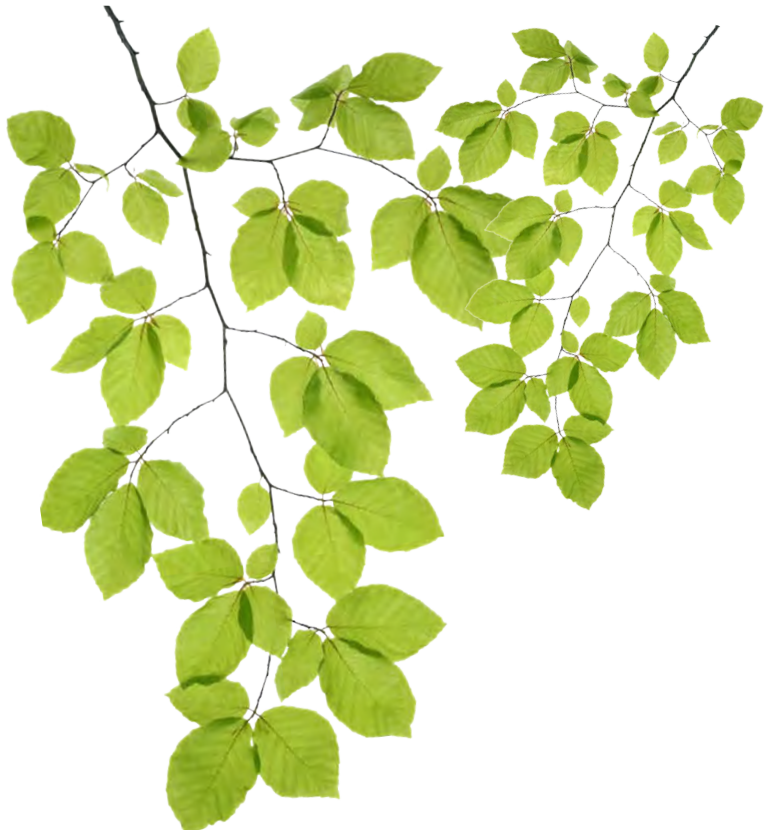




# ANNUAL REPORT 2022

LESY Slovenskej republiky, state enterprise



## ANNUAL REPORT 2022

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## Foreword by General Director

Dear public, business partners and colleagues,

allow me to present to you the annual report of Lesy Slovenskej republiky, state enterprise for the year 2022, which provides basic information on the management and activities of the company.

The year 2022 was indeed in many ways a very complicated economic year, in which a number of macroeconomic and microeconomic factors, previously unknown to us, played a significant role, which together influenced the economic result of the state-owned enterprise.

Among the macroeconomic factors, I would mention in particular the war conflict at our neighbours, which manifested itself in the Central European area in 2022 by stopping the supply of timber from Ukraine and Belarus to the Member States of the European Union, limiting the trade exchange of timber within the single European market by the neighbouring Member States, which caused, on the one hand, fears of a shortage of timber among domestic processors and households, and, at the same time, increased demand for the supply of timber to state-owned enterprises in order to compensate for the aforementioned shortfalls. The logical consequence has been a steady rise in market realisation prices for all raw timber grades throughout 2022, including the fuel crisis triggered by the shortage of firewood and energy wood.

Another no less important macroeconomic factor that has fundamentally influenced and will continue to influence the management of the state-owned enterprise is the provision of § 104 i of Act no. 543/2022 Coll. on nature and landscape protection, on the basis of which the state enterprise handed over with regards to the so-called reform of protected areas, the newly created administration of national parks, the administration of state property for land with a total area of nearly 50,000 ha, 204 buildings, including related property, with a total acquisition value of 27.015 mil. € and a residual value of 24.027 mil. €. The subject of the transition to the national park administrations was also the professional staff of the state enterprise with a total of 45 employees.

One of the important microeconomic factors implemented in the management processes with effect from 1 January 2022 was the transformation of the state-owned enterprise. The aim of the transformation was to optimize the management processes of the organizational units with territorial scope (branch plants) with regard to the balance of production tasks. During the transformation, the organisational structure was changed to reduce the number of branch plants from the original 23 to 12. In 2022, concepts were prepared for the optimisation of two specialised branch plants - Semenoles Liptovský Hrádok and the Forest Technology Branch Plant in Banská Bystrica.

The State Enterprise achieved a pre-tax result of € 20.106 million in 2022, which is historically the highest economic result of the enterprise since its establishment. The positive results were achieved despite a significantly lower volume of processed timber at the level of 3.674 million m<sup>3</sup>, which is a decrease of 101 thousand m<sup>3</sup> compared to 2021 and at the same time significantly less than in previous years, when the volume of processed timber was 3.8-4.6 million m<sup>3</sup>. An increase in timber revenues of almost €41.4 million resulted in higher average timber monetization compared to 2021. Of the total market deliveries of coniferous and deciduous timber, 97% was destined for the domestic market. In 2022, the State Enterprise managed to restore a total of 4,192 ha of forest cover, with a natural regeneration rate of 40%.

As in previous years, the company also paid great attention to public service activities. In 2022, the company incurred costs of almost € 4.10 million for the activities related to property management and public service activities.

In the management of forest stands, the company continued to apply to the maximum extent the procedures of nature-oriented management, which is a basic tool for increasing the degree of naturalness of forest stands, improving their health, and optimizing their structure with an increased degree of adaptability to the expected climate change.

Today, we are witnessing increasing demands from society on the quality of our work in all segments that the state-owned enterprise deals with. Therefore, in addition to the required adequate care of forest ecosystems, the introduction of modern forestry practices and technologies will be necessary in the near future to continue the optimization and streamlining of non-forestry activities in the state enterprise in order to better utilize their potential. They are also an important element of the communication strategy towards the public: „Caring for the country and the values entrusted by the state in the hands of experts really makes sense!“

At this point, let me thank the entire staff of the state enterprise who, with their professional approach and personal commitment, contributed to achieving a really good economic result despite the serious negative factors affecting the state enterprise in 2022.



Ing. Ján Marhefka  
General Director

## Basic information, scope of activities and company profile



### Business name:

LESY Slovenskej republiky,  
state enterprise

### Seat:

Námestie SNP 8  
975 66 Banská Bystrica

### Legal form:

state enterprise

### Date of Establishment:

01.07.1999

### Reg. No.: 36038351

### VAT No.:

SK 2020087982

### Registration

Registered in the Trade register of the District Court  
in Banskej Bystrici

### In the Trade Register:

on 29 October 1999, Section Pš, Insert No.155/S

The state enterprise LESY Slovenskej republiky, Banská Bystrica continues in rich and long-term forestry traditions in Slovakia. Based on the Decree of the Ministry of Agriculture the enterprise was established on 1. July 1999 by merging 6 former regional state forest enterprises.

The main scope of activities of the state enterprise LESY SR in Banská Bystrica is to manage forests and other property in the ownership of the Slovak Republic. It provides a balanced fulfillment of all functions of forests and a sustainable use of tangible and intangible products and services provided by forests.

The main objective of the state enterprise LESY SR, s. e. is to provide sustainable management of forests in the ownership of the state and other forest owners so that an increased functionality and maximum positive management effects can be achieved.

The international acknowledgment of these management activities is the fact that the total forest area managed by forest enterprises is PEFC or FSC certified. Thus, LESY SR has become a leader in the process of forest certification and gained a credible proof of the quality of work of foresters, which is needed for assuring the fulfillment of forest functions for the whole society.

In terms of market position, the state enterprise LESY SR still managed forest land of 1,040,565 ha in 2000. As of 31 December 2022, this amounted to 831,091 ha, which is 48,002 ha less than at the end of 2021. The area of the forest land fund of the Slovak Republic is 2,025,508 ha and the share of the state enterprise LESY SR in 2022 was 41,03 %. Following the decreasing area of managed forests in the long term, the share of LESY SR, s. e. on the relevant timber sales market is also decreasing (although 2022 was a very specific year due to the outbreak of the war in Ukraine and the subsequent fuel crisis). In 2022, forest management entities supplied forestry companies in Slovakia and delivered 7,665,000 m<sup>3</sup> of timber in 2022; LESY SR, s. e., contributed to this amount with a total 3,472,144 m<sup>3</sup> of timber (in 2021 the volume of timber produce amounted to 3,661,096 m<sup>3</sup>), i.e. share of 45,3 %.





## Company Vision and Mission Statements

### Company vision

"Our vision is to achieve sustainable development of state forests which can provide a balanced fulfilment of society's needs and optimal valuation of the forest and other state's property. "

### Company mission statement

"Through our activities we want to achieve sustainable development of forests and to work for the benefits of the whole society while respecting the principles of environmental protection, forestry traditions and long-term prosperity of the company. "

### Code of Ethics

Ethical code is a unified set of principles and standards of conduct of the state enterprise LESY SR and its employees at all levels within the company and in relation to the external environment – business partners, representatives of the state and public administration, civil organizations, stakeholders, and all citizens of the Slovak Republic. It also states responsibilities towards all entities within labor and business relations. At the same time respecting the ethical rules contributes to the refinement of the economic system and has a beneficial effect on the whole society.

## Organizational Structure and Company Top Management

### Company bodies:

#### General Director

Ing. Ján Marhefka

#### Supervisory board

Ing. Tibor Jančok (chairman)

prof. Ing. Ján Holécy, CSc.

JUDr. Marek Morochovič

Ing. Pavol László

Ing. Alexander Čarný

Ing. František Fodor

Ing. Igor Vizslai

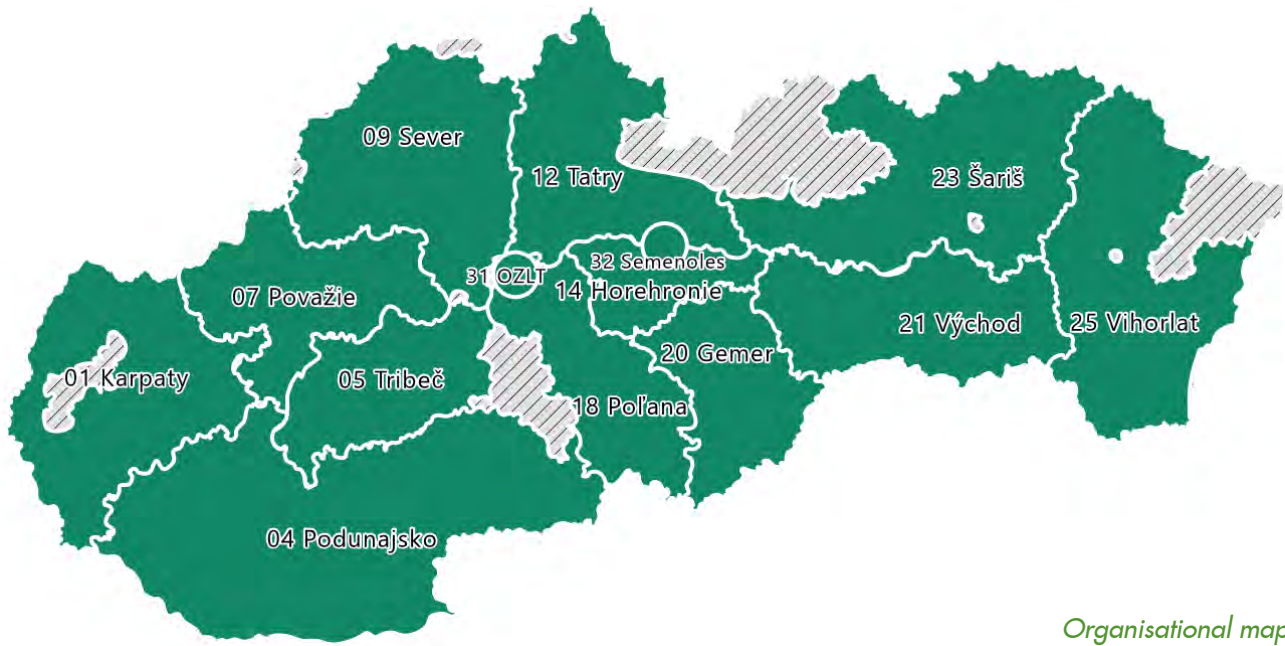
Ing. Peter Zima

Jozef Minárik

### Organizational structure

The state enterprise LESY SR consists of general directorate, 12 forest enterprises and two specialized enterprises:

Number of organizational units	12 + 2
forest enterprises	93
forest districts	928
dispatch warehouses	57
specialised and other centres	22
special-purpose facilities	4



Organisational map

### Organizational structure

Organizational units provide operational administration of the forest and other property aimed mainly at silvicultural activities, forest protection and biological works of the whole-society significance, planned timber harvesting and utilization of other forest products.

### Specialized forest enterprises

Branch Factory of Forest Technology – oriented on the internal services mainly in the field of harvesting operations, timber transport and maintenance of forest technology.

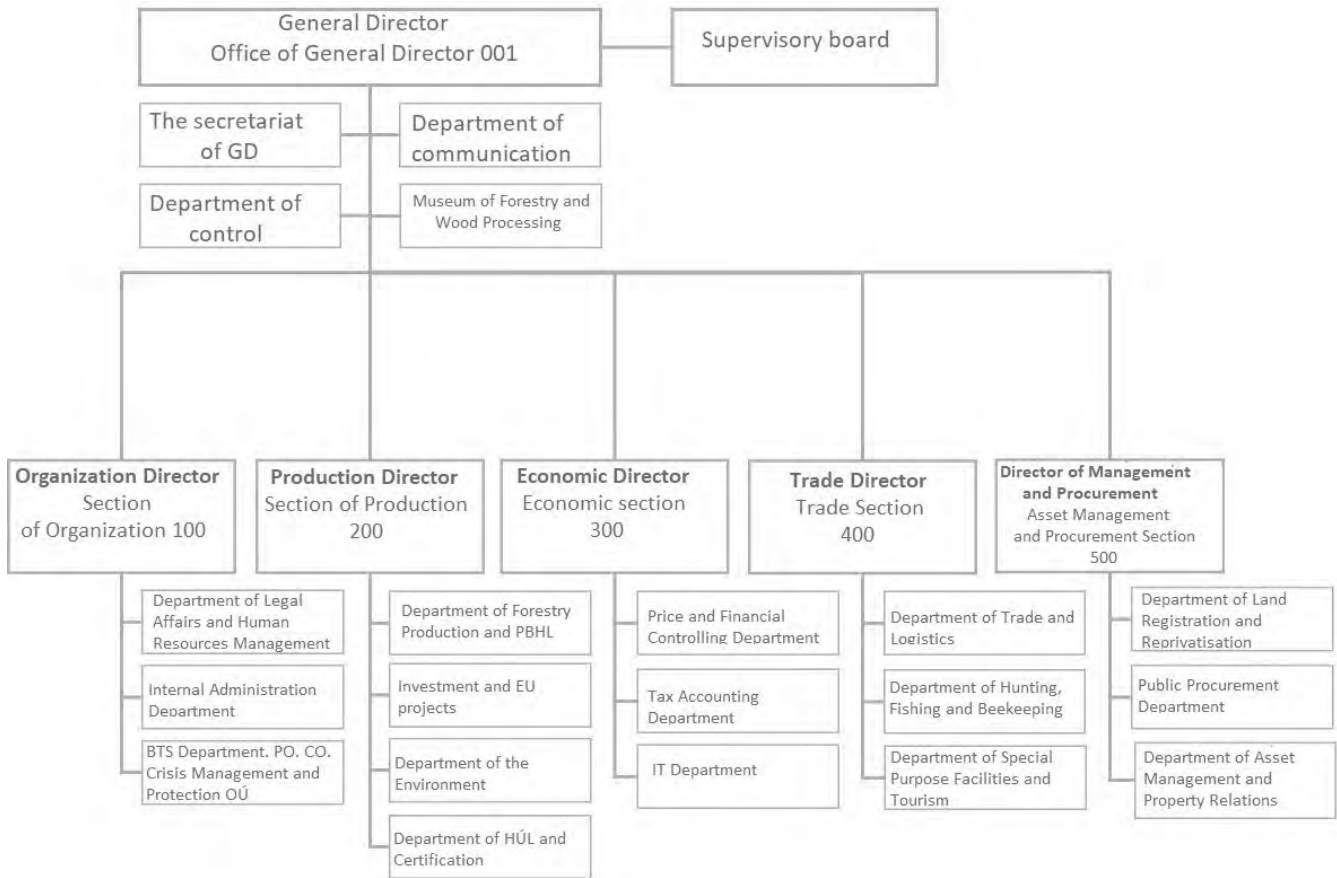
Semenoles – provides services in the area of forest seed management and production of forest and ornamental trees. At the same time its mission is to maintain the gene pool of Slovak forests.

The organizational structure of LESY SR enables a flexible approach to the modification of number of organizational units at different management levels depending on their current needs.

As of 1 January 2022, a more extensive organisational change took place concerning 23 branch forestry plants, which were transformed into 12 new organisational units of the state enterprise.



Organizational structure of the General Directorate as of 31.12.2022



## Company Top Management

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### Ing. Ján Marhefka – General Director

\*1975, Stará Lubovňa

- statutory body of the enterprise appointed by the Minister of Agriculture of SR, subordinate to the Minister
- directly manages five section directors of general directorate and 14 directors of forest enterprises and through them the entire economic activities of the state enterprise
- directly manages Department of Control, Department of Communication and Forestry and Timber Museum (Lesnícke a drevárske múzeum) in Zvolen
- with regard to company matters acts independently in accordance with the valid legislation and internal guidelines and regulations of the Minister of Agriculture of the SR
- makes decisions on principal and key issues and delegates a part of his responsibilities to the section directors and directors of forest enterprises

Until 18 February 2022, the position of General Director was held by Ing. Tibor Koszeghy, MPH. From 19 February 2022 to 18 May 2022 was entrusted with the function of General Director Ing. Matej Vigoda and in the period from 19 May 2022 to 23 May 2022 it was Ing. Pavel Cíváň. As of May 24, 2022, Ing. Ján Marhefka was appointed general director.

### JUDr. Ján Golian – Organization Director

\*1984, Lučenec

- First Deputy of General Director
- coordinates and methodically directs organization department
- manages all materials connected with organization structure, principles, and system of management
- coordinates and directs activities of department of human resources
- creates conditions for law department and its effectiveness
- takes care of internal management activities and dedicated facilities
- regulates activities of civil defence and crisis management, occupational safety, health at work and fire protection
- cross-section cooperates with other departments of the state-owned enterprise, directs branch offices, cooperates with founder and external bodies.

### Ing. Tomáš Čuka – Production and Technical Director

\*1976, Nitra

- coordinates and methodically directs forest operations and management of forest operations, forest management itself, forest certification and forest care programmes
- in accordance with the enterprise's development manages the elaboration of company strategy and conception and also manages technical development
- coordinates activities in the area of the environment in order to ensure such functions of managed forests that are beneficial to the public
- cooperates with municipal and state administration bodies, Institute for Forest Management, elaborators of forest management plans and other institutions
- manages development-investment activities within the enterprise to fulfil the tasks of the legislation and to create optimal conditions for the existence and development of the enterprise
- manages the preparation and implementation of EU projects in the state enterprise and cooperates with international institutions in this field
- in relation to forest enterprises through relevant organizational units carries out mainly methodological, management and coordination activities.



### Ing. Dušan Lašák – Economic Director

\*1974, Myjava

- runs, coordinates, and methodically directs the areas of economy, finance, taxes, prices, levies, accounting, information system and the area of information and communication technologies
- in accordance with the enterprise development organizes elaboration of its conception in the economic section
- manages development-investment activities within the enterprise to fulfil the tasks of the legislation and to create optimal conditions for the existence and development of the enterprise
- in relation to forest enterprises through relevant organizational units carries out mainly methodological, management and coordination activities.

### Mgr. Michal Demák – Trade Director

\*1974, Žilina

- manages sales of timber and other commodities in the state enterprise, coordinates logistic activities and marketing
- manages hunting activities
- manages sales of production of the state enterprise to key domestic and foreign customers
- manages marketing in the areas of market research, conception of trade, monitoring of competitors, price survey, planning, promotion and advertisement
- coordinates special-purpose facilities owned by the state enterprise,
- methodically manages, guides, and controls the business of subordinate organizational units.

### Ing. Pavel Civiň – Director of Asset Management and Procurement

\*1980, Nitra

- directs the provision of the state of land tenure within the enterprise and the disposal of the state's forest assets under the management of the state enterprise
- coordinates and methodically directs activities of public procurement around goods, services, and jobs in accordance with the law, ensures cooperation with the Public Procurement Office
- manages the sale of movable and immovable property
- in relation to forest enterprises through relevant organizational units carries out mainly methodological, management and coordination activities.



## Human Resources and Staff Training

To operate successfully, the company has developed precise human resource management procedures, from the recruitment of employees to the termination of employment, so that in changing market conditions, economic conditions and changing environmental conditions, it is able to have at its disposal a quality and educated human potential that is able to work effectively.

In the framework of collective labour relations, a collective agreement was concluded between the employer and the employees' representatives - the trade union for a period of one year for the year 2022. Changes have been agreed in response to changes in labour legislation and changes in wages, and in particular in response to rising inflation, which are a compromise between the demands of employees and the economic possibilities of the employer.

The State Enterprise LESY SR is a member of the Association for Human Resource Management and Development/ member of EAPM and WFPMA.

We strive to create the right working conditions for our employees, in addition to their professional and personal development and in social benefits. Thanks to this we can maintain the position of responsible employer, not only in the environment of Slovak forestry.

In the framework of active labor market measures in accordance with § 51 of Act no. 5/2004 Coll. as amended, allowed s. e. LESY SR performing graduate practice by job seekers throughout the Slovak Republic. We were also actively involved in gaining of practical professional experience of secondary school and university students in the state enterprise's workplaces.

The company is involved in the system of dual education, where at the workplaces of the Semenoles Branch Plant it prepares students of the Forest Production Department of the Secondary Vocational School of Forestry in Prešov, by practical teaching as part of their education, for the exercise of their profession in the form of full-time studies.

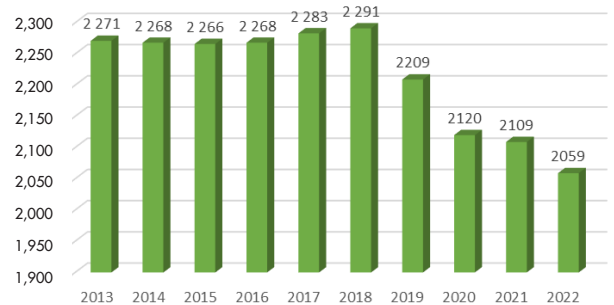
### Average registered number of employees in 2022

In technical managerial staff (TMS)	2,038
In workers	1,182
Total	3,220

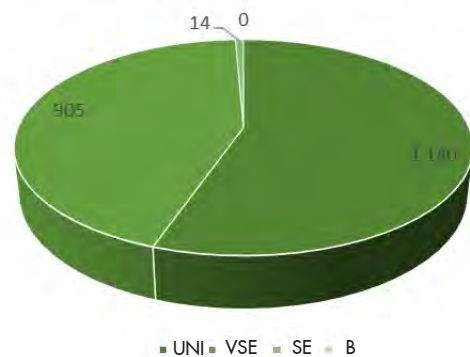
### Number of TMS as of 31.12. 2022

Headquarters of the organisational units	379
Expedition warehouses	153
Forest districts	1,274
Specialized centers	19
Specialized forest enterprises	80
General directorate and centers	154
Total number of TMS	2,059

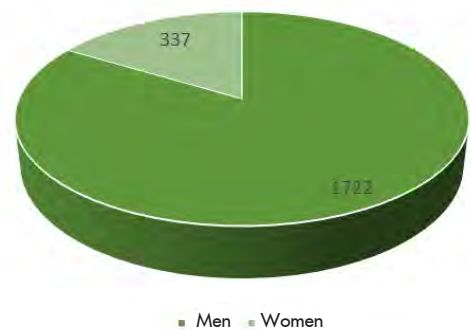
Development of the number of TMS in LESY Slovenskej republiky, s. e.



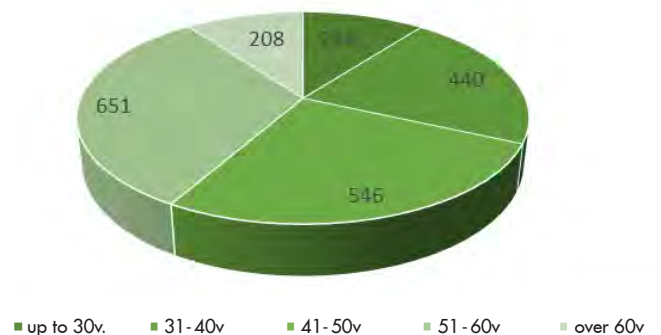
Structure of TMS according to education in 2022



Structure of TMS according to gender in 2022



Structure of TMS according to age in 2022



## Training activities

One of the most important tasks in human resources management is the development of education, knowledge and skills of employees, its process, and the setting of its optimal model so that it builds on the corporate goals and needs of the company and at the same time uses the potential of its employees. Knowledge and skills not only in the professional work of the employee, but also in areas contributing to the widening of the employees' educational horizon. Increased knowledge and skills requirements for employees also arise through the advancement of intense technical development. The main purpose of employee training in our company is therefore to respond to the needs of the business and employees.

To increase the value of their workforce and to achieve and maintain the competitiveness of an enterprise, the development of an employee is not only a matter of enterprise but also a personal concern of each employee, so that they also take care of their educational development that should become a lifelong process for them. The company enjoys employees who not only need but also want to work on themselves.

## Training implementation

Employee training in 2022 was aimed at maintaining and increasing professional forestry competences, especially of forestry operation employees, and the following training actions were mainly carried out on the basis of the training plan:

Vocational training in the application of plant protection products or other products and their application in forestry practice intended for the target group of OZ and LS employees coming into contact with chemical plant protection products was completed by 49 employees of the enterprise, of which 26 employees were newly trained.

Further training of OLH certificate holders, intended for the target group of employees - OLH certificate holders, was completed by 148 employees, training for OLH examination candidates and examination was completed by 58 employees.

Training of applicants for a certificate of competence for activities with forest reproductive material was completed by one staff member, training of holders of a certificate of competence for activities with forest reproductive material and examinations were completed by six staff members.

In 2022, a course on forest pedagogy for the needs of working with the public was held for employees of the organisational units, which was attended by 22 employees and financed from own resources.

The staff also attended seminars and conferences focusing on current legislative changes, in labor law, public procurement, accounting, protection of personal data, information technology, as well as expert forestry topics, based on the supply of educational institutions and the needs of the employer.

The total cost of all types of education for the year 2022 amounts to 178,066.81 € in all organizational units of the State Enterprise LESY SR.





## Occupational Safety and Health at Work

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Development of accidents at work in 2022 according to the data from forest enterprises

Overview of number of industrial injuries at workplaces of LESY SR, state enterprise in 2022:

	Total	Recorded	Registered	Serious	Fatal	Dangerous incident not counted as injuries
Lesy SR, s.e.	128	70	43	1	0	14
contractors/ *	5	none	none	2	3	
self-producers/*	0	none	none	0	0	
Other/*	0	not classified				

\* – reported accidents or accidents ascertained by employees of LSR

For the employees of LESY SR, s. e., we record 4 more registered injuries compared to 2021, while we recorded only one serious occupational accident. In the case of registered injuries of own employees, the most frequent cause of injury was „deficiencies of personal prerequisites, personal indisposition“ and the most frequent source of injuries was „working and transport premises and material, loads, objects“.

The highest number of injuries was registered at OZLT Banská Bystrica, namely 12 injuries out of the total number of injuries of our own employees, which results from the greater riskiness of the work and a larger number of employees.

In the case of injuries on the contractors' side, no causal fault or complicity of LESY SR, s. e. was found in any of the cases. In these injuries, we register a slight decrease in serious injuries with severe bodily injury by four, but an increase in fatal injuries by one.

This year we record two occupational diseases, namely Lyme disease.





## Sustainable Development of Forest Resources

The strategic goal of the state enterprise LESY SR is to provide sustainable management of forests owned by the state and other forest owners so that an increased functionality and maximum positive management effects can be achieved while observing all the principles of sustainable development. The objective of sustainable forest management is not only sustainable timber production, but also broader understanding of the forest value in compliance with the EU forestry strategy and the EU Action Plan for Forests.

In this sense the conception and objectives of enterprise policy of sustainable forest management are mainly oriented on:

- maintenance and increment of the existing forest area and optimization of forest reserves to the level which is required with regard to economic, ecological and social forest functions,
- improvement of health of forests and reduction of damage risks,
- wood and non-wood forest products, always as a part of environmental forest function,
- the support of biodiversity and the maintenance of the favourable state of rare forest ecosystems and home sites of protected plant and animal species
- supporting the soil and water protection functions of forests
- active cooperation in development of montane and submontane regions.

The quality assessment of sustainable forest management is carried out by independent certification bodies by comparing methods and results of forest management with requirements of certification schemes.

Holders of TUOL certificates in the FSC scheme are organizational components of OZ Karpaty, OZ Tribeč, OZ Považie, OZ Sever, OZ Šariš, OZ Vihorlat and LS Gabčíkovo from OZ Podunajsko with a total area of 304,493 ha, which is 70% of the FSC certified forests in Slovakia. The area of all forests, including plantations on agricultural land, certified according to the FSC scheme in the Slovak Republic is 439,285 ha.





The TUOL certificate according to the PEFC scheme covers the entire area of forests used by the State Enterprise Forests of the Slovak Republic, namely 839,700 ha in all 12 organizational units of the enterprise, which constitutes 72% of PEFC certified forests in Slovakia. Certification in the PEFC scheme is based on the regional principle in four regions created for this purpose, in which LESY SR, s. e., represents the interests of other forest managers who have decided to verify the quality of the results at TUOL. In 2022, recertification audits according to SFCS PEFC requirements were carried out in the NORTH, CENTRAL and EAST regions and an annual surveillance audit in the WEST region. Certification body audits were carried out on 9 forest administrations and internal audits from GD level were carried out on 12 forest administrations. Forests of the Slovak Republic is a representative of all four regions in the regional certification in the PEFC scheme. In 2022, there was a planned revision of the SFCS-PEFC technical documents. Forests of the Slovak Republic participated in the revision process. The revised documents end the regional form of forest certification and move to a group form of forest certification. In 2023, the system will be converted to group forest certification.

The area of all forests certified under the PEFC scheme in the Slovak Republic is 1,165,554 ha. Certified forests have 130 forest managers who have issued 226 certificates of participation in forest certification.

In the Slovak Republic, 367,023 ha of forest land are covered by double certification.

### Managing of forests

LESY SR, s. e. uses their own capacity in the economic planning process. Priority was given to the tasks related to early PSL renewal, PSL projects for plots declared as forest land under the Land Registry, expansion of planned PSL tasks, documentation for declaring special purpose forests for LC coming into PSL renewal in the following year according to the PSL renewal schedule.

In 2022, PSL was finalized and approved by the state administration on the Lesy Poltár forest complex with a total area of 5,151 ha, prepared by internal capacities as an early PSL recovery. At the same time, the renewal of the PSL was started in the forest unit of the non-state forest Rimavské Brezovo with a total area of 1,507 ha.

In that year, an update of the PSL was also prepared for the Horná Štubňa forest unit with a total area of 2 354 ha. Another important activity was the creation of forest land care projects, which were prepared at the OZ: Sever (1), Gemer (1), Karpaty (1), three projects in total.

In connection with the return of forest management to their owners, 6 projects for changes to the boundaries of the woodlots (OZ Polana) were dealt with in the case of woodlots that are common property.

In 2022, full proposals for the declaration of Special Purpose Forests (SPFs) for the OZ were prepared in connection with the PSL renewals: Východ (3 LC), Polana (1 LC), Sever (3 LC), Šariš (1 LC), Gemer (2 LC), Vihorlat (3 LC), Tribeč (2 LC), 15 in total.





