

LITEXPO LITHUANIAN EXHIBITION AND CONGRESS CENTRE

ANNUAL REPORT
FOR THE YEAR ENDING 31 DECEMBER 2021

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A WORD FROM THE COMPANY DIRECTOR

The year 2021, like 2020, was full of challenges, searches and solutions for LITEXPO, which, like many other businesses, expected that the COVID-19 pandemic that started in 2020 and the restrictions imposed by it in 2021. However, this expectation did not materialise and we had to adapt to the new reality.

This new reality has forced LITEXPO to continuously look for ways to streamline business processes, strengthen risk management, find answers to how and what the company will live with in the near future, as well as to identify priorities to ensure business continuity and the belief that after the pandemic, LITEXPO will still be a competitive market participant and an attractive employer.

Although in 2021 LITEXPO will be the first to open its doors on 14 March 2020. The largest and most important exhibitions of the year - VILNIUS BOOK FAIR, RESTA, ADVENTUR, STUDIJS, etc. - had to be cancelled due to the restrictions imposed by the Government of the Republic of Lithuania on all open and closed events on the territory of the Republic of Lithuania by the Government of the Republic of Lithuania Resolution No.

LITEXPO expected that the Company would be able to carry out its normal operations in 2021 and predicted the expected results based on the statistics of European countries and the forecasts of the authorities, since Lithuania, like many other European and world countries, has started an active vaccination of the public against the coronavirus (to which LITEXPO has actively contributed), and in the case if the vaccination process had been effective, the incidence rates and the scope of the imposed restrictions would presumably be lower. However, the results of the vaccination process were not good enough to contain the COVID-19 pandemic, and new strains and risks of the disease emerged, which made the Government of the Republic of Lithuania reluctant to lift the restrictions imposed on events and other activities.

In 2021, LITEXPO lost part of its income for the above reasons, which decreased from EUR 2.24 million 2020 to EUR 1.24 million, or 44% compared to 2020, and was not only unable to carry out its core business of organising exhibitions and events, but also was unable to achieve its financial goals.

The COVID-19 pandemic has shown that LITEXPO, faced with such a risk of non-performance when exhibitions and events cannot be organised, does not have a plan of action and the tools to be able to continue its operations. In this situation, in order to ensure the continuity of the company's core business of organising exhibitions, it is important to develop a strategy to attract business to exhibitions, to find ways to create the greatest value for customers and to ensure not only the growth of exhibitions but also customer satisfaction. It is clear that almost all business sectors have been affected by the pandemic, and it is therefore particularly important for them to be able to present their products and services to both the domestic and international markets, and to collaborate and find new business partners. The public authorities, in their communication on business assistance, point to the importance of promoting business exchanges and agree that hybrid exhibitions, in addition to physical exhibitions, could help to achieve this objective and contribute to business solvency.

In order to ensure the continuity of operations and to meet the expectations of shareholders, the LITEXPO team has paid special attention not only to effective risk management, process optimisation, and the formation of new project teams, but also set strategic goals for the coming year and assumed the responsibilities for their implementation.

Despite facing operational and financial risks in 2021, the company managed to organise three exhibitions - ArtVilnius (as an exhibition partner), PELENĖ and Baltic Days of Dentistry - as well as to host 96 events at LITEXPO, which occupied 192,586 sqm and were attended by 17,053 visitors.

The most important and time-consuming project at LITEXPO was the installation of a vaccination centre in LITEXPO premises, which opened on 15 March 2021 and remained open until 16 January 2022. During this time, 38 000 people were vaccinated at the LITEXPO vaccination centre. This project was implemented in partnership with Vilnius City Municipality and the Ministry of Health of the Republic of Lithuania.

Despite the challenging and full of risks 2021, LITEXPO is focused on its values - **professionalism, innovation, teamwork** - and is determinedly planning for the coming year and making efforts to achieve its ambitious goals.

LITEXPO will continue to increase efficiency and transparency, invest in modern technology and state-of-the-art personnel management, human resources and the courage to act with boundless creativity and calculated risk.

Justinas Bortkevičius, Director of the Lithuanian Exhibition and Congress Centre LITEXPO

1. GOVERNANCE AND OWNERSHIP STRUCTURE OF LITEXPO AND THE LITEXPO GROUP

1.1. GENERAL INFORMATION ABOUT LITEXPO GROUP

The history of LITEXPO dates back to 1960, when the Lithuanian People's Farm Achievement Exhibition was launched, and in 1990 it was re-registered as the state enterprise Lithuanian Exhibition Centre LITEXPO, and in 1995 - as a closed joint stock company. In 2011, in order to become a leader in the organisation of exhibitions in the Baltic States, as well as to attract international events and congresses, UAB Lithuanian Exhibition Centre LITEXPO was renamed UAB Lithuanian Exhibition and Congress Centre LITEXPO.

Following the change of the company's legal status, LITEXPO underwent exceptional development processes from 1996 to 2018, which made it the largest exhibition and conference centre in the Baltic States: 3 new exhibition halls were built, an independently functioning conference centre was built, 4 halls were renovated, the first hall was reconstructed, and a parking lot was built on 1.6 hectares of land. LITEXPO is currently not only the largest but also the most modern exhibition and conference centre in the Baltic States, a member of the global exhibition business association UFI since 2006, and a member of the International Congress and Convention Association (ICCA) since 2019.

The LITEXPO group of companies consists of:

State-owned subsidiary

UAB Lithuanian Exhibition and Congress Centre Litexpo

Company code: 120080713

Registered office address: 5 Laisvės pr., Vilnius

Registered in the Register of Legal Entities of the Republic of Lithuania on 05-12-1990

Authorised capital EUR 9 653 560,60

Contact: info@litexpo.lt

Website: <http://litexpo.lt>

Two :

UAB "Litexpo infrastruktūra"

Company code 304142021

LITEXPO owns 100% of the shares Registered office address Laisvės pr. 5, Vilnius

Registered in the Register of Legal Entities of the Republic of Lithuania on 25-11-2015

Authorised capital 2500 Eur

Contact: info@litexpo.lt No website.

UAB "Litexpo events"

Company code 304143867

LITEXPO owns 100% of the shares Registered office address Laisvės pr. 5, Vilnius

Registered in the Register of Legal Entities of the Republic of Lithuania on 27-11-2015

Authorised capital 2500 Eur

Contact: info@litexpo.lt No website.

- The authorised capital of the subsidiary **LITEXPO** amounts to EUR 9,653,561, divided into 3,328,814 shares, and is distributed as follows: the State, represented by the Ministry of Economy and Innovation of the Republic of Lithuania, is the owner of 98.76 per cent of the shares of LITEXPO, and holds 3,287,641 shares. The remaining 41 173 shares or 1.24% are owned by 37 natural . Detailed information on the activities of LITEXPO is provided in Chapters 3 and 5 of this report.

- Subsidiary **UAB Litexpo infrastruktūra** (company code 304142021, registered office address Laisvės pr. 5, Vilnius) is a company established in 2016 and **suspended** from 1 June . As the company is no longer in operation, it will be subject to liquidation in 2021. It is expected to be wound **up** in the first half of 2022.

As the company has not started , it has no income, no assets, no debts and no costs.

- The subsidiary **Litexpo events UAB** (company code 304143867, registered office address Laisvės pr. 5, Vilnius) (hereinafter referred to as Litexpo events) is a company established in 2015, the main activity of which is the organisation of conferences and other events in the premises of LITEXPO and in the premises of third parties, the rental of premises and conference equipment, and the provision of services for events. On 1 January 2018, the activities of this company were transferred to LITEXPO, i.e. LITEXPO established the Events Organisation Department, which ensures the continuity of the company's activities. As the company is no longer active, it is expected that the **company will be wound up** in the first half of 2022.

- Residual value of fixed assets of Litexpo events - EUR 357
- Available cash - ,220;
- Employment-related liabilities - EUR 1,240.

LITEXPO's Annual Report is prepared in accordance with the Annual Report of LITEXPO dated 14 July 2010. The report is published on the Company's website at www.litexpo.lt and is made available to the public on the basis of the Resolution of the Government of the Republic of Lithuania No. 1052 "On the Approval of the Description of Guidelines for Ensuring Transparency of the Activities of State-Owned Undertakings and Appointment of the Coordinating Institution" dated July 14, 2010

1.2. GOVERNANCE STRUCTURE OF THE COMPANY

LITEXPO's management structure includes:

General Meeting of Shareholders
The Board
Company Manager
Heads of Department

1 Table 1. LITEXPO management structure

The LITEXPO Management Board shall be appointed by a decision of the General Meeting of Shareholders for a term of four years. The LITEXPO Board consists of 5 members, three of whom are independent, elected in accordance with the Resolution of the Government of the Republic of Lithuania of 17 June 2015 No. 631 "On Approval of the Description of Selection of Candidates for the Board of Directors of a State-owned Enterprise or a Municipal Enterprise and of Candidates for the Collegial Supervisory or Management Body Elected by the General Meeting of Shareholders of a State-owned Enterprise or a Municipal Enterprise" ("the Resolution"), and two of them are delegated from the Ministry of Economy and Innovation of the Republic of Lithuania, with regard to the competences required for the performance of the functions assigned to the Board.

The term of office of the current LITEXPO Board of Directors shall start on **September 2017**.

The term of office of the Board of Directors described in this Annual Report expired on 27 September 2021 and the Company has operated without a Board of Directors from that date until 19 January 2022.

According to Article 33(3) of the Law of the Republic of Lithuania on Joint-Stock Companies, the Board of Directors is elected by the General Meeting of Shareholders, therefore the selection of the LITEXPO Board of Directors is carried out by the main shareholder holding the largest number of shares - Lithuanian

Ministry of Economy and Innovation. The selection of the members of the Board was carried out in with the provisions of the abovementioned Law and the provisions of the Resolution, which lays down the selection procedure, the duties of the entity initiating the selection, the deadlines and other conditions. Therefore, in accordance with the aforementioned legislation, LITEXPO representatives did not participate in the selection process of the Board and were not in a position to facilitate the selection process and thus ensure that the Board of Directors of the Company functioned uninterrupted.

The governance structure is set out in the table below:

<p>General Meeting of Shareholders</p>	<p>98.76% of LITEXPO shares are owned by the State, represented by the Ministry of Economy and Innovation of the Republic of Lithuania, while the remaining 1.24% of shares are owned by 37 natural persons.</p>
<p>The Board</p> <p>5 members have been appointed for a 4-year term of office by decision of the General Meeting of Shareholders on 27 September 2017.</p> <p>On 10 April 2019, two members were withdrawn and two members were appointed to replace them.</p> <p>The term of office of the Board expired on 27 September 2021.</p>	<p>Rūta Jovaišienė - Director of the Legal Department, Ministry of Economy and Innovation of the Republic of Lithuania. Previously was Head of the Corporate Law Division at the Ministry of Economy and Innovation of the Republic of Lithuania. For many years she worked as an advisor in the Legal Group of the Chancellery of the Government of the Republic of Lithuania, as an advisor in the Legal System Department of the Ministry of Justice, and as a lawyer in the Customs Department under the Ministry of Finance of the Republic of Lithuania. She has many years of experience in the field of law, finance and economics. Rūta Jovaišienė holds a law degree from Vilnius University, Faculty of Law.</p> <p>She was elected by decision of the General Meeting of Shareholders on 10 April 2019.</p> <p>Lidija Bajarūnienė - Chief Specialist, Tourism Policy Division, Ministry of Economy and Innovation of the Republic of Lithuania. Previously, she was Head of the Tourism Policy Division, Head of the Foreign and Public Relations Division of the State Department of Tourism under the Ministry of Economy, a journalist for the daily newspaper "Respublika", and a translator. She has many years of experience in organising international events. Lidija Bajarūnienė holds a degree in Philology from Vilnius University.</p> <p>She was elected by decision of the General Meeting of Shareholders on 10 April 2019.</p> <p>Vytautas Dobilas - Independent Board Member. He has a wide range of experience in strategic management and development of organisations in the corporate banking, retail, electronics, utilities, and management consulting sectors. Member of the Board. He holds a Bachelor's degree from Vilnius University, Faculty of Economics; a Master's degree in International Business and Law from Vilnius University International Business School; a Project Management Certificate from Shanghai Jiao Tong University Antai Business College (China); a Certificate in Innovation Management from Aalto University (Finland); a Master's degree in Business Administration from Baltic Management Institute (BMI) and a Master's degree in Business Management from Vytautas Magnus University.</p> <p>Giedrė Kaminskaitė-Salters - Independent Board Member.</p> <p>Chair of the Board. Since 8 2019, she has been Head of Direct and Digital Channels at Telia Lietuva, and HeadLegal and</p>

	<p>Head of Corporate Affairs. Prior to Telia Lietuva, she worked as Chief Economic and Social Adviser to the President of the Republic of Lithuania, held senior positions in the UK Gas and Electricity Regulator, and was a Senior Adviser in the UK Government's Department for International Development. She has extensive experience in corporate law and governance. She holds a BA in International Relations from the London School of Economics in the United Kingdom; an MA International Relations from the University of Oxford, United Kingdom; a barrister's qualification from BPP College of Advocates, London; a PhD in Energy Law from Maastricht University, the Netherlands; and a diploma in Executive Management from the Swedish School of Economics.</p> <p>Juras Vėželis - Independent Board Member. Since 2017 he has been working as the General Director of UAB SPORTLAND LT. Previously, he held management positions in UAB "Universali arena", UAB "Seven Live and Seven family UAB. He has many years of experience in large-scale public events, organisational development and strategic management. He holds a Master's degree in Law from the Faculty of Law of Vilnius University and a Master's degree in Management from ISM - University of Management and Economics.</p> <p>The Board shall act in accordance with the Law on Joint-Stock Companies of the Republic of Lithuania and the Rules of Procedure of the Board.</p> <p>The remuneration of the members of the Board of Directors is based on 1 February 2016. approved by a resolution of the Company's General Meeting of Shareholders "Description of the procedure for payment of remuneration to members of the Board of Directors of the Lithuanian Exhibition and Congress Centre Litexpo UAB".</p>
<p>Director</p> <p>Appointed by decision of the Board on 25 2018.</p>	<p>Justinas Bortkevičius is a Director, having previously held the positions of Director of UAB Litexpo events and Executive Director of UAB Visit Lithuania, J. Bortkevičius graduated from Vilnius University with a Bachelor's and Master's Degree in Business Management, and from the University of Birmingham, where he also studied International Tourism and Hospitality Administration.</p>
<p>Heads of Department</p>	<p>LITEXPO is structured into 7 divisions:</p> <p>Finance and Accounting Department, headed by Chief Financial Officer Jurgita Leonickienė.</p> <p>The Exhibition Organising Department is headed by Jolanta Beniulienė.</p> <p>The Sales Department is headed by Mantas Kazlauskas.</p> <p>Conference organisation Department and Marketing Department led by Eglė Gudauskienė.</p> <p>The catering department is managed by Jolanta Kovaliovienė.</p> <p>The Service Department is headed by Kazimieras Arlauskas.</p>

The Ministry of Economy and Innovation of the Republic of Lithuania (98.76 per cent) and 37 natural persons (1.29 per cent) exercise the rights and obligations of LITEXPO shareholders.

The shareholders of LITEXPO shall exercise their rights in accordance with the Law on Joint-Stock Companies of the Republic of Lithuania.

LITEXPO shareholders:

- take decisions on strategic issues.
- Approves key operational guidelines (remuneration guidelines for collegiate bodies, dividend policy, etc.).
- assess the Company's annual and interim financial , annual and interim reports, auditor's report and financial audit reports, the Company's strategy, the annual budget presented and the results achieved, as well as analyse any other information requested by shareholders.
- analyse the Company's implementation of good governance principles and practices, and make proposals and recommendations for their improvement.
- sets expectations, direction and financial performance targets
- analyse the Company's financial performance, the implementation of the risk management plan, and provide recommendations and advice to ensure timely risk management and business continuity.

During the reporting period, **2 shareholders' meetings were held:**

27-01-2021 - Extraordinary General Meeting of Shareholders, during which the auditing firm Tezaurus auditas UAB was elected to audit the annual financial statements of LITEXPO and its subsidiaries for the years 2019 - 2021.

20 May 2020 - Ordinary General Meeting of Shareholders to approve the audited consolidated set of financial statements and the distribution of profit/loss.

According to the current version of the LITEXPO Articles of Association, **the LITEXPO Board** consists of five members appointed by the LITEXPO shareholders for a four-year term of office.

The selection of the members of the Board of Directors of the Company is carried out in accordance with the procedure established by the Government of the Republic of Lithuania. When selecting the members of the Board, it shall be ensured that the Board consists of at least three (3) independent members, their independence being determined in accordance with the Resolution No. 631 approved by the Government of the Republic of Lithuania on June 17, 2015, and the criteria set out in the Selection of Candidates for the Board of Directors of a State-owned or municipal company and candidates for the selection of candidates for the collegial supervisory or management body elected by the General Meeting of Shareholders of a State-owned or municipally-owned company and the policy on management of the interests of the members of the collegial bodies of the Company and its managers and employees, as well as the requirements of any other applicable legislation, and to seek to ensure that the members of the Board possess competencies in relation to the areas of responsibilities and functions of the Board, and to ensure that, wherever possible, the Board is not composed of the employees of the Company.

The selection of the Board is carried out in accordance with the principles of transparent and professional selection, including: the principle of continuity, the principle of clear qualifications, the principle of a broad search, the principle of candidate-orientation, the principle of confidentiality, the principle of regular communication, the principle of verification of the structure, and the principle of publicity of the results.

Each year, the Board members carry out an evaluation of their performance.

LITEXPO Board:

- is responsible for the organisational and systemic development and management of the Company within the area and scope of her/his responsibilities;
- monitor the implementation of the Company's activities, its strategy, objectives and plans, documents and other decisions approved by the Board;
- Overseeing and controlling the management of the Company's strategic projects;
- performs supervisory functions as provided for in the Law on Joint-Stock Companies of the Republic of Lithuania.

During the reporting period, **7 Board meetings were held**, a strategy session and one self-assessment session were organised.

The main issues discussed were the update and approval of LITEXPO's strategy, the setting of the CEO's strategic objectives and the review of the performance in 2020, the preparation and approval of the budget for 2021, the preparation and approval of the Board's Performance Improvement and Meeting Plan for 2021, the presentation of the LITEXPO Group's audited financial statements for 2020 and the audited financial statements of LITEXPO Group for 2020. Review and analysis of the draft lease of LITEXPO premises for the vaccination centre and evaluation of the draft agreement with Vilnius City Municipality, review of LITEXPO's financial risk management plan and ensuring its implementation, management of financial risks caused by the COVID-19 pandemic, organisation of LITEXPO's activities during the pandemic period. The Board also continuously cooperated with the shareholder in order to inform him about the company's difficult financial situation and the risks involved, and to make requests and proposals to stabilise the company's activities and situation.

