

**Valstybės Investicinis Kapitalas UAB**

**FINANCIAL STATEMENTS  
PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL  
REPORTING STANDARDS AS ADOPTED BY THE  
EUROPEAN UNION**

**31 March 2023**

## TABLE OF CONTENT

INDEPENDENT AUDITOR'S REPORT .....	3
STATEMENT OF FINANCIAL POSITION.....	6
STATEMENT OF COMPREHENSIVE INCOME.....	7
STATEMENT OF CHANGES IN EQUITY .....	8
CASH FLOW STATEMENT .....	9
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS .....	10-22
ANNUAL REPORT .....	23-48

## INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Valstybės investicinis kapitalas, UAB:

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Valstybės investicinis kapitalas, UAB (the Company), which comprise the statement of financial position of the Company as at 31 December 2022, and the statements of comprehensive income, changes in equity and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, of the financial position of the Company as at 31 December 2022, and their financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the requirements of the Law on Audit of Financial Statements of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Valuation of financial assets</b></p> <p><i>Refer to pages 18, 21, 28 of the financial statements</i></p> <p>As at 31 December 2022 the net value of the Company's investment in Pagalbos verslui fondas, KŪB (the Fund) amounted to EUR 179,922 thousand (31 December 2021: EUR 142,264 thousand), and decrease in fair value for the year then ended amounted to EUR 11,342 thousand (2021: EUR 4,861 thousand).</p> <p>The investment in the Fund is the most significant asset item in the statement of financial position and related expense item in the statement of comprehensive income of the Company. In making fair value measurement, management of the Company is required to make significant judgments in circumstances of significant uncertainty. As the Fund's net assets are measured at fair value, the management of the Company has determined that the fair value of the investment in the Fund will be determined based on the Fund's net assets.</p> <p>For the reasons described, we believe that the valuation of the investment in the Fund is a key audit matter</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>evaluating the application of the Company's accounting policy for investment in the Fund, taking into account the requirements of IFRS 9, to ensure that the Company's accounting policy is appropriate and in compliance with the named standard;</li> <li>assessing the assumptions used by the Company's management to determine fair value;</li> <li>analysing the valuation of the Fund's investment portfolio: <ul style="list-style-type: none"> <li>assessing the suitability and validity of the models and assumptions used by the Fund to determine the fair value of the Fund's investments;</li> <li>involving our valuation specialists to help us form a range of estimates of the fair value of all the Fund's investments;</li> </ul> </li> <li>assessing the impact of events after the balance sheet date and their disclosure in the financial statements;</li> <li>assessing the appropriateness of fair value disclosures.</li> </ul>

Deloitte yra vadinamos Deloitte Touche Tohmatsu Limited (DTTL) ir grupei priklausančios bendrovės narės bei susijusios įmonės (kartu – „Deloitte organization“). Kiekviena DTTL (dar vadinama „Deloitte Global“) ir grupei priklausanti bendrovė narė bei susijusi įmonė yra atskiri ir nepriklausomi juridiniai asmenys, kurie vienas kitam negali nustatyti įsipareigojimų trečiųjų šalių atžvilgiu. DTTL ir kiekviena grupei priklausanti bendrovė narė bei susijusi įmonė yra atsakingos tik už savo, o ne už viena kitos veiksmus ar neveikimą. DTTL pati savaime paslaugų klientams neteikia. Daugiau informacijos galite rasti čia <http://www2.deloitte.com/lt/lt/pages/about-deloitte/articles/about-deloitte.html>

## **Other Information**

The other information comprises the information included in the Company's annual report, including Corporate Governance statement and Remuneration Report, but does not include the financial statements and our auditor's report thereon. Management is responsible for the other information.

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

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

In addition, our responsibility is to consider whether information included in the Company's annual report, including Corporate Governance statement and Remuneration Report, for the financial year for which the financial statements are prepared is consistent with the financial statements and whether the Company's annual report, including Corporate Governance statement and Remuneration Report, has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of financial statements, in our opinion, in all material respects:

- The information given in the Company's annual report, including Corporate Governance statement and Remuneration Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Company's annual report, including Corporate Governance statement and Remuneration Report, has been prepared in accordance with the requirements of the Law on Financial Reporting by Undertakings of the Republic of Lithuania.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

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

#### **Report on other legal and regulatory requirements**

In accordance with the decision made by Shareholders on 1 October 2021 we have been chosen to carry out the audit of the Company's financial statements. Our appointment to carry out the audit of the Company's financial statements in accordance with the decision made by Shareholders has been for year 2021 and the period of total uninterrupted engagement is three years.

We confirm that our opinion in the section 'Opinion' is consistent with the additional report which we have submitted to the Company and its Board of Directors.

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

We have not provided any services to the Company other than audit.

#### **Report on the compliance of format of the financial statements with the requirements for European Single Electronic Reporting Format**

The Company's management has applied European Single Electronic Format for the Company's financial statements in order to implement the requirement of Article No. 3 of the Commission Delegated Regulation (EU) 2019/815 that amends European Parliament and Commission Directive 2004/109 / EC with regulatory technical standards establishing a single format for electronic reporting (hereinafter "the ESEF Regulation"). These requirements specify the Company's obligation to prepare its financial statements in a XHTML format. We confirm that the European single electronic reporting format of the financial statements for the year ended 31 December 2022 complies with the ESEF Regulation in this respect.

The engagement partner on the audit resulting in this independent auditor's report is Mindaugas Jukna.

Deloitte Lietuva UAB  
Audit Company License No 001275

Mindaugas Jukna  
Lithuanian Certified Auditor  
License No 000580

Vilnius, Republic of Lithuania  
31 March 2023

The auditor's electronic signature applies only to the Independent Auditor's Report.

## STATEMENT OF FINANCIAL POSITION

<b>ASSETS</b>	<b>Notes</b>	<b>2022.12.31</b>	<b>2021.12.31</b>
<b>Non-current assets</b>			
Other non-current assets	3.1	64 805	-
Financial assets at fair value the change in which is recognised in profit or loss	3.2	179 922 428	142 264 193
Deferred income tax assets		4 929	4 929
<b>Total non-current assets</b>		<b>179 992 162</b>	<b>142 269 122</b>
<b>Non-current assets</b>			
Other non-current assets	3.3	43 167	159 399
Cash and cash equivalents	3.4	1 388 824	585 662
<b>Total non-current assets</b>		<b>1 431 991</b>	<b>745 061</b>
<b>TOTAL ASSETS</b>		<b>181 424 153</b>	<b>143 014 183</b>
<b>EQUITY &amp; LIABILITIES</b>			
	<b>Notes</b>	<b>2022.12.31</b>	<b>2021.12.31</b>
<b>Equity</b>			
Authorised capital	3.5	101 200 000	101 200 000
Retained profit (loss)		(20 133 062)	(8 026 183)
<b>Total equity</b>		<b>81 066 938</b>	<b>93 173 817</b>
<b>Long-term liabilities</b>			
Bonds issued	3.6	99 832 490	49 830 758
<b>Total long-term liabilities</b>		<b>99 832 490</b>	<b>49 830 758</b>
<b>Short-term liabilities</b>			
Interest on bonds	3.7.	491 205	-
Accounts payable to employees	3.8	9 150	5 058
Other accounts payable & accrued costs	3.9	24 370	4 550
<b>Total short-term liabilities</b>		<b>524 725</b>	<b>9 608</b>
<b>Total liabilities</b>		<b>100 357 215</b>	<b>49 840 366</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>181 424 153</b>	<b>143 014 183</b>

*The accompanying notes form an integral part of these financial statements*

The financial statements were approved and signed on 31 March 2023.

**For Valstybės investicinis kapitalas UAB**

**Chief Accountant**

Robertas Vyšniauskas  
 Managing Director

Inga Čėsniėnė  
 Authorised by Nordgain UAB

## STATEMENT OF COMPREHENSIVE INCOME

		Fiscal year ended on 31/12/2022	Fiscal year ended on 31/12/ 2021
<b>OPERATING INCOME</b>	<b>Notes</b>		
Sales		-	-
Cost of sales		-	-
Other income (resale)		-	-
<b>GROSS PROFIT</b>		-	-
Operating costs	3.10	(159 131)	(241 460)
Other costs	3.11	(91 365)	(22 129)
Interest costs	3.12	(514 618)	-
<b>OPERATING PROFIT (LOSS)</b>		<b>(765 114)</b>	<b>(263 589)</b>
Impairment of financial assets at fair value the change in which is recognised in profit or loss	3.13	(11 341 765)	(4 860 624)
<b>PROFIT (LOSS) BEFORE TAX</b>		<b>(12 106 879)</b>	<b>(5 124 213)</b>
Income tax (costs) / benefit	3.14	-	-
<b>NET PROFIT (LOSS)</b>	<b>3.15</b>	<b>(12 106 879)</b>	<b>(5 124 213)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		-	-
<b>Earnings (loss) per share (EUR per share)</b>	<b>3.16</b>	<b>(1,196)</b>	<b>(0,506)</b>

*The accompanying notes form an integral part of these financial statements*

The financial statements were approved and signed on 31 March 2023.

**For Valstybės investicinis kapitalas UAB**

**Chief Accountant**

Robertas Vyšniauskas  
 Managing Director

Inga Česnienė  
 Authorised by Nordgain UAB

**STATEMENT OF CHANGES IN EQUITY**

	<b>Authorised capital</b>	<b>Retained earnings (loss)</b>	<b>Loss</b>
<b>Balance as of 31 December 2020</b>	<b>100 200 000</b>	<b>(2 901 970)</b>	<b>97 298 030</b>
Formation of authorised capital	-	-	-
Net profit (loss)	-	(5 124 213)	(5 124 213)
Increase (decrease) in authorised capital	1 000 000	-	1 000 000
Dividend	-	-	-
Other payments to owners	-	-	-
<b>Balance as of 31 December 2021</b>	<b>101 200 000</b>	<b>(8 026 183)</b>	<b>93 173 817</b>
Formation of authorised capital	-	-	-
Net profit (loss)	-	(12 106 879)	(12 106 879)
Increase (decrease) in authorised capital	-	-	-
Dividend	-	-	-
Other payments to owners	-	-	-
<b>Balance as of 31 December 2022</b>	<b>101 200 000</b>	<b>(20 133 062)</b>	<b>81 066 938</b>

*The accompanying notes form an integral part of these financial statements*

The financial statements were approved and signed on 31 March 2023.