## Financial and Technical Indicators

### Overview of selected economic indicators in 2018 - 2022

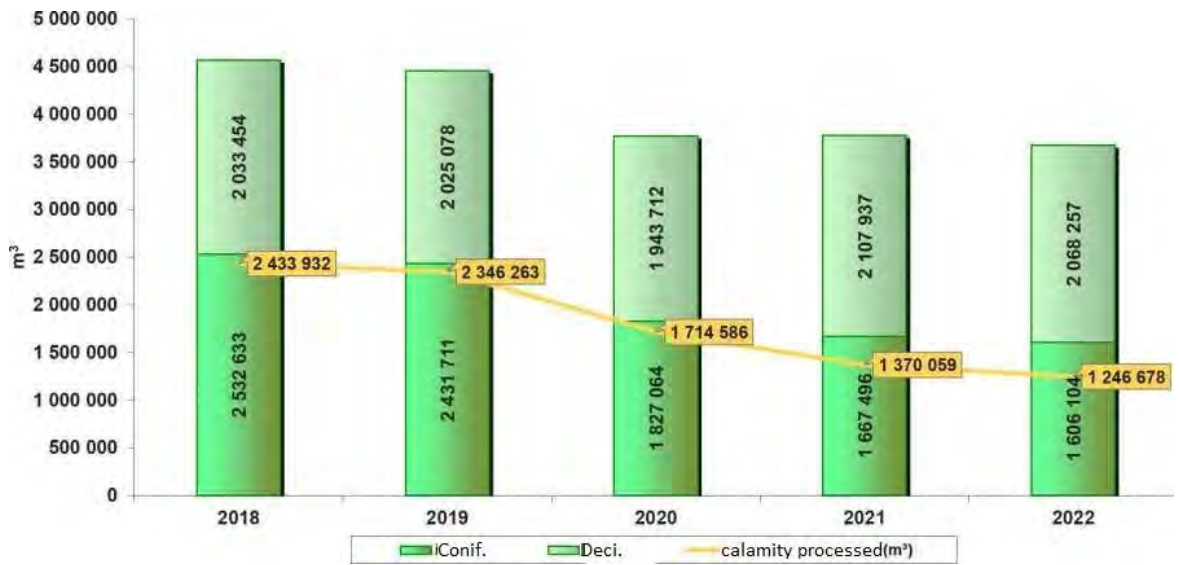
Lesy SR, state enterprise

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No.	Indicator	Unit of Measur.	2018	2019	2020	2021	2022	2019-2018	2020-2019	2021-2020	2022-2021
1.	Forest regeneration	ha	7,604	7,036	7,158	5,658	<b>4,192</b>	-568	+121	-1,499	-1,467
2.	out of which natural regeneration	ha	3,541	3,126	2,981	2,475	<b>1,642</b>	-415	-145	-506	-833
3.	Thinning	ha	16,822	14,429	8,716	14,757	<b>16,018</b>	-2,393	-5,714	+6,042	+1,261
4.	Direct costs of silviculture TOTAL	K €	31,297.91	27,866.48	17,497.94	28,034.18	<b>26,199.52</b>	-3,431.43	-10,368.54	+10,536.24	-1,834.66
5.	out of which allowance for creation	K €	11,552.95	11,665.47	7,259.91	13,512.88	<b>18,918.86</b>	+112.52	-4,405.56	+6,252.97	+5,405.98
6.	usage	K €	6,855.03	10,179.85	12,043.86	8,693.28	<b>14,051.24</b>	+3,324.82	+1,864.00	-3,350.57	+5,357.96
7.	Direct cost of silviculture without allowance	K €	26,599.99	26,380.86	22,281.88	23,214.58	<b>21,331.91</b>	-219.13	-4,098.98	+932.70	-1,882.67
8.	Direct costs of logging	K €	119,595.81	113,621.67	99,683.19	106,109.55	<b>118,445.20</b>	-5,974.14	-13,938.48	+6,426.36	+12,335.65
9.	(PN řč/m <sup>3</sup> ) of logging	€·m <sup>-3</sup>	26.19	25.49	26.44	28.11	<b>32.24</b>	-0.70	+0.94	+1.67	+4.13
10.	Overheads	K €	75,677.00	74,084.14	69,785.54	76,533.17	<b>96,228.15</b>	-1,592.86	-4,298.60	+6,747.63	+19,694.98
11.	Thinning in forests up to 50y	ha	10,780	9,893	8,095	8,741	<b>9,232</b>	-887	-1,798	+646	+491
12.	Total logging	m <sup>3</sup>	4,566,087	4,456,789	3,770,776	3,775,433	<b>3,674,361</b>	-109,298	-686,013	+4,657	-101,073
13.	out of which coniferous trees	m <sup>3</sup>	2,532,633	2,431,711	1,827,064	1,667,496	<b>1,606,104</b>	-100,922	-604,647	-159,569	-61,392
14.	deciduous trees	m <sup>3</sup>	2,033,454	2,025,078	1,943,712	2,107,937	<b>2,068,257</b>	-8,376	-81,366	+164,226	-39,681
15.	out of which salvage logging	m <sup>3</sup>	2,433,932	2,346,263	1,714,586	1,370,059	<b>1,246,678</b>	-87,669	-631,677	-344,527	-123,381
16.	Timber supplies (domestic + export)	m <sup>3</sup>	4,300,457	4,212,637	3,749,656	3,661,096	<b>3,472,144</b>	-87,820	-462,982	-88,560	-188,951
17.	out of which coniferous trees	m <sup>3</sup>	2,371,865	2,342,516	1,857,525	1,601,616	<b>1,511,415</b>	-29,349	-484,991	-255,909	-90,202
18.	deciduous trees	m <sup>3</sup>	1,928,592	1,870,122	1,892,131	2,059,479	<b>1,960,730</b>	-58,470	+22,009	+167,348	-98,749
19.	Timber supplies for export	m <sup>3</sup>	106,524	104,342	89,353	111,792	<b>89,410</b>	-2,182	-14,990	+22,440	-22,383
20.	out of which coniferous trees	m <sup>3</sup>	20,746	18,914	17,350	9,880	<b>5,807</b>	-1,832	-1,564	-7,470	-4,073
21.	deciduous trees	m <sup>3</sup>	85,778	85,428	72,003	101,912	<b>83,602</b>	-350	-13,426	+29,910	-18,310
22.	Timber revenues	K €	216,072.96	202,844.17	171,828.21	211,811.71	<b>253,177.17</b>	-13,228.79	-31,015.95	+39,983.49	+41,365.47
23.	Average price of wood (conif + dec.)	€·m <sup>-3</sup>	50.24	48.15	45.83	57.85	<b>72.92</b>	-2.09	-2.33	+12.03	+15.06
24.	Average price of conif	€·m <sup>-3</sup>	48.59	43.27	37.94	63.84	<b>86.11</b>	-5.32	-5.33	+25.90	+22.27
25.	Average price of deciduous trees	€·m <sup>-3</sup>	52.27	54.26	53.56	53.20	<b>62.75</b>	+1.99	-0.70	-0.36	+9.54
26.	<b>Profit/loss before tax</b>	K €	+6,752.51	+4,047.36	+1,173.94	+15,607.28	<b>+20,105.82</b>	<b>-2,705.14</b>	<b>-2,873.42</b>	<b>+14,433.34</b>	<b>+4,498.54</b>
27.	<b>Profit/loss after tax</b>	K €	+5,231.90	+3,030.03	+820.58	+12,243.66	<b>+16,413.24</b>	<b>-2,201.86</b>	<b>-2,209.46</b>	<b>+11,423.08</b>	<b>+4,169.58</b>
28.	Average regis. number of employees	person	3,635	3,557	3,427	3,316	<b>3,220</b>	-78	-130	-111	-96
29.	out of which workers	person	1,339	1,326	1,275	1,217	<b>1,182</b>	-13	-51	-58	-35
30.	technical managerial staff (TMS)	person	2,296	2,231	2,152	2,100	<b>2,038</b>	-65	-79	-52	-62
31.	Productivity of labor from added value	€	30,020.52	29,191.11	24,610.35	36,921.84	<b>46,805.56</b>	-829.41	-4,580.75	+12,311.49	+9,883.71

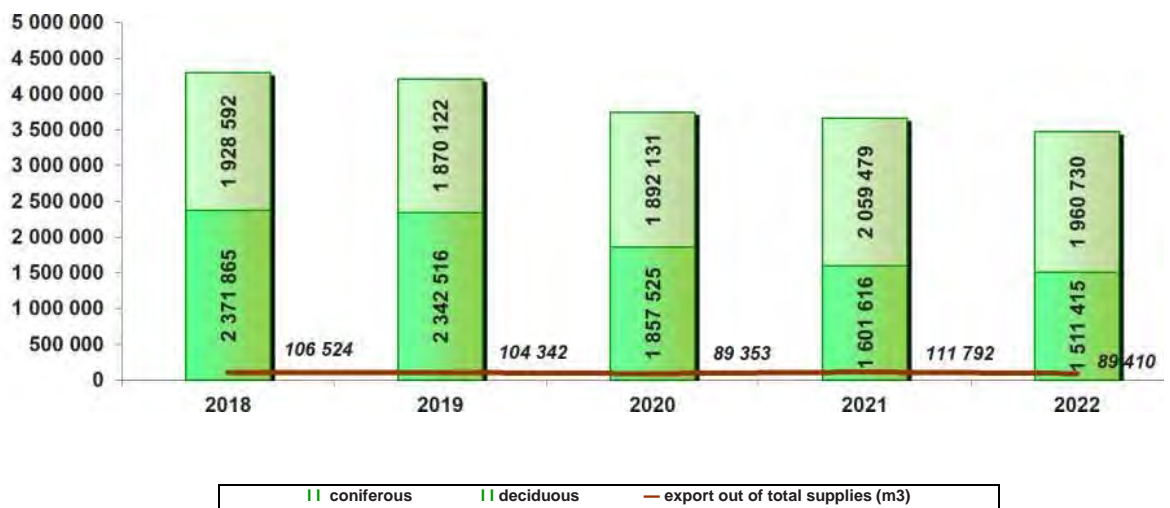
Timber harvesting including self-production and standing timber sale

	2018	2019	2020	2021	2022
total logging (m <sup>3</sup> )	4,566,087	4,456,789	3,770,776	3,775,433	3,674,361
processed calamity (m <sup>3</sup> )	2,433,932	2,346,263	1,714,586	1,370,059	1,246,678
coniferous trees	2,532,633	2,431,711	1,827,064	1,667,496	1,606,104
deciduous trees	2,033,454	2,025,078	1,943,712	2,107,937	2,068,257



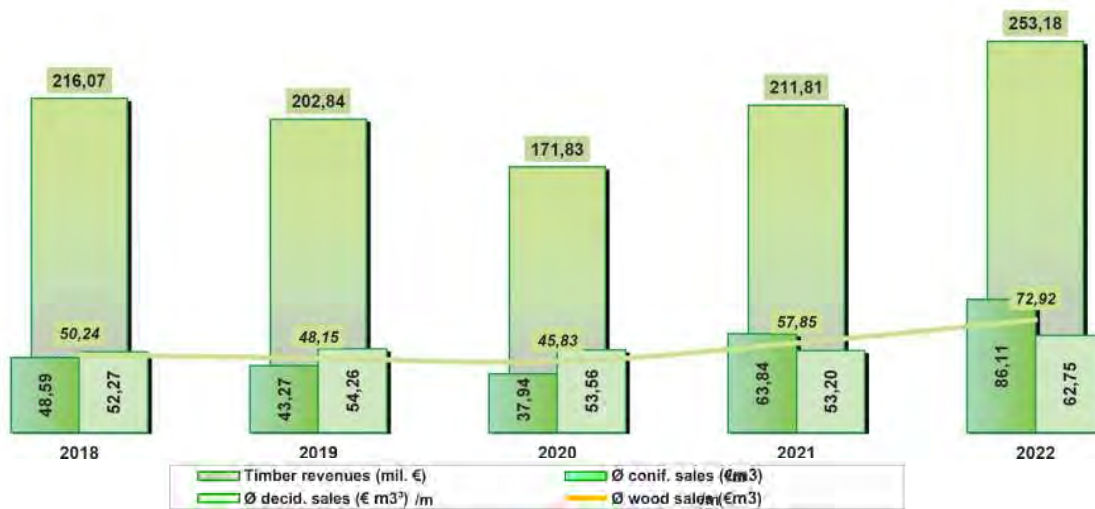
Timber supplies in m<sup>3</sup>

	2018	2019	2020	2021	2022
coniferous trees	2,371,865	2,342,516	1,857,525	1,601,616	1,511,415
deciduous trees	1,928,592	1,870,122	1,892,131	2,059,479	1,960,730
export of total deliveries (m <sup>3</sup> )	106,524	104,342	89,353	111,792	89,410
export of total deliveries (%)	2	2	2	3	3



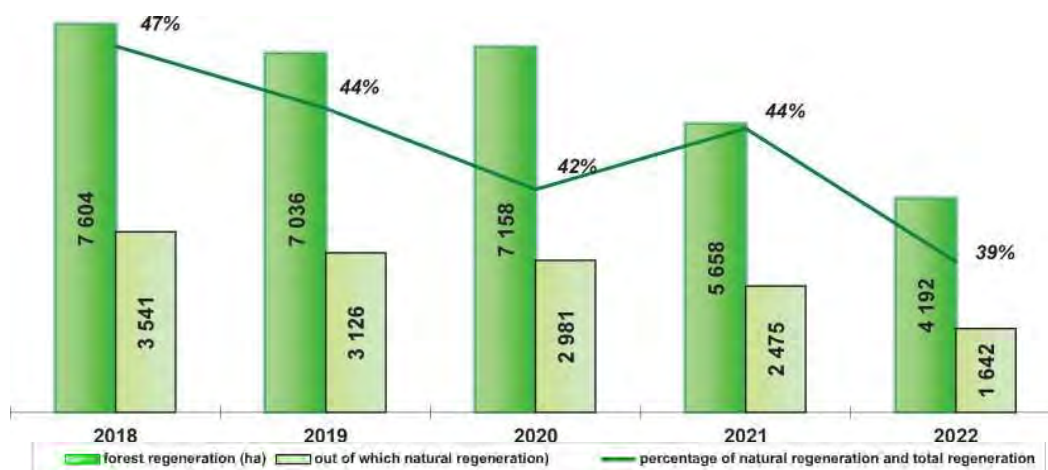
### Timber revenue and average timber yield

	2018	2019	2020	2021	2022
Timber revenues (mil.€)	216.07	202.84	171.83	211.81	253.18
Ø timber sales (€/m <sup>3</sup> )	50.24	48.15	45.83	57.85	72.92
Ø conif. timber sales (€/m <sup>3</sup> )	48.59	43.27	37.94	63.84	86.11
Ø decid. timber sales (€/m <sup>3</sup> )	52.27	54.26	53.56	53.20	62.75



### Forest regeneration

	2018	2019	2020	2021	2022
forest regeneration (ha)	7,604	7,036	7,158	5,658	4,192
out of which natural regeneration (ha)	3,541	3,126	2,981	2,475	1,642
percentage of natural regeneration from total	47%	44%	42%	44%	39%





## Productivity of labour from added value

	2018	2019	2020	2021	2022
productivity of labor from added value (€)	30,021	29,191	24,610	36,922	46,806
number of employees	3,635	3,557	3,427	3,316	3,220



## Result of asset management and public service activities

Costs related to asset management and public service activities for the years 2018 to 2022		year 2018	year 2019	year 2020	year 2021	year 2022	
		K €	K €	K €	K €	K €	
1. Asset settlement services	ER	-350,59	-266,32	-51,65	-52,60	-93,46	
	Costs	-350,59	-266,32	-51,65	-52,60	-93,46	
2. Management of watercourses - dam protection of torrents	ER	-674,73	-541,26	-531,49	-501,52	-599,06	
	Costs	-773,46	-630,54	-621,93	-592,04	-688,78	
	Revenue	98,73	89,27	90,45	90,53	89,72	
3. Flood protection and remediation	ER	-393,68	-265,30	-829,62	-622,44	+524,89	
	Costs	-551,97	-328,24	-957,35	-1,131,86	-109,10	
	Revenue	158,30	62,94	127,73	509,42	633,99	
4. Forestry and Timber Museum Zvolen	ER	-445,13	-321,47	-336,45	-369,10	-488,44	
	Costs	-499,99	-350,14	-368,68	-392,34	-513,92	
	Revenue	54,86	28,68	32,19	23,24	25,48	
5. Breeding of Bison Topoľčianky	ER	-64,04	-78,54	-91,15	-66,35	-225,84	
	Costs	-84,04	-94,37	-104,02	-134,85	-344,47	
	Revenue	20,00	15,83	12,87	68,50	118,64	
6. Breeding of horses Muráň	ER	-625,25	-639,32	-586,10	-345,42	-850,22	
	Costs	-927,14	-888,26	-881,76	-1,268,53	-1,205,31	
	Revenue	301,88	248,93	295,66	923,10	355,09	
7. Park management	ER	-113,99	-131,38	-86,20	-147,76	-230,76	
	Costs	-126,38	-134,16	-86,25	-147,81	-230,76	
	Revenue	12,39	2,77	0,05	0,05	0,00	
8. Public Relations	ER	-1,469,30	-709,53	-404,98	-375,75	-541,20	
	Costs	-1,577,81	-812,87	-503,16	-453,86	-636,25	
	Revenue	108,50	103,34	98,18	78,11	95,05	
9. Forest Open Air Museum	ER	-267,47	-276,29	-227,06	-226,59	-229,64	
	Costs	-274,65	-283,99	-235,98	-244,43	-242,04	
	Revenue	7,18	7,70	8,92	17,84	12,40	
10. Loss from management in non-state non-transferred forests		-739,49	-1,097,67	-1,155,35	-533,44	-301,61	
<b>TOTAL</b>			<b>-9,547,87</b>	<b>-7,556,50</b>	<b>-7,444,79</b>	<b>-5,948,50</b>	<b>-5,769,07</b>

## Structure of personnel cost – in K €

Labor Costs Total	year 2022	year 2021
	71,649,88	55,867,79
out of which:		
basic salaries of workers	12,266,70	10,566,98
bonuses, rewards, and jubilees of workers	6,171,73	3,821,39
compensation of workers' wages	4,029,60	3,134,48
basic salaries of TMS	22,967,72	20,248,58
bonuses, rewards, and jubilees of TMS workers	17,616,24	11,266,07
compensation of TMS workers' wages	8,271,64	6,533,39
agreements	326,25	296,90
Average Monthly Pay per Employee TOTAL	1,855	1,449
Average Monthly Pay per Worker Employee TOTAL	1,571	1,236
Average Monthly Pay per TMS Employee TOTAL	2,020	1,572
Bonuses for Board Members	17,89	23,60
Social Insurance	25,662,36	19,953,51
Other Social Insurances (SRS)	1,588,85	1,355,30
Social Costs Together	5,258,74	6,685,73
out of which:		
meal allowance	2 290,52	1 647,26
social fund	900,40	727,41
protective equipment	554,31	780,98
uniforms of foresters	444,43	701,19
leaving allowance	449,61	335,53
severance	-43,57	1 372,49
the change of reserves for employee benefits under the CA	-167,09	607,78
compensation for temporary inability to work	397,67	195,00
medical examinations and reconditions stays	76,25	51,47
allowance for vacations according to § 152a CoL	200,77	157,17
other statutory social costs	155,44	109,45
Other social costs - company recreational facilities	8,29	11,02
Personal costs TOTAL	104,186,01	83,896,95

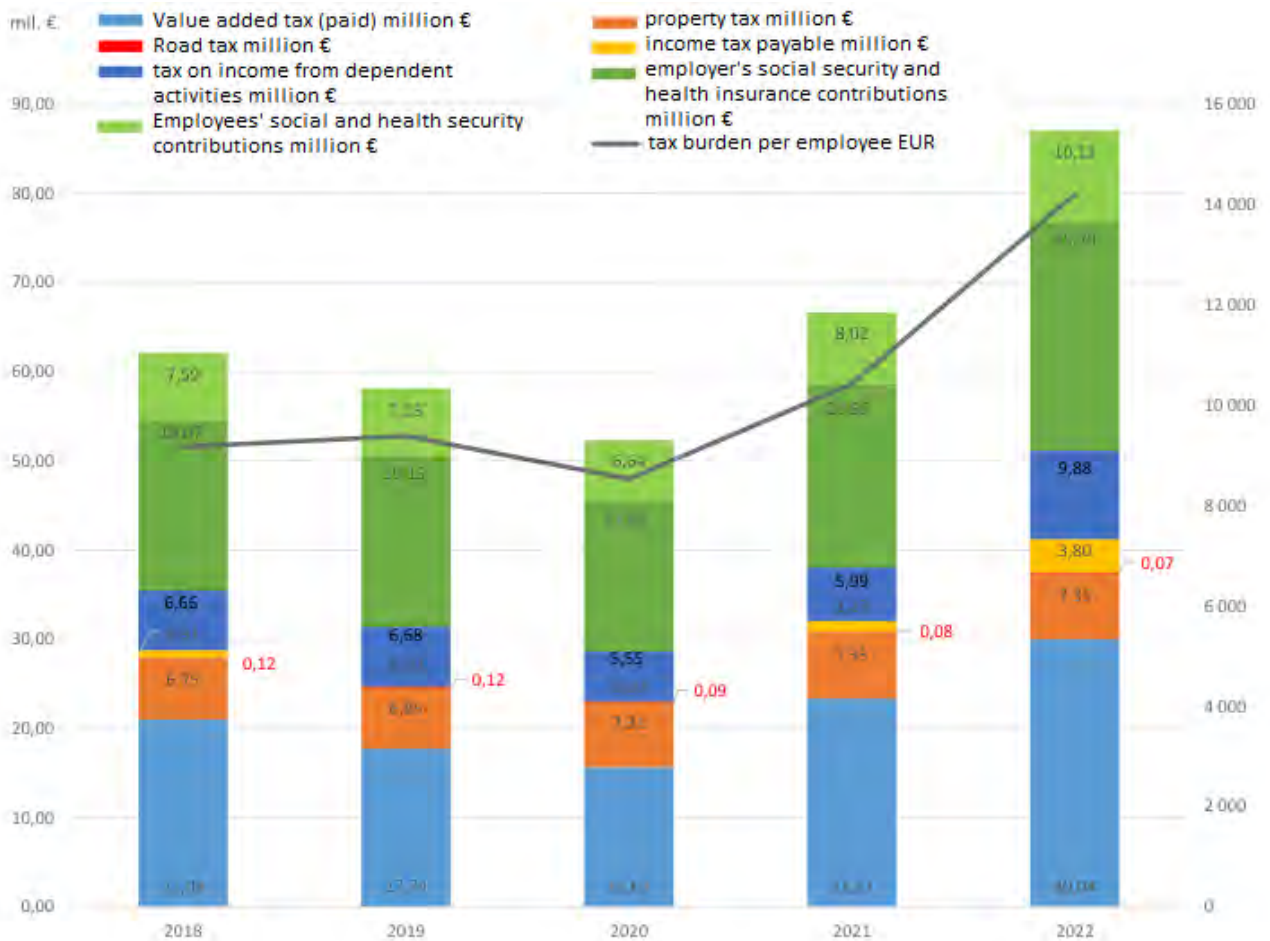
## Amount of annual remuneration - data in K €

Information on the amount of the annual remuneration of the director of the state-owned enterprise and the members of the Supervisory Board and the amount of their shares in the profit of the enterprise pursuant to Section 9, Para. 6 Act No. 111/1990 Coll. about state enterprise:

year 2022	annual remuneration	the amount of remuneration for profit - sharing
General Director of the state enterprise	10,621	36,497
Members of the Supervisory Board	0	17,079

## Tax and levy burden

		2018	2019	2020	2021	2022
Taxes and government contributions to social and health security for employer and employees	mil.€	62,13	58,10	52,30	66,63	85,58
out of which:						
Employer + employees	mil.€	35,47	31,40	28,62	38,06	50,13
value added tax (paid)	mil.€	21,03	17,74	15,67	23,37	30,04
property tax	mil.€	6,75	6,86	7,31	7,35	7,35
road tax	mil.€	0,12	0,12	0,09	0,08	0,07
income tax payable	mil.€	0,91	0,00	0,00	1,27	3,80
income tax on employment income	mil.€	6,66	6,68	5,55	5,99	8,87
Contributions to social security and health insurance employer + employees	mil.€	26,66	26,70	23,69	28,58	35,45
employer contributions social and health security	mil.€	19,07	19,15	17,05	20,56	25,70
employee levies: social and health security	mil.€	7,59	7,55	6,64	8,02	9,75
Number of employees	people	3,635	3,557	3,427	3,316	3,220
Tax and levy burden per 1 employee (employer's levies + employee's levies+ employment tax)	EUR	9,168	9,386	8,530	10,423	13,763





## Forest-land Registration and Forest Reprivatisation

Since the beginning of the privatization process, 908,167 ha of forest land has been returned to former owners, out of which 190,340 ha to private owners, 457,503 ha to cooperatives, 179,817 ha to municipalities, 71,126 ha to churches and religious communities, and 9,078 ha to other owners.

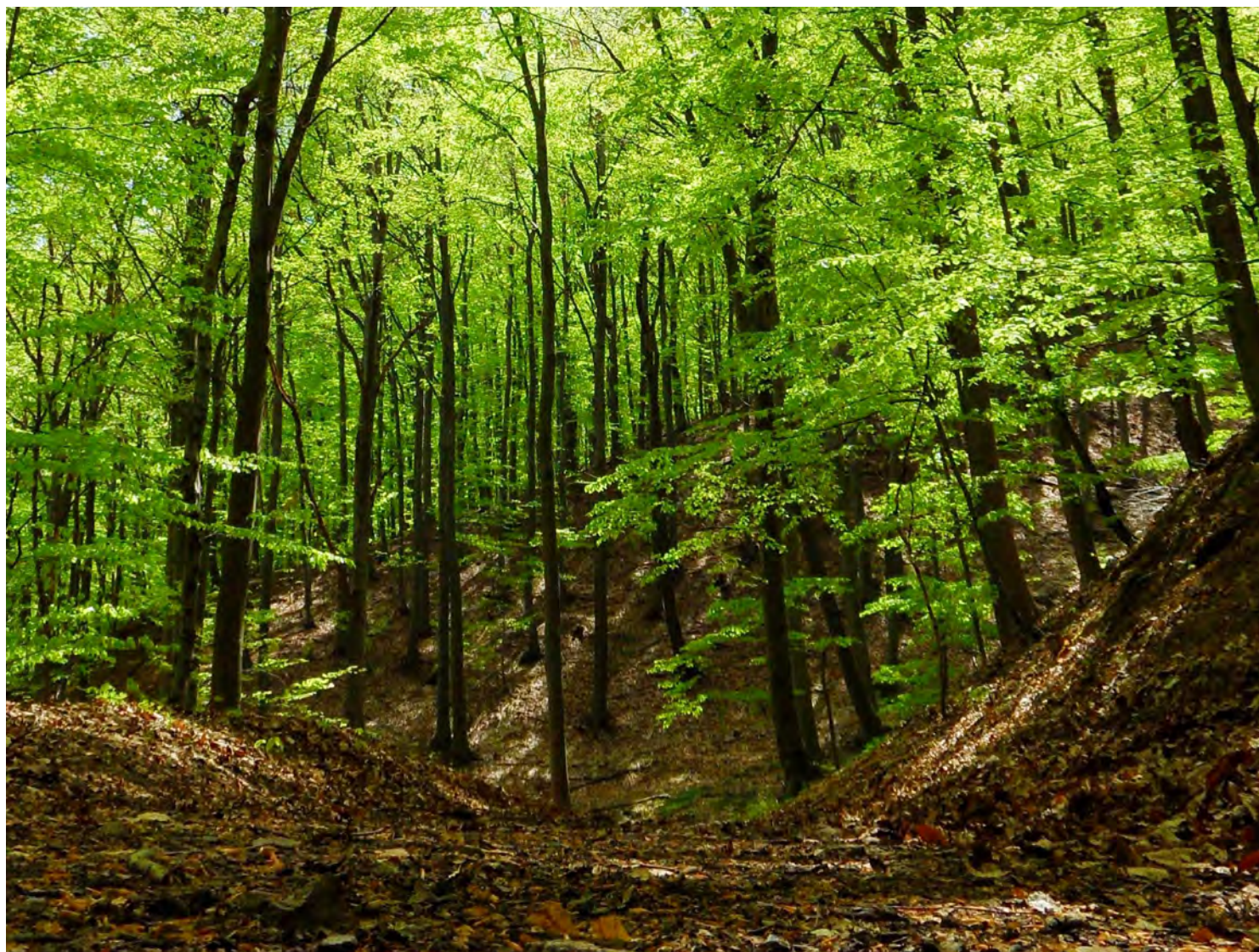
Of the total 908,167 ha surrendered, LESY of the Slovak Republic has leased 33,423 ha and the owners own and manage 874,747 ha.

As of 31 December 2022, the State Enterprise LESY of the Slovak Republic manages a total of 831,091 ha, of which 655,764 ha are under management, 33,423 ha under lease, 135,824 ha under the Land Act and 135,824 ha under the special forest management regime pursuant to Section 51d of Act No.326/2005 Coll. 6,080 ha.

On the basis of the provisions of Section 34 d of Act No. 229/1991 Coll., we have again invited the owners of forest land to arrange the use rights through the municipalities. Under this call, 650 applications were submitted by owners for an area of 3 953 ha. Of these submissions, 263 applications were processed, covering a total area of 1,393 ha.

According to the valid legal regulations, LESY SR, s. e., has a legal relationship to a total area of 847,524 ha. The company manages 655,764 ha on its own. 11,437 ha of forest land owned by the Slovak Republic and 4,996 ha of forest land owned by unknown owners were leased to other forest managers under lease agreements.

By implementing Section 104i of Act No. 543/2002 Coll. on Nature and Landscape Protection, 47,214 hectares of forest land were removed from the accounting records as of 31 December 2022.

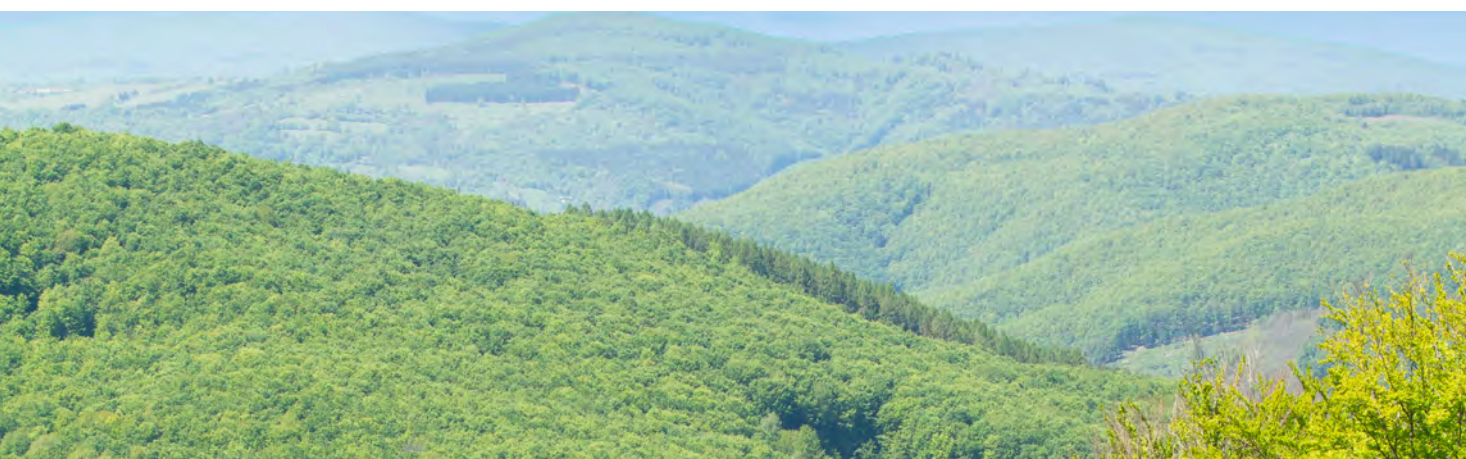




## Applications for returning of forestland

22

Indicator		Unit		Total in the beginning of forest privatization	
a		b	c	1	
Applications for returning ownership and user rights to forest land		number	1	87,748	
		ha	2	939,504	
out of which applications of private forestland owners		number	3	83,440	
		ha	4	245,663	
Applications approved		number	5	65,821	
- physically returned forestland (line 1 and 2)		ha	6	906,779	
included applications (from line 5 and 6)	private owners line 7 > line (9+11)	number	7	60,539	
	line 8 > line (10+12)	ha	8	189,680	
	out of which (from line 7 and 8)	applications pursuant to Art. 6 and 9	number	9	2,863
		act No. 229/91 Coll. as amended	ha	10	54,361
		applications pursuant to Art. 3Act No. 503 Coll.	number	11	51
			ha	12	654
	land communities (burghers, comprisesorates, cellars and others)		number	13	3,816
			ha	14	457,503
	municipalities		number	15	531
			ha	16	179,753
	church		number	17	703
			ha	18	71,090
	other		number	19	232
		ha	20	8,753	
Processed applications – physically not returned forestland		number	21	21,923	
managed by the state forestry administration		ha	22	32,715	
Applications approved - total		number	23	87,744	
		ha	24	939,494	
Not processed applications		number	25	4	
physically not returned forestland		ha	26	10	
Total sum (line 1 to 24)		x	99	4,441,374	



## Overview of managed area of forest land fund

Ownership structure	Line	Reality as of 31.12. 2022		Expected status as of	
		no. of entities	area (ha)	31.12. 2023 (ha)	
a	b	1	2	3	
Total used area of FF line 1 = line (2+7)	1	x	831,091	795,489	
State owned total line 2 = line (3+6)	2	x	655,764	636,981	
a) undisputed farmed	4	x	645,729	625,943	
b) disputed farmed	5	x	10,035	11,038	
Non-state – total line 7 = l. (8+9+12)	7	15,024	175,327	158,508	
in	In contractual leases from non-state subjects, total	8	14,637	33,423	
	on the basis of a legal lease (line 10+11)	9	387	135,824	
	out of which	requested in processing	10	387	2,560
		unrequested on the arrangement of relations	11	0	133,264
	Owned by non-state entities, pursuant to a §51(d) OOL decision	15	x	6,080	5,463
Total sum (line 1 to 13)	99	30,435	2,629,097	2,512,269	

## Overview of forests handed over and leased in hectares from the beginning of the reprivatization process until 31.12. 2022

total	Private Owners				Associations				Towns and muni.			Church and religious organizations				
	Returned				Returned				Returned			Returned				
	self-managed-leased by SF	from 1.1.2022			self-managed-leased by SF	from 1.1.2022			self-managed-leased by SF	from 1.1.2022		self-managed-leased by SF	from 1.1.2022			
	Self-managed	Rented by SF			Self-managed	Rented by SF			Self-managed	Rented by SF		Self-managed	Rented by SF		Self-managed	Rented by SF
2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
190,340	189,680	652	8	457,806	457,503	303	0	179,817	179,753	64	0	71,126	71,090	36	0	

total	Other owners				Total				State forests on the basis of the report as of 31.12.2021 according to the accounting records	State forests handed over to nature conservation after 1.4.2022 according to accounting records
	Returned				Returned					
	SF managed and leased until 31.12.2021	Out of which			SF managed and leased until 31.12.2021	Out of which				
	Individually managed	Rented by SF			Individually managed	Rented by SF				
18	19	20	21	22	23	24	25	26	27	28
9,078	8,748	330	0	908,167	906,774	1,385	8	727,001	47,214	0



## Overview of forestland based on the governance and use as of 31.12. 2022

24

Area of managed forest land in ha	Specification of the legal relationship							
	based on governance			based on rent	based on the Land Act			based on rent
	ownership of the SR undisputed	ownership of the SR disputed	ownership SR left to other entities NZ	leased by contract from other entities	326/2005 §51(d) OOL	326/2005 Coll. § 51 c PÜ	229/1991 Coll. according to § 22 NZZ	326/2005 Coll. § 51 b unknown owners leased to the operator
1	2	3	4	5	6	7	8	9
847,524	645,729	10,035	11,437	33,423	6,080	0	135,824	4,996
			667,200				135,824	

### NOTES:

1. Total area of forestland used by the organization
2. Owned by SR (state)
3. Disputes between municipalities, church, or other entities (legal proceedings)
4. Forestland used by other entities with a contract
5. Management under lease agreements from other owners
6. Management after registration of the Special Forest Management Decision
7. Use of the obliged person with due care
8. Management according to Act No. 229/1991 Coll. on Land (Lease by law - non-state not handed over)
9. LP owned by unknown, unidentified owners leased to another NZ manager or NZ for NV concluded in the framework of the reprivatization process in parallel with the Handover Agreement LP to the future owner



## Forest Production

### Silviculture

The actual consumption of direct costs (DC) of cultivation activities (CA) without provisions in 2022 was 21,331,91 thousand € 22,913,08 thousand € were planned for the implementation of cultivation activities. The plan of direct cultivation costs was not fulfilled by 1581,17 K €, which is a fulfilment of 93.10%.

Compared to the previous year, the total direct costs of the CA excluding provisions were lower by EUR 1,882.67 thousand. The most significant was forest restoration by 940.17 thousand EUR. The main reason for the decrease was a decrease in the need for seedlings by 2,498.47 thousand units. The direct costs of the purification performance were significantly higher by 488.85 thousand EUR. The higher volume was due to the higher volume of performance.

From the point of view of the implementation of the growing plan in the technical units, the plan was fulfilled in the performance of forest regeneration, forest clearing, protection of young forest stands (YFS) from wild animals and fertilisation of forest stands. The planned technical units in other performances were not met. The lowest execution of the planned performance at the level of 46.3 % was in the performance of forestation, which was not carried out in the planned volume due to the extreme dry weather during the year. YFS treatment was met at 52.0%. Only 53.3% of the overall land preparation was achieved, mainly due to the implementation of a new public procurement in the form of a dynamic purchasing system. The annual plan to carry out natural regeneration was only 193 ha, due to a very poor seed harvest affected by the extremely dry weather during the year, which was 74.8 % fulfilled. A relatively high non-performance of 3 137 ha (75,9 % of the plan) was also observed in the performance of MLP protection against weeds due to leaving part of the areas without intervention to screen seedlings with weeds and grass on sites exposed to heat and drought. The forest protection performance was 70.7 % achieved, despite an under-achievement of the planned costs by 454.49 thousand EUR. All the necessary work related to measures against the spread of insect pests was carried out. The non-fulfilment of the plan in other outputs resulted from a reassessment of the local needs of individual PAs in maintaining the favourable condition and development of forest stands.

The extent of forest regeneration was based on the balanced task of 6,085 ha. The total regeneration covered 4,192 ha, out of which 1,642 ha were naturally regenerated. A comparison of the planned and actual tasks carried out in forest regeneration showed that the plan was exceeded by 617 ha due to an increase in natural regeneration and 43 ha in artificial regeneration. Of the total reforestation of 4,192 ha, 1,967 ha (46.9%) were first reforestation, 583 ha (13.9%) were repeated reforestation and 1,642 ha (39.2%) were natural regeneration. The main contributors to forest regeneration were beech with 42.2%, Norway spruce with 23.2% and white fir with 6.9%, with the remainder made up of tree species below 5%.

Preventions were carried out on an area of 16,018 ha, compared with a plan of an increase of 588 ha. Of these, the sub-tasks of clearing and pruning balanced from the data of the forest care programmes were carried out on 12,753 ha, which was 2,814 ha less compared to the 15,567 ha of the balanced annual tasks.