There were no changes in the LITEXPO Management Board during the reporting period.

Information on attendance at Board meetings and the remuneration policy for Board members is provided in Chapter 7, Section 7.2.

Board taken in 2021:

Quarter 2021	Solutions
Q1 2021	<ul style="list-style-type: none"> - LITEXPO Strategy 2021-2024 is approved. - Board improvement and meeting plan for 2021 approved - LITEXPO's budget for 2021 approved
Q2 2021	<ul style="list-style-type: none"> - The audited set of financial statements for LITEXPO and LITEXPO Group for 2020 was approved and it was decided to submit it for approval to the Ordinary General Meeting of Shareholders. - The project of the vaccination centre in LITEXPO premises was assessed, potential risks were evaluated, solutions for their management were prepared, and the draft contract with the Vilnius City Municipality was reviewed and commented. - Approval was given to put out to tender the lease of 343.59 m² (230.99 m² of administrative space, 112.60 m² of storage space) and a car park with 102 spaces. - The analysis covers the letter of expectations received from the shareholder on 4 May 2021 from the Ministry of Economy and Innovation of the Republic of Lithuania. - The objectives for the LITEXPO CEO for have been approved.
Q3 2021	No Board meetings were held as the term of office of the Board expired on 27 September 2021 and the Company operated without a Board from that date until 19 January 2022.
Q4 2021	No Board meetings were held as the term of office of the Board expired on 27 September 2021 and the Company operated without a Board from that date until 19 January 2022.

LITEXPO Director:

- organise and control the implementation of the Company's business strategy;

- organises the Company's activities, submits proposals and conclusions to the LITEXPO Management Board regarding the organisation of the Company's activities and its development;
- ensure proper compliance with the Law on Joint Stock Companies of the Republic of Lithuania and the procedures and guidelines approved by the Board of Directors of the Company.

1.3. LITEXPO BUSINESS (OPERATING) MODEL

<p>STRATEGIC PARTNERS</p> <ul style="list-style-type: none"> - Content partners (associations, Ministries, expert organisations, municipalities) - Infrastructure maintenance (cleaning, security, etc.) - Advertising creative and production companies, media planning agencies - Exhibition stand builders - IT solution providers (virtual exhibition platform, virtual event studio, .) - Video and audio partners. 	<p>MAIN ACTIVITIES</p> <ul style="list-style-type: none"> - Room rental for events - Exhibitions, fairs and other events organisation and servicing - Project management - Creating relevant content - Catering services 	<p>VALUE PROPOSITION</p> <ul style="list-style-type: none"> - Convenient, versatile infrastructure - Presentation of topical issues - A database of business contacts relevant to the sector, with all the possibilities to organise business meetings - Professional staff - Long-standing market player, reliable partner - Target visitor traffic - Integrated solutions (catering, installation, maintenance, etc.) - Advertising. 	<p>CUSTOMER CONTACT</p> <p>Individual attention is paid to every customer.</p>	<p>CUSTOMER SEGMENTS</p> <ul style="list-style-type: none"> - Lithuanian businesses - Foreign businesses - Startups - State-owned enterprises, institutions - Branch associations - Users - Non-profit organisations
	<p>RESOURCES</p> <ul style="list-style-type: none"> - Competent, motivated staff - Adapted, universal infrastructure - Services and equipment provided by partners 	<p>Services:</p> <ul style="list-style-type: none"> - For various space rental - Renting advertising space and additional advertising opportunities - Security, furnishing, catering and other support services. 	<p>CANALS</p> <p><i>For exhibitors, potential premises for tenants:</i> direct sales or through intermediaries (partners, associations, etc.)</p> <p>Communication: media networks, social networks, newsletters, direct communication</p>	
<p>BOXES</p> <ul style="list-style-type: none"> - Wages 			<p>REVENUE STRUCTURE</p> <ul style="list-style-type: none"> - Rental income from premises 	
<ul style="list-style-type: none"> - Advertising costs - Organisational costs for exhibitions and conferences - Operating costs - Administrative costs 			<ul style="list-style-type: none"> - Income from rental of advertising space - Revenue from the organisation of exhibitions and other events - Ticketing revenue - Income from catering activities - Parking spaces for rent - Other activities (equipment rental, etc.) 	

Table 3. LITEXPO business model. Based on the Business Model Canvas Theory.

2. INFORMATION ON THE FIRM THAT CARRIED OUT THE AUDIT

In 2019, LITEXPO's shareholder mandated a public tender to select a firm to audit the financial statements. LITEXPO, having completed the public procurement and having determined the winner, has selected UAB Tezaurus auditas (company code 122740926, registered office address J. Jasinskio g. 4-17, Vilnius) for the audit of the financial statements for the period from 2019-2021.

27 January 2021 LITEXPO shareholders at the Extraordinary General Meeting of Shareholders approved the appointment of an audit firm and adopted a decision to approve the audit of the 2019-2021 financial statements to be performed by UAB Tezaurus auditas.

The annual cost of the audit services is EUR 6300,00.

Tezaurus auditas UAB did not provide any additional services to LITEXPO. Information about

the companies that audited LITEXPO in 2014-2021:

YEAR	COMPANY NAME
2014	UAB INDEPENDENT AUDIT
2015-2017	UAB THESAURUS AUDIT
2018	UAB GRANT THORTON BALTIC
2019	UAB THESAURUS AUDIT
2020	UAB THESAURUS AUDIT
2021	UAB THESAURUS AUDIT

3 *Table 4.1. Companies audited.*

Paragraph 14 of the Transparency Guidelines for State-Owned Enterprises specifies that the accounts of a State-Owned Enterprise should be maintained in such a way as to ensure that the financial statements are prepared in accordance with International Accounting Standards (IAS). The Company does not comply with this provision. The Company maintains its accounts and prepares its financial statements in accordance with corporate accounting standards. The Company is classified as a medium-sized enterprise, does not operate on international markets and its securities are not traded on a regulated market. The Company's management has evaluated the benefits, costs and short- and long-term impact of the application of the provisions of IASs on the Company's financial performance in 2020.

Potential benefits of applying IAS	Possible customisation	Current relevance
	Available at Compare company's financial indicators with to same	Medium
International comparability	the sector's foreign enterprise indicators for analytical purposes	
	Increased chances of attracting a foreign investor	Low
	Increased access to foreign financial markets for borrowing	Medium
	Facilitating investment decisions when planning investments abroad	Low

There are currently 25 International Accounting Standards (IAS) and 17 International Financial Reporting Standards (IFRS). Which international standards to apply depends on a company's business model. For the transition to IAS/IFRS, the following must be made:

- Identifying IAS/IFRS relevant to the company's operations;
- Developing accounting policies in accordance with IAS/IFRS;
- choice of exceptions;
- recognition of assets and liabilities required to be recognised under IAS/IFRS;
- derecognition of assets and liabilities where recognition is not permitted by IAS/IFRS;
- reclassification of items in accordance with IAS/IFRS requirements;
- assessment of potential risks;
- assessing the impact of the transition to IAS/IFRS;

- Preparation of financial statements in accordance with IAS/IFRS (3 statements of financial position, 2 statements of comprehensive income, 2 statements of cash flows, 2 statements of changes in equity, related notes including comparative information).

Given that the Company is currently exposed to financial risks, that operations have been suspended for the period 2020-2021 due to the onset of the COVID-19 pandemic and that it is not known when they will stabilise, the cost of switching to IAS/IFRS is prohibitive, which would be beyond the means of LITEXPO to cover.

It should be noted that the transition costs could amount to more than EUR 30 thousand, which would include: consulting services for the transition to IAS (preparation of a transition plan, preparation of new accounting policies, other specific consulting services); adaptation of accounting software, increase in maintenance costs; training of staff in the transition to IAS, valuation of the assets at their market value (annually), increase in the cost of the independent audit etc.

The analysis showed that the potential benefits of applying IAS are low due to the international comparability of financial ratios, and that the costs of implementing and applying IAS are disproportionately high for the Company (due to the need for consultancy services and customisation of the accounting software, the increased accounting workload and the need for additional accounting staff, the need for annual valuation of the assets, etc). In addition, the transition to IAS may have a negative impact on the Company's financial results (there is a risk that in the year of transition to IAS the Company would incur revaluation of non-current assets, costs for the establishment of provisions related to labour relations and consequent losses, which would reduce the ability to pay dividends).

The members of the Board and the shareholder agree that the costs of LITEXPO's transition to IASs would outweigh the benefits of adopting IASs, and therefore it is not appropriate for the Company to transition to IASs at this time. In particular, LITEXPO is exposed to financial risks and has to meet its financial obligations to its employees, customers and bank.

3. LITEXPO OPERATIONS AND MANAGED INFRASTRUCTURE

3.1. LITEXPO ACTIVITIES

LITEXPO's main areas of activity:

- organising exhibitions, fairs and other events
- rental of conference and exhibition halls and equipment, organisation and coordination of conferences
- catering and other related services for exhibitions, conferences and other events

Organising exhibitions, fairs and other events

LITEXPO has many years of experience in organising exhibitions and provides the highest quality exhibition organisation services in Lithuania. LITEXPO's exhibitions are well-known in Lithuania, most of them in neighbouring countries. They are positively evaluated by exhibitors and visitors and receive considerable media attention. Some of LITEXPO's exhibitions are international, .e. the number of foreign companies participating in them is 10% or more.

Among the strong and well-developed LITEXPO brands are such exhibitions as VILNIUS BOOK FAIR, RESTA, ADVENTUR, STUDIJS, PELENĖ.

LITEXPO exhibitions are organised by 12 professional project teams, which organise about 20 specialised exhibitions per year (*information is provided in terms of results and statistics before the COVID-19 pandemic*), attracting about 3000 participants: 90% of the exhibitors are Lithuanian companies, 10% foreign . About 350 000 attend the exhibitions. The revenue from exhibition activities accounts for 50-60% of LITEXPO's total consolidated operating income. The other part of the income comes from renting premises, organising and servicing conferences.

Of all the marketing activities chosen by SMEs to showcase their products, participation in exhibitions, contacts and trade fairs is still one of the most significant and impactful. Participants in exhibitions and trade fairs can achieve a number of objectives essential for business development: expanding contacts, fostering communication, raising awareness, concluding trade agreements, finding partners, exploring and selecting the most suitable markets for export. Exhibitions and trade fairs are the ideal place to gain an insight into markets, to compare prices and conditions of sale, to test products and to discuss their applications. For this reason, even in the age of the Internet, the importance of exhibitions and fairs continues to grow. Today, many exhibitors have even broader objectives than a few years ago.

LITEXPO's specialised exhibitions have a clearly defined theme covering a specific sector of the economy and are oriented towards a defined target audience - either a business segment or the end consumer (the public). It is at exhibitions where sectoral news and developments are presented that contacts are made, success stories are launched, competitiveness is fostered and markets are expanded.

With the outbreak of the COVID-19 pandemic, LITEXPO, like many other exhibition centres around the world, had to cancel most of the exhibitions for various business sectors, exhibitors were unable to participate, business exchanges were not possible, and opportunities for cooperation and business contacts were limited.

In the absence of physical exhibitions, LITEXPO had no other alternative during the pandemic period that allow participants to obtain the value and benefits generated by exhibitions - the Company had not developed solutions to allow exhibitions and its events to be broadcast remotely, had not created adequate conditions for businesses to meet and present their products or services, and as a result, LITEXPO's core business of organising exhibitions could not be carried out.

The COVID-19 pandemic has shown that hybridisation of exhibitions (streaming of events, organisation of virtual meetings) is necessary to achieve not only LITEXPO's goals as an exhibition organiser, but also to meet the interests of business, society and the state.

This need is reflected in the prevailing trends of digitisation, which have seen the number of real-time video conferences, meetings and discussions online increase by up to 4 times¹, and the proliferation of such events has opened the way for businesses and corporations to connect with employees and partners, thus saving time and travelling costs. Digital solutions and their capabilities have solved the problem of not being able to meet physically, have shown that the value created by such a meeting is no less than that of a face-to-face meeting, and are a sustainable, environmentally friendly solution.

LITEXPO, after assessing the needs of the parties interested in exhibitions and the current situation, has set itself an ambitious goal for the period 2021-2024 - to organise exhibitions in both physical and physical/hybrid formats, which means to organise them physically in the existing infrastructure and to broadcast events, organise business meetings both physically and remotely.

This solution will allow LITEXPO to reorient the exhibitions from the current B2C (*business-to-consumer*) to B2B (*business-to-business*) segment, and it will create more favourable conditions for businesses to conduct business exchanges, to reach contacts relevant to them, to collaborate and to establish partnerships.

In order to revitalise the national economy and to help business survive the crisis, it is in the interest of the State that exhibitions take place and promote business exchanges, and the organisation of physical and physical/hybrid exhibitions will contribute to this and ensure the continuity of activities.

Rental of conferences, exhibition halls and equipment, organisation and coordination of conferences

The rental of premises for conferences and other events is one of the main activities of LITEXPO, which has a great potential to grow and expand. LITEXPO is actively selling and renting space for various types of events - conferences, concerts, filming, product launches, etc. In order to attract international events, conferences or congresses, LITEXPO submits applications for competitions every year, tries to establish useful contacts, participates in contact fairs and business conventions.

In 2021, these activities, as well as the organisation of exhibitions, were affected by the COVID-19 pandemic: due to the restrictions imposed on events, most of the planned events were cancelled or postponed to the following year.

LITEXPO, appreciating the increased number of remote events and the business demand to organise and participate in events, together with its partner, has introduced a completely new event alternative to the Lithuanian market - an e-conference studio in LITEXPO premises, which can be used to organise hybrid conferences (both with spectators and virtually). The studio is equipped with professional video and audio equipment, a high-resolution LED screen, and various lighting solutions that create a modern and professional environment.

The rental of the e-conferencing studio for the period 2020-2021 has proven to be a successful option for a wide range of companies to organise their events, trainings, conferences and presentations, and there is no doubt that the demand for this solution will grow in the near future, and that it will be integrated into physical international conferences, which will allow for a better reach.

¹ Virtual events market overview . See link: <https://www.grandviewresearch.com/industry-analysis/virtual-events-market>

LITEXPO will strive to increase the sales of this e-conference studio in the strategic period, to communicate its advantages, value creation and benefits for event organisers, and it is expected to be a profitable and value creating service.

One of the main areas of focus for the Conference Organising Unit is attracting international conferences.

In terms of Vilnius' competitiveness with other European cities in the field of conference tourism, the potential of Vilnius to host larger international conferences is not high. The main weaknesses of Vilnius in the field of conference tourism are the following: poorly developed air tourism to Lithuania, poor quality public transport in the capital itself, lack of public sector subsidies, low flexibility in offering dates for events. In order to solve these problems, LITEXPO continuously cooperates with the Vilnius City Municipality, takes advantage of its membership in the international organisation ICCA, and actively contributes to the promotion of Vilnius, thus aiming to show that it is an attractive city for the organisation of international congresses.

LITEXPO submits around 20 applications per year to attract international conferences. In order to increase this number, the search for new partners will be carried out during the strategic period, as well as more cooperation with state institutions.

It should be that LITEXPO, in order to be a modern and competitive conference centre in Europe, renovated the premises of the first pavilion in 2018, which became one of the most modern spaces in the Baltic States. It has installed modern audio, video and lighting solutions, upgraded furniture, and adapted the premises to have a realistic capacity to attract international conferences and organise large events. LITEXPO plans to continue investing in the renewal and modernisation of the infrastructure, thus ensuring that the conference and congress centre will remain a competitive and attractive conference tourism facility.

On average, the LITEXPO Conference Centre hosts 1,500 different events per year, attracting over 300,000 visitors. *The information is presented in terms of results and statistics before the COVID-19 pandemic.*

Catering and other related services for exhibitions, conferences and other events

LITEXPO, in order to retain existing clients and attract new ones, constantly improves and streamlines processes that are directly related to the quality of services provided to clients. After each event, feedback and recommendations are evaluated and are taken to ensure that the factors leading to customer dissatisfaction do not recur. In order to achieve this goal, LITEXPO has approved the Customer Service Standard, which defines the responsibilities of the departments in the implementation of this standard, specifies the rules of customer service, and sets out the principles and procedures for the behaviour of customer service staff towards customers. LITEXPO intends to improve the standard in the future in order to maximally adapt to the needs of customers.

LITEXPO places great emphasis on quality and customer satisfaction surveys in order to evaluate and improve the customer experience at events accordingly. After each exhibition, participants are asked to share their impressions, best practices, provide feedback on the exhibition or other event, and evaluate the quality of service. LITEXPO consistently evaluates and summarises the information received and makes decisions to eliminate factors that reduce customer satisfaction.

In order to establish itself on the international market and attract as many foreign exhibitors as possible to its exhibitions, LITEXPO constantly analyses the best practices of the largest foreign exhibition centres, cooperates and consults with their managers. Based on its experience and the examples of exhibition centres in other countries, LITEXPO develops new service packages (e.g. rental of advertising space), constantly reviews pricing, searches for

technological solutions to improve and streamline organisational processes, ensuring continuous improvement and growth.

In order to adapt to the market needs and to ensure that the clients receive a fully fulfilled, high-quality service, LITEXPO ensures that all the services required by the client in connection with the event or participation in the exhibition can be ordered directly from LITEXPO. The company offers catering, cleaning, cloakroom, security and other services, ensuring that the client receives a comprehensive offer.

3.2. LITEXPO MANAGED INFRASTRUCTURE

LITEXPO currently has 5 exhibition pavilions and 15 conference halls - a total of 18,500 square metres of indoor space and 15,100 square metres of outdoor exhibition space. LITEXPO's largest conference hall can accommodate up to 2,500 people at a time with theatre-style conference chairs. LITEXPO's second largest conference hall can accommodate up to 1800 people. These are the two largest LITEXPO conference halls in Lithuania, equipped with state-of-the-art conference and lighting equipment and easily transformable into smaller halls. These halls can be used for exhibitions and various types of entertainment events.

During the reconstruction of the first hall, LITEXPO built a new, separate conference centre. The 3 conference halls can be easily transformed into 5 smaller halls. The total area of this new conference centre is 427 sqm and can accommodate 400 seats.