**For Valstybės investicinis kapitalas UAB**

**Chief Accountant**

Robertas Vyšniauskas  
Managing Director

Inga Čėsniėnė  
Authorised by Nordgain UAB



## CASH FLOW STATEMENT

Notes	Fiscal year ended on 31/12/2022	Fiscal year ended on 31/12/2021
<b>Cash flow from operations</b>		
<b>Incoming flows in the reporting period</b>	<b>12 600</b>	
Other incoming flows	12 600	
<b>Outgoing flows in the reporting period</b>	<b>(209 438)</b>	<b>(500 080)</b>
Wage payments	(47 518)	(36 240)
Taxes paid	(40 425)	(32 064)
Payments to suppliers	(58 991)	(60 990)
Expenses for bond issues	(51 725)	(101 100)
Guarantee payment	-	(150 000)
Additional bank account service fee	-	(108 055)
Other payments	(10 778)	(11 631)
<b>Net cash flows from operations</b>	<b>(196 838)</b>	<b>(500 080)</b>
Acquisition of investments	3.2 (50 000 000)	(143 000 000)
<b>Net cash flows from investments</b>	<b>(50 000 000)</b>	<b>(143 000 000)</b>
<b>Cash flows from financial activities</b>		
Income from bond issue	50 000 000	49 908 000
Formation of authorised capital	-	-
Deposits	-	-
Loans received	-	-
Recovery of investment	3.2 1 000 000	-
<b>Net cash flows from financial activities</b>	<b>51 000 000</b>	<b>49 908 000</b>
Impact of exchange rate fluctuations on cash and cash equivalents balance	-	-
<b>Net increase/decrease in cash flows</b>	<b>803 162</b>	<b>93 592 080</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>585 662</b>	<b>94 177 742</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>3.4 1 388 824</b>	<b>585 662</b>

*The accompanying notes form an integral part of these financial statements.*

The financial statements were approved and signed on 31 March 2023.

**For Valstybės Investicinis Kapitalas UAB**

**Chief Accountant**

Robertas Vyšniauskas  
 Managing Director

Inga Čėsniėnė  
 Authorised by Nordgain UAB

## NOTES TO THE FINANCIAL STATEMENTS

## 1. Background

**Valstybės Investicinis Kapitalas UAB** (the 'Company') is a private company registered in the Republic of Lithuania. Registered office address of the Company:

**Gedimino pr. 38,  
Vilnius,  
Republic of Lithuania**

The purpose of the Company's operations is to help, in accordance with the description of Measure *Pagalbos verslui fondas* (Aid Fund for Business) approved by the Minister of the Economy and Innovation of the Republic of Lithuania and the Minister of Finance of the Republic of Lithuania, the Lithuanian economy to recover from the consequences of COVID-19 through the financing of measures aimed at supporting the business and capital market development with funds raised through state and capital market measures.

The Company was registered on 26 August 2020. As of 31 December 2022, 100% of the Company's authorised capital is owned by the Republic of Lithuania, ID No 111105555.

The registered authorised capital of the Company is EUR 101,200,000 and it consists of 10,120,000 ordinary registered shares at EUR 10 par value per share. As of 31 December 2022, all shares were fully paid for.

As of 31 December 2022 the average annual number of employees of the Company was 1.

The calendar year is used as the fiscal year of the Company.

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The main accounting policies applied in the preparation of the Company's financial statements for the year ended 31 December 2022 are as follows:

### 2.1. Confirmation of Compliance

The Company prepared its financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

### 2.2. Basis of Preparation of Financial Statements

The financial statements have been prepared using a historical cost basis.

The financial year of the Company starts on 1 January and ends on 31 December.

The financial statements are presented in euros (EUR).

The accounting policies set out below were applied consistently to all periods presented in these financial statements, unless stated otherwise.

### 2.3. Equity

Equity includes the paid-up part of the authorised capital, share premium, revaluation reserve (results), statutory reserve, reserve for acquisition of own shares, other reserves, and retained earnings/loss).

The subscribed share capital is accounted for and disclosed in the financial statements in full, regardless of the paid up part. The unpaid portion of the shares shall be accounted for and disclosed in the financial statements in the counterpart account/item of the authorised capital.

If the issued shares are paid for in assets (including shares of another company), the share issue price is equal to the fair value of the assets received for them. Only the nominal value of shares shall be

recorded in the authorised capital account. If the share issue price exceeds their par value, the excess price is recorded in the share premium account.

If a decision to increase or reduce the authorised capital is taken, the increase/reduction of the authorised capital is registered in the accounts when amended Articles of Association of the company are registered according to a procedure prescribed by legal acts.

## **2.4. Recognition of Costs**

Costs are recognised using the accrual and the matching concepts in the period in which the related revenue is earned, regardless of when the cash is paid.

The Company's costs include wages and wage-related taxes, leave accruals, costs of accounting services, insurance costs, remuneration to members of the Board, personnel recruitment and deferred income tax costs.

## **2.5. Lease**

IFRS 16 defines a lease as a contract or part of a contract that transfers the right to use an asset (the underlying asset) for a specified period in exchange for consideration. Under such an agreement, the new model requires the lessee to recognise the asset managed by the right of use and the related lease obligation. The right-of-use asset is depreciated and interest accrues on the liability.

### **2.5.1. The Company as the Lessee**

Assets acquired on a leasing basis are initially recognised as assets of the Company at a value equal to the asset's fair value at the start of the lease or, if lower, the present value of the minimum lease payments. The related lessor's liability is presented in the statement of financial position as a lease liability.

Lease payments are allocated between the financial costs and the reduction of the outstanding liability so as to reflect a constant periodic rate of return on the outstanding balance of the liability. Financial costs are recognised immediately in profit or loss, unless they relate directly to long lead time assets, in which case they are capitalised in accordance with the Company's general borrowing costs' policy. Contingent lease fees are recognised as costs in the period in which they are incurred.

Operating lease payments are recognised as costs in the profit and loss account and in the comprehensive income statement on a straight-line basis over the term of the lease, unless another systematic basis is more appropriate to reflect the economic benefits received from the leased asset over time. Contingent operating lease fees are recognised as costs in the period in which they are incurred.

## **2.6. Foreign Currencies**

Financial results and financial position of the Company are presented in euros which is the Company's functional currency and the currency for the presentation of the Company's financial statements.

Transactions in foreign currency are translated into euros at the official exchange rate set by the Bank of Lithuania on that day which is approximately equal to the market rate. Monetary assets and liabilities are translated into euros at the exchange rate as of the balance sheet date. Exchange differences arising from foreign currency transactions are recognised in profit or loss as incurred. Gains and losses resulting from the translation of monetary assets or liabilities into euros are recognised in profit or loss.

## **2.7. Income Tax and Deferred Income Tax**

Income tax costs consists of the current year income tax and the deferred income tax costs. Income tax is calculated in accordance with the tax laws of the Republic of Lithuania.

### **2.7.1. Current Year Tax**

The current year tax is payable on taxable profit. Taxable profit differs from profit or loss disclosed in the profit and loss account and the statement of comprehensive income due to income/costs taxable or deductible in the next year and due to income/costs that are never taxed or deducted. The Company's current year income tax liability is calculated using tax rates in effect as of the date of the statement of financial position. The standard corporate income tax rate applied to companies of the Republic of Lithuania for the year ended 31 December 2022 is 15%.

### **2.7.2. Deferred Tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and their amounts used for taxation purposes. Deferred tax liabilities are generally recognised for all temporary differences. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be reduced in realising the temporary differences. Such deferred assets and liabilities are not recognised if the temporary differences are related to goodwill or to the initial recognition of assets or liabilities (other than in a business combination), the arising of which (during transactions) does not affect either taxable profit or financial profit.

Deferred income tax assets are reviewed on the last day of each reporting period and is reduced to the extent that it is not probable that sufficient taxable profit will be available to the Company for realising of such assets, to an estimated amount by which the taxable profit will be reduced in future.

Deferred tax liabilities and assets are measured using the tax rate in effect for the year in which the temporary differences are expected to be settled, based on the tax rates (and tax laws) that have been or will be approved by the end of the reporting period. Deferred tax assets and liabilities reflect the tax consequences that the Company expects at the end of the reporting period in order to pay or settle its assets or liabilities.

### **2.7.3. Current Year and Deferred Tax for the Period**

Current year tax and deferred tax are recognised in profit or loss, except to the extent that they are related to items recognised directly in other comprehensive income or directly in equity, in which case the tax is recognised in other comprehensive income or equity directly. When current tax and deferred tax arise from the initial recognition of a business combination, the tax effect is included in the business combination accounts.

Deferred tax assets are recognised in the statement of financial position when management expects that sufficient taxable profit will be generated in the nearest future to realise the asset. If it is probable that part of the deferred tax asset will not be realised, this part of the deferred tax asset is not recognised in the financial statements.

## **2.8. Financial Instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to a contract for financial instrument.

At initial recognition, financial assets and financial liabilities are measured at fair value. Transaction costs that are directly attributable to the acquisition or disposal of a financial asset (other than financial assets and financial liabilities at fair value through profit or loss) are initially added to or deducted from the fair value of the financial asset or financial liability, as appropriate. Transaction costs that are directly attributable to the financial asset or financial liability at fair value through profit or loss are recognised immediately in profit or loss.

A financial instrument is any contract that gives rise to a financial asset in one company and a financial liability or equity instrument in another company.

#### *Recognition and derecognition in the statement of financial position*

The Company recognises a financial asset or financial liability in its statement of financial position when, and only when, it becomes a party to a contract for financial instrument.

The Company recognises or derecognises the purchase or sale of a financial asset on the transaction date. The Company derecognises a financial asset in the statement of financial position when, and only when:

- contractual rights to the cash flows from the financial asset expire; or
- it transfers the financial asset to another party.

The Company derecognises a financial liability (or part thereof) in the statement of financial position when, and only when, that liability is derecognised, i.e. where the obligation specified in the contract:

- has been discharged; or
- has been revoked; or
- has expired.

The Company categorises financial assets as follows:

- measured at amortised cost,
- measured at fair value, with the change in value recognised in profit or loss.

The Company classifies debt financial assets depending on a business model applied to the financial asset management and on contractual cash flow characteristics of the financial asset. The business model applied to a group of financial assets is determined depending on how all groups of financial assets are managed together to achieve a specific business objective of the Company.

The Company's investments in equity securities, where the Company has no control or significant influence over the investee, are carried at fair value, with the change in the value recognised in profit or loss.

The Company includes trade debtors, loans granted, other accounts receivable from financial assets and cash and cash equivalents in the assets measured at amortised cost.

All financial liabilities of the Company are measured at amortised cost.

The Company includes trade creditors, bonds and borrowed amounts in financial liabilities measured at amortised cost. At initial recognition of the bonds, the costs related to distribution of the bonds and the discount arising from the distribution are recognised as the bond acquisition cost in the profit and loss account over the term of the bonds (until maturity), using the effective interest rate.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits in current accounts in banks, and other short-term highly liquid investments that can be readily exchanged for known amounts of money and which are characterised by an insignificant risk of change in value.

## **2.9. Employee Benefits**

Short-term employee benefits are recognised as current costs in the period in which the employees render the related service. Benefits include salaries, social security benefits, bonuses, paid leave etc. There are no long-term employee benefits.

## **2.10. Fair Value Measurement**

Many of the Company's accounting policies and disclosures require the determination of the fair value of both financial and non-financial assets and liabilities. Fair value is the price at which, on the measurement day, as asset would be sold or a liability would be transferred in an orderly transaction between market participants in the principal market and, in the absence of such market, in the most favourable market that the Company could enter on the valuation date. The fair value of a liability reflects the effect of its risk of default. Fair value is determined using quoted market prices, discounted cash flow analyses and option pricing models as appropriate.

In determining fair value of assets or liabilities, the Company relies as far as possible on available market data. Fair values are presented at the following three levels of the fair value hierarchy, based on the variables used in the valuation techniques:

Level 1: quoted prices (unadjusted) in active markets for the same assets or liabilities.