### Logging activity

In 2022, harvesting was planned at a volume of 3,510,000 m<sup>3</sup>, including 1,428,121 m<sup>3</sup> of coniferous timber and 2,081,878 m<sup>3</sup> of deciduous timber. Actual extraction was 3,674,361 m<sup>3</sup> (104.68 % compliance with the plan). The deciduous harvesting plan was 112.46% fulfilled, the actual amount of harvesting was 1,606,104 m<sup>3</sup>. The deciduous harvesting plan was 99.35% fulfilled, the actual amount of harvesting was 2,068,257 m<sup>3</sup>. As of 2018, the total amount of extraction is gradually decreasing. Compared to 2021, the extraction volume decreased by 2.68% (-101,073 m<sup>3</sup>).

The coniferous harvesting plan was exceeded by 177,983 m<sup>3</sup> due to an overrun of 269 thousand m<sup>3</sup> of incidental coniferous harvesting. The plan for broadleaf harvesting was not fulfilled due to the failure to meet the planned volume of educational broadleaf harvesting by 41 thousand m<sup>3</sup>, as well as the volume of incidental broadleaf harvesting by 39 thousand m<sup>3</sup>.

Planned acreage of educational intentional harvesting up to 50 yr. (11,783.20 ha) was fulfilled to 78.35% (-2,550.79 ha), educational intentional logging over 50 yr. (14,421,43 ha) to 84,10 % (- 2,293,13 ha). One of the significant reasons for the failure to meet the planned acreage of educational harvests was the concentration on meeting the planned amount of broadleaf timber, which OZ sought to harvest mainly in regeneration clearcuts. At the calamity organizational components (OZ Horehronie, OZ Tatry, OZ Sever, OZ Polana) the implementation of educational logging was limited or completely stopped due to the priority processing of underbrush calamity in terms of legal obligations under § 28 of the Forest Act.

The share of incidental extraction in total extraction has been gradually declining since 2019. In 2022, it dropped to 33.93%, the lowest share since 2013. The proportion of incidental coniferous to total coniferous harvest was 68.95% and the proportion of incidental deciduous to total deciduous harvest was 6.73%.

The average cost of timber production after OM of 18.03 €/m<sup>3</sup> was 1.12 €/m<sup>3</sup> lower compared to the planned 19.15 €/m<sup>3</sup>. The reason for the lower average cost was a change in the proportion of the planned type of harvesting, in particular a lower share of the more expensive educational harvesting in the total harvest. Compared to the average cost of wood production after OM in 2021 (15.86 €/m<sup>3</sup>), the average cost was 13.73% higher (2.18 €/m<sup>3</sup>).

The share of timber stocks as at 31.12.2022 (259 757 m<sup>3</sup>) in the annual harvesting plan is 7,40 %. Year-on-year, the stock of timber decreased by 1.40% as at 31 December.

## Logging activity indicators 2022

No.	Indicator	Unit	Yearly Target	Time Target	Reality	Difference fact-time target	Fact/last year	Difference fact-last year
a	b	c	2	3	4	5	6	7
1.	Total logging	m <sup>3</sup>	3,510,000	3,510,003	3,674,361	164,357	3,775,433	-101,073
2.	out of which coniferous trees	m <sup>3</sup>	1,428,121	1 428122	1,606,104	177,982	1,667,496	-61,392
3.	deciduous trees	m <sup>3</sup>	2,081,878	2,081,881	2,068,257	-13,624	2,107,937	-39,681
4.	Harvesting by other companies	m <sup>3</sup>	3,248,466	3,248,469	3,309,778	61,309	3,456,697	-146,919
5.	Total thinning	ha	26,205	26,204	21,361	-4,844	20,365	995
6.	Thinning in forests up to 50y	ha	11,783	11,783	9,232	-2,551	8,741	491

## Nature-friendly Forest Management

In 2022, a number of legislative changes regarding nature-friendly management came into force and were reflected in internal company directives. In January, Decree 537/2021 Coll. entered into force, amending Decree 453/2006 Coll. In § 24a, the amendment specifies in more detail the forests created under close-to-nature management and the management methods that are considered to be close-to-nature forest management.

Following legislative changes, the methodological and organisational guideline LV 005(3) - Nature-friendly Forest management was updated in April 2022, consolidating and replacing the guidelines issued in the previous period. The main objective of the guideline is to ensure a uniform and optimal procedure for the real application of the principles and principles of PBHL as a basic approach to forest management in the administration of the state enterprise. The regional coordinators of the PBHL GR participated in the gradual introduction of PBHL, whose tasks, e.g. in the preparation of care programmes, the preparation of annual harvesting plans, education and consultation activities, were precisely defined in the updated methodological guideline.

In June 2022, the NLC-ÚHUL Guideline No. 3/2022 was issued on the conversion of current management to PBHL in forest management programmes with the year of entry into force from 1 January 2023. The priority objective of the guideline is to create optimal conditions in forest management programmes for the conversion of conventional forest management to nature-based forest management and to create the prerequisites for a new HUL system for nature-based forest management.

In 2022, the state enterprise will increase the area of plantations managed in a way close to nature by 49,620 ha. The increase in area was at the level of 2021, during which the area increased by 50 thousand. ha. The area of stands managed in a nature-friendly way has increased by 127% since 2020, the year in which PBHL was promoted to the state's core strategy for forest management, from 79 thousand to 179 thousand ha.

The total proportion of regenerative deliberate harvesting carried out using the principles of nature-based forest management (PBHL) was 73.59% (1,226,924 m<sup>3</sup>). The proportion of educational intentional harvests carried out by PBHL was 61.32% (PBHL VU -50 yr 53.16%, PBHL VU +50 yr 67.53%). Higher strength of educational interventions during conversion to PBHL (35.86 m<sup>3</sup>/ha PBHL; 31.45 m<sup>3</sup>/ha of normal management) partially compensated for the lower volume of timber caused by the failure to meet the plan for educational harvesting.



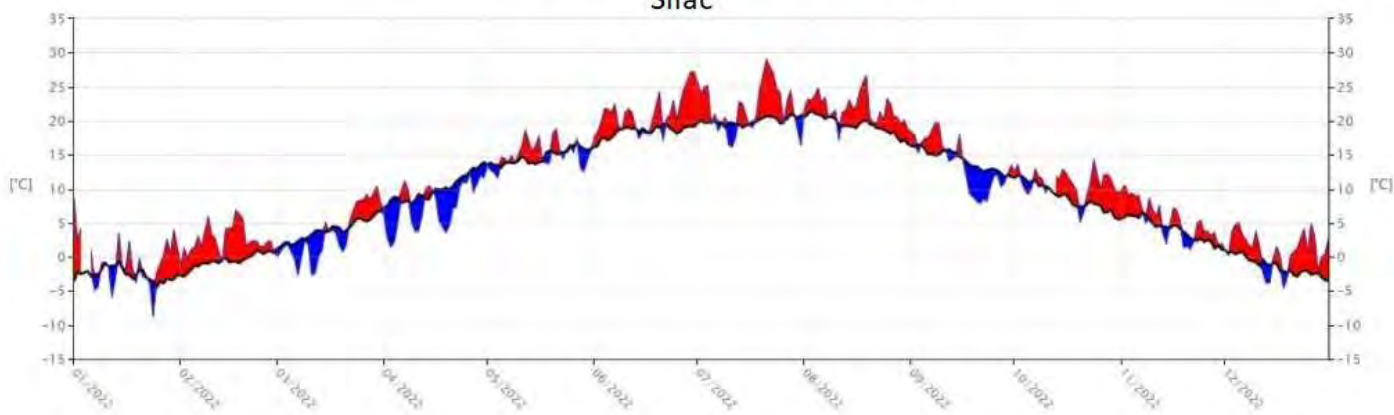
With effect from 01.10. 2022, by decision of the Director General, a standard position of PBHL Coordinator has been created at the headquarters of the organizational units of the OZ. Pursuant to the decision, the directors of the organisational units created one post in the production-technical section, which, in view of the emphasis placed by the company on the application of nature-friendly management principles, must be filled without delay by dedicated and highly professional employees.

## Forest Protection

The weather in 2022 was extremely hot and dry, resulting in significantly higher catches of bark beetles. As can be seen from the graphs below, temperatures during the year were mostly higher than average and precipitation was significantly lower than the long-term average. Warm and dry weather caused drought damage to stands in 2022. Large forest complexes of mainly deciduous stands have visibly changed colour and there has also been evidence of calamity treatment by drought.

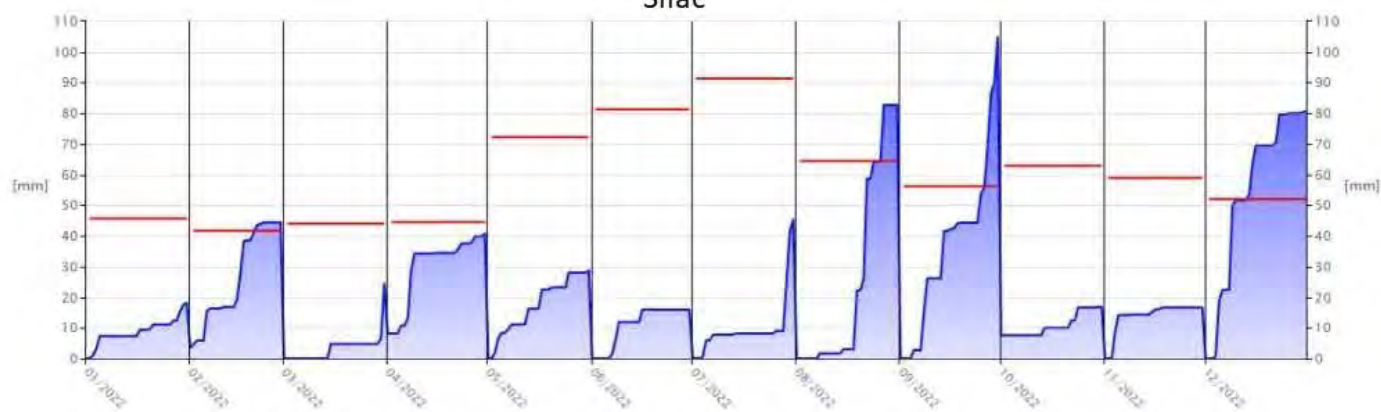
Average daily air temperature in 2022

Sliac



Comulative atmospheric precipitation in 2022

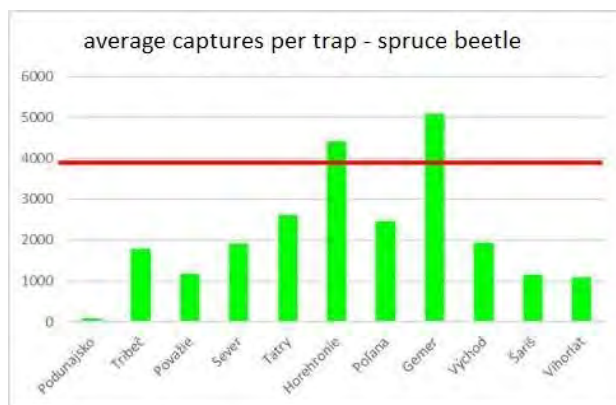
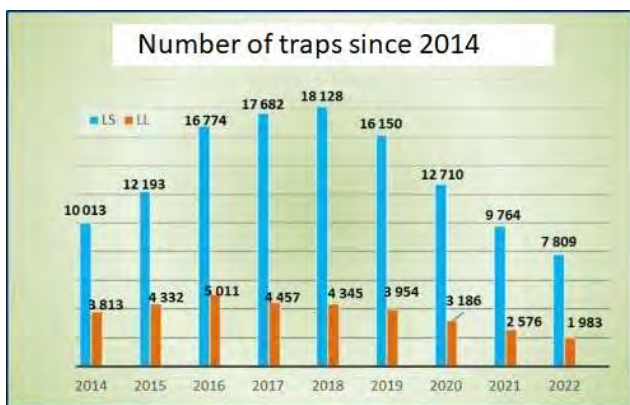
Sliac



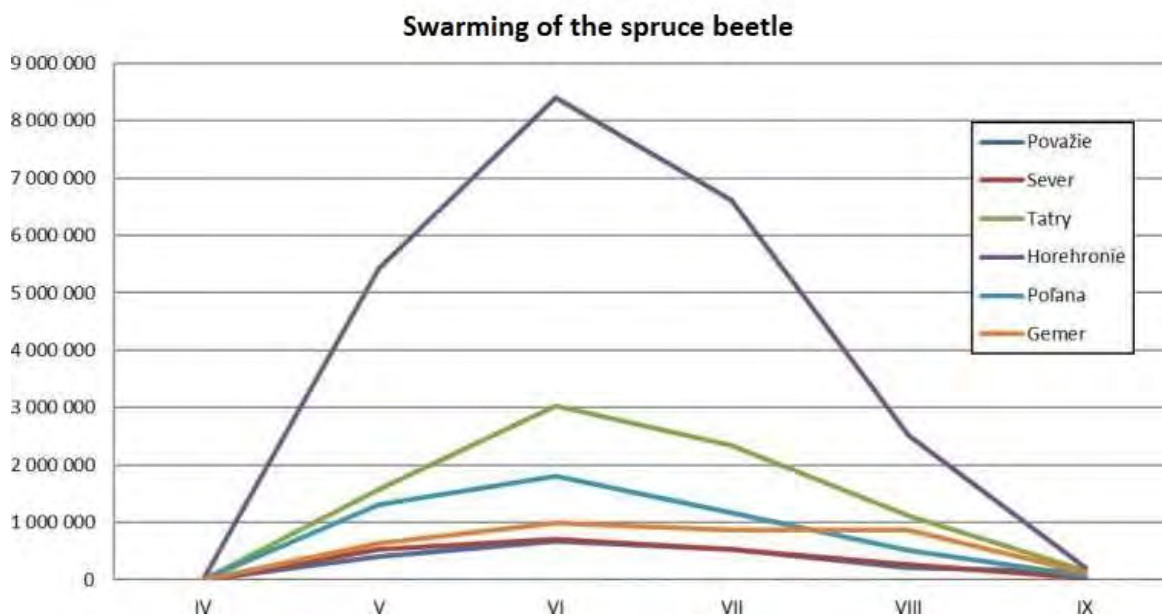
### Trapping records - traps

In 2022, 7,809 spruce beetle (LS) traps were installed, which is the fourth consecutive year of a declining trend. Average captures for all are up from last year. While in 2021 there was not a single outlier recorded with strong average trapping rates, this year we recorded up to two outliers.

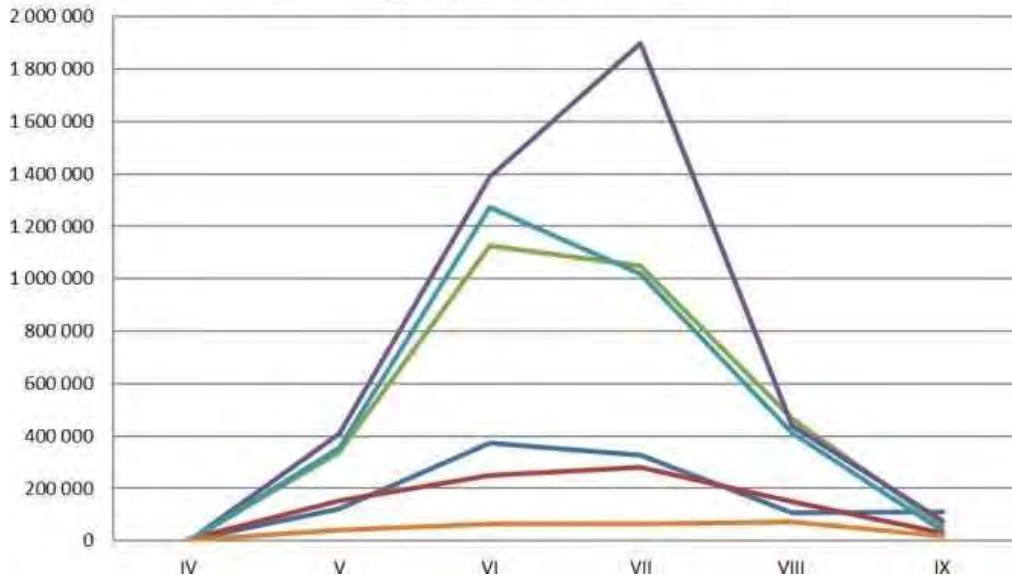
Glossy bark beetle traps were installed for the sixth consecutive year in smaller numbers than in previous years. The Glossy bark beetle does not react as sensitively to weather changes as the Spruce bark beetle. Yet its interceptions are declining as well. However, it does not reach critical values, the last time strong trapping of bark beetle was recorded in 2013 in OZ Čadca and in 2018 in OZ Revúca it was close to strong trapping. It generally hovers around low trapping levels and does not pose a current elevated risk unless it arises locally.



The month-by-month swarming pattern of the **spruce beetle (LS)** and the **glossy beetle (LL)** does not show any anomaly; it is typical for the pest in question. There is an earlier onset in spruce beetle than in glossy beetle. Despite this, its catches are declining as well evenly. However, it does not reach critical values; the last strong capture of the bark beetle was recorded in 2013 in the Čadca OZ and in 2018 in the Revúca OZ, it approached strong captures. In general, it is around the values of weak trapping and does not pose a current increased risk, only if it occurs locally. The course of swarming by months for the spruce and glossy lycophytes does not show any anomaly, it is typical for the pest in question. It is noticeable that the emergence of spruce beetle is earlier than that of glossy beetle.



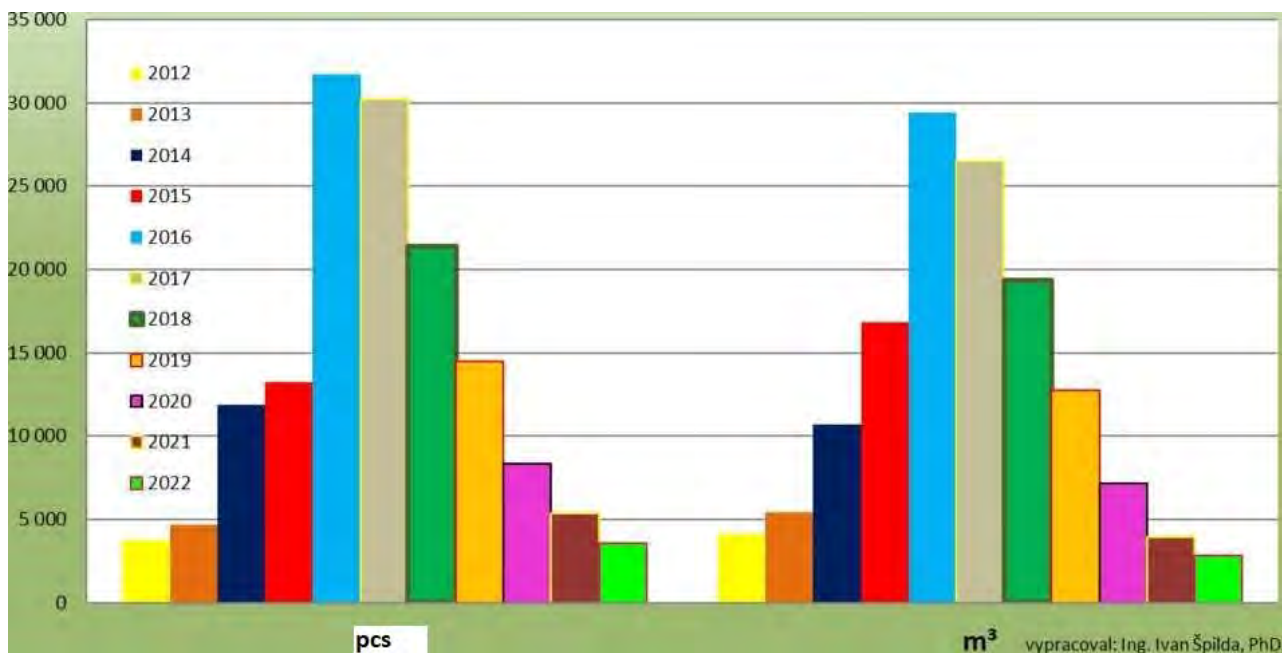
Swarming progress of the Glossy Beetle



Trapping records - traps - spruce pine

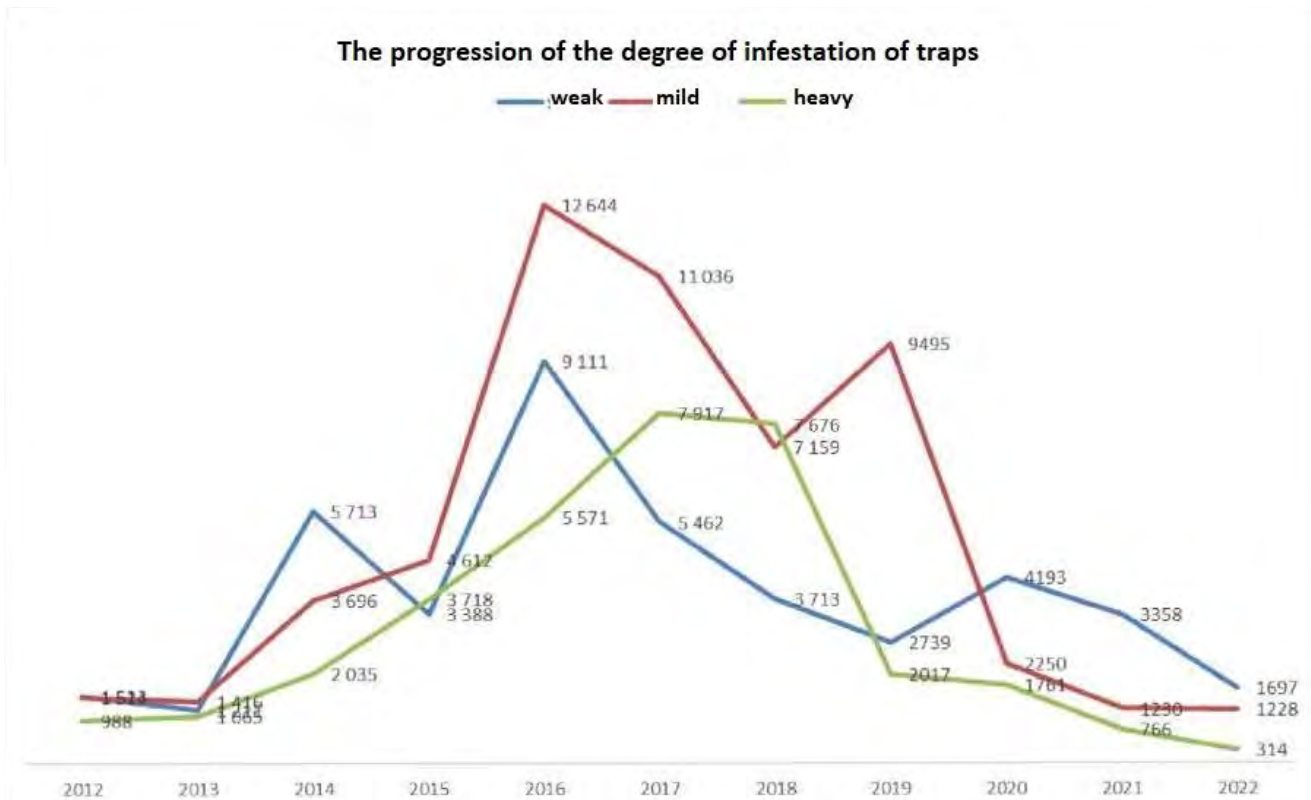
In 2022, 3,541 traps were installed, the fewest since 2012. The extent of the calamity on all calamity organisational units determines the priority of its treatment and at the same time reduces the area of spruce stands where it makes sense to install traps.

Number of traps in pcs and m3 for the last 11 years for LESY SR, s. e.



According to the degree of infestation of traps, the proportion of moderately infested traps increased in 2022 and the proportion of weakly and heavily infested traps decreased.





### Trapping records - traps - Ash tree

The general health of ash stands has been poor and deteriorating for a long time. Extent of fungal damage and insect pests in many cases causes the decay of these stands, reconstruction of stands. A small advantage of ash over spruce is that it does not form large complexes of continuous stands, but is usually mixed with other deciduous trees. Annual operational inspections monitor the implementation of measures such as trapping, vegetation hygiene. The latter is often the biggest problem.

In 2022, a total of 664 ash traps were installed in nine organizational units. The number has been decreasing since 2015, but twice as many traps were installed in 2022 as in 2021. Traps showed a moderate infestation of *Hylesinus varius* on average, which only confirms its abundance and the high risk of spread in ash stands.

### Records of captures - Crustaceans

Protection of seedlings in calamity areas against *Hylobius abietis* and *Hylastes cunicularius* has a declining trend. While in 2015, nine branch plants were doing crusting protection, in 2022 only two organisational units OZ Horehronie and OZ Gemer, both with weak trapping records. The pressure of *Hylobius abietis* and *Hylastes cunicularius* occurs only locally.



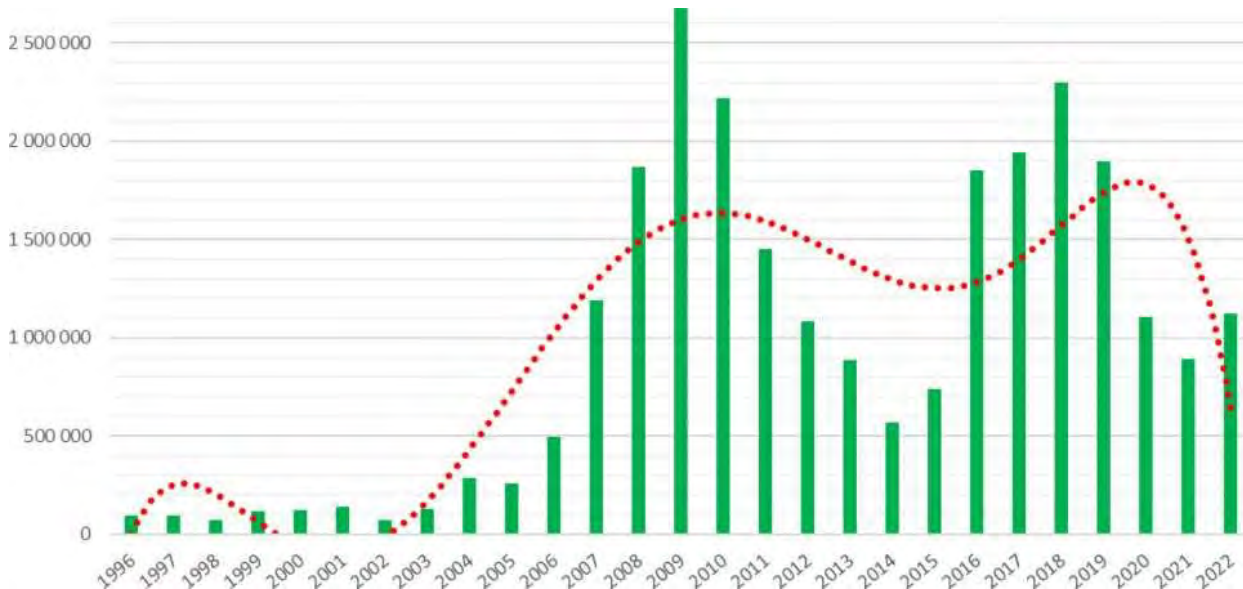
### Current State of Calamity

The initial state of calamity as of 1. January 2022 was 225,763 m<sup>3</sup>. The calamity increment was 1,342,570 m<sup>3</sup>. 1,243 550 m<sup>3</sup> were processed. This leaves 324,783 m<sup>3</sup> of timber to be processed.

The actual state of the calamity and the state of pest trapping clearly indicate the necessity of an active approach to integrated forest protection, also in view of the weather pattern in 2022, the mild winter and the overwintering of a large volume of bark beetles from the previous season. In the first place is the treatment of active beetles in time, before the pests emerge. All harvested and attractive timber must be removed from the stands in such a way that it does not endanger the surrounding stands. If they cannot be removed, the trunks must be removed chemically or by debarking. Subsequent measures after the treatment of the calamity are strict stand hygiene, disposal of logging residues with subsequent sanitation by burning, chipping or chemically in time to prevent the emergence of the subsequent generation of the glossy bark beetle.

The priority of protection measures must be to stop the spread of bark beetles and the spread of bark beetle calamity into healthy spruce stands. As can be seen in the graph, the volume of reported underbrush calamity has increased compared to 2021.

Reported bark beetle calamity for LESY SR s.e. in m3



## Nature and Landscape Protection

Nature and landscape protection in Slovakia is handled by two levels of protection:

- LAND PROTECTION
- SPECIES PROTECTION

The dominant form of protection is territorial protection provided through the protection of protected areas. The protected areas constitute so-called "national network of protected areas" and "NATURA 2000 network", i.e., a system of biotope protection and protection of species of European Community interest. The Slovak Republic joined this protection system within the accession talks before it joined the EU. The NATURA 2000 system was implemented in the national legislation and is monitored by the European Community in the form of so-called reporting.

The national network of protected areas (PAs) as well as the NATURA 2000 network do not form two separate parallel systems, but there is a partial overlap between them. The protection of protected species is applied regardless of the type and category of protected area, i.e., it is applicable to the entire territory of the Slovak Republic.

### 1. Protected areas integrated in the national network

#### a) Large-scale protected areas (national parks, protected landscape areas)

Overview of national parks (NP) and their area within LESY SR as of 31.12.2022

Name of NP	Area (ha)
NP Malá Fatra	1,879
NP Nízke Tatry	31,303
NP Poloniny	1,247
NP Slovenský kras	9,908
NP Veľká Fatra	12,367
TANAP	1
OP NP (protected areas)	51,930
<b>Total LESY SR</b>	<b>108,635</b>

Overview of Protected Landscape Areas (PLA) and their acreage in the LESY SR, s. e. (managed land); status as of 31.12.2022

Name of PLA (CHKO)	Area (ha)
PLA Biele Karpaty	15,520
PLA Cerová vrchovina	5,174
PLA Dunajské luhy	3,846
PLA Horná Orava	20,651
PLA Kysuce	17,635
PLA Latorica	2,683
PLA Malé Karpaty	41,993
PLA Poľana	14,973
PLA Ponitrie	23,880
PLA Strážovské vrchy	8,663
PLA Štiavnické vrchy	27,739
PLA Vihorlat	8,434
PLA Východné Karpaty	7,073
PLA Záhorie	8,639
<b>Total LESY SR</b>	<b>206,903</b>



a) Small-scale protected areas (national nature reserves, nature reserves, national nature monuments, nature monuments, protected sites)

Overview of small-area protected areas and their acreages at the Forests of the Slovak Republic (managed lands); status as of 31.12.2022

Category of protected area	Area (ha)
NNR – national nature reserves	8,529
NR – nature reserves	7,967
NNM- national nature monuments	6
NM – nature monuments	484
PS – protected sites	2,093
PA MCHU (protected areas)	2,287
Total LESY SR	21,366

In 2021, the National Council of the Slovak Republic approved an amendment to Act No. 543/2002 Coll. on the Protection of Nature and Landscape, on the basis of which LESY SR, s. e., in 2022 delimited land (and property) owned by the state to the administration of national parks in accordance with the wording of this amendment. By implementing Section 104i of Act No. 543/2002 Coll. on Nature and Landscape Protection, 47,214 hectares of forest land were removed from the accounting records as of 31 December 2022.

In 2022, the PR Vydrica was proclaimed by a Slovak government decree and after the zonation, the NP Mu-ránska planina was re-designated.

## 2. PAs integrated in the Natura 2000 network

Independently of the national network of protected areas, the Slovak Republic as an EU member state develops a coherent European ecological network of protected areas NATURA 2000.

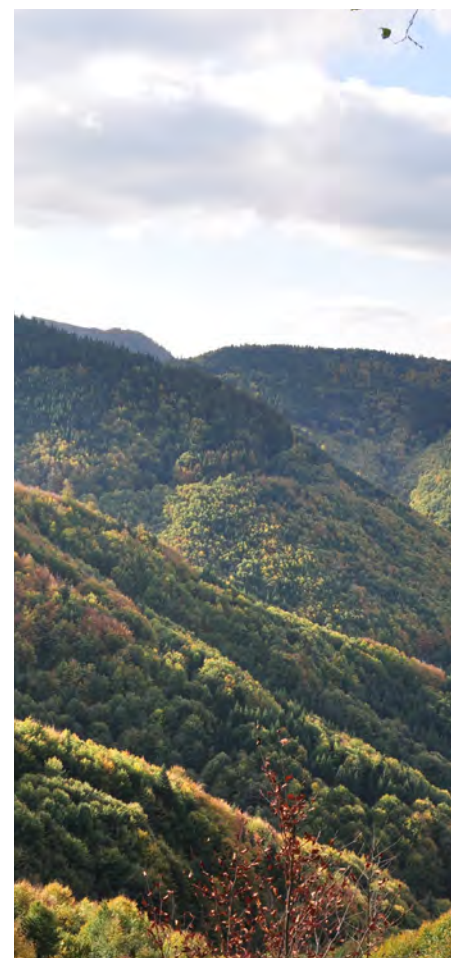
### a. Protected bird areas

One of the commitments of the SR following from the EU accession is the obligation to implement Council Directive 79/409/EEC of 2 April 1979 on the conservation of wild birds to the Slovak legislative standards. On 30th November 2009, this Directive was replaced by the Directive 2009/147/EC of the European Parliament and the Council on the conservation of wild birds. Based on them, a new category of protected areas “protected bird areas” must be created in Slovakia. The national list of the proposed Special Protection Areas was adopted by the decision of the Slovak Government No. 636/2003 on July 9, 2003. There were 38 Special Bird Protection Areas. Two habitats were excluded from the list by the decision of the Slovak Government No. 345/2010 of 25 May 2010. Namely, Bohelovské rybníčky and Trnavské rybníky. On the contrary, EC added to the decision 5 new Special Protection Areas: Levočské vrchy, Chočské vrchy, Čergov, Slovenský raj and Špačince-Nižná. The total area of the proposed Special Protection Areas in the SR, included in the national list, is 1,286,296 ha, which represents 26.2% of the area of SR.

### b. Special Areas of Conservation (SAC)

The national list of the proposed Special Areas of Conservation was adopted by the decision of the Slovak Government No. 239/2004 on March 17, 2004. By the Commission Decision 2008/26/EC of November 13, 11.2007, on the list of Special Areas of Conservation for the Pannonian biogeographical region and the Commission Decision 2008/218/EC of January 25, 2008, the first updated list of Special Areas of Conservation for the Alpine biogeographical region was adopted.

Subsequently, by Government Resolution No. 577 of 31 August 2011, an update of the National List of Areas of European Importance was approved.



so-called "B" list. The total area of the supplement is 11 986 ha, which is 0.2% of the area of the SR. Forest land occupies 55 % of this area. The overlap with the national network represents 92 %. The document approving the extension of NATURA 2000 areas by approx. 0.2% of the Slovak territory was approved by the government of the Slovak Republic and sent to DG ENVIRO Brussels.

On 7. December 2017, the Ministry of the Environment of the Slovak Republic adopted Measure No. 1/2017 amending the Decree of the Ministry of the Environment of 14. July 2004 no. 3 / 2004-5.1, issuing a national list of territories of European significance. The measure establishes the addendum to the national list of European significance, in accordance with the Resolution of the Government of the Slovak Republic no. 495/2017 of 25. October 2017 on the Second Update of the National List of Territories of European Importance, „C“ stage of the VU lists. The measure came into effectiveness on 1. 1. 2018.

Based on these documents, so-called „A“ and „B“ lists of EUV, the Slovak Republic has undertaken to declare 473 sites of European importance with a total area of 584,350 ha (which is 11.9% of the area of the Slovak Republic). Since 1 January 2018, the „C“ phase has been added - 169 new sites with an area of 31,656 hectares. The total area will increase from 11.9% of the Slovak Republic's territory to 12.6%.

In 2022, the Department of the Environment completed an expert draft of the so-called consolidated version of the National List of IBAs; the process will be completed in 2023.