LITEXPO has enough furniture and equipment to host large international events. It can accommodate up to 5,000 conference participants at a time. The partitions can additionally provide up to 1000 sqm of separate acoustic isolated conference spaces, with suitable furniture and equipment. LITEXPO's infrastructure also includes two cafés, a restaurant, 1,115 parking spaces, spacious storage rooms, information and service centres, audio-visual equipment, telephone and wireless Internet connections, and administrative premises.

Over the past year LITEXPO has invested in and upgraded the registration system for exhibitors, exhibitors can conveniently register, independently select the desired exhibition space, set up their stand and order additional services. The system can also be rented out to other exhibition organisers to generate additional income.

LITEXPO has also introduced a project management standard and uses a tool for its implementation - the Teamwork system, which complements the company's existing systems and makes project management more organised, tasks are assigned according to the SMART principle, and work is more efficient and faster.

Although LITEXPO has a sufficiently developed outdoor and indoor infrastructure, the existing facilities do not ensure the achievement of the strategic objectives. The Company's buildings, the computer and software used, and the conference halls require continuous renovation. There is not only a need, but also a necessity to implement new modern IT solutions, such as investing in virtual solutions tailored to the activities of LITEXPO, modernising the LITEXPO website.

With the high costs of maintaining the infrastructure, LITEXPO is constantly looking for opportunities to introduce alternative energy sources and find new innovative solutions to reduce the costs of maintaining the company.

4. LITEXPO STRATEGY AND ITS IMPLEMENTATION

LITEXPO MISSION

To organise relevant national exhibitions and events, to ensure long-term shareholder returns and to build trusting partnerships and a sustainable corporate environment.

VISION

The largest, leading and most active exhibition and conference centre, aiming to become a renowned, competitive and technologically advanced organiser of specialised international exhibitions and conferences in Northern and Eastern Europe.

VALUES

Partnership and transparency are important to us. We are motivated, innovative and competent.

STRATEGIC ORIENTATIONS

DIRECTION I: Improving the efficiency of the Company's operations to achieve sustainable growth and long-term shareholder value.

The company is committed to delivering long-term returns and growth in corporate value by increasing the number of events it organises, investing in infrastructure improvements and introducing innovative solutions to streamline operational processes.

II DIRECTION: Increasing the internationalisation of the company's activities.

The company will seek to increase the internationalisation of exhibitions and conferences by inviting international business representatives and organising business contact fairs.

III DIRECTIONS. Business development by creating and exploiting new opportunities.

LITEXPO will pursue business development through the development of existing exhibitions and the creation of new exhibitions, and will accordingly ensure maximum utilisation of the existing LITEXPO infrastructure and assess the opportunities for generating income from activities outside the LITEXPO territory.

IV DIRECTIONS. Building a unified organisational culture.

LITEXPO will focus on creating a unified organisational culture, increasing the efficiency, motivation and engagement of employees, promoting their professional growth, improving working conditions and thus creating a harmonious working environment.

LITEXPO, in order to ensure that its activities are in line with the stated mission, vision and directions, has paid special attention updating its strategy in 2020 and has set its strategic goals for 2021 in a targeted manner, separately assessing the needs of stakeholders, their expectations and interests. As we have pointed out in this report, LITEXPO's activities in both 2020 and 2021 were constrained by the restrictions imposed to contain the COVID-19 pandemic, which led to a significant financial downturn, instability and reasonable doubt about the company's future performance and the fulfilment of its strategic objectives.

The Government of the Republic of Lithuania adopted on 14 March 2020 Resolution No 207 "On Declaring a Quarantine on the Territory of the Republic of Lithuania", which imposed a ban on all events and gatherings organised in open and enclosed spaces. Thus, from 15 March 2020 to 1 July 2021, the introduction of a quarantine in the Republic of Lithuania restricted the possibilities for event organisers to organise business, sport, cultural, entertainment or other leisure events.

Due to the above-mentioned restrictions, LITEXPO was forced to cancel the most important and the most anticipated exhibition for the public, book authors and publishers - VILNIUS KNYGŲ MUGĖ (VILNIUS KNYGŲ MUGĖ), as well as the largest and most profitable international construction exhibition RESTA (RESTA International Construction Exhibition), which generates more than EUR 1.1 million. The exhibitions STUDIES, SCHOOLS, PARENTING CODE, WHITE TECHNOLOGY, FURNITURE, etc. are cancelled.

In addition to exhibitions, LITEXPO did not receive any income from the rental of premises for events organised by third parties, many planned events were also cancelled or postponed to the following year, with the exact dates still unknown.

In view of the situation, LITEXPO, for reasons beyond its control, has not been able to meet its strategic objectives not only for 2020 but also for 2021, has not achieved the financial results foreseen in the strategic document, has not organised all the planned events and has not ensured the desired occupancy of the premises.

Despite the situation, LITEXPO has taken measures to ensure that its activities do not cease, looking for alternative sources of income (renting office space, renting equipment, etc.), updating the format of events and exhibitions (creating virtual event platforms), developing new products, reviewing its marketing strategy, and constantly updating its cost saving plan.

Here is an LITEXPO's strategic objectives:

Strategic objective	Measuring indicators	Indicator values	
		Siekta result 2021	Actual result 2021
1. Ensuring long-term returns and growth in company value	1.1. Return on Equity (ROE), per cent	-5,5%	-44%
	1.2 Earnings before interest, tax, depreciation and amortisation (EBITDA), thousand EUR	320 089	-748 768
	1.3. Net profit margin (%)	-15,4%	-200%
2. Exhibitions Ensuring growth and Increasing the innovation of exhibitions	2.1 Number of exhibitions with an exhibition space of more than 4000 sqm, units	4	1 (<i>ArtVilnius, LITEXPO as partner</i>)
	2.2. Percentage of exhibitors participating only on the virtual exhibition platform out of all exhibitors (%)	12%	2%
	2.3. In the virtual events the number of exhibitions and events taking place on the platform, units	10	0
3. Identifying new issues of relevance to business and society organisati on of events relevant to business	3.1. New concept Number of events, pcs. <i>(only events separate from exhibitions and not of a conference type are counted, i.e. events in the outdoor pavilion, e-in the conference room)</i>	20	9
	3.2. New, not LITEXPO-organised exhibitions Attraction, pcs.	2	0
4. Internationalisation and awareness-raising	4.1 submitted/awarded (BID) for international events number of attractions	5/1	5/0

	4.2 Number of international events, pcs.	20	6
5. Staff motivation and team building Increasing team motivation and team-building social initiatives	5.1. Staff turnover reduction rate (%)	18	23%
	5.2. Working jobs Filling rate of internal candidates (pcs.)	2	1
	5.3 Number of new social responsibility projects/initiatives, pcs.	2	1

Table 5. Implementation of strategic indicators.

The 2022 targets are described in Chapter 10 of this report.

5. LITEXPO 2021 OPERATIONAL REVIEW

5.1. KEY EVENTS IN THE REPORTING PERIOD AND BEYOND

Highlights of the reporting period

Q1 2021	<p>In January 2021, the Board approved the Company's Strategic Plan for the period 2021-2024.</p> <p>In January 2021, the General Meeting of Shareholders approved UAB Tezaurus auditas to audit the financial statements of LITEXPO and its subsidiaries.</p> <p>Cancellations of exhibitions such as Vilnius Book Fair, RESTA, Studijos, Mokykla, Motivated at work, Furniture, etc.</p> <p>LITEXPO's budget for 2021 approved</p>
Q2 2021	<p>The Ordinary General Meeting of Shareholders approved the 2020 set of audited financial statements of LITEXPO and the LITEXPO Group for 2020 and decided to submit them for approval to the Ordinary General Meeting of Shareholders.</p> <p>The project of the vaccination centre in LITEXPO premises was assessed, potential risks were evaluated, solutions for their management were prepared, and a contract was signed with Vilnius the municipality of the city of Ljubljana for the rental of premises and the setting up and servicing of a vaccination centre.</p> <p>Approval was given to put out to tender the lease of 343.59 m² (230.99 m² of administrative space, 112.60 m² of storage space) and a car park with 102 spaces.</p> <p>On 4 May 2021, a letter of expectation was received from the Ministry of Economy and Innovation of the Republic of Lithuania.</p>

Q3 2021	In autumn 2021, strategy sessions were held with staff to develop a new corporate strategy for 2022-2025, assess the company's risks, and set goals and benchmarks for the coming years. A successful recruitment process has been organised for the EXPO2020 World Expo in Dubai in summer/autumn 2021.
Q4 2021	16-18 September 2021 - exhibition ASHENS. BALTIC DAYS OF DENTISTRY is organised from 22-23 October 2021. 2021 m. October 15-17 from organised by contemporary art ArtVilnius'2021.

Key events up to the date of the report

1st quarter 2022	By the decision of the General Meeting of Shareholders on 19 January 2022, four independent members of the LITEXPO Board were elected - Mantas Dubauskas, Aleksandras Golod, Žilvinas Pakeltis and Ramutė Ribinskienė. In February 2022, the VILNIUS BOOK FAIR is organised after a one-year break.
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Table 6. Highlights

5.2. OVERVIEW OF ACTIVITIES

*There is no history, only a historian.
Leonidas Donskis*

EXHIBITION ORGANISATION ACTIVITIES

LITEXPO has many years of experience in organising exhibitions and provides the highest quality exhibition organisation services in Lithuania. LITEXPO's exhibitions **are well-known in Lithuania and neighbouring , are positively evaluated by participants and visitors, and attract media attention.** Most LITEXPO exhibitions are international, .e. the number of foreign companies participating in them is 10% or more. Among the strong and well-developed LITEXPO brands are such exhibitions as VILNIUS BOOK FAIR, RESTA, ADVENTUR, STUDIJS, PELENĖ.

Last year, the company **introduced a project management standard in** order to organise exhibitions more efficiently and professionally. Exhibitions are organised by 12 professional project teams.

Organising exhibitions is a dynamic, flexible and creative activity. Direct communication with clients and partners, the search for new topics in response to market developments and the creation of relevant content make exhibitions relevant and meaningful for business.

Exhibitions **create a unique environment for companies to meet live and for business value to grow, raise societal or systemic issues, even dictate trends.** LITEXPO's exhibitions cover all sectors of the country's economy and attract a stream of targeted visitors.

Due to the COVID-19 pandemic, LITEXPO was able to organise 8 exhibitions in 2020, among which, due to the restrictions imposed on the events in the new format, were smaller than in previous years - PELENĖ KITAIP, VIRTUAL RESTAURANT, VIRTUAL SCHOOLS, AUTOBAZAR, INOVACIJOS. VOTES.

DESIGN, and only three in 2021 - PELENE, BALTIC DAYS OF DENTISTRY and ARTVILNIUS'2021 (LITEXPO as a partner of this event).

In 2021, 401 companies participated in exhibitions organised by LITEXPO. 81 events were organised in conjunction with the exhibitions: conferences, seminars, presentations, etc. Compared to 2019, these results are several times lower and are expected to increase after the end of the COVID-19 pandemic and reach the pre-pandemic results in the strategic period.

EXHIBITION STATISTICS FOR 2021

Exhibitions	Number of participants.	Participants	Number of visitors	Area (gross sqm)	Number of events.
Adventur	did not happen due to Covid-19	did not happen due to Covid-19	did not happen due to Covid-19	did not happen due to Covid-19	did not happen due to Covid-19
Study at	did not happen due to Covid-19	did not happen due to Covid-19	did not happen due to Covid-19	did not happen due to Covid-19	did not happen due to Covid-19
Vilnius Book Fair	did not happen due to Covid-19	did not happen for Covid-19	did not happen for Covid-19	did not happen for Covid-19	did not happen for Covid-19
Resta	did not happen due to Covid-19	did not happen due to Covid-19	did not happen due to Covid-19	did not happen due to Covid-19	did not happen due to Covid-19
School	did not happen due to Covid-19	did not happen due to Covid-19	did not happen due to Covid-19	did not happen due to Covid-19	did not happen due to Covid-19
Paternity Code	did not happen due to Covid-19	did not happen due to Covid-19	did not happen due to Covid-19	did not happen due to Covid-19	did not happen due to Covid-19
Balttechnika	did not happen due to Covid-19	did not happen due to Covid-19	did not happen for Covid-19	did not happen for Covid-19	did not happen for Covid-19
AutoBazaar	did not take place due to Covid-19	did not take place due to Covid-19	did not take place due to Covid-19	did not take place due to Covid-19	did not take place due to Covid-19
Furniture	did not happen due to Covid-19	did not happen due to Covid-19	did not happen due to Covid-19	did not happen due to Covid-19	did not happen due to Covid-19
Taste Vilnius Horeca	did not take place due to Covid-19	did not take place due to Covid-19	did not take place due to Covid-19	did not take place due to Covid-19	did not take place due to Covid-19
ArtVilnius*/ ArchZona*	263	12	Confidential info.	11 387	57
Cinderella	82	5	4100	3 550	9
Baltic Days of Dentistry	56	8	2150	3530	15

*LITEXPO is a partner of the exhibition

Table 6. LITEXPO exhibition statistics

PARODOS

As the seasonality of the exhibitions (spring, autumn, winter) coincided absolutely with the increased spread of the COVID-19 pandemic and the increase in the number of coronavirus patients, the Government of the Republic of Lithuania imposed strict pandemic management requirements and the exhibitions had to be abandoned completely. Taking into account the slow inertia of the pandemic during the transition from the summer to the autumn season, a "window" was created in September and October, which allowed to organise 3 exhibitions: PELENE, BALTIC DAYS OF DENTISTRY, ARTVILNIUS/ARCHZONA.

In view of the negative experience and loss in 2020 of trying to move the organisation of exhibitions to a virtual space, it was decided to stop wasting efforts in 2021 and to limit the organisation of exhibitions to physical exhibitions, keeping the rental of exhibition space and the setting up of a stand as the main criteria for organising an exhibition. Taking into account global trends, it was decided to use a hybrid model by offering virtual streaming of exhibition content.

The International Beauty Industry Exhibition **PELENE 2021 took place from 16-18 September**. The beauty industry was slow to participate in the show, and an autumn date did not seem a very attractive alternative. For this reason, and due to the operational constraints imposed by the pandemic management, the volume of the exhibition was significantly lower than usual before the pandemic. However, it was worth organising the exhibition, albeit on a smaller scale, because of the partnerships with beauty industry associations and specialised advertising suppliers.

During the exhibition, the following events of interest to professionals and the public took place: the 11th Open Competition of Lithuanian Cosmetologists and Cosmetologists, the 3rd Conference of Lithuanian Cosmetologists and Cosmetologists, and 7 demonstration events of new cosmetic products and hair care techniques. The profitability of the exhibition was 78,26 %.

BALTIC DAYS OF DENTISTRY took place on 22-23 October. It is a small exhibition for specialists, dentists and implantologists, which evolved from the earlier BALTMEDICA exhibition. This exhibition is organised every second year. The main partner is the Lithuanian Chamber of Dentists. The exhibition covered a total area of 3530 sqm. The exhibition was attended by 56 exhibitors, 8 of them foreign. The exhibition attracted 2150 visitors. 10 events organised by the exhibitors took place during the exhibition. The Chamber of Dentists organised an interstate conference "Baltic Sea Region Dental Days", as well as lessons for children on oral hygiene. The profitability of the exhibition was 79.70%.

The International Contemporary Art Fair **ARTVILNIUS'2021 took place in autumn, from 15-17 October**. Due to the pandemic, the fair was shortened in the number of days to 3 days instead of the usual 4. Due to the restrictions in place for events (number of exhibitors and visitors, distance restrictions, etc.), the fair was much smaller than in previous years, with only two halls of exhibitions. The organisers of the fair were the Lithuanian Art Gallerists' Association and the main partner of the fair was LITEXPO. The fair included a specialised event, ARCHZONA, for architects and interior designers. In special exhibitions, the most famous Lithuanian and foreign manufacturers presented their latest products and trends - finishing, lighting, furniture, doors, facades, floors, ceilings, sanitary ware, wall decoration and other products and services. During the fair, 56 galleries and 22 artists, including foreign participants from 12 foreign , presented selected works of modern art. In total, 263 exhibitors took part in the fair. The total area of the fair was 11387 sqm. 57 events took place during the fair. The fair achieved a profitability of 62%

CONFERENCES / EVENTS

The LITEXPO Events Department was ready to be active in 2021, organising more events, renting more event space and attracting more participants than in 2020 (92 events were held in 2020, with 215,379 square metres of event space and 37,384 visitors). However, due to the continued existence of the COVID-19 pandemic, the quarantine and the strict event restrictions in place, event activities were not fully operational. Event activities in 2021 could only run for a few .

In 2021, 96 events took place, covering 192 586 square metres and attracting 17 053 visitors.

International conferences **of national significance** were organised in LITEXPO premises, as the organisers adapted to the ever-changing rules of limiting the number of spectators and the number of events, including:

- NOD Baltic;
- LINPRA;

- Fintech Inn;
- HR Conference;
- EIGE Equal Opportunities Conference;
- E-Commerce Exchange Fair.

Number of visitors to events organised by the LITEXPO Events Department in :

Month	Visitors in 2021 Number
January	20
February	50
March	570
April	3.247
May	796
June	430
July	1.690
August	130
September	2.020
October	735
November	810
December	6.335
Total	17.053

8 Table 1. Number of visitors in 2021

Taking into account the market situation, LITEXPO together with its partner VideoProjektai LT continued its activities and rented a new, modern E-conference hall for its clients. 7 online events, filming and streaming took place in this room, which generated EUR 12 500 + VAT revenue.

During the quarantine period, the LITEXPO halls and outdoor infrastructure were optimally used during the summer for new activities such as warehousing and costume rental services, while all the LITEXPO spaces (halls, corridors, the outdoor pavilion, parking lots and even the medical room) were used for the production of various commercials and film sets.

Together with our partners Šviesos ir garso dizainas, we were the first to take the initiative and organise the DriveIn@Litexpo series of concerts from cars, which took place in LITEXPO's parking lot. In April and May, 7 Lithuanian bands and artists (OG Version, Saulės klišas, Sisters On Wire, Vidas Bareikis, Justinas Jarutis and Džordana Butkutė) performed at the venue.

The car parks also hosted more events, such as plant fairs, 11 March "Patriotic Lithuanians" event, safe driving training and slalom event, "Rally Around Lithuania" finish, and the record for the most electric cars in one place, organised by UAB "Įkrautas".

CATERING ACTIVITIES

LITEXPO's catering activities are carried out by the Catering Department, whose results are directly dependent on the activity and volume of events and exhibitions held at LITEXPO. In case of lower occupancy of LITEXPO, e.g. in the summer season, the Catering Department provides services outside LITEXPO (outgoing events: weddings, graduation parties, picnics, etc.), and also tries to attract more people from neighbouring offices to the cafés of LITEXPO for a daily lunch.