Level 2: variables other than quoted prices included within Level 1 for assets or liabilities that are observed directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: asset or liability variables that are not based on observable market data (unobservable variables).

If the variables used to determine the fair value of an asset or liability can be assigned to different levels of the fair value hierarchy, the level of the fair value hierarchy to which all determined fair value is assigned is determined based on the lowest level variable that is significant for the determination of total fair value.

The Company recognises amounts transferred between the levels of the fair value hierarchy at the end of the reporting period in which the change occurs.

### **2.11. Related Parties**

Related parties of the Company include shareholders, members of the Board, their close relatives and companies that control the Company either directly or indirectly through an intermediary or are controlled separately or jointly with another party which is also recognised as a related party, provided that this relationship allows one of the parties to control the other party or exert significant influence over the other party in the taking of financial and management decisions.

### **2.12. Contingencies**

Contingent liabilities are not recognised in the financial statements, except for contingent liabilities in business combinations. They are described in the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the financial statements but are disclosed when it is probable that the Company will receive income or economic benefits.

### **2.13. Post Balance Sheet Events**

Post balance sheet events that provide additional information about the Company's position at the statement of financial position date (adjusting events) are reflected in the financial statements. Post balance sheet events that are not adjusting events are disclosed in the notes when their effect is material.

### **2.14. Comparative Information**

Comparative information in the statement of comprehensive income has been adjusted according to the classification for the reporting period, distinguishing between Personnel Costs and Depreciation and Amortisation Costs.

### **2.15. Significant Accounting Estimates and Management Judgments**

The Company performed an analysis and concluded that it does not have control over Pagalbos Verslui Fondas KŪB (hereinafter referred to as the "Fund") and does not exert significant influence over the Fund. During the reporting period, the Company did not have the power to manage the Fund, did not have voting rights conferred by equity instruments, and was not able to manage significant activities directly or through other entities. The Company is entitled to a variable return but cannot directly take decisions on the amount of variable return or the period over which it would be paid.

The Company's investment in the Fund is measured at fair value which is determined on the basis of the Fund's net assets. All of the Fund's investments are measured at fair value and the book value of the Fund's short-term accounts receivable and accounts payable as well as cash and cash equivalents is very close to their fair value, therefore, the Fund's net assets are also measured at fair value.

## **2.16. Initial Application of Amendments to the New Standards in Effect in the Reporting Period**

This year the Company adopted all new and revised standards and interpretations that are relevant to its operations and are effective for reporting periods beginning on or after 1 January 2022.

### **(a) The following new standards, amendments and interpretations are mandatory for annual periods beginning on or after 1 January 2022**

- IFRS 3 Business Combinations (amendments)

The International Accounting Standards Board (IASB) issued amendments to IFRS 3 to help entities determine whether an acquired set of activities and assets is a business or not. The amendments are applicable to business combinations that took place in the first annual reporting period starting on or after 1 January 2020 and to assets acquired after the start of this period.

- Amendments to IAS 1 Presentation of Financial Statements and IFRS 2 Disclosure of Accounting Policies

The amendments are effective for annual periods beginning on or after 1 January 2023, if earlier application is permitted. The amendments provide guidance on the basis of which significant decisions on disclosure of accounting policies are taken. In particular, the amendments to IAS 1 replace the requirement to disclose "significant" accounting policies with the requirement to disclose "material" accounting policies. In addition, the statement on practices provides guidance and illustrative examples for applying the concept of materiality in taking a decision on disclosure of accounting policies.

In the opinion of the Company's management, these amendments do not influence these financial statements.

- Interest Rate Benchmark Reform. Phase 2. Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

In August 2020, the IASB published a document Interest Rate Benchmark Reform. Phase 2. Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 thus completing its work in response to the IBOR reform. The amendments provide for a practical expedient which aims to take account of the consequences of replacing IBOR (Interbank Offered Rates) with an alternative almost risk-free interest rate (RFR). In particular, the amendments provide for a practical measure according to which, in the accounting for a change in the basis for determination of cash flows stipulated in a contract for financial assets or financial liabilities, the effective interest rate must be adjusted to the extent to which the market interest rate has changed. Furthermore, the amendments provide for an expedient in respect of the requirement for termination of hedge relationships including a temporary exception from compliance with an individual identification requirement where the RFR measure is used as a risk component hedging measure. Amendments were also made to IFRS 7 'Financial Instruments. Disclosures' so that readers of financial statements can understand the influence of the interest rate benchmark reform over the Company's financial instruments and risk management strategy. While the amendments are applied retrospectively, the Company is not obliged to make corrections to information on previous periods.

In the opinion of the Company's management, these amendments do not influence these financial statements.

- Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions

The amendments are applied retrospectively to annual periods beginning on or after 1 January 2020. Earlier application is permitted, also to financial statements which were not yet approved on 28 May 2020. The IASB amended the standard in order to provide a practical expedient for lessees who are

permitted not to apply the provisions of IFRS 16 in relation to changes in lease to concessions occurring as a direct consequence of the COVID-19 pandemic. The amendment provides for a practical expedient according to which a lessee may account for any change in lease payments due to the COVID-19 related concessions in the same way in which it would be accounted for according to IFRS 16 if the change would not be considered as a change in rent, provided that all the following conditions are fulfilled:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021;
- there is no substantive change to other terms and conditions of the lease.

#### Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions after 30 June 2021\*

The amendments are applied to annual periods beginning on or after 1 January 2022 (earlier application is permitted), also to financial statements which were not yet approved on the effective date of the amendment.

## 2.17. Management of Financial Risks and Capital

Any kind of investment is inherently risky. Investments in the Fund involve long-term risk. The main types of risks that the Company faces in its day-to-day operations are credit risk, operational risk, liquidity risk and market risk, and securities price risk. Optimal and balanced risk management is the basis for effectively ensuring the stability of the Company's operations.

**Credit risk.** This is the risk that the other party will be unable to meet its obligations to the Company. The Company has measures in place to ensure on an ongoing basis that transactions are made with reliable customers and that the amount of transactions does not exceed credit risk limits. The Company has not provided guarantees for the obligations of the other parties. The Company is exposed to the risk that the other party will be unable to fulfil its obligations to the Company.

**Operational risk.** This includes the risk of direct and/or indirect losses due to inadequate or non-implemented internal control processes, staff errors and/or illegal actions and malfunctions of information systems and technologies, or due to external factors. Operational risk management is performed by implementing the internal control function, establishing procedures and plans for limiting the possible occurrence of unforeseen risks, assessing the acceptability of the Company's services, analysing the processes and procedures in the Company, identifying risk factors and assessing their adequacy.

**Liquidity risk.** This is the risk of not being able to fulfil one's payment obligations on time. The Company manages its liquidity risk by maintaining a sufficient amount of cash and cash equivalents, securing funding and discharging its obligations.

**Market risk.** This is the risk that the Company will incur losses due to fluctuations in market variables. The most relevant risk for the Company is the fluctuation of securities prices. The Company also did not have any financial instruments in place to manage the risk of interest rate fluctuations. The company invests all available financial resources in Pagalbos Verslui Fondas KŪB. As the Company conducts all operations in euros and the open foreign currency positions are insignificant, the Company's foreign exchange risk is insignificant.

### Fair value of financial assets and liabilities

Fair value is the amount for which an asset or service could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction. Fair values of financial assets and financial liabilities are based on quoted market prices, discounted cash flow models or option pricing models, as the case may be. In other words, fair value is the price that would be received from the sale of an asset or transfer of a liability in an orderly transaction between market participants in the principal



market and, in the absence of such a transaction, on the most favourable market that the Company could enter on the valuation date. The fair value of a liability reflects the effect of its risk of default. Where appropriate, fair value is determined using quoted prices in an active market using discounted cash flow values and option pricing models. In determining the fair value of assets or liabilities, the Company relies as much as possible on observable market data. Fair values are allocated to different levels of fair value based on the variables used in the valuation techniques:

- Level 1: quoted prices (unadjusted) in active markets for the same assets or liabilities;
- Level 2: variables other than quoted prices included within Level 1 for assets or liabilities that are observed directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: asset or liability variables that are not based on observable market data (unobservable variables). The Company's investment in the Fund is classified as Level 3 in the hierarchy.

If the variables used to determine the fair value of an asset or liability can be assigned to different levels of the fair value hierarchy, the level of the fair value hierarchy to which the fair value is assigned in full is determined based on the lowest level variable significant for the determination of the total fair value. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period in which the change occurs.

The statement of financial position shows the fair values of assets and liabilities as of 31 December 2022 and they are different from the carrying amounts of assets and liabilities.

The Fund performed a sensitivity analysis for the fair value of bonds and loans made by the Fund. As the discount rate changes by 1% to the negative and the positive side, the fair value of the Fund's portfolio changes by EUR +5.2 million and EUR -4.9 million. As the discount rate increases by 0.5%, the fair value of the portfolio decreases by an average of EUR 2.6 million; as the discount rate decreases by 0.5%, the fair value of the portfolio increases by EUR 2.6 million. Information on changes in the fair value with the change in the discount rate by types of financial assets.

### **Capital management**

The main objective of capital management is to ensure that the Company maintains good solvency and complies with relevant capital ratios in order to maintain its business and maximise benefits. The Board of the Company exercises control over its investments' compliance with legal requirements and provisions of loan agreements applicable to capital, and provides the necessary information.

The Company's capital includes share capital, share premiums, reserves and retained earnings.

The Company manages its capital structure and adjusts it to changes in economic conditions and specific risks of its operations. In order to maintain or change its capital structure, the Company may issue new shares. The Republic of Lithuania Law on Companies requires that the Company's equity account for not less than 50% of its authorised capital. As of 31 December 2022 and 2021, the Company complied with this requirement.

### 3. NOTES

#### 3.1. Other non-current assets

Other non-current assets as of 31 December consisted of:

	<b>Year ended on 31/12/2022</b>	<b>Year ended on 31/12/2021</b>
State guarantee (long-term portion)	64 805	-
<b>Total</b>	<b>64 805</b>	<b>-</b>

#### 3.2. Financial assets at fair value with changes in it recognised in profit or loss

In accordance with the members agreement of 6 October 2020 as amended (the 'Agreement'), the Company undertook to invest up to EUR 250,000,000 (two hundred and fifty million euros) in Pagalbos Verslui Fondas KŪB. The Company's commitment to invest covers all transfers under calls for payment, and in any case the amount of the transfers may not exceed the commitment amount.

In 2020 the Company invested EUR 7,000,000 in Pagalbos Verslui Fondas KŪB on a call basis, with the funds transferred on 26/11/2020. A revaluation of the investment was made as of the end of 2020, its value was reduced by EUR 2 875 183 and amounted to EUR 4 124 817 as of 31/12/2020. In 2021 the Company invested EUR 143,000,000 in Pagalbos Verslui Fondas KŪB on a call basis (EUR 11,000,000 was transferred on 22 March 2021, EUR 82,000,000 was transferred on 25 March 2021, EUR 30,000,000 was transferred on 04 October 2021, and EUR 20,000,000 was transferred on 06 December 2021). The value of the investment of EUR 143,000,000 was reduced by EUR 4,860,624 at the end of the year and amounted to EUR 142,264,193 as of 31/12/2021. In the period from 1 January 2022 until 31 December 2022, the Company invested EUR 50,000,000 in Pagalbos Verslui Fondas KŪB on a call basis, with the full amount transferred on 08/07/2022. A return of the limited partner's share of EUR 1,000,000 was received to the Fund on 28 December 2022.