### 3. Apart from the national and European network of protected areas there are other PS such as biosphere reservations, Ramsar sites and sites designated as UNESCO World Heritage.

#### a.) Biosphere reservations

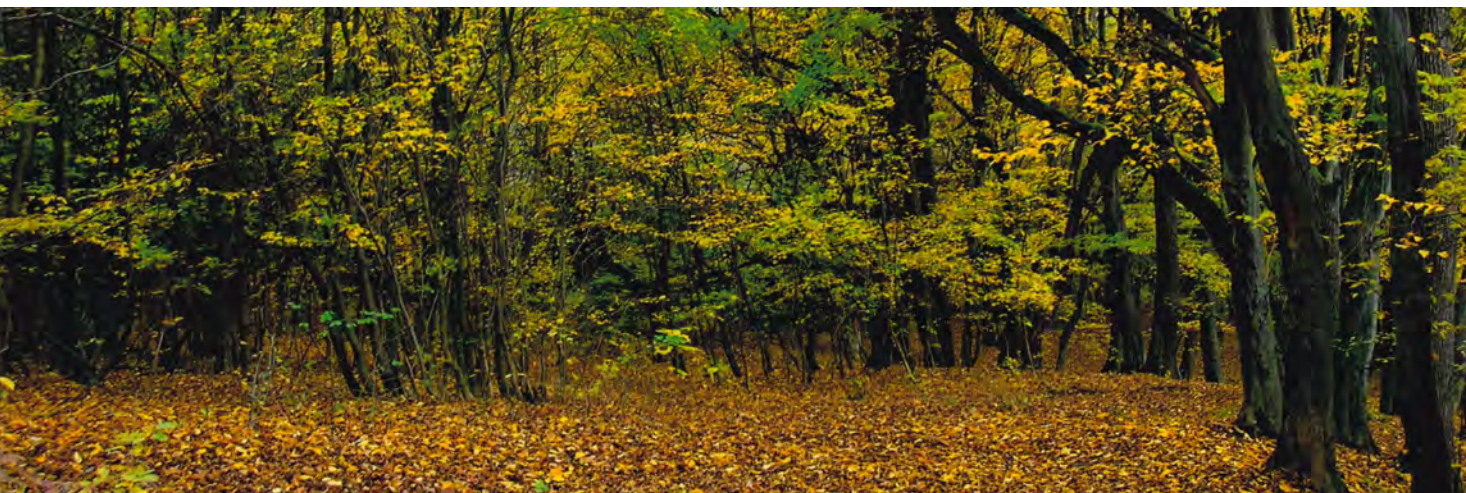
There are 4 biosphere reservations on the forest land of the SR (Poľana, Slovenský kras, Tatry, Východné Karpaty) with the total area of 35.440 ha.

#### b.) Ramsar sites

On the LESY SR forest lands, there are 12 Ramsar sites (Aluvium of Moravia, Aluvium Rudavy, Alluvium Tisy, Domica, Dunajské luhy, Demänovská dolina Cave, Latorica, Mokrade Oravská kotlina, Mokrade Turca, Poiplie, River Orava and its tributaries, Šúr) 7,519 ha.

#### c.) UNESCO World Heritage

On the forest land of the Forests of the Slovak Republic, there is also a part of the Carpathian Beech Primeval Forests included in the UNESCO World Heritage List. In 2019, the Government of the Slovak Republic approved the government material: Proposal for the Modification of the Boundaries of the Slovak Components of the World Heritage Site Old Beech Forests and Beech Forests of the Carpathians and Other Regions of Europe. Based on this material, the process of declaring new nature reserves was initiated in those parts of the UNESCO site where the highest level of nature protection, level 5, was not in force. This has also ensured from a legal point of view a strictly no-touch regime on the entire territory of the Slovak components under the management of the Slovak Forests, as required by the World Heritage Committee.



## Timber Trade

In the period under review, the company produced a total of 3,472,144 m<sup>3</sup> of coniferous and deciduous timber. Total deliveries against plan were exceeded by +63,758 m<sup>3</sup>, of which conifer deliveries were exceeded by +99,981 m<sup>3</sup>, broadleaf deliveries were missed by -36,222 m<sup>3</sup>. The overrun is due to intensive processing of calamity in coniferous plantations.

In the year-on-year comparison, total direct deliveries were lower by 188,951 m<sup>3</sup> (of which coniferous timber lower by -90,202 m<sup>3</sup> and broadleaved timber lower by -98,749 m<sup>3</sup>).

Revenues from wood of direct deliveries for realization represent 253,177 K €. Compared to the plan, revenues are exceeded by +10,473 thousand EUR. Of this, sales of coniferous deliveries are exceeded by + EUR 7,107 thousand and sales of broadleaf deliveries exceeded by +3,366 thousand. €.

Revenues from realization were higher compared to the previous period by +41,365 K €.

The average monetization in the observed period was achieved in the amount of 72.92 €/m<sup>3</sup>, which represents an improvement compared to the plan by +1,71 €/m<sup>3</sup>. In the year-on-year comparison, the decrease in average monetization was 15.06 €/m<sup>3</sup>, while the average monetization in the same period of 2021 was 57.85 €/m<sup>3</sup>. The average monetization in the observed period was achieved in the amount of 86.11 €/m<sup>3</sup>, which represents an improvement compared to the plan by -1.06 €/m<sup>3</sup>. Compared to the same period last year, the increase was 22.27 €/m<sup>3</sup>. The average monetization in the observed period was achieved in the amount of 62.75 €/m<sup>3</sup>, which represents an improvement compared to the plan by +2.82 €/m<sup>3</sup>. Compared to the same period last year, the increase was +9.54 €/m<sup>3</sup>.

The deviations in average monetization between the plan and the reality are mainly due to the adjustment of coniferous and deciduous raw timber price lists during the first half of the year, but also during the fourth quarter, when the price of coniferous logs was reduced, the different type of harvesting carried out, especially on the calamity organizational units of OZ Tatry and OZ Horehronie, and, last but not least, the annual price adjusted several times by the customers of the pulp-and-paper industry. It is possible to evaluate positively the results achieved in the timber trade in the whole spectrum of realized assortments, but especially in the increased yield of logs and the enormous increase in the demand for log assortments of coniferous timber.

In the monitored period of 2022, the company sold coniferous and deciduous wood in the amount of 134,566 m<sup>3</sup> and in the amount of 17,292,555 thousand via electronic timber auctions (ETA). € with an average monetization of 128.51 €/m<sup>3</sup>. In the year-on-year comparison, -30,337 m<sup>3</sup> less timber was sold in this form but an increase in revenue of € +2,050,352.

Valuable assortments of raw timber were sold through public wood auctions in the volume of 8,948.05 m<sup>3</sup>. Revenues from sales amounted to 3,782,134 K € with an average monetization of 422,67393,52 €/m<sup>3</sup>. In the year-on-year comparison, -1833 m<sup>3</sup> more timber was sold in this form, an increase in revenue of € +664,902.

### Logistics and handling

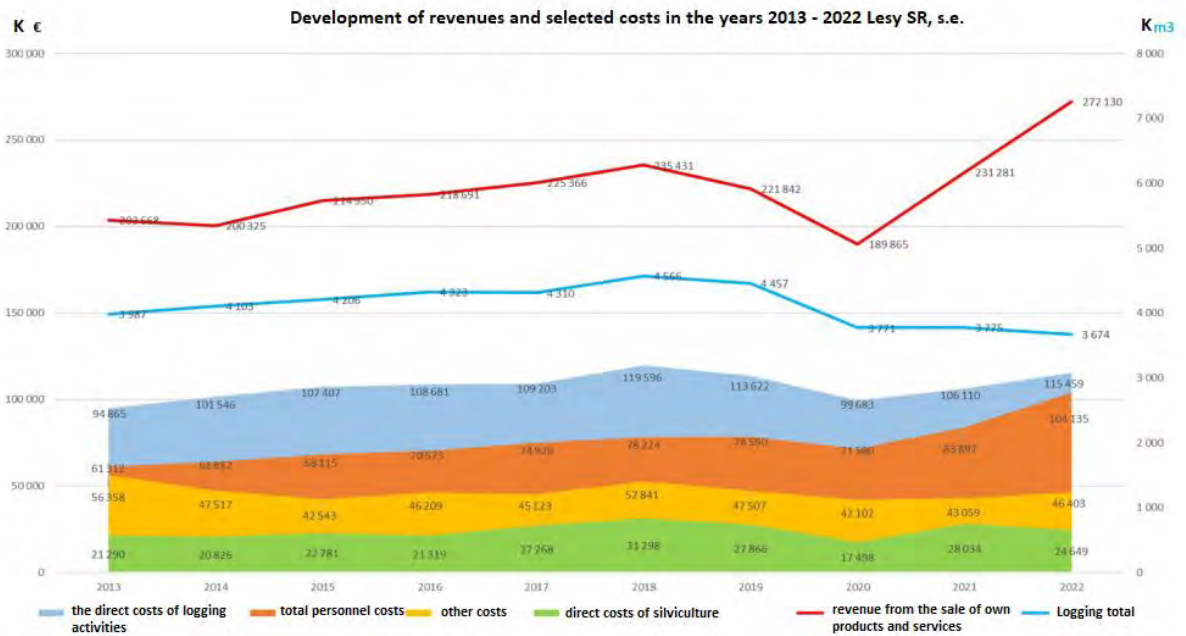
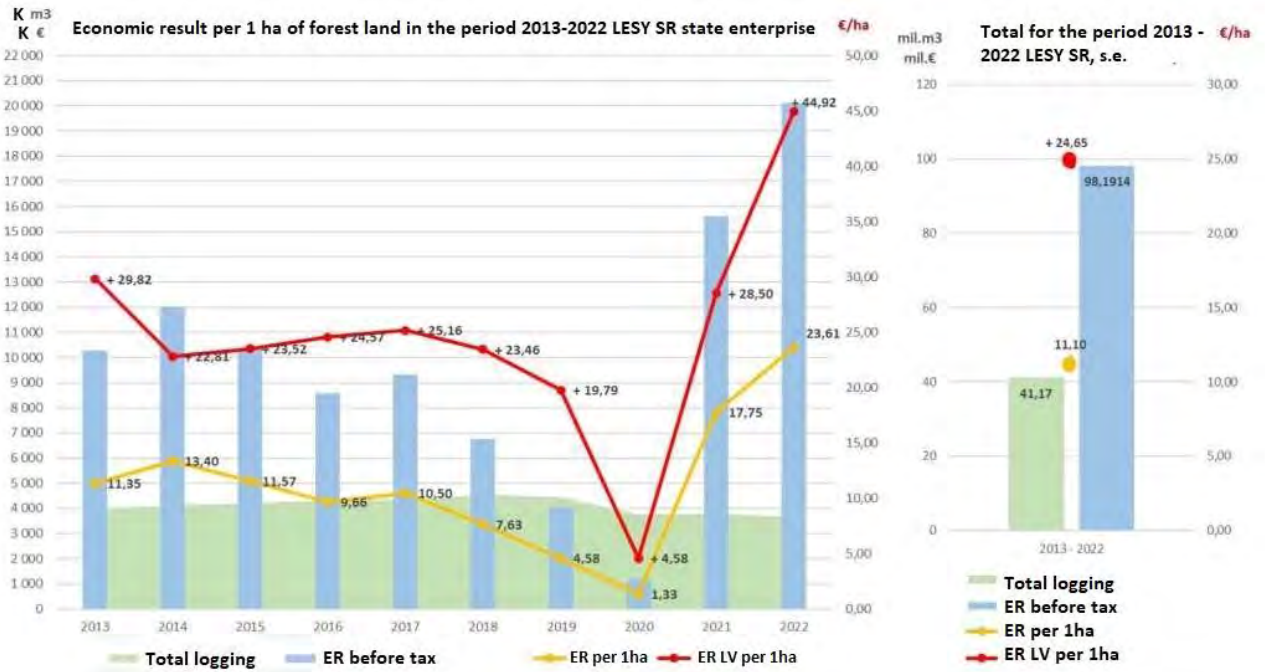
The deciduous harvesting plan was 100.10% fulfilled, the actual amount of harvesting was 2,648,301 m<sup>3</sup>. In the year-on-year comparison, total timber removal was lower by 122,650 m<sup>3</sup>.

The planned average direct cost of timber removal from the OM site to the EC site was 6.65 €/m<sup>3</sup>, the achieved reality in the monitored period was 6.57 €/m<sup>3</sup>, which is 0.46 €/m<sup>3</sup> more in the year-on-year comparison.

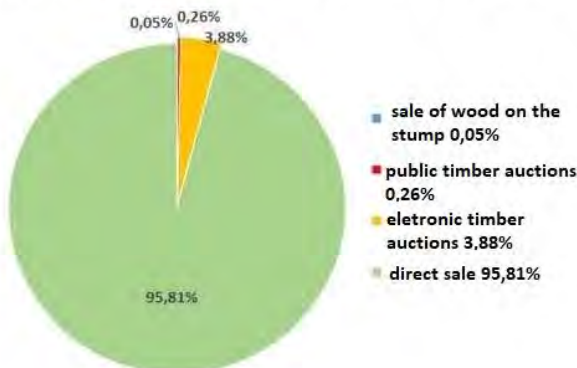
The planned volume of 347,652 m<sup>3</sup> of timber transported between MAs was 92.51 % fulfilled (actual 321,608 m<sup>3</sup>). In the year-on-year comparison, total timber removal was lower by 58,983 m<sup>3</sup>. The planned average direct cost of timber removal from the OM site to the EC site was 4.70 €/m<sup>3</sup>, the achieved reality in the monitored period was 4.31 €/m<sup>3</sup>, which is 0.70 €/m<sup>3</sup> more in the year-on-year comparison.

The deciduous harvesting plan was 145.76% fulfilled, the actual amount of harvesting was 2,583,768 m<sup>3</sup>. The planned average direct cost of timber removal from the OM site to the EC site was 6.71 €/m<sup>3</sup>, the achieved reality in the monitored period was 4.89 €/m<sup>3</sup>, which is 0.58 €/m<sup>3</sup> more in the year-on-year comparison.

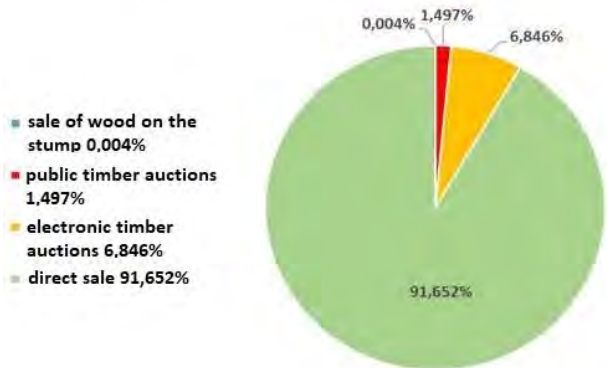




Stumpage timber sales LSR, s.e. 2022 by form of sale (m3)



Stumpage timber sales LSR, s. e. 2022 by form of sale (€)



## Overview of coniferous timber supply performance, timber sales and average product assortment monetization for the year 2022

001.2022 – 013.2022  
001.2021 – 012.2021

Assortment	In-company deliveries					Direct in m <sup>3</sup>					Revenues in K €					Average monetization €/m <sup>3</sup>					
	plan m <sup>3</sup>	reality m <sup>3</sup>	previous year m <sup>3</sup>	real sales in K €	prev. year real sales in K €	plan m <sup>3</sup>	reality m <sup>3</sup>	differ. + -	obdobie min.rok m <sup>3</sup>	skut.2021 -skut.2020	plán v tis. €	skutoč. v tis. €	rozd + -	skutoč. obdobie min. rok	skut.2021 -skut.2020	plán	skutoč.	skutoč. bez prírátok a zľav	rozd + -	skutoč. obdobie min. rok	skutoč. -skutoč. min. rok
Quality classes I and II	0	0	0	0.00	0.00	641	614	-27	1,736	-1,121	116.28	127.90	11.62	265.02	-137.12	181.40	208.17	0.00	26.77	152.67	55.49
quality classes	exp.					0	23	23	30	-6	0.00	4.69	4.69	4.15	0.54	0.00	199.89	50.20	199.89	138.76	61.13
Quality classes III.	0	41	99	3.64	7.10	1,001,385	1,072,920	71,535	1,077,198	-4,278	106	112	5,115.90	87,259.59	24,792.08	106.79	104.44	63.57	-2.35	81.01	23.43
quality classes	exp.					171	3,701	3,530	5,319	-1,618	17.32	364.39	347.06	462.27	-97.88	101.30	98.45	29.44	-2.85	86.91	11.54
Pole timber	0	0	0	0.00	0.00	991	787	-204	1,081	-293	104.06	82.22	-21.84	97.26	-15.04	105.00	104.43	0.00	-0.57	90.00	14.42
and sawlog	exp.					0	0	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00	27.08	0.00	0.00	0.00	0.00
Mining wood	0	0	0	0.00	0.00	1,800	1,525	-275	4,487	-2,962	121.26	116.63	-4.63	225.24	-108.62	67.37	76.49	31.01	9.12	50.20	26.28
quality class IV	exp.					0	433	433	458	-25	0.00	39.66	39.66	29.10	10.56	0.00	91.55	19.47	91.55	63.57	27.98
Thin poles	0	0	0	0.00	0.00	5,123	3,431	-1,692	4,684	-1,253	235.85	149.19	-86.66	137.91	11.28	46.04	43.48	0.00	-2.56	29.44	14.04
quality class IV	exp.					0	0	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pulpwood and other wood	0	0	29	0.00	0.94	337,147	338,031	884	418,837	-80,805	13,492.01	13,711.86	219.85	11,341.59	2,370.27	40.02	40.56	80.25	0.55	27.08	13.49
Average timber of V quality class	exp.					130	1,649	1,519	3,528	-1,879	7.84	120.22	112.38	109.41	10.81	60.30	72.89	49.50	12.59	31.01	41.88
Fuel wood total	400	575	441	18.52	9.33	53,004	70,078	17,074	57,363	12,715	1,645.47	2,210.20	564.73	1,116.95	1,093.26	31.04	31.54	4.88	0.49	19.47	12.07
out of which deposited	0	0	0	0.00	0.00	0	0	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Export fuel wood	exp.					0	0	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Raw tree trunks	0	0	0	0.00	0.00	1,272	11,134	9,862	12,696	-1,562	191.29	1,044.80	853.51	1,018.86	25.94	150.39	93.84	0.00	-56.55	80.25	13.59
exp.						0	0	0	545	-545	0.00	0.00	0.00	27.00	-27.00	0.00	0.00	0.00	0.00	49.50	-49.50
Sales of stumpage	0	0	0	0.00	0.00	0	165	165	4,503	-4,337	0.00	0.65	0.65	21.95	-21.30	0.00	0.00	0.00	0.00	4.88	-4.88
exp.						0	0	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Wood for groundwood pulp	0	0	0	0.00	0.00	0	0	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
exp.																					
Coniferous chips	0	0	0	0.00	0.00	0	0	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Energy wood	0	0	0	0.00	0.00	9,770	6,921	-2,849	9,154	-2,232	175.40	126.20	-49.20	128.04	-1.84	17.95	18.23	17.93	0.28	13.99	4.25
exp.								0	0	0			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Internal deliveries	dom.							0		0			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CONIFEROUS	400	615	569	22.16	17.37	1,411,133	1,505,607	94,474	1,591,736	-86,129	123	129,621.32	6,603.92	101	28,008.91	87.18	86.09	85.79	-1.08	63.84	22.25
exp.						0	0	0	9,880	-4,073	25.16	528.96	503.79	631.92	-102.97	83.59	91.09	91.09	7.49	63.96	27.13
TOTAL CON. dom. + exp.	400	615	569	22.16	17.37	1,411,434	1,511,415	99,981	1,601,616	-90,202	123	130,150.27	7107.72	102	27,905.94	87.18	86.11	85.81	-1.06	63.84	22.27

TOTAL IPV I:-III. + agr.: Plan: 1,002,197 m<sup>3</sup> 71.01 % from in-house and direct deliveries of conf. wood  
 Real. 2021: 1,077,299 m<sup>3</sup> 71.28 % from in-house and direct deliveries of conf. wood  
 Real. 2020: 1,084,382 m<sup>3</sup> 67.71 % of in-house and direct deliveries of conf. wood

## Overview of deciduous timber deliveries, timber sales and average harvesting of assortments for 2022

001.2022 – 013.2022  
001.2021 – 013.2021

Assortment	In-company deliveries						Direct deliveries in m <sup>3</sup>						Revenues in K €						Average prices €/m <sup>3</sup>					
	plan m <sup>3</sup>	reality m <sup>3</sup>	previous year m <sup>3</sup>	real sales in K €	previous year sales in K €	plan m <sup>3</sup>	reality m <sup>3</sup>	differ. + -	prev. year m <sup>3</sup>	reality of 2021-real.2020	plan in K €	reality in K €	differ. + -	reality of period of prev. year	reality of 2021-real.2020	plan	reality	reality without discounts and mark up	differ. + -	reality of period of prev. year	reality of prev. year m <sup>3</sup>			
Quality classes I and II	0	0	0	0,00	0,00	5,659	6,864	1,205	5,180	1,684	2,138,86	2,339,92	201,06	1,786,14	553,78	377,96	340,90	340,87	-37,05	344,82	-3,92			
quality classes						1,412	3,130	1,718	2,022	1,107	567,10	1,530,22	963,12	701,44	828,78	401,63	488,95	488,93	87,32	346,87	142,08			
Quality classes III.	0	13	0	1,57	0,00	942,504	986,546	44,042	960,034	26,511	64,082,35	69,251,89	5,169,55	58,422,93	10,828,96	67,99	70,20	69,84	2,20	60,86	9,34			
quality classes						46,661	46,815	154	47,048	-233	3,534,33	4,004,88	470,54	3,444,87	560,01	75,74	85,55	85,33	9,80	73,22	12,33			
Mining wood	0	0	0	0,00	0,00	4,295	4,750	455	4,729	22	269,85	298,93	29,08	287,58	11,35	62,83	62,93	62,75	0,10	60,81	2,11			
quality class IV						0	0	0	27	-27	0,00	0,00	0,00	2,06	-2,06	0,00	0,00	0,00	0,00	76,00	-76,00			
Thin poles	0	0	0	0,00	0,00	3,145	2,465	-680	581	1,884	184,05	148,11	-35,94	27,29	120,82	58,52	60,08	59,76	1,56	47,00	13,09			
quality class IV						0	0	0	0	0	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00			
Pulpwood and other wood	0	0	38	0,00	1,70	831,032	741,698	-89,334	868,216	-126,518	41,129,28	37,507,49	-3,621,79	37,711,61	-204,12	49,49	50,57	50,12	1,08	43,44	7,13			
Average timber of V quality class						34,927	33,613	-1,315	52,447	-18,835	1,917,09	1,897,87	-19,22	2,610,81	-712,94	54,89	56,46	56,09	1,57	49,78	6,68			
Fuel wood total	210	83	49	4,21	2,20	113,305	117,517	4,212	100,972	16,545	5,601,71	5,788,64	186,94	4,316,53	1,472,11	49,44	49,26	49,20	-0,18	42,75	6,51			
out of which deposited						0	0	0	0	0	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00			
Export fuel wood						0	45	45	368	-322	0,00	2,18	2,18	14,95	-12,77	0,00	48,00	48,00	48,00	0,00	0,00			
Raw free wood	0	0	0	0,00	0,00	0	0	0	202	-202	0,00	0,00	0,00	9,72	-9,72	0,00	0,00	0,00	0,00	0,00	0,00			
Woodchips						0	0	0	0	0	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00			
Sales of stumpage	0	0	0	0,00	0,00	0	1,514	1,514	2,023	-509	0,00	10,49	10,49	7,35	3,14	0,00	6,93	6,93	6,93	3,63	3,30			
exp.						0	0	0	0	0	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00			
Energy wood	0	0	0	0,00	0,00	14,012	15,773	1,761	15,630	143	236,14	246,27	10,13	224,09	22,19	16,85	15,61	15,49	-1,24	14,34	1,28			
exp.						0	0	0	0	0	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00			
Internal deliveries								0																
Deciduous	210	96	87	5,78	3,90	1,913,952	1,877,127	-36,825	1,957,567	-80,440	113	115	1,949,53	102	12,798,51	59,38	61,58	61,21	2,20	52,51	9,07			
TOTAL						83,000	83,602	602	101,912	-18,310	6,018,63	7,435,15	1,416,62	6,774,14	661,02	72,51	88,93	88,66	16,42	66,47	22,46			
Total dec. dom. + exp.	210	96	87	5,78	3,90	1,996,952	1,960,730	-36,222	2,059,479	-98,749	119	123	3,366,15	109	13,459,53	59,92	62,75	62,38	2,82	53,20	9,54			
CONIF. AND DEC.	610	712	656	27,94	21,27	3,325,085	3,382,735	57,650	3,549,303	-166,568	236	245	8,553,45	204	40,807,42	71,17	72,49	72,15	1,32	57,59	14,90			
Wood total	0	0	0	0,00	0,00	83,301	89,410	6,109	111,792	-22,383	6,043,69	7,964,11	1,920,42	7,406,06	558,05	72,55	89,07	88,82	16,52	66,25	22,83			
TOTAL	610	712	656	27,94	21,27	3,408,386	3,472,144	63,758	3,661,096	-188,951	242	253	10,473,87	211	41,365,47	71,21	72,92	72,58	1,71	57,85	15,06			

TOTAL LPV I:-III.+agr.

Plan: 996 236 m<sup>3</sup> 49,88 % from in-house and direct deliveries of dec. wood  
 Real. 2022: 1 043 367 m<sup>3</sup> 53,21 % from in-house and direct deliveries of dec. wood  
 Real. 2021: 1 014 284 m<sup>3</sup> 49,25 % of in-house and direct deliveries of dec. wood



## Forest Technology

Forests of the Slovak Republic, a state enterprise, provides part of the performance in the main forestry, service-repair, and investment activities through the specialized Forest Technology Branch Plant (OZLT) Banská Bystrica.

OZLT carried out complex mining activities with special environmentally suitable technologies in the total amount of 172 thousand m<sup>3</sup>, which amounts to 4.9% of the company's annual timber harvest (excluding self-produced timber).

The Harvester technology (machine to tree) was used by OZLT to process 94 K m<sup>3</sup>, of which by its own machinery 74 K m<sup>3</sup>, the remaining 20 K m<sup>3</sup> through external contractors in subcontracting.

OZLT carried out a comprehensive logging activity in the volume of 78 K m<sup>3</sup> by means of forest rope systems (tree to machine), forest wheel tractors and other logging techniques. In 2022, 20 forest rope systems were in operation, covering the requirements of the branch plants, mainly in pre-logging and calamity logging. Due to the pressure of operation, lack of qualified workforce, the enterprise LESY SR supported multi-operational technologies as an environmentally sensitive, safe, technologically fast and reliable technology.

The OZLT mechanisms also performed the handling of timber mass in the volume of 70 K m<sup>3</sup> through multi-operational machines with processor heads. Of this volume, 60 thousand m<sup>3</sup> were realized by own means and 10 K m<sup>3</sup> through external contractors in subcontracting.

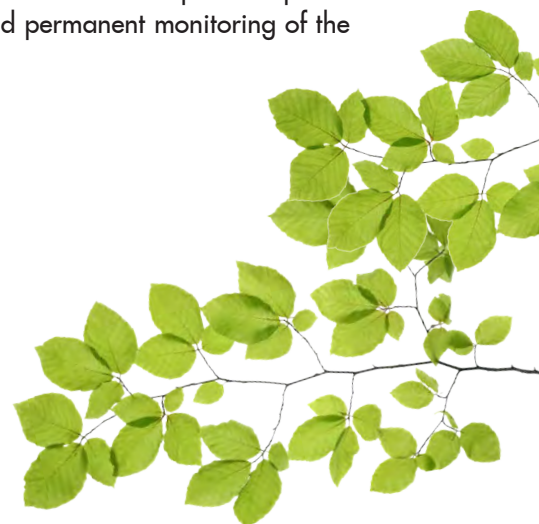
OZLT carried out the collection with its own collection vehicles in the amount of 2,376 K m<sup>3</sup>, which represents about 68% of the annual logging volume of the company. Of which 2,331 K m<sup>3</sup> was the initial removal from the removal points to the dispatch warehouses, 43 K m<sup>3</sup> axial deliveries from the collection point directly to the customer, 36 K m<sup>3</sup> loading of timber onto other means of transport. This confirms the stabilization of the capacity in timber removal by OZLT's own hauling rigs of over 2.3 million m<sup>3</sup>.

The total amount of forest road and slope maintenance work was 1,876 K €. As in previous years, the technology of repairing the forest road network with a set of road cutters was positively evaluated by the branch plants. A greater proportion of the work of construction machinery was also directed towards the rehabilitation of flood damage and the implementation of flood protection measures.

Service and repair activities were provided by OZLT in support of products and services in the field of repair and service of handling lines, front-end loaders, mechanization equipment and products of OZLT throughout the company in the amount of 1,653 K €.

In 2022, OZLT also participated in the implementation of investment actions within the company LESY SR (OZLT as in-house contractor), in the total amount of 3,503 K €. Of this, machinery investments amounted to 1,838 K € construction investments 1 665 K €. The implementation of investment activities optimizes the time and performance utilization of equipment and staff and has a significant positive impact on the OZLT economy. However, the allocated volume of work for the implementation of construction and engineering investments was low in 2022, and the OZLT would have had the capacity to deliver a significantly higher volume of work.

In 2022, the trend of high utilization of OZLT's intra-company capacity continued. OZLT's capacity means security for the company. Also due to the consistent application of the Public Procurement Act within the company LESY SR, s. e., which is often lengthy, OZLT can operatively, in real time, with its own employees and its own equipment, provide technologies in complex logging activities and in the removal of timber, as well as in the elimination of the consequences of calamities. At the same time, the implementation of these activities takes place at prices comparable to the external environment. This means maintaining price stability and permanent monitoring of the cost of the main performances and activities within the state enterprise LESY SR.



## Forest-tree Nursery and Seed Production

The branch plant Semenoles in 2022 managed 184,21 ha of production area in nine nursery centers (Jochy, Šajdíkové Humence, Trstice, Hladomer, Oravská Priehrada, Drakšiar, Brod, Čermošná, Šariš, Centre of gene pool and ornamental trees Jochy).

In 2022, the centers developed the production of planting material in the volume of 42.45 million pcs of seedlings, which is 11.81 million pcs less compared to the previous year. Of these, 25.53 million (60%) are coniferous open-rooted seedlings, 15.13 million (36%) are broadleaved open-rooted seedlings and 1.79 million (4%) are shrub-rooted seedlings.

OZ Semenoles sold 16.55 million pcs of seedlings in 2022, of which 10.78 million pcs of seedlings (65%) were sold to the organizational units of LESOV SR, s.e., which is 2.44 million pcs less than last year, and 5.76 million pcs (35%) to other entities, which is 0.22 million pcs more. Total sales of covered root seedlings were 1.47 million units, representing a share of 8.9%.

According to the type of tree species, the greatest interest was in free-rooted beech 37%, spruce 19%, the share of sales of fir, oak and pine (including Záhorie) accounted for about 8%, other types of trees 12%.

Semenoles focuses on growing ornamental and Christmas trees. In the segment of ornamental trees, 0.41 million seedlings were propagated, which is 0.19 million seedlings less than last year, and sales were at the level of 54.65 thousand seedlings. The cultivation of Christmas trees is secured by Semenoles on an area of 19.88 ha.

### Seed production

Semenoles ensures the collection, processing, and storage of seeds for the needs of the state enterprise LESY SR and for non-state entities and creates an optimal stock of forest seeds to bridge the barren years. In 2022, 97.84 tonnes of seed raw material were collected for LESY SR, state enterprise (of which 35.25 tonnes of oak, 23.52 tonnes of beech, 26.88 tonnes of fir, 12.19 tonnes of other tree species), of which 61.37 tonnes were processed as of 31 December 2022. Considering the previous year, when there was a crop failure and only 27.36 t of seed material was collected in total, it was possible to replenish the stocks, especially of beech and oak.

For non-state actors, 61.85 tonnes of seed material were processed in 2022. Sales to foreigners generated revenues of 35.96 K € for 422 kg of seeds.

The volume of pre-sowing preparation in 2022, given the failure of the previous year's crop, was very small - 4 t, of which 1.7 t was for others.

The stock of seeds as of 31.12.2022 in long-term storage is 3,094 kg of seeds with a value of 331.43 thousand EUR.

### Tree breeding and gene pool conservation

Semenoles operates a total of 24 seed orchards with an area of 42.3 ha. Some seed orchards are in decline and will be removed when the forest management plan is renewed in the respective areas. In 2022, a total of 3,518 kg of seed material was collected from the seed orchards.

In 2022, seed orchard projects were developed by OZ Semenoles, which were subsequently approved by the district authorities as a source of reproductive material. Namely the following orchards: Cigánka - brest horský *Ulmus glabra*, LHC Hanušovce (the land manager will be OZ Šariš), Jančovo - smrekovec opadavý *Larix decidua*, LHC Smižany (the land manager will be OZ Šariš), Jelšinky - lipa malolistá *Tilia cordata*, LHC Smižany (the land manager will be OZ Šariš). On the basis of requests, two seed orchards were closed by the relevant district authorities: the Hladomer seed orchard at Topolčianky and the Červená seed orchard at Brzotín. Both sets have ceased to fulfil the requirements of a source of reproductive material.

In winter, graft collections were carried out to establish new seed orchards: *Pinus sylvestris* from selection trees from Gbely, Borský Peter and Leváre, a total of 36 selection trees and *Larix decidua* from 34 selection trees from Tisovec and Muráň. The collection of secondary grafts of *Pinus sylvestris* from the Políčko seed orchard from 18 trees and *Larix decidua* from the Jančovo seed orchard from 30 trees was also carried out.

In the spring of 2022, the *Larix decidua* coppice was treated and weeded: 760 pcs, *Pinus sylvestris*: 345 pcs, *Sorbus torminalis*: 120 pcs, *Fraxinus excelsior*: 299 pcs, *Acer pseudoplatanus*: 22 pcs. Furthermore, *Larix decidua* willows were replanted and treated: 283 pcs, treated and shaped *Pinus sylvestris*: 511 pcs.

At the end of the summer, secondary *Pinus sylvestris* seedlings were treated, fertilized and shaped: 55 pcs, older *Fraxinus excelsior*: 1077 pcs and *Acer pseudoplatanus*: 314 pcs.

The treatment and shaping of the willows took place in the autumn: 184 *Pinus sylvestris* (primary willows), 340 *Larix decidua* (primary willows), 161 *Pinus sylvestris* (secondary willows), 420 *Larix decidua* (secondary willows). At the end of autumn, the willows were transplanted into 3l pots and overwintered (*Larix decidua* 582 pcs, *Pinus sylvestris* 778 pcs). All other vegetables were overwintered and the greenhouses were maintained.

The following rootstocks were installed to establish and replenish new seed orchards: 100 pcs *Pinus sylvestris*, 100 pcs *Larix decidua*, 500 pcs *Tilia cordata*, 100 pcs *Sorbus domestika*. The rootstocks were treated and winterized in November.

In the premises of air-conditioned warehouses OZ Semenoles stores the Seed Bank (of forest tree species), which is managed by the National Forest Centre (NLC).



## Game Management

One of the main activities of the state enterprise, Forests of the Slovak Republic, is hunting and related tourism. Hunting forms a separate production-economic circuit.

LESY SR, s. e. exercised the right of hunting in 135 overhead hunting grounds with a total area of more than 450 thousand ha as of 31.12. December 2022. The average area of a hunting ground is 3,350 ha but there are two hunting grounds whose area is more than 20 thousand ha. Of the total number of overhead ranges, there are 11 game farms and 4 pheasant farms. In 64 hunting grounds the shooting of game and the taking of venison is sold off. During 2022, two hunting grounds went under the management of the National Parks.