In 2021, the Catering Unit served 18 918 visitors during events and conferences. 5145 visitors were catered for during exhibitions.

In Q1 2021, due to the restrictions imposed in the country to contain the COVID-19 pandemic, catering activities were suspended until April.

In April, 7 DriveIn@Litexpo concerts took place, during which the FOODBOX snack and drink kiosk, an idea conceived by LITEXPO in 2020, was open.

Biggest events served:

- ArtVilnius and BALTIC DAYS OF DENTISTRY catering services were purchased by 3562 visitors.
- The presentation of the spring/summer collection of Juozas Statkevičius was attended by 1300 visitors.
- 150 customers purchased catering services for Vilnius Public Transport's birthday celebration, which took place at the Vilnius Transport Hangar.
- In December, we held two big concerts before closing the year and served around 1500 customers.

In 2021, the catering department will lose about 80% of its income compared to 2019. With the outbreak of the global pandemic COVID-19, catering activities have been suspended and severely restricted due to restrictions imposed in the country.

Taking into account business market trends, the economic situation in Lithuania and the Catering Division's strategy, a sales plan has been prepared for the period 2021-2024, which envisages that the Division will reach its 2019 financial indicators by 2024.

6. 2021 FINANCIAL RESULTS, INVESTMENTS AND DIVIDEND POLICY

6.1. FINANCIAL RESULTS

Comparison of key financial indicators for 2019-2021

Financial indicators	Year 2021	2020	2019	Change 2020-2021		Change 2019-2020	
				+/-	%	+/-	%
Turnover, EUR	1,241,825	2,236,527	5,706,941	(994,702)	-44%	(3,470,414)	-61%
Net turnover, EUR	(832,184)	(445,713)	1,532,272	(386,471)	87%	(1,977,985)	- 129%
<i>Net turnover margin, %</i>	-67%	-20%	27%	-47%		-47%	
EBITDA, EUR	(748,768)	(228,272)	1,504,869	(520,496)	228%	(1,756,317)	- 117%
<i>EBITDA margin, %</i>	-60%	-10%	26%	-50%		-38%	
Profit (loss) before income tax EBT	(2,731,660)	(3,924,045)	880,069	1,192,385	-30%	(2,030,500)	- 231%
<i>EBT margin, per cent</i>	-220%	-175%	15%	-45%		-67%	
Net profit (loss), EUR	(2,481,633)	(3,752,935)	808,128	1,271,302	-34%	(1,958,559)	- 242%
<i>Net profit margin, percent.</i>	-200%	-168%	14%	-32%		-66%	
Shareholders' equity	5,614,131	8,096,566	11,739,193	(2,482,435)	-31%	(1,040,123)	-9%
Equity ratio (% of total assets)	40%	59%	60%	-19%		-2%	
Return on equity (ROE), %	-44%	-46%	7%	2%		-18%	

Assets	14,173,145	15,567,504	19,439,303	(1,394,359)	-9%	(1,269,295)	-7%
Return on Assets (ROA), %	-18%	-24%	4%	7%		-10%	
Asset turnover	9%	14%	29%		0%	-0.17	-58%
Financial debts (long-term commitments)	5,846,518	54,695	4,168,718	5,791,823	10589%	(4,114,023)	-99%
Financial debts (short-term commitments)	1,044,370	5,703,729	1,714,942	(4,659,359)	-82%	3,988,787	233%
Gross debt ratio, %	49%	37%	30%	12%		1%	
Gross coverage ratio	12%	2%	36%	10%	523%	-33%	-93%
Immediate coverage ratio	11%	2%	35%	9%	426%	-33%	-94%
Net debt to equity ratio	123%	71%	50%	52%		21%	
Net debt to EBITDA	(9)	(25)	4	16	-64%	(29)	- 745%
Annual number of posts	67	60	71	7	12%	-11	-15%

9 Table 1. Comparison of key financial indicators for 2019-2021

The ongoing Covid-19 pandemic has caused the company to lose part of its revenue, which has fallen from €2.24 million in to €1.24 million in 2021 (see Graph 1), or 44% compared to 2020. The decrease in revenue is due to restrictions on events and the quarantine in force in the country.

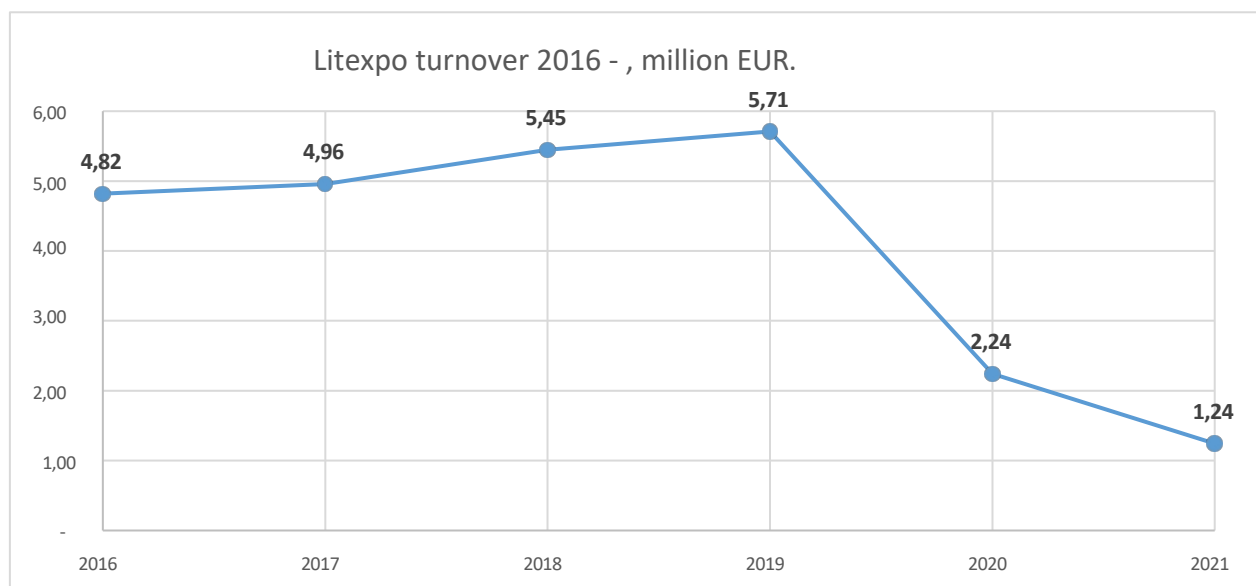
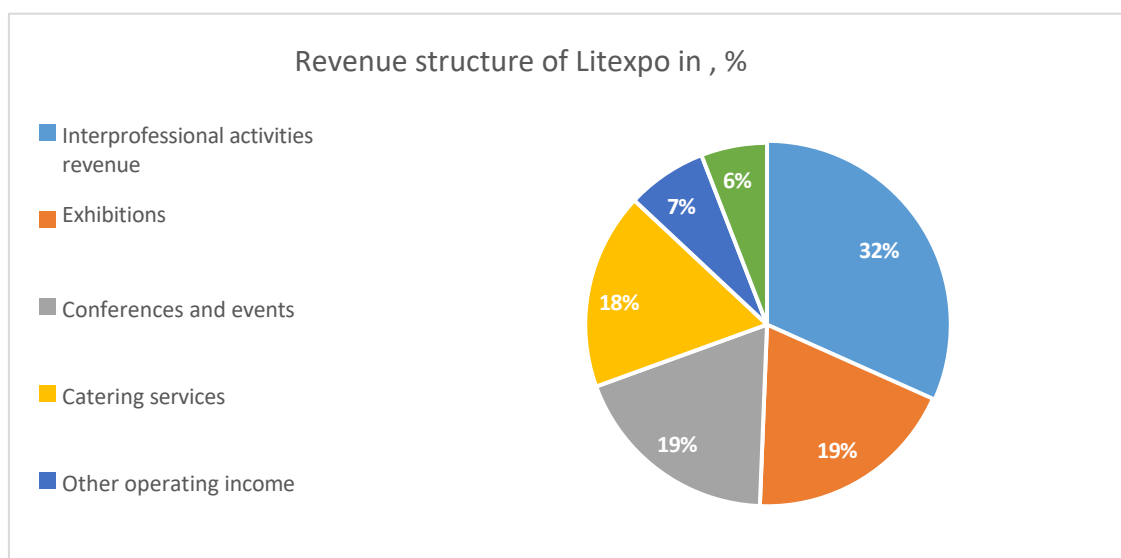


Chart 1. LITEXPO turnover

The distribution of revenues has evolved over 2021, with exhibition revenues declining and inter-trade revenues becoming the most significant revenue category.

Revenue structure		
	2021 m.	%
Revenue	1,243,844	
Revenue from inter-occupational activities	394,254	32%
Exhibitions	235,506	19%
Conferences and events	234,228	19%
Catering services	217,889	18%
Other operating income	88,843	7%
Construction and installation of stands	73,123	6%

10 Table 1. Revenue structure

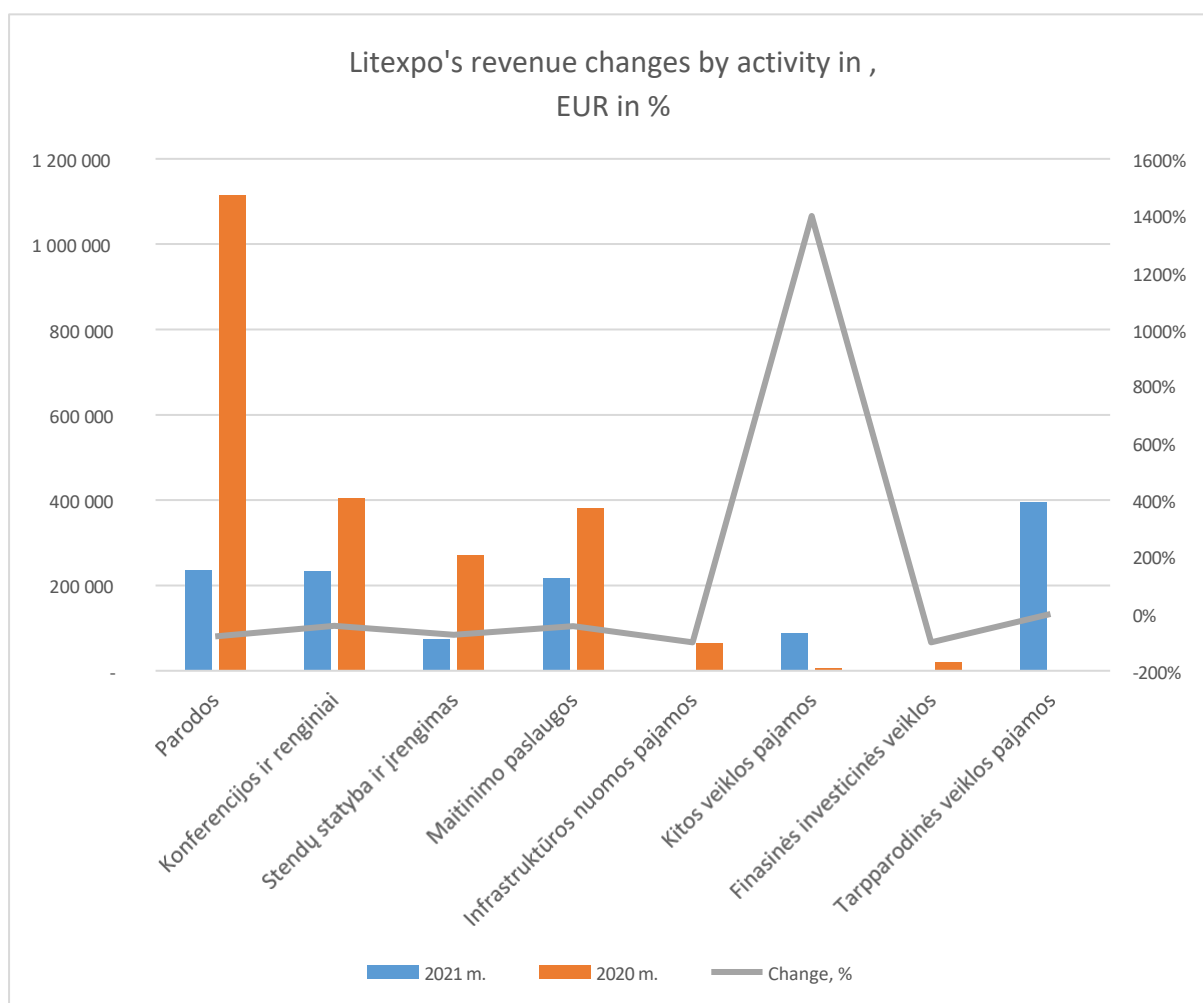


2 timetable. Revenue structure of Litexpo

Comparing 2021 and 2020, revenues from all areas have decreased, with the exception of the newly identified inter-branch revenues and revenues from other activities (see Table 11, Graph 3). The reason for the decrease in revenue is the restrictions on the organisation of events during the quarantine period.

Changes in revenue by activity	2021 m.	2020 m.	Change, %
Exhibitions	235,506	1,114,003	-79%
Conferences and events	234,228	404,427	-42%
Construction and installation of stands	73,123	272,141	-73%
Catering services	217,889	381,450	-43%
Rental income from infrastructure	-	64,506	-100%
Other operating income	88,843	5,926	1399%
Financial and investment activities	-	20,411	-100%
Revenue from inter-occupational activities	394,254	-	n/a

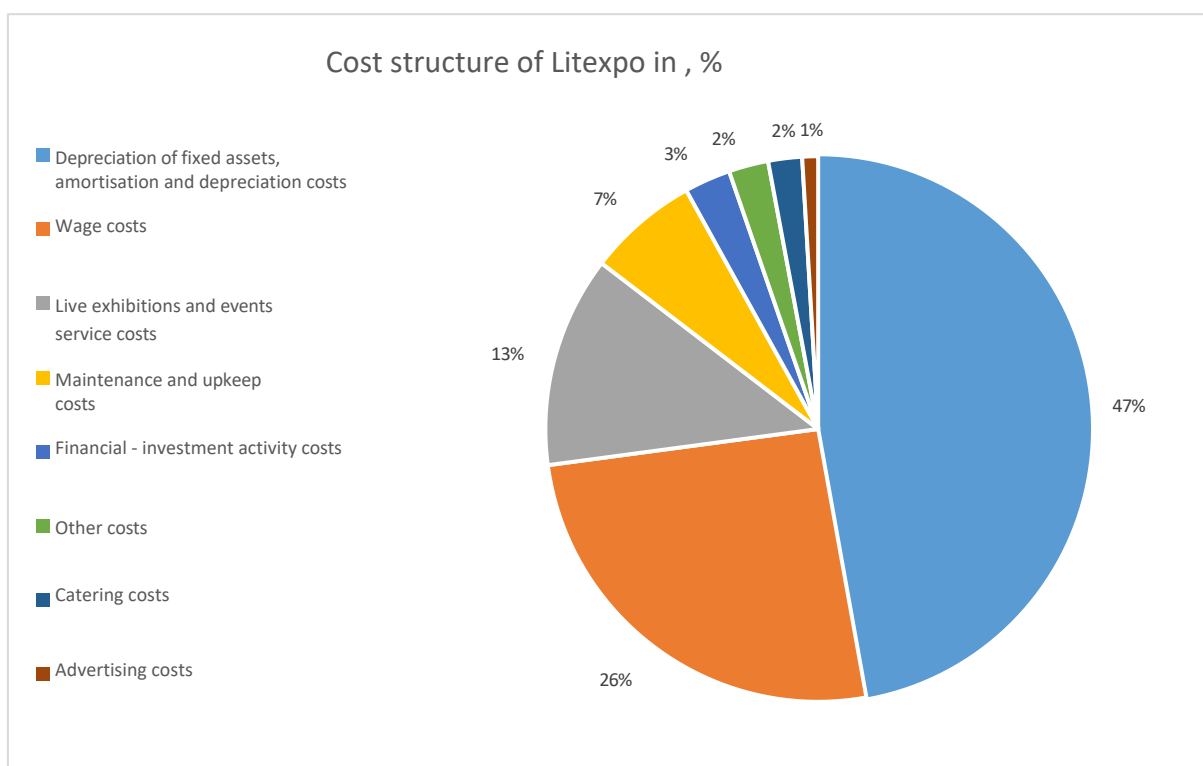
11 Table 1. Changes in income



3 timetable. Changes in revenue by activity

In 2021, depreciation, amortisation and depreciation costs accounted for the largest share of costs (69%) (see Table 12, Graph 4).