While, according to the Company's accounting policies, revaluation of an investment takes place once in a year – at the end of the year, the Company decided, on receipt of unaudited financial statements for six months prepared due to a significant change in value, to perform the investment revaluation as of 30 June. The value of the investment as of the end of the six-month period was reduced by EUR 16,451,795 and was EUR 150,812,398 as of 30/06/2022. Based on Pagalbos verslui fondas KŪB's unaudited quarterly financial statements as of 30/09/2022, a reversal of the impairment was performed (by EUR 206,599).

Revaluation of the investment as of the end of 2022 was made based on audited annual financial statements of Pagalbos verslui fondas KŪB, its value increased by EUR 4,903,431 and was EUR 179,922,428 as of 31/12/2022.

The Company has the right to withdraw from the activities KŪB Pagalbos Verslui Fondas KŪB in accordance with the rules stipulated in the Agreement. Settlement with the Company is based on the following principles: (a) in the event of liquidation of the Fund, settlement with the Company under Clause 12 of the Agreement - transfer of funds after payment of the Fund's taxes; (b) if the rights and obligations of the Company with respect to the Fund are taken over by another person, conditions for the Company's withdrawal (including repayment of the Committed Obligations) shall be discussed in a separate agreement between the Company, the Full Member and the successor; (c) if the Company withdraws from the Fund without transferring its rights and obligations to a third party, settlement with the Company shall be effected according to the rules of Clause 12 of the Agreement – realisation of the assets, payment of the Fund's taxes, and transfer of funds (any uncalled obligations of the Company cease to exist).

### 3.3. Other current assets

Other current assets as of 31 December consisted of:

	<b>Year ended on 31/12/2022</b>	<b>Year ended on 31/12/2021</b>
Prepayments to suppliers	-	12 500
Future period costs	43 167	146 798
<b>Total</b>	<b>43 167</b>	<b>159 398</b>

The Company did not have any accounts receivable from related parties either on 31 December 2021 or 31 December 2022.

### 3.4. Cash and cash equivalents

Cash and cash equivalents consisted of:

	<b>Year ended on 31/12/2022</b>	<b>Year ended on 31/12/2021</b>
Cash at bank	1 388 824	585 662
<b>Total</b>	<b>1 388 824</b>	<b>585 662</b>

### 3.5. Authorised capital

Pursuant to the Memorandum of Association dated 7 August 2020, the shareholders contributed EUR 100,200,000 to form the authorised capital. All 10,020,000 shares of the Company are ordinary registered uncertificated shares.

On 17 March 2021, an increase of the authorised capital was registered and an additional 100,000 ordinary registered uncertificated shares were issued. As of the date of financial statements, the registered authorised capital of the Company is EUR 101,200,000 and consists of 10,120,000 ordinary registered shares with a par value of EUR 10 each. All the shares were fully paid up

### 3.6. Bonds issue

Two tranches of Series 1 bond issue with the total value of EUR 50,000,000 (ISIN code LT0000405664) were issued in 2021 (relevant decisions of the Board of the Company were adopted on 9 July 2021 No 25, 15 September 2021 No 27, and 25 November 2021 No 30 and 31).

In 2022, Tranche 1 of Series 2 bond issue with the total value of EUR 25,000,000 (ISIN code LT0000406258) (relevant decisions of the Board of the Company were adopted on 1 March 2022 No 3 and No 4) and Tranche 1 of Series 3 bond issue with the total value of EUR 25,000,000 (relevant decisions of the Board of the Company were adopted on 28 June 2022 No 7, No 8 and No 9).

	<b>Year ended on 31/12/2022</b>	<b>Year ended on 31/12/2021</b>
Bonds issued	100 000 000	50 000 000
Bond issue costs	(167 510)	(169 242)
<b>Total</b>	<b>99 832 490</b>	<b>49 830 758</b>

### 3.7. Interest on bonds issue

	<b>Year ended on 31/12/2022</b>	<b>Year ended on 31/12/2021</b>
Accrued interest LT0000406613	358 089	-
Accrued interest LT0000406258	133 116	-
<b>Total</b>	<b>491 205</b>	<b>-</b>

### 3.8. Accounts payable to employees

Accounts payable as of 31 December:

	<b>Year ended on 31/12/2022</b>	<b>Year ended on 31/12/2021</b>
Wages payable	-	574
Taxes payable	(2)	-
Leave accruals	9 152	4 484
<b>Total</b>	<b>9 150</b>	<b>5 058</b>

### 3.9. Other accounts payable and accrued costs

Accounts payable as of 31 December:

	<b>Year ended on 31/12/2022</b>	<b>Year ended on 31/12/2021</b>
Remuneration payable to members of the Board	12 438	2 701
Taxes payable on remuneration to members of the Board	7 402	925
Short-term trade creditors	4 530	924
Accrued costs	-	-
<b>Total</b>	<b>24 370</b>	<b>4 550</b>

### 3.10. Operating costs

Operating costs as of 31 December:

	<b>Year ended on 31/12/2022</b>	<b>Year ended on 31/12/2021</b>
Wages & related taxes	(86 504)	(60 614)
Costs of remuneration to the Board members	(32 440)	(15 600)
Accounting costs	(15 536)	(8 349)
Audit costs	(7 260)	(10 925)
Bank charges	(113)	(109 987)
Costs of legal services	(3 509)	(16 096)
Other administrative costs	(13 768)	(19 889)
<b>Total</b>	<b>(159 131)</b>	<b>241 460</b>

### 3.11. Other costs

Other costs as of 31 December:

	<b>Year ended on 31/12/2022</b>	<b>Year ended on 31/12/2021</b>
Costs of issue/placement of non-equity securities	(53 865)	(17 590)
Other costs of financial & investment activities	(37 500)	(4 539)
<b>Total</b>	<b>(91 365)</b>	<b>(22 129)</b>

### 3.12. Interest costs

Interest costs as of 31 December:

	<u>Year ended on 31/12/2022</u>	<u>Year ended on 31/12/2021</u>
Costs of bond interest	(514 618)	-
<b>Total</b>	<b><u>(514 618)</u></b>	<b><u>-</u></b>

### 3.13. Impairment of financial assets at fair value with its changes recognised in profit or loss

Impairment of financial assets at fair value with its changes recognised in profit or loss for the year ended on 31 December:

	<u>Year ended on 31/12/2022</u>	<u>Year ended on 31/12/2021</u>
Costs of long-term financial assets impairment	(11 341 765)	(4 860 624)
<b>Total</b>	<b><u>(11 341 765)</u></b>	<b><u>(4 860 624)</u></b>

### 3.14. Draft distribution of profit (loss)

Loss of the Company as of 31 December 2022 amounts to EUR (12 106 879). The Company brings the loss forward to next year.

### 3.15. Income tax and deferred income tax

Income tax for the year ended on 31 December:

	<u>Year ended on 31/12/2022</u>	<u>Year ended on 31/12/2021</u>
<b>Taxable income</b>	-	-
<b>Total costs:</b>	<b>(12 106 879)</b>	<b>(5 124 213)</b>
Permissible deductions	(765 114)	(263 531)
Non-permissible deductions	11 341 765	4 860 682
<b>Profit (loss)</b>	<b>(765 114)</b>	<b>(263 531)</b>
Recognised deferred income tax asset on the loss brought forward	-	-
Non-recognised deferred income tax asset on the loss brought forward	114 767	39 530
<b>Income tax</b>	<b><u>-</u></b>	<b><u>-</u></b>

The Company's operations were loss-making in 2022.

Income tax is calculated in accordance with the requirements of Lithuanian tax laws. As of 31 December 2022, the standard corporate income tax rate in Lithuania was 15%. Deferred income tax assets are realised when the Company expects to generate profit in future. As of 31 December 2022, deferred income tax assets are not recognised as dividend to be received by the Company from Pagalbos Verslui Fondas KŪB will not be taxed. The Company does not expect income from any other sources.

### 3.16. Earnings (loss) per share

Ordinary earnings/loss per share are/is calculated by dividing the net profit/loss for the period by the weighted average number of ordinary shares issued during the period. The weighted average number of shares in 2022 was 10,120,000.

<b>Earnings (loss) per share:</b>	<b>2022</b>	<b>2021</b>
	<b>Jan – Dec</b>	<b>Jan – Dec</b>
Net profit (loss)	(12 106 879)	(5 124 213)
Weighted average number of ordinary shares issued	10 120 000	10 120 000
Earnings (loss) per share	<b>(1,196)</b>	<b>(0,506)</b>

### 3.17. Related party transactions

Management of the Company consists of the Managing Director and members of the Board. The Fund is considered as another related party.

In 2022, the Company concluded two transactions with a related party. An investment of EUR 50,000,000 was made in Pagalbos verslui fondas KŪB on a call basis. In December 2022, a return of an EUR 1,000,000 investment was made.

#### *Wages for key members of management*

	<b>2022</b>	<b>2021</b>
Salaries and other short-term employee benefits	80 413	57 275
Remuneration to the Board members	32 439	15 600
<b>Total</b>	<b>112 852</b>	<b>72 875</b>

### 3.18. Rights and liabilities not disclosed in the Statement of Financial Position

The Republic of Lithuania guaranteed up to EUR 150,000,000 for the bonds issued by the Company.

### 3.19. Events after the date of the Statement of Financial Position

Tomas Urban was recalled from members of the Board of Valstybės investicinis kapitalas UAB by Order of the Minister of Finance Gintarė Skaistė of 7 February 2023.

In the period between the end of the fiscal year and the date of approval of these financial statements, there were no other material events that would affect these financial statements or would require additional disclosure.

**For Valstybės investicinis kapitalas UAB**

**Chief Accountant**

Robertas Vyšniauskas  
 Managing Director

Inga Čėsniėnė  
 Authorised by Nordgain UAB

## **Valstybės investicinis kapitalas UAB** **ANNUAL REPORT**

**for 2022**

Below is an assessment of compliance of the Company's Annual Report (or Annual Report on Activities) for 2022 with the Transparency Guidelines for State-Owned Enterprises, the Corporate Governance Code for the Companies Listed on NASDAQ OMX Vilnius, and the Republic of Lithuania Law on Financial Reporting by Undertakings (or the Law on State and Municipal Enterprises), as well as with other good reporting practices.

### **OPERATIONS AND PURPOSE OF THE COMPANY**

#### **Background**

Valstybės Investicinis Kapitalas UAB (hereinafter referred to as “**VIKA**” or the “**Company**”) is a private company registered in the Republic of Lithuania. The Company was registered on 26 August 2020. The registered office address of the Company is Gedimino pr. 38, Vilnius.

The Company's taxpayer code is 305611945.

Email: [info@vika.lt](mailto:info@vika.lt)

Shareholder: The State

Institution representing the State: Ministry of the Economy and Innovation of the Republic of Lithuania

Shareholding of the State: 100%

#### **Foreword by the CEO**

Valstybės Investicinis Kapitalas UAB (VIKA) was established to help Lithuanian businesses overcome the challenges posed by the pandemic. In 2022, VIKA invested the funds raised in the state and capital markets in Pagalbos Verslui Fondas KŪB managed by the State Investment Management Agency, thus providing financial assistance to businesses and promoting the capital market development.

