

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of PANEVĖŽIO STATYBOS TRESTAS AB

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of PANEVĖŽIO STATYBOS TRESTAS AB and its subsidiaries (hereinafter the "Group") contained in the file abpst-2023-12-31-en.zip (SHA-256-checksum: EA38BA4B0FF3584F0BB75D8BA2A1E7F3A12D1742BF1D415F0637E04B8465C635), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, of the financial position of the Group as at 31 December 2023, and their consolidated financial performance and consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public interest entities (Regulation (EU) No 537/2014 of the European Parliament and of the Council). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the requirements of the Law on Audit of the Financial Statements of the Republic of Lithuania that are relevant to the audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of the Financial Statements of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Below is the description of each key audit matter and our response to it.

We have fulfilled the responsibilities described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

#### 1. Revenue recognition for constructions contracts in progress

The Group's main revenue stream comes from large long-term construction contracts. As disclosed in Notes 2, 3.13 and 18, the Group recognizes revenue from the customer specific construction contracts in progress as of the year-end based on the estimated stage of completion of the projects, which is assessed by reference to the proportion of total costs incurred through the reporting date compared to total costs of the contract estimated by management.

This matter was significant to our audit because recognition of revenue for the reporting year is highly dependent on the judgment exercised by the management in assessing the completeness and accuracy of forecast costs to complete the construction contract and changes in these judgments and related estimates throughout a contract life can result in material adjustments to revenue and margin recognised on contracts, which can be either positive or negative.

Our audit procedures, among others, included the following:

- Updating our understanding of the Group's revenue recognition process, including the model used for the revenue recognition in relation to the contracts in progress, and controls in relation to long-term construction contracts. We also assessed how the management makes the accounting estimate (determines the stage of completion of the projects) and the accuracy, completeness and relevance of the data on which it is based as further described below.
- Testing the Group's key controls over allocation of revenues and costs to a specific contract.
- Consideration of the accuracy of management's forecasts for potential management bias by comparing the historical financial performance of selected contracts completed in 2023 with the total cost estimates and forecasted margins for those contracts used for revenue recognition as of 31 December 2023.
- Considering whether all material loss making contracts were properly identified and accounted for;
- Selecting a sample of contracts with the greatest potential impact on the consolidated financial statements for the year ended 31 December 2023, considering both quantitative and qualitative criteria, such as significant margin changes, loss-making contracts or projects which are unique in their nature, for additional testing as outlined below.

### **How the Matter Was Addressed in the Audit**

For the sample of contracts selected, we have considered the adequacy of the management's estimate on the amount of revenue to be recognized in the consolidated financial statements by performing the following procedures, among others:

- comparing the contracts signed with customers against the total contract value estimates included in the management's calculations;
- considering the management's estimated costs required to complete the contracts by reference to our understanding of the contract scope and the management's contracts' cost budgets and our inquiries of contract managers;
- tracing costs incurred up to date as per management's estimation of the stage of completion to the costs included in the statement of comprehensive income, considering also whether they are reflective of the actual progress of the work and are eligible items;
- considering the reasonableness of the margins recognised by the Group for the projects in progress taking into account our understanding of the contract scope and the historical performance of the Group;
- and tracing actual contract revenues accounted for in the statement of comprehensive income to the estimation of the management of the amounts of revenue to be recognized for the contracts in progress based on the assessment of their stage of completion.

Finally, we considered the adequacy of the disclosures about the matter in Notes 2, 3.13 ir 18 to the consolidated financial statements.

### **2. Impairment of trade accounts receivable and contract assets**

As at 31 December 2023, the Group had non-current and current trade accounts receivable and contract assets balance amounting to EUR 0.07 million and EUR 19.46 million respectively, reported in the consolidated statement of financial position, as disclosed in Note 18 to the consolidated financial statements.

The estimation of the expected credit losses (ECL) as required by IFRS 9 Financial instruments involves significant management judgement. As disclosed in Note 2, specific factors management considers include analysis of the historical credit losses, consideration of economic developments and other subjective risk factors related to the specific debtor or debtors' group.

