilnius City Municipality Administration, UAB Lidl Lietuva and VĮ Klaipėdos valstybinio jūrų uosto direkcija, the Company secures a constant flow of orders.

The Company's revenue in 2022 was EUR 1.1 million, driven by an increase in the number of technical design reviews carried out.

A relatively stable gross profit margin (38.3%) on top of the increase in revenue led to a 25.2% increase in net profit to EUR 153.4 thousand at the end of the year (EUR 122.5 thousand in 2021).

The Company's return to shareholders was 9.6% lower than the 2021 dividend of EUR 129.1 thousand (compared to EUR 142.8 thousand in 2021).

The Company's assets grew by 7.7% and amounted to EUR 0.8 million at the end of 2022. A more significant change was observed in the value of current assets, driven by a significant increase in receivables from the Environmental Projects Management Agency during the reporting year, with an overall increase in current assets of 9.1% to EUR 0.6 million.

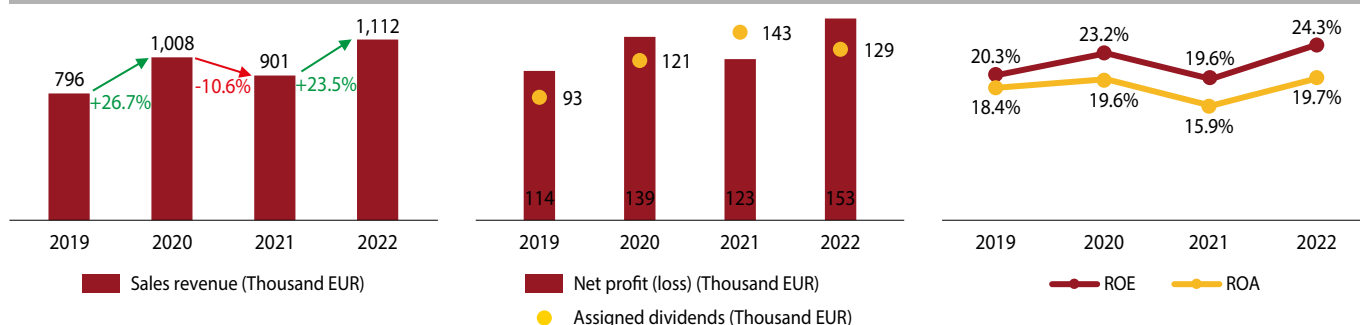
All of the Company's liabilities in 2022 were current, amounting to EUR 0.2 million at the end of the year, the largest part of which was current liabilities related to employment (EUR 91 thousand). The Company had no financial debts.

The equity base remains very strong, with shareholder ownership at 78.6%, which on the other hand demonstrates a potentially sub-optimal capital structure. The return on equity grew by 4.7 p. p. in 2022, reaching 24.3% at the end of the year.

The Company did not make any significant investments in the year reporting year.

- ↑ Sales revenue grew by 23.5% to EUR 1.1 million at the end of the year
- ↑ Net profit increased by 25.2%.
- ↓ The Company's liabilities amounted to EUR 173.4 thousand and were 37.3% higher than in 2021

PROFIT (LOSS) STATEMENT (THOUSAND EUR)	2021	2022	CHANGE
Sales revenue	901	1,112	+23.5%
Cost of goods sold	548	686	+25.2%
<b>Gross profit (loss)</b>	<b>352</b>	<b>426</b>	<b>+20.9%</b>
Cost of sales	0	0	-
General and administrative expenses	211	245	+16.2%
Results of other activities	2	2	+20.0%
Net financial items	3	0	-
<b>Profit (loss) before taxes</b>	<b>146</b>	<b>183</b>	<b>+25.7%</b>
Corporation tax	23	30	+28.1%
<b>Net profit (loss)</b>	<b>123</b>	<b>153</b>	<b>+25.2%</b>
BALANCE SHEET (THOUSAND EUR)	31 DEC 2021	31 DEC 2022	CHANGE
<b>Non-current assets</b>	<b>155</b>	<b>163</b>	<b>+5.5%</b>
<b>Current assets</b>	<b>587</b>	<b>641</b>	<b>+9.1%</b>
Cash and cash equivalents	364	311	-14.6%
Deferred charges and accrued income	10	6	-42.9%
<b>Total assets</b>	<b>752</b>	<b>810</b>	<b>+7.7%</b>
<b>Equity</b>	<b>626</b>	<b>636</b>	<b>+1.7%</b>
Grants and subsidies	0	0	-
Provisions	0	0	-
<b>Amounts payable and other liabilities</b>	<b>126</b>	<b>173</b>	<b>+37.3%</b>
Amounts payable after one year and other non-current liabilities			-
Financial liabilities			-
Amounts payable within one year and other current liabilities	126	173	+37.3%
Financial liabilities	0	0	-
Accrued expenses and deferred income			-
<b>Total equity and liabilities</b>	<b>752</b>	<b>810</b>	<b>+7.7%</b>
RATIOS	31 DEC 2021	31 DEC 2022	CHANGE
ROA	15.9%	19.7%	+3.7 p. p.
ROE	19.6%	24.3%	+4.7 p. p.
D/E	0.0%	0.0%	-
EBITDA	154	196	+27.5%
EBITDA margin	17.1%	17.6%	+0.6 p. p.
Net profit margin	13.6%	13.8%	+0.2 p. p.
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)	2021	2022	CHANGE
Awarded dividends (share of the State)	143	129	-9.6%
INFORMATION ABOUT EMPLOYEES	2021	2022	CHANGE
Number of employees	23	24	+4.3%
Average monthly salary of a manager (gross, EUR)	3,520	3,525	+0.1%
INSTITUTION REPRESENTING THE STATE	OWNED SHARES		
VĮ Turto bankas			100%
MANAGEMENT (1 JUL 2023)			
General Director	Arvydas Kuralavičius		
The Board	Not formed		





# UAB Šilutės polderiai

www.polderiai.lt



**Polder system operation, construction of hydraulic structures, repair and reconstruction of systems and equipment, landscaping works (removal of trees and bushes, stumping works, etc.), building of pedestrian paths and roads**

The Company's mechanical and technical base is located in Šilutė district, Žemaičių Naumiestis. 90% of the Company's work was financed by the budget or EU funds.

In 2021, the Company generated EUR ~310 thousand revenue from services rendered in Estonia, but in 2022 the services were discontinued, resulting in a **7.0% decrease in total revenue to EUR 5.1 million in the reporting year**.

Lower sales volumes and higher fuel, electricity and material prices had a negative impact on gross and operating profit margins (gross profit margins declined from 11.0% in 2021 to just 1.9% in 2022, while operating profit margins went from 3.5% to negative (-5.6%)). **The net loss for the reporting year amounted to EUR 227.2 thousand.**

The Company had no distributable profits and therefore did not provide a return to the shareholder.

**The Company's assets decreased by 17.0% in the reporting year review and amounted to EUR 1.3 million at the end of the year.** Non-current assets decreased by 12.7% due to depreciation charges, while current assets contracted by 22.9%, mainly due to a decrease in cash balances.

The Company had no financial liabilities and the loss-making year turned all rates of return negative.

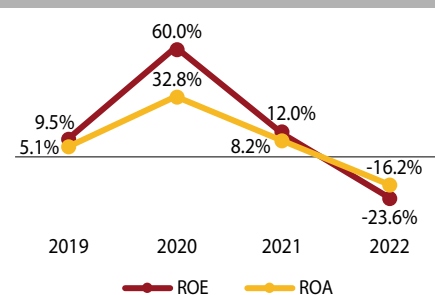
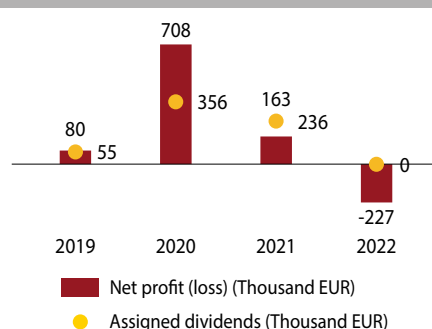
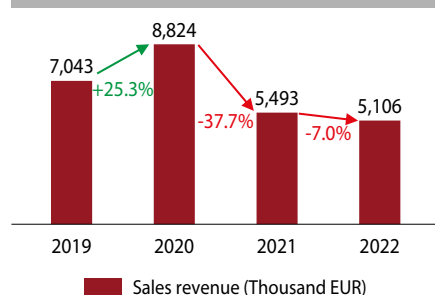
The Company did not make any investments in the reporting year.

↓ The Company made a loss of EUR 227.2 thousand in 2022 compared to a profit of EUR 163.0 thousand in 2021

↓ Equity decreased by 42.4%.

↓ Liabilities increased by 84.1% to EUR 564.9 thousand.

PROFIT (LOSS) STATEMENT (THOUSAND EUR)	2021	2022	CHANGE
Sales revenue	5,493	5,106	-7.0%
Cost of goods sold	4,887	5,008	+2.5%
<b>Gross profit (loss)</b>	<b>607</b>	<b>98</b>	<b>-83.8%</b>
Cost of sales	20	12	-41.3%
General and administrative expenses	397	374	-5.9%
Results of other activities	1	22	+2,649.4%
Net financial items	0	0	-
<b>Profit (loss) before taxes</b>	<b>191</b>	<b>-265</b>	<b>-</b>
Corporation tax	28	-38	-
<b>Net profit (loss)</b>	<b>163</b>	<b>-227</b>	<b>-</b>
BALANCE SHEET (THOUSAND EUR)	31 DEC 2021	31 DEC 2022	CHANGE
<b>Non-current assets</b>	<b>767</b>	<b>669</b>	<b>-12.7%</b>
<b>Current assets</b>	<b>719</b>	<b>555</b>	<b>-22.9%</b>
Cash and cash equivalents	332	116	-65.1%
<b>Deferred charges and accrued income</b>	<b>44</b>	<b>45</b>	<b>+2.9%</b>
<b>Total assets</b>	<b>1,530</b>	<b>1,269</b>	<b>-17.0%</b>
<b>Equity</b>	<b>1,223</b>	<b>705</b>	<b>-42.4%</b>
Grants and subsidies	0	0	-
Provisions	0	0	-
<b>Amounts payable and other liabilities</b>	<b>307</b>	<b>565</b>	<b>+84.1%</b>
Amounts payable after one year and other non-current liabilities			-
Financial liabilities			-
Amounts payable within one year and other current liabilities	307	565	+84.1%
Financial liabilities	0	0	-
<b>Accrued expenses and deferred income</b>			-
<b>Total equity and liabilities</b>	<b>1,530</b>	<b>1,269</b>	<b>-17.0%</b>
RATIOS	31 DEC 2021	31 DEC 2022	CHANGE
ROA	8.2%	-16.2%	-24.4 p. p.
ROE	12.0%	-23.6%	-35.6 p. p.
D/E	0.0%	0.0%	-
EBITDA	354	-77	-
EBITDA margin	6.4%	-1.5%	-7.9 p. p.
Net profit margin	3.0%	-4.4%	-7.4 p. p.
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)	2021	2022	CHANGE
Awarded dividends (share of the State)	236	0	-
INFORMATION ABOUT EMPLOYEES	2021	2022	CHANGE
Number of employees	86	78	-9.3%
Average monthly salary of a manager (gross, EUR)	4,543	4,023	-11.4%
INSTITUTION REPRESENTING THE STATE	OWNED SHARES		
VĮ Turto bankas			81.0%
Other shareholders			19.0%
MANAGEMENT (1 JUL 2023)			
General Director			Acting Darius Valeika
The Board			Not formed



## UAB Šilutės veislininkystė

www.buliukai.lt

**Bull evaluation by progeny fattening and meat production characteristics, and trade in animals for breeding and meat**

In the reporting year, the Company owned 116 cattle, organised 4 auctions and participated in 2 exhibitions.

A 10% increase in cattle meat sales and a 3.5-fold increase in the volume of individual valuation services led to an 18.3% increase in sales revenue for 2022, amounting to EUR 539.7 thousand. Sales of cattle meat accounted for the largest share of 55%.

**The significant decrease in the cost of sales (-9.3%) improved the Company's profitability indicators and enabled it to generate a net profit of EUR 26.4 thousand.**

The dividend was not paid to a shareholder because of an accumulated balance sheet loss.

The Company's assets amounted to EUR 814.2 thousand in the reporting year, with no significant change in their value in 2022 (-5.4%). Buildings and structures accounted for 82% of the total property value.

The Company's financial liabilities to banks amounted to just 4.2% of the balance sheet total, amounting to EUR 34.8 thousand.

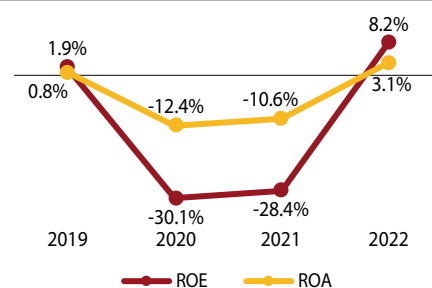
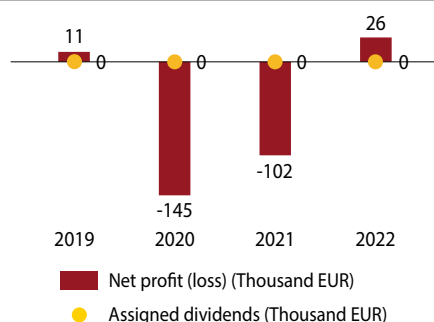
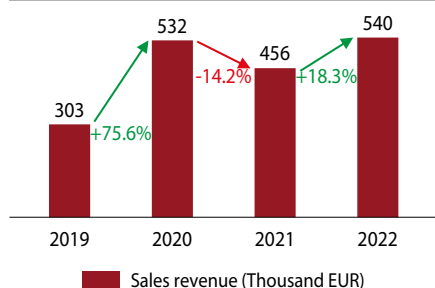
The net profit earned enabled the Company to record positive returns: In 2022, the return on equity was 8.2% and the return on assets ROA was 3.1%.

↑ Sales revenue grew by 18.3% in 2022 and reached EUR 539.7 thousand

↑ Liabilities decreased by 30.2%

↑ After operating at a loss for the last few years, the Company made a profit of EUR 26.4 thousand in 2022.