Despite complicated geopolitical situation in 2022 which has had a considerable impact on financial

markets and their participants, VIKA raised EUR 50 million in the capital market by distributing two bond issues EUR 25 million each. All the VIKA bonds are listed on the Nasdaq Vilnius Stock Exchange and may participate in the monetary policy operations of the European Central Bank.

In total, VIKA has invested EUR 200 million in Pagalbos Verslui Fondas KŪB – such amount was determined by the actual demand from Lithuanian businesses. It is important to note that a EUR 1 million investment was returned to VIKA in December 2022 as planned. I invite you to get acquainted with the results of our activities.



## Description of VIKA's operations and operating model

The purpose of the Company's operations is to help, in accordance with the description of Measure *Pagalbos verslui fondas* (Aid Fund for Business) approved by the Minister of the Economy and Innovation of the Republic of Lithuania and the Minister of Finance of the Republic of Lithuania, the Lithuanian economy to recover from the consequences of COVID-19 through the financing of measures aimed at supporting the business and capital market development with funds raised through state and capital market measures.

VIKA is a company established in 2020 by the Ministry of the Economy and Innovation of the Republic of Lithuania and is the limited partner of Pagalbos Verslui Fondas KŪB, providing the state contribution to this fund.

The letter of the Ministry of the Economy and Innovation of the Republic of Lithuania regarding the expectations of the State (shareholder of VIKA) listed the main expectations for VIKA's activities including the requirements for the issuance of debt securities (DSs):

- VIKA has to raise EUR 400 million through issues of DSs and ensure that VIKA's operations are not loss-making;
- VIKA has to ensure that the total cost of the funds raised is in line with the best market terms at the time of the issuance of the DSs, using all possible cost-optimisation solutions for the issuance and the entire financial cycle, such as credit rating and other measures;
- VIKA has to implement appropriate risk management measures.

Considering the expectations of the State for VIKA's activities, a EUR 400 million DS programme with an unconditional state guarantee was approved to attract funds from private investors. The programme was rated A by the international rating agency Fitch Ratings. The securities of the bond programme are issued in tranches as required. As of the date of this Report, VIKA has provided an EUR 150 million guarantee to secure the bond programme. It is important to note that the DSs issued by VIKA do not confer any rights to immovable assets or goods and do not confirm any rights or obligations to acquire or dispose of such securities.

During 2022, Valstybės Investicinis Kapitalas UAB issued DSs for EUR 50 million.

All bonds issued by the Company are listed on the Nasdaq Baltic Bond List from 30 September 2021. A state guarantee has been provided to secure the bond obligations.

The DSs issue process at VIKA is a standard one and is in line with current market practices. As VIKA is a newly established company that does not have the right to distribute DS issues independently, VIKA has hired providers of legal and financial services for this purpose. Luminor Bank AS Lithuania Branch, as the organiser of the DS issue distribution, has undertaken to mediate throughout the DS issue distribution process, i.e. undertook to provide all the services related to the DS issue and offering to third parties, including preparations for the DS issue, the DS issue arrangements, DS offering to investors, managing the process of obtaining an external independent credit rating for the issue etc.

It has been agreed in writing that VIKA will pay a fee as a percentage of the revenues received from the DSs to the organiser for its intermediation in the DS transactions, provided that the issue of the VIKA DSs is successfully distributed. If the organiser fails to distribute VIKA DSs, i. e. to provide basic intermediation services in the DS transactions, the organiser will receive no fee from VIKA.

### Main activities of the Company include:

- Management of state-owned assets transferred to VIKA;
- Establishment, financing and participation in the activities of legal entities intended for the bonds issue; and
- Attracting private investments.



Pursuant to the Memorandum of Association dated 7 August 2020, the shareholder contributed EUR 100,200,000 to form the authorised capital. All the 10,020,000 shares of the Company are ordinary registered uncertificated shares.

The registered authorised capital of the Company is EUR 101,200,000 and consists of 10,120,000 ordinary registered shares with a par value of EUR 10 each.

EUR 1,000,000 was received on 30 December 2020 from the shareholder to increase the authorised capital.

On 17 March 2021, an increase in the authorised capital was registered and additional 100,000 ordinary registered uncertificated shares were issued. As of the date of the financial statements, the Company's registered authorised capital amounts to EUR 101,200,000 and consists of 10,120,000 ordinary registered shares with a par value of EUR 10 each.

As of 31 December 2021, all shares were fully paid up.

The calendar year is used as the fiscal year of the Company.

The Company prepared its financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

### **Description of activities in the reporting period**

On 26 January 2022, the Government of the Republic of Lithuania approved of consolidation of a number of national development institutions, i. e. Investicijų ir verslo garantijos UAB, Viešųjų investicijų plėtros agentūra UAB, Valstybės investicijų valdymo agentūra UAB, Žemės ūkio paskolų garantijų fondas UAB and Valstybės investicinis kapitalas UAB – on the basis of Investicijų ir verslo garantijos UAB, a private company. In this process, the Ministry of Finance of the Republic of Lithuania exercises both pecuniary and non-pecuniary rights and performs obligations of the State as the shareholder of the consolidated national development institution. At present, it is impossible to assess the influence of this process over the Company's activities as no further decisions have been taken on this matter.

Updated Articles of Association of the Company were approved twice in 2022. Dates of registration of the updated Articles of Association in the Register of Legal Entities: 24 March and 27 June 2022.

On 8 March 2022, Tranche 1 of Series 2 bond issue with the total value of EUR 25,000,000 (ISIN code LT0000406258) (decision of the Board of the Company No 4 was adopted on 1 March 2022) under the EUR 400 million programme was issued. Par value per bond: EUR 1,000. Bond redemption date: 8 March 2025; can be redeemed, at the Company's demand, on expiry of 2 (two) years. On 10 March 2022, the Company invested the EUR 25,000,000 received in Pagalbos verslui fondas KŪB on a call basis.

On 13 April 2022, the Government of the Republic of Lithuania passed a resolution whereby it decided to transfer all the 10,120,000 ordinary registered uncertificated shares at EUR 10 (ten) par value per share, owned by the State and managed by the Ministry of the Economy and Innovation of the Republic of Lithuania on trusteeship basis, and conferring 100% of votes at the general meeting of shareholders of Valstybės investicinis kapitalas UAB, to the Ministry of Finance of the Republic of Lithuania for control, use and disposal on trusteeship basis. All the shares of the Company have been transferred to the Ministry of Finance for control, use and disposal on trusteeship basis since 11 May 2022.

On 27 June 2022, the Board of Valstybės investicinis kapitalas UAB decided to accept and approve the updated EUR 4 million Medium-Term Note Programme guaranteed by the State, for up to EUR 400 million, together with its Information Memorandum setting out the updated terms and conditions of the Programme.

On 30 June 2022, Tranche 1 of Series 3 bond issue with the total value of EUR 25,000,000 (ISIN code LT0000406613) (decision of the Board of the Company No 8 was adopted on 28 June 2022) under the EUR 400 million programme was issued. Par value per bond: EUR 1,000. Bond redemption date: 30 June 2027; can be redeemed, at the Company's demand, on expiry of 4 (four) years.

On 8 July 2022, EUR 25 million were invested in Pagalbos Verslui Fondas KŪB under letter No SR-PVF-2022-6 of 20 June 2022 'Regarding call for payment'.

On 19 October 2022, the Government of the Republic of Lithuania passes a resolution on the increase in the authorised capital of Investicijų ir verslo garantijos UAB by contributing the shares of Viešųjų investicijų plėtros agentūra UAB and Valstybės investicijų valdymo agentūra UAB. On implementation of this resolution, Viešųjų investicijų plėtros agentūra UAB and Valstybės investicijų valdymo agentūra UAB became subsidiaries of Investicijų ir verslo garantijos UAB. It is important that the Company was not consolidated together with the said companies, and a proposal for the resolution states that securities issued by the Company are recognised as suitable for the Euro system transactions and bonds issued by the Company meet the bond buying requirements set by the European Central Bank; in the case of VIKA's consolidation, there would be a risk that legal compliance of its bonds with the ECB requirements would be lost. However, as VIKA does not have the status of a national development institution, this will not affect achievement of the main purpose – to consolidate all national development institutions and ensure that the one-stop-shop principle is applied to investors.

On 28 December 2022, the Company received the return of EUR 1 million as the limited partner in the Fund.

### **Description of the Board's activities in the reporting period**

The Board of the Company held thirteen meetings in 2022, at which decisions were adopted (2021: 14 meetings) related to the Company's organisational matters, policies, budget, bond issue and other matters relevant to the company's activities.

All the decisions were taken by consensus of the Board members (all the appointed Board members attended all meetings and participated in the taking of decisions). During 2022, the members of the Board Šarūnas Ruzgys, Jonas Bložė and Tomas Urban attended 13 meetings each.

The most important decisions of the Board included:

- Minutes of the Board meeting No 1 of 18 January 2022

Objectives of the Managing Director's activities for 2022 were approved at this meeting.

- Decisions of the Board No 3 and 4 of 1 March 2022

The Board decided to issue Tranche 1 of Series 2 bonds with the total value of EUR 25,000,000 (ISIN LT0000406258), to approve the final terms of the bonds (bond par value EUR 1,000, redemption date 8 March 2025, yield 0.650%), and to distribute them to investors.

- Decision of the Board No 6 of 24 May 2022

The Board decided to approve of an amendment to the Members Agreement concluded on 6 October 2020 by and between the Company and Valstybės investicijų valdymo agentūra UAB (reg. company No 305612545).

- Decision of the Board No 7 of 27 June 2022

The Board decided to approve the updated EUR 400,000,000 Medium-Term Note Programme guaranteed by the Republic of Lithuania and the update Information Memorandum for the Programme.

- Decisions of the Board No 8 and 9 of 28 June 2022

By these decisions, the Board resolved to issue Tranche 1 of Series 3 bonds with the total value of EUR 25,000,000 (ISIN LT0000406613), to approve the final terms of the bonds (bond par value EUR 1,000, redemption date 30 June 2027, yield 2.826%), and to distribute them to investors

- Decision of the Board No 12 of 8 December 2022

At this meeting, the Board decided to approve a list of the Company's trade secrets and confidential information, a policy for investing spare funds, and a remuneration policy.

### **Material events after the end of the reporting year**

Tomas Urban was recalled from the position of a member of the Board of Valstybės investicinis kapitalas UAB by Order of the Minister of Finance Gintarė Skaistė of 7 February 2023.

In the period between the end of the fiscal year and the date of approval of these financial statements, there were no other material events that would affect these financial statements or would require additional disclosure.

## **STRATEGY AND ITS IMPLEMENTATION**

### **Strategic lines of the Company's operations, its mission, vision and objectives**

The main purpose of the Company's operations is to help the Lithuanian economy to recover from the consequences of COVID-19 through the financing of measures aimed at supporting the business and capital market development with funds raised through state and capital market measures.