Cost structure		
	2021 m.	% of total costs
Costs	3,976,261	
Depreciation, amortisation and depreciation expense for fixed assets	1,875,667	47%
Wage costs	1,022,326	26%
Direct costs of servicing exhibitions and events	497,838	13%
Maintenance and operating costs	261,029	7%
Financial - investment activity costs	108,873	3%
Other costs	93,476	2%
Catering costs	79,729	2%
Advertising costs	37,323	1%

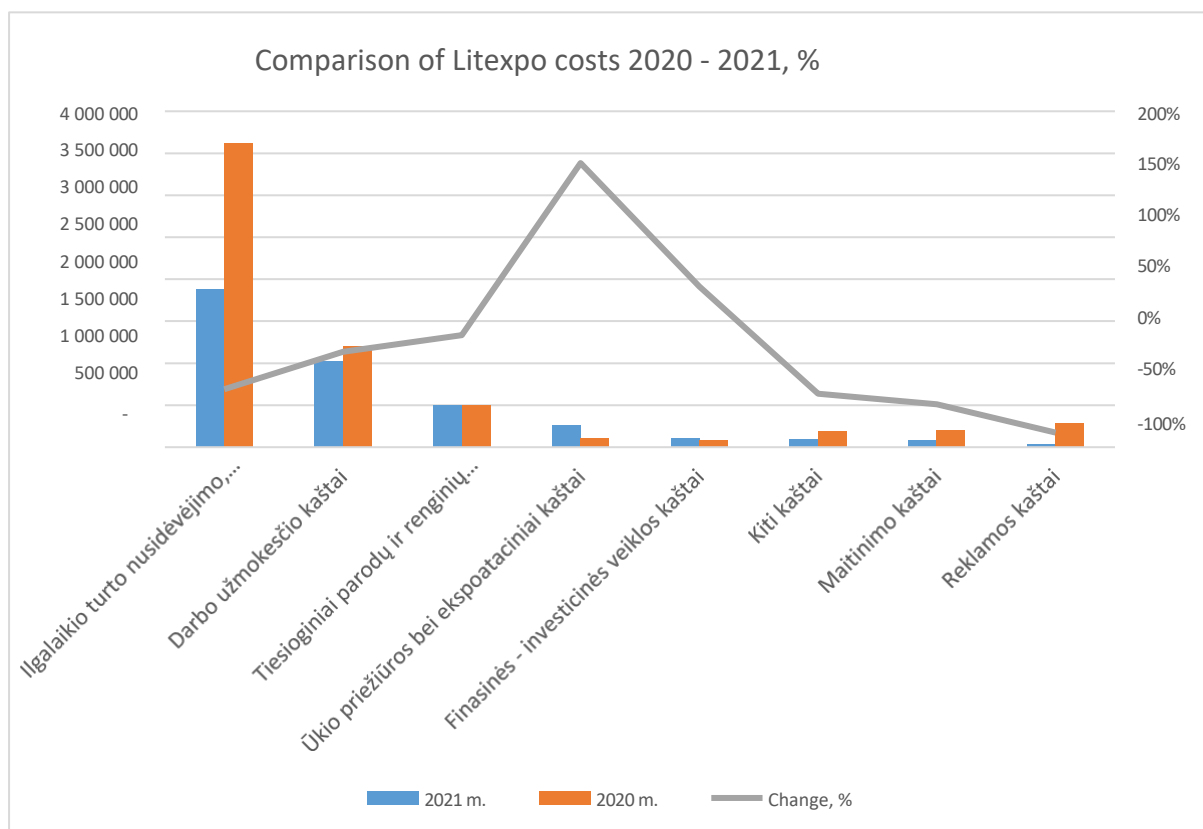


4 timetable. Cost structure of Litexpo

Compared to 2020, the most significant decreases were in advertising costs (-87%), catering costs (-62%) and other costs (-52%) (see Table 13, Graph 5). Wage costs decreased by 15% in the reporting year. Depreciation, amortisation and depreciation costs decreased due to the significant depreciation of fixed assets assigned in 2020.

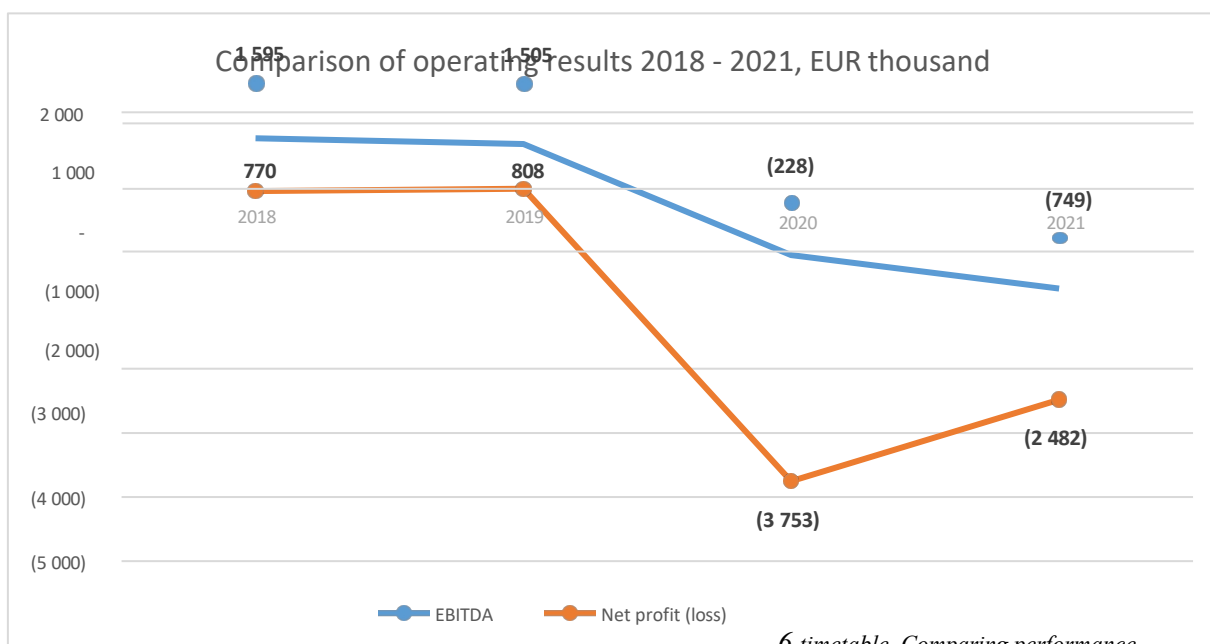
Changes in costs	2021 m.	2020 m.	Change, %
Depreciation, amortisation and depreciation expense for fixed assets	1,875,667	3,622,524	-48%
Wage costs	1,022,326	1,202,006	-15%
Direct costs of servicing exhibitions and events	497,838	497,885	0%
Maintenance and operating costs	261,029	102,879	154%
Financial - investment activity costs	108,873	75,891	43%
Other costs	93,476	195,555	-52%
Catering costs	79,729	207,626	-62%
Advertising costs	37,323	286,096	-87%

13 Table 1. Changes in costs



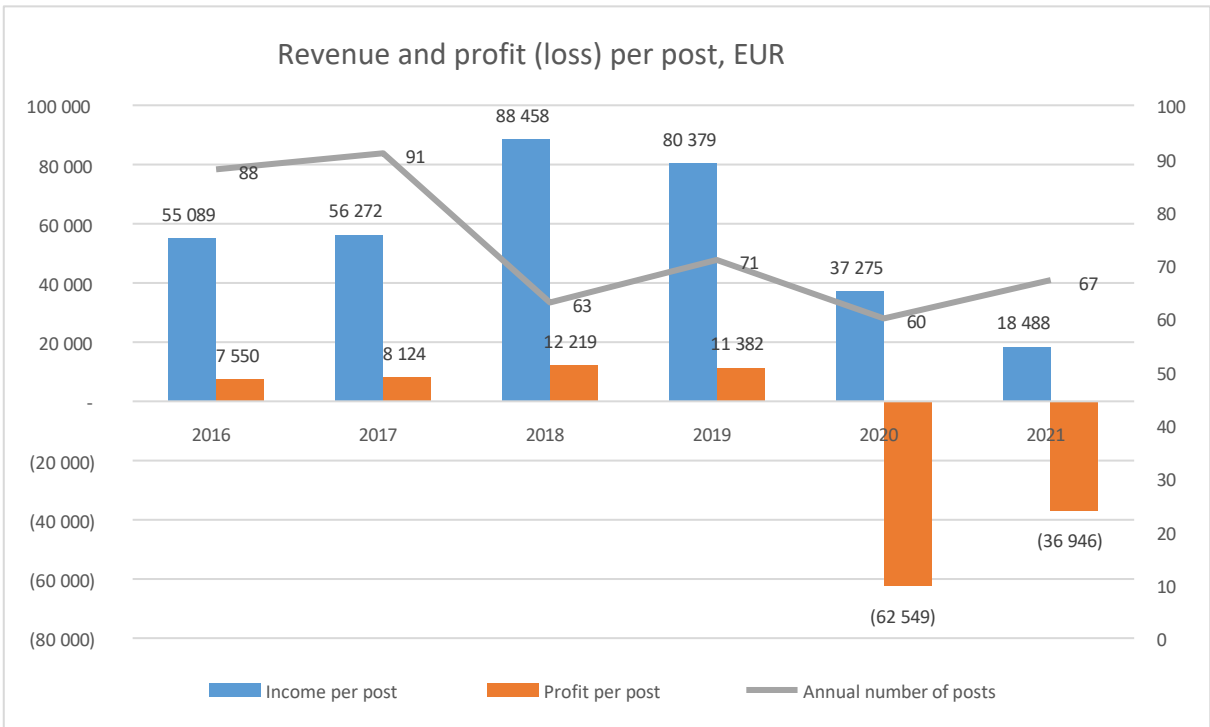
5 timetable. Cost comparison

EBITD for 2021 has been decreasing compared to 2020 (see Chart 6). This is due to the restrictions on the company's operations during the quarantine period. Net profit is higher due to the significant depreciation of the fixed assets revalued in .



6 timetable. Comparing performance

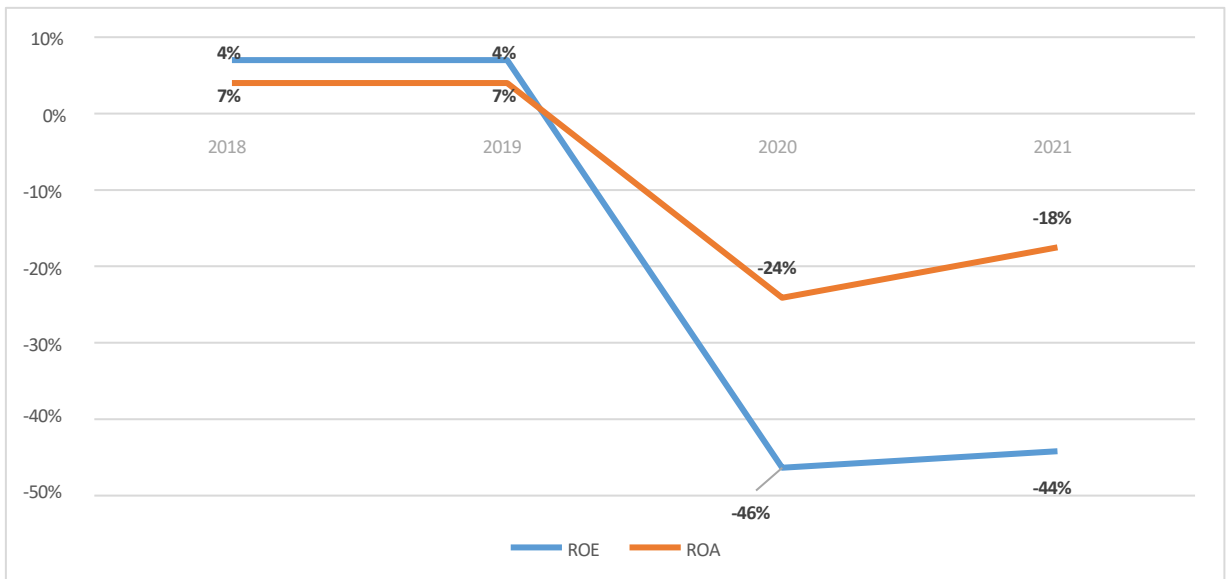
For organisational effectiveness, management has started to measure the revenue/profit ratio by looking at the number of employees working in the company since 2019:



7 timetable. Income/earnings per post

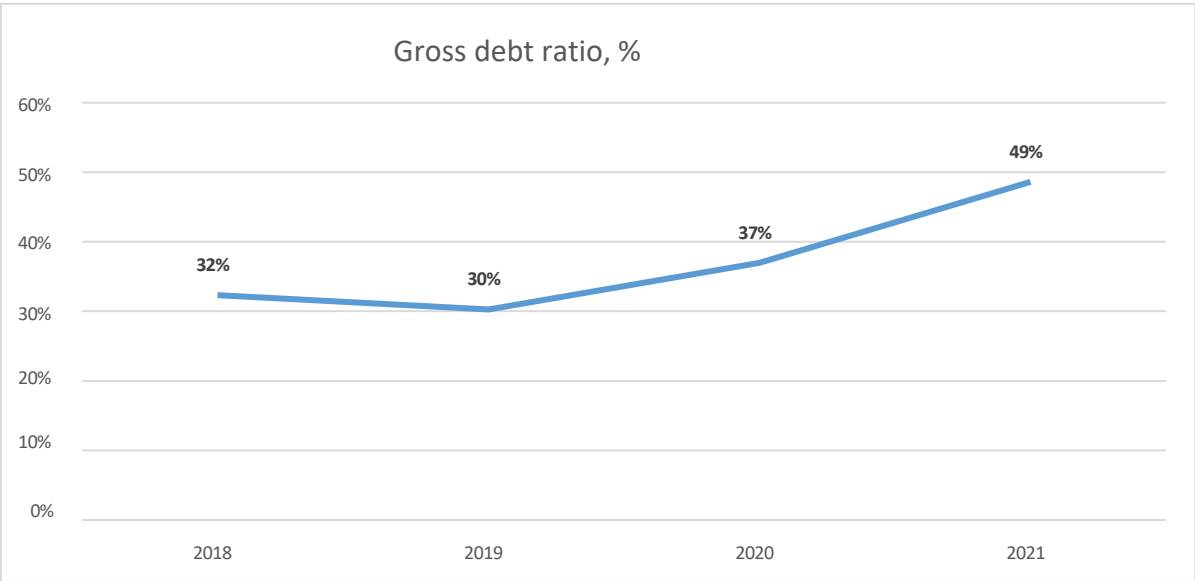
Compared to 2020, the income per post in 2021 has decreased by 51% to €18.5 thousand. Profit per post is negative due to the loss year (see Graph 7).

2021 was a loss-making year for the company and therefore ROE and ROA are negative in 2021. The ROE for 2021 compared to 2020 has increased from -46% to -91%. The ROA has risen from -24% to -18% (see Graph 8).



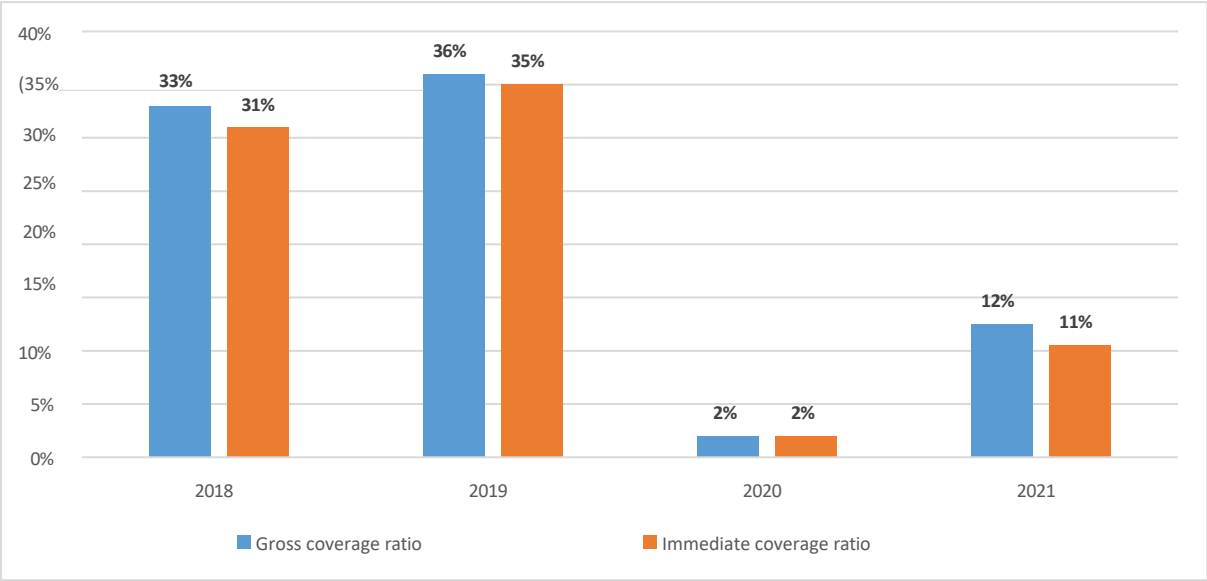
8 timetable. Comparison of ROE and ROA

The overall debt ratio has held steady between 2018 and 2020, between 30% and 37%, but rises to 49% in 2021 due to an increase in long-term liabilities (see Graph 9).



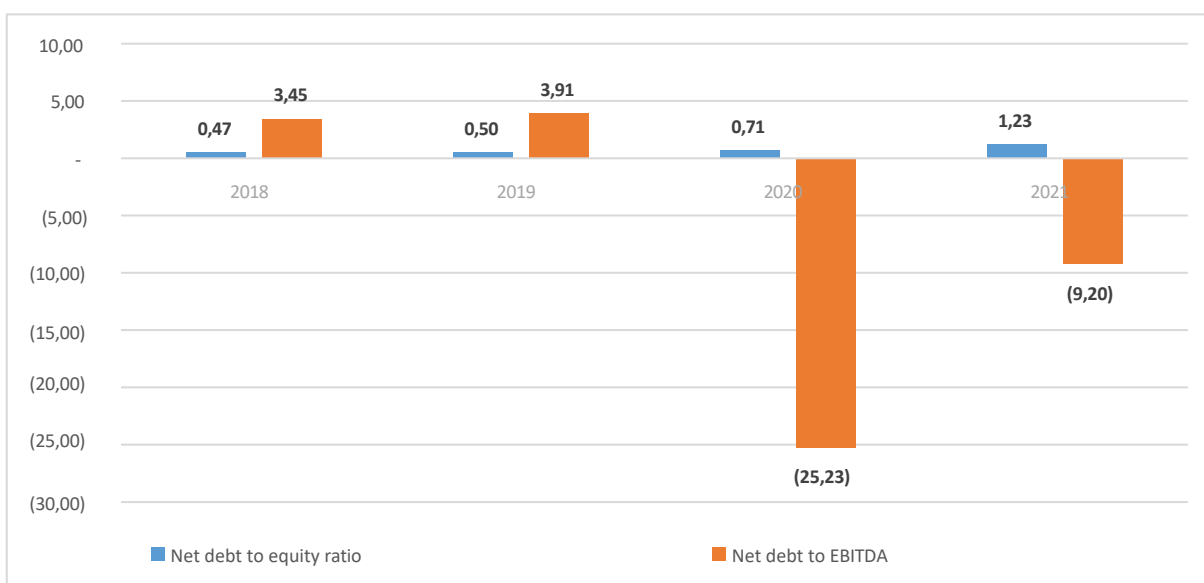
9 timetable. Gross debt ratio

Gross coverage ratios in 2021 have increased compared to 2020 (see Graph 10), due to a decrease in short-term debt balances. The company's total balance of financial debts increased by 20%.



10 timetable. Coefficient of coverage

The loss-making year 2020 led to an increase in net debt and equity ratio. As EBITDA is negative, the debt/EBITDA ratio increased due to the decreasing loss compared to 2020 (see Chart 11).



II timetable. Change in money

Current liabilities decreased by EUR 3.99 million in 2021 to EUR 1.04 at year-end. Non-current liabilities increased by EUR 5.79 million in 2021 and amounted to EUR 5.85 million at the end of the reporting year. Overall, current and non-current liabilities decreased by EUR 1.13 million.

6.2. INVESTMENTS FOR 2020-2021

In 2021, the Company did not make any investments due to lack of funds.