PROFIT (LOSS) STATEMENT (THOUSAND EUR)			
	2021	2022	CHANGE
Sales revenue	456	540	+18.3%
Cost of goods sold	468	424	-9.3%
<b>Gross profit (loss)</b>	<b>-11</b>	<b>116</b>	-
Cost of sales	0	1	+117.8%
General and administrative expenses	85	86	+0.8%
Results of other activities	1	0	-
Net financial items	-6	-3	+54.9%
<b>Profit (loss) before taxes</b>	<b>-102</b>	<b>26</b>	-
Corporation tax	0	0	-
<b>Net profit (loss)</b>	<b>-102</b>	<b>26</b>	-
BALANCE SHEET (THOUSAND EUR)			
	31 DEC 2021	31 DEC 2022	CHANGE
<b>Non-current assets</b>	<b>487</b>	<b>435</b>	<b>-10.8%</b>
<b>Current assets</b>	<b>374</b>	<b>379</b>	<b>+1.5%</b>
Cash and cash equivalents	88	98	+11.1%
<b>Deferred charges and accrued income</b>	<b>0</b>	<b>0</b>	<b>-7.0%</b>
<b>Total assets</b>	<b>861</b>	<b>814</b>	<b>-5.4%</b>
<b>Equity</b>	<b>308</b>	<b>334</b>	<b>+8.6%</b>
<b>Grants and subsidies</b>	<b>413</b>	<b>382</b>	<b>-7.5%</b>
<b>Provisions</b>	<b>0</b>	<b>0</b>	-
<b>Amounts payable and other liabilities</b>	<b>140</b>	<b>98</b>	<b>-30.2%</b>
Amounts payable after one year and other non-current liabilities	35	-	-
<i>Financial liabilities</i>	35	-	-
Amounts payable within one year and other current liabilities	105	98	-7.2%
<i>Financial liabilities</i>	71	35	-51.1%
<b>Accrued expenses and deferred income</b>	-	-	-
<b>Total equity and liabilities</b>	<b>861</b>	<b>814</b>	<b>-5.4%</b>
RATIOS			
	31 DEC 2021	31 DEC 2022	CHANGE
ROA	-10.6%	3.1%	-
ROE	-28.4%	8.2%	-
D/E	34.4%	10.4%	-24.0 p. p.
EBITDA	-28	87	-
EBITDA margin	-6.1%	16.2%	-
Net profit margin	-22.3%	4.9%	-
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)			
	2021	2022	CHANGE
Awarded dividends (share of the State)	0	0	-
INFORMATION ABOUT EMPLOYEES			
	2021	2022	CHANGE
Number of employees	7	7	-
Average monthly salary of a manager (gross, EUR)	2,810	2,529	-10.0%
INSTITUTION REPRESENTING THE STATE		OWNED SHARES	
VĮ Turto bankas			96.5%
Other shareholders			3.5%
MANAGEMENT (1 JUL 2023)			
General Director		Gediminas Lapinskas	
The Board		Not formed	



# AB Graitės ginkluotės gamykla

www.ggg-ammo.lt



## Production and sale of ammunition of various calibres

### MAJOR EVENTS:

• **In March**, the Company's products were presented at the international exhibition IWA Outdoor Classics (Germany) and new sales channels and partners were sought.

• **In March**, two new devices were officially launched: encapsulation and cartridge loading.

In 2022, the Company had 37 regular customers from 16 countries, and it was not possible to expand sales to new customers due to the production of cartridges for Ukraine. Civilian munitions accounted for 79% of production.

**After several years of sales growth, sales volumes reached a record EUR 15.2 million in 2022**, including the 75% of which came from exports. The war in Ukraine has increased the global demand for military ammunition, not only increasing unit sales, but also the price of ammunition in euro.

Timely increases in ammunition sales prices and increased sales volumes counteracted the negative impact of the more than 40% increase in raw material and energy prices, resulting in a 1.2 p. p. increase in gross profitability to 28.3%. The increase in profitability allowed the Company to generate EBITDA of EUR 3.4 million and net profit of EUR 2.3 million.

**The Company allocated 53% of retained earnings (EUR 1.01 million) as dividends payable** instead of 60%, explained by the creation of a statutory reserve following the authorised capital increase.

The investments made in cartridge loading and encapsulation machines increased the Company's non-current assets by 7.9% in the reporting year (i.e. from EUR 13.0 million in 2021 to EUR 14.0 million in 2022). The increase in production and sales volumes led to a corresponding increase in inventories, resulting in a 26.9% increase in current assets. Overall, the Company's assets grew by 14.7% in 2022 and amounted to EUR 23.3 million at the end of the year.

~78% of the Company's total liabilities consisted of the balance of a loan from the Ministry of Finance of the Republic of Lithuania (EUR 8.7 million), which the Company reduced by EUR 800 thousand through regular repayments in the course of the reporting year.

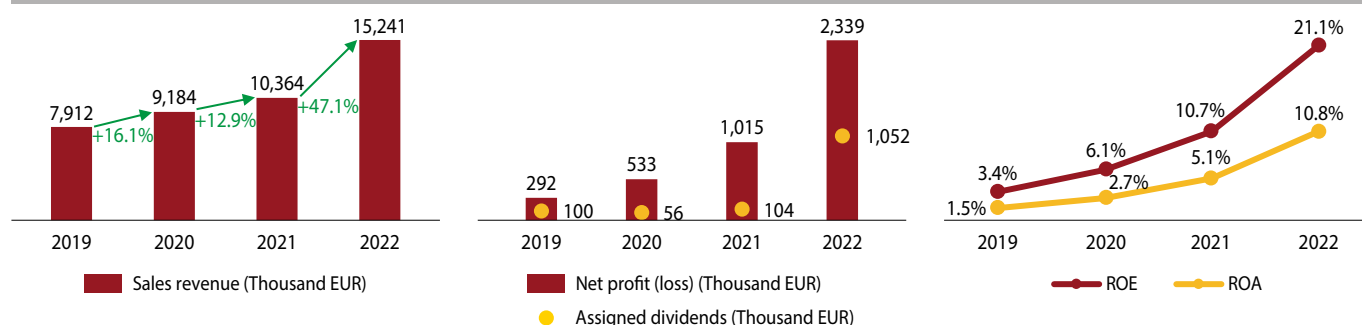
**The increase in profit margins and net profit volumes led to a positive dynamics of return indicators: return on equity ROE increased by 10.4 p. p. to 21.1%, return on assets ROA increased by 5.7 p. p. to 10.8%.** The strengthened equity base (22.5% growth) and the 8% reduction in financial liabilities as a result of the increase in net profit have led to a significant improvement in the leverage ratio: while at the end of 2021, the amount of financial debt was almost equal to the shareholder's equity (a debt-to-equity ratio of 95.0%), by the end of 2022 the ratio had fallen to 71.0%.

In 2022, the Company invested EUR ~2.3 million in non-current assets.

- ↑ Significant revenue growth in 2022 reached 47.1%
- ↑ The Company's net profit was EUR 2.3 million, more than double the figure for 2021
- ↑ The leverage ratio decreased by 24.1 p. p.

PROFIT (LOSS) STATEMENT (THOUSAND EUR)	2021	2022	CHANGE
Sales revenue	10,364	15,241	+47.1%
Cost of goods sold	7,554	10,925	+44.6%
<b>Gross profit (loss)</b>	<b>2,811</b>	<b>4,317</b>	<b>+53.6%</b>
Cost of sales	72	79	+9.7%
General and administrative expenses	1,252	1,658	+32.4%
Results of other activities	6	77	+1,141.9%
Net financial items	-283	-257	+9.0%
<b>Profit (loss) before taxes</b>	<b>1,210</b>	<b>2,399</b>	<b>+98.3%</b>
Corporation tax	195	60	-69.2%
<b>Net profit (loss)</b>	<b>1,015</b>	<b>2,339</b>	<b>+130.5%</b>
BALANCE SHEET (THOUSAND EUR)	31 DEC 2021	31 DEC 2022	CHANGE
<b>Non-current assets</b>	<b>12,987</b>	<b>14,011</b>	<b>+7.9%</b>
<b>Current assets</b>	<b>7,264</b>	<b>9,216</b>	<b>+26.9%</b>
Cash and cash equivalents	1,692	360	-78.8%
<b>Deferred charges and accrued income</b>	<b>20</b>	<b>24</b>	<b>+17.9%</b>
<b>Total assets</b>	<b>20,271</b>	<b>23,251</b>	<b>+14.7%</b>
<b>Equity</b>	<b>9,947</b>	<b>12,183</b>	<b>+22.5%</b>
<b>Grants and subsidies</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Provisions</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Amounts payable and other liabilities</b>	<b>10,298</b>	<b>11,059</b>	<b>+7.4%</b>
Amounts payable after one year and other non-current liabilities	8,586	8,086	-5.8%
Financial liabilities	8,586	8,086	-5.8%
Amounts payable within one year and other current liabilities	1,712	2,973	+73.7%
Financial liabilities	868	563	-35.2%
<b>Accrued expenses and deferred income</b>	<b>25</b>	<b>8</b>	<b>-66.8%</b>
<b>Total equity and liabilities</b>	<b>20,271</b>	<b>23,251</b>	<b>+14.7%</b>
RATIOS	31 DEC 2021	31 DEC 2022	CHANGE
ROA	5.1%	10.8%	+5.7 p. p.
ROE	10.7%	21.1%	+10.4 p. p.
D/E	95.0%	71.0%	-24.0 p. p.
EBITDA	1,807	3,438	+90.2%
EBITDA margin	17.4%	22.6%	+5.2 p. p.
Net profit margin	9.8%	15.3%	+5.5 p. p.
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)	2021	2022	CHANGE
Awarded dividends (share of the State)	104	1,052	+914.7%
INFORMATION ABOUT EMPLOYEES	2021	2022	CHANGE
Number of employees	93	105	+12.9%
Average monthly salary of a manager (gross, EUR)	6,505	6,988	+7.4%
INSTITUTION REPRESENTING THE STATE	OWNED SHARES		
Ministry of Finance of the Republic of Lithuania			100.0%
MANAGEMENT (1 JUL 2023)			
<b>Director</b>	Aleksandras Nikonovas		
<b>Chairperson of the Board of Directors</b>	Dangirutis Janušas*		
<b>Members of the Board of Directors</b>	Eimundas Mačiulis* Remigijus Štaras* Laima Kalinauskienė Aldas Beginskas		

\*Independent member



# UAB Lietuvos monetų kalykla

www.kalykla.lt



LIETUVOS MONETŲ KALKLA

## Production of circulation and collector coins of the Republic of Lithuania and foreign countries, State decorations, orders and medals, etc.

The Company has significantly expanded its global network of coin distributors during 2022, and has started to actively sell coins created and produced on its own. In 2022, the Company minted 91 bespoke products of different denominations (75 denominations in 2021) and mintages, as well as 24 of its own collector coins in different denominations. **Revenue from investment resale of gold bullion grew more than 7-fold to EUR 1.2 million (EUR 165,000 in 2021).** During the reporting period, the Company participated in 4 tenders for circulation coins and 10 tenders for collector coins of other banks, with 3 successful tenders for circulation coins and 6 successful tenders for collector coins.

**The Company successfully increased its sales in 2022 and achieved growth of 40%.** 93% of revenue came from EU countries. The largest part of the sales were collector coins.

Growing sales and successfully managed cost growth earned the Company a positive gross profit margin (4.9 percentage points more than in 2021). Operating costs were reduced by the reversal of provisions for slow-moving inventories. All of this enabled the **Company to double its EBITDA to EUR 306 thousand.** The net profit for the year was minimal at EUR 27.1 thousand, but the change in the net result brought a significant improvement compared to the previous reporting period. **Despite having made a profit in 2022, the Company must make up for losses made in previous tax periods, so it is likely that no dividends will be paid to the State in the coming year either.**

The significant 27.8% increase in assets was driven by the purchase of precious metals for projects in production in early 2023.

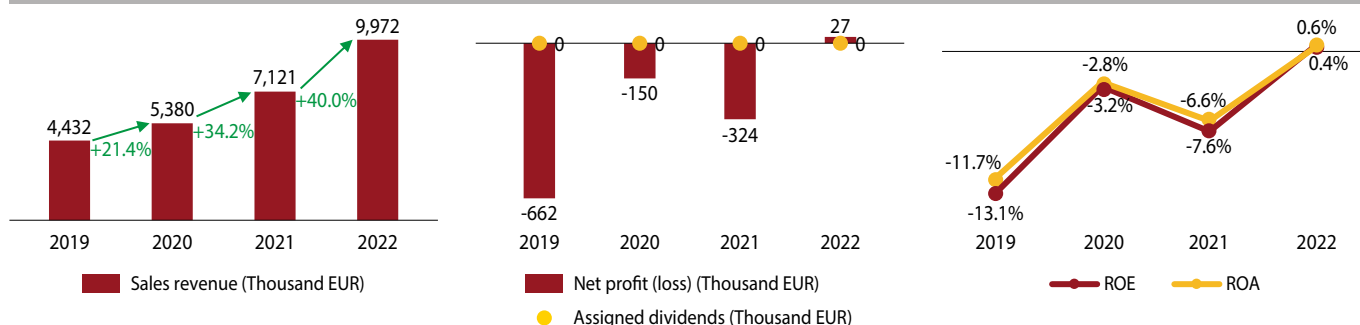
At the end of 2022, the Company had drawn down a bank overdraft of EUR 1.39 million to finance the purchase of precious metal raw materials for projects starting in 2023.

**The positive net result – a profit of EUR 27.1 thousand – enabled the Company to achieve a positive, albeit relatively low, ROE of 0.6%** (compared to a negative ROE of 7.4% in 2021). At the end of the year, the debt-to-equity ratio rose to 32.6% after the bank's overdraft was used up.

- ↑ The Company's revenue increased by 40% in the reporting year
- ↑ A loss of EUR 342 thousand a year ago will turn into a net profit of EUR 27.1 thousand in 2022
- ↓ The Company's liabilities tripled to EUR 1.98 million in 2022.

PROFIT (LOSS) STATEMENT (THOUSAND EUR)	2021	2022	CHANGE
Sales revenue	7,121	9,972	+40.0%
Cost of goods sold	6,564	9,140	+39.2%
<b>Gross profit (loss)</b>	<b>557</b>	<b>832</b>	<b>+49.4%</b>
Cost of sales	245	310	+26.4%
General and administrative expenses	704	476	-32.4%
Results of other activities	7	17	+142.0%
Net financial items	-13	-26	-100.0%
<b>Profit (loss) before taxes</b>	<b>-399</b>	<b>36</b>	-
Corporation tax	-74	9	-
<b>Net profit (loss)</b>	<b>-324</b>	<b>27</b>	-
BALANCE SHEET (THOUSAND EUR)	31 DEC 2021	31 DEC 2022	CHANGE
<b>Non-current assets</b>	<b>2,971</b>	<b>2,983</b>	<b>+0.4%</b>
<b>Current assets</b>	<b>1,875</b>	<b>3,205</b>	<b>+71.0%</b>
Cash and cash equivalents	130	9	-93.3%
<b>Deferred charges and accrued income</b>	<b>54</b>	<b>71</b>	<b>+32.5%</b>
<b>Total assets</b>	<b>4,900</b>	<b>6,259</b>	<b>+27.8%</b>
<b>Equity</b>	<b>4,241</b>	<b>4,268</b>	<b>+0.6%</b>
Grants and subsidies	0	0	-
Provisions	0	0	-
<b>Amounts payable and other liabilities</b>	<b>648</b>	<b>1,977</b>	<b>+204.9%</b>
Amounts payable after one year and other non-current liabilities	0	0	-
<i>Financial liabilities</i>	0	0	-
Amounts payable within one year and other current liabilities	648	1,977	+204.9%
<i>Financial liabilities</i>	0	1,392	-
<b>Accrued expenses and deferred income</b>	<b>11</b>	<b>15</b>	<b>+39.4%</b>
<b>Total equity and liabilities</b>	<b>4,900</b>	<b>6,259</b>	<b>+27.8%</b>
RATIOS	31 DEC 2021	31 DEC 2022	CHANGE
ROA	-6.6%	0.4%	+7 p.p.
ROE	-7.6%	0.6%	+8.2 p.p.
D/E	0.1	0.5	+32.6 p.p.
EBITDA	-156	306	-
EBITDA margin	-2.2%	3.1%	+5.3 p.p.
Net profit margin	-4.6%	0.3%	+4.9 p.p.
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)	2021	2022	CHANGE
Awarded dividends (share of the State)	0	0	-
INFORMATION ABOUT EMPLOYEES	2021	2022	CHANGE
Number of employees	48	(50)	(+4.2 p.p.)
Average monthly salary of a manager (gross, EUR)	6,206	5,947	-4.2%
INSTITUTION REPRESENTING THE STATE AND OTHER SHAREHOLDERS	OWNED SHARES		
Bank of Lithuania			100.00%
MANAGEMENT (1 JUL 2023)			
<b>General Director</b>	Donatas Sirgedas		
<b>Chairperson of the Board of Directors</b>	Eglė Gruodienė*		
<b>Members of the Board of Directors</b>	Kristina Mažeikytė* Lina Šlegerienė* Dainius Grikinis Vaidas Cibas		

\*Independent member





# AB Detonas

www.detonas.eu



## Production of explosives, blasting and drilling works

### MAJOR EVENTS:

- In August, the Company's unused real estate was sold at a public auction;
- In November, a new explosives production facility was purchased.