The letter from the Ministry of the Economy and Innovation of the Republic of Lithuania on the expectations of the state (shareholder of VIKA) for VIKA set out an expectation that VIKA will cooperate with Valstybės Investicijų Valdymo Agentūra UAB, a private company, to help the Lithuanian economy recover from the consequences of coronavirus (COVID-19) through the limited partnership Pagalbos Verslui Fondas by financing business aid and capital market development measures from funds attracted through state and capital market measures. To this end, VIKA should aim to attract up to EUR 400 million from private investors, if needed, and invest them.

The areas and the line of activities of the Company are in accordance with the Description of Activities of Pagalbos Verslui Fondas approved by the Minister of the Economy and Innovation of the Republic of Lithuania and the Minister of Finance of the Republic of Lithuania to help the Lithuanian economy recover from the consequences of COVID-19 by financing measures to support business and capital market development with funds raised through state and capital market measures. It is important to mention that the specific purpose of VIKA's activities means that VIKA's mission, strategy and vision are not set out in separate documents but are instead defined in the VIKA shareholder's letter on expectations and are in line with the set objectives of VIKA's activities.

### **Sustainability**

The Company's position is to respond as much as possible to the issues of sustainability in daily operations. The specific nature of the Company's activities and the presence of one employee mean that the Company has not acquired any assets, does not rent or otherwise use the Company's office, vehicles or other equipment and has no other direct costs that would produce an impact on the environment; therefore, an analysis of the main environmental, social and economic impacts is not applicable in this case. Moreover, the Company promotes and seeks compliance with green procurement in open tendering procedures conducted through public institution CPO LT, VšĮ.

### **Operating plans and projections**

In accordance with the Members Agreement 6 October 2020 as amended, the Company has committed to invest up to EUR 250 million in Pagalbos Verslui Fondas KŪB. The Company's commitment to invest covers all transfers under calls for payment, and in any case the amount of the transfers may not exceed the amount of the commitment to invest. On the other hand, the Company has resources to increase its obligations and invest up to EUR 500 million, as it has an approved EUR 400 million bond programme, and EUR 100 million of own funds.

## Compliance of the results with set objectives

In 2022, the Company invested EUR 50,000,000 in Pagalbos Verslui Fondas KŪB on a call basis, i. e. on 10 March 2022, EUR 25 million were invested in Pagalbos Verslui Fondas KŪB on a call basis and on 8 July 2022, EUR 25 million were invested in Pagalbos Verslui Fondas KŪB under letter No SR-PVF-2022-6 of 20 June 2022 'Regarding call for payment'.

In 2022, Tranche 1 of Series 2 bond issue with the total value of EUR 25,000,000 was issued, with EUR 1,000 par value per bond and bond redemption date 8 March 2025 as well as Tranche 1 of Series 3 bond issue with the total value of EUR 25,000,000, with EUR 1,000 par value per bond and bond redemption date 30 June 2027.

Under the Members Agreement of 6 October 2020 as amended, the Company undertook to invest in Pagalbos verslui fondas KŪB up to EUR 250,000,000 in total.

The Company will continue to issue, as necessary, bonds under the Medium-Term Note Programme guaranteed by the Republic of Lithuania up to EUR 400 million.

## ANALYSIS OF FINANCIAL AND OPERATING RESULTS

### Income

The company did not earn any income in 2022 and 2021. The company's operating model is designed so that the company does not plan to receive additional income other than return on investment in near future.

Table 1 presents the preliminary data that were provided as part of the business plan to obtain the state guarantee. It is important to note that after investing in the Fund EUR 200 million, at the end of December 2022 the Company recovered a EUR 1 million investment.

Table 1

Item No	Item	Total (EUR)	Year							
			2021	2022	2023	2024	2025	2026	2027	2028
1	Authorised capital and funds for bonds issued	251 200 000	161 200 000	90 000 000	-	-	-	-	-	-
2	The Company's investments in the Fund	250 000 000	160 000 000	90 000 000	-	-	-	-	-	-
3	The Company's costs	5 180 239	397 004	660 388	1 057 021	1 101 021	812 998	559 841	295 983	295 983
4	Purchase of bonds	150 000 000	-	-	-	60 000 000	50 000 000	40 000 000	-	-
5	Payments receivable from the Fund (with hurdle rate return)	267 139 814	-	1 700 000	61 200 000	1 200 000	110 941 505	24 480 339	50 201 665	17 416 306

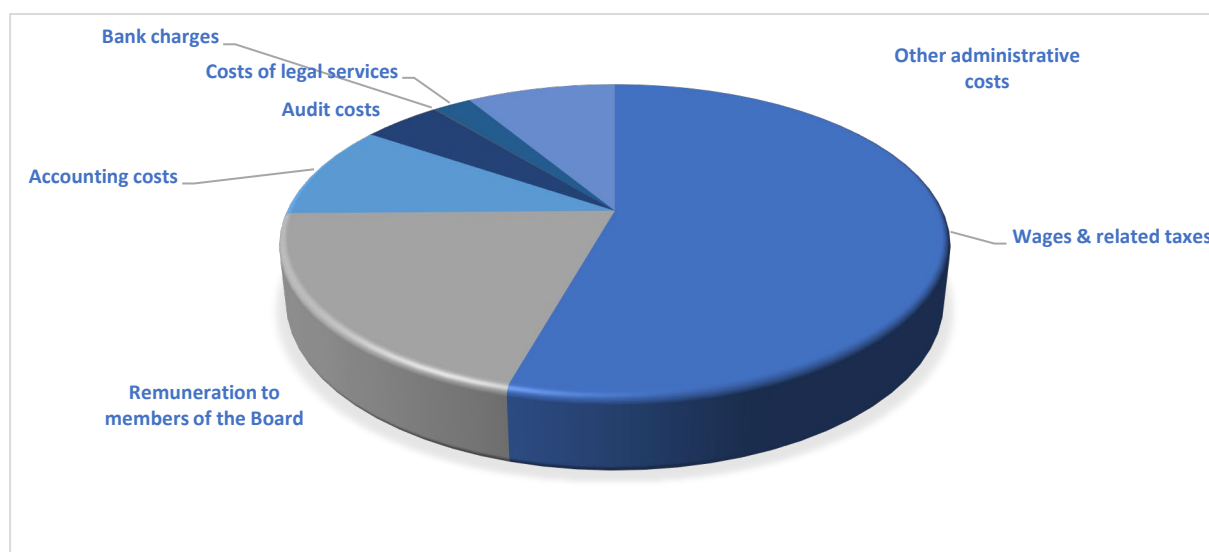
### Costs

The Company's operating expenses, other expenses and impairment of financial and non-current financial assets in 2022 amounted to EUR 12.11 million. Compared to 2021, these costs increased by 6.98 million or 136%. A revaluation of the investment in Pagalbos verslui fondas KŪB was made in 2022 – an impairment was recorded on 30 June 2022, and on receipt of interim financial statements as of 30 September 2022 and annual financial statements as of 31 December 2022, an increase in value was recorded. Pagalbos verslui fondas KŪB is valued at EUR 179,922,428 as of 31 December 2002. It is stated in the financial statements of Pagalbos verslui fondas KŪB that the valuation of the investment

portfolio positions at fair value is based on the results of analysis of relevant financial market segments and individual credit risk assessment of companies. A very significant increase in both the yield of non-risky investments and the companies' credit risk margins in global markets was observed in 2022. The latter developments were determined increasing inflation, geopolitical factors, changing expectations regarding monetary policy of Euro zone, and concerns about the increasing probability of recession.

### Structure of operating costs in 2022

Figure 1. Structure of operating costs in 2022



Wage costs and related costs accounted for the largest share of costs in 2022.

A significant decrease in operating costs is observed in 2022 due to reduced additional account management fee which was applied in 2021.

Table 2. Cost groups and their dynamics

	2022	2021	Change, %
Operating costs and other costs	159 131	263 589	-40%
Impairment of financial assets carried at fair value, with its changes recognised in profit or loss	11 341 765	4 860 624	133%

### Performance result of the Company

The company's net loss was EUR 12.11 m in 2022 and EUR 5.12 in 2021. The main reason for the increase in net loss is the impairment of non-current financial assets.

### Earnings (loss) per share

Ordinary earnings/loss per share is calculated by dividing the net profit/loss for the period by the weighted average number of ordinary shares in issue during the period. The weighted average number of shares in 2022 was 10,120,000.

<b>Earnings (loss) per share</b>	<b>2022</b>	<b>2021</b>
Net profit/loss	(12 106 879)	(5 124 213)
Weighted average number of ordinary shares in issue	10 120 000	10 120 000
Earnings (loss) per share	<b>(1,196)</b>	<b>(0,506)</b>

Table 3. Groups of items in the balance sheet and their dynamics

<b>Balance sheet items</b>	<b>31/12/2022</b>	<b>31/12/2021</b>	<b>Change, EUR</b>	<b>Change, %</b>
Non-current assets	179 992 162	142 269 122	37 723 040	27
Current assets	1 431 991	745 061	686 930	92
<b>TOTAL ASSETS</b>	<b>181 424 153</b>	<b>143 014 183</b>	<b>38 409 970</b>	<b>27</b>
Total equity	81 066 938	93 173 817	- 12 106 879	- 13
Long-term liabilities	99 832 490	49 830 758	50 001 732	100
Short-term liabilities	524 725	9 608	515 117	5 361
<b>TOTAL LIABILITIES</b>	<b>100 357 215</b>	<b>49 840 366</b>	<b>50 516 849</b>	<b>101</b>

In 2022, non-current assets of the Company increased by EUR 37,723,040. The net value of the investment in Pagalbos verslui fondas KŪB is EUR 179,903,358.

In 2022, the Company had EUR 1 388 824 in its bank account. During 2022, EUR 50,000,000 was transferred to Pagalbos Verslui Fondas KŪB on call basis. On 28 December 2022, EUR 1,000,000 investment was returned.

Table 4. Key financial indicators of the Company

<b>Key financial indicators</b>	<b>31/12/2022</b>	<b>31/12/2021</b>
Revenues	-	-
Costs	765 114	263 589
Impairment of financial assets carried at fair value, with its changes recognised in profit or loss	11 341 765	4 860 624
Net loss	- 12 106 879	- 5 124 213
<b>Liquidity indicators</b>		
Current liquidity ratio	2,73	77,55
Critical liquidity ratio	2,73	77,55
Absolute liquidity in cash	2,65	60,96
Working capital	907 266	735 453
<b>Profitability ratios</b>		
Net profitability	-	-
Asset turnover ratio	-	-
Return on assets %	-7,5%	-4,2%
Return on equity %	-14,93%	-5,5%
Debt / equity ratio	1,24	0,53

All financial information in this report has been calculated in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, unless otherwise stated.

### **Income tax**

Income tax is calculated in accordance with the requirements of Lithuanian tax laws. As of 31 December 2022, the standard corporate income tax rate in Lithuania was 15%. Deferred income tax assets are realised when the Company expects to generate profit in the future. As of 31 December 2022, deferred income tax assets are not recognised as, on receipt of dividend from Pagalbos verslui fondas KŪB, this income of the Company will not be taxed.

The Company's loss as of 31 December 2022 is EUR (12 106 879). The Company will propose that the loss should be brought forward to next year.