The planned hunting in the 2022/23 hunting season was fulfilled by 31.1.2023 at the level of 85% for red deer, 80% for fallow deer, 79% for mouflon, 77% for roe deer and 96% for wild boar. The overall fulfilment of the planned hunting of red deer was 86 % as of 31.1.2023.

In 2022, 171.7 t of venison had been imported to the Venison Processing Facility in Topolčianky (ZSD), which is 20.0 t more than in the previous year. The share of individual game species was as follows: deer 117.6 t, fallow deer 22.3 t, roe deer 3.4 t, mouflon 5.5 t and wild boar 22.9 t. Buyout from others was 91.9 t of venison. Of the purchased venison, a total of 64.8 t of skinned game was processed in the ZSD into frozen products. Despite the problems on the market, the situation in the trade with frozen products was more favourable than in the previous year, which is evidenced by the economic result higher by +15.6 K € compared to 2021, as well as lower stock levels.



## Trophy and wild boar hunting fees in hunting season 2021/22 and 2022/23

Species	2021/22	2022/23	Difference (2020/21 - 2021/22)
Deer	788	876	+ 88
Fallow Deer	204	246	+ 42
Mouflon	147	174	+ 27
Roe Deer	366	385	+ 19
Boar	3,517	2,882	-635

## Basic economic indicators of the LSR on the performance „241 – hunting“ in 2022

In 2022, the result from direct costs was €196,124,52 higher than planned.

Total revenue €	4	614,162	(year-on-year decrease of €29k)
Direct costs €	2	007 270	(year-on-year increase of €277k)
DI (from direct costs)	2	606,892 €	(year-on-year decrease of €306k)



National deer record. 2022. PR CHPO Polana. 253,28 b. CIC.

## Ecology and Environmental Politics

The State Enterprise Forests of the Slovak Republic organizes its activities in such a way as to fulfil the purpose and mission of the enterprise, which is the sustainable development of state forests, which forms the basis for meeting the needs of nature, the requirements of society and the economic sphere, and at the same time optimally evaluates the forest assets of the state. It subordinates its activities to this principle both to the inside of the organization and to the external environment, which is the society and the state and public administration bodies.

The essence of the implementation of this plan was based on respecting the conditions and a rational approach to environmental care as much as possible, especially in the areas of nature and landscape protection, air protection, water protection as well as waste management.

The constant effort of the state enterprise and its environmental policy is to eliminate negative impacts on the protection and creation of the environment to the greatest extent possible in all its organizational units. To this end, environmental measures are currently taken and implemented in all company activities in accordance with environmental legal standards.

In the previous year, the State Enterprise LESY SR underwent organisational changes and by merging branch plants with territorial scope, 12 organisational units of the enterprise were formed. As part of these changes, the workload of ecologists has been shifted to the internal administration of the company and its organisational units. The issues dealt with were the delimitation of the environmental agenda to the newly established organisational units, the retraining of staff and the related alignment with the legislation in force in relation to the substantive and territorial competence of the state administration.

In the area of air protection, air quality is maintained in the long term in places where it is good, and in other cases the company improves air quality by reconstructing and modernizing boiler plants and the technologies of the air pollution sources they are responsible for. Statistically, it operates 30 medium-sized sources of air pollution within the territorial jurisdiction of 19 district offices and 742 small sources of air pollution within the jurisdiction of 347 municipalities. A fee of EUR 1,810 was levied and paid by the district authorities for the operation of secondary sources. In the case of small sources, the fee levied was EUR 10,512, which was paid in full. Municipalities in the case of small sources responded to the operation of 323 sources and did not respond to the operation and therefore did not impose a fee for 419 sources, while in the future, due to the eligibility of municipalities to impose fees, which are a financial resource of municipalities, it is necessary to count on the part of LESY SR, s. e.

Due to the predominance of sources, which are natural gas-fired boiler houses, their operation results in minimal air pollution within the standard limits.

Obligations concerning compliance with the specified emission limits for medium-sized sources are ensured by the BF by periodic authorized measurements, the results of which demonstrate compliance.

The generation of waste at LESY SR affects their economic development. The reduction of waste in the production process at its individual plants is gradually being achieved through the introduction of production means corresponding to ecological and environmental criteria, more modern technologies, as well as by giving preference to products with a longer service life in the commercial network.

In the case of the types of waste generated by the Slovak Forests and in relation to the focus of the tasks of the state enterprise, the issue of waste after the phase of prevention of its generation is solved in a commercial way based on contractually contracted relations. Contracts are concluded between the company and authorized persons based on market research, tender procedures, and public procurement procedures in accordance with their requirements, considering economics and respecting the principle of proximity to suitable waste recovery facilities in accordance with the principles of the waste management hierarchy.

When selecting customers regarding subsequent waste management, the company mainly applies the principle of ensuring the recovery of the waste produced by them to the greatest possible extent, which is also confirmed by the consistency of the objectives of the environmental policy of the state enterprise in the field of waste management.

Separate collection of usable components (paper, glass, plastics, and metals) is introduced in all organizational units of the state enterprise and separation of biodegradable waste is ensured, especially by composting. Across all its administrative sites, the ongoing vision is to continuously reduce the amount of municipal waste ending up in landfills. Its minimization is achieved by the company through the efforts of every employee who puts only the unusable components of municipal waste into the bins and containers intended for municipal waste.

The implemented activities of the state enterprise confirm the compliance of its environmental policy with the national environmental policy as well as the environmental policy of the European Union and the efforts of the state enterprise for a rational approach to care for the environment.

## Investment Activities

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The implementation of the investment plan for 2022 is at 38.48%.

	Yearly plan in K €	Fulfillment in K €	Fulfillment in %
Yearly plan in K €	28,944.94	11,137.59	38.48
1/ Status of work – Own Sources	9,287.84	4,021.98	43.30
2/ Status of Work – EUF	4,729.00	0.00	0.00
3/ Design work – own resources	200.00	242.99	121.50
4/ Design work – EUF	100.00	44.84	44.84
5/ Other investment	100.00	319.81	319.81
6/ Changes	0.00	0.00	0.00
<b>Total – Construction investment</b>	<b>14,416.84</b>	<b>4,629.62</b>	<b>32.11</b>
7/ Machinery	13,659.70	6,190.27	45.32
8/ Long term intangible asset	868.40	317.70	36.58
9/ Machinery investment – EUF	0.00	0.00	0.00
<b>9/ Machinery investment – Total</b>	<b>14,528.10</b>	<b>6,507.97</b>	<b>44.80</b>

### 1. Construction Investment in 2022

#### Construction investments – own resources

By type of construction, the use of investment funds for construction works was as follows:

Construction work	K €	%
Forest roads	2,090.66	51.98
Timber yards	607.99	15.12
Forest-tree nurseries	177.29	4.40
Housing construction	28.05	0.70
Other constructions	1,038.55	25.82
Barricading of torrents	67.14	1.67
Ecology constructions	12.30	0.31
<b>Total:</b>	<b>4,021.98</b>	<b>100.00</b>

A high percentage of the funds earmarked for other investments (buyout of land) was related to the purchase of land within the Dobšiná Horse Breeding Centre. The purchase of land from the town of Dobšiná was originally planned in 4. Q 2021, but due to the planned reform of the transition of national parks to the Ministry of Environment, the purchase was not implemented in the planned period.

In the forest roads (FR) category, funds were used for actions: FR Baran - new building (OZ Sever) 259,28 thous. €, FR Bačkarka - reconstruction (OZ Sever) 228,56 thous. € 185,65 thousand, Reconstruction of FR Kýčerná (OZ Horehronie) 185,65 thous., TPC Siata Hora (OZ Horehronie) 58,42 thous. €, FR Nemecká - sandy (OZ Gemer) 446,28 thous. €, Permanent Approach Road - Planinky (OZ Šariš) 495,62 thous. €, FR Strihovec I. - reconstruction (OZ Vihorlat) 53,29 thous. €, FR Turie - reconstruction (OZ Vihorlat) 142,05 thous. €.

In the category of timber storage (MES), construction works were carried out on the investment action ES Oravská Polhora (OZ Tatry) 21,94 thous. €, EC Čierny Balog, paved areas (OZ Horehronie) 351,93 thous. € 315,67 thousand, Reconstruction of the railway siding at the dispatch warehouse Rimavská Sobota (OZ Gemer) € 315,67 thousand., Reconstruction of the railway siding at the dispatch warehouse Rimavská Sobota (OZ Gemer) € 315,67 thousand. € 155,59 thous., Handling areas - EC Udavské, SO- 02 (OZ Vihorlat) 155,59 thous., Manipulation areas - EC Udavské, SO- 02 (OZ Vihorlat) 155,59 thous. €.



In the category of other construction, forest nurseries, housing construction, protection of watercourses and ecological constructions, funds totalling € 1 323,33 thous. were used. The low percentage performance in investment construction is also due to the fact that the Binding Plan of Construction Investments for 2022 was approved by the Supervisory Board of LESY SR, s. e., at a later date, namely on 31 March 2022. Due to the late approval of construction investment actions, which are subject to a lengthy tendering process, the construction sites of individual construction projects were handed over to the construction contractors later than usual.

### Construction investments – euro funds

In this period, the investor preparation necessary for the actual implementation of investment construction from EU funds for individual calls (planned call RDP SR 2021-2022 measure 4.3 Forest roads, measure 8.3 Improvement of water management in forests and fire protection, measure 8.5 cognitive and tourist infrastructure) continued to be carried out. The construction works have not been carried out so far due to the fact that calls for individual measures of the RDP 2021 - 2022 have not been announced.

## 2. Machinery investment

The division of funds used for the machine acquisition according to production activities:

Production activity	Realised purchase thous. €	Share of purchase %
1. Logging and skidding	2,746.13	44.79
2. Transport and wood conversion	1,788.53	29.17
3. Cultivation, hunting agricultural and tree nursery activities	497.95	8.12
4. Maintenance, service, and other activities	567.94	9.26
5. People and technology transport	531.21	8.66
Total:	6,131.76	100.00

The most significant shares realized in 2022 by manufacturing activities are:

### Logging and skidding

For OZLT Banská Bystrica were purchased two pieces of medium harvesters John Deere 1170 G 8WD, one piece of harvester HR46x and three pieces of export sets John Deere in the total acquisition value of 2 645,01 thousand. €. KAPSEN 18 RC iron horses were purchased for the organizational components of OZ Sever and OZ Tatry in the total acquisition value of 101.12 thous. €.

### Transport and wood conversion

For the organizational components of OZ Vihorlat, OZ Horehronie and OZ Tribeč, OZLT Banská Bystrica made HR for ML B&Z at the acquisition price of 22,77 thousand. €. For the organizational components of OZ Horehronie, OZ Gemer, produced boxes for the storage of wood type L and T in the acquisition price of 80.12 thous. €. OZLT Banská Bystrica invoiced semi-trailers at the acquisition price of 707,15 thousand. €, semi-trailers at the acquisition price of 167,41. €, further the completion of the Tatra T158 Phoenix with LOGLIFT F 265Z 95 hydraulic arm in the acquisition price of 435,49 thousand €.

### Silvicultural, agricultural and tree nursery activities

For the organizational unit OZ Tribeč a hoist for the service centre and a fecal trailer POMOT T544/3 were purchased at the acquisition price of 37,85 thous. €. A DIECI Agri Star telescopic handler with accessories and a HYMACH mulcher were purchased for the organisational unit OZ Gemer at a total purchase price of € 127.43 thous. €. Three young horses were reassigned to the organisational unit OZ Gemer as breeding horses at an acquisition price of 6,00 thous. €. For Semenoles was purchased chipper STILER BX 42R and seedling uprooter ELCO SL3V at a total purchase price of 21.70 thous. €. For the organizational unit OZ Karpaty was purchased road trimmer - saw HS1750 with arm HKL and mulcher Tehnos in the total acquisition price 19,29 thous. €. The following



items were purchased for OZ East: a loader for UKT TL 340 SL, a hay stacker SB-4231 and a hay turner OZ-524 at a total purchase price of 23,81 thous. €.

For the organizational unit OZ Šariš was purchased self-pick-up wagon SENÁTOR 22/9 at the acquisition price of 27,94 thous. €. For the organizational components of OZ Považie, OZ Tatry, OZ Horehronie, OZ Polana and OZ Východ, 11 pcs of cooling boxes for venison were purchased at a total purchase price of 95.50 thous. €.

#### Maintenance, service, and other activities

In the period under review, electronic security systems and CCTV systems were purchased at an acquisition cost of 63.19 thousand EUR. € for the organizational components of OZ Tribeč, OZ Považie, OZ Sever, OZ Východ and OZ Šariš. Two shipping containers, an AGROMETAL SR-T2500 arrow plough, a KUHN-TB 181 mulcher for verge maintenance and a CPD 20 forklift truck were purchased for OZ Semenoles at a total purchase price of 47.59 thousand €. A John Deere JD 1580 mower and a Kubota B2261 H park mower were purchased for the organisational components of the Tribeč and Horehronie OZs at a total purchase price of 68.07 thous. €. For OZLT Banská Bystrica was purchased milling machine with digital measuring FNS 55PD, vibrating plate BPU37500Ats and high-pressure cleaner Kärcher HDS 12/18-4 SX at the purchase price of 22.80 thous. €. A statue of the Virgin Mary was placed in the niche of the building of the General Directorate of the company LESY SR, s. e., with a total acquisition value of 36.00 thous. €. The following items were purchased for OZLT Banská Bystrica: brake bench with pressure simulator, bridge crane BZ-M1B-3,2 T with rope hoist, diesel fuel tank at the total acquisition price of 104,03 thous. €.

#### People and technology transport

In 2022, eight Ford Transit, one Ford Custom and three Ford Ranger Pick-up 4x4 and MAN TGE vehicles were delivered at a total acquisition price of 516.86 thous. €.



## Drawing of EU Funds

### Cross-border cooperation program Interreg V-A Poland-Slovakia

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In 2022, within the framework of the Interreg V-A Pol'sko-Slovakia Programme, the implementation of the micro-project „Together to discover the natural and cultural heritage of the Sigord and Taich nature trails“ continued. Due to the bad pandemic situation in Slovakia, we requested in 2021 to extend the implementation of the micro-project until June 2022, so that we could implement the remaining „soft“ activities of the project, which were attended by children from special schools. Within the framework of the micro-project, the recreational infrastructure of both nature trails has been upgraded to ensure the safe movement and stay of visitors, to increase the environmental awareness of the inhabitants of the border region, their interest in exploring the natural values and cultural heritage and to create opportunities for a more active use of leisure time.

The micro-project „Education for the preservation of bee colonies in the Polish-Slovak border area“, thanks to which six bee hives with the necessary equipment were purchased as an educational tool, on which the participants were presented during the seminars the various practical tasks of year-round care of bee colonies and the participants themselves had the opportunity to learn the individual tasks practically, was completed in December 2021 and in 2022 the reimbursement of the submitted applications for payment was in progress.

In the framework of the project „Together for the conservation and restoration of the biodiversity of the Carpathian Mountain ecosystems“, whose main objective was the restoration, conservation and protection of the biodiversity of mountain ecosystems in the transboundary territory of the Carpathian Mountains, the payment for the final monitoring report from the European Regional Development Fund was received in May 2022, which started the five-year period of the project's sustainability.

No.	Implemented projects	Total budget of the project	Budget of LESY SR, s.e.	Budget of partner	Paid by LESY in 2022
1.	Together for conservation and restoration of biodiversity of Carpathian Mountain ecosystems (BF Lipt. Hradok and BF Prešov)	594,387.41 €	370,594.86 €	223,792.55 €	29,639.05 €
2.	Education for the preservation of bee colonies in the Polish-Slovak border area (OZ Prešov)	25,089.54 €	25,089.54 €	0.00 €	8,603.99 €
3.	Together to discover the natural and cultural heritage of the Sigord and Tajch nature trails (OZ Prešov)	27,379.80 €	27,379.80 €	0.00 €	11,794.76 €
TOTAL		646,856.75 €	423,064.20 €	223,792.55 €	50,037.80 €

### Cross-border Cooperation Program INTERREG V-A Slovak Republic – Czech Republic

In March 2020, the implementation of the project for the revitalization of forest communities in the border area „Together for the prevention of the deterioration of damaged forest ecosystems“ started, where the Forests of the Slovak Republic act as the lead partner. Due to the impossibility to implement the soft activities planned in the project during the pandemic period, the project implementation period was extended by two months. The original timetable envisaged the completion of the project in February 2022, and due to the ongoing and worsening pandemic situation of COVID-19, it was not possible to carry out the final field trip and the working/expert team meeting according to the original project timetable. In the extended period, both actions were implemented and the physical



implementation of the project was successfully completed. The final payment request was reimbursed on 24.10.2022. From this date onwards, the project has a sustainability period of 5 years.

No.	Implemented projects	Total budget of the project	Budget of Lesy SR, s.e.	Budget of Czech partner	Paid by LESY in 2022
1.	Together for preventing the deterioration of damaged forest ecosystems (BF Žilina)	700,036.14 €	347,520.14 €	352,516 ,00 €	303,693.26

## Operational Program Environmental Quality

In autumn 2021, after a long preparation and in cooperation with the State Protection Nature SR, measures within the framework of three projects aimed at „Improving the status of species and habitats of European importance in forest eco-systems of selected protected areas” started to be implemented in several PAs in the form of state aid within the framework of the Operational Program Quality of the Environment 2014 – 2020. In total, this is a considerable amount of money, which finances the increased costs of cultivation and protection activities, but also compensates for the loss of dead wood, as well as trees that are left to live. At the same time, the measures must be based on the approved nature conservation documentation for the areas in question, i.e., they must be consistent with already approved care or conservation programs.

In 2022, a total of €415,345.12 in advances were made under the planned measures. Five organisational units are working on the implementation of the works and the settlement of the advance payment with the State protection of Nature of SR (ŠOP) will be carried out at the beginning of 2023.

No.	Implemented projects	Project acronym	Budget of Lesy SR, s.e.	Advance paid in the year 2021	Advance paid in the year 2022
1.	Improvement of the status of species and habitats of European importance in forest ecosystems of selected protected areas (contract ŠOP SR - Z/160/2020) in OZ Tatry	PBOL 1	93,166.20 €	51,759.00 €	41,407.20 €
2.	Improving the status of species and habitats of European importance in forest ecosystems of selected protected areas 2 (contract ŠOP SR-Z/252/2020) in OZ Považie, Gemer, Šariš, Východ, Vihorlat (2021 also OZ Beňuš)	PBOL 2	443,147.93 €	194,851.29 €	192,734.80 €
3.	Implementation of the care programme for the Horná Orava Protected Bird Area (contract ŠOP SR-Z/253/2020) OZ Tatry	PBOL 3	137,768.95 €	0 €	131,071.48 €
TOTAL			674,083.08 €	246,610.29 €	365,213.48 €

All the planned public service activities for children under the name „Children’s Exchange” or for the public „Beekeeping Day” could not be organized in 2022 due to the ongoing pandemic situation of COVID-19. However, the partners undertook to organize these stays at their own expense during the sustainability period of the project.

## Program LIFE19

In September 2019, the project „Climate-smart Forest management for Central and Eastern Europe“ (CLIMAFORCEELIFE) was submitted to the LIFE19 program by the lead project partner WWF Slovakia, where LESY SR acts as a project partner.

The project aims to support the transition to „climate smart“ forest management by demonstrating, evaluating, and replicating forestry practices that increase the resilience of forests to climate change. Total budget of the project is 5,587,063 € out of which the total budget of Lesy SR is 1,507,452 €. The project has been approved by the European Commission and implementation started in September 2020.

No.	Implemented projects	Total budget of the project	Budget of Lesy SR, s.e.	Prepaid in 2020
1.	CLIMAFORCEELIFE	5,587,063 €	1,507,452 €	320,450.00 €
TOTAL		5,587,063 €	1,507,452 €	320,450.00 €

## Rural Development Program of the Slovak Republic 2014 – 2022

LESY Slovenskej republiky, s. e., from September 2022 participated in all calls announced by the Soil and Agriculture Payment Agency for forestry sub-measures and submitted a total of 12 applications for non-repayable financial contributions by the end of 2022. Under sub-measure 8. 5 Support for investments to improve the resilience and environmental value of forest ecosystems, four applications for non-repayable financial contribution (NREF) were submitted for the action «Improvement of forest bird nesting opportunities and other biodiversity enhancing elements of forest ecosystems». ecosystems by active management measures focusing on the creation of suitable habitats for the mountain white-tailed grouse (*Tetrao urogallus*) in forest plantations at the time of fledging up to 50 years of age at defined sites in accordance with the methodology developed by the National Forestry Centre», two applications for NFP for «Artificial regeneration and education of protective forests and special purpose forests, in particular by replanting forest stands» and 6 applications for NFP for «Construction and restoration of civic and cognitive infrastructure in forest ecosystems» for a total of €2,272,128,80.

### Overview of applications submitted

P.č.	Podopatrenie	Podané projekty – ŽoNFP	Celkový rozpočet projektu
1.	8.5 PRV SR 55/PRV/2022	Improvement of the condition of forest stands for the red deer in the Horehronie OZ I. (085BB550003)	258,852.50 €
2.	8.5 PRV SR 55/PRV/2022	Improvement of the condition of forest stands for the red deer in the Horehronie OZ II. (085BB550002)	258,786.70 €
3.	8.5 PRV SR 55/PRV/2022	Improvement of the condition of forest stands for the red deer in the Tatra Mountains OZ (085ZA550001)	133,912.40 €
4.	8.5 PRV SR 55/PRV/2022	Improvement of forest cover for red deer in other PAs (085BB550001)	193,010.20 €
5.	8.5 PRV SR 58/PRV/2022	Artificial regeneration and education of special purpose forests and protective forests in the Podunajsko OZ	28,969.42 €
6.	8.5 PRV SR 58/PRV/2022	Artificial regeneration and education of special purpose forests and protective forests in OZ Gemer	69,093.71 €
7.	8.5 PRV SR 59/PRV/2022	Building and renovation of civic and cognitive infrastructure in OZ Gemer	106,142.03 €
8.	8.5 PRV SR 59/PRV/2022	Building and restoration of civic and cognitive infrastructure in OZ Horehronie	350,000.00 €
9.	8.5 PRV SR 59/PRV/2022	Building and restoration of civic and cognitive infrastructure in OZ Považie	350,000.00 €
10.	8.5 PRV SR 59/PRV/2022	Building and restoration of civic and cognitive infrastructure in OZ Šariš	112,742.36 €
11.	8.5 PRV SR 59/PRV/2022	Building and restoration of civic and cognitive infrastructure in OZ Sever and OZ Tatry	155,831.10 €
12.	8.5 PRV SR 59/PRV/2022	Establishment of a network of tourist shelters in forests LESY SR, s.e.	254,788.38 €
TOTAL			2,272,128,80 €

At the same time, in the period under review, three additional calls were launched for sub-measures 8.4, 8.3 and 4.3 under call numbers 61/PRV/2022, 62/PRV/2022 and 63/PRV/2022 respectively. Project applications for these calls are currently being prepared and further calls for other forestry sub-measures are expected.

## National support

In 2022, the state enterprise LESY SR also applied for national financial resources, for which the Ministry of Forests and Forestry of the Slovak Republic (MoFPRV SR) announces calls for proposals from the Decree of the MoFPRV SR No. 536/2011-100, which addresses the support of services in the public economic interest. For this purpose, a project application was approved in November and a contract was signed for the provision of a subsidy for the improvement of wildlife welfare - Project for the conservation and improvement of the breeding conditions of the humped bison II. The project was completed by the end of 2022 and the accounting of the subsidy provided for the project is currently being settled.

LESY SR, s. e. in 2022 also received minimal state aid (de minimis scheme) for the measure for forestry support for the fulfilment of non-productive functions of forests in forest plantations, where forest upbringing was carried out according to the PSL by means of forest clearing or forest upbringing by means of thinning up to fifty years of age of the forest stand in the total amount of € 59 096,54 (OZ Poľana).

No.	National grants implemented	Total budget of the project
1.	Project for the conservation and improvement of bison breeding conditions (pursuant to Article 2 (6) of the Ordinance for the protection and improvement of the living conditions of wildlife) - OZ Tribeč	100,000.00 €
2.	Forestry support for non-productive functions of forests (de minimis) - OZ Poľana	59,096.54 €
TOTAL		159,096.54 €

## Direct Aids

In the period under review, a single application for direct support was made for a total of 1 481.37 hectares of unencumbered land at an average payment (from 2021) of approximately €192.55/ha. We expect payment at the beginning of 2023 in the amount of 285 K €.

## Overview of applications submitted by program and payments received in 2022

Projects under the programme	Amount of FIGG	Amount of payments in 2022
INTERREG V-A PL-SK (part for Forests of the Slovak Republic)	423,064.20 €	50,037.80 €
INTERREG V-A SK-CZ (part for Forests SR, s. e.)	347,520.14 €	303,693.26 €
LIFE19 (part for LESY SR, s. e.)	1,507,452.00 €	0.00 €
Direct Aids	285,000.00 €	0.00 €
National support	159,096.54 €	159,096.54 €
Projects with State Protection of Nature of SR through OPKZP (PBOL1, PBOL2)	674,083.08 €	415,345.12 €
Rural Development Program of the Slovak Republic 2014-2022	2,272,128.80 €	0.00 €
TOTAL	5,668,334.76 €	928,172.72 €



## Public Relations

### Forest Hiking

In 2022, the State Enterprise Forests of the Slovak Republic implemented a number of projects aimed at restoring, building, and improving the tourist infrastructure in managed forest plantations. The Forestry Nature Trail (LNCH) Sigord, LNCH Pilsko and LNCH Zámutovská kolejka were reconstructed. 20 wooden benches were installed at LNCH Sobranecké kúpele, which complemented the tourist seating at the mineral water spring. Two new tourist gazebos with seating have been added in the Orava region: Skorušina a Oravice.

A significant jubilee - 10 years of existence - was commemorated by the LNCH Haluzicka gorge and the 20th jubilee season was celebrated by the Forestry open-air museum in the Vydrovska valley near Čierny Balog.

At the end of 2022, 15 wooden information and educational boards „The forest is not a garbage dump“ were produced, which will be placed in cooperation with the organizational units in selected, tourist frequented forest locations.

LESY SR, s. e., continued in cooperation with the Military Cartographic Institute Harmanec and in updated tourist maps presented to the public another of its forestry nature trails and Important Forestry Places.

On 15 October 2022, the 7th year of the forestry-tourist event Forestry Trail of Jozef Dekret Matejovie, organized by the Forests of the Slovak Republic in cooperation with the Slovak Tourist Club, took place in Duchonka. The event included a tour of the ruins of Topolčany castle, crossing LNCH Duchonka - Kulháň and the final sitting at Kulháň. The event was attended by almost 150 tourists from several regions of Slovakia.

In 2022, the State Enterprise Forests of the Slovak Republic became the founding partner of the Run through the Forests series. During the summer season, a total of five cross-country races were held in the natural localities of Slovakia: Devín, Čičmany, Bachledova dolina, Velká Fatra and Štiavnické vrchy. A total of 4,880 runners (including children) took part in the race.

### Forest Pedagogy

Employees of the State Enterprise LESY SR organized in 2022 a total of 459 activities for the public with forest pedagogy activities and also independent forest pedagogy activities, of which 105 were implemented for 100 or more participants. The activities, which were attended by a total of approximately 40,000 children and adults, were organised by the employees of 14 organisational units of the Forests of the Slovak Republic (12 OZs with territorial competence, the specialised OZ Semenoles, and the General Directorate). In 2022, the State Enterprise LESY SR trained 22 forest educators from OZ Karpaty, OZ Považie, OZ Trábeč and OZ Podunajsko and started the reconstruction of the Forest Classroom in the building of the Forest Administration Oravský Podzámok.

### Communication projects

In 2022, the fifth edition of the LESY SKI CUP project was organised, with a series of four races held in January and February. A total of 603 competitors in 12 categories took to the start line. During the second race, a record number of 446 competitors was recorded.

The sixth year of the rosehip picking project together with the Slovak Forests involved seven organizational units, whose employees took rosehip fruits in a total quantity of 8.713 tons from 2,158 children who were pupils of 39 primary and kindergarten schools and one apprenticeship school.

Within the nominal action called LNCH, gazebos, resting places, 49,920 EUR were allocated for repairs, but also for the construction of tourist infrastructure on the land managed by individual organizational units of the State Enterprise Forests of the Slovak Republic within the framework of 22 submitted mini-projects.

In the third year of the Fruit Forest Roads project, funding was distributed for the planting of 20 fruit forest roads, which were implemented in 11 organisational units.

Companies were interested in planting on the land managed by the state enterprise LESY SR within the Million Trees for Slovakia project in the spring period, when 555 interested parties planted 26,890 seedlings during 16 plantings carried out on the land managed by five organizational units (OZ Tatry - nine plantings, two plantings each at OZ Považie, OZ Tribeč and OZ Horehronie, and one planting at OZ Sever). In the autumn period, seven organizational units of the State Enterprise Forests of the Slovak Republic were involved in 19 plantings and with the help of 449 enthusiasts, 18,205 seedlings of forest trees were planted.

In the project Helping the birds of our forests, we focused our attention on helping with the biological protection of seedlings damaged by small rodents and we started to place half-houses for owls and birds of prey in the forest stands under the management of the state enterprise LESY SR (State Forests of the Slovak Republic).

The last project of the year was traditionally a project called Tree under the Tree, in which our colleagues took almost 300 Christmas trees from the production of the State Enterprise LESY SR to children's homes and social service homes.

The State Enterprise Forests of the Slovak Republic participated in exhibitions in 2022: ITF Slovakia tour, Aqua, Agrokomplex, Hunting and Nature, which included a national hunting exhibition, and the first year of the Christmas with Quality Mark exhibition.

### Museum of Forestry and Wood Processing

The main subject of activity of the Forestry and Timber Museum based in Zvolen is the documentation of forestry and timber industry in Slovakia as well as the cultural and social development of the Zvolen region. It has been an organisational part of the State Enterprise Forests of the Slovak Republic since 2008.

After a period of pandemic restrictions, museum operations gradually began to return to normal in 2022. As of 1 January 2022, the company has undergone a major reorganisation. As part of the change, the Forestry and Timber Museum was also reorganised, as of 1 October it was separated from the Department of Communication to the level of a separate department and reports directly to the Director General. One of the most important tasks in the year under review was the preparation and implementation of measures to eliminate the shortcomings identified by the inspection group of the Ministry of Culture of the Slovak Republic during the state professional supervision, which was carried out in the Forestry and Timber Museum on 10 November 2021. As part of the measures, a comprehensive review of the collection was initiated. Thus, the professional staff focused mainly on working with the fund. As part of the acquisition activities, a unique album of photographs of representatives of Zvolen County from

the years 1897-1907 was acquired for the museum's collection.

In 2022, the Museum of Forestry and Wood Technology commemorated two anniversaries of its predecessors - 95 years of the establishment of the Forestry Museum and 80 years of the establishment of the Municipal Museum in Zvolen. The exhibition "Two Anniversaries of One Museum" presented a selection of the most interesting pre-metals from each collection and the rich exhibition activity of both institutions.

A similar anniversary was also marked by a museum with the same focus in Bohemia - the Museum of Forestry, Hunting and Fishing in Ohrada, which is part of the National Museum of the Earth and celebrated 180 years of the museum's opening to the public on 15 September. On

this occasion, a symposium was held at the castle in Ohrada, where both institutions signed a joint Memorandum of Cooperation.





The number of visitors to expositions and short-term exhibitions held at the museum almost doubled year-on-year. The book by the French human geographer Pierre Deffontaines, *Slovak Forests, and their Economic Use*, was very positively received by the lay and professional public. On the occasion of the 90th anniversary of its publication in France, the Museum of Forestry and Wood Technology has prepared a Slovak translation of the book.

### Significant Forestry Sites

The main idea behind the creation of the network of Significant Forestry Towns (SFT) is to present Slovak forestry as a meaningful, efficient, and essential part of our economy, the development of which is based on very strong and positively evaluated historical roots. Significant forestry sites are objects of natural, cultural, or technical character with special forest significance, which document the history of the forest, forestry, and the work of foresters in Slovakia. They represent a set of remarkable objects and sites with a unified designation system, which includes vegetation, parks, reservoirs and taichs, settlements, cemeteries, monuments, and memorials, works of art, structures, buildings, menageries and arboretums, sites of out-of-the-ordinary reforestation operations, technical facilities, institutions, or organizations. This diverse mixture is an important forestry heritage of forestry and its contribution to the development of nature and culture in Slovakia.

The Museum of Forestry and Wood Technology is the guarantor of the declaration and marking of the SFT. This project represents one

of the main activities of the State Enterprise Forests of the Slovak Republic in the field of communication with the public since 2007.

In 2022, three significant forestry sites were solemnly declared and marked. In May, the building of the former forest administration in Sihla was entered into the register. Its past is very closely linked to forestry, but also to the glass industry. Both activities marked the life and culture of the inhabitants of a village high in the mountains, developing away from the centres of civilisation. The second was the Parina fishpond in the administration of the Organisational Component of OZ Karpaty. It was founded 155 years ago by the nobleman Móríc Pálffy as the first fishery on his estate in Smolenice, laying the foundations for the fishery, which is still part of the forestry in the administration of the state enterprise as the Parina Fish Breeding Centre. The three inaugurated SFTs

concluded in autumn Wooden Manor House - a site situated in the forest in the extravitral of the town of Želiezovce, where a unique oak tree stood until May 1932. The forester Karol Kaán, the founder of the first nature reserves, ranked it among the three most important trees in Hungary. On 29 May 1932 the oak was uprooted by a storm and although Countess Ernestina Coudenhove, the then owner of the local property, forbade the uprooting to be processed, two years later the oak was set on fire by vandals. To this day, this place is known among the locals as the „wooden manor house“. On this occasion, foresters from the Podunajsko Organizational Unit planted a new oak tree in its place.