The Company successfully produces and markets explosives. The explosives produced are used for rock crushing in quarries. The Company provides drilling and blasting services for 5 out of 6 operating rock quarries in Lithuania, occupying about 70% of the country's market. The Company's other services include renting office and warehouse space, and renting existing vehicles and machinery. In 2022, 1,299.0 thousand cubic metres of dolomitic rock were blasted. The volumes of limestone blasting remained almost unchanged at 781.7 thousand cubic m in 2022.

The growth in explosives trading volumes led to an increase of EUR 0.8 million in sales revenue for 2022, while the sale of the Company's redundant real estate in Raudondvaris resulted in an additional revenue of EUR ~0.7 million, resulting in a total gross revenue for the Company of EUR 4.7 million (including EUR 3.9 million from operating activities).

Significantly higher volumes of work, more expensive energy resources and materials led to a 40.0% increase in cost price and a 16.2% increase in operating costs. Nevertheless, revenue growth offset the negative impact of cost growth and resulted in a 63% increase in EBITDA (EUR 962.1 thousand) and net profit of EUR 610.6 thousand.

In view of these reasons and the profitable year, the Company has allocated a dividend of EUR 402.5 thousand to the shareholder for the 2022 results, compared to a much more modest dividend of EUR 247.3 thousand a year ago.

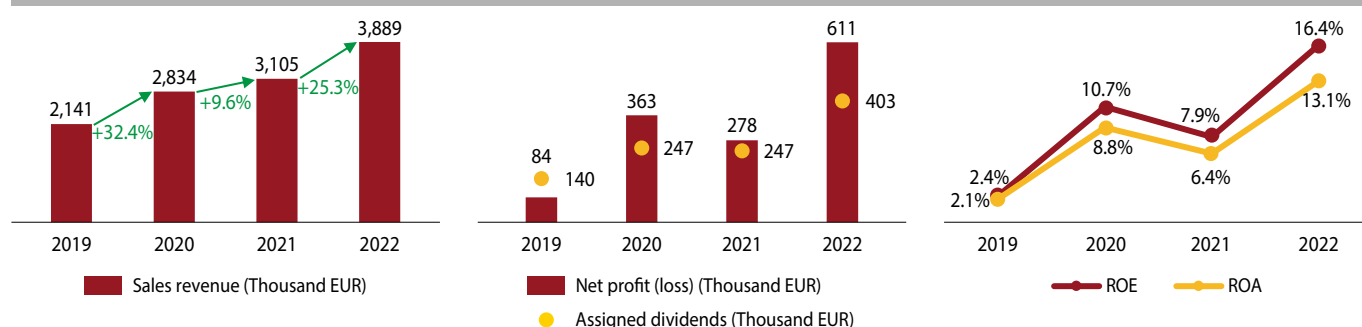
As a result of the investments made, the Company's assets grew by 12.2% to EUR 4.9 million at the end of 2022, including the Company's non-current assets accounted for 71.9%. The Company's financial liabilities increase by 25.2% to EUR 0.6 million in 2022. Despite the increase in financial debts, the leverage ratio remained low at 15.8%, demonstrating the Company's non-threatening level of indebtedness. The increase in net profit led to a significant dynamics of return ratios: return on equity (ROE) grew by 8.5 p. p. to 16.4%, return on assets (ROA) grew by 6.7 p.p. to 13.1%.

In the year under review, the Company increased its non-current asset base by a total amount of EUR 460.1 thousand, financing 41% of the investments with own funds.

- ↑ The Company's sales revenue, which grew by a quarter, reached EUR 3.9 million in 2022
- ↑ The rate of growth of net profit (119.5%) led to the historically highest annual result – a profit of EUR 610.6 thousand
- ↑ EBITDA amounted to EUR 962.1 thousand and was 63% higher than in 2021

PROFIT (LOSS) STATEMENT (THOUSAND EUR)	2021	2022	CHANGE
Sales revenue	3,105	3,889	+25.3%
Cost of goods sold	2,320	3,247	+40.0%
<b>Gross profit (loss)</b>	<b>785</b>	<b>642</b>	<b>-18.1%</b>
Cost of sales	1	2	+300.0%
General and administrative expenses	616	716	+16.2%
Results of other activities	167	772	+362.9%
Net financial items	-14	-16	-12.2%
<b>Profit (loss) before taxes</b>	<b>321</b>	<b>681</b>	<b>+111.9%</b>
Corporation tax	43	70	+62.9%
<b>Net profit (loss)</b>	<b>278</b>	<b>611</b>	<b>+119.5%</b>
BALANCE SHEET (THOUSAND EUR)	31 DEC 2021	31 DEC 2022	CHANGE
<b>Non-current assets</b>	<b>3,361</b>	<b>3,537</b>	<b>+5.2%</b>
<b>Current assets</b>	<b>978</b>	<b>1,342</b>	<b>+37.2%</b>
Cash and cash equivalents	591	875	+48.1%
<b>Deferred charges and accrued income</b>	<b>49</b>	<b>42</b>	<b>-14.1%</b>
<b>Total assets</b>	<b>4,387</b>	<b>4,921</b>	<b>+12.2%</b>
<b>Equity</b>	<b>3,531</b>	<b>3,894</b>	<b>+10.3%</b>
Grants and subsidies	0	0	-
Provisions	0	0	-
<b>Amounts payable and other liabilities</b>	<b>857</b>	<b>1,027</b>	<b>+19.9%</b>
Amounts payable after one year and other non-current liabilities	366	416	+13.6%
Financial liabilities	359	411	+14.3%
Amounts payable within one year and other current liabilities	491	611	+24.5%
Financial liabilities	134	207	+54.5%
<b>Accrued expenses and deferred income</b>			-
<b>Total equity and liabilities</b>	<b>4,387</b>	<b>4,921</b>	<b>+12.2%</b>
RATIOS	31 DEC 2021	31 DEC 2022	CHANGE
ROA	6.4%	13.1%	+6.7 p. p.
ROE	7.9%	16.4%	+8.5 p. p.
D/E	14.0%	15.8%	+1.8 p. p.
EBITDA	589	962	+63.3%
EBITDA margin	19.0%	24.7%	+5.7 p. p.
Net profit margin	9.0%	15.7%	+6.7 p. p.
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)	2021	2022	CHANGE
Awarded dividends (share of the State)	247	403	+62.8%
INFORMATION ABOUT EMPLOYEES	2021	2022	CHANGE
Number of employees	49	46	-6.1%
Average monthly salary of a manager (gross, EUR)	6,922	7,367	+6.4%
INSTITUTION REPRESENTING THE STATE AND OTHER SHAREHOLDERS	OWNED SHARES		
Ministry of Transport and Communications of the Republic of Lithuania			100%
MANAGEMENT (1 JUL 2023)			
Director	Vaidas Zubavičius		
Chairperson of the Board of Directors	Mantas Šukevičius*		
Members of the Board of Directors	Evaldas Margis* Ramunė Mikalauskienė		

\*Independent member



## AB VIAMATIKA

www.viamatika.lt

## VIAMATIKA

**Testing and analysis of construction materials and product quality of buildings belonging to the group of communications. Technical supervision of the construction of transport infrastructure structures and performance of the duties of an engineer according to FIDIC, certification of construction products, performance of cadastral measurements and other engineering and technological activities.**

**MAJOR EVENTS:**

- **In January**, the Company's laboratory was re-accredited for compliance with the LST EN ISO/IEC 17025 standard for a five-year period;
- **In August**, the Company completed maintenance work on the physical barrier at the border with Belarus;
- **In September-December**, 3 major high-value maintenance tenders were won on sections of the Rail Baltica line.

In 2022, the Company focused on diversification, i.e. the development of services in railway infrastructure facilities. The electrification works have increased maintenance revenue, and three high-value maintenance and laboratory testing contracts have been won on sections of Rail Baltica. The geopolitical situation in 2022 led to the termination of previously signed certification contracts with Belarusian producers.

**In the reporting year, the Company's revenue grew marginally by 3.6% to EUR 4.9 million at the end of the year.** The largest share, 57.1%, was accounted for by revenue from the provision of laboratory services (EUR 2.8 million), although the latter have been declining for several years in a row: in comparison, EUR 3.4 million were earned in 2021. The Company attributes this negative trend to reduced appropriations and the cancellation of some projects due to the increased cost of energy resources. Continued investment in the development of highly skilled personnel increased the volume of maintenance services, while higher maintenance prices more than doubled maintenance revenue, which amounted to EUR 2.0 million in the reporting year, or 40.4% of the total revenue basket.

**The Company's costs increased by 9.8% over 2022, mainly due to wage increases and the cost of maintaining transport.** Despite the rising cost of energy resources, the Company has been able to optimise its consumption in such a way that utility bills and property maintenance costs have remained almost unchanged. **However, the Company's EBITDA contracted significantly and reached EUR 1.0 million at the end of 2022.** Correspondingly, the Company's net profit has also decreased, from EUR 0.6 million in 2021 to EUR 0.4 million at the end of 2022.

For 2022, the Company has declared a dividend of EUR 310.9 thousand, i.e. half the amount of the previous year.

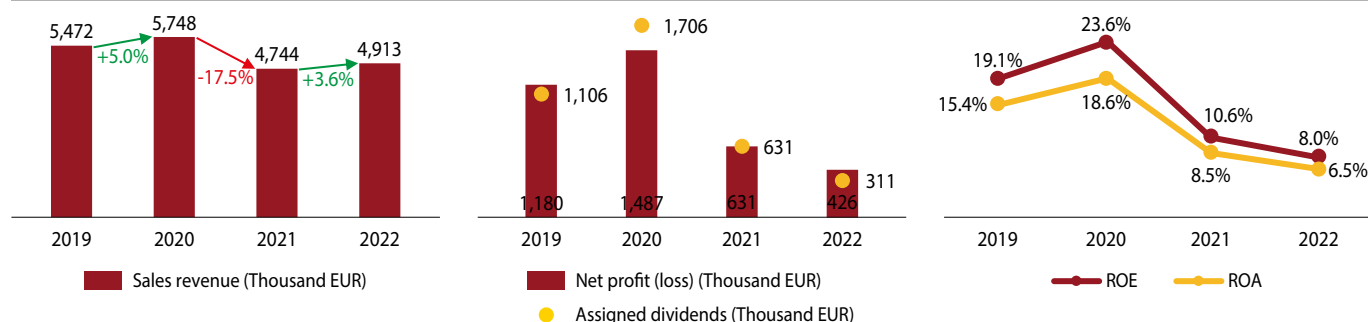
**The Company's assets remained at a similar level in the reporting year as in 2021, at EUR 6.5 million, but their structure changed.** The 14.1% increase in current assets was due to the dynamics of receivables as a result of the transfer of guarantees to customers under the terms of successful tenders. Depreciation of non-current assets decreased the carrying amount of non-current assets by 6.3%.

The underperformance of the annual results prevented the Company from earning the shareholder's expected return on equity of 12%, with an actual ROE of 8.0%, while the return on assets (ROA) contracted by 2.6 p. p., reaching 6.5% at the end of 2022. Timely fulfilment of financial liabilities reduced the Company's reliance on borrowings, with the leverage ratio declining by 0.4 p. p. during the year to 13.6%.

- ↓ The Company's operating costs grew by 9.8% in the reporting year
- ↓ A similar level of revenue and an increase in cost of sales and fixed costs led to a decrease in EBITDA by 19.8%
- ↓ Dividend amount halved compared to 2021

PROFIT (LOSS) STATEMENT (THOUSAND EUR)	2021	2022	CHANGE
Sales revenue	4,744	4,913	+3.6%
Cost of goods sold	2,596	2,833	+9.1%
<b>Gross profit (loss)</b>	<b>2,148</b>	<b>2,080</b>	<b>-3.2%</b>
Cost of sales	537	675	+25.6%
General and administrative expenses	992	1,023	+3.1%
Results of other activities	172	172	-0.1%
Net financial items	-27	-26	+0.9%
<b>Profit (loss) before taxes</b>	<b>764</b>	<b>528</b>	<b>-30.9%</b>
Corporation tax	133	102	-23.0%
<b>Net profit (loss)</b>	<b>631</b>	<b>426</b>	<b>-32.5%</b>
BALANCE SHEET (THOUSAND EUR)	31 DEC 2021	31 DEC 2022	CHANGE
<b>Non-current assets</b>	<b>5,439</b>	<b>5,098</b>	<b>-6.3%</b>
<b>Current assets</b>	<b>1,157</b>	<b>1,320</b>	<b>+14.1%</b>
Cash and cash equivalents	271	98	-63.8%
<b>Deferred charges and accrued income</b>	<b>99</b>	<b>88</b>	<b>-10.5%</b>
<b>Total assets</b>	<b>6,694</b>	<b>6,506</b>	<b>-2.8%</b>
<b>Equity</b>	<b>5,417</b>	<b>5,212</b>	<b>-3.8%</b>
<b>Grants and subsidies</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Provisions</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Amounts payable and other liabilities</b>	<b>1,263</b>	<b>1,237</b>	<b>-2.0%</b>
Amounts payable after one year and other non-current liabilities	524	381	-27.2%
<i>Financial liabilities</i>	496	354	-28.7%
Amounts payable within one year and other current liabilities	739	856	+15.8%
<i>Financial liabilities</i>	264	357	+35.4%
<b>Accrued expenses and deferred income</b>	<b>14</b>	<b>57</b>	<b>+320.1%</b>
<b>Total equity and liabilities</b>	<b>6,694</b>	<b>6,506</b>	<b>-2.8%</b>
RATIOS	31 DEC 2021	31 DEC 2022	CHANGE
ROA	8.5%	6.5%	-2.0 p. p.
ROE	10.6%	8.0%	-2.6 p. p.
D/E	14.0%	13.6%	-0.4 p. p.
EBITDA	1,220	979	-19.8%
EBITDA margin	25.7%	19.9%	-5.8 p. p.
Net profit margin	13.3%	8.7%	-4.6 p. p.
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)	2021	2022	CHANGE
Awarded dividends (share of the State)	631	311	-50.7%
INFORMATION ABOUT EMPLOYEES	2021	2022	CHANGE
Number of employees	91	92	+1.1%
Average monthly salary of a manager (gross, EUR)	6,471	6,592	+1.9%
INSTITUTION REPRESENTING THE STATE AND OTHER SHAREHOLDERS	OWNED SHARES		
Ministry of Transport and Communications of the Republic of Lithuania	100%		
MANAGEMENT (1 JUL 2023)			
<b>General Director</b>	Anatolijus Jadovas		
<b>Chairperson of the Board of Directors</b>	Paulius Arštikys*		
<b>Members of the Board of Directors</b>	Rolandas Oginskas* Evelina Verikienė		

\*Independent member



# UAB Toksika

www.toksika.lt



## Collection and management of hazardous waste

### MAJOR EVENTS:

- **In February**, a new Board of Directors was elected, consisting of independent members Dangirutis Janušas and Normantas Marius Dvareckas, as well as Agata Šeporaitienė (from June onwards), delegated by the Ministry of Economy and Innovation;
- **In August**, the Government of the Republic of Lithuania approved the consolidation of the operations of UAB Toksika and UAB GVT LT;
- **In October**, a new Letter of Expectations was received, setting out the State's expectations and objectives for the company for a period of 4 years;
- **In November**, the investment project for a 3.9 MW solar farm in Šiauliai district, on the site of a former leather landfill, was launched.

In 2022, the Company treated 20,616 tonnes of waste, of which 1,580 tonnes (3.4 times more than in 2021) were treated in an innovative, environmentally friendly way, using the flocculation method. **Toksika successfully met the challenges of the COVID-19 pandemic** by safely collecting and treating 1,520 tonnes of medical waste, some of which may have been contaminated with COVID-19.