In 2020 LITEXPO modernised the lighting systems of the outdoor territory and indoor premises, the investment amounted to EUR 19 thousand, the annual return on investment amounts to about EUR 17 thousand. Due to the rise in electricity prices, this investment has already been fully recovered. LITEXPO invested EUR 30 thousand in the lighting of the 5th exhibition hall, which should have had a payback period of around EUR 6,5-7 thousand per year and a full payback of less than 5 years, i.e. 4 years and 7 months, but due to the COVID-19 epidemic, the hall has been virtually closed since the spring, so that this investment will take longer than 5 years to pay for itself.

LITEXPO had planned an investment for 2020-2021 to combine the pavilions, but the COVID-19 pandemic and the financial risks caused by it have changed the Company's plans, and it is not in a position to plan and execute the necessary investments today.

6.3. DIVIDEND POLICY

LITEXPO pays dividends on the basis of the dividend of 14 January 1997. Resolution of the Government of the Republic of Lithuania "No 20 on dividends on state-owned shares in companies and profit contributions from state-owned enterprises, which stipulates that dividends should be allocated between 60% and 85% of a company's distributable profits, depending on the return on equity at the end of the reporting period.

Every year, LITEXPO allocates most of its profits to dividends. In accordance with the cash flow forecast, the Company, in accordance with the aforementioned Resolution, ensures the timely and proper payment of dividends due to shareholders.

LITEXPO paid dividends to the state budget in the amount of EUR 411 thousand for 2015, EUR 136 thousand for 2016, EUR 498 thousand for 2017, EUR 728 thousand for 2018, EUR 50.4 thousand for 2019 and EUR 50 thousand for .
412 Euros.

7. LITEXPO PERSONNEL MANAGEMENT AND REMUNERATION POLICY

7.1. LITEXPO PERSONNEL MANAGEMENT

The organisational management structure of LITEXPO Group is approved by the Minutes of the Board Meeting of the LITEXPO Group No VP-41 of 28 May 2020.

31 December 2021 LITEXPO Group employed 75 employees (the total number of employees includes 12 guides-interpreters representing Lithuania at the EXPO2020 World Exhibition in Dubai and employees maternity/paternity leave). 100% of the staff working in managerial, administrative and managerial positions have a university degree. For short-term work (exhibition and conference services, visitor flow management, cloakroom security, and tidiness, and individual project services), additional staff are recruited on fixed-term contracts or on a temporary basis.

Number of LITEXPO employees recruited during the year under fixed-term contracts to perform short-term work during events:

2021 m.	2020 m.	2019 m.
232 employees	473 employees	1253 employees

Distribution of LITEXPO Group employees by company:

Company name	2015-12-31	2016-12-31	2017-12-31	2018-12-31	2019-12-31	2020-12-31	2021-12-31
UAB Lithuania Exhibitions Litexpo Exhibition and Congress Centre	89	86	90	62	74	59	71
UAB "Litexpo events"	-	8	9	8	2	1	1
Total:	97	105	109	80	86	60	72

The contribution and initiative of every employee is important to the company, which is why we develop LITEXPO's activities and improve our internal processes every year:

- staff performance appraisal interviews,
- regular discussions on staff , working conditions, development and career opportunities
- support from managers to help employees set personal goals,
- discussing with staff the problems and difficulties they face in achieving their objectives,
- constantly seeking the best solutions for employees and employers.

The company places particular emphasis on staff development. Employees are encouraged to take part in various training courses, seminars, conferences and other competency development and qualification programmes. Event and exhibition teams are encouraged to learn from the experience and new ideas of international exhibition and conference centres in other countries. In 2021, 173 hours of training were provided to staff.

The company also places great emphasis on the induction and adaptation of newcomers. It has established a new employee induction procedure and an adaptation process, with responsibilities for the line manager, the HR manager and the newcomer's friend. In 2021, 30 employees were recruited, 12 of whom are representing Lithuania at the EXPO2020 World Expo in Dubai.

The company continuously strives to ensure smooth cooperation between employees and unified information sharing. Meanwhile, the COVID-19 pandemic has prompted special attention to the emotional and psychological state of employees. In this context, the Company:

- ✓ Organised remote meetings between departments and all staff;
- ✓ Encouraged staff to take part in distance learning and to develop their professional competences;
- ✓ 5 staff retrained;
- ✓ Organisation surprises Mondays, winter Wonders of the month initiatives and summer training on community and teamwork;
- ✓ Together with management, they participated in strategy sessions and set strategic goals and directions for the next four years;
- ✓ Stepped up internal communication and information dissemination tools;
- ✓ Workers with children or caring for disabled or elderly people were allowed to work from home without restriction;
- ✓ Revised and updated the remuneration policy;
- ✓ Updated the package of additional non-financial benefits.

In order to maintain a positive environment and a constructive corporate culture, each employee must be guided by the Company's Code of Ethics and corporate values, and work together to achieve the Company's strategic objectives. We will base our ambition on the following fundamental **VALUES: professionalism, innovation, teamwork**, through active dialogues with our employees.

The table below highlights the key indicators for 2021:

Indicator		Measuring units	2021 m.	
NUMBER OF EMPLOYEES				
Actual employees			Women	Men
All staff		Units.	75	
By gender		Units.	47	28
		%	62,6	37,4
By age	<23 m.	All staff	8,0	
		By gender	83,0	17,0
	25-36 m.	All staff	40,0	
		By gender	67,0	33,0
	37-56 m.	All staff	39,0	
		By gender	55,0	45,0
	>57 m.	All staff	13,0	
		By gender	60,0	40,0
Average age				
		All staff	39,4	
		By gender	38	42
Breakdown of staff actually employed by level of post				
Top level manager			1,4	
Heads of Key Activity Units			8,0	
Heads of Supporting Activities Units			8,0	
Senior Specialists		%	12,0	
Senior Specialists, Specialists			29,3	
Service workers, skilled, unskilled workers			41,3	
Breakdown of actual employees by type of contract			Women	Men
Share of fixed-term workers in total			17,3	
Share of workers on fixed-term contracts by gender		%	77,0	23,0
Share of workers on permanent contracts in total			82,7	
Share of workers on permanent contracts by gender			60,0	40,0
SENIORITY, TURNOVER AND NEW STAFF				

Distribution of staff by seniority within the Group				
<1m.			36,0	
1-5 m.			29,3	
6-9 m.			13,3	
10-14 m.		%	4,0	
15-19 m.			2,7	
20-24 m.			5,4	
25-29 m.			6,6	
>30 m.			2,7	
Staff turnover				
All staff				23,0
By gender			88,2	
By age	25-36 m.	%	80,0	
	37-56 m.		20,0	
	>57 m.		0,0	
New employees				
Total		Units.	30	
By gender		%	80,0	
By age	<23 m.	%	20,0	
	25-36 m.		60,0	
	37-56 m.		16,6	
	>57 m.		3,4	
Taking parental leave				
Employees on parental leave			4	
Employees returning to work after parental leave		Units.	1	
STAFF EDUCATION AND TRAINING				
Distribution of staff by education				
Higher education (university, college)			100,0	
Secondary and vocational		%	0,0	
Primary and main			0,0	
Staff participation in training				
Total number of staff trained		Units.	35	
Hours of training				
Number of training hours, total		Val.	173	
OCCUPATIONAL SAFETY AND HEALTH				
Workers with reduced working capacity		Units.	1	
(injuries) with temporary loss of work capacity		Indicator	0	

Safe workplaces, motivating work environment

LITEXPO, in order to remain a socially responsible company, provides its employees with all social guarantees, security and continuous training. Every year, employees are given the opportunity to be vaccinated against influenza or other risk factors they are exposed to at work. Convenient facilities are provided for health checks at the workplace, blood tests and medical advice if required.

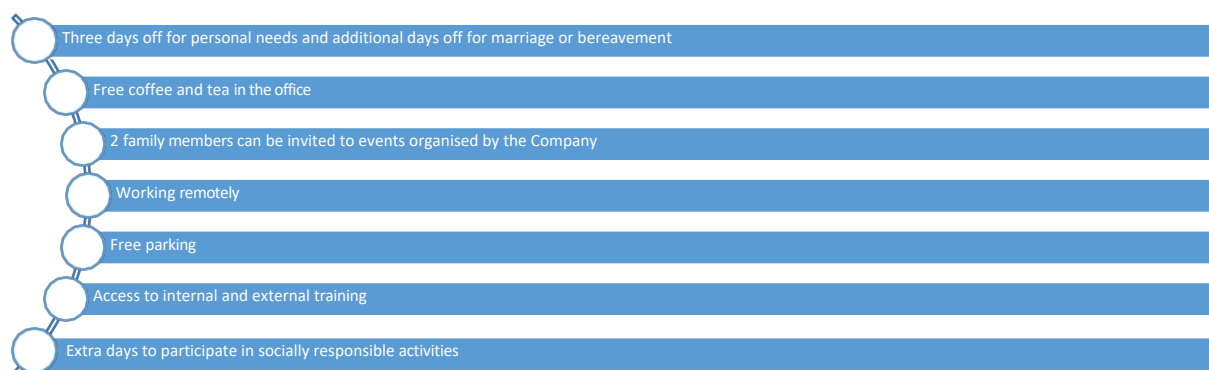
Special work clothes, footwear and other personal protective equipment are provided free of charge to staff in designated posts at regular intervals. Subject to the approval by the Company's General Meeting of Shareholders

the Social Needs Reserve Fund, material allowances are granted to staff members, by separate order of the Director, in the event of the death of a staff member's spouse, parents or children, and in other special cases.

As part of our commitment to employee health and , in , the Company will:

- providing occupational safety and health training;
- paid for health screening for workers;
- organise health screening at a convenient for staff at their workplace;
- Provided assistance and helped set up comfortable workspaces at home;
- Provided staff with all safety equipment (, face masks);
- paid for the testing of COVID-19.

In order to maintain a motivating working environment, the company has renewed its package of additional non-financial benefits, including:



In addition, company celebrations and traditions such as the summer event, the end-of-year party, Santa Claus for employees' children, celebrating employees' birthdays and other initiatives help to maintain a motivating working environment.

In 2021, LITEXPO has paid special attention Sustainability. Employees searched for socially responsible initiatives, took interest in the best of other companies, encouraged everyone to engage in social activities, organised training sessions and shared useful information. In order to promote social responsibility initiatives, LITEXPO gave employees the opportunity to volunteer a few days a year, to contribute to socially responsible initiatives of other organisations, and to promote and organise such activities at LITEXPO.

7.2. INFORMATION ON REMUNERATION POLICY

DIRECTOR'S REMUNERATION POLICY: The remuneration of the Company's Director is regulated by the "Remuneration Policy for the Director of the Lithuanian Exhibition and Congress Centre "Litexpo" UAB" approved by the Board of Directors (Minutes of the Board Meeting No VP-44 of 27 July 2020).

Director's remuneration consists of:

- **The fixed part of the** monthly salary is fixed in the contract of employment.
- **The variable part** is paid for EBITDA performance from the beginning of the year and is paid quarterly together with the salary.
- **The annual bonus** is paid to a Director of the Company for the successful achievement of personal objectives set by the Board. The amount of the bonus may not exceed 2 times the fixed part of the monthly salary.

EMPLOYEE REMUNERATION POLICY: LITEXPO has a reward management system in place, which is reviewed annually and updated as required. LITEXPO follows the principle of responsible remuneration and strives to manage the company's finances efficiently, ensuring the achievement of the company's strategic goals.

The Company's remuneration package consists of financial and non-financial rewards.

Financial remuneration is governed by the Remuneration Policy approved by order of the Company's Chief Executive Officer.

Financial remuneration consists of:

- Salary (basic salary);
- salary supplement (variable salary);
 - individual incentive bonus,
 - Team incentive bonus.
- allowances for working outside normal working conditions.

A salary is a fixed monthly payment of a basic salary, the amount of which is specified in the staff member's contract of employment. The company has established salary levels and salary ranges based on the complexity of the job, the responsibilities assigned, the competences, education, the level of knowledge and skills required, the market value, etc.

The grades are grouped into the following , which are the basis for differentiating the components of cash remuneration and fringe benefits:

HAY level	Category	Groups of posts falling within the category
19	A	Top level manager
15-18	B	Heads of Key Activity Units
13-14	C	Heads of supporting departments, chief and senior specialists, specialists
8-12	D	Service workers, skilled, unskilled workers

Variable remuneration (RDA) is based on the quantity, quality and performance of work and is paid to members of project teams when projects are completed, to members of the events team for quarterly successes and individual events/exhibitions, to members of the catering team for monthly and quarterly , and to heads of substantive and support units and to chiefs, senior specialists and specialists for quarterly results according to predetermined

/ agreed key performance indicators (KPIs).

- **Project bonuses** are paid to members of project teams when they exceed the agreed financial targets for a specific project and meet individual targets (based on agreed individual key performance indicators - KPIs).
- **Quarterly bonuses** are paid to members of the events and catering teams for exceeding the budget for a given quarter.
- **A one-off bonus** may be paid for extraordinary results / when an unplanned, unbudgeted project is implemented and/or extraordinary results are achieved, as well as for temporary additional tasks. The decision to pay a one-off bonus shall be taken by the Director of the Company on the recommendation of the employee's line manager.

Work that deviates from normal working conditions (overtime, night work, work on rest days and public holidays) shall be paid in accordance with the procedure laid down in the Labour Code of the Republic of Lithuania.

Non-financial remuneration is an indirect form of employee remuneration used by the Company to promote the efforts, engagement and loyalty of its employees, to enhance their well-being and to enrich the Company's performance. These include various Company events, employee competitions, congratulations on special occasions, flexible working arrangements, telecommuting, work tools, recognition and employee development.

The table below shows the average monthly salary (including salary and allowances) of LITEXPO staff for the period 2019-2021, net of taxes:

Title of post	2019 m.		2020 m.		2021 m.	
	Number of employees	Average working salary	Number of employees	Average working salary	Number of employees	Average working salary
Supreme level manager	1	4518	1	4518	1	4505
Key activities Heads of Unit	9	2782	7	2226	3	3008
Supporting activities Heads of Unit	3	2059	2	1854	6	2193
Chief Specialists	8	1789	9	1610	7	1811
Seniors Specialists, Specialists	26	1462	20	1315	22	1585
Service staff, skilled, unskilled Workers	23	1319	20	1187	19	1163

Table 1. LITEXPO employees' average monthly fixed (assigned) salary in 2021 by gender:

Year	Gender	Average wages, Eur
2021	Women	956,17
	Men	1227,49
Total wage bill:		
2021 m.	2020 m.	2019 m.
EUR 1 250 452	EUR 1 312 319	EUR 1 450 000

REMUNERATION OF COLLEGE MEMBERS OF THE MANAGEMENT BODIES: maintenance and management of LITEXPO Members of the bodies are appointed for a four-year term of office. They have civil contracts detailing his/her responsibilities, duties, rights and functions.

The remuneration of the members of the Board of Directors is based on 1 February 2016. "Description of the procedure for payment of remuneration to the members of the Board of Directors of the Lithuanian Exhibition and Congress Centre "Litexpo", UAB" approved by the decision of the General Meeting of Shareholders of the Company on January 1, 2016. A fixed remuneration is paid for participation in a Board meeting: the Chairman of the Board is paid a remuneration of EUR 280 per meeting, and a Board member is paid a remuneration of EUR 180 per meeting attended.

Information on the work and benefits of members of the governing bodies:

Number of Board meetings held in 2021: 7

Number of remunerated members of collegiate bodies (persons): 3

Information on payments to individual members of management bodies:

Member name, surname	2021 m. 31 December	December 2020 31 d.	2019 m. 31 December	December 2018 31 d.
Giedrė Kaminskaitė - Salters	-	280 Eur*	2520 Eur	EUR 2240
Juras Vėžėlis	-	180 Eur*	1620 Eur	1440 Eur
Vytautas Dobilas	-	180 Eur*	360 Eur	1260 Eur
Rūta Jovaišienė	-	-	-	-
Lidija Bajarūnienė	-	-	-	-
Lineta Jakimavičienė	-	-	-	-
Nerijus Rudaitis	-	-	-	-

**On 2 April 2020, the Board of Directors decided to waive the remuneration of the independent members of the Board of Directors, which is based on the remuneration approved at the Extraordinary Shareholders' Meeting of 1 February 2016*

"Description of the procedure for payment of remuneration to an independent member of the Board of Directors of the Lithuanian Exhibition and Congress Centre Litexpo UAB". It was decided to waive the remuneration for the period of time until the quarantine is lifted and the activities of Litexpo are stabilised.

14 Table 1. Information on payments to individual members of management bodies

Information on attendance at meetings of members of the governing body in 2021

Member's name, surname	Meetings Number of meetings, attended by a member of the Management Board
Giedrė Kaminskaitė - Salters	7
Juras Vėžėlis	6
Vytautas Dobilas	7
Rūta Jovaišienė	7
Lidija Bajarūnienė	6

15 Table 1. Information on attendance of governing body members in 2021

DIRECTOR REMUNERATION POLICY:

The remuneration of the Company's Director is regulated by the "Remuneration Policy for the Director of the Lithuanian Exhibition and Congress Centre Litexpo, UAB" approved by the Board (Minutes of the Board meeting No VP- 44 of 27 July 2020).

Director's remuneration consists of:

- The fixed part of the monthly salary is fixed in the contract of employment.
- The variable part is paid for EBITDA performance from the beginning of the year and is paid quarterly together with the salary.
- The annual bonus is paid to a Director of the Company for the successful achievement of personal objectives set by the Board. The amount of the bonus may not exceed 2 times the fixed part of the monthly salary.

8. LITEXPO SOCIAL RESPONSIBILITY POLICY

LITEXPO strives every year to comply with the principles and recommendations of the United Nations (UN) Global and the Organisation for Economic Co-operation and Development (OECD) in the areas of governance and transparency.

The social responsibility policy is based on LITEXPO's vision, mission, values, and the directions and goals of its activities as set out in its operational strategy.

The principles of social responsibility are implemented in accordance with the relevant LITEXPO policies and other applicable internal documents:

- Anti-corruption policy
- Code of Ethics
- Remuneration policy
- Policy on the acceptance, receipt, provision and treatment of gifts
- Equal opportunities policy and implementation procedures
- Customer service standard
- Personal data processing policy
- Description of procedures for the lease and sale of assets

On the economic front.

Anti-corruption activities. The Company consistently complies with the laws on prevention of corruption and LITEXPO's policy on prevention of corruption, which enshrines the Company's zero-tolerance stance towards corruption. The Policy applies to all employees, contractors, suppliers, consultants and other intermediaries.