This matter is significant to our audit due to materiality of the amounts as these receivables constitute over 22.6% of the total assets of the Group in the statement of financial position as at 31 December 2023, and high level of management judgement involved in the assessment of their impairment.

### **How the Matter Was Addressed in the Audit**

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#### **Grant Thornton Baltic UAB**

Vilnius | Upės st. 21 | 08128 Vilnius | Lithuania | T +370 52 127 856 | E info@lt.gt.com  
Kaunas | Jonavos st. 60C | 44192 Kaunas | Lithuania | T +370 37 422 500 | E kaunas@lt.gt.com  
Klaipėda | Taikos ave. 52c / Agluonos st. 1-1403 | 91184 Klaipėda | Lithuania | T +370 46 411 248 | E klaipeda@lt.gt.com

Our audit procedures, among others, included the following:

- We gained an understanding of the management's process of estimation of impairment of trade receivables and contract assets. This included the consideration whether the model used to develop the estimate is appropriate and assessment whether the impairment accounting policy applied by the Company is in line with the requirements of IFRS 9 Financial Instruments.

We also assessed how the management made the accounting estimate and the accuracy, completeness and relevance of the data on which it is based as follows:

- For receivables and contract assets assessed by the management for impairment individually, we have discussed with the management selected individual balances, including management's analysis of expected recoverability of these balances, and also considered independently the indications of potential understatement of ECL by assessing the ageing of the receivables and amounts collected after the date of the statement of financial position.
- For receivables assessed by the management using the expected credit loss rate matrix, we have assessed the key estimates made by the management in developing the ECL matrix, including historical default rate information and forward-looking information as of 31 December 2023. We tested the correctness of ageing of the receivables by agreeing the date to the invoices issued for selected items and verified the arithmetical accuracy of the management's calculation of impairment.

Furthermore, we have assessed the adequacy of the disclosure in the consolidated financial statements on this matter (Notes 2 and 18).

### **Other Information**

Other information consists of the information included in the Company's and Consolidated Annual Report (hereinafter the "Group"), including Corporate Governance Report, Remuneration Report and Social Responsibility and Corporate Sustainability Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information presentation.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as specified below.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

We also have to evaluate, if the financial information included in the Group's Annual Report, including Corporate Governance Report, corresponds to the consolidated financial statements for the same financial year and of the Group's Annual Report, including Corporate Governance Report, was prepared in compliance with applicable legal requirements. In our opinion, based on the work performed in the course of the audit of the consolidated financial statements, in all material respects:

- The financial information included in the Group's Annual Report, including Corporate Governance Report, corresponds to the financial information included in the consolidated financial statements for the same year; and
- The Group's Annual Report, including Corporate Governance Report, was prepared in accordance with the requirements of the Law of the Republic of Lithuania on Consolidated Reporting by Groups of Undertakings.

It is also our responsibility check whether the Consolidated Social Responsibility and Corporate Sustainability Report has been provided. If we identify that the Consolidated Social Responsibility and Corporate Sustainability Report has not been provided, we are required to report that fact. We have nothing to report in this regard.

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## **Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's consolidated financial reporting process.

## **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or taken together, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the decision made by the General Meeting of Shareholders on 29 July 2021, we have been chosen to carry out the audit of the Group's consolidated financial statements for the first time. Our appointment to carry out the audit of the Group's consolidated financial statements in accordance with the decision made by the General Meeting of Shareholders is renewed every two years and the period of total uninterrupted engagement is four years.

We confirm that our opinion in the section "Opinion" is consistent with the additional Audit report which we have submitted to the Group and to the Audit Committee.

We confirm that in light of our knowledge and belief, services provided to the Group are consistent with the requirements of the law and regulations and do not comprise non-audit services referred to in Article 5(1) of the Regulation (EU) No 537/2014 of the European Parliament and of the Council.

During the audit engagement, we have not provided any other services except for audit of consolidated financial statements and translation services.