**Sales revenue grew by 2.1% in the reporting year, reaching EUR 8.0 million.** As usual, the largest share (95.6%) came from waste collection revenue.

Significant increases in the cost of materials, reagents and energy resources, planned repairs to a major hazardous waste incinerator, and an increase in the total payroll **increased the Company's costs by around EUR 0.87 million or 13.4% in 2022. This resulted in a quarter lower EBITDA (EUR 1.57 million) and a halved net profit (EUR 0.56 million).**

**The lower profits also resulted in lower dividends: EUR 0.7 million was allocated to the budget of the State for 2021 and EUR 0.4 million for 2022.**

The Company's assets amounted to EUR 25.7 million at 31 December 2022 and was 5.8% lower than a year ago. Structurally, the largest changes in asset items were recorded in non-current assets due to depreciation (mainly in the case of the hazardous waste incinerator), and in current assets due to a decrease in cash. The Company used its own funds and borrowings for investments, resulting in a 37% increase in liabilities to credit institutions, which amounted to EUR 0.85 million at the end of the year.

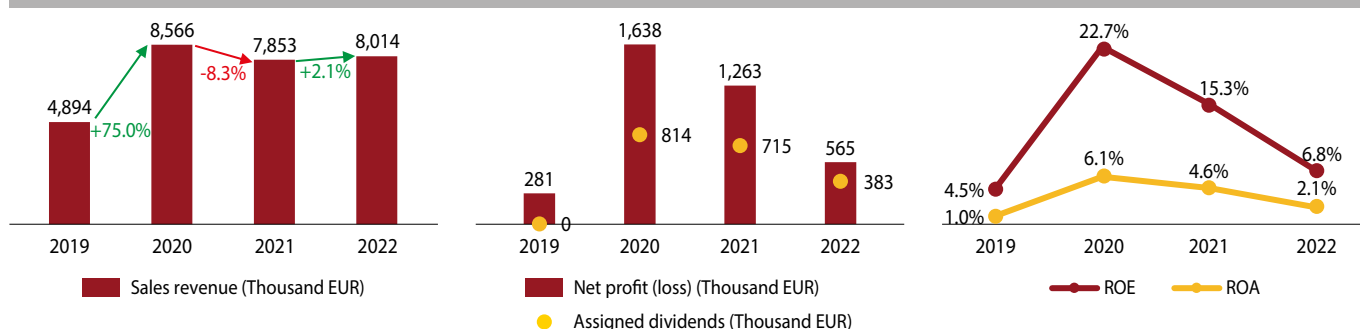
**In 2022, Toksika met all the key financial performance indicators set by the Government for the Company:** target average annual EBITDA ≥ EUR 1.5 million (actual: EUR 1.57 million), target equity/assets ratio 0.3-0.45 (actual: 0.32), and the amount of dividends allocated was in line with the requirements of the Description of the Procedure for the Implementation of Property and Non-property Rights of the State in State-Owned Enterprises.

In 2022, the Company invested over EUR 1 million in non-current assets, **expanding infrastructure and capacity, introducing renewable energy technologies and innovative waste management techniques.**

- ↑ Sales revenue increased by 2.1% and reached at EUR 8.0 million
- ↑ Volume of hazardous waste incineration increased by 2.6% and amounted to 10.8 thousand tonnes
- ↑ Amount of waste managed in an innovative and environmentally friendly way increased by 240% to 1.6 thousand tonnes per year
- ↓ The net profit was halved to EUR 564.9 thousand as a result of an increase in cost of sales and operating costs

PROFIT (LOSS) STATEMENT (THOUSAND EUR)	2021	2022	CHANGE
Sales revenue	7,853	8,014	+2.1%
Cost of goods sold	3,813	4,275	+12.1%
<b>Gross profit (loss)</b>	<b>4,040</b>	<b>3,739</b>	<b>-7.4%</b>
Cost of sales	0	0	-
General and administrative expenses	2,664	3,070	+15.3%
Results of other activities	47	-2	-
Net financial items	-68	-72	-6.4%
<b>Profit (loss) before taxes</b>	<b>1,355</b>	<b>596</b>	<b>-56.1%</b>
Corporation tax	93	31	-66.9%
<b>Net profit (loss)</b>	<b>1,263</b>	<b>565</b>	<b>-55.3%</b>
BALANCE SHEET (THOUSAND EUR)	31 DEC 2021	31 DEC 2022	CHANGE
<b>Non-current assets</b>	<b>23,198</b>	<b>22,065</b>	<b>-4.9%</b>
<b>Current assets</b>	<b>3,964</b>	<b>3,448</b>	<b>-13.0%</b>
Cash and cash equivalents	2,558	1,609	-37.1%
Deferred charges and accrued income	95	151	+59.3%
<b>Total assets</b>	<b>27,257</b>	<b>25,664</b>	<b>-5.8%</b>
<b>Equity</b>	<b>8,427</b>	<b>8,219</b>	<b>-2.5%</b>
<b>Grants and subsidies</b>	<b>14,953</b>	<b>13,755</b>	<b>-8.0%</b>
<b>Provisions</b>	<b>1,912</b>	<b>1,711</b>	<b>-10.5%</b>
<b>Amounts payable and other liabilities</b>	<b>1,962</b>	<b>1,976</b>	<b>+0.7%</b>
Amounts payable after one year and other non-current liabilities	410	570	+38.8%
Financial liabilities	410	570	+38.8%
Amounts payable within one year and other current liabilities	1,552	1,406	-9.4%
Financial liabilities	208	279	+33.9%
<b>Accrued expenses and deferred income</b>	<b>3</b>	<b>3</b>	<b>-15.2%</b>
<b>Total equity and liabilities</b>	<b>27,257</b>	<b>25,664</b>	<b>-5.8%</b>
RATIOS	31 DEC 2021	31 DEC 2022	CHANGE
ROA	4.6%	2.1%	-2.5 p.p.
ROE	15.3%	6.8%	-8.5 p.p.
D/E	7.3%	10.3%	+3.0 p.p.
EBITDA	2,104	1,568	-25.5%
EBITDA margin	26.8%	19.6%	-7.2 p.p.
Net profit margin	16.1%	7.0%	-9.0 p.p.
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)	2021	2022	CHANGE
Awarded dividends (share of the State)	715	383	-46.5%
INFORMATION ABOUT EMPLOYEES	2021	2022	CHANGE
Number of employees	74	75	+1.4%
Average monthly salary of a manager (gross, EUR)	10,925	11,331	+3.7%
INSTITUTION REPRESENTING THE STATE AND OTHER SHAREHOLDERS	OWNED SHARES		
Ministry of Economy and Innovation of the Republic of Lithuania			92.51%
Other shareholders			7.49%
MANAGEMENT (1 JUL 2023)			
<b>General Director</b>	Arūnas Dirvinškas		
<b>Chairperson of the Board of Directors</b>	Dangirutis Janušas*		
<b>Members of the Board of Directors</b>	Normantas Marius Dvareckas* Agata Šeporaitienė		

\*Independent member



## UAB Lietuvos parodų ir kongresų centras LITEXPO

www.litexpo.lt



## Major and the largest centre for exhibitions, congresses and other events in the Baltic States

## MAJOR EVENTS:

• **In June**, the Government of the Republic of Lithuania adopted Resolution No. 632 "On the organisation of the North Atlantic Treaty Organisation Summit in Lithuania in 2023", enabling the event to be held in LITEXPO premises;

• **In November**, the Government of the Republic of Lithuania adopted a resolution to increase LITEXPO's authorised capital by EUR 2 million in cash funds.

• **In November**, the subsidiary UAB Litexpo events was reorganised and merged with LITEXPO.

The Company currently has 5 exhibition pavilions and 15 conference halls – a total of 18,500 sq. m of indoor space and 15,100 sq. m of outdoor exhibition space. In 2022, the Company organised 13 international exhibitions and 127 events in various other formats, attended by 105.4 thousand visitors.

**The Company's sales revenue jumped by 238.8% to EUR 4.2 million at the end of the year**, after recovering from the pandemic that paralysed its operations. As usual, the main share (49%) was the revenue from organising exhibitions, 24% – the revenue from conferences and other events.

**The Company's costs increased by 29% in the reporting year, mainly due to an increase in wage costs and an increase in maintenance and operation costs.** However, production cost growth was slower than revenue growth, resulting in a gross profit margin of 5.8%. Following the recovery, the Company has recorded positive EBITDA for the first time in the last three years, reaching EUR 32.3 thousand in 2022. Unfortunately, this was not enough to cover the depreciation and other costs, therefore the Company ended 2022 with a loss of EUR 0.8 million.

The Company has an accumulated loss of EUR -4.8 million on its balance sheet and is therefore unable to provide returns to the State.

**In 2022, the Company's assets grew by 7.8%, with non-current assets at the end of the year amounting to EUR 13.4 million and current assets to EUR 1.8 million.** The increase in the latter by EUR +1.7 million in the reporting period is due to the accounting for the increase in the authorised capital, which was registered in 2023.

**The Company had non-current liabilities amounting to EUR 5.6 million as at 31 December 2022.** This amount was part of a long-term loan granted by AB Šiaulių bankas, the repayment of which has been postponed for two years and will start in November 2023. The other part, i.e. EUR 226.8 thousand, was due to the State Tax Inspectorate and the State Social Insurance Fund.

The loss-making financial year resulted in negative ROE and ROA on both equity and assets, at -15.0% and -5.3% respectively.

In 2022, the Company did not make any significant investments (EUR ~7 thousand was spent on upgrading computer equipment).

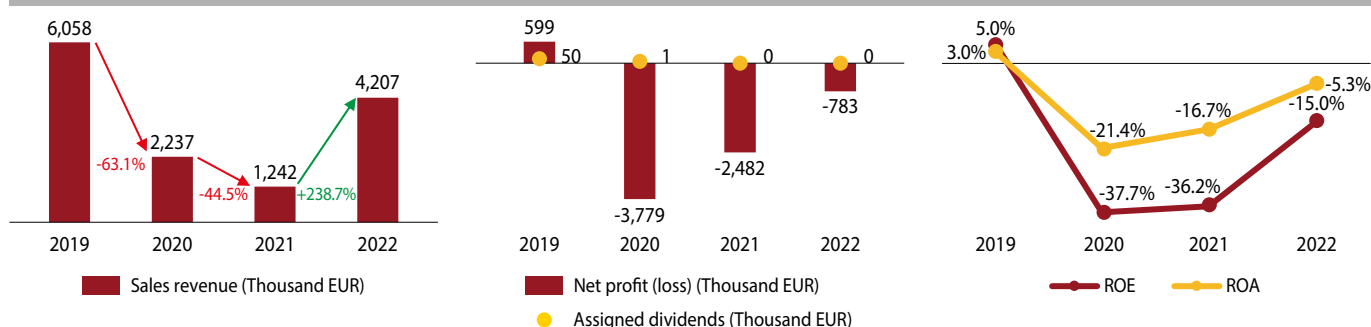
↑ Sales more than tripled to EUR 4.2 million in the reporting year.

↓ Payable and liabilities grew by 28.2%.

↑ The Company's energy consumption decreased by 22.2%.

PROFIT (LOSS) STATEMENT (THOUSAND EUR)	2021	2022	CHANGE
Sales revenue	1,242	4,207	+238.8%
Cost of goods sold	2,074	3,963	+91.1%
Gross profit (loss)	-832	244	-
Cost of sales	7	10	+36.6%
General and administrative expenses	1,784	884	-50.4%
Results of other activities	1	6	+687.5%
Net financial items	-109	-286	-162.2%
Profit (loss) before taxes	-2,732	-929	+66.0%
Corporation tax	-250	-146	+41.7%
Net profit (loss)	-2,482	-783	+68.4%
BALANCE SHEET (THOUSAND EUR)	31 DEC 2021	31 DEC 2022	CHANGE
Non-current assets	14,010	13,417	-4.2%
Current assets	130	1,819	+1,296.9%
Cash and cash equivalents	35	1430	+3,938.7%
Deferred charges and accrued income	33	42	+28.0%
Total assets	14,173	15,278	+7.8%
Equity	5,614	4,831	-14.0%
Grants and subsidies	1,638	1,569	-4.2%
Provisions	0	0	-
Amounts payable and other liabilities	6,891	8,837	+28.2%
Amounts payable after one year and other non-current liabilities	5,847	5,644	-3.5%
Financial liabilities	5,468	5,417	-0.9%
Amounts payable within one year and other current liabilities	1,044	3,193	+205.7%
Financial liabilities	226	52	-77.0%
Accrued expenses and deferred income	31	41	+34.4%
Total equity and liabilities	14,173	15,278	+7.8%
RATIOS	31 DEC 2021	31 DEC 2022	CHANGE
ROA	-16.7%	-5.3%	+11.4 p. p.
ROE	-36.2%	-15.0%	+21.2 p. p.
D/E	101.4%	113.2%	+11.8 p. p.
EBITDA	-1,895	32	
EBITDA margin	-152.6%	0.8%	
Net profit margin	-199.8%	-18.6%	+181.2 p. p.
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)	2021	2022	CHANGE
Awarded dividends (share of the State)	0	0	-
INFORMATION ABOUT EMPLOYEES	2021	2022	CHANGE
Number of employees	70	52	-25.7%
Average monthly salary of a manager (gross, EUR)	4,470	5,029	+12.5%
INSTITUTION REPRESENTING THE STATE	PRIKLAUSANTI AKCIJŲ DALIS		
Ministry of Economy and Innovation of the Republic of Lithuania	98,8%		
Other shareholders	1,2%		
MANAGEMENT (1 JUL 2023)			
Director	Jonas Sakalauskas		
Chairperson of the Board of Directors	Ramutė Ribinskienė *		
Members of the Board of Directors	Mantas Dubauskas*		
	Žilvinas Pakeltis*		
	Aleksandras Golod*		
	Rūta Steckienė		

\*Independent member





# AB Jonavos grūdai

www.jonavosgrudai.lt



## Storage and trade in grain and oilseed rape

### Special obligations: storage of State reserves

#### MAJOR EVENTS:

- The Company's turnover in 2022 reached a record high of EUR 9,32 million (EUR 8,081 million in 2021).
- The maximum quantity of grain bought in was 50.7 thousand tonnes (18.9 thousand tonnes in 2021).
- The Company opened a current account with SAXO Bank in 2022.
- The use of derivative financial instruments to hedge grain price risk has begun.

The Company operates the second largest elevator in Lithuania, with a capacity of 113,000 tonnes at any one time. In 2022, the Company received a record 120.7 thousand tonnes of grain and rapeseed: 96.1 thousand tonnes of grain and 24.6 thousand tonnes of rapeseed. In 2022, the Company bought 50.7 thousand tonnes of grain and rapeseed and sold 18.1 thousand tonnes.

The Company's sales grew by 5.8% to EUR 9.3 million in 2022. That is to say, the Company's revenue from grain trading amounted to EUR 7.3 million, the rest coming from grain storage, drying and other services.

A 3.0% decrease in the cost of grain sales led to a 5.5 p. p. increase in the gross profit margin, resulting in a 55.6% increase in the Company's total gross profit for 2022, amounting to EUR 1.6 million. Unfortunately, the significant increase in operating costs due to the revaluation of inventories led to a 12.6% decrease in annual EBITDA: from EUR 1.1 million in 2021 to EUR 963 thousand in 2022. In 2022, the Company received revenue of EUR 370.6 thousand from derivative financial instruments and paid the bank EUR 183 thousand in interest for the credit.

Net profit for the year was 17.2% lower and amounted to EUR 410.3 thousand.

The Company has committed to a minimum dividend payable of EUR 280 thousand for 2022, however, taking into account the ROE of 6.9%, it allocated EUR 292.9 thousand to the main shareholder, i.e. the State.