Also, in order to ensure comprehensive prevention of corruption in the company, LITEXPO follows the "Policy on Acceptance, Receipt, Provision and Handling of Gifts", which clearly and unequivocally states which gifts are acceptable/unacceptable, and which are in line with the business objectives.

Staff are continuously educated about the importance of fighting corruption, encouraged to take an interest in the damage caused by corruption and to recognise its manifestations. All new employees are obliged to familiarize themselves LITEXPO's Corruption Prevention Policy and other related procedures.

Periodically, at least once a year, LITEXPO organises internal trainings for its employees on corruption prevention, introduces the procedures in force in the company, presents the best practices of other companies, conducts discussions and shares ideas on what initiatives could be applied in LITEXPO.

Purchases. In planning and executing procurement, the Company, irrespective of the value of the procurement, shall be guided by the Public Procurement Law of the Republic of Lithuania and the Company's "Procedure for Organisation of Public Procurement". The Company's Procurement Plan is one of the most important documents to be followed by all employees. In order to establish a clear and unalterable procurement plan, all employees are encouraged to plan their purchases in advance and to spend the Company's funds in a rational manner, thereby ensuring the implementation of the principles of efficiency and economy.

LITEXPO publishes draft technical specifications for all procurements, except for low-value procurements, by means of the Central Public Procurement Information System (CVP IS), and additionally informs about their publication on its websites, provides reports on procurement procedures and information on ongoing procurements.

Customer relations. In order to ensure a high customer satisfaction rate, LITEXPO evaluates customer feedback after each exhibition, conducts surveys, and seeks to establish a customer satisfaction index. Satisfaction indices of exhibitors and visitors are measured separately to assess the most pressing and recurring problems and to ensure that they do not recur at future exhibitions. The Net Promoter Score (NPS) customer satisfaction index has been increasing year on year and compared to 2018, the NPS score in 2020 has improved by 5%, which is a really good result, whereas in 2021 this index was not measured as it would not be objective in the absence of events.

The company is constantly introducing and updating advanced technological solutions, which would make it easier and more convenient for clients and visitors to communicate with LITEXPO representatives, to quickly place an order for services of interest, to monitor the process of its execution and the result. In order to ensure high quality and fast customer service, the Company has implemented a modern EXPODOC platform, used by other exhibition centres, thanks to which a client can independently select the exhibition area, see a 3D image of the exhibition area, create an image of the stand, choose the furniture, equipment, etc., in order to submit an application for participation in the exhibition. This platform ensures greater customer satisfaction, orders are processed promptly, and there are no questions or doubts about the quality of services between the customer and LITEXPO.

In the social field.

Employee relations. The Company opposes any violation of human rights, implements a fair and transparent remuneration policy, complies with the normative legal acts regulating the conditions of payment for overtime work and the duration of working hours, complies with the Equal Opportunities Policy, which clearly states that LITEXPO does not tolerate any discrimination, humiliation, harassment, violence, or insults to employees or other persons encountered in the course of business.

LITEXPO employees are encouraged to avoid circumstances and situations where their private interests could conflict with the interests of the Company. The Company shall take all lawful measures of control and shall expect its employees to make sound, rational decisions in the performance of their duties at all times and not to seek personal gain.

Each year, the Company analyses the changes in the voluntary turnover rate, looking at the reasons and circumstances that lead to employees' decision to leave the company. In the coming year, the aim is to reduce the 7% employee turnover rate to 6%, and a lot of attention will be paid to finding out the reasons and solutions to the causes of the turnover rate. To achieve this goal, the best practices of other companies will be analysed, and cooperation will be established with companies involved in recruitment and motivation development.

Environment. LITEXPO is a socially responsible company that values environmental protection. Since the main environmental impact of LITEXPO's activities is the consumption of electricity, in order to reduce it, the Company educates its employees about the importance of environmental protection, provides information about possible ways to save electricity, participates in various social initiatives and projects. Every month LITEXPO assesses and analyses electricity consumption and looks for ways to reduce costs. In order to avoid environmental impact, the company has changed its lighting systems to LED, installed charging points for electric cars, and cooperated with Vilnius public transport to change routes, ensuring that visitors can arrive by public transport during events and exhibitions. In terms of environmental protection, investments are planned for the installation of solar power plants.

For many years now, the company's employees working in the office have been invited to take part in LITEXPO's spring citizenship campaign "Darom" and encouraged to volunteer (e.g. at homeless animal shelters or other organisations).

LITEXPO prepares a Social Responsibility Report, which identifies the company's work and achievements in social responsibility activities related to market behaviour, environmental protection, relations with employees and society. The report describes the Company's corporate social responsibility orientations, actions and progress.

The report is available on the LITEXPO website at: <https://www.litexpo.lt/lt/korporatyvine-information/>

9. RISK FACTORS AND THEIR MANAGEMENT

The Company follows a risk management policy to ensure risk management and control. To achieve these objectives, the Company has appointed a responsible person who monitors the identification, assessment and management of risks relevant to the Company's activities, controls the implementation of the risk management process, assesses the effectiveness of internal control procedures and the adequacy of risk management measures, the state of implementation, and analyses the financial feasibility of implementing risk management measures. The staff member performing these functions shall monitor and

compile risk registers, analyse their data, make proposals, as well as draw up a risk management plan and inform the Company's directors and the Board of Directors of the results of its implementation.

By implementing the risk management policy, LITEXPO aims to ensure the successful achievement of its strategic objectives, protect the Company's image, guarantee the smooth execution of projects, the provision of quality services, and the provision of correct and reasonable information to the Company's management, Board and shareholders. The aim is to ensure the stability of LITEXPO's operations and not to prejudice the interests of employees, shareholders, customers, stakeholders and the public.

In order to ensure that the main risks are timely and properly identified, managed and disclosed, LITEXPO shall at least annually review the risk control measures, organise meetings with the employees, seek solutions for their implementation and use of other preventive measures.

LITEXPO categorises all risks by type:

- financial risks,
- legal risks,
- procurement risks,
- staff risks,
- information/data security (IT) and infrastructure risks,
- marketing risks,
- risks for individual activities (exhibitions, conferences/events, catering).

Each risk is assigned to category, e.g. financial, reputational, quality, legal, etc., and a risk level (tolerance threshold) is set to assess the impact of the risk, whether it can be accepted, and the damage its occurrence will cause to the company's results.

LITEXPO is also assessing which risks require more and which risks may result not only in financial losses but also in disruption of the entire business.

Based on the Company's historical data and practices, the assessment of market conditions determines the probability of occurrence of potential risks and, accordingly, determines the most effective preventive measures, focusing on the risks that are most likely to occur.

For each **risk, responsible staff are assigned to monitor the management of each risk** and to assess the potential for the occurrence of the relevant risk in their departments, ensuring that decisions are taken on a risk-benefit. Employees shall inform the person responsible for controlling the Company's risks and taking measures to prevent them of any indication that a risk is likely to occur, who shall promptly assess the information provided and, in conjunction with the Chief Executive Officer of the Company, take a decision on the application of proportionate prevention measures.

Key risk factors

Financial risk factors:

The liquidity risk of the financing may manifest itself in the Company's inability to meet its current obligations in a proper and timely manner. The Company manages this risk by planning its cash flow requirements in advance and ensuring that each Group company always has sufficient funds, signed credit agreements and overdrafts to ensure the normal operations of the Group.

Market liquidity risk is managed by not investing in investment instruments with market (price) risk, including investment instruments denominated in another currency that has fluctuated in the last six months.

Decisions on investments in financial instruments whose investment return is linked to a variable rate (e.g. interbank interest rate) are taken by the company's Board of Directors.

The Company did not make any investments in financial instruments during 2021.

Lender relationship risk may arise from the Company's actions that may result in the Company being unable to borrow on favourable terms, potentially increasing the cost of borrowing. This risk is managed centrally by building sustainable business relationships based on trust and mutual respect. The Company selects the most advantageous bank offering the best contractual terms after negotiations with all banks.

Exchange rate risk can occur if the exchange rate of a foreign currency held or the price of transactions denominated in a foreign currency changes negatively. To manage this risk, the Company only enters into purchases and sales transactions in the euro as from 1 January 2015 when the currency of the country changes to the euro.

Interest rate risk can occur if the interest rate on a company's existing credit facilities changes to the negative side. The Company's borrowings seek to lock in a fixed rate of interest on its long-term liabilities. If, for objective reasons, interest rate fixation is not possible and the commitment is for a significant amount, the Company intends to use interest rate derivative products, such as interest rate swaps, interest rate options, interest rate spread contracts and interest rate swap options, to manage interest.

Staff risk factors:

The risk of unsuccessful recruitment is managed by organising the recruitment process in several stages, each time assessing the competence, motivation and skills of the staff. External are consulted when questions arise, the information provided in job advertisements is comprehensive, job descriptions are clear and precise, tasks and objectives are structured in such a way as to make the job profile and performance assessment clear to the interested employee, and the specific nature of the company's activities and the challenges that may be encountered are disclosed.

The risk of planning for staff succession is managed by ensuring that if a staff member leaves and no competent replacement can be found, another staff member is trained to take over his/her role on a temporary basis. To this end, all staff members are trained and familiarised with the functions, specificities and processes of their colleagues in specific units. This ensures uninterrupted and seamless continuity of job functions.

The risk of occupational safety violations in the Company may arise from the setting up and preparation of exhibition stands and the setting up of premises for organising events. To avoid this risk, all employees, contractors, exhibitors and event organisers are made aware of workplace safety/working procedures, employees are trained in the use of work equipment and at least semi-annual safety training is provided. The Company continuously monitors compliance with workplace safety rules and, where necessary, disciplines violators.

Data security (IT) and infrastructure risk factors:

With the entry into force of the General Data Protection Regulation in 2018, LITEXPO has strengthened its cyber threat monitoring, audited its utility systems, identified potential threats and implemented all procedures to avoid negative consequences.

To prevent the risk of data security breaches, the Company has adopted a Personal Data Processing Policy and an Employees' Personal Data Retention Policy, which define the principles, requirements and measures of data processing. In order to ensure compliance with its requirements, external consultants are consulted, state-of-the-art anti-virus software is implemented to ensure data protection, and sanctions are applied in the event of a breach. To ensure data security, data activity records are regularly reviewed and updated, responsible persons are assigned and security systems are updated. Data processing agreements are also compulsorily concluded with all suppliers who have access to LITEXPO data.

Legal/regulatory risk factors:

The most significant *regulatory risks* are the changes to the Labour Code and the Public Procurement Law. LITEXPO, as a commercial, profit-seeking organisation, is subject to the Public Procurement Law of the Republic of Lithuania, which creates unequal conditions for competing on the market, therefore, changes in the Law, tightening of its norms may have a significant impact on the company's competitiveness in the market.

Risk factors with the greatest impact on financial performance (revenue/profit) and their management

Risks	Description of the risk	Anticipated risk management measures
Insufficient number of participants and visitors per year	These risks have a direct impact on income	<p>manage the risks:</p> <p>a) intensify marketing activities, analyse the effectiveness of advertising (set benchmarks for the Head of Marketing)</p> <p>b) Developing a virtual-hybrid exhibition solution to make exhibitions more accessible and easier for exhibitors and visitors (looking for a virtual-hybrid exhibition solution, testing systems and selecting the best performing product)</p> <p>c) (c) Growing direct sales (creating a separate sales department);</p> <p>d) Improving the competence and motivation of sales managers (ongoing sales training, introduction of a control system and a new employee motivation system);</p> <p>e) Increasing the number of specialised events for each exhibition (evaluation indicator set for the project manager);</p> <p>f) allocation of a larger, separate advertising budget for attracting foreign exhibitors and visitors (rules are being developed to attract targeted specialist visitors and bring them to specialised exhibitions held at Litexpo);</p> <p>g) A daily search for other opportunities to add value to the exhibition and thus attract potential exhibitors to and visitors (an idea bank).</p>
Market prices for materials, energy costs increase Rising labour market prices Labour shortages	These factors have a direct impact on achieving profitability targets	<p>Energy costs will be reduced by introducing resource efficiency and conservation measures (energy audit). As regards labour costs, changes are being made in the company's operations, by removing non-core administration of non-core activities, the introduction of projects management standard, calculated at working productivity, total time attendance for production for staff in the units.</p>
Interest rates, capital prices Increase	This risk factor may affect the implementation of investment projects on a smaller scale	<p>The Company currently enjoys favourable conditions in the bank lending market, but has a number of principles in place to mitigate this risk.</p> <p>The company has a large number of real estate assets, a stable financial position, a low leverage ratio, and is therefore able to obtain the lowest interest rate, competing with bank financing services sector. In planning companies</p>

		budgets and strategic actions take into account market forecasts and analyses.
Investment increase in the value of projects	The acquisition of fixed during the implementation of a project may significantly increase the value of the investment and may not be consistent with the sources of financing foreseen in the budget and investment plan	All investment projects are prepared in advance in accordance with the Public Procurement Law. Technical specifications are accurately described, procurement is organised responsibly, internal process controls are ensured and negotiations with suppliers are conducted. Suppliers are selected on the basis of their reliability, experience, performance, etc. Risk mitigation is also envisaged through forward pricing of market surveys, monitoring and analysing market trends and developments
Financial and economic benefits of the investment are lower than expected	Investments may yield lower returns than expected the projections, i.e. the payback period can be significantly longer	To minimise these risks, it is envisaged to calculate a minimum and maximum payback period for each investment project, and base the benefits of each project only on specific financial calculations and an assessment of its real potential

16 Table 1. Risks to achieving key financial indicators (revenue and profit)

The main risk factors facing the company in are:

Financial risks / Legal risks / Personnel risks / Marketing risks / All risks

The COVID-19 pandemic, which started in 2020, has changed the lives of many people and businesses in Lithuania and around the world, introducing strict security and hygiene requirements, border controls, restrictions on gatherings and many other requirements that make it difficult to carry out normal activities.

In 2021, LITEXPO lost part of its income for the above reasons, which decreased from EUR 2.24 million 2020 to EUR 1.24 million , or 44% compared to 2020, and was not only unable to carry out its core business of organising exhibitions and events, but also was unable to achieve its financial goals.

LITEXPO was forced to cancel all major events and exhibitions as early as 2021: the most lucrative and well-known exhibition "RESTA", "Vilnius Book Fair", "Studijos", "Mokykla" and many other exhibitions and events did not take place, which resulted in a real threat to the company's continuity of its operations, as it did not receive the planned income.

The company faces the risk of insolvency. In the event of cancellation, LITEXPO was obliged to refund all the advances paid by exhibitors for the rental of exhibition space or to carry them over to the following year's exhibitions. As expected, many exhibitors also faced financial risks and were reluctant to leave their advances to be offset against future exhibitions, so when LITEXPO did not receive the planned income, a cost-saving plan was put in place to halt all planned investments, acquisitions, salary savings of around 30% of the planned budget, reduction of advertising costs etc. To date, the company is still implementing the cost saving plan, looking for opportunities to generate additional revenue, reviewing its business model and value proposition.

The cancellation/rescheduling of the events raised a number of legal issues that the company had to address. Since the quarantine, the company has had to renew, terminate or extend contracts with clients. There were issues regarding the implementation of the refund/relocation policy, the suspension or relocation of contractual obligations, the frequent changes in the regulation of the organisation of events, which meant that the relationship with the clients was constantly updated, with constant cooperation and adjustment of obligations.

Following the cancellation of events and the reduction in the volume of organisational work, LITEXPO has decided to put some of its staff on standby. Also, during the quarantine period, LITEXPO staff had to work remotely, with all communication and distribution of work taking place using smart technologies and the Teamwork platform. During this period, it was particularly difficult to motivate the staff, and it is now unclear whether the planned events can be organised in winter and autumn, and it is not known what the company's results will be, and therefore, in such an uncertain situation, retaining the staff and providing them with a safe working environment is one of the main challenges.

Without knowing what restrictions will apply to events in 2021, *we cannot confidently communicate our plans to the public and market participants*, distribute tickets, and guarantee that the event will not be cancelled. With the changes in the regulation of events, communication is not unified, and exhibitors and visitors are often misled, given inaccurate and unspecific information about events and their content.

LITEXPO hopes that after the end of the COVID-19 pandemic, operations will stabilise and exhibitions and other events will be able to proceed as usual, and has no doubt that thanks to this pandemic, LITEXPO has improved even more, learned how to objectively assess risks, unite and find the best solutions.

10. TARGETS TO BE ACHIEVED IN 2022

*To make what is possible happen,
must constantly do impossible.
Hermann Hesse*

In 2022, LITEXPO will be guided by the strategic document for 2022-2024 and will follow the following main strategic directions:

I. Improving the efficiency of the company's operations to achieve sustainable growth and long-term shareholder value.

II. Creating opportunities for business exchanges and increasing the number of business-to-business (B2B) meetings.

III. Growing your business by creating and exploiting new opportunities.

IV. Creating a unified organisational culture and corporate image.

LITEXPO's MISSION is to organise events that promote business exchanges and engage the public, to be a socially responsible and innovative leader, ensuring long-term returns for shareholders.

LITEXPO VISION - a technologically advanced, versatile, new-format exhibition and event venue for business cooperation and partnership development.

The implementation of the mission, the pursuit of the vision and all its activities will be based on the following fundamental **VALUES** as **Professionalism, innovation, teamwork.**

Taking into account the trends in the exhibition and conference business market, the economic situation in Lithuania, changes in LITEXPO's activities and the main strategic directions, LITEXPO's financial plan for 2022 - 2025 has been prepared. In the preparation of this document, each of LITEXPO's activities and the Company's strategic directions were evaluated separately. The market share of each exhibition, the prospects for exhibition facilities, surveys of exhibitors and visitors, growth opportunities, the need for new services and other factors related to the development of the exhibition business were taken into account. The tasks required for the strategic objectives of

to achieve its objectives. The LITEXPO Group's sales will grow differently in the individual strategic periods 2022-2025. It is assumed that the main traditional exhibitions organised by LITEXPO will expand their individual thematic areas during the strategic period. It is also planned to continue to grow revenues from conference activities and from the main traditional exhibitions. It is expected that by 2024 LITEXPO will already reach the financial results of 2019, with a trend growth in exhibitions, profitable operations, and adequate and timely fulfilment of financial obligations. There is no doubt that the revenue of conferences and the activities supporting them will grow as well, as already in 2021, during the pandemic of COVID-19, the bookings for events for the years 2022-2023 are already being made. One of the main prerequisites for the growth of conference revenue is the availability of a strong sales team, adapted conference halls and modern equipment, LITEXPO has all the capabilities to organise international and national events and to ensure their professional service.