## Balance Sheet as of 31 December 2022 (EUR)

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Assets	No	Gross	Correction	Net	Previous period
Total assets (l. 2+33+74)	1	1,281,488,124	379,126,171	902,361,953	886,790,792
Fixed assets (l. 3+11+21)	2	1,148,259,853	374,323,166	773,936,687	803,730,257
Total intangible fixed assets (l. 4 to 10)	3	27,281,624	21,898,986	5,382,638	6,082,470
Current development costs (012) - /072, 091A/	4	19,291	13,213	6,078	0
Software (013) - /073, 091A/	5	19,963,943	19,482,764	481,179	1,087,977
Valuable rights (014) - /074, 091A/	6	226,420	219,287	7,133	11,915
Goodwill (015) - /075, 091A/	7	0	0	0	0
Other intangible fixed assets (019,01X) - /079, 07X, 091A/	8	2,998,891	2,183,722	815,169	1,063,459
Acquired intangible fixed assets (041) - /093/	9	4,073,079	0	4,073,079	3,919,119
Advances for intangible fixed assets (051) - /095A/	10	0	0	0	0
Total tangible fixed assets (l. 12 to 20)	11	1,120,963,536	352,409,487	768,554,049	797,647,787
Land (031) - /092A/	12	503,356,844	0	503,356,844	524,811,354
Buildings (021) - /081, 092A/	13	455,212,846	236,150,689	219,062,157	223,908,642
Individual tangible assets and sets of tangible assets (022) - /082, 092A/	14	146,625,218	115,780,695	30,844,523	35,911,224
Perennial crops (025) - /085, 092A/	15	97,727	59,318	38,409	41,754
Livestock and draft animals (026) - /086, 092A/	16	129,713	86,294	43,419	52,095
Other tangible fixed assets (029, 02X, 032) - /089, 08x, 092A/	17	457,552	0	457,552	421,552
Acquired tangible fixed assets (042) - /094/	18	14,861,382	332,491	14,528,891	12,501,166
Advances for tangible fixed assets (052) - /095A/	19	222,254	0	222,254	0
Adjustments to acquired assets (+/- 097) +/- 098	20	0	0	0	0
Total financial fixed assets (l. 22 - 32)	21	14,693	14,693	0	0
Shares in related accounting units (061A, 062A, 063A) - /096A/	22	0	0	0	0
Investment shares and shares excluding the ones in related accounting units (062A) - /096A/	23	0	0	0	0
Other securities and shares (063A) - /096A/	24	14,693	14,693	0	0
Loans to related accounting units (066A) - /096A/	25	0	0	0	0
Equity loans other than related to accounting units (066A) - /096A/	26	0	0	0	0
Other loans (067A) - /096A/	27	0	0	0	0
Loan securities and other loan financial assets (065A, 06XA, 06XA) - /096A/	28	0	0	0	0
Loans and other non-current financial assets due within 1 year (066A, 067A, 069A, 06XA) - /096A/	29	0	0	0	0
Bank accounts due in more than 1 year (22XA)	30	0	0	0	0
Financial fixed assets acquired (043) - /096A/	31	0	0	0	0
Advances for financial fixed assets (053) - /095A/	32	0	0	0	0
Current assets (l. 34+41+53+66+71)	33	131,845,496	4,803,005	127,042,491	80,738,878
Inventory total (l. 35 - 40)	34	28,352,140	2,465,111	25,887,029	23,684,663
Material (112, 119, 11X) - /191, 19X/	35	2,975,697	0	2,975,697	2,665,743
Incomplete production and semi-finished products (121,122,12X) - /192, 193, 19X/	36	9,133,178	1,581,573	7,551,605	8,626,874
Products (123) - /194/	37	15,694,197	823,221	14,870,976	11,991,919

Livestock (124) – /195/	38	524,316	60,317	463,999	367,766
Merchandise (132, 133, 13X, 139) – /196, 19X/	39	24,608	0	24,608	28,474
Advances for inventory (314A) – /391A/	40	144	0	144	3,887
Non-current receivables total (l. 42+46 – 52)	41	0	0	0	0
Trade receivables total (l. 43 – 45)	42	0	0	0	0
Trade receivables from related accounting units (311A, 312A, 313A, 314A, 315A, 31XA) – /391A/	43	0	0	0	0
Trade liabilities concerning investment shares excluding liabilities towards related accounting units (311A, 312A, 313A, 314A, 315A, 31XA) – /391A/	44	0	0	0	0
Other receivables (311A, 312A, 313A, 314A, 315A, 31XA) – /391A/	45	0	0	0	0
Net order value (316A)	46	0	0	0	0
Other receivables from related accounting units (351A) – /391A/	47	0	0	0	0
Other receivables within equity participation excluding liabilities towards related accounting units (351A) – /391A/	48	0	0	0	0
Receivables from partners, members, and association (354A, 355A, 358A, 35XA) – /391A/	49	0	0	0	0
Receivables from derivative transactions (373A, 376A)	50	0	0	0	0
Other receivables (335A, 336A, 33XA, 371A, 374A, 375A, 378A) – /391A/	51	0	0	0	0
Deferred tax receivable (481A)	52	0	0	0	0
Total current receivables (l. 54+58 to 65)	53	33,039,903	2,337,894	30,702,009	23,722,780
Trade receivables total (l. 55 to 57)	54	32,507,650	2,337,894	30,169,756	23,136,154
Trade receivables from related accounting units (311A, 312A, 313A, 314A, 315A, 31XA) – /391A/	55	43,856	0	43,856	3,559
Trade receivables from related accounting units (311A, 312A, 313A, 314A, 315A, 31XA) – /391A/	56	0	0	0	0
Other trade receivables (311A, 312A, 313A, 314A, 315A, 31XA) – /391/	57	32,463,794	2,337,894	30,125,900	23,132,595
Net order value (316A)	58	0	0	0	0
Other receivables from other accounting entities excluding related accounting units (351A) – /391A/	59	0	0	0	0
Other trade receivables within equity, except receivables from related entities (351A) – /391A/	60	0	0	0	0
Receivable from partners, members, and association (354A, 355A, 358A, 35XA, 398A) – /391A/	61	0	0	0	0
Social insurance (336A) – /391A/	62	0	0	0	0
Tax receivables and subsidies (341, 342, 343, 345, 346, 347) – /391A/	63	73,555	0	73,555	269,249
Receivables from derivative transactions (373A, 376A)	64	0	0	0	0
Other receivables (335A, 33XA, 371A, 374A, 375A, 378A) – /391A/	65	458,698	0	458,698	317,377
Current financial assets (l. 67 – 70)	66	0	0	0	0
Current financial assets in related accounting units (251A, 253A, 256A, 257A, 25XA) – /291A, 29XA/	67	0	0	0	0
Current financial assets excluding current fin. ass. in re-related accounting units (251A, 253A, 256A, 257A, 25XA) – /291A, 29XA/	68	0	0	0	0
Own shares and own ownership interests (252)	69	0	0	0	0
Acquired current financial assets (259, 314A) – /291A/	70	0	0	0	0
Financial accounts total (l. 72 and 73)	71	70,453,453	0	70,453,453	33,331,435
Cash (211, 213, 21X)	72	46,085	0	46,085	166,136

Bank accounts (221A, 22X, +/- 261)	73	70,407,368	0	70,407,368	33,165,299
Accruals total (l. 75 – 78)	74	1,382,775	0	1,382,775	2,321,657
Non-current accrued expenses (381A, 382A)	75	0	0	0	0
Current accrued expenses (381A, 382A)	76	663,758	0	663,758	750,117
Non-current accrued income (385A)	77	0	0	0	0
Current accrued income (385A)	78	719,017	0	719,017	1,571,540

Liabilities	No	Current acc. period			Previous period
Stockholder's equity and liabilities total (l.80+101+141)	79	902,361,953	0	0	886,790,792
Equity (l. 81+85+86+87+90+93+97+100)	80	753,342,025	0	0	765,999,547
Share capital total (l. 82 – 84)	81	725,362,187	0	0	744,300,736
Share capital (411 or +/- 491)	82	744,300,736	0	0	744,239,843
Change in share capital +/- 419	83	-18,938,549	0	0	60,893
Receivables from equity subscriptions (/-/ 353)	84	0	0	0	0
Emission premium (412)	85	0	0	0	0
Other capital funds (413)	86	353,161	0	0	353,161
Statutory reserve funds l. 88+89	87	5,662,802	0	0	5,050,619
Statutory reserve fund and indivisible fund (417A, 418, 421A, 422)	88	5,662,802	0	0	5,050,619
Reserve fund for equity and treasury shares (417A, 421A)	89	0	0	0	0
Other funds from profit (l. 91 and 92)	90	5,550,628	0	0	3,116,754
Statutory funds (423, 42X)	91	1,034,493	0	0	565,040
Other funds (427, 42X)	92	4,516,135	0	0	2,551,714
Other revaluation adjustments total (l. 94 – 96)	93	0	0	0	0
Other revaluation adjustments to assets and liabilities (+/- 414)	94	0	0	0	0
Other adjustments to capital stocks (+/- 415)	95	0	0	0	0
Other revaluation adjustments related to merging and splitting (+/- 416)	96	0	0	0	0
Economic results from previous years (l. 98+99)	97	0	0	0	934,618
Retained earnings from previous years (428)	98	0	0	0	934,618
Unreimbursed loss of previous years (/-/ 429)	99	0	0	0	0
Economic result for the accounting period after tax +/- l. 01 – (81+85+86+87+90+93+97+101+141)	100	16,413,246	0	0	12,243,659
Liabilities (l. 102+118+121+122+136+139+140)	101	112,136,828	0	0	84,088,385
Non-current liabilities (l. 103+107 – 117)	102	20,002,684	0	0	18,233,198
Non-current trade liabilities total (l. 104 – 106)	103	12,543	0	0	12,543
Trade liabilities towards related accounting units (321A, 475A, 476A)	104	0	0	0	0
Trade liabilities concerning investment shares excluding liabilities towards related accounting units (321A, 475A, 476A)	105	0	0	0	0
Other trade liabilities (321A, 475A, 476A)	106	12,543	0	0	12,543
Net order value (316A)	107	0	0	0	0
Other liabilities towards related accounting units (471A, 47XA)	108	0	0	0	0
Other liabilities concerning investment shares excluding liabilities towards related accounting units (471A, 47XA)	109	0	0	0	0
Other non-current liabilities (479A, 47XA)	110	0	0	0	0



Non-current advances received (475A)	111	0	0	0	0
Non-current notes payable (478A)	112	0	0	0	0
Bonds issued (473A/-/255A)	113	0	0	0	0
Social fund payables (472)	114	2,341,194	0	0	468,732
Other non-current liabilities (336A, 372A, 474A, 47XA)	115	0	0	0	0
Non-current liabilities from derivative transactions (373A, 377A)	116	0	0	0	0
Deferred tax liability (481A)	117	17,648,947	0	0	17,751,923
Non-current reserves (l. 119 – 120)	118	20,411,066	0	0	20,168,761
Statutory reserves (451A)	119	9,640,512	0	0	8,769,939
Other reserves (459A, 45XA)	120	10,770,554	0	0	11,398,822
Long-term bank loans (461A, 46XA)	121	0	0	0	0
Current liabilities total (l. 123+127 – 135)	122	43,584,348	0	0	24,073,414
Trade liabilities total (l. 124 – 126)	123	22,852,458	0	0	9,625,231
Trade liabilities towards related accounting units (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	124	26,695	0	0	21,749
Trade liabilities concerning investment shares, except liabilities towards related accounting units (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	125	0	0	0	0
Other trade liabilities (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	126	22,825,763	0	0	9,603,482
Net order value (316A)	127	0	0	0	0
Other liabilities towards related accounting units (361A, 36XA, 471A, 47XA)	128	0	0	0	0
Other equity liabilities, excluding liabilities to related entities (361A, 36XA, 471A, 47XA)	129	0	0	0	0
Liabilities towards partners and associations (364, 365, 366, 367, 368, 398A, 478A, 479A)	130	0	0	0	0
Liabilities towards employees (331, 333, 33X, 479A)	131	4,490,223	0	0	3,584,125
Social fund payables (336A)	132	5,733,624	0	0	4,203,207
Tax liabilities and subsidies (341, 342, 343, 345, 346, 347, 34X)	133	6,246,518	0	0	3,739,120
Liabilities from derivative transactions (373A, 377A)	134	0	0	0	0
Other liabilities (372A, 379A, 474A, 475A, 479A, 47XA)	135	4,261,525	0	0	2,921,731
Current reserves (l. 137+138)	136	28,138,730	0	0	21,613,012
Statutory reserves (323A, 451A)	137	16,703,292	0	0	12,855,453
Other reserves (323A, 32X, 459A, 45XA)	138	11,435,438	0	0	8,757,559
Current bank credits (221A, 231, 232, 23X 461A, 46XA)	139	0	0	0	0
Current financial assistance (241, 249, 24X, 473A, /-/255A)	140	0	0	0	0
Accruals and deferrals total (l. 142 – 145)	141	36 883 101	0	0	36 702 860
Non-current accrued expenses (383A)	142	0	0	0	0
Current accrued expenses (383A)	143	37,821	0	0	43,250
Non-current deferred income (384A)	144	35,019,855	0	0	33,586,840
Current deferred income (384A)	145	1,825,425	0	0	3,072,770

## Profit and Loss Statement as of 31 December 2022

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Text	No	Current Acc. Period	Previous period
Net sales (part of acc. class 6 according to law)	1	272,227,873	231,342,809
Total revenues from economic activities (l. 03 – 09)	2	282,938,785	243,531,390
Revenues from sales of goods (604, 607)	3	98,918	61,887
Revenues from sales of own goods (601)	4	257,084,117	216,746,486
Revenues from sales of services (602, 606)	5	15,044,838	14,534,436
Change in in-house stocks +/- (accounting class 61)	6	1,900,022	-1,295,412
Capitalization (accounting class 62)	7	4,121,711	2,642,867
Revenues from sales of long-term intangible assets, long-term tangible assets and material (641, 642)	8	426,671	203,693
Other revenues from economic activities (644, 645, 646, 648, 655, 657)	9	4,262,508	10,637,433
Total costs of economic activities (l. 11+12+13+14+15+20+21+24+25+26)	10	262,897,277	227,856,103
Costs of procurement of sold goods (504, 507)	11	47,443	35,541
Consumption of material, energy, and other non-storage supplies (501, 502, 503)	12	24,435,187	18,109,244
Adjustments to inventory +/- (505)	13	-61,306	61,306
Services (acc. class 51)	14	103,119,184	92,039,831
Total personal costs (l. 16 to 19)	15	104,186,008	83,896,950
Labor costs (521, 522)	16	71,649,880	55,867,794
Rewards of members of company and cooperative bodies (523)	17	17,892	23,600
Social insurance costs (524, 525, 526)	18	27,251,205	21,308,806
Social costs (527, 528)	19	5,267,031	6,696,750
Taxes and fees (acc. class 53)	20	7,611,699	7,622,110
Depreciation and adjustments to intangible and tangible fixed assets (l. 22+23)	21	16,592,173	20,451,052
Depreciation of intangible and tangible fixed assets (551)	22	16,703,083	20,803,289
Adjustments to intangible and tangible fixed assets (+/-) (553)	23	-110,910	-352,237
Net book value of long-term assets and material sold (541, 542)	24	140,554	115,414
Adjustments to receivables (+/-) (547)	25	-32,666	128,660
Other costs of economic activities (543, 544, 545, 546, 548, 549, 555, 557)	26	6,859,001	5,395,995
Result of economic activities (+/-) (l. 2 – 10)	27	20,041,508	15,675,287
Added value (l.3+4+5+6+7) – (l. 11+12+13+14)	28	150,709,098	122,444,342
Total revenues from financial activities (l. 30+31+35+39+42+43+44)	29	120,840	67
Sales of securities and shares (661)	30	0	0
Revenues from financial fixed assets (l. 32 – 34)	31	0	0
Revenues from securities and shares from related accounting units (665A)	32	0	0
Revenues from securities and investment shares excluding revenues from related accounting units (665A)	33	0	0
Other revenues from securities and shares (665A)	34	0	0

Revenues from current financial assets (l. 36 – 38)	35	0	0
Revenues from current financial assets excluding revenues from related accounting units (666A)	37	0	0
Other revenues from current financial assets (666A)	38	0	0
Interest on revenues (l. 40+41)	39	120,836	0
Interest on revenues from related accounting units (662A)	40	0	0
Other interest on revenues (662A)	41	120,836	0
Exchange rate gain (663)	42	4	67
Revenues from reevaluation of securities and revenues from derivative transactions (664, 667)	43	0	0
Other revenues from financial activities (668)	44	0	0
Total costs of financial activities (l. 46+47+48+49+52+53+54)	45	56,523	68,077
Securities and shares sold (561)	46	0	0
Costs of current financial assets (566)	47	0	0
Adjustments to financial assets (+/-) (565)	48	0	0
Interest paid (l. 50+51)	49	1	1
Interest paid for related accounting units (562A)	50	0	0
Other interest paid (562A)	51	1	1
Exchange rate losses (563)	52	313	430
Costs of securities reevaluation and derivative transactions (564, 567)	53	0	0
Other costs of financial activities (568, 569)	54	56,209	67,646
Result of financial activities (+/-) (l. 29 – 45)	55	64,317	-68,010
Economic result for the accounting period, before tax +/- (l. 27+55)	56	20,105,825	15,607,277
Income tax (l. 58+59)	57	3,692,579	3,363,618
Income tax due (591, 595)	58	3,795,556	1,267,523
Income tax deferred (+/-) (592)	59	-102,977	2,096,095
Transfer of shares in the economic result to shareholders (+/- 596)	60	0	0
Economic result for the accounting period, after tax (+/-) (l. 56-57-60)	61	16,413,246	12,243,659





## Notes to the Financial Statements as of 31 December 2022

(The notes are prepared in accordance with Annex 1 to Measure No. MF/23377/2014-74. Those parts of the notes that are not related to the state enterprise are not included in the notes.)

### A. BASIC INFORMATION

#### a. Business name and registered office:

Lesy SR, state enterprise

Námestie SNP 8, 975 66 Banská Bystrica

State enterprise LESY SR (hereinafter referred to as "the Company") was founded on 1 July 1999 and entered in the business register on 29 October 1999 (Business Register of the District Court Banská Bystrica, Section Pš, Insert No. 155/S).

#### b. Core business activities as entered in the Business Register:

- Administration of forest property and other property owned by the Slovak Republic,
- Establishment, regeneration, cultivation, tending and protection of forest growth in compliance with the Forest Management Plan pursuing the public and community functions,
- Timber harvesting in forest growth in compliance with measures of state administration, skidding, handling, and transportation,
- Sale of crude wood and other commodities of forest production and associated operations.

#### c. Information to part A letter c) of Annex 3 on the number of employees

Item	Current accounting period	Previous accounting period
Average calculated number of employees	3,220	3,316
Number of employees on the balance sheet up to date, out of which:	3,231	3,306
number of managers	5	5

#### d. Unlimited liability

The Company is not an unlimited partner in other accounting entities.

#### e. Legal Ground for Preparation of the Financial Statements

The Financial Statement of the Company as of 31 December 2022 is drawn up as a proper financial statement according to § 17 section 6 of Act No. 431/2002 Coll. of the National Council of the Slovak Republic on Accounting (hereinafter referred to as "Accounting Act") for the 1 January 2021 – 31 December 2022 accounting period.

#### f. Date of approval of the Financial Statements for the Previous Accounting Period

The Ministry of Agricultural and Rural Development of the Slovak Republic approved the Company's Financial Statements for the previous accounting period on 27 April 2022.

## B. COMPANY BODIES

### a. Company Bodies

Ing. Ján Marhefka – general director	from 24 May 2022
Ing. Tibor Kőszeghy, MPH – general director	termination of function 18 February 2022
Ing. Matej Vigoda – general director in charge	from 19 February until 18 May 2022
Ing. Pavel Civiň – general director in charge	from 19 May until 23 May 2022

#### First Deputy of General Director

Ing. Dušan Lašák	until 25 March 2022
JUDr. Ján Golian	from 26 March 2022

#### Supervisory board:

President	Ing. Tibor Jančok	from 1 July 2022
member	Ing. Peter Zima	
member	Ing. Igor Vizslai	
member	Jozef Minárik	
member	Ing. František Fodor	
member	prof.Ing. Ján Holécy, CSc.	from 15 March 2022
member	JUDr.Marek Morochovič	from 15 March 2022
member	Ing. Pavel László	from 1 July 2022
member	Ing. Alexander Čarný	from 1 July 2022

### b. Information about the founder of the Company

The accounting entity is a state enterprise founded based on the Ministry of Agriculture and Rural Development of the Slovak Republic.

## C. CONSOLIDATING ENTITY

The Company has been included in the Summary consolidated financial statements of public administration since 2011.

### a) Trade name and registered office of the consolidating entity:

Ministry of Finance SR  
Štefaničova 5  
Bratislava

### b) Name and seat of consolidated entity for a group of entities:

Ministry of Finance SR  
Štefaničova 5  
Bratislava

### c) Summary consolidated financial statements of public administration will be available at the Ministry of Finance of the Slovak Republic.

## D. ACCOUNTING METHODS AND GENERAL ACCOUNTING POLICIES

### a. Legal Ground for Preparation of the Financial Statements

The financial statements were prepared in assumption of the continuous operations of the Company. The accounting methods and general accounting policies were consistently applied by the entity. No changes were made to the applied accounting policies and methods, in the year.

### b. Intangible and tangible fixed assets

Fixed assets purchased by the Company are valued at the acquisition price, which includes the acquisition price and costs related to the acquisition (customs duties, transport, installation, insurance premiums, etc.).

Fixed assets created by its own activities are valued by the Company at its own production costs. Production costs incurred denote all direct costs expended on the production of fixed assets and production overheads related to the production of assets.

Fixed assets acquired without payment are valued according to the real acquisition cost.

Depreciation of intangible fixed assets is based on the depreciation plan compiled based on the estimated duration of use of the assets. Depreciation starts on the first day of the month following the date the asset was put into use. Low-value intangible fixed assets – software with an acquisition cost (or conversion cost) of € 2,400 or less is written one-off in the services account.

Estimated duration of use, depreciation method, and depreciation rate are described in the table below:

	Estimated period in years	Depreciation method	Yearly depreciation rate in %
Capitalized development costs	5	Straight line	20
Software	5 a 7	Straight line	20 a 14,3
Valuable rights	5	Straight line	20
Other intangible fixed assets	5 a 10	Straight line	20 a 10

Software is depreciated on a straight-line basis over 5 years, except for the SAP accounting software, for which the period of use is 7 years. Other intangible fixed assets are mainly “Forest Management Plans, i.e., forest care programs”, the duration of use of which is 10 years, and orthophoto maps, the use time of which is 5 years.

Tangible fixed assets are depreciated according to a depreciation plan that has been drawn up based on the expected period of their use and their expected wear and tear. Depreciation starts on the first day of the month following the date the asset was put into use. Small tangible fixed assets with an acquisition cost (or own cost) of € 1,700 or less are accounted for as inventories and are charged to consumption account 501 as a one-off when they are issued for use. Its cost records are given in technical accounts in SAP module – Fixed Assets. Estimated duration of use, depreciation method, and depreciation rate are described in the table below:

	Estimated period in years	Depreciation method	Yearly depreciation rate in %
Construction	6 – 77	Straight line	1.3 – 16.7
Machinery and equipment	4 – 12	Straight line	8.3 – 25
Vehicles	4 – 12	Straight line	8.3 – 25
Draught animals and livestock	8	Straight line	12.5

In the event of temporary reduction of the utility value of fixed assets as ascertained at the inventory check, which appears substantially lower than the asset valuation reported in the accounting records after deduction of accumulated depreciation, a value adjustment is created at the level of ascertained utility value. The Company creates value adjustments also for the assets the estimated selling price of which is lower than net book value. When the value of an asset is permanently reduced due its wear and tear, which does not correspond to its book value, an exceptional – unplanned depreciation to adjust its residual book value according to reality is created.

### c. Securities and shares

Securities and shares are valued at their acquisition cost, i.e., including costs related to the acquisition.

As of Financial Statement’s date, securities and ownership interests are valued at their acquisition cost less any value adjustments created due to temporary impairment of the securities and ownership interests.

### d. Inventory

Purchased inventory is valued at its acquisition cost which consists of the price at which an asset has been acquired plus costs related to the acquisition (customs duty, transport, insurance, provisions, etc.). Interest from external sources is not part of the acquisition price.



The Company uses method A for inventory invoicing, while the method of weighted arithmetic mean of the acquisition costs is used for the inventory arrival to the warehouse. Inventories are valued at the prices at which the inventories are valued in inventory.

Ancillary acquisition costs are expensed as follows:

Valuation difference = actual consumption x % of the valuation difference, while % of the valuation difference is determined as a ratio of the ancillary costs related to the acquisition of the material inventories to the total volume of the inventories.

The inventories created from own production are valued at working costs. Working costs are direct costs (direct material, direct wages, and other direct costs) and a part of the indirect costs related to the inventories created from own production (manufacturing overheads of forest management authorities). The finished products – wood – are valued according to “phase calculation”, which is used for valuating wood in different production phases: stumpage, at transport site and in dispatch store.

In case of temporary reduction in the inventory utility value, a value adjustment is created for such inventories, in the amount of the difference between the accounting valuation and the net realizable value.

#### e. Valuation of work in progress – young forest plants

The forest plant inventories are valued at own costs, on an individual basis, according to the specific wood species and age. Optimal age of plants good for planting is 4 years. There is a greater risk of mortality when planting seedlings over 4 years old, which is considered in value adjustment created for plants older than 4 years.

Own costs are the direct costs of seedling production (direct materials, direct wages, and other direct costs) and part of the indirect costs directly related to the production of seedlings (production overheads of the nursery centres and the head office of the Semenoles Branch Plant). The cost of collecting the seedlings is included in the price of the finished products, which are destined for LESY SR’s organisational units for artificial reforestation and for sale to external customers.

#### f. Receivables

Receivables are valued at their origination at nominal value; assigned receivables and receivables acquired through a contribution to the share capital are valued at their acquisition cost, including costs related to the acquisition. Value adjustments are created for any receivables expected to be irrecoverable based on the methodological and organizational directive Creation and application of provisions and value adjustment (Mop E 019) valid since 1 January 2021.

Where a receivable is more than one year overdue, a value adjustment is created for 100 % of the nominal value of such receivable. The adjustment values are put on analytical accounts to provide a basis for drawing up the tax return and calculating the deferred tax.

#### g. Prepaid expenses and accrued income

Prepaid expenses and accrued income are reported at the values required to observe the policy of subject matter and time relevance to the accounting period.

#### h. Provisions

Provisions are liabilities representing an existing obligation which originated from previous events and is likely to reduce future economic benefits; the exact amount of such a liability is not known. Provisions are created to cover known risks or losses from business activities. They are valued at the estimated amount necessary to meet the existing obligation for the date of the Financial Statements.

**Silviculture provision** is formed based on an annual silviculture project confirmed by a professional forest manager under Act no. 326/2005 Coll. on forest management and state administration of forestry. When creating the provision, the actual amount of timber harvest compared to the annual balance, which is based on the forest management program (FMP), is decisive. The provision is formed in case of exceeding the annual balance of timber harvesting as a product of:

- a. the actual amount of timber harvest that exceeds the annual balance, calculated as the equivalent of the exposed area that will need to be afforested and treated.
- b. the actual mean costs of the current period for afforestation and treatment of one hectare of the exposed area.

According to the updated Mop E 019 with effect from 1 December 2021, the reserve can be created for the period from the establishment of the stand until the end of the clearing of young forest stands. In 2022, creation was recorded for the planned costs of cultivation activities according to plants where the balance harvesting was exceeded for a period of 1 year (short-term), for a period of 5 years as a long-term reserve and increased reserve for cultivation activities for all branch factories – reforestation, cleaning of areas after mining and purging according to the planned tasks in 2023. At the same time, a provision for forest protection in the amount of € 2,415,000 was created. Reserves for growing activities are created in the total amount of € 25,602,557, compared to 2021 it is € 4,867,618 more.

**Provision for retirement pay and employee's anniversaries** is created under Act No. 311/2001 as amended and under the obligation assumed under the Collective Agreement, as from 2001 onwards, stipulating that all the current employees shall be paid retirement benefits and increased retirement benefits which are granted upon the first termination of employment after they have become eligible to receive old-age pension early old-age pension or disability pension, or a remuneration of merit for work done upon the expiry of 25 years of work from the commencement of their first employment, at the 50th birthday and at the first termination of employment after becoming eligible for the old-age pension, early old-age pension or disability pension. The remuneration was considered for the staff employed, as of 31 December 2022.

The wage-earning pensioners were under consideration for the retirement benefits at the time of their retirement only if they attained the age of retirement after the date of their employment. Under the Collective Agreement they are entitled to retirement benefits amounting to the average monthly earnings at the termination of employment on considering the average earnings received at the time of termination of employment. The remunerations granted at the old-age retirement and at the life or work anniversaries did not apply to the employees who satisfied the requirements for the entitlement to a specific benefit by the end of 2022. When creating this reserve, it applied the procedure that the reserve is created only for employees who have worked for the Company for more than 10 years.

The provision for severance pays and anniversaries is calculated by an insurance mathematician. The provision, as of 31 December 2022 includes future contributions pursuant to the legislative amendment valid from 1 January 2011. According to the collective agreement in force in 2022, the calculation of the jubilee reserve was subject to a fixed amount of € 1,300, of which Remuneration is derived according to the type of remuneration and the duration of employment in the Company. The calculation of severance pays, which has already been increased by 4 months' average earnings since 2017 and the duration of the employment relationship has also been adjusted in favour of the employees, has followed the same procedure as last year. Severance pays of 5 monthly average earnings will not be funded from the costs from 2017 onwards, but from a reward fund that is made up of earnings after tax.

#### ch. Liabilities

Liabilities are valued at their nominal value. Liabilities are valued at their acquisition cost at the time of their assumption. If inventory procedures reveal that the actual amount of liabilities differs from the amount recorded in the accounting books, the actual amount shall be used to value these liabilities in the accounting books and financial statements.

##### i. Deferred income tax

Deferred income tax relates to the following:

- a) temporary differences between the carrying value of assets and the carrying value of liabilities presented in the balance sheet and their tax base,
- b) tax losses which are possible to carry forward to future periods, being understood as the possibility of deducting these tax losses from the tax base in the future,
- c) unused tax deductions and other tax claims, which are possible to carry forward to future periods. Before 31 December 2002 deferred tax only referred to temporary differences between the book and tax write-offs.

Deferred tax receivable and deferred tax payables were, as of 1 January 2003 recalculated using new procedures of accounting. The part of the deferred tax resulting from the use of the new procedures was reported under Account 428 Retained earnings from previous years or 429 Accumulated losses from previous years. In 2021, there were no extraordinary effects on deferred tax calculation. There were no extraordinary effects on the deferred tax calculation in 2022, except for the free transfer of fixed assets to the National Park Service as of 1 April 2022.

##### j. Accrued expenses and accrued income

Accrued expenses and deferred income are presented at the amounts required to observe the policy of subject matter and time relevance to the accounting period.

### k. Foreign currency

Assets and liabilities denominated in foreign currency are converted to Euro by the exchange rate declared by the European Central Bank valid as of the date of the accounting transaction and in financial statements valid as of the financial statement date. The incurred exchange differences are recorded with an impact on profit or loss as realized and unrealized exchange differences.

### l. Revenue

Revenues from own work and merchandise do not include value added tax. They are also reduced by discounts and reductions (quick payment discounts, bonuses, rebates, and credit notes etc.). Revenues are entered as of the date of deliverables (goods or services).

Revenues are divided according to individual services (commodities). Revenues from timber sold by the Company as products make up the bulk of the revenues. The timber is sold based on quality classes of hardwood and coniferous mass. Revenues from timber logging on the land of unknown owners are reported under the accruals and deferrals as deferred income. Unless the unknown owner asserts their rights in three years, these items are reported under revenues because the rights become statute barred. Where the unknown owner asserts their rights and proves their title to the forest land, the Company must return the land concerned and make compensation for the „deferred profit from management“ for 3 previous years. The Company concludes land rental agreements with the owners, who are associated in a land community and are not interested to manage land on individual.

### m. Subsidies

Revenues from state budget subsidies intended for the acquisition of fixed assets and technical appreciation are reported during the write-off period for the acquired fixed assets observing the subject-matter and time relevance to the write-offs reported under the operating costs.

Revenues from state budget subsidies intended for economic activity are reported to observe the subject matter and time relevance to the reported costs spent for the specific purpose, for which the subsidy was granted.

## E. DATA ON THE ASSET SIDE OF THE BALANCE SHEET

### a. Intangible and tangible fixed assets

No lien on tangible fixed assets was filed.

From 15 February 2013 until 31 December 12, the Company has insured all property except soil, forest stands, intangible property, and passenger cars with license numbers (passenger cars have mandatory and collision insurance). In 2022, the value of the insured property at acquisition prices was € 502,619,928. The amount of the annual premium, in the case of damages caused by theft, natural disaster and damage resulting from liability for damage caused by other entities, amounts to € 621,361 in 2022, and total premiums, including motor insurance, amount to € 866,076.

The company also records and uses intangible assets in which the proprietary right from the land registry or other document has not been registered in the real estate registry or is registered for the benefit of the SR in the registry of the E registry of the real estate registry. The total amount of such assets – land is € 91,526,373 and construction in the amount of net book value € 414,194. The Company keeps no accounting records of forest stands. According to the Act on Forests, the reconstruction of forest economic plans is performed annually on 10 % of the forest land managed by the Company, and the area of the land, its value and the value of the forest stands in the „Land“ system are specified during this reconstruction.

As a part of the above-mentioned PSL, the value of forest stands is determined by the expert institute NLC Zvolen, established by the Government of the Czechoslovak Socialist Republic Decree No. 2 of 22 February 1956, using the methodology according to Decree No. 492/2004 Coll. on the determination of the general value of property in electronic form. As of 31 December 2022, the total value of the forest stands of the Company amounted to € 3,620,954,153. The book value of forest stands was entered in the of-balance sheet accounts for the first time in 2010. A special case with a significant impact on the area and value of forest land is the transfer of forest land administration under the provisions of Act No. 543/2022 Coll. on the Protection of Nature and Landscape, as amended, as of 1 April 2022 in favour of the individual national park administrations. As of 31 December 2022, due to such refinement and transfer, the State Enterprise reduced the value of forest land with an impact on the amount of the share capital by € 20,897,712.