An increase in current assets of almost EUR 14 million at the end of 2022 led to an overall increase in assets of 202.1%. Total assets amounted to EUR 19.8 million, including current assets of EUR 16.9 million. The most significant increase was in the value of inventories, from EUR 2.1 million in 2021 to EUR 13.3 million in 2022.

In the face of record grain purchases and the drastic rise in grain prices, the Company borrowed money. Debts to credit institutions amounted to EUR 12.9 million in 2022.

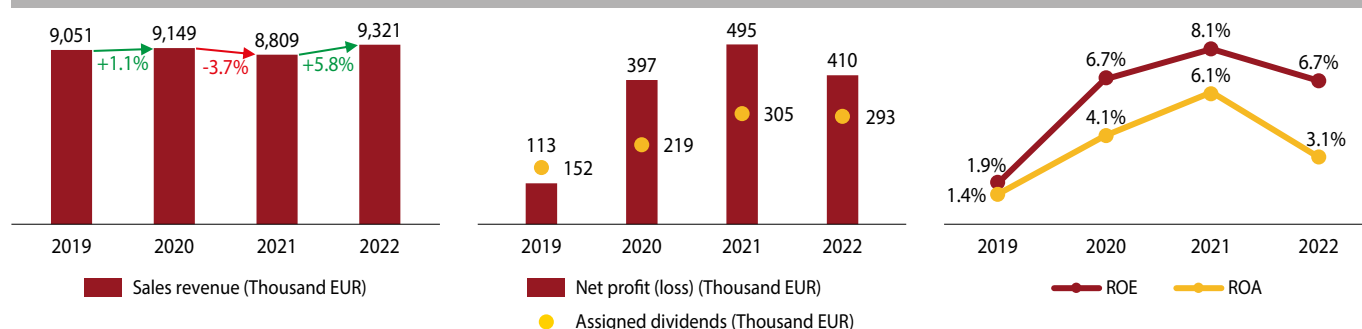
Short-term bank credit significantly increased the leverage, reaching 210.2%, which meant that the Company's debts were twice as high as its equity. The decrease in net profit led to a 1.4 p. p. decrease in ROE (6.7%) and a 3.0 p. p. decrease in ROA (3.1%).

Investments in improving the condition of non-current assets amounted to EUR 70.5 thousand

- ↓ Operating costs grew by as much as 165.7% in the reporting year
- ↓ Net profit amounted to EUR 410.3 thousand, a 17.2% decrease compared to 2021
- ↑ The Company's assets grew by 202.1% to EUR 19.8 million at the end of 2022.

PROFIT (LOSS) STATEMENT (THOUSAND EUR)	2021	2022	CHANGE
Sales revenue	8,809	9,321	+5.8%
Cost of goods sold	7,775	7,711	-0.8%
<b>Gross profit (loss)</b>	<b>1,034</b>	<b>1,610</b>	<b>+55.6%</b>
Cost of sales	10	0	-97.9%
General and administrative expenses	486	1,291	+165.7%
Results of other activities	64	90	+39.8%
Net financial items	-19	188	-
<b>Profit (loss) before taxes</b>	<b>584</b>	<b>596</b>	<b>+2.1%</b>
Corporation tax	89	186	+109.6%
<b>Net profit (loss)</b>	<b>495</b>	<b>410</b>	<b>-17.2%</b>
BALANCE SHEET (THOUSAND EUR)	31 DEC 2021	31 DEC 2022	CHANGE
<b>Non-current assets</b>	<b>3,280</b>	<b>2,839</b>	<b>-13.5%</b>
<b>Current assets</b>	<b>3,265</b>	<b>16,932</b>	<b>+418.6%</b>
Cash and cash equivalents	195	1,597	+717.5%
<b>Deferred charges and accrued income</b>	<b>6</b>	<b>22</b>	<b>+279.7%</b>
<b>Total assets</b>	<b>6,551</b>	<b>19,793</b>	<b>+202.1%</b>
<b>Equity</b>	<b>6,170</b>	<b>6,134</b>	<b>-0.6%</b>
<b>Grants and subsidies</b>	<b>23</b>	<b>17</b>	<b>-28.1%</b>
<b>Provisions</b>	<b>82</b>	<b>86</b>	<b>+5.2%</b>
<b>Amounts payable and other liabilities</b>	<b>275</b>	<b>13,555</b>	<b>+4,829.2%</b>
Amounts payable after one year and other non-current liabilities		9	-
Financial liabilities		9	-
Amounts payable within one year and other current liabilities	275	13,546	+4,826.0%
Financial liabilities	0	12,886	-
<b>Accrued expenses and deferred income</b>	<b>0</b>	<b>-</b>	<b>-</b>
<b>Total equity and liabilities</b>	<b>6,551</b>	<b>19,793</b>	<b>+202.1%</b>
RATIOS	31 DEC 2021	31 DEC 2022	CHANGE
ROA	6.1%	3.1%	-3.0 p. p.
ROE	8.1%	6.7%	-1.4 p. p.
D/E	0.0%	210.2%	-
EBITDA	1,101	963	-12.6%
EBITDA margin	12.5%	10.3%	-2.2 p. p.
Net profit margin	5.6%	4.4%	-1.2 p. p.
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)	2021	2022	CHANGE
Awarded dividends (share of the State)	305	293	-3.9%
INFORMATION ABOUT EMPLOYEES	2021	2022	CHANGE
Number of employees	39	41	+5.1%
Average monthly salary of a manager (gross, EUR)	4,875	5,229	+7.3%
INSTITUTION REPRESENTING THE STATE	OWNED SHARES		
Ministry of Agriculture of the Republic of Lithuania			70.1%
UAB Agrokonserno grūdai			25.1%
Other shareholders			4.8%
MANAGEMENT (1 JUL 2023)			
<b>General Director</b>	Darius Karpavičius		
<b>Chairperson of the Board of Directors</b>	Andrejus Cedronas*		
<b>Members of the Board of Directors</b>	Jonas Vankevičius* Alenas Gumuliauskas* Rūta Pupkaitė-Jurgutienė Linas Lapinskas Tomas Urbonas		

\*Independent member



# AB Lietuvos veislininkystė

www.veislita.lt



## Selection of breeding bulls, rearing, and sperm bank

In the reporting year, 199,500 doses of bull semen were disposed of, with an average selling price per dose of EUR 10.3 or 22% more than in 2021.

As a result of a 22% increase in the average selling price of a bull semen dose, sales of bull semen increased by almost 16% in the reporting year, leading to an overall increase in sales revenue to EUR 2.3 million.

With cost of sales and operating costs rising faster than sales revenue, operating profit halved to EUR 40.2 thousand in 2022, while the **annual net profit decreased by 54.3% to EUR 96.4 thousand**. Costs were driven up by the fact that the 2022 harvest (compared to 2021) was down by as much as a third due to heavy rains and unfavourable weather conditions, which created a need for feed purchases. However, the decrease in profit is largely due to the non-assessed and test bulls that were not supported in 2022 due to the reorganisation of the data centre system (in 2021, support was received for assessed and test bulls for 2020 and 2021 respectively, i.e. for two financial years, resulting in a significantly higher profit for 2021).

The return on equity of 5.7% defined a minimum dividend amount of 70% of the distributable profit, and the Company **actually paid EUR 119.5 thousand to the major shareholder**.

The Company's assets amounted to EUR 2.1 million in the reporting year and no significant changes in value were recorded.

The Company had no financial liabilities.

The decline in net profit had a negative impact on return ratios: return on equity ROE decreased by 7.0 p. p. to 5.7% at the end of the year, while return on assets ROA contracted by 5.8 p. p. to 4.6%.

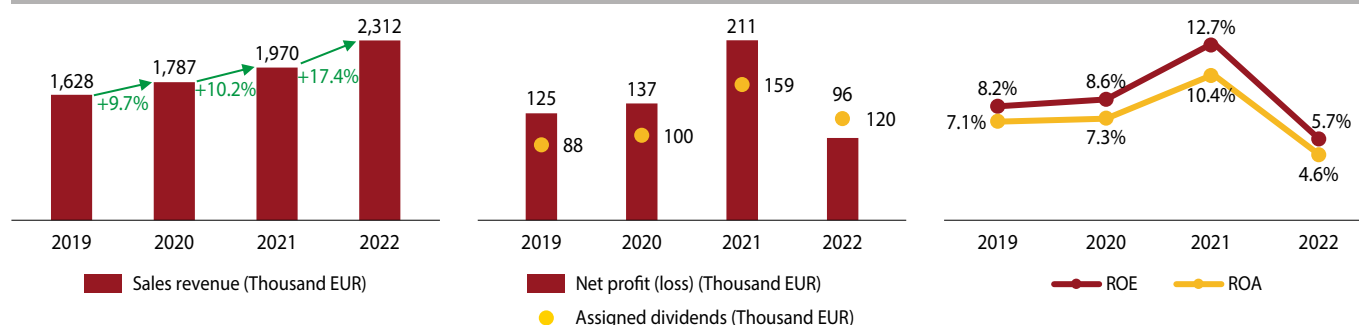
↑ Sales revenue grew by 17.4%.

↓ Net profit for 2022 more than doubled to EUR 96.4 thousand.

↓ Annual EBITDA declined by 45.3% to EUR 141.2 thousand.

PROFIT (LOSS) STATEMENT (THOUSAND EUR)		2021	2022	CHANGE
Sales revenue		1,970	2,312	+17.4%
Cost of goods sold		949	1,174	+23.7%
Gross profit (loss)		1,021	1,138	+11.5%
Cost of sales		0	1	+200.0%
General and administrative expenses		936	1,097	+17.2%
Results of other activities		146	69	-52.9%
Net financial items		-2	0	+77.8%
Profit (loss) before taxes		229	108	-52.6%
Corporation tax		18	12	-32.8%
Net profit (loss)		211	96	-54.3%
BALANCE SHEET (THOUSAND EUR)		31 DEC 2021	31 DEC 2022	CHANGE
Non-current assets		216	198	-8.7%
Current assets		1,876	1,877	+0.0%
Cash and cash equivalents		523	344	-34.2%
Deferred charges and accrued income		3	4	+22.6%
Total assets		2,095	2,078	-0.8%
Equity		1,718	1,653	-3.7%
Grants and subsidies		0	0	-
Provisions		0	0	-
Amounts payable and other liabilities		378	425	+12.5%
Amounts payable after one year and other non-current liabilities				-
Financial liabilities				-
Amounts payable within one year and other current liabilities		378	425	+12.5%
Financial liabilities		0	0	-
Accrued expenses and deferred income				-
Total equity and liabilities		2,095	2,078	-0.8%
RATIOS		31 DEC 2021	31 DEC 2022	CHANGE
ROA		10.4%	4.6%	-5.8 p. p.
ROE		12.7%	5.7%	-7.0 p. p.
D/E		0.0%	0.0%	-
EBITDA		258	141	-45.3%
EBITDA margin		13.1%	6.1%	-7.0 p. p.
Net profit margin		10.7%	4.2%	-6.5 p. p.
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)		2021	2022	CHANGE
Awarded dividends (share of the State)		159	120	-24.8%
INFORMATION ABOUT EMPLOYEES		2021	2022	CHANGE
Number of employees		35	35	-
Average monthly salary of a manager (gross, EUR)		4,121	3,448	-16.3
INSTITUTION REPRESENTING THE STATE			OWNED SHARES	
Ministry of Agriculture of the Republic of Lithuania			98.95%	
Other shareholders			+1.05%	
MANAGEMENT (1 JUL 2023)				
General Director			Audrius Karnišauskas	
Chairperson of the Board of Directors			Ligita Ralienė*	
Members of the Board of Directors			Karolis Tvaskus Modestas Vaznevičius Petras Jurkūvenas* Giedrius Palubinskas*	

\*Independent member



# UAB Lietuvos žirgynas

www.lietuvozirgynas.lt



**Preserving and improving the gene pool of Lithuanian equestrian breeds, horse care services, equestrian entertainment, horse training, horse sales, holding competitions, and insemination and mating services**

At the end of 2022, the Company had 882 horses with a book value of EUR 1.1 million. During the year, 37 stallions and 40 mares of protected breeds were evaluated and the Company's horses took part in 30 competitions. In 2022, UAB Lietuvos žirgynas sold horses for EUR 379,696.

**Significant 35% growth in commercial revenue contributed significantly to the Company's total revenue of EUR 0.9 million in the reporting year.**

The increase in the cost of sales had a negative impact on gross profitability (decreasing from 31.2% in 2021 to 26.9% in 2022). A 23.4% increase in operating costs led to both a negative operating result (EUR -1.6 thousand) and a final loss (EUR -10.4 thousand).

The Company's assets grew by 7.2% in the reporting year and amounted to EUR 2.5 million at the end of the year. The most significant increase in the value of inventories was due to assets (land plots) taken over from the bailiff and recorded in inventories.

In the reporting year, total liabilities grew by 22.7% to EUR 1.1 million. In contrast to the total liabilities, financial liabilities decreased compared to 2021 and amounted to EUR 448.5 thousand. The change is due to a contraction in long-term debt as the Company repaid its debts to credit institutions. The Company repaid EUR 90.0 thousand to Rato Credit Union in 2022. A new lease agreement was signed with Citadele Leasing on 5 April 2022 for the purchase of mowing equipment worth EUR 98.7 thousand. During 2022, EUR 43.44 thousand was paid to leasing companies.

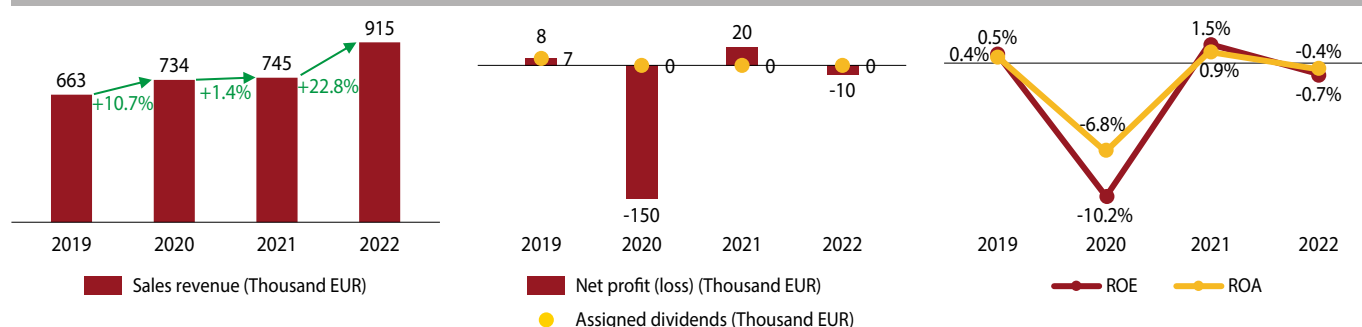
In 2022, the Company acquired non-current assets for EUR 181 thousand.

↑ Sales revenue grew by 22.8%.

↓ After generating a net profit of EUR 20.5 thousand in 2021, the Company made a loss of EUR 10.4 thousand in the reporting year.