Financial objectives

The pandemic has exposed the company to financial risks in the period 2020-2021, threatening its solvency and business continuity. During the strategic period, the company is expected to show significant growth in revenue and other financial indicators, stabilise its operations and generate returns to shareholders. The company's revenue is expected to grow from EUR 1,2 million in 2021 to EUR 6,7 million in 2025, and to achieve this result, the company will focus more efficient cost management, upgrading exhibitions and the value propositions offered to exhibitors, intensive search for strategic partners, and seeking cooperation with public authorities, encouraging their involvement in the development of themes for exhibitions, attracting business and increasing the value of exhibitions. Event activities are to be expanded to include concerts, theatre, filming and other new format events, and LITEXPO has the equipment and facilities to do so, which will stimulate sales and ensure that the Company's strengths are maximised to generate revenue.

During the strategic period, the aim will be to attract more foreign exhibitors and event organisers through marketing communication in foreign countries, participation in international competitions to attract international events, and cooperation with associations representing different sectors.

In addition to all the company's core activities, the company will sell advertising space, rent equipment and furniture, and provide event services.

The active pursuit of corporate activities, the organisation of relevant events, the creation of value for business and society, and the involvement of partners and shareholders will enable the Company to achieve its planned financial targets.

For the forecast period 2022-2025, direct costs are projected to decrease by 8% in 2022 and 2023 compared to 2021, after which the decrease will stabilise at around 2% to 3% annually in proportion to the income generated. The main reason for the decrease in costs is the investments made in 2019-2020 to upgrade the lighting and heating ventilation of the company, which will allow the company to save a significant part of the fixed costs of maintaining the infrastructure, and the in 2020. In , the company has renounced its membership of a number of associations in order to better manage costs, and plans to make some events hybrid due to their specific nature, which means that subcontracting costs for the installation and other services will be lower.

Each year, LITEXPO allocates most of its profits to dividends. According to the cash forecast, the company will ensure the payment of dividends due to the State in accordance with the document "On Dividends for State-Owned Shares in Companies" approved by the Government of the Republic of Lithuania on 11 August 2016 by Resolution No 786.

Investment projects

Due to the difficult financial situation, the Company does not plan any investments between 2021 and 2023, but from 2024 onwards:

Investment period	Name	Amount, EUR	Funds borrowed or lent	Description
2024 m.	Raised Reno vation of gates in Hall 5	15 000	Borrowed funds	The lifting gates for Hall 5 were installed in 2001. Their maintenance is costly. The gates themselves Structures are deformed, which increases heating costs, and we receive complaints from exhibitors.
2024 m.	Replacing the carpet in Hall 4	20 000	Borrowed funds	Hall 4 shall be carpeted as designed and shall be carpeted only. The carpet was purchased in 2013 and has not been renewed. The carpeting is laid in sheets which used to be joined together at the ends to form a single carpet. The carpet now needs to be taped together to prevent people from tripping and falling on the loose ends.
2024 m.	Insulation of Hall 4	40 000	Borrowed funds	During the heating season, Hall 4 is heated and kept warm during events twice as many thermal energy resources (gas and electricity). In order to save up to 50% of natural gas and electricity consumption, it is necessary to insulate the walls, roof and skylights of Hall 4.
2024 m.	Sanitary Renova tion of sanitary facilities in islands 3,4,5	150 000	Borrowed funds	Unsightly tiles and washbasins, which do not look aesthetically pleasing, reduce the satisfaction of exhibitors and visitors, and tarnish the corporate image.
2024 m.	Purchase of furniture (chairs, tables, etc.)	50 000	Borrowed funds	Some of the bldgs are worn, broken and unusable, and in need of renovation.

2024 m.	Upgrading CCTV cameras	260 000	Borrowed funds	<p>The CCTV system in Halls 3, 4 and 5 was installed more than 15 years ago. There is no CCTV system at all in the Conference Centre. The current CCTV cameras are broadcasting. The images captured by the CCTV cameras are blurred and it is not possible to identify a person in the event of theft or disaster. In case of failure, they can only be replaced by a new model of the next generation of cameras, as the old model is no longer available, but the old recorder does not support the new cameras. Need to replace old generation analogue CCTV system, equipment and installation</p> <p>to a modern fully digital CCTV system.</p>
2025 m.	Curtain replacement in halls 3, 4	15 000	Borrowed funds	<p>Curtains were used to divide spaces into smaller ones and to cover the perimeter of the hall structures. The curtains have not been renewed since 2001. Some of them are now torn and visually deteriorated.</p>
2025 m.	Replacement of the lift in Hall 5	40 000	Borrowed funds	<p>The vertical disabled lift in Hall 5 has been in use since 2002 and is outdated, in constant need of repair, and often breaks down and an emergency lift is called during events, causing dissatisfaction among participants and visitors.</p>
2025 m.	Marking of parking spaces in car parks	7 000	Borrowed funds	<p>Parking space markings are needed to ensure orderly movement and parking.</p>

17 Table 1. Investments 2022-2025.

Increasing internationalisation

In order to increase the reduced exhibition volumes and to position Litexpo as the largest Exhibition and Congress Centre in the Baltic States, the aim will be to attract more foreign exhibitors and event organisers

with a particular focus on the Baltic countries and Poland. To this end, marketing communication will be carried out in foreign countries, participation in international competitions to attract international events, and cooperation with associations representing different sectors. Closer cooperation will be established with exhibition centres in neighbouring countries and barter exchanges on similar topics will be initiated. In this way, the brands of LITEXPO's exhibitions will be promoted and active sales will be made.

Taking into account the map of internationality of the exhibitions to be held, taking into account the number of foreign participants, markets and industries represented, LITEXPO will look for active partners and opportunities to organise more business meetings, investing in B2B platforms, attraction of specialists, communication.

International partners and foreign exhibition centres will also be sought to attract foreign exhibitors, through which companies from specific sectors of the economy will be invited to specialised exhibitions. We will also continue our cooperation with Lithuanian and foreign commercial attachés, who will disseminate information about exhibitions in their respective markets.

Closer cooperation will be sought with the newly established "Innovation Agency".

Mobilising partners and creating relevant content

During the strategic period, the involvement and cooperation of partners will be more important than before, therefore LITEXPO will pay special attention to retaining existing partners and attracting new ones.

LITEXPO, in order to attract more exhibitors to exhibitions, to create conditions for business exchanges, to promote the reorientation of exhibitions from B2C (business-to-consumer) to B2B (business-to-business) exhibitions, understands that the hybridisation of exhibitions is inevitable, which will enable the provision of live streaming of content over the Internet, creating added value for the direct visitor and those who watch the content from a distance. In this way, it is likely that the remote exhibitor will want to visit the exhibition live next year.

Exhibitions are a key factor in the implementation of the Government's programme and in meeting its programmatic objectives. In 2022, the aim will be to combine the objectives of the State with the interests of the public and the public. Exhibitions contribute to image of the country, to the promotion of the national economy and exports. In order to achieve the State's objectives, the involvement and support of the relevant State institutions, ministries and their subordinate bodies is essential and it is important to continuously update and complete the map of partners of the exhibitions to be organised, assessing the contribution of existing partners to the development of the content of the exhibitions and the overall engagement, and to attract new, active partners who can contribute to the updating and development of the content of the exhibitions.

Exhibitions of national importance

In line with one of the objectives of LITEXPO's long-term strategy - to increase the number of exhibitions of national , it is planned to organise 4 exhibitions of national significance in 2022 in accordance with the COVID-19 pandemic:

- RESTA,
- MOKYKLA.
- STUDIES
- VILNIUS BOOK FAIR

The planning of the exhibitions is still subject to uncertainty due to the pandemic restrictions in force at the time, which may continue to be a major obstacle to the achievement of the objectives set.

A national exhibition is the event of the year in the economic sector, with the active participation of opinion-makers, market leaders, official government representatives and media coverage. It is the exhibition with the most comprehensive coverage of the themes and trends, innovations and issues in the sector.

New projects

The introduction of a new exhibition theme is an important for 2022. The tentative target date for the introduction of the new theme is November 2022. Considering the lengthy structuring process of the new theme, the implementation time, the lack of a clear theme, the lack of human resources, the introduction of the new theme in 2022 will face the above mentioned challenges and cannot be fully achieved. However, it should not be abandoned to lay the groundwork for a new theme in 2022 to be developed in the following years.

13 exhibitions are planned for 2022:

List of exhibitions
1. Adventur
2. Careers & Studies
3. Vilnius Book Fair
4. School
5. RESTA
6. Cinderella
7. Balttechnika
8. ArtVilnius
9. Baltic Days of Dentistry
10. Taste Vilnius
11. Furniture
12. Paternity Code
13. New topic

18 Table 1. Exhibitions planned for 2022

Taking into account the LITEXPO infrastructure's occupancy schedule, the similarity of the themes and the recommendations of the partners, it was decided to organise some exhibitions on the same dates. In particular, it was decided to organise the exhibition FURNITURE AND DESIGN SOLUTIONS on 20-23 April, the same dates as the exhibition RESTA. The logic behind this merger is the similarity of the themes and the desire to respond to a wider range of visitor and professional interests, from the construction to the fit-out cycle.

It was also decided to organise the STUDIES and SCHOOLS exhibitions on the same dates, 30-31 March, in line with the recommendations of the National Agency for Education for the integration of all levels of education. The biggest risk in planning these exhibitions is to ensure the involvement and participation of Lithuanian higher education institutions and vocational education institutions, and to stabilise the partnership with the Ministry of Education, Science and Sport of the Republic of Lithuania, LAMA BPO and the National Education Agency.

LITEXPO Group, in pursuit of its strategic objectives, continues to strive to improve the quality of its products and services, to maximise efficiency, to engage employees, to ensure job satisfaction, and to grow its social responsibility. To achieve these goals, the systems for selecting, assigning, motivating and developing staff, the retention of staff, the introduction of advanced management models, and focus on each and every one of our employees will be continuously reviewed, updated and updated, and, as , we will respond to the needs of our employees, building and strengthening a cohesive team that will creatively and efficiently pursue our ambitious goals and create significant added value.

LITEXPO Group, in pursuit of its strategic objectives, continues to strive to improve the quality of its products and services, to maximise efficiency, to engage employees, to ensure job satisfaction, and to grow its social responsibility.

To achieve these goals, we will continuously review and update our staff selection, assignment, retention, motivation and development systems, introduce advanced management models and , as , focus on each and every one of our staff members, thus responding to their needs and building and strengthening a cohesive team that will creatively and efficiently pursue our ambitious goals and create significant added value.

11. COMPLIANCE WITH TRANSPARENCY GUIDELINES

LITEXPO shall be guided by the following rules of July 2010. 1052 of the Government Resolution No. 1052 "On the Approval of the Guidelines for Ensuring Transparency in the Activities of State-Owned Enterprises" (hereinafter - the Transparency Guidelines).

LITEXPO strives to ensure compliance with the Transparency Guidelines and constantly reviews the information published on LITEXPO's official website, updates and completes it.

The implementation of the Transparency Guidelines is mainly ensured through the information disclosed in the Annual Report and the disclosure of information on LITEXPO's website, in order to present the information in an accessible and clear format for interest holders.

Structured information on the implementation of the Transparency Guidelines:

I. Transparency Guidelines	
The website must publish the information:	
Name	Available from https://www.litexpo.lt/apie-mus/
Code and register where the data on the undertaking is collected and stored	Available from https://www.litexpo.lt/apie-mus/
Registered office (address)	Available from https://www.litexpo.lt/apie-mus/
Legal status if the State-owned enterprise is being reorganised, reorganised (specify the type of reorganisation), wound up, bankrupt or insolvent	Not applicable The Company and its subsidiaries are not being reconstructed, reorganised, wound up, bankrupted or bankrupt
Name of the national authority and link to its website	Available from https://www.litexpo.lt/apie-mus/
Operational objectives, vision and mission	Available from General Information About activities can be found at https://www.litexpo.lt/korporatyvine-information/strategy/ Corporate goals, vision and mission https://www.litexpo.lt/korporatyvine-information/strategy/
Structure	Available from https://www.litexpo.lt/korporatyvine-information/litexpo-management/
Manager's data	Available at https://www.litexpo.lt/korporatyvine-information/litexpo-management/

Details of the chairman and members of the board if a board is established under the statutes	Available at https://www.litexpo.lt/korporatyvine-informacion/litexpo-management/
Details of the chairman and members of the Supervisory Board if a Supervisory Board is established under the statutes	Not applicable No Supervisory Board
The names of the committees, their chairpersons and members, if forming committees	Not applicable No committees shall be set up
Nominal values of state-owned shares the amount (to the nearest euro cent) and the share (percentage) in the authorised capital of the State-owned company	Available from https://www.litexpo.lt/apie-mus/
The specific obligations shall be carried out in accordance with the guidelines approved by the Minister of Economy and Innovation of the Republic of Lithuania: the purpose of the specific obligations shall be specified, the state budget allocations for their implementation in the current calendar year shall be indicated, and the legal acts by which the state-owned enterprise is entrusted with the task of carrying out the specific obligation shall be specified, the terms and conditions and/or regulated pricing of the specific obligation	Not applicable Specific obligations in default
Information on corporate social responsibility initiatives and measures, major investment projects underway or planned	Ongoing https://www.litexpo.lt/korporatyvine-informacion/action-documents/
In order to ensure publicity regarding the professionalism of the members of the management and supervisory bodies and committees of state-owned enterprises, the following data shall be published for the persons referred to in sub-paragraphs 5.8 to 5.11 of the Description: name, surname, date of commencement of the current position, any other managerial positions held in other legal entities, education, qualifications, professional experience. If the person referred to in points 5.9 to 5.11 is elected or appointed as an independent member, in addition shall be indicated next to its data	Available at https://www.litexpo.lt/korporatyvine-informacion/litexpo-management/
The following documents shall be published on the website of a State-owned enterprise	
Statutes	Ongoing https://www.litexpo.lt/korporatyvine-informacion/action-documents/
Letter from the representative body of the State on the definition of the State's objectives and expectations in a State-owned enterprise	Ongoing https://www.litexpo.lt/korporatyvine-informacion/strategy/
The business strategy or a summary thereof where the business strategy contains confidential information or information considered to be a commercial/industrial secret	Ongoing https://www.litexpo.lt/korporatyvine-informacion/strategy/
The remuneration policy, which covers the determination of the remuneration of the chief executive of a State-owned enterprise and the remuneration of the members of the collegial bodies and committees of a State-owned enterprise, details a document setting out the principles set out in the Corporate Governance Code;	Available at https://www.litexpo.lt/korporatyvine-informacion/work-pay/
Annual and interim reports of a state-owned company, annual and interim activity reports of a state-owned enterprise for a period of at least 5 years	Ongoing https://www.litexpo.lt/korporatyvine-informacion/performance-reports-audit-conclusions/

Sets of annual and interim financial statements for a period of at least 5 years and auditor's reports on the annual financial statements	Ongoing https://www.litexpo.lt/korporatyvine-informacion/performance-reports-audit-conclusions/
If the State-owned company is the parent company, its website shall publish the group structure, the data referred to in points 5.1 to 5.3 of the Description, the website addresses, the percentage of the parent company's shareholding in the share capital of the parent company, the annual consolidated financial statements and the consolidated annual reports	Ongoing https://www.litexpo.lt/apie-mus/ Documents published https://www.litexpo.lt/korporatyvine-informacion/performance-reports-audit-conclusions/
If a state-owned company is a participant in legal persons other than those referred to in point 8 of the Description, its internet website shall contain the information referred to in points 5.1 to 5.3 of the Description of those legal persons the details and addresses of their websites	Not applicable The Company is not a participant in any other legal entity
Changes to or publication of incorrect paragraphs 5 and 6, 7.1 to 7.4 of the Description the data, information and documents referred to in points 8 and 9 shall be immediately replaced and the website	Available from
The set of annual financial statements of a state-owned enterprise, the annual report of a state-owned enterprise, the annual activity report of a state-owned enterprise, as well as the auditor's report on the annual financial statements of a state-owned enterprise shall be published on the website of the state-owned enterprise within 10 working days of the publication of the annual financial statements of the state-owned enterprise approval of the set of accounts	Available from
The sets of interim financial statements of the State-owned enterprise, the interim reports of the State-owned company and the interim activity reports of the State-owned enterprise must be published on the website of the State-owned enterprise within a maximum of 2 months after the end of the reporting period	Ongoing / Not applicable Interim sets of financial statements are published on time. Interim reporting company not organised
The documents referred to in point 7 shall be published in PDF format and shall be technically printable	Available from
The Annual Report and Accounts must disclose/fulfil other requirements:	
Accounting is carried out in accordance with International Financial Reporting Standards.	Not applicable (see section 2 of the report for reasons)
Annual financial Audited Annual Accounts in accordance with International Standards on Auditing. Compilation	Available from
The annual report is published on the website by 30 April.	Available from
The company's annual report announces:	
operational strategy and objectives (financial and non-financial), if any is not a trade secret of the LEA (if the LEA's business strategy and objectives contain information, shall be considered a trade secret of ,	Available from
an abbreviated operational strategy and objectives without this information);	

the consistency of the performance achieved with the SOE's objectives; the main events of material significance to the SOE's activities that occurred during the reporting period;	Available from
information on the market for the services provided or the products manufactured, provided that it is not a trade secret of the SGE;	Available from
investments during the reporting period, major investment projects under way or planned;	Available from
the total annual salary bill, the average monthly salary by function and/or department;	Available from
implementation of the remuneration policy;	Available from
social and environmental initiatives and policies;	Available from
information on compliance with the Transparency Guidelines, including how they are being implemented, which provisions are not being complied with and why;	Available from
key financial indicators (profitability, liquidity, asset utilisation efficiency) and their evolution over 3 years;	Available from
governing bodies;	Available from
information on the audit of the annual accounts (the entity that carried out the audit, the audit fee);	Available from
information on the implementation of the operational strategy and objectives (financial and non-financial).	Available from
information on made by state-owned companies, as defined in the Charity and Donation Law of the Republic of Lithuania the law;	Available from
implementation of the risk management policy of a state-owned enterprise;	Available from
information on significant events that occurred during and after the financial year (before the annual report or the annual activity report) and that had a material impact on the activities of the state-owned enterprise;	Available from
a brief description of the business model of a state-owned enterprise;	Available from
implementation of the investment policy, investment projects under way and planned, and investments during the under review;	Available from

19 Table 1. Information on implementation of the Transparency Guidelines

Director

Justinas Bortkevičius