## 1. Information to part E letter a) about intangible fixed assets

Table 1

Intangible fixed assets	Current accounting period							Total
	Capitalized development costs	Software	Valuable rights	Goodwill	Other IFA	Acquired IFA	Advance payments received for IFA	
a	b	c	d	e	f	g	h	i
Primary valuation								
Balance at beg. of acc. period	11,693	19,777,189	226,420		3,052,476	3,919,119		26,986,897
Increase	7,598	186,754				348,312		542,664
Decrease					53,585	194,352		247,937
Transfers								
Balance at end of acc. period	19,291	19,963,943	226,420		2,998,891	4,073,079		27,281,624
Balance at beg. of acc. period	11,693	18,689,212	214,505		1,989,017			20,904,427
Increase	1,520	793,552	4,782		248,291			1,048,145
Decrease					53,586			53,586
Balance at end of acc. period	13,213	19,482,764	219,287		2,183,722			21,898,986
Balance at beg. of acc. period								
Increase								
Decrease								
Balance at end of acc. period								
Balance at beg. of acc. period		1,087,977	11,915		1,063,459	3,919,119		6,082,470
Balance at end of acc. period	6,078	481,179	7,133		815,169	4,073,079		5,382,638



Table 2

Intangible fixed assets	Current accounting period							Total
	Capitalized development costs	Software	Valuable rights	Goodwill	Other IFA	Acquired IFA	Advance payments received for IFA	
a	b	c	d	e	f	g	h	i
Primary valuation								
Balance at beg. of acc. period	11,693	19,717,967	226,420		4,531,880	2,852,728		27,340,688
Increase		79,109			4,821	1,150,321		1,234,251
Decrease		19,887			1,484,225	83,930		1,588,042
Transfers								
Balance at end of acc. period	11,693	19,777,189	226,420		3,052,476	3,919,119		26,986,897
Secondary valuation								
Balance at beg. of acc. period	11,693	16,286,818	209,431		3,216,686			19,724,628
Increase		2,422,281	5,074		256,556			2,683,911
Decrease		19,887			1,484,225			1,504,112
Balance at end of acc. period	11,693	18,689,212	214,505		1,989,017			20,904,427
Tertiary valuation								
Balance at beg. of acc. period								
Increase								
Decrease								
Balance at end of acc. period								
Quaternary valuation								
Balance at beg. of acc. period		3,431,149	16,989		1,315,194	2,852,728		7,616,060
Balance at end of acc. period		1,087,977	11,915		1,063,459	3,919,119		6,082,470

## 2. Information under Art. III (1), para. C) about intangible fixed assets

Intangible fixed assets	Current accounting period value
Intangible fixed assets with lien	0
Intangible fixed assets with limited usage rights	0



## 3. Information to part E letter a) on tangible fixed assets

Table 1

Tangible fixed assets	Current accounting period								
	Land	Construction	Individual movables and sets of movables	Planting units of permanent crops	Livestock and draft animals	Other TFA	Acquired TFA	Advance payments received for TFA	Total
a	b	c	d	e	f	g	h	i	j
Primary valuation									
Balance at beg. of acc. period	524,811 354	455,117,173	146,538 703	97,727	142,682	421,552	12,774,370		1,139,903 561
Increase	1,853,201	5,431,384	2,330,145		6,000	36,000	10,908,630	222,254	20,787,614
Decrease	23,307,711	5,335,711	2,243,630		18,969		8,821,618		39,727,639
Transfers									
Balance at end of acc. period	503,356 844	455,212,846	146,625 218	97,727	129,713	457,552	14,861,382	222,254	1,120,963 536
Balance at beg. of acc. period		227,259,737	110,519 264	55,973	90,587				337,925 561
Increase		10,569,521	7,561,267	3,345	14,676				18,148,809
Decrease		5,498,219	2,366,998		18,969				7,884,186
Balance at end of acc. period		232,331,039	115,713 533	59,318	86,924				348,190 184
Balance at beg. of acc. period		3,948,794	108,215				273,204		4,330,213
Increase		136,886					59,287		196,173
Decrease		266,030	41,053						307,083
Balance at end of acc. period		3,819,650	67,162				332,491		4,219,303
Balance at beg. of acc. period	524,811 354	223,908,642	35,911,224	41,754	52,095	421,552	12,501,166		797,647 787
Balance at end of acc. period	503,356 844	219,062,157	30,844,523	38,409	43,419	457,552	14,528,891	222,254	768,554 049



Table 2

Tangible fixed assets	Previous accounting period								Total
	Land	Construction	Individual movables and sets of movables	Planting units of permanent crops	Livestock and draft animals	Other TFA	Acquired TFA	Advance payments received for TFA	
A	b	c	d	e	f	g	h	i	j
Primary valuation									
Balance at beg. of acc. period	524,755 790	449,988 294	146,797 347	88,753	150,130	411,852	14,125 700		1,136,317 866
Increase	1,648,382	5,344,874	4,989,894	8,974	6,000	9,700	9,082,980		21,090 804
Decrease	1,592,818	215,995	5,248,538		13,448		10,434 310		17,505 109
Transfers									
Balance at end of acc. period	524,811 354	455,117 173	146,538 703	97,727	142,682	421,552	12,774 370		1,139,906 561
Balance at beg. of acc. period		219,423 498	105,703 545	53,039	91,123				325,271 205
Increase		8,046,832	10,059 356	2,934	12,912				18,122 034
Decrease		210,593	5,243,637		13,448				5,467,678
Balance at end of acc. period		227,259 737	110,519 264	55,973	90,587				337,925 561
Balance at beg. of acc. period	0	4,132,569	249,788				300,093		4,682,450
Increase		172,489					28,050		200,539
Decrease		356,264	141,573				54,939		552,776
Balance at end of acc. period		3,948,794	108,215				273,204		4,330,213
Balance at beg. of acc. period	524,755 790	226,432 227	40,844 014	35,714	59,007	411,852	13,825 607		806,364 211
Balance at end of acc. period	524,811 354	223,908 642	35,911 224	41,754	52,095	421,552	12,501 166		797,647 787

#### 4. Information under Art. III (1), para. C) on tangible fixed assets

Tangible fixed assets	Current accounting period value
Tangible fixed assets with lien	0
Tangible fixed assets with limited usage rights	0

#### b. Financial fixed assets

Information on the movement of intangible and tangible fixed assets from 1 January 2022 until 31 December 2022 is shown in the table below. The balance and movements of financial assets are given at acquisition cost.

## 5. Information under Art. III par. (1) on financial fixed assets

Table 1

Current accounting period									
Financial fixed assets	Securities and shares in subsidiary	Securities and shares in company with influence	Other fixed securities and shares	Loans of accounting unit in total	Other FFA	Loans due within 1 year	Acquired FFA	Advances granted for FFA	Total
A	b	c	d	e	f	g	h	i	j
Primary valuation									
			14,693						14,693
Balance at beg. of acc. period			14,693						14,693
Increase									
Decrease									
Transfers									
Balance at end of acc. period			14,693						14,693
Value adjustment									
Balance at beginning of acc. period			14,693						14,693
Increase									
Decrease									
Balance at end of acc. period			14,693						14,693
Book value									
Balance at beg. of acc. period			0						0
Balance at end of acc. period			0						0



Table 2

Previous accounting period									
Financial fixed assets	Securities and shares in subsidiary	Securities and shares in company with influence	Other fixed securities and shares	Loans of accounting unit in total	Other FFA	Loans due within 1 year	Acquired FFA	Acquired FFA	Total
a	b	c	d	e	f	g	h	i	j
Primary valuation									
Balance at beg. of acc. period			14,693						14,693
Increase									
Decrease									
Transfers									
Balance at end of acc. period			14,693						14,693
Value adjustment									
Balance at beg. of acc. period			14,693						14,693
Increase									
Decrease									
Balance at end of acc. period			14,693						14,693
Book value									
Balance at beg. of acc. period									
Balance at end of acc. period			0						0

## 6. Information under Art. III (1), para. F) on the structure of financial fixed assets

Business name and registered office of company where accounting unit holds FFA	Current accounting period				
	Equity shares in %	Rights in %	Value equity of company where accounting unit holds FFA	Economic result of company where accounting unit holds FFA	Loans of accounting unit total
a	b	c	d	e	f
Subsidiaries					
Accounting units with essential influence					
Other realizable securities and shares					
Bažantnica Mladý Háj	5.17	5.17	14,693		0
Červeňova 30					0
811 03 Bratislava					0
Acquired FFA to exercise essential influence in another accounting unit					
Total financial fixed assets	x	x	x	x	0

### c. Inventory

The diminution in the value of inventory was taken into account by creating a provision. The value of inventories decreased mainly for timber products, due to the mix of timber inventories at dispatch warehouses and collection points as a result of the processing of calamitous timber compared to its book value at the valuation of the timber phase prices at the level of the actual production costs. In the case of work in progress, a provision is created for planting material – seedlings in forest nurseries due to the anticipated surplus of seedlings and for equine animals for which the realisable value is lower than the valuation in the accounts.

The company granted no lien on inventory to third persons.

## 7. Information under Art. III (1) para. M) on provisions in inventory

Table 1

Inventory	Current accounting period				
	Provision status at the beginning of the accounting period	Provision creation	Provision settlement due to expiry of the validity	Provision settlement due to decommissioning of assets	Provision status at the end of the accounting period
a	b	c	d	e	f
Material	61,306		61,306		0
Merchandise					
WIP and semi-finished products of own production	1,500,180	454,652	373,259		1,581,573
Products	1,158,365	823,221	1,158,365		823,221
Livestock	71,251	60,317	71,251		60,317
<b>Inventory total</b>	<b>2,791,102</b>	<b>1,338,191</b>	<b>1,664,181</b>		<b>2,465,111</b>

### d. Receivables

## 8. Information under Art. III (1), par. P) on the development of provisions in receivables

The development of the provision during the accounting period is shown in the table below:

Receivables	Bežné účtovné obdobie				
	Provision status at the beginning of the accounting period	Provision creation	Provision settlement due to expiry of the validity	Provision settlement due to decommissioning of assets	Provision status at the end of the accounting period
a	b	c	d	e	F
Trade receivables	2,370,560	952,685	822,831	162,520	2,337,894
Other receivables					
<b>Total receivables</b>	<b>2,370,560</b>	<b>952,685</b>	<b>822,831</b>	<b>162,520</b>	<b>2,337,894</b>





## 9. Information under Art. III (1), par. Q) on age structure of receivables

Table 1

Item	Due	Overdue	Total receivables
a	b	c	d
Non-current receivables			
Trade receivables			
Other receivables			
Total non-current receivables			
Current receivables			
Trade receivables	29,908,858	2,598,792	32,507,650
Receivables from partners	0		0
Tax receivables and subsidies	73,555		73,555
Other receivables	458,698		458,698
Total current receivables	30,441,111	2,598,792	33,039,903

Table 2

Receivables by residual maturity	Current accounting period	Previous accounting period
a	b	c
Receivables overdue	2,598,792	2,693,191
Receivables with residual maturity of up to one year	30,441,111	23,400,150
Total current receivables	33,039,903	26,093,340
Receivables with residual maturity of one to five years		
Receivables with residual maturity of more than five years		
Total non-current receivables		

Note: Receivables within the consolidated entity amount to € 115,703. That includes trade receivables of € 26,695 and receivables on account 346 – Subsidies from the State Budget are € 71,847 for implemented investment projects, the financing of which is established in contracts with Agricultural Paying Agency under the Ministry of Agriculture and Rural Development of SR and the payment of which is expected in 2023. The amount also includes the expected income from subsidies for agricultural activity in the amount of € 285,237.

## e. Financial accounts

Cash on hand, bank accounts and securities are presented in financial accounts. Bank accounts are at the Company's full disposal in the monetary institution VUB and in the State Treasury, where it deposits temporarily free funds.

## 10. Information under Art. III (1) par. T) on current financial assets

Table 1

Item	Current accounting period	Previous accounting period
Cash desk, valuables	46,085	166,136
Current bank accounts	24,409,315	20,165,937
Term bank accounts	46,000,000	13,000,000
Cash in transit	-1,947	-638
Total	70,453,453	33,331,435

## f. Accruals

The individual accrual items are listed in the table below:

## 11. Information under Art. III (1), par. Y) on significant accruals on the asset side

Description of the accrual item	Current accounting period	Previous accounting period
Deferred costs long-term, of which:		
Deferred expenses short-term, of which:	663,758	750,117
Insurance	365,690	369,822
Software licenses	114,183	241,128
Telephones, energies	21,660	23,536
Software – services	56,605	68,135
Magazine subscriptions	7,188	8,606
Comprehensive prepaid expenses – menageries	23,205	
Other	75,227	38,890
Deferred income, non-current, of which:		
Deferred income, current, of which:	719,017	1,571,540
Rent	95,000	15,000
Compensation for operating restrictions	588,400	1,391,494
Other	35,617	165,046

## F. DATA ON THE ASSET SIDE OF THE BALANCE SHEET

## a. Equity

Information under Art. III, par. (2), a) about the distribution of accounting profit or on the settlement of accounting loss. The distribution of the 2022 profit of € 16,413,245.69 is shown in the table below.

Table 1

Item	Current accounting period
Accounting profit	16,413,245.69
Distribution of accounting profit	
Allocation to the legal reserve fund	820,662.28
Allocation to statutory and other funds	3,742,583.41
Allocation to social fund	3,850,000
Allocation to fixed assets increase	8,000,000
Compensation of loss from previous periods	
Transfer to undivided profit of previous years	
Division of share in profit to partners, members	
Other – income tax to promoter	
Total	

Table 2

Item	Previous accounting period
Accounting profit	12,243,659
Distribution of accounting profit	
Allocation to the legal reserve fund	612,183
Allocation to statutory and other funds	3,906,476
Allocation to social fund	2,725,000
Allocation to fixed assets increase	5,000,000
Compensation of loss from previous periods	
Transfer to undivided profit of previous years	
Division of share in profit to partners, members	
Other – income tax to promoter	
Total	12,243,659

### b. Provisions

Silviculture provision is formed based on an annual silviculture project confirmed by a professional forest manager pursuant to Act no. 326/2005 Coll. on forest management and state administration of forestry. The actual amount of timber harvested compared to the annual balance, which is based on the reforestation programme (RF), is decisive for the creation of the provision. The provision is formed in case of exceeding the annual balance of timber harvesting as a product of:

- the actual amount of timber harvest that exceeds the annual balance, calculated as the equivalent of the exposed area that will need to be afforested and treated,
- the actual mean costs of the current period for afforestation and treatment of one hectare of the exposed area.

The provision can only be formed for a maximum period until the clearing of young forest stands has been carried out. In 2021, the creation of a provision for the planned costs of cultivation activities was recorded according to plants where the balance production was exceeded for a period of 1 year (short-term) and also for a period of 5 years as a long-term reserve with the balance of € 9,640,512. The total balance of the created and not yet used short-term and long-term reserve as of 31 December 2022 amounts to € 23,187,557, which represents a year-on-year increase of € 2,452,618. At the same time, a provision for forest protection in the amount of € 2,415,000 was created, which will be drawn in 2022 to BF. A total of €25,602,557 is made up of all types of provisions for cultivation activities, an increase of € 4,867,618 compared to 2021.

**Retirement pays:** The Company has obligations towards the employees due to their retirement based on the Collective Agreement and Labour Code. Retirement benefits are calculated using the principles of actuarial mathematics by applying a discount rate of 0.90% and an annual wage growth index for 2023 of 12%.

The employees are entitled to:

- severance pay – upon the first termination of employment after they have become eligible to receive old-age pension or disability pension in the amount of average monthly earnings,
- increased severance pay – if after becoming eligible to the old-age pension they terminate the contract by the end of the month in which they were entitled to the pension, according to the duration of the employment relationship with the employer:
  - more than 5 years up to 10 years – six times their average earnings,
  - more than 10 years up to 20 years – seven times their average earnings,
  - more than 20 years – eight times their average earnings.

Severance pay is paid out of expenses, but starting in 2017, the increased severance pay of five times the employee's average earnings is paid out of the remuneration fund, which is made up of distributions of after-tax profits. In making this provision, the practice has been followed of making provision only for employees who have more than 10 years of service with the Company.

The provisions are expected to be used as follows:

Short-term provisions will be used during the following year. Long-term provisions will be used by weighted average until 2067.

#### Information under Art. III (2) par. B) about provisions

The overview of provisions is presented in the table below.

Table 1

Item	Current accounting period				Balance at end of acc. period
	Balance at beg. of acc. period	Creation	Usage	Reversal	
a	b	c	d	e	f
Long-term provisions, out of which:	20,168,761	4,706,974	2,569,069	1,895,598	20,411,066
Silviculture provision	8,769,939	2,956,816	1,980,854	105,388	9,640,512
Provision for severance pay	6,785,542		513,596		6,271,946
Passive court trials	1,285,003	-220,511	34,543	165,230	864,719
Provision for fines and penalties	30,000		17,208	12,792	0
Provision for enviroloads	1,056,414	787,227	14,138	258,867	1,570,636
Rent	2,241,863	494,582	8,730	1,353,321	1,374,393
Building demolition	0	688,860			688,860
Short-term provisions, out of which:	21,613,012	26,838,615	18,874,813	1,438,086	28,138,730
Silviculture provision	10,365,000	13,547,045	9,747,031	617,969	13,547,045
Provision for forest protection	1,600,000	2,415,000	1,137,845	462,155	2,415,000
Unbilled supplies	38,885	29,857	11,868	26,669	30,205
Severance	960,050	23,441	960,050		23,441
Leave	1,845,508	2,339,473	1,845,508		2,339,473
TMS employee bonuses	2,115,923	1,404,678	2,115,923		1,404,678
Insurance – leave	644,944	816,775	644,944		816,775
Insurance – bonuses	972,140	768,185	972,139		768,186
Provisions – extra wage					
Annual financial statement	47,050	47,050	47,050		47,050
Other provisions	151,482	23,960	81,655	39,077	54,710
Provision for production losses and risks	658,716	3,280,724	396,446	94,918	3,448,076
Fines and penalties					
Credit notes	1,309		1,309		0
Provision for severance pay and	692,220	1,038,728	692,220		1,038,728
Provision for building demolition	926,323	185,179	119,413	166,909	825,180
Rent	132,801	52,843	101,159	28,986	55,498
Enviroloads		233,178			233,178
Passive court trials	460,661	632,499	250	1,402	1,091,508



Table 2

Item	Previous accounting period				
	Balance at beg. of acc. period	Creation	Usage	Reversal	Balance at end of acc. period
a	b	c	d	e	f
Long-term provisions, out of which:	22,270,571	3,375,409	2,138,506	3,338,713	20,168,761
Silviculture provision	9,882,545	1,547,877	2,078,391	582,092	8,769,939
Provision for severance pay	6,440,920	544,622		200,000	6,785,542
Passive court trials	3,346,379	122,383	51,045	2,132,714	1,285,003
Provision for fines and penalties	0	30,000			30,000
Provision for enviroloads	0	1,059,668	3,254		1,056,414
Rent	2,600,727	70,859	5,816	423,907	2,241,863
Short-term provisions, out of which:	19,146,145	18,910,198	16,698,091	1,345,240	21,613,012
Silviculture provision	5,009,799	10,365,000	4,949,987	59,812	10,365,000
Provision for forest protection	1,023,000	1,600,000	826,397	196,603	1,600,000
Unbilled supplies	72,144	29,750	50,442	12,567	38,885
Severance	8,382	960,050	8,382		960,050
Leave	1,359,902	1,845,508	1,359,902		1,845,508
TMS employee bonuses	3,188,114	2,115,923	3,188,144		2,115,923
Insurance – leave	488,249	644,944	488,249		644,944
Insurance – bonuses	1,739,855	972,140	1,739,855		972,140
Fines and penalties	1,500,000		1,500,000		0
Annual financial statement	26,850	47,050	26,850		47,050
Other provisions	46,464	118,237	2,021	11,198	151,482
Provision for production losses and risks	2,832,541	245,051	1,736,904	681,972	658,716
Fines and penalties	35,000		33,000	2,000	0
Credit notes	561	1,309	561		1,309
Provision for severance pay and	429,062	692,220	429,062		692,220
Provision for building demolition	739,231	646,652	274,306	185,254	926,323
Rent	108,495	126,276	69,051	32,919	132,801
Passive court trials	538,496	100,088	15,008	162,915	460,661

### c. Liabilities

The structure of liabilities (excluding bank loans) by residual maturity is presented in the following table:

#### Information under Art. III (2), para. C) on liabilities

Item	Current accounting period	Previous accounting period
Overdue liabilities	424,572	97,477
Liabilities with a residual maturity of up to 1 year (including)	43,159,777	23,975,939
<b>Total current liabilities</b>	<b>43,584,349</b>	<b>24,073,414</b>
Liabilities with remaining maturity of one to five years	2,353,737	481,275
Liabilities with remaining maturity over five years	17,648,947	17,751,923
<b>Total non-current liabilities</b>	<b>20,002,684</b>	<b>18,233,198</b>

Note: Liabilities within consolidated entity are € 26,695, of which € 26,695 from trade.

#### d. Deferred tax liability

The calculation of the deferred tax liability is shown in the following table:

Information under Art. III (2), par. F) on deferred tax receivable and deferred tax liability

Item	Current accounting period	Previous accounting period
Temporary differences between the carrying amount of assets and the tax base, of which:	106,570,383	105,115,425
Deductible	7,732,980	8,162,159
Taxable	114,303,363	113,277,584
Temporary differences between book value of assets and tax base, out of which:	22,460,675	20,448,248
Deductible	22,460,675	20,448,248
Taxable		
Possible redemption of tax loss in future	67,104	134,208
Possible transfer of unused tax allowances		
Income tax rate (in %)	21	21
Deferred tax receivable	6,354,759	6,036,369
Claimed tax receivable	6,354,759	6,036,369
Accounted for as a reduction in costs	-318,390	-894,725
Accounted to equity		
Deferred tax liability	24,003,706	23,788,292
Change in deferred tax liability	215,414	1,201,370
Accounted for as an expense	215,414	1,201,370
Accounted to equity		

#### e. Social fund

The formation and drawing of the social fund during the financial year are shown in the table below:

Information under Art. III (2), par. G) on social fund commitments

Item	Current accounting period	Previous accounting period
Opening balance of social fund	468,732	354,892
Creation of social fund at the expense of costs	2,385,229	910,730
Creation of a social fund from profit	2,725,000	200,000
Other creation of social fund		
Total creation of social fund	5,578,961	1,110,730
Drawing of social fund	3,237,767	996,890
Closing balance of social fund	2,341,194	468,732

#### f. Bank loans

In 2022, the Company did not draw a bank loan.

#### g. Accruals on the liabilities side

The structure of the accruals is shown in the following table:

## Information under Art. III (2), par. J) on significant accruals on the liabilities side

Item	Current accounting period	Previous accounting period
Non-current accrued expenses, out of which:		
Current accrued expenses, out of which:	37,821	43,250
Rent	37,821	43,250
Non-current deferred income, out of which:	35,019,855	33,586,840
Investment subsidies from the state budget	8,285,672	8,622,681
Income from logging in non-state non-transferred forests	4,966,043	2,560,971
Investment subsidies – Euro funds	19,215,255	19,712,311
Other – newly identified property, easement	2,552,885	2,690,877
Current deferred income, out of which:	1,825,425	3,072,770
Investment subsidies	887,906	2,069,421
Rent and others	937,519	1,003,349

## G. REVENUE

## a. Revenue from own work and merchandise

Revenue from own work and merchandise according to the individual segments, i.e., types of products and services, is presented in the table below:

## Information under Art. IV (1), par. A) about own revenues

Sales area	Current accounting period	Previous accounting period
a	b	c
Timber	253,177,175	211,811,706
Other revenue from felling	1,054,967	2,209,409
Seed production and nurseries	1,747,849	1,654,785
Game management	4,168,837	4,178,883
Low-value Forest production	105,267	89,778
Sale of building materials	12,880	1,555
Wood related production	0	533
Engineering production	7,916	23,444
Other related production and carpentry production	514,684	420,114
Plant production	136,535	225,164
Animal production	192,613	161,534
Services and work for foreigners and property rentals	9,482,296	9,293,269
Other revenues from business activities	372,685	201,345
Housing management	608,106	621,558
Recreational facilities	261,846	166,368
Accommodation services for hunters	318,264	230,143
Other revenues from non-production activities	65,953	53,221
Total	272,227,873	231,342,809

### b. Changes in inventory

In accounting for changes in inventories when accounting for damage to own-produced inventories, the Company shall ensure that the change in inventories recognised in revenue is the same as the decrease in inventories on the balance sheet. The company uses 2-way billing (account 549 against 123 \* and 61 \* against 621 \*). This accounting is adapted to the calculation needs due to the large number of production activities. In 2022, the amount of €195,053 was booked to the account of shortages and damage to stocks of own production. When a value is adjusted to net realization value – when creating and using value adjustments, the procedure is in accordance with accounting procedures. That means this creates differences between the change in inventory status on inventory accounts and income on accounts 611-614.

The change in inventories of own production based on balance sheet items is shown in the table below:

#### Information under Art. IV (1), par. B) about changes in internal inventory

Item Final balance	Current Acc. Period		Previous accounting period		Change in internal organizational stocks	
	Final balance	Final balance	Initial balance	Current Acc. Period	Previous accounting period	
a	b	c	d	e	f	
Incomplete production and semi-finished products of own production	9,133,178	10,127,054	9,934,850	-993,875	192,204	
Products	15,694,197	13,150,284	13,835,318	2,543,913	-685,034	
Livestock	524,316	439,017	475,179	85,299	-36,162	
<b>Total</b>	<b>25,351,692</b>	<b>23,716,355</b>	<b>24,245,347</b>	<b>1,635,337</b>	<b>-528,992</b>	
Representative gifts	x	x	x			
Value adjustment to NRV	x	x	x	264,685	-738,520	
Other	x	x	x		-27,900	
Status change of intra-organizational stocks in profit and loss statement	x	x	x	1,900,022	-1,295,412	

### c. Activation and other income from economic activity

Information under Art. IV (1), par. C) and D) about income from capitalized costs and operating, financial and extraordinary income

Item	Current accounting period	Previous accounting period
Significant items of capitalized costs, out of which:	4,121,711	2,642,867
Non-current tangible assets created by own activity	3,676,828	2,238,734
Capitalization of material and merchandise	366,340	367,154
Other capitalization – services	47,695	11,085
Capitalization of own transport for inventory procurement	30,848	25,894
Other significant items of operating income, out of which:	4,262,508	10,637,433
Revenue from operational subsidies	966,938	658,333
Revenue from operating and investment contributions from Euro funds	1,601,470	5,302,861
Dissolution of investment subsidies into revenues in the amount of depreciation	563,254	563,222
Compensation for defects and damages	331,130	390,924
Received fines and penalties	62,990	184,233
Reimbursements for exhalates and restriction of management	3,305	1,586,867
Revenues from the exchange of forest stands, including the profit from the exchange		0



Revenues from horses, bison, projects of the Company	465,213	890,130
Revenue from written-off receivables	1,655	12,335
Other operating revenue (various cost reimbursements)	158,775	964,554
Newly discovered property – depreciation	36,239	45,865
Compensation for damages from natural disasters	47,941	38,109
Complex costs of the future period	23,598	
Financial revenue, out of which:		67
Exchange rate gains, of which:		67
exchange rate gains as of the date on which the financial statements are drawn up		
Other significant items of financial income, of which:		
Received bank interest		

#### Information under Art. IV, par. (4) on net turnover

Item	Current accounting period	Previous accounting period
Revenues from own products	257,084,117	216,746,486
Revenues from the sale of services	15,044,838	14,534,436
Revenues from merchandise	98,918	61,887
Revenues from contracts		
Revenues from sales of real estate		
Other revenues related to ordinary activities		
<b>Total net turnover</b>	<b>272,227,873</b>	<b>231,342,809</b>

The breakdown of net turnover according to the types of products, merchandise and main sales areas is shown in the table on pages 20 and 21 of „Information under Art. IV (1) par. A) on revenues from own services“.

## H. COSTS

#### Information under Art. IV (1), par. E, G, H, I) on costs

Item	Current accounting period	Previous accounting period
Costs of provided services, out of which:	103,119,184	92,039,831
Costs towards the auditor/auditing company, out of which:	73,800	65,550
verification of individual financial statements	73,800	65,550
other non-auditing services		
Other significant items of costs for provided services, of which:	103,045,384	91,974,281
Transport	3911 990	4,322,869
including the transport of wood to the dispatch warehouse	3,120,695	3,415,705
Cost of bringing the timber closer	69,460	115,841
Other services (account 518006,19,20,22,23,24) total	80,446,241	75,145,228
of which for cultivation	14,454,410	13,601,907
of which for logging – complex timber production at the transport site	58,051,171	53,388,729
of which for other logging activities	1,852,678	1,905,569
of which for seed production, nursery, small forest production	1,040,879	621,037

of which for other production activities	2,756,075	2,999,921
of which for overheads	2,325,588	2,628,064
Services covered by the Euro funds	268,548	261,139
Rent	4,325,545	3,906,108
Telecommunications and postal services	792,907	790,758
Cost of software updates and maintenance	1,555,506	1,209,526
Repair and maintenance costs	9,722,736	3,948,942
Property settlement costs / real estate and land/	58,945	52,571
OA operative rent	588,256	588,256
Legal services	195,347	310,016
Travel reimbursements	234,415	216,254
Recreational stays	40,688	36,974
Provision for rent	-944,772	-334,564
Toll costs	126,045	143,949
Other services – miscellaneous	1,653,531	1,259,414
Personal costs	104,186,008	83,896,950
of which salary costs	71,649,879	55,867,794
of which remuneration to members of the Supervisory Board	17,892	23,600
of which social insurance costs	18,257,527	14,646,124
of which health insurance costs	7,404,828	5,924,640
of which social security costs	5,267,031	6,696,750
of which statutory social costs	1,588,850	738,042
Other significant items of expenses from economic activity, of which:	6,859,001	5,395,995
Creation of provision for cultivation, forest protection and cleaning	18,918,861	13,512,877
Cancellation of the provision for cultivation and forest protection	-14,051,242	-8,693,283
Creation of other provisions from operations	422,838	316,576
Cancellation of other provisions from operations	-325,529	-2,361,863
Compensation for purchase of forest stands in substitution contracts		185
Property insurance	866,076	882,200
Fines and penalties	50,667	239,283
Shortages and damages	201,589	44,218
Comprehensive deferred costs – menageries, preserves	393	6,388
Purchase of timber	130,768	134,237
Compensation for game management	102,351	92,922
Contributions to legal entities	109,147	115,516
Write-off of receivables	122,207	109,832
Other	310,875	996,907
Financial costs, of which:	56,523	68,077
Foreign exchange losses, of which:	313	430
exchange losses at the date of the financial statements		
Other significant finance cost items, of which:	56,210	67,647
Bank costs	56,209	67,647
Other	1	

## I. INCOME TAXES

The tax payable booked to account 591 amounts to € 3,795,556. In the 2022 tax return, a tax loss of €67,104 was amortised, which represents L of the €268,416 tax loss recognised in 2019. In 2021, a tax loss of the same amount of €67,104 was amortized. Deferred tax was expensed in the amount of € 102,977. The reduction in deferred tax was impacted by the free transfer of fixed assets to the National Park Authorities from 1 April 2022 and 1 January 2023. The surrendered assets had lower tax residual values than book residual values, which had a positive impact on the amount of the deferred tax liability on the difference between the book and tax values of fixed assets.

### Information under Art. III (5), par. A) to E) on deferred income taxes

Item	Current accounting period	Previous accounting period
Amount of deferred tax asset recognized as an expense or income resulting from a change in the income tax rate		
Amount of deferred tax liability recognized as an expense or income because of a change in the income tax rate		
The amount of deferred tax assets relating to the amortisation of tax losses, unused tax credits and other entitlements and temporary differences of previous accounting periods for which no deferred tax asset was recognised in previous accounting periods		
The amount of the deferred tax liability that arises from not recognizing in the current accounting period the portion of the deferred tax asset that was accounted for in previous accounting periods		
Amount of unused tax loss amortisation, unused tax credits and other entitlements and deductible temporary differences for which no deferred tax asset has been recognised		
Amount of deferred income tax relating to items charged directly to the equity accounts without being charged to the expense and income accounts		

### Information under Art. III, par. (5) (f) about income taxes

Item	Current accounting period			Previous accounting period		
	Tax base	Tax	Tax in %	Tax base	Tax	Tax in %
a	b	c	d	e	f	g
Profit or loss before tax, out of which:	20,105,825		100	15,607,277	x	x
theoretical tax		4,223,223	21	x	3,277,528	21
Non-tax-deductible costs	15,144,246	3,180,292	15.82	13,491,301	2,833,173	18.15
Non-taxable revenue	17,217,704	3,615,718	17.98	22,995,652	4,829,087	30.94
Amortization of tax loss	67,104	14,092	0.07	67,104	14,092	0.09
Total	17,965,263	3,772,705	18.76	6,035,822	1,267,523	8.12
Income tax payable		3,772,705	18.76		1,267,523	8.12
Withholding tax on bank interest and tax for previous period		22,850	0.11			
Deferred income tax		-102,977	-0.51		2,096,095	13.43
Total income tax		3,692,579	18.37		3,363,618	21.55

## J. INFORMATION ON OFF-BALANCE SHEET ACCOUNTS

### Other liabilities

The Company has no other liabilities that are not tracked in the current accounts and are not shown on the balance sheet.

Given that many areas of Slovak tax law have not yet been sufficiently tested in practice, there is uncertainty as to how the tax authorities will apply them.

The extent of this uncertainty cannot be quantified and will only disappear once legal precedents or official interpretations by the competent authorities are available. The management of the Company is not aware of any circumstances that would result in it incurring a material expense in the future.

Land and buildings with a total book value of € 13,894,589 €, of which € 8,724,397 € are registered in the Land Registry and are still owned by the Slovak Republic, are legally unsettled and may be subject to return to the original owners.

As of 1 January 2010, the enterprise carried out a uniform valuation of forest land at the acquisition replacement cost as of 1 January 2010. By unified valuation of forest land, the impacts of incorrect procedures from previous periods which manifested themselves in overvaluation were eliminated. The legislative base for the unified valuation was the Decision of the Ministry of Finance of the Slovak Republic No. MF/020728/2009-74 from 24 August 2009. Based on this decision, the basis for precise identification of forest land for its unified valuation at reproduction acquisition cost according to the status as of 1 January 2010 was prepared. The valuation was carried out in accordance with the Decree of the Ministry of Industry and Trade of the Slovak Republic No. 492/2004 on the determination of the general value of the Company. Due to the applied revaluation of forest land pursuant to the above-mentioned decree, the book value of forest land of the Company was decreased by a total amount of € 1,883,485. Due to this fact, assets and equity reported in Company's balance sheet are decreased by the same amount.

The value of forest stands has been reported in off-balance accounts since 1 January 2010. Each year, the value of forest stands is updated based on valuation made by an NLC Zvolen expert together with update – making more accurate the value of forest land owned by state. In 2022, the value of forest stands was increased by € 309,961,602 compared to 2021.

The main reason and basis for the reduction in the value of plantations is the restoration of PSL after the processing of wind calamity in some organisational units, but also the impact of the transfer of forest land with forest plantations to the administration of national parks as of 1 April 2022.

#### Information under Art. V, par. (3) on off-balance sheet items

Item	Current accounting period	Previous accounting period
Strictly accountable forms	80,094	80,730
Material in stocks of civil protection	16,639	18,684
Loans from FKSP		0
Other off-balance sheet accounts	633,859	589,292
Written-off receivables		0
Other – FOREST STANDS from 1 January 2010	3,620,954,153	3,930,915,756

## K. DATA ON INCOME AND BENEFITS OF MEMBERS OF STATUTORY, SUPERVISORY AND OTHER BODIES OF THE COMPANY

Information under Art. VII, par. (2), a) on the income and benefits of members of statutory bodies, supervisory bodies, and other bodies

Type of income, benefits	Value of income, benefits of current members of the authorities			Value of income, benefits of former members of the authorities		
	b			c		
	statutory	supervisory	other	statutory	supervisory	other
a	Part 1 – Current accounting period			Part 1 – Current accounting period		
	Part 2 – Previous accounting period			Part 2 – Previous accounting period		
Monetary income	110,216	26,460		81,077	8,512	
	58,060	11,617		69,946	12,723	



Non-monetary income		0		0	
			0	1,148	
Monetary advances					
Non-monetary advances					
Loans granted					
Guarantees granted					
Other					

## L. ECONOMIC RELATIONS OF THE COMPANY AND RELATED PERSONS

Economic relations between the accounting unit and related persons were in accordance with the valuation of work performed and were at standard rates (according to the valid price lists of LESY SR).

Information under Art. VII (1), par. A) on the economic relations between the entity and the related parties

Table 1

Related party	Trade type code	Value of transaction	
		Current accounting period	Previous accounting period
a	b	c	d
Member of supervisory board	Sale of merchandise		0
Member of supervisory board	Purchase of material		0
Member of supervisory board	Received services	27,069	
Managers	Services provided	238	4,845
Managers	Received services	485,067	573,750
Managers	Sale of merchandise	163,511	10,293
Managers	Acq. of assets		
Managers	Purchase of material		3,773

Based on section 22 paragraph 1 of Act No 431/2002 Coll. on Accounting, as amended, a change in the consolidated total of the selected chapters of the State budget entered into force on 1 January 2016.

Based on this change, all state enterprises are subject to consolidation from 2017 at the first level, i.e., at the level of the relevant chapter, which acts on behalf of the Slovak Republic as the founder of the state enterprise – the Ministry of Agriculture and Rural Development.

Therefore, for the year 2022, the Company reports the following relationships within the organizations under the jurisdiction of the founder of the Company.