PROFIT (LOSS) STATEMENT (THOUSAND EUR)	2021	2022	CHANGE
Sales revenue	745	915	+22.8%
Cost of goods sold	512	669	+30.6%
<b>Gross profit (loss)</b>	<b>232</b>	<b>246</b>	<b>+5.8%</b>
Cost of sales	1	1	-35.5%
General and administrative expenses	200	247	+23.5%
Results of other activities	1	2	+75.2%
Net financial items	-12	-10	+11.3%
<b>Profit (loss) before taxes</b>	<b>20</b>	<b>-10</b>	-
Corporation tax	0	0	-
<b>Net profit (loss)</b>	<b>20</b>	<b>-10</b>	-
BALANCE SHEET (THOUSAND EUR)	31 DEC 2021	31 DEC 2022	CHANGE
<b>Non-current assets</b>	<b>1,157</b>	<b>1,198</b>	<b>+3.6%</b>
<b>Current assets</b>	<b>1,193</b>	<b>1,319</b>	<b>+10.6%</b>
Cash and cash equivalents	321	233	-27.4%
<b>Deferred charges and accrued income</b>	<b>2</b>	<b>4</b>	<b>+81.4%</b>
<b>Total assets</b>	<b>2,352</b>	<b>2,522</b>	<b>+7.2%</b>
<b>Equity</b>	<b>1,411</b>	<b>1,401</b>	<b>-0.7%</b>
<b>Grants and subsidies</b>	<b>79</b>	<b>64</b>	<b>-19.5%</b>
<b>Provisions</b>	<b>0</b>	<b>0</b>	-
<b>Amounts payable and other liabilities</b>	<b>861</b>	<b>1,057</b>	<b>+22.7%</b>
Amounts payable after one year and other non-current liabilities	151	61	-59.7%
<i>Financial liabilities</i>	151	61	-59.7%
Amounts payable within one year and other current liabilities	711	996	+40.2%
<i>Financial liabilities</i>	332	388	+16.6%
<b>Accrued expenses and deferred income</b>	-	-	-
<b>Total equity and liabilities</b>	<b>2,352</b>	<b>2,522</b>	<b>+7.2%</b>
RATIOS	31 DEC 2021	31 DEC 2022	CHANGE
ROA	0.9%	-0.4%	-1.5 p. p.
ROE	1.5%	-0.7%	-2.3 p. p.
D/E	34.2%	32.0%	-2.2 p. p.
EBITDA	146	121	-16.6%
EBITDA margin	19.5%	13.3%	-6.3 p. p.
Net profit margin	2.7%	-1.1%	-3.8 p. p.
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)	2021	2022	CHANGE
Awarded dividends (share of the State)	0	0	-
INFORMATION ABOUT EMPLOYEES	2021	2022	CHANGE
Number of employees	81	78	-3.7%
Average monthly salary of a manager (gross, EUR)	2,990	3,356	+12.2%
INSTITUTION REPRESENTING THE STATE	OWNED SHARES		
Ministry of Agriculture of the Republic of Lithuania	89.61%		
Other shareholders	10.39%		
MANAGEMENT (1 JUL 2023)			
<b>Director</b>	Andrius Bielinis		
<b>Chairperson of the Board of Directors</b>	Petras Jurkuvėnas*		
<b>Members of the Board of Directors</b>	Andrius Burlėga Ilona Daugėlaitė* Ignas Kišvinas Juozas Rinkevičius*		

\*Independent member



# UAB Genetiniai ištekliai

www.genetiniaiistekliai.lt



## Cattle breeding, seed processing for propagation, experimental, training and pilot farming, implementation of programme for preservation of animal genetic resources

In the reporting year, the Company disposed of 2.5 thousand tonnes of grains and rapeseed and 1.7 thousand tonnes of milk. The amount of lamb sold for meat amounted to 19.1 thousand tonnes.

**The increase in milk sales revenue, driven by the rise in purchase prices, contributed to an overall increase in the Company's annual sales by 11.3% to EUR 2.8 million.**

Cost of sales grew in line with sales volumes, therefore the gross margin remained almost unchanged at 10.8%. The slight increase in wage and utility costs did not have a negative impact on operating profit, which was 23.5% higher in 2022 than in 2021 (EUR 81.5 thousand). Correspondingly, EBITDA grew by 2.1% to EUR 217.1 thousand. **The net profit of the Company amounted to EUR 97.8 thousand.**

**The dividend was distributed on the basis of a return on equity (ROE) of 3.7% – 75% of distributable profit (EUR 87.2 thousand).**

The Company's assets at the end of 2022 amounted to EUR 3.5 million, an increase of 2.8% compared to 2021, with non-current assets accounting for 60% of the total.

The Company's financial liabilities under leasing agreements decreased by almost one-third during the reporting year and amounted to EUR 100 thousand at the end of the year.

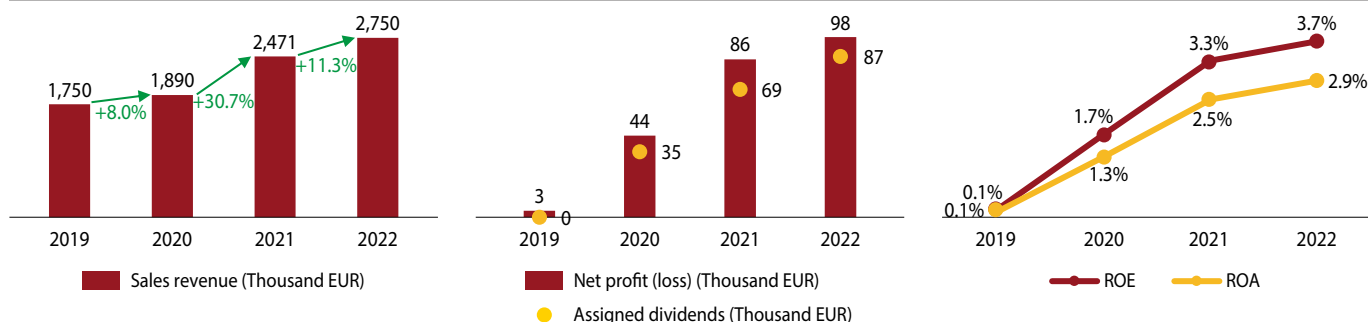
The increase in net profit for 2022 led to a slight increase in return ratios: return on equity ROE increased by 0.4 p.p. to 3.7% and return on assets ROA by 0.4 p.p. to 2.9%. Small and timely financial commitments improved the debt/equity ratio by -1.5 p.p. to 3.7%.

In the reporting year, the Company upgraded its existing agricultural machinery and purchased farmland with a total investment of EUR 72.6 thousand.

- ↑ Net profit for 2022 grew by 14.1% and amounted to EUR 97.8 thousand
- ↑ Financial liabilities decreased by 28.1%.
- ↑ EBITDA grew by 2.1%.

PROFIT (LOSS) STATEMENT (THOUSAND EUR)		2021	2022	CHANGE
Sales revenue		2,471	2,750	+11.3%
Cost of goods sold		2,209	2,454	+11.1%
Gross profit (loss)		262	296	+13.1%
Cost of sales		0	0	-
General and administrative expenses		196	215	+9.7%
Results of other activities		5	7	+35.2%
Net financial items		14	9	-37.1%
Profit (loss) before taxes		86	98	+14.1%
Corporation tax		0	0	-
Net profit (loss)		86	98	+14.1%
BALANCE SHEET (THOUSAND EUR)		31 DEC 2021	31 DEC 2022	CHANGE
Non-current assets		2,180	2,059	-5.6%
Current assets		1,183	1,398	+18.2%
Cash and cash equivalents		169	158	-6.6%
Deferred charges and accrued income		18	17	-6.0%
Total assets		3,381	3,474	+2.8%
Equity		2,648	2,677	+1.1%
Grants and subsidies		390	339	-13.2%
Provisions		0	0	-
Amounts payable and other liabilities		342	459	+33.9%
Amounts payable after one year and other non-current liabilities		100	60	-40.4%
Financial liabilities		100	60	-40.4%
Amounts payable within one year and other current liabilities		243	399	+64.5%
Financial liabilities		39	40	+3.6%
Accrued expenses and deferred income				-
Total equity and liabilities		3,381	3,474	+2.8%
RATIOS		31 DEC 2021	31 DEC 2022	CHANGE
ROA		2.5%	2.9%	+0.4 p. p.
ROE		3.3%	3.7%	+0.4 p. p.
D/E		5.2%	3.7%	-1.5 p. p.
EBITDA		213	217	+2.1%
EBITDA margin		8.6%	7.9%	-0.7 p. p.
Net profit margin		3.5%	3.6%	+0.1 p. p.
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)		2021	2022	CHANGE
Awarded dividends (share of the State)		69	87	+25.8%
INFORMATION ABOUT EMPLOYEES		2021	2022	CHANGE
Number of employees		62	60	-3.2%
Average monthly salary of a manager (gross, EUR)		3,173	3,239	+2.1%
INSTITUTION REPRESENTING THE STATE			OWNED SHARES	
Ministry of Agriculture of the Republic of Lithuania			100.0%	
MANAGEMENT (1 JUL 2023)				
Director			Audrius Zalatoris	
Chairperson of the Board			Rūta Liaubienė*	
Members of the Board of Directors			Kostas Bauža Jolita Čičiurkienė Ramūnas Antanaitis*	

\*Independent member





# UAB Pieno tyrimai

www.pieno-tyrimai.lt



## Composition and quality testing of milk and of milk from controlled livestock purchased across the country, and other milk testing and related services

### MAJOR EVENTS:

- A new accreditation certificate has been obtained for compliance with LST EN ISO/IEC 17020:2012 in accordance with the requirements for control bodies.
- Changes to the organisational structure to optimise the allocation of roles and responsibilities to employees.
- Certificate confirming that the environmental management system complies with the standard LST EN ISO 14001:2015 "Environmental Management Systems. Requirements and Guidelines for Use" standard.

**The Company's routine milk tests in 2022 were 161,200 units (-5.2%) less than in 2021**, due to fewer milk producers selling milk subject to compositional and quality tests carried out by UAB Pieno tyrimai. As a result of the reduction in the number of cows, the number of milk tests carried out for the purpose of performance testing of dairy animals in 2022 was 21.1 thousand units (-1.7%) less than in the previous year. In 2022, the Company performed 126.7 thousand units of dairy animal performance testing (DPT) services on average per month, or 3.2 thousand units (-2.5%) less than the previous year.

In the reporting year, the Company's sales revenue remained almost unchanged at EUR 5.9 million, with the most significant share of 49% coming from animal performance testing.

**In 2022, the Company earned a net profit of EUR 304.1 thousand, which is EUR 97.9 thousand more compared to 2021.** Although the Company increased salaries by an average of 8.2% in the reporting year, the increase in wage costs was avoided due to a reduction in the number of employees. The total cost of services provided in 2022 decreased by -1.5% compared to 2021, although the cost of transport and maintenance of premises increased as a result of the increase in the price of fuel and utilities.

**As the Company's performance improved, so did the return to shareholders, with dividends of EUR 278.3 thousand distributed in 2022, an increase of 47.5% compared to 2021.**

The Company's assets grew marginally by 5.5% in the reporting year, but their structure changed significantly: the natural depreciation of non-current assets of around 12% reduced this balance sheet item from EUR 2.8 million in 2021 to EUR 2.4 million in 2022, while the growth of the cash item by EUR 0.6 million led to a corresponding increase of EUR 0.6 million in the value of the current assets, which at the end of 2022 were at EUR 2.8 million.

The Company's successful execution of its financial commitments has reduced the amount of financial debts from EUR 236.3 thousand to EUR 105.9 thousand in 2022.

As a result of the decrease in costs and maintaining a similar level of sales, **the Company's EBITDA increased by EUR 82.7 thousand to EUR 734.5 thousand at the end of the year.**

The Company temporarily paused planned investment projects and invested ~50% of the previous year's amount of EUR 61 thousand in 2022, while the net profit margin grew by 1.6 p.p. (to 5.1%). The stable capital base and profitability dynamics led to an increase in ROE + 2.3 p.p.

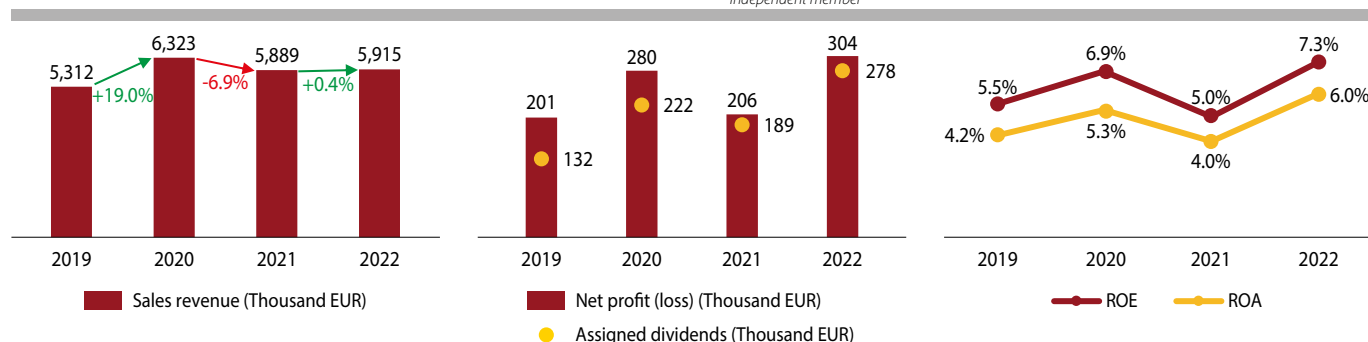
↑ The Company's net profit growth in 2022 was 47.6%.

↑ Current assets grew by 27.6% and amounted to EUR 2.8 million at the end of the reporting year.

↑ Financial liabilities more than doubled to EUR 105.9 thousand.

PROFIT (LOSS) STATEMENT (THOUSAND EUR)	2021	2022	CHANGE
Sales revenue	5,889	5,915	+0.4%
Cost of goods sold	4,672	4,619	-1.1%
<b>Gross profit (loss)</b>	<b>1,217</b>	<b>1,296</b>	<b>+6.5%</b>
Cost of sales	0	0	-
General and administrative expenses	948	924	-2.5%
Results of other activities	6	0	-
Net financial items	-11	-6	+47.3%
<b>Profit (loss) before taxes</b>	<b>264</b>	<b>367</b>	<b>+38.8%</b>
Corporation tax	58	62	+8.0%
<b>Net profit (loss)</b>	<b>206</b>	<b>304</b>	<b>+47.6%</b>
BALANCE SHEET (THOUSAND EUR)	31 DEC 2021	31 DEC 2022	CHANGE
<b>Non-current assets</b>	<b>2,770</b>	<b>2,442</b>	<b>-11.9%</b>
<b>Current assets</b>	<b>2,173</b>	<b>2,773</b>	<b>+27.6%</b>
Cash and cash equivalents	1,200	1,783	+48.5%
Deferred charges and accrued income	14	15	+1.4%
<b>Total assets</b>	<b>4,958</b>	<b>5,230</b>	<b>+5.5%</b>
<b>Equity</b>	<b>4,117</b>	<b>4,233</b>	<b>+2.8%</b>
Grants and subsidies	0	0	-
Provisions	0	0	-
<b>Amounts payable and other liabilities</b>	<b>833</b>	<b>987</b>	<b>+18.5%</b>
Amounts payable after one year and other non-current liabilities	106	24	-77.6%
Financial liabilities	106	24	-77.6%
Amounts payable within one year and other current liabilities	727	964	+32.5%
Financial liabilities	130	82	-36.9%
<b>Accrued expenses and deferred income</b>	<b>7</b>	<b>9</b>	<b>+29.2%</b>
<b>Total equity and liabilities</b>	<b>4,958</b>	<b>5,230</b>	<b>+5.5%</b>
RATIOS	31 DEC 2021	31 DEC 2022	CHANGE
ROA	4.0%	6.0%	+2.0 p.p.
ROE	5.0%	7.3%	+2.3 p.p.
D/E	5.7%	2.5%	-3.2 p.p.
EBITDA	652	735	12.7%
EBITDA margin	11.1%	12.4%	1.3 p.p.
Net profit margin	3.5%	5.1%	1.6 p.p.
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)	2021	2022	CHANGE
Awarded dividends (share of the State)/ profit contributions	189	278	+47.5%
INFORMATION ABOUT EMPLOYEES	2021	2022	CHANGE
Number of employees	262	236	-9.9%
Average monthly salary of a manager (gross, EUR)	3,934	3,831	-2.6%
INSTITUTION REPRESENTING THE STATE	OWNED SHARES		
Ministry of Agriculture of the Republic of Lithuania	100.0%		
MANAGEMENT (1 JUL 2023)			
General Director	Laima Urbšienė		
Chairperson of the Board of Directors	Artūras Palekas*		
Members of the Board of Directors	Andrius Burlėga Neringa Gujytė Rolandas Stankevičius* Vygtantas Šliesoraitis*		

\*Independent member



# UAB Valstybės investicinis kapitalas

www.vika.lt

## VALSTYBĖS INVESTICINIS KAPITALAS

### Limited partner of KŪB Business Support Fund providing state contribution to the fund.

#### MAJOR EVENTS:

- In April, the Company's shares were transferred to the Ministry of Finance.
- In June, the Board of Directors of the Company has decided to adopt and approve the renewal of the Company's programme for medium-term non-equity securities backed by the guarantee of the Republic of Lithuania up to EUR 400 million.