### **RISKS**

#### **Main risks and risk management policies**

The Company's activities must comply with the Commission Decision No. C(2020) 3534 (final) of 26 May 2020 "State Aid SA.57008(2020/N) – Lithuania COVID-19: Aid Fund for Business" as amended, and the provisions of the Description of Activities of the Measure "Aid Fund for Business" approved by the Minister of the Economy and Innovation of the Republic of Lithuania and the Minister of Finance of the Republic of Lithuania, as subsequently amended and supplemented. Such specific nature of the Company's activities means that the need for risk management policy is limited. On the other hand, the company has general risk management controls in place.

**Credit risk.** This is the risk that the counterparty will be unable to meet its obligations to the Company. The Company has measures in place to ensure on an ongoing basis that transactions are concluded with reliable customers and that the amount of transactions does not exceed set credit risk limits. The Company has not provided guarantees for the obligations of the other parties. The Company is exposed to the risk that the counterparty will be unable to meet its obligations to the Company.

**Operational risk.** This includes the risk of direct and/or indirect losses due to inadequate or absent internal control processes, staff errors and/or illegal actions and malfunctions of information systems and technologies, or due to external factors. Operational risk management is performed by implementing the internal control function, establishing procedures and plans for limiting the possible occurrence of unforeseen risks, assessing the acceptability of the Company's services, analysing the processes and procedures in the Company, identifying risks and assessing the adequacy of relevant controls.

**Liquidity risk.** This is the risk of not being able to meet one's payment obligations on time. The Company manages its liquidity risk by maintaining a sufficient amount of cash and cash equivalents, securing funding and meeting its obligations.

The ongoing war in Ukraine and the associated sanctions against the Russian Federation could have a global impact on the European economy. The company has no direct links with Ukraine, Russia or Belarus, however, the Fund has provided financing to customers whose activities are related to these countries directly and/or indirectly. Financial difficulties experienced by the Fund's customers can have a negative impact on the value of financial assets of the Fund, and therefore, a direct negative impact on the valuation of the Company's investment in the Fund. The impact on the overall economic situation may require a review of certain assumptions and estimates. At present, management cannot reliably estimate the impact of these events as the situation changes on a daily basis.

**Market risk.** This is the risk that the Company will incur losses due to fluctuations in market variables. The most relevant risk for the Company is the fluctuation of securities prices. The Company did not have any financial instruments in place to manage the risk of interest rate fluctuations. The Company invests all available financial resources in Pagalbos Verslui Fondas KŪB. As the Company conducts all operations in euros and open foreign currency positions are insignificant, the Company's foreign exchange risk is insignificant.



## **INVESTMENT PROJECTS**

### **Main investment projects completed and underway**

In 2020, the Company invested EUR 7 million in Pagalbos verslui fondas KŪB on a call basis.

In 2021, the Company invested EUR 143,000,000 in Pagalbos verslui fondas KŪB on a call basis.

In 2022, the Company invested EUR 50,000,000 in Pagalbos verslui fondas KŪB on a call basis.

Under the Members Agreement of 6 October 2020 as amended, the Company committed itself to invest in KŪB Pagalbos verslui fondas up to EUR 250,000,000.

### **Planned investment projects**

The Company plans to continue investments in Pagalbos verslui fondas KŪB as necessary in accordance with the Members Agreement until 30 June 2023.

In accordance with the Members Agreement, the Company may invest up to EUR 250 million in Pagalbos verslui fondas KŪB (by the end of 2022, VIKa invested EUR 200 million and recovered EUR 1 million of investments). In addition, under the approved programme for EUR 400 million the Company may issue bonds and thus raise additional funds provided that the Company assumes additional liabilities.

Apart from investments in Pagalbos verslui fondas KŪB, the Company had not planned any other investments.

### **Investment policy**

The specific nature of the Company's activities means that the need for investment policy is limited. The Company's activities are based on Commission Decision No. C(2020) 3534 (final) of 26 May 2020 "State Aid SA.57008(2020/N) – Lithuania COVID-19: Aid Fund for Business" as amended and the Description of Activities of the Measure 'Aid Fund for Business' approved by the Minister of the Economy and Innovation of the Republic of Lithuania and the Minister of Finance of the Republic of Lithuania as amended.

Valstybės investicinis kapitalas UAB's Free Funds Investment Policy was approved by decision of the Board of 8 December 2022. It establishes that free funds of the Company can be invested in the following financial instruments:

- Tern deposits in banks of the European Union Member States, Switzerland and the European Economic Area or branches of such banks as well as the Bank of Lithuania;
- Government debt securities;
- Commercial banks debt securities;
- Investment units of the monetary market investment funds;

The purpose of the Company's investments under the Free Funds Investment Policy is to temporarily invest free funds available to the Company until a need arises to use them in the implementation of the Company's projects or to return them to owners of the bonds issued by the Company or the Company's shareholders or creditors. For this purpose, free funds have to be invested in the following order of priority:

- Investment security – the priority investment objective is to ensure security of the funds invested, i. e. the invested amount must be returned in all cases;
- Ensuring liquidity – funds management in a way that ensures the Company's ability to carry out its ordinary activities and perform its obligations;
- Maximising return on investments - funds management in a way that ensures a maximum return on investments is received according to the principles of investment security and liquidity.

The Company did not make any investments under the Free Funds Investment Policy in 2022.



## **CORPORATE GOVERNANCE STRUCTURE OF THE COMPANY. MANAGEMENT AND SUPERVISORY BODIES**

### **Main shareholders of the Company and their rights**

On 13 April 2022 the Government of the Republic of Lithuania adopted a resolution deciding to transfer all ordinary registered uncertificated shares owned by the State and managed by the Ministry of the Economy and Innovation of the Republic of Lithuania, i. e. 10,120,000 shares granting 100% votes at the general meeting of shareholders of VIKA, to the Ministry of Finance of the Republic of Lithuania for management, use and disposal.

Rights and obligations of the VIKA's shareholders are established by the Law on Companies and other legislation of the Republic of Lithuania.

The rights granted by VIKA shares are exercised according to the procedure prescribed by the Law on Companies, other laws and legal acts, as well as the Articles of Association of the Company.

As of 31 December 2022, 100% of the Company's authorised capital is owned by the Republic of Lithuania, code 111105555.

### **Management bodies of the Company (structure)**

Management bodies of the Company are as follows:

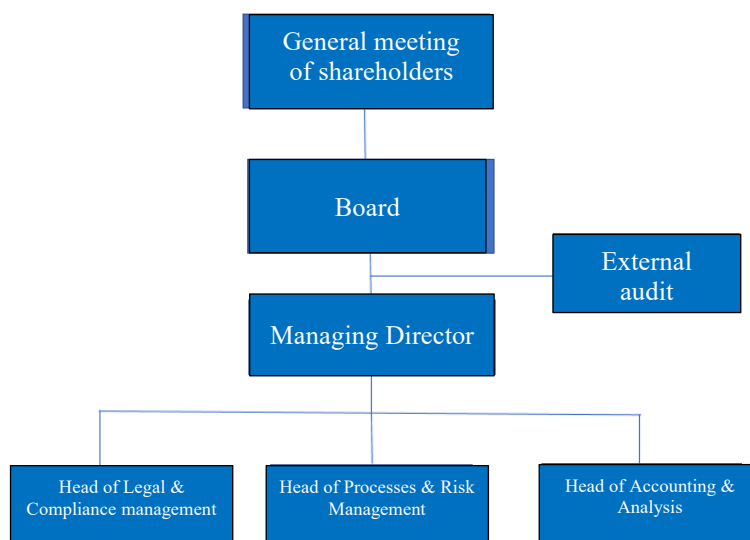
- The general meeting of shareholders;
- The Board; and
- The CEO (Managing Director)

The company together with another company (Valstybės Investicijų Valdymo Agentūra UAB) is the founder of Pagalbos Verslui Fondas KŪB.

The Company is managed by the CEO and members of the Board. Related parties of the Company include the shareholders, members of the Board, their close relatives and companies that directly or indirectly control the Company through an intermediary or are controlled separately or jointly with another party that is also recognised as a related party, provided that this relationship allows one of the parties to control the other party or exert significant influence over the other party in the taking of financial and management decisions.

The company has an approved management structure and positions (see Figure 2 below). In accordance with the efficiency objectives set out in the VIKA shareholder's letter of expectations, the Company did not hire any additional employees except the Managing Director.

Figure 2. Management structure of the Company



### **Composition of the Management Board of the Company, beginning/end of the term of office**

Chairman of the Board: Šarūnas Ruzgys, member of the Board elected in on 7 August 2020.

Member of the Board: Jonas Bložė, elected as a member of the Board on 3 December 2020.

Member of the Board - Tomas Urban, Director of the Business Environment Department of the Ministry of the Economy and Innovation, elected as a member of the Board on 7 August 2020. Recalled from the position of the Board member on 7 February 2023 under Order of the Minister of Finance.

Robertas Vyšniauskas, member of the Board, was recalled from the position of the Board member on 19 November 2020 due to being appointed the CEO of Valstybės Investicinis Kapitalas UAB (was appointed as the Board member under the Agreement of 7 August 2020).

### **Formation of the Board of the Company**

Members of the Board are elected by the general meeting of shareholders for 4 years. The procedure for electing and recalling the Board and its individual members established in the Law on Companies is applied. The Board consists of 3 members, two of whom are independent members. The remit of the Board and the decision-making procedure are established in the Law on Companies.

The remit of the Board additionally includes:

- considering and approving a policy for the investment of temporarily free funds;
- give approval to the VIKa's CEO for the conclusion of a transaction with a value of more than EUR 50,000 (fifty thousand euros) exclusive of VAT;
- considering and taking decisions whereby relevant decisions adopted by the general meeting of shareholders are implemented;
- considering and taking decisions to issue VIKa bonds as provided for in Article 55(4) of the Law on Companies;
- setting the indicators used to evaluate the activities of VIKa's CEO and their target values that determine the variable part of the monthly salary of the CEO.

There are no committees in the company. Performance of the statutory functions of the Audit Committee has been delegated to the Board.

### **CEO of the Company, his qualification, other positions and remuneration**

CEO of the Company is Robertas Vyšniauskas, the Managing Director.

20 years of professional experience in the commercial and business law, in-depth knowledge of corporate governance, business development and strategy, mergers and acquisitions, and management of multilateral complex projects.

**Other positions:** Independent member of the Board of EPSO-G UAB (Chairperson of the Board) and member of the audit committee; independent member of the Supervisory Council of Klaipėdos nafta AB (Chairperson of the Supervisory Council) and member of the audit and remuneration committee and the nomination committee; independent member of the Board of Vilniaus vystymo kompanija UAB.

**Previous positions:** Independent member of the Board of Valstybės investicinis kapitalas UAB; independent member of the Board of Infostruktūra VĮ; Independent member of the Board / Managing Director of companies of Vilniaus Prekyba UAB, lawyer at related or parent companies.

Gross pay to the Managing Director of the Company for 2022 is EUR 63,529.99. Annual bonus for 2021: EUR 16,883.62.

### **General meeting of shareholders and its activities**

The remit of the general meeting of shareholders of the Company and its convention and decision-adoption procedures are as established in the Law on Companies, except for the cases specified in Article 23 of the Articles of Association. If all the shares of VIKA are owned by the same person, his/her written decisions are deemed to be the decisions of the general meeting of shareholders. The remit of the general meeting of shareholders additionally includes:

- Establishing the procedure for setting remuneration for the members of the Board, the Audit Committee and other committees (if any) for their activities in the Board and the relevant committees, respectively;
- Deciding on the conclusion of contracts with the members of the Board, the Audit Committee and other committees (if any) and determine their terms, including the maximum remuneration for the members and chairpersons of the Board and the relevant committees;
- Setting objectives for the Board and the Audit Committee (if any) and the procedure for reporting for their activities to the general meeting of shareholders.