Related party	Trade type	Value of transaction	
		2022	2021
Transactions with related party			
Name of person			
Central Inspection and Testing Institute	Received services	377	394
Institute of Education	Received services	3,900	4,020
National Stud Farm "Topolčianky"	Received services	1,673	1,644
National Stud Farm "Topolčianky"	Material procurement	4,380	918
Hydromelioration, state enterprise	Received services	236	228
Hydromelioration, state enterprise	Sale of services	3,049	3,048
Regional Veterinary and Food Administration	Received services	2,329	2,349
MUSEUM IN SVÄTÝ ANTON	Received services	3,000	0
Agrocomplex – exhibition center Nitra	Received services	5,394	0
Breeding services of Lesy SR, state enterprise	Received services	81	37
Agroinstitute Nitra, state enterprise	Received services	150	75
National Forestry Centre	Received services	101,163	123,149
National Agricultural and Food Center	Received services	298	10,075

National Agricultural and Food Center	Material procurement	720	1,110
State Veterinary and Food Institute	Received services	12,189	12,323
Ministry of Agriculture and Rural Affairs	Sale of services	6,510	2,004
Ministry of Agriculture and Rural Affairs	Sale of products and merchandise	0	318
Forest and agricultural property	Sale of material	8,873	6,437
Forest and agricultural property	Sale of products and merchandise	0	0
Forest and agricultural property	Sale of services	26,630	1,677
Institute of Education	Sale of products	0	0
Institute of Education	Sale of services	0	0
National Stud Farm "Topolčianky"	Sale of products	0	0
TANAP State Forests	Sale of products and merchandise	0	6,063
TANAP State Forests	Sale of services	0	240
Hydromelioration, state enterprise	Sale of services		
Regional Veterinary and Food Administration	Sale of services	58,339	
Agrocomplex – exhibition center Nitra	Sale of products	691	
Agrocomplex – exhibition center Nitra	Sale of services	3,873	994
Agroinstitute Nitra, state enterprise	Sale of services	0	0
Breeding services	Sale of services	0	0
National Forestry Centre	Sale of products	337	0
National Forestry Centre	Sale of services	12,624	15,029
National Forestry Centre	Sale of property	43	0
MUSEUM IN SVÄTÝ ANTON	Material procurement	0	0
National Forestry Centre	Drawing of fund	21,704	14,400
National Forestry Centre	Material procurement	76,687	6,748
National Agricultural and Food Center	Material procurement	0	0
TANAP State Forests	Received services	0	0
TANAP State Forests	Drawing of fund	2,325	0
TANAP State Forests	Material procurement	0	0
Regional Veterinary and Food Administration	Material procurement	0	0
National Forestry Centre	Material procurement	7,610	13,554
Ministry of Agriculture and Rural Affairs			
Rural Affairs	Received services	0	0
National Agricultural and Food Center	Sale of products	133	0
National Agricultural and Food Center	Sale of services	14,833	0

Selected assets and liabilities arising from transactions with related parties are presented in the following statement:

	Current accounting period	Previous accounting period
Trade receivables	43,856	3,559
Other receivables within consolidated entity (Receivables due from Agricultural Paying Agency as a prescription of subsidy entitlement for investment projects funded by Euro funds)	71,847	255,286
<b>Total assets</b>	<b>115,703</b>	<b>258,845</b>
Trade payables	26,695	21,749
<b>Total liabilities</b>	<b>26,695</b>	<b>21,749</b>

## M. EVENTS OCCURRING AFTER THE DATE AT WHICH THE FINANCIAL STATEMENTS ARE PREPARED TO THE DATE OF THE FINANCIAL STATEMENTS

After 31 December 2022, there have been no subsequent events that have a material impact on the fair presentation of the underlying accounting policies that would not have been accounted for in the financial statements, except for the following subsequent events:

### 1. Delimitation of immovable property to the administration of the Muránska Planina National Park Administration.

The Act No. 6/2022 Coll. amending and supplementing Act No. 543/2002 Coll. on Nature and Landscape Protection (hereinafter referred to as the „Act on Nature and Landscape Protection“) establishes, with effect as of 31 March 2022, national park administrations as professional nature and landscape protection organisations, which provide tasks in the field of nature and landscape protection on the territory of national parks and in their protection zones, as well as in other areas defined in the decision of the Ministry of Environment of the Slovak Republic, which establishes the territorial scope of the national park administration. The National Park Administration is a contributory organisation under the jurisdiction of the Ministry of Environment of the Slovak Republic.

The Regulation of the Government of the Slovak Republic of 13 July 2022 (hereinafter referred to as the „Regulation“) declaring the Muránska Planina National Park, its zones and protection zone was published in the Collection of Laws, No. 89/2022, under No. 278/2022 Coll., and on the basis of paragraph 7 of the Regulation, it entered into force on 1 October 2022 (with the exception of paragraph 3(4) of the Regulation, which enters into force on 1 January 2031, and of paragraph 3 (5) of the Regulation, which enters into force on 1 January 2051).

The management of the state property to the extent resulting from § 104i (6) of the Act on the Protection of Nature and the Countryside passes from the transferor to the transferee on the first day after the expiration of three months from the date of entry into force of the generally binding legal regulation declaring the zones of the national park.

The **PROTOCOL ON TRANSFER OF PROPERTY MANAGEMENT AND ASSOCIATED RIGHTS AND DUTIES ASSOCIATED WITH THEM, ESTABLISHED AFTER DECLARATION OF THE MURÁNSKA PLANINA NATIONAL PARK** was drawn up on the basis of § 104i (6) of Act No. 543/2002 Coll. on the Protection of Nature and Landscape and § 51 of the Civil Code (hereinafter referred to as the „Protocol“). This Protocol entered into force on the date of its signing by the parties to the Protocol and entered into force on 2 January 2023. The Protocol was published in the Central Register of Contracts maintained by the Government Office of the Slovak Republic under the number CRZ 6302/2022/LSR. Through the Protocol, 3,742 ha of land were transferred, 1,000 ha of land need to be divided and arranged by geometric plans in relation to zoning, 167 buildings were transferred, 1 worker was delimited, court disputes and legal agenda within the transferred territories were settled. The protocol contains special provisions regarding the breeding of Murano miniature horses, as part of the area is in a national park, where the immovable property has been transferred to the SNP and part outside of it. The protocol sets the framework for further solving this issue, as the horses, workers and related movable property remained under LESY SR. The protocols have not been entered in the CN records to date.

### 2. Organisational changes within the Company as of 1 January 2023

The decision of the Ministry of Agriculture of the Slovak Republic No. 9535/2022-250 dated 21 November 2022 led to the abolition of the Forest Agricultural Property Ulič, state enterprise, without liquidation by merging with LESY SR as of 1 January 2023. This merger will increase the assets of the enterprise and the share capital will increase by 21,092 thous. €.

Following the decision of the Ministry of Environment of the Slovak Republic No. 67937/2019 of 23 December 2019, the administration of small watercourses was delimited to the water management state enterprise Slovenský vodohospodársky podnik. By this decision, small watercourses were entrusted to the management of the Company in the total length of approximately 5,742 km out of the originally managed approximately 18,250 km. The said decision transferred the management of small watercourses but did not settle the long-term tangible assets on small watercourses. The damming of the bunds is in the total residual value of 7,040,078.98 €, part of which should have been delimited to Slovenský vodohospodársky podnik in the course of 2022, but due to the reorganization and the establishment of new organizational components of LESY SR, there were changes in property ownership between the organizational components and therefore the delimitation protocols were not signed (the reason for this was also the identified deficiencies, which need to be corrected from the level of the BF of the LESY SR, correction). A recent meeting between representatives of the SOEs resulted in an agreement to restart the process of asset delimitation between the organisations. The individual organizational units of LSR were informed about this fact and started to prepare and update the documents necessary to carry out the delimitation. The first delimitation process of tangible fixed assets (without problematic construction objects – settled ownership of land under the building in question) is planned for BF Považie at the beginning of Q2 /2023.

## N. OVERVIEW OF CHANGES IN EQUITY

Information under Art. IX on equity

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Table 1

Equity item	Balance at beg. of acc. period	Current accounting period			Balance at end of acc. period
		Increase	Decrease	Transfers	
a	b	c	d	e	f
Equity	744,239,843			60,893	744,300,736
Own shares and own ownership interests					
Change in equity	60,893	5,598,505	24,537,054	-60,893	-18,938,549
Receivables from equity subscriptions					
Emission premium					
Other capital funds	353,161				353,161
Statutory reserve fund (indivisible fund) from capital contributions	5,050,619			612,183	5,662,802
Valuation differences on revaluation of assets and liabilities					
Valuation differences on equity participations					
Valuation differences on revaluation of mergers and divisions					
Statutory reserve fund					
Indivisible fund					
Statutory funds and other funds	3,116,754		1,994,762	4,428,636	5,550,628
Undistributed earnings of previous years	934,618		934,618		
Unpaid loss of previous years					
Economic result for the current accounting period	12,243,659	16,413,246		-12,243,659	16,413,246
Dividend paid – Ministry of Agriculture and Rural Development of SR					
Other equity items				2,725,000	
Allocation to social fund					

Table 2

Equity item	Balance at beg. of acc. period	Previous accounting period			Balance at end of acc. period
		Increase	Decrease	Transfers	
a	b	c	d	e	f
Equity	743,232,854			1,006,989	744,239,843
Own shares and own ownership interests					
Change in equity	1,006,989	337,982	277,089	-1,006,989	60,893
Receivables from equity subscriptions					
Emission premium					
Other capital funds	353,161				353,161



Statutory reserve fund (indivisible fund) from capital contributions	5,009,573			41,046	5,050,619
Valuation differences on revaluation of assets and liabilities					
Valuation differences on equity participations					
Valuation differences on revaluation of mergers and divisions					
Statutory reserve fund					
Indivisible fund					
Statutory funds and other funds	3,385,109		847,885	579,530	3,116,754
Undistributed earnings of previous years	934,618				934,618
Unpaid loss of previous years					
Economic result for the current accounting period	820,576	12,243,659		-820,576	12,243,659
Dividend paid – Ministry of Agriculture and Rural Development of SR					
Other equity items					
Allocation to social fund				200,000	

Changes in equity on Account No. 419 in 2022 were as follows:

Increase: 5,598,505

Stocktaking of land – newly found ..... 3,389  
 Specification of area ..... 94,747  
 Delimitation of land ..... 369  
 Delimitation of LC Sale of property  
 Increase from DI ..... 5,500,000

Zníženie: 24,537,054

Returned forest roads..... 5,270  
 Specification of area ..... 113,479  
 Property restitution ..... 399,882  
 Inventory of land – specification of area ..... 32,757  
 Delamination of land ..... 148,314  
 Sale of apartments  
 Delimitation of NP ..... 23,837,352

The company accounted for the distribution of the 2021 profit in 2022 as follows: creation of funds – statutory reserve of € 612,187.97 and company funds: remuneration fund of € 2,000,000 and social fund of € 2,725,000, representation fund of € 75,000, extraordinary fund of € 1,200,000, development fund of € 631,476.42 and profit and loss fund of € 5,000,000.

## Information under Art. X. about cash flow statement using the direct method

Item designation	Item content	Current Acc. Period	Previous accounting period
	Cash flow from operating activities		
A. 1.	Income from sale of goods (+)	98,918	61,887
A. 2.	Expenses for purchase of goods	-47,443	-35,541
A. 3.	Income from sale of own goods (+)	250,982,658	217,477,837
A. 4.	Income from sale of services (+)	18,326,679	14,148,558
A. 5.	Expenses for acquisition of material, energy, and other non-storable supplies (-)	-13,942,982	-24,092,497
A. 6.	Service expenses (-)	-99,726,432	-91,201,136
A. 7.	Expenses for personal costs (-)	-101,962,486	-81,572,371
A. 8.	Tax expenses excluding income tax expenses of accounting entity (-)	-7,627,370	-7,695,735
A. 9.	Income from sale of securities intended for sale or trading (+)		
A. 10.	Expenses for purchase of securities intended for sale or trading (-)		
A. 11.	Income from concluded contracts, subject of which is a right intended for sale or trading (+)		
A. 12.	Expenses for concluded contracts, subject of which is a right intended for sale or trading (-)		
A. 13.	Income from loans provided to accounting entity by bank or foreign bank branch if the loans were provided for core business activities (+)		
A. 14.	Expenses for payment of loans provided to accounting entity by bank or foreign bank branch if the loans were provided for core business activities (-)		
A. 15.	Other income from operating activities except those stated separately in other parts of cash flow statement (+)	2,690,285	2,690,790
A. 16.	Other income from operating activities except those stated separately in other parts of cash flow statement (-)	-1,239,097	-2,339,228
*	Cash flow from operating activities except income and expenses stated Separately in other parts of cash flow statement (+/-), (sum of A. 1 to A. 16.)	47,553,330	27,442,564
A. 17.	Interests received except those included in investment activities (+)	120,836	
A. 18.	Expenses related to derivatives, except those intended for sale or trading, or if they are regarded as cash flow from investing activities (-)		
A. 19.	Income related to derivatives, except those intended for sale or trading, or if they are regarded as cash flow from financing activities (+)		
A. 20.	Expenses related to derivatives, except those intended for sale or trading, or if they are regarded as cash flow from investing activities (-)		
	<b>Cash flow from operating activities (+/-) (sum from A. 1. to A. 20.)</b>	<b>47,674,166</b>	<b>27,442,564</b>
A. 21.	Expenses for income tax of accounting entity, if these can be included in investing or financing activities (-/+)		
A. 22.	Extraordinary income related to operating activities (+)	1,998,237	2,151,263
A. 23.	Extraordinary expenses related to operating activities (-)		
A.	<b>Net cash flows from operating activities (sum of A. 1. to A. 23.) Cash flow from investing activities</b>	<b>49,672,403</b>	<b>29,593,827</b>
B. 1.	Expenses for acquisition of non-current intangible assets (-)	-348,312	-1,150,321

B. 2.	Expenses for acquisition of non-current intangible assets (-)	-9,434,463	-8,080,815
B. 3.	Expenses of acquisition of non-current securities and shares in other accounting entities, except those regarded as cash equivalent and securities intended for sale or trading (-)		
B. 4.	Income from sale of intangible fixed assets (+)		
B. 5.	Income from sale of tangible fixed assets (+)	711,962	382,849
B. 6.	Income from sale of non-current securities and shares in other accounting entities, except those regarded as cash equivalent and securities intended for sale or trading (+)		
B. 7.	Expenses for non-current loans provided by accounting entity to another accounting entity which is included in consolidated entity (-)		
B. 8.	Income for non-current loans provided by accounting entity to another accounting entity, which is included in consolidated entity (+)		
B. 9.	Expenses for non-current loans provided by accounting entity to another, except for long term loans provided to an accounting entity, which is included in consolidated entity (-)		
B. 10.	Incomes for non-current loans provided by accounting entity to another accounting entity, which is included in consolidated entity (+)		
B. 11.	Interests received except those included in operating activities (+)		
B. 12.	Income related to derivatives, except those intended for sale or trading, or if they are regarded as cash flow from financing activities (+)		
B. 13.	Expenses related to derivatives, except those intended for sale or trading, or if they are considered as cash flows from investment activities (-)		
B. 14.	Income related to derivatives, except those intended for sale or trading, or if they are regarded as cash flow from investing activities (+)		
B. 15.	Expenses for dividends paid and other shares in profit except those included in operating activities (-)		
B. 16.	Extraordinary income related to investing activities (+)		
B. 17.	Extraordinary expenses related to financing activities (-)		
B. 18.	Other income related to financing activities (+)		
B. 19.	Other expenses related to investing activities (-)		
B.	Net cash flow from operating activities, (sum of B. 1 to B. 19)	- 9 070 813	-8 848 287
	Cash flow from financial activities		
C. 1.	Cash flow from equity (sum from C. 1. 1. to C. 1. 8.)	0	0
C. 1. 1.	Income from subscribed shares and ownership interests (+)		
C. 1. 2.	Income from other contributions to equity paid by partners or physical entity, which is an accounting entity (+)		
C. 1. 3.	Received monetary gifts (+)		
C. 1. 4.	Income from payment of loss by partners (+)		
C. 1. 5.	Expenses for acquisition or repurchase of own shares and own ownership interests (-)		
C. 1. 6.	Expenses related to decrease of funds created by accounting entity (-)		
C. 1. 7.	Expenses for payment of share in equity to partners or physical entity, which is an accounting entity (-)		
C. 1. 8.	Expenses for other reasons related to decrease in equity (-)		
C. 2.	Cash flow from non-current liabilities and current liabilities from financing (sum C. 2. 1. to C. 2. 9.)	0	0
C. 2. 1.	Income from issue of debt securities (+)		

C. 2. 2.	Expenses for payment of liabilities from debt securities (-)		
C. 2. 3.	Income from loans provided to accounting entity by bank or foreign bank branch if the loans were provided for core business activities (+)		
C. 2. 4.	Expenses for payment of loans provided to accounting entity by bank or foreign bank branch if the loans were provided for core business activities (-)		
C. 2. 5.	Income from loans received (+)		
C. 2. 6.	Expenses for loans paid (-)		
C. 2. 7.	Expenses for payment of liabilities from property use, which is subject of leasehold purchase contract (-)		
C. 2. 8.	Income from other non-current liabilities and current liabilities from financing activities except those stated separately in another part of cash flow statement (+)		
C. 2. 9.	Expenses from other non-current liabilities and current liabilities from financing activities except those stated separately in another part of cash flow statement (-)		
C. 3.	Expenses for interest paid except those included operating activities (-)		
C. 4.	Expenses related to derivatives, except those intended from investing activities (-)		
C. 5.	Expenses related to derivatives, except those intended for sale or trading, or if they are considered as cash flows from investment activities (-)		
C. 6.	Income related to derivatives, except those intended for sale or trading, or if they are considered as cash flows from investment activities (+)		
C. 7.	Expenses for dividends paid and other shares in profit except those included in operating activities (-)		
C. 8.	Extraordinary income related to financing activities (+)		
C. 9.	Extraordinary expenses related to financing activities (-)	-3,479,571	-1,015,269
C.	Net cash flow from own financing activities (sum from C. 1. to C. 9.)	-3,479,571	-1,015,269
D.	Net increase or net decrease in cash (+/-), (sum of A + B + C)	37,122,018	19,730,271
E.	Balance of cash and cash equivalent at the beginning of accounting period (+/-)	33,331,435	13,601,164
F.	Balance of cash and cash equivalent at the beginning of accounting period before considering exchange rate differences as of balance sheet date (+/-)	70,453,454	33,331,435
G.	Exchange differences on cash and cash equivalents at the date of the financial statements (+/-)		0
H.	Balance of cash and cash equivalents at the end of the reporting period adjusted for exchange differences calculated as of balance sheet date (+/-)	70,453,454	33,331,435





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## INDEPENDENT AUDITOR'S REPORT

For the founder of the state enterprise LESY SR, s. e. Banská Bystrica

### 1. Report from the Audit of the Financial Statement

#### Qualified Opinion

We have audited the financial statements of the state enterprise LESY SR, Námestie SNP 8, 975 66, Banská Bystrica, ID 36 038 351 (hereinafter referred to as "Company"), which contains the balance sheet as of December 31, 2022, the profit and loss statement for the year ending at that date and notes containing a summary of accounting principles and methods.

In our opinion, in addition to the possible impact of the circumstances described in paragraph Basis for Qualified Opinion, the accompanying financial statement gives a true and fair view of the Company's financial situation up to 31 December 2022 and its economic results for the year ending at that date, under the Act No. 431/2002 Coll. on Accounting as amended (hereinafter the „Accounting Act“).

#### Basis of Qualified opinion

During the audit, the following restrictions have occurred in the scope of audit work in the field of tangible fixed assets:

- According to the Act on Forests, the reconstruction of forest economic plans is performed annually on 10 % of the forest land managed by the Company, and the area of the land, its value and the value of the forest stands in the „Land“ system are specified during this reconstruction. The total area of lands recorded in the land registration system of „Land“ is, in some cases, different from their area recorded in the Land Register, and it is currently impossible to decide which of them is correct. A special case with a significant impact on the area and value of forest land is the transfer of forest land administration under the provisions of Act No. 543/2002 Coll. on the Protection of Nature and Landscape, as amended, as of 2 April 2022 in favour of the individual national park administrations. As of 31 December 2022, on account of such specification the Company reduced the value of its forest lands which was reflected in the amount of its equity capital by € 20,897,712. In the light of numerous pending proceedings which were initiated by the Slovak government aiming at final specification of the area of land lots within the Slovak Republic (e.g., Register of Renewed Registration of Land Lots – ROEP, land register adjustments, decision of administrative bodies on the correction of mistakes in the Land Registry, etc.). The company is currently unable to submit all the documents supporting the overall change of the area and the value of respective land lots. Overall, this concerns the land lots with a total area of 139,519 ha in a total value of € 91,526,373 which are not recorded in the Title Deed as of 31 December 2022, as land lots of „C“ Register of the Cadastral Map. The value of such land lots cannot be currently specified exactly and for this reason the value as well as equity of the Company cannot be correctly reported.
- The Company did not enter buildings worth € 414,194 in the Title Deed, as of December 31, 2022. Buildings and land lots having the area of 17,445 ha and amounting to € 11,635,672 are recorded as disputable property, as of December 31, 2022. Out of which 9,740 ha are recorded as owned by Slovak republic, used by LESY SR, s.e. valued to € 6,799,645. Court proceedings, cadastral proceedings, or administrative proceedings are ongoing in respect to the mentioned buildings and land lots. The Company is currently unable to calculate the value of the land lots which are intended to be returned to their original owners (via restitutions). The facts above may influence the amount of the assets and liabilities, and registered (ordinary) capital reported, which, however, cannot be quantified.

We conducted our audit in accordance with the International Standards on Auditing (ISA). Our responsibility under these Standards is presented in the Auditor's Responsibility for Audit of Financial Statements. We are independent of the Company under the provisions of Act No. 423/2015 on Statutory Audit and on Amendments and Supplements to Act No. 431/2002 Coll. (hereinafter referred to as the "Statutory Audit Act") regarding ethics, including the Auditor's Code of Ethics, relevant to our audit of the Financial Statement, and we have also complied with the other requirements of these ethical provisions. We are convinced that the audit evidence we have obtained provides a sufficient and appropriate basis for our opinion.

#### Responsibility Of the Statutory Body and The Persons Responsible For the Financial Statements

The statutory body of the accounting entity LESY SR, s.e., is responsible for compiling this financial statement to provide a true and fair view according to the Act on Accounting and the internal controls it deems necessary for the preparation of the financial statement that does not contain significant misstatements, whether due to fraud or error.

In preparation of the financial statement, the statutory body is responsible for assessing the Company's ability to continually carry on its operations, describing the facts about continuing operations, if necessary, and using the assumption of continually carrying on with accounting, unless the Company intends to dispose or terminate its activity or have no other realistic option than to do so.

Persons entrusted with administration are responsible for supervising the Company's financial reporting process.

#### Auditor's Responsibility for the Audit of the Financial Statement

Our responsibility is to obtain reasonable assurance that the financial statement is free from significant misstatements, whether due to fraud or error, and issue the auditor's report, including the opinion. A reasonable assurance is a high degree of assurance but is not a guarantee that an audit performed in accordance with the International Standards on Auditing will always reveal significant misstatements if they exist. Misstatements may arise because of fraud or error and are considered significant if it could reasonably be expected that they may influence individually or in aggregate the economic decisions of users made based on these financial statements.

As part of the audit conducted in accordance with the International Standards on Auditing, we use sound judgment throughout the whole audit and preserve professional scepticism. Besides that:

- We identify and assess the risks of significant misstatement of the financial statement whether due to fraud or error, we design and perform audit procedures responding to those risks and we obtain audit evidence sufficient and appropriate to provide the basis for our opinion. The risk of not detecting a significant misstatement due to fraud is greater than the risk of not detecting such due to a mistake because fraud may involve a secret agreement, forgery, deliberate omission, false declaration, or circumvention of internal control.
- We become familiar with the internal controls relevant to the audit so that we can design audit procedures that are appropriate in the circumstances, but not in order to express an opinion on the effectiveness of the Company's internal controls.
- We assess the appropriateness of the accounting policies and methods used and the reasonableness of accounting estimates and related disclosures made by the statutory body.

We conclude whether the statutory body appropriately uses the assumption of continuous business activity in accounting, and based on the audit evidence obtained, we conclude whether there is significant uncertainty about events or circumstances which could significantly undermine the Company's ability to continually proceed to operate. If we conclude that a material uncertainty exists, we are required to disclose in our auditor's report the related information in the financial statements or, if that information is insufficient, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may cause the Company to cease their continuous activity.

- We evaluate the overall presentation, structure, and content of the financial statement, including the information contained therein, as well as whether the financial statement captures the transactions and events in a manner that leads to their fair presentation.

We communicate with the persons charged with governance about, among other things, the planned scope and timing of the audit and significant findings, including any significant internal control deficiencies we identify during our audit.

## II. Report on the Further Requirements of the Laws and Other Legislation

### Report on the Information Included in the Annual Report

The statutory body is responsible for the information contained in the Annual Report, compiled according to the requirements of the Accounting Act. Our above-mentioned opinion on the financial statement does not apply to other information in the Annual Report.

In relation to the audit of the financial statements, our responsibility is to read the information in the annual report and assess whether that information is significantly inconsistent with the audited financial statements, or our knowledge obtained in the course of the audit of the financial statements, or otherwise appears to be significantly misstated.

We did not have the Annual Report available to the date of issue of the auditor's report on the audit of the financial statement.

When we receive an Annual Report, we will assess whether the Company's Annual Report contains information required by the Accounting Act, and based on the work performed during the audit of the financial statement, we will express an opinion, whether:

- the information provided in the Annual Report compiled for the year 2022 is consistent with the financial statement for the year;
- the Annual Report contains information under the Act on Accounting.

In addition, we will report whether we have identified any significant misstatements in the Annual Report based on our knowledge of the accounting entity and its situation that we have acquired during our audit of the financial statement.

In Banovce and Bebravou, 9 March 2023

PARTNER AUDIT, s. r. o.  
Licence UDVA No. 283  
5. April 191/9  
957 01 Bánovce nad Bebravou  
Trade register of the District Court in Trenčín  
Section: Sro, Entry No. 43081/R ID No.: 36342807  
Ing. Iveta Demčáková, CA  
Key statutory auditor



*Iveta Demčáková*

## Report on Verification of Annual Report and the Financial Statement



PARTNER AUDIT, s.r.o.  
 April 5 191/9, 95701 Banovce and Bebravou  
 UDVA licence No. 283  
 Trade register of the District Court in Trenčín Section: Sro. Entry No. 61116/B  
 Company  
 No.: 36342807

### AMENDMENT TO THE INDEPENDENT AUDITOR'S REPORT

For the founder of the state enterprise LESY SR, s. e. Banská Bystrica

For part II - Report on the Information Presented in the Annual Report

We have audited the financial statements of the state enterprise LESY SR, s. e. (hereinafter referred to as the "Company") as at 31 December 2022, listed on pages 54 - 92 of the Company's annual report, for which we issued an independent auditor's report on March 9 2023, which can be found on pages 93 - 95 of the Company's annual report. We have prepared this supplement in the sense of para. 27 paragraph 6 of Act no. 423/2015 Coll. on the statutory audit and on the amendment of Act no. 431/2002 Coll. on Accounting as amended (hereinafter referred to as the "Statutory Audit Act").

Based on the work performed described in Part II of the Independent Auditor's Report - Report on the information presented in the annual report, in our opinion:

- Information provided in the annual report of the state enterprise LESY SR, s. e. prepared for the year 2022 are in accordance with its financial statements for that year,
- the annual report contains information in accordance with the Accounting Act.

In addition, based on our knowledge of the accounting unit and the situations we have obtained during the audit of the financial statements, we are required to indicate whether we have identified material misstatements in the annual report.

In this context, we state that we did not find any significant inaccuracies in the annual report.

Bánovce nad Bebravou, August 31 2023

PARTNER AUDIT, s.r.o.  
 April 5 191/9, 95701 Banovce and Bebravou  
 UDVA licence No. 283  
 Trade register of the District Court in Trenčín  
 Section: Sro. Entry No. 61116/B Company  
 No.: 36342807

Ing. Iveta Demčáková, CA  
 Key statutory auditor  
 SKAu licence No. 892





## Report on the Supervisory Board's Activities

The Supervisory Board carries out its activities in accordance with Act No. 111/1990 Coll. on state enterprise, as amended (hereinafter referred to as the State Enterprise Act), generally binding legal regulations, the Statute, and the Rules of Procedure of the Supervisory Board.

According to the State Enterprise Act, the Supervisory Board is the controlling body of the state enterprise.

The Supervisory Board met in the first half of 2022 with the following composition: Ing. Igor Vizslai – Vice-Chairman of the Supervisory Board; members of the Supervisory Board – Ing. Peter Zima, Jozef Minarik, Ing. František Fodor, JUDr. Marek Morochovič, prof. Ing. Ján Holécý, Csc.; secretary of the Supervisory Board – JUDr. Ján Golian.

A total of 5 Supervisory Board meetings were held in 2022. The first meeting was held on 31 March 2022 also in the presence of Ing. Tibor Jančok, Director General of the Forestry and Wood Processing Section at the Ministry of Agriculture and Rural Development of the Slovak Republic. At this meeting, the Supervisory Board discussed the state enterprise's concept for 2022 and approved the proposal for the acquisition of tangible and intangible assets for 2022. The Supervisory Board also discussed and approved the proposal for the distribution of the profit of the state enterprise for the year 2021 in the amount of 12,243,659.39 €.

The following meeting of the Supervisory Board on 11 April 2022 was held for the purpose of providing information to the Company on the delimitation process in connection with the amendment to Act No. 543/2022 Coll. on the Protection of Nature and Landscape. The meeting was attended by the founder's representative, Ing. Tibor Jančok. Also present were representatives of the Ministry of Environment of the Slovak Republic, Mgr. Michal Kiča and Mgr. Peter Gregáň.

As of 1 July 2022, the founder appointed Ing. Tibor Jančok as the Chairman of the Supervisory Board and also appointed two other members of the Supervisory Board, namely Ing. Pavol László and Ing. Alexander Čarný.

At the meeting on 22 July 2022, the Supervisory Board discussed the rebalancing of the concept and economic plan of the state enterprise for 2022. Members also considered a proposal to amend the Statutes and Procedural Rules of the Supervisory Board.

The meeting on 15 November 2022 was mainly devoted to discussing the merger of the state enterprise LESY SR and the state enterprise Forest Agricultural Property Ulič in the presence of representatives of FAP Ulič, Ing. Marek Fecák and Ing. Slavko Cogan.

The last meeting of the year was held on 12 December 2022. The meeting discussed the proposal of the basic questions of the conception of the development of the state enterprise LESY SR and its business activities in 2023. Members also discussed and approved a draft schedule of meetings of the Supervisory Board in 2023.



## Comments of the Management of LESY SR on the Company Financial Situation and Future Expectations

The management of the state enterprise LESY SR was also significantly influenced by several external and internal factors in 2022.

The company underwent a long-anticipated and historically most significant reorganization, when 12 new organizational units were created from 23 branch forestry plants, whether by mergers, delimitations or a combination of both. The reorganisation also affected a number of forest administrations – the number of forest administrations was reduced from 129 to 94, with the number of forest districts ranging from 8 to 13. At the same time, the reorganisation has strengthened external operations, i.e. increased the number of forest districts and their staffing, as well as the staffing of positions at forestry plants that have been vacant for a number of years.

It was also necessary to increase, and as of 1 January 2022 there was an actual increase in, the tariff wages in the worker positions of tariffs 1-4, as well as a significant wage increase in the wages of the external forest operation, i.e. the heads of LO – foresters (tariff 7 + bonus) and TMS positions – technicians (tariffs 8 + bonus) in the forest administrations. The historically best performance of the SOE also created the conditions for the payment of the historically highest 13th and 14th extraordinary wages.

A significant impact on the activities of the company and the affected forest plants by the amendment of Act No. 543 of 16 December 2021 on the protection of nature was the delimitation of forest land and related assets and employees to the newly established national parks. In 2022, forest land/plots were delimited, even if only minimally overlapping with the 4th and 5th level of nature protection, amounting to 47,214 ha, assets with an acquisition value of €27.015 million and a residual value of €24.027 million, and a staff of 45, including 41 TMS and 4 labourers.

The LESY SR state enterprise achieved a pre-tax result of € 20.106 million in 2022. This is the company's highest result since its inception, with operating subsidies significantly lower than in the historically successful years of 2011 and 2012. The company achieved this result almost without divestments, the positive impact of which on the overall result was one of the lowest in the Company's history. The positive economic result was achieved by the Company thanks to the historically highest labour productivity. The latter increased by 26.8 % in 2022 compared to 2021. At the same time, however, it must be said that logging is declining from year to year, or at best stagnating.

The ongoing zonation of national parks, the very likely recession of the EU economy, as well as the massive onset of mainly coniferous calamities (drought and bark beetles) not only in Slovakia, but in the whole region of Central Europe, remain a short- to medium-term threat to the positive management of the state enterprise.

Compared to 2021, the pre-tax result increased by € 4.498 million. The year-on-year development was influenced by a higher average timber harvest by 26.10% and a consequent increase in timber sales by € 41.365 million. The total timber harvest decreased by 101.07 thousand m<sup>3</sup>, which represents -2.7%.

Historically, the state enterprise achieved its best economic result despite rising costs (due to the long-term undervaluation of the work of both employees and suppliers of the enterprise). The increase in total staff costs was +24.2% and the increase in average wages was +28.1% in 2022 compared to 2021. The average wage achieved in 2022 was €1,855. Direct costs of growing operations, excluding the impact of reserves and ASDS (automated stationary detection system), increased by 4.2%, direct costs of mining operations increased by 11.6% and overheads increased by 25.7% in 2022 compared to 2021.

The balance of funds as of 31 December 2022 was € 70.453 million, with a year-on-year increase of more than € 37.122 million. During the year, the company continuously fulfilled all its obligations towards suppliers, employees and the state.

By the decision of the departmental founder of the company, the merger of the state enterprise LESY SR with the state enterprise Forest and Agricultural Property Ulič took place on 1 January 2023. The state enterprise FAP Ulič became an independent branch plant/organisational component of the state enterprise LESY SR.

The Company's management declares that the Company is in a good economic situation. In spite of the significant continuing downward trend in timber prices, the company plans a positive economic result for 2023 as part of the prepared rebalancing.

The intention of the State Enterprise is to continue to make appropriate use of the economic, ecological and social functions of forests for the benefit of society as a whole, with a focus on biodiversity and forest health, improving the quality of life, increasing employment and incomes of rural citizens.

## List of Abbreviations

- AEI – area of European importance  
 ANRFC – application for non-returnable financial contribution  
 BF – branch factory  
 CA – civil association  
 CGPOT – centre of gene pool and ornamental trees  
 CIP – cadastre of immovable property  
 DC – direct costs  
 DOP – drop-off point  
 DW – dispatch warehouse  
 EAPM – European Association for People Management  
 ETA – electronic timber auctions  
 FET – forest educational trail  
 FIO – forest information office  
 FM – forest management  
 FRM – forest reproduction material  
 FSC – Forest Steward Council – a world-recognized certification scheme for forest management assessment, and an effective tool for tracking the origin of timber from mining through its processing to the product  
 FT – forest tractor  
 FU – forest unit  
 HA – hydraulic arm  
 HL – handling line  
 HSF – high school of forestry  
 ICC – in-company consumption  
 ICD – in-company deliveries  
 ICR – in-company revenue  
 IFA – intangible fixed assets  
 ME SR – Ministry of Environment of the Slovak Republic  
 MFWT – Museum of Forestry and Wood Technology  
 NFC Zvolen – National Forestry Centre Zvolen  
 NFFM – Nature-Friendly Forest Management  
 NP – national park  
 NPSR – Nature Protection of the Slovak Republic  
 NR – nature reserves  
 NRFC – non-returnable financial contribution  
 OD – occupational diseases  
 PA – protected area  
 PA – protected areas  
 PEFC – Program for the Endorsement of Forest Certification Schemes -is the leading and largest forest certification program in the world, respecting the conclusions of global international conferences and processes on sustainable forest management, creating a framework for mutual recognition of compatible certification systems tailored to the type of forests, specificities, and specifics of their management in the country  
 PFM – professional forest manager  
 PLA – protected landscape area  
 PP – public procurement  
 RFTC – regional forest technology centre  
 RWI – registered work injury  
 S – silviculture  
 SF – state forests  
 SFS – significant forestry site  
 SLF – Slovak land budget  
 SOE – state-owned enterprise  
 SPA – small, protected area  
 TU Zvolen – Technical University Zvolen  
 UWT – universal wheeled tractor  
 WFPMA – World Federation of People Management Associations  
 WI – work injury  
 WWF – World Wildlife Fund  
 YFS – young forest stands



## ANNUAL REPORT 2022

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LESY SR