In 2022, the Company issued debt securities for a total amount of EUR 50 million.

Due to the nature of the Company's activities, no revenue is earned – operating costs and financial operating costs are incurred (revaluation of securities issued, etc.) In 2022, it amounted to EUR 12 million and resulted in a loss of EUR 12.1 million.

The 26.9% increase in the book value of assets under management in 2022 is mainly due to non-current financial assets, including the net investment of EUR 25 million in KŪB Business Support Fund, while total assets at the end of the year amounted to EUR 181.4 million, including non-current financial assets of EUR 180.0 million.

↓ The Company's annual loss on changes in the fair value of investments amounted to EUR 12.1 million, more than double the figure of 2021

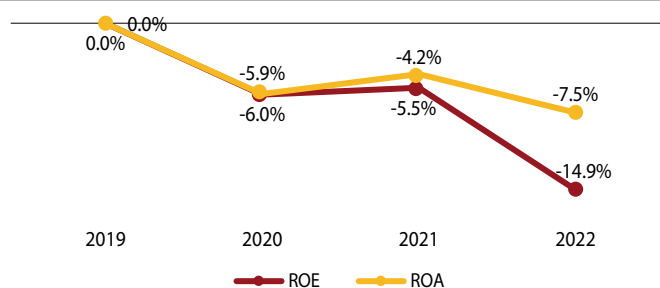
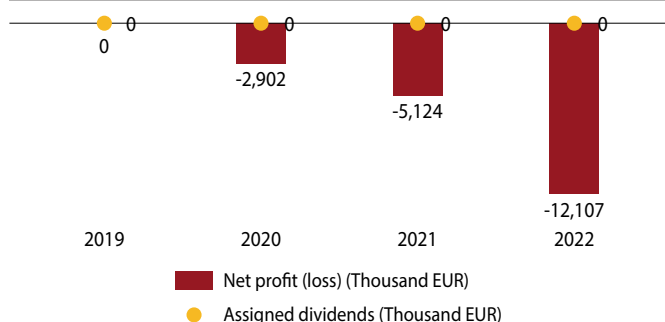
↑ The value of assets under management increased by 26.9%

↓ Equity decreased by 13.0%

PROFIT (LOSS) STATEMENT (THOUSAND EUR)	2021	2022	CHANGE
Sales revenue	0	0	-
Cost of goods sold	0	0	-
<b>Gross profit (loss)</b>	<b>0</b>	<b>0</b>	-
Cost of sales	0	0	-
General and administrative expenses	241	159	-34.0%
Results of other activities	-22	-91	-313.4%
Impairment of financial assets	-4,861	-11,856	-143.9%
<b>Profit (loss) before taxes</b>	<b>-5,124</b>	<b>-12,107</b>	<b>-136.3%</b>
Corporation tax	0	0	-
<b>Net profit (loss)</b>	<b>-5,124</b>	<b>-12,107</b>	<b>-136.3%</b>
BALANCE SHEET (THOUSAND EUR)	31 DEC 2021	31 DEC 2022	CHANGE
<b>Non-current assets</b>	<b>142,269</b>	<b>179,992</b>	<b>+26.5%</b>
<b>Current assets</b>	<b>745</b>	<b>1,432</b>	<b>+192.2%</b>
Cash and cash equivalents	586	1,389	+137.1%
<b>Deferred charges and accrued income</b>	<b>159</b>	<b>43</b>	<b>-72.9%</b>
<b>Total assets</b>	<b>143,014</b>	<b>181,424</b>	<b>+26.9%</b>
<b>Equity</b>	<b>93,174</b>	<b>81,067</b>	<b>-13.0%</b>
Grants and subsidies	0	0	-
Provisions	0	0	-
<b>Amounts payable and other liabilities</b>	<b>49,840</b>	<b>100,357</b>	<b>+101.4%</b>
Amounts payable after one year and other non-current liabilities	49,831	99,832	+100.3%
<i>Financial liabilities</i>			-
Amounts payable within one year and other current liabilities	10	525	+5,365.9%
<i>Financial liabilities</i>	0	0	-
<b>Accrued expenses and deferred income</b>			-
<b>Total equity and liabilities</b>	<b>143,014</b>	<b>181,424</b>	<b>+26.9%</b>
RATIOS	31 DEC 2021	31 DEC 2022	CHANGE
ROA	-4.2%	-7.5%	-3.3 p. p.
ROE	-5.5%	-14.9%	-9.4 p. p.
D/E	0.5	1.2	+0.7 p.p.
EBITDA	-	-	-
EBITDA margin	-	-	-
Net profit margin	-	-	-
CONTRIBUTIONS TO THE STATE BUDGET (THOUSAND EUR)	2021	2022	CHANGE
Awarded dividends (share of the State)	0	0	-
INFORMATION ABOUT EMPLOYEES	2021	2022	CHANGE
Number of employees	1	1	-
Average monthly salary of a manager (gross, EUR)	5,962	6,829	+14.5%
INSTITUTION REPRESENTING THE STATE	OWNED SHARES		
Ministry of Finance of the Republic of Lithuania			100.0%
MANAGEMENT (1 JUL 2023)			
<b>General Director</b>	Robertas Vyšniauskas		
<b>Chairperson of the Board of Directors</b>	Šarūnas Ruzgys*		
<b>Members of the Board of Directors</b>	Jonas Bložė* Marius Alubeckas		

\*Independent member

\*\*Į pateiktą atlyginimo sumą nėra įskaičiuota premija







# Evaluation methodology

1. The analysis of the SOE portfolio results was based on the aggregate SOE financial data disclosed in audited annual financial statements of the companies. The value of assets of the SOE portfolio does not include the value of the State-owned real estate which is not held by SOEs and is not on their balance sheets. The data of the analysis of portfolio, sectoral or individual company results are provided according to the business accounting standards. For this reason and due to the application of different accounting standards, the disclosure of information provided by some companies may not match the data published in financial statements, however, this has no effect on the performance of companies.
2. The analysis of the SOE portfolio relies on comparative historical data based on the SOE portfolio composition in 2022.
3. The SOE portfolio results include the consolidated financial results of **AB Ignitis grupė, UAB EPSO-G, AB Lietuvos geležinkeliai, AB Klaipėdos nafta** and **UAB Investicijų ir verslo garantijos**.
4. Taking into account the changes in the companies' activities and the corrections of the audited data for the previous reporting period due to objective reasons, the information for 2021 presented in the report may differ slightly from the data for the period of 2021 published in the previous years' summary report "Activities of the Lithuanian State-Owned Enterprises in the period 2021/2022".
5. In order to ensure the relevance and comparability of the data, the data of **VĮ Žemės ūkio informacijos ir kaimo verslo centras, VĮ Distantinių tyrimų ir geoinformatikos centras GIS-Centras** and **VĮ Valstybės žemės fondas** (which will be merged into **VĮ Žemės ūkio duomenų centras** on 3 January 2023) are presented in an aggregated form.
6. Following the signing of an agreement between the Ministry of Finance and **UAB Investicijų ir verslo garantijos (INVEGA)** on 2 January 2023, whereby INVEGA became a shareholder of **UAB Viešųjų investicijų plėtros agentūra, UAB Valstybės investicijų valdymo agentūra** and **UAB Žemės ūkio paskolų garantijų fondas**, the data of these three companies are included in the portfolio of SOEs for 2022 as SOEs that were active in that time period, but have been already classified as subsidiaries in the display of the more detailed information on the companies.
7. The report presents to non-standard taxes to the State – a tax payable by state enterprises for the use of entrusted state property (property tax) and the mandatory payments made by forestry enterprises on the revenue from raw wood and uncut forest sales (raw material tax). These tax liabilities generate additional revenue to the State budget and apply only to the abovementioned companies. Therefore, for the purpose of assessing the profitability of such companies and their return to the State, non-standard taxes are deducted from operating expenses increasing the net profit (reducing the net losses) by the value of non-standard taxes to the State reduced by the corporation tax (15%), or the total sum of all non-standard taxes to the State if, under the procedure established by the legislation, the companies did not pay corporation tax. This adjustment is for informational purposes only, and its impact on the book values is not detailed in the report.
8. The report provides the result of net profit of the SOEs portfolio, separate sectors and each company and its assessment is adjusted by deducting non standard taxes to the State (if any). This adjusted net profit result serves as a basis for further analysis, i.e. estimation of ratios, etc.
9. The information about employees provided in the report includes the number of actually working employees at the end of the reporting period, which does not include employees who are on pregnancy and childbirth or child care leave, paternity leave, performing mandatory

military service or alternative national defence service, persons who have concluded authorship or other civil contracts, students or pupils with whom employment contracts are not concluded.

10. The report uses names of the companies that were recorded before 1 July 2023. As a result, in case of any further changes in the names of companies, they may not match the ones provided in the report or in the relevant list of SOEs available at [www.governance.lt](http://www.governance.lt).

## Methodology for estimation of company, SOE portfolio and sector ratios

**Return on Assets (ROA).** The ratio of return on assets is calculated by dividing net profit (loss) for the last twelve months by the average book values of the assets at the beginning and at the end of the reference period.

**Return on Equity (ROE).** The ratio of return on equity is calculated by dividing net profit (loss) for the last twelve months by the average book values of equity at the beginning and at the end of the reference period.

**Financial Dependency Coefficient (D/E).** The ratio is calculated by dividing a sum of non-current and current financial liabilities by equity.

**Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA).** The indicator is calculated by subtracting the result of financing activities from the pre-tax profit and adding the depreciation and amortisation of non-current assets thereto.

**Operating Profitability before Interest, Taxes, Depreciation and Amortisation (EBITDA margin).** The ratio is calculated by dividing the EBITDA value by sales revenue.

**Net profit margin.** Ratio calculated by dividing net profit by net turnover.

The net profit margin, ROE and ROA ratios are presented in the report as calculated using the adjusted profit values, i.e. having deducted the effects of non-standard taxes to the State.

The corporate, sectoral and SOE portfolio data and derived financial indicators as well as other aggregated results presented allow for a margin of error due to data rounding and presentation in thousands of euros.

*This annual report was prepared by VŠĮ Valdymo koordinavimo centras, which implements the functions of the Governance Coordination Centre in accordance with Resolution No 1052 of the Government of the Republic of Lithuania of 14 July 2010 "Approving the Schedule of Guidelines for Ensuring Transparency of State-Owned Enterprises and Appointing the Coordinating Body" and Resolution No 665 of 6 June 2012 "Approving the Schedule of Procedures for the Implementation of State Property and Non-Property Rights in State-Owned Enterprises".*

*This annual report relied on the following external sources of information: public information about State-owned enterprises and the institutions representing the State, the annual financial statements, annual activity reports and annual reports submitted by the companies, the information and data published by the Lithuanian Department of Statistics, the National Energy Regulatory Council, the Communications Regulatory Authority, stock exchange NASDAQ OMX Vilnius, Nord Pool AS, SJSC RIGA International Airport, Tallinn Airport Ltd, PostNord AB, Sveaskog AB, SJSC*

*LATVIJAS GAISA SATIKSME, Lennuliiklusteeninduse AS, Central Statistical Bureau of Latvia, SJSC Latvijas dzelzceļš, Nærings- og fiskeridepartementet (Ministry of Trade, Industry and Fisheries), Næringsdepartementet (Ministry of Enterprise and Innovation), Eesti Statistika, and Eurostat. The report's information was not verified by independent auditors and the authors did not carry out an independent review of the information contained in this report, including estimates or forecasts, and, whenever there is any need to rely on this information in any decision-making process, any person should rely on their own assessment. The authors of the report, the Government and any state institution or another entity under its control are not, under any circumstances, responsible for third party decisions taken based on the information, findings and opinions expressed herein. The companies' past performance does not guarantee and cannot be linked to their future results. This annual report is neither an offer to sell nor an invitation to purchase securities or any assets nor shall it constitute a part of any investment decision or any decision to enter into any transaction.*



# List of State-owned enterprises

No.	Enterprise	State-owned interest *	Accountability	Sector	Category**	Dividends (share of the State) in 2022 (Thousand EUR)	Assets as at 31 DEC 2022 (Thousand EUR)	Sales revenue in 2022 (Thousand EUR)	EBITDA in 2022 (Thousand EUR)	Net profit in 2022 (Thousand EUR)	Adjusted net profit in 2022 (Thousand EUR)
1	AB Ignitis grupė <sup>1</sup>	75.0%	Ministry of Finance	Energy	Large	67,747	5,271,653	4,386,899	525,521	293,435	293,435
2	UAB EPSO-G Group	100.0%	Ministry of Energy	Energy	Large	65	1,425,728	589,924	-11,602	-42,515	-42,515
3	AB Klaipėdos nafta	72.5%	Ministry of Energy	Energy	Large	0	573,933	77,818	34,857	-5,904	-5,904
4	VĮ Ignalinos atominė elektrinė	100.0%	Ministry of Energy	Energy	Large	0	463,677	134	6,506	5,322	5,322
5	AB Lietuvos automobilių kelių direkcija <sup>2</sup>	100.0%	Ministry of Transport and Communications	Transport and Communications	Large	0	3,547,385	13,123	2,278	782	921
6	AB Lietuvos geležinkeliai Group	100.0%	Ministry of Transport and Communications	Transport and Communications	Large	0	2,280,260	432,932	112,104	1,213	1,213
7	AB Lietuvos paštas	100.0%	Ministry of Transport and Communications	Transport and Communications	Large	0	121,883	93,725	13,046	4,838	4,838
8	AB Lietuvos radijo ir televizijos centras	100.0%	Ministry of Transport and Communications	Transport and Communications	Medium-sized	940	51,740	13,040	3,885	1,091	1,091
9	AB Smiltynės perkėla	99.0%	Ministry of Transport and Communications	Transport and Communications	Medium-sized	174	12,931	6,377	1,505	213	213
10	AB Kelių priežiūra	100.0%	Ministry of Transport and Communications	Transport and Communications	Large	0	161,020	113,580	7,366	-3,918	-3,918
11	AB Oro navigacija <sup>2</sup>	100.0%	Ministry of Transport and Communications	Transport and Communications	Large	0	61,561	26,866	6,006	1,950	2,144
12	AB Klaipėdos valstybinio jūrų uosto direkcija <sup>2</sup>	100.0%	Ministry of Transport and Communications	Transport and Communications	Large	0	730,258	60,718	40,535	24,480	24,881
13	VĮ Lietuvos oro uostai	100.0%	Ministry of Transport and Communications	Transport and Communications	Large	0	230,879	44,708	15,421	3,185	3,644
14	AB Vidaus vandens kelių direkcija <sup>7</sup>	100.0%	Ministry of Transport and Communications	Transport and Communications	Medium-sized	0	37,870	1,271	35	-491	-491
15	VĮ Valstybinių miškų urėdija	100.0%	Ministry of Environment	Forestry	Large	0	340,998	319,866	137,709	108,171	149,005
16	UAB Projektų ekspertizė	100.0%	VĮ Turto bankas	Other	Small	129	810	1,112	196	153	153
17	UAB Statybos produkcijos sertifikavimo centras <sup>8</sup>	100.0%	Ministry of Environment	Other	Small	0	798	562	-51	-126	-126
18	UAB Būsto paskolų draudimas	100.0%	Ministry of Finance	Other	Small	0	10,378	211	522	156	156
19	VĮ Indėlių ir investicijų draudimas	100.0%	Ministry of Finance	Other	Small	0	16,274	761	24	76	79
20	VĮ Turto bankas	100.0%	Ministry of Finance	Other	Medium-sized	0	492,554	30,939	5,560	84	156
21	UAB Viešųjų investicijų plėtros agentūra <sup>9</sup>	100.0%	Ministry of Finance	Other	Medium-sized	982	33,309	4,944	1,366	762	762
22	UAB Valstybės investicinis kapitalas <sup>4</sup>	100.0%	Ministry of Finance	Other	Small	0	181,424		-251	-12,107	-12,107
23	UAB Lietuvos monetų kalykla	100.0%	Bank of Lithuania	Other	Medium-sized	0	6,259	9,972	306	27	27
24	VĮ Distancinių tyrimų ir geoinformatikos centras Gis-centras <sup>10</sup>	100.0%	Ministry of Agriculture	Other	Medium-sized	0	4,120	530	80	35	35