### **Report on the Compliance of the Format of Consolidated Financial Statements with the Requirements of the European Single Electronic Format**

We have been engaged as part of our audit engagement letter by the Management of the Company to conduct a reasonable assurance engagement for the verification of compliance with the applicable requirements of the single electronic reporting format of the consolidated financial statements for the year ended 31 December 2023 contained in the file `abpst-2023-12-31-en.zip` (SHA-256-checksum: `EA38BA4B0FF3584F0BB75D8BA2A1E7F3A12D1742BF1D415F0637E04B8465C635`), including the consolidated Annual Report, in a Single Electronic Reporting Format (hereinafter the "single electronic reporting format of the consolidated financial statements").

#### ***Description of a subject matter and applicable criteria***

The single electronic reporting format of the consolidated financial statements has been applied by the Company to comply with the requirements of Articles 3 and 4 of the Commission Delegated Regulation (EU) 2018/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter the "ESEF Regulation"). The applicable requirements regarding the single electronic reporting format of the consolidated financial statements are laid down in the ESEF Regulation.

The requirements referred to in the preceding sentence determine the basis for application of the Electronic reporting format of the consolidated financial statements and, in our opinion, constitute appropriate criteria to form a reasonable assurance conclusion.

#### ***Responsibilities of Management and Those Charged with Governance***

The Company's management is responsible for the application of the single electronic reporting format of the consolidated financial statements that complies with the requirements of the ESEF Regulation.

This responsibility includes the selection and application of appropriate iXBRL tags using ESEF taxonomy, the design, implementation and maintenance of internal control relevant to the preparation of the consolidated

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**Vilnius** | Upės st. 21 | 08128 Vilnius | Lithuania | T +370 52 127 856 | E [info@lt.gt.com](mailto:info@lt.gt.com)  
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financial statements in a single electronic reporting format and material departures from the requirements set out in the ESEF Regulation.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### ***Auditor's responsibility***

Our responsibility is to express a reasonable assurance opinion about whether the single electronic reporting format of the consolidated financial statements complies with the ESEF Regulation.

We conducted our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information (hereinafter "ISAE 3000 (R)"). This Standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the single electronic reporting format of the consolidated financial statements was prepared, in all material aspects, in accordance with the applicable requirements. Reasonable assurance is a high level of assurance, but is not a guarantee that an assurance engagement conducted in accordance with ISAE 3000 (R) will always detect a material misstatement when it exists.

### ***Summary of the work performed***

Our planned and performed procedures were aimed at obtaining reasonable assurance that the single electronic reporting format of the consolidated financial statements was applied, in all material aspects, in accordance with the applicable requirements and such application is free from material errors or omissions. Our procedures included, in particular:

- obtaining an understanding of the internal control system and processes relevant to the application of the single electronic reporting format of the consolidated financial statements, including the preparation of the XHTML format and marking up the consolidated financial statements;
- verification that the XHTML format was applied properly;
- evaluating the completeness of marking up the consolidated financial statements using the XBRL markup language according to the requirements of the implementation of electronic format as described in the ESEF Regulation;
- evaluating the appropriateness of the Company's use of XBRL tags selected from the ESEF taxonomy and the creation of extension tags where no suitable element in the ESEF taxonomy has been identified; and
- evaluating the appropriateness of anchoring of the extension elements to the ESEF taxonomy

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Conclusion***

In our opinion, the single electronic reporting format of the consolidated financial statements for the year ended 31 December 2023 complies, in all material aspects, with the ESEF Regulation.

The partner in charge of the audit resulting in this independent auditor's report is Arvydas Ziziliauskas.

Arvydas Ziziliauskas  
Lithuanian Certified Auditor  
License No 000467

11 April 2024  
Jonavos st. 60C, Kaunas  
Grant Thornton Baltic UAB  
Audit company's licence No 001513

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#### **Grant Thornton Baltic UAB**

**Vilnius** | Upės st. 21 | 08128 Vilnius | Lithuania | T +370 52 127 856 | E info@lt.gt.com  
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