No.	Enterprise	State-owned interest *	Accountability	Sector	Category **	Dividends (share of the State) in 2022 (Thousand EUR)	Assets as at 31 DEC 2022 (Thousand EUR)	Sales revenue in 2022 (Thousand EUR)	EBITDA in 2022 (Thousand EUR)	Net profit in 2022 (Thousand EUR)	Adjusted net profit in 2022 (Thousand EUR)
25	AB Detonas	100.0%	Ministry of Transport and Communications	Other	Small	403	4,921	3,889	965	611	611
26	AB Viamatika	100.0%	Ministry of Transport and Communications	Other	Medium-sized	311	6,506	4,913	979	426	426
27	UAB Valstybės investicijų valdymo agentūra <sup>9</sup>	100.0%	Ministry of Finance	Other	Small	376	2,028	2,379	480	320	320
28	VĮ Registrų centras	100.0%	Ministry of Economy and Innovation	Other	Large	0	73,491	64,655	12,270	8,142	8,368
29	AB Giraitės ginklų gamykla	100.0%	Ministry of Finance	Other	Medium-sized	1,052	23,251	15,241	3,438	2,339	2,339
30	UAB Investicijų ir verslo garantijos <sup>3,9</sup>	100.0%	Ministry of Finance	Other	Medium-sized	631	28,815	6,976	1,254	841	841,3
31	UAB Toksika	92.5%	Ministry of Economy and Innovation	Other	Medium-sized	383	25,664	8,014	1,568	565	565
32	UAB Lietuvos parodų ir kongresų centras LITEXPO	98.8%	Ministry of Economy and Innovation	Other	Medium-sized	0	15,278	4,207	32	-783	-783
33	VĮ Regitra	100.0%	Ministry of the Interior	Other	Large	0	24,185	27,347	6,441	3,729	3,866
34	AB Jonavos grūdai	70.1%	Ministry of Agriculture	Other	Medium-sized	293	19,793	9,321	963	410	410
35	AB Lietuvos veislininkystė	99.0%	Ministry of Agriculture	Other	Small	120	2,078	2,312	141	96	96
36	UAB Lietuvos žirgynas	89.6%	Ministry of Agriculture	Other	Small	0	2,522	915	121	-10	-10
37	UAB Genetiniai ištekiai	100.0%	Ministry of Agriculture	Other	Small	87	3,474	2,750	217	98	98
38	UAB Šilutės polderiai <sup>5</sup>	81.0%	VĮ Turto bankas	Other	Small	0	1,269	5,106	-77	-227	-227
39	UAB Šilutės veislininkystė <sup>5</sup>	96.5%	VĮ Turto bankas	Other	Small	0	814	540	87	26	26
40	UAB Žemės ūkio paskolų garantijų fondas <sup>6,9</sup>	100.0%	Ministry of Finance	Other	Small	1,046	26,495	2,498	-7,043	-5,930	-5,930
41	UAB Pieno tyrimai	100.0%	Ministry of Agriculture	Other	Medium-sized	278	5,230	5,915	735	304	304
42	VĮ Valstybės žemės fondas <sup>10</sup>	100.0%	Ministry of Agriculture	Other	Medium-sized	0	7,108	2,807	-298	-376	-376
43	VĮ Žemės ūkio informacijos ir kaimo verslo centras <sup>10</sup>	100.0%	Ministry of Agriculture	Other	Small	0	2,752	641	207	182	182
44	UAB GVT LT	100.0%	Ministry of Environment	Other	Small	93	4,256	1,125	237	120	120

\*Directly and indirectly; State enterprises (SE) are 100% owned by the State

\*\*Category is set pursuant to the Law on Financial Reporting by Undertakings

1 On 9 August 2022, the State's shareholding in AB Ignitis grupė increased from 73.08% to 74.99%

2 On 2 January 2023, the VĮ Lietuvos automobilių kelių direkcija was reorganised, VĮ Oro navigacija and VĮ Klaipėdos valstybinio jūrų uosto direkcija were reorganised into public limited liability companies

3 On 19 May 2022, UAB Investicijų ir verslo garantijos was transferred to the Ministry of Finance

4 On 11 May 2022, UAB Valstybės investicinis kapitalas was transferred to the Ministry of Finance

5 On 10 May 2022, UAB Šilutės veislininkystė and UAB Šilutės polderiai were transferred to VĮ Turto bankas

6 On 3 May 2022, UAB Žemės ūkio paskolų garantijų fondas was transferred to the Ministry of Finance

7 On 1 July 2022, the VĮ Vidaus vandens kelių direkcija was reorganised into the AB Vidaus vandens kelių direkcija

8 On 7 July 2022, the VĮ Statybos produkcijos sertifikavimo centras was transformed into the UAB Statybos produkcijos sertifikavimo centras. On 21 June 2023, pursuant to Resolution of the Government of the Republic of Lithuania of 31 May 2023 No. 416 "On the Investment of State Assets and the Increase of the Owner's Capital of Vilnius Gediminas Technical University", on 21 June 2023, the Ministry of the Environment of the Republic of Lithuania and the Vilnius Gediminas Technical University signed the "Deed of Transfer and Acceptance of Shares in the State-Owned Private Public Limited Liability Company Statybos produkcijos sertifikavimo centras", whereby the company UAB Statybos produkcijos sertifikavimo centras was transferred to Vilnius Gediminas Technical University

9 On 2 January 2023, the Ministry of Finance signed an agreement with UAB Investicijų ir verslo garantijos, whereby INVEGA became a shareholder of UAB Viešųjų investicijų plėtros agentūra, UAB Valstybės investicijų valdymo agentūra and UAB Žemės ūkio paskolų garantijų fondas

10 On 3 January 2023, VĮ Žemės ūkio informacijos ir kaimo verslo centras, VĮ Distancinių tyrimų ir geoinformatikos centras GIS-Centras, VĮ Valstybės žemės fondas were reorganised by merger into the VĮ Žemės ūkio duomenų centras

## List of first-tier subsidiaries of state-owned enterprises

No.	Company	Shares held	Accountability	Sector	Dividends in 2022 (Thousand EUR)	Assets as at 31 DEC 2022 (Thousand EUR)	Sales revenue in 2022 (Thousand EUR)	EBITDA in 2022 (Thousand EUR)	Net profit in 2022 (Thousand EUR)	ROE	Number of employees as at 31/12/2022
1.	AB Ignitis gamyba	100.0%	UAB Ignitis grupė	Energy	156,169	744,797	535,552	201,643	156,106	38.6%	367
2.	AB Energijos skirstymo operatorius	100.0%	UAB Ignitis grupė	Energy	28,986	2,046,865	683,652	139,037	31,124	5.0%	2563
3.	UAB Ignitis renewables	100.0%	UAB Ignitis grupė	Energy	0	530,900	57,915	37,676	13,404	22.3%	80
4.	UAB Ignitis	100.0%	UAB Ignitis grupė	Energy	20,000	1,441,637	3,231,420	98,333	64,412	48.2%	320
5.	UAB Ignitis grupės paslaugų centras	50.5%	UAB Ignitis grupė	Energy	465	30,824	35,023	6,378	1,151	8.1%	570
6.	UAB Elektroninių mokėjimų agentūra	100.0%	UAB Ignitis grupė	Energy	226	944	920	379	282	27.3%	5
7.	UAB Vilniaus kogeneracinė jėgainė	100.0%	UAB Ignitis grupė	Energy	0	368,115	42,283	23,586	16,742	24.5%	102
8.	UAB Kauno kogeneracinė jėgainė	51.0%	UAB Ignitis grupė	Energy	0	197,987	59,371	34,411	26,805	43.9%	41
9.	UAB Transporto valdymas	100.0%	UAB Ignitis grupė	Energy	0	16590	4,485	2,479	1,605	20.9%	17
10.	UAB Gamybos optimizavimas	100.0%	UAB Ignitis grupė	Energy	0	593	660	50	22	4.9%	7
11.	Litgrid AB	97.5%	UAB EPSO-G	Energy	0	718,545	420,308	-36,924	-49,484	-25.5%	389
12.	UAB TETAS	100.0%	UAB EPSO-G	Energy	0	18,987	78,746	-4,032	-4,719	-339.3%	410
13.	AB Amber Grid	96.6%	UAB EPSO-G	Energy	11,649	548,356	98,206	32,036	15,665	8.7%	332
14.	BALTPPOOL UAB	67.0%	UAB EPSO-G	Energy	0	175,632	1,503	217	83	11.2%	18
15.	UAB ENERGY CELLS	100.0%	UAB EPSO-G	Energy	0	39,399	93	-518	-509	-28.0%	44
16.	UAB SGD logistika	100.0%	AB Klaipėdos nafta	Energy	0	4,816	0	-11	653	13.6%	2
17.	UAB SGD terminalas	100.0%	AB Klaipėdos nafta	Energy	0	0	0	0	0		0
18.	UAB Geležinkelio tiesimo centras	100.0%	AB Lietuvos geležinkeliai	Transport and Communications	0	31,104	19,909	-2,143	-4,901	-17.3%	291
19.	UAB Rail Baltica statyba	100.0%	AB Lietuvos geležinkeliai	Transport and Communications	0	2,301	58	-14	4	0.2%	4
20.	AB LTG CARGO	100.0%	AB Lietuvos geležinkeliai	Transport and Communications	0	325,645	293,691	38,599	10,117	10.1%	1929
21.	UAB LTG Link	100.0%	AB Lietuvos geležinkeliai	Transport and Communications	0	170,729	71,714	21,834	7,134	4.7%	567
22.	AB LTG Infra	100.0%	AB Lietuvos geležinkeliai	Transport and Communications	0	1,704,360	189,165	52,794	-11,501	-1.7%	2453
23.	UAB LP mokėjimų sprendimai*	100.0%	AB Lietuvos paštas	Transport and Communications	0	0	0	0	0		0
24.	UAB Kofinansavimas	100.0%	UAB Investicijų ir verslo garantijos	Other	0	93,637	208,527	98	-57	-0.1%	3
25.	UAB Viešųjų investicijų plėtros agentūra	100.0%	UAB Investicijų ir verslo garantijos	Other	0	33,309	4,944	1,366	762	2.4%	77
26.	UAB Valstybės investicijų valdymo agentūra	100.0%	UAB Investicijų ir verslo garantijos	Other	0	2,028	2,379	480	320	22.5%	22
27.	UAB Žemės ūkio paskolų garantijų fondas	100.0%	UAB Investicijų ir verslo garantijos	Other	0	26,495	2,498	-7,144	-5,930	-85.2%	22

\* Not active

# Abbreviations and definitions

<b>Governance Coordination Centre (GCC)</b>	Analytic and good governance principles implementing centre established by the State, performing the functions of the coordinating institution for the implementation of state-and municipality-owned enterprise governance policy
<b>SOE</b>	State-owned enterprise (State-owned enterprise engaged in economic commercial activities, public limited liability company and private limited liability company, in which the State owns shares granting more than 1/2 of all votes at the general meeting of the company)
<b>VAI</b>	The institution or shareholder exercising the rights and obligations of the owner of the company
<b>OECD</b>	Organization for Economic Co-operation and Development
<b>The Government</b>	The Government of the Republic of Lithuania
<b>Ownership Guidelines</b>	Schedule of procedures for the implementation of state property and non-property rights in state-owned enterprises as approved by Resolution No 665 of the Government of the Republic of Lithuania of 6 June 2012
<b>Nomination Guidelines</b>	Schedule of procedures for the nomination of candidates to the board of directors of a state or municipal enterprise and candidates to the collegiate supervisory or governing body of a state or municipality-owned enterprise to be elected by the general meeting, as approved by Resolution No 631 of the Government of the Republic of Lithuania of 17 June 2015
<b>Transparency Guidelines</b>	Schedule of guidelines for ensuring transparency in the operations of state owned enterprises as approved by Resolution No 1052 of the Government of the Republic of Lithuania of 14 July 2010
<b>Letter of Expectation</b>	A letter submitted by the institution representing the State to the company concerning the State's aims in the state-owned enterprise and its expectations
<b>SO</b>	Special obligations or non-commercial functions; the functions undertaken by a SOE, which would otherwise be omitted by the company from a commercial point of view or which the company would undertake for a higher price than the one set and which are vested with the company following the decisions of the shareholder/owner (the State).
<b>Non-standard taxes to the State</b>	Property tax and raw material tax
<b>Property tax</b>	Tax paid by state enterprises for the use of entrusted state property
<b>Raw material tax</b>	Compulsory deductions from sales revenue of raw wood and uncut forest paid by VĮ Valstybinių miškų urėdija
<b>D/E</b>	Debt-to-equity ratio
<b>Net profit margin</b>	Ratio calculated by dividing net profit by net turnover.
<b>EBITDA</b>	Earnings before interest, taxes, depreciation and amortisation; the ratio is calculated by subtracting the result of financing activities from the profit before taxes and adding the depreciation and amortisation of non-current assets thereto
<b>EBITDA margin</b>	Operating profitability before interest, taxes, depreciation and amortisation; the ratio is calculated by dividing the EBITDA value by the sales revenue
<b>Return on assets (ROA)</b>	A financial ratio that shows the efficiency of the use of a company's assets. The ratio is calculated by dividing net profit (loss) for the last twelve months by the average book values of the assets at the beginning and at the end of the reference period
<b>Return on Equity (ROE)</b>	A financial ratio showing the efficiency of the use of equity invested by shareholders. The ratio is calculated by dividing net profit (loss) for the last twelve months by the average book values of equity at the beginning and at the end of the reference period
<b>Operating profit margin</b>	Ratio calculated by dividing operating profit by net turnover
<b>LNG terminal</b>	Liquefied Natural Gas Terminal
<b>NERC</b>	National Energy Regulatory Council
<b>KPI</b>	Key performance indicators (KPI)
<b>CB</b>	Collegiate supervisory or management bodies (collegial bodies)
<b>NDI</b>	National development institution (Lith. Nacionalinė plėtros įstaiga)





**VKC**  
Valdymo koordinavimo centras

STATE-OWNED ENTERPRISES IN LITHUANIA 2022/2023

For further information, please contact:  
Governance Coordination Centre  
Žalgirio str. 92, LT-09303 Vilnius, Lithuania  
Phone: +370 620 73679, e-mail: [info@governance.lt](mailto:info@governance.lt)