### **WAGES AND PERSONNEL**

As of 31 December 2021 and 31 December 2022, the average annual number of employees of the Company was 1. The annual wage fund in 2022 consisted of the fixed part EUR 63,528.99 and the variable part EUR 16,833.60. The annual wage fund in 2021 was EUR 56,287.74. The Company does not have a human resources management policy.

The average monthly salary of the employees (gross) by position:

Managing Director

2021 – EUR 4,772.91

2022 – EUR 6,701.05

Remuneration policy for the CEO of the Company. By decision of the Board of 8 December 2022 (minutes of the meeting No 12), the Remuneration Policy of Valstybės investicinis kapitalas UAB was approved. According to this document:

- Pay to the Company's employee consists of the fixed part and the variable part of pay. The fixed part is subject to a review on an annual basis having regard to labour market trends;

- The fixed monthly part of the Managing Director's pay is set by decision of the Board. The variable monthly part can be set, by decision of the Board, in percentage terms for the fiscal year/quarter on assessment of fulfilment of the tasks set for the employee for past fiscal year/quarter and achievement of the Company's performance indicators set for the purpose of setting the monthly variable part of the employee's pay;
- The monthly variable part of the Managing Director's pay cannot exceed 50% of the fixed monthly part of pay set for the Managing Director;
- In determining the employee's average pay, the variable part is added to the period for which the calculation is made irrespective of the payment date.

### **Actual remuneration to the Board Members in the current year**

Remuneration of the members of the Board is granted in accordance with the agreements on the activities of the member of the Board concluded by and between Robertas Vyšniauskas, the CEO representing the Company, and the member of the Board.

The Board decided (decision No 13 of 31 December 2022) on the setting of the following monthly remuneration to the Board members: (i) independent Board member – 1/4 of the average monthly of the Managing Director of the Company in 2021, i. e. EUR 1,524.22 (one thousand five hundred twenty four euros 22 cents) before tax; (ii) public servant working in the position of the Board member – 1/8 of the average monthly of the Managing Director of the Company in 2021, i. e. EUR 762.11 (seven hundred sixty two euros and 11 cents) before tax, (iii) Chairperson of the Board of the Company – 1/3 of the average monthly of the Managing Director of the Company in 2021, i. e. EUR 2,032.29 (two thousand thirty two euros and 29 cents) before tax has been set from 5 August 2022. Before 5 August 2022, a fixed remuneration was paid to independent Board members: EUR 2,200 per quarter to a Board member – the Chairperson of the Board, and EUR 2,000 per quarter to a Board member who is not the Chairperson of the Board. Remuneration is reduced proportionately or is not paid at all if the independent member of the Board has not expressed an opinion on the items on the agenda and has not voted on them or has not participated in the meetings of the Board.

Gross remuneration to the Board members for 2022 totals EUR 32,435.86.

### **DIVIDEND POLICY**

The Company has not paid out dividends. This is in accordance with VIKA's shareholder letter of expectations that sets the objective of ensuring that the Company does not operate at a loss (ROE>0). The procedure and possible amounts of dividends and profit contributions applicable to the Company are regulated by Resolution of the Government of the Republic of Lithuania 'On Dividends for the State-Owned Shares in Companies and Profit Contributions of State-Owned Enterprises'.

### **AUDIT**

#### **Auditor of annual financial statements**

Audit is conducted in accordance with the Public Procurement Agreement for Services concluded with Deloitte Lietuva UAB on 15 October 2021 No. 20211015. Robertas Vyšniauskas, CEO, signed the agreement on behalf of the Company.

The audit fee is EUR 21,780 (inclusive of VAT).

The object of the procurement – auditing of the annual reports of Valstybės Investicinis Kapitalas UAB prepared in accordance with International Financial Reporting Standards, carried out in accordance with International Standards on Auditing, examination of the Annual Reports for 2021, 2022 and 2023, and issuing an opinion on whether financial data provided in the Annual Report are consistent with the information in the audited financial statements.

### **INFORMATION ON SUBSIDIARIES AND ASSOCIATES**

The Company is the limited partner of Pagalbos Verslui Fondas KŪB.

KŪB Pagalbos Verslui Fondas was established in implementation of the European Commission Decision No. C (2020) 3534 “State Aid SA.57008(2020/N) – Lithuania COVID-19: Aid Fund for Business”. The state will invest in Pagalbos Verslui Fondas through Valstybės Investicinis Kapitalas UAB, and the fund will be managed by Valstybės Investicijų Valdymo Agentūra UAB (VIVA), as provided for in Resolution No. 512 of 6 May 2020 of the Government of the Republic of Lithuania.

#### **INFORMATION ON COMPLIANCE WITH THE TRANSPARENCY GUIDELINES AND THE GOVERNANCE CODE**

VIKA complies with Resolution of the Government of the Republic of Lithuania No. 1052 of 14 July 2010 “On the Approval of the Guidelines for Ensuring the Transparency of Activities of State-Owned Enterprises” (the “Transparency Guidelines”). VIKA has prepared a disclosure of compliance with the requirements and recommendations set out in the Transparency Guidelines, which is attached to this Annual Report.

Implementation of the Transparency Guidelines is ensured, in substance, through disclosure of information in the Annual Report and on websites <https://www.vika.lt/> and <https://nasdaqbaltic.com/>, so that stakeholders are furnished with accessible and understandable information.

## ANNEX I TO THE ANNUAL REPORT

Provisions of the Corporate Governance Code of the companies listed on NASDAQ Vilnius, approved at the meeting of the Board of AB Nasdaq Vilnius on 15 January 2019 (Minutes No 19-63) and information on (non-)compliance with them in VIKA's activities is provided below.

PRINCIPLES/RECOMMENDATIONS	Yes/No/Not applicable	Notes
<p>1. PRINCIPLE: GENERAL MEETING OF SHAREHOLDERS, FAIR TREATMENT OF SHAREHOLDERS AND SHAREHOLDERS' RIGHTS</p> <p>The corporate governance system should ensure fair treatment of all shareholders.</p> <p>The corporate governance system should protect the rights of shareholders</p>		
1.1. All shareholders should have equal access to information and/or documents required by law and to participate in decisions that are important to the company.	Yes	It is currently irrelevant as all the shares are owned by one shareholder - the State of the Republic of Lithuania.
1.2. It is recommended that the company's capital consist only of shares that give their holders equal voting, ownership, dividend and other rights.	Yes	
1.3. It is recommended to create conditions for investors in advance, i.e. before purchasing shares, to get acquainted with the rights granted by the issued new or already issued shares.	N/A	No distribution of new shares to new shareholders /investors is carried out or planned.
1.4. Critical exceptional transactions, such as the transfer of all or almost all of the company's assets, which would in principle constitute a transfer of the company, should be subject to the approval of the general meeting.	Yes	
1.5. The procedures for the organisation of and participation in the GMS should provide equal opportunities for shareholders to participate in the general meeting and should not prejudice the rights and interests of shareholders. The selected place, date and time of the GMS should not prevent the active participation of shareholders in the GMS. In the notice convening the GMS, the company should indicate the last date on which the proposed draft resolutions can be submitted at the latest.	Yes	
1.6. In order to ensure the right of shareholders residing abroad to have access to information, it is recommended that the documents prepared for the general meeting of shareholders be made public in advance not only in Lithuanian but also in English and/or other foreign languages. It is also recommended that the minutes of the GMS after its signing and/or the adopted resolutions be made public not only in Lithuanian, but also in English and/or other foreign languages. It is recommended that this information be published on the company's website. Not all documents may be made available to the public if their disclosure could harm the company or reveal the company's trade secrets.	N/A	It is currently irrelevant as all the shares are owned by one shareholder - the State of the Republic of Lithuania.
1.7. Shareholders entitled to vote should be able to vote in person or in absentia. Shareholders should not be prevented from voting in advance in writing by completing a general ballot paper.	Yes	It is currently irrelevant as all the shares are owned by one shareholder - the State of the Republic of Lithuania
1.8. In order to increase the opportunities for shareholders to participate in GMS, companies are recommended to use more modern technologies and thus enable shareholders to participate and vote in GMS by electronic means. In such cases, the security of the information transmitted must be ensured and the identity of the participant and voter can be established.	Yes	It is currently irrelevant as all the shares are owned by one shareholder - the State of the Republic of Lithuania
1.9. The report on the draft resolutions of the convened GMS recommends the disclosure of new candidates for the members of the collegial body, the proposed remuneration for them, the proposed election of an audit company, if these issues are included in the GMS agenda. When proposing to elect a new member of the collegial body, it is recommended to inform about his/her education, work experience and other held (or proposed) other managerial positions.	N/A	It is currently irrelevant as all the shares are owned by one shareholder - the State of the Republic of Lithuania
1.10. Members of the company's collegial body, heads of administration or other competent persons related to the company who may provide information	Yes	

related to the agenda of the GMS should participate in the GMS. Nominated candidates for members of the collegial body should also participate in the GMS if the election of new members is included in the agenda of the GMS.		
<b>2. PRINCIPLE: SUPERVISORY BOARD</b>		
<b>2.1. FUNCTIONS AND RESPONSIBILITIES OF THE SUPERVISORY BOARD</b>		
The company's Supervisory Board should ensure the representation of the interests of the company and its shareholders, the accountability of this body to shareholders and the objective and impartial supervision of the company's activities and its management bodies, as well as provide regular recommendations to the company's management bodies. The Supervisory Board should ensure the integrity and transparency of the company's financial accounting and control system.		
2.1.1. The members of the Supervisory Board should act honestly, diligently and responsibly for the benefit of the company and the shareholders and represent their best interests and the public good.	N/A	
2.1.2. Where the decisions of the Supervisory Board may affect the interests of the company's shareholders differently, the Supervisory Board should treat all shareholders impartially. It should ensure that shareholders are properly informed about the company's strategy, risk management and control, and the resolution of conflicts of interest.	N/A	
2.1.3. The Supervisory Board should be impartial in making decisions that have an impact on the company's operations and strategy. The work and decisions of the members of the Supervisory Board should not be influenced by the persons who elected them.	N/A	
2.1.4. The members of the Supervisory Board should clearly state their opposition in case they consider that the decision of the Supervisory Board may harm the company. The independent members of the Supervisory Board should: (a) remain independent in their analysis and decision-making; (b) not seek or accept any undue advantage that might call into question the independence of the members of the Supervisory Board;	N/A	
2.1.5. The Supervisory Board should ensure that the company's tax planning strategies are designed and implemented in accordance with the law, in order to avoid malpractice that is not in the long-term interests of the company and its shareholders, which may expose reputational, legal or other risks.	N/A	
2.1.6. The company should ensure that the Supervisory Board is provided with sufficient resources (including financial ones) to perform its duties, including the right to obtain all necessary information and to seek independent professional advice from external legal, accounting or other experts on matters falling within the remit of the Supervisory Board and its committees.	N/A	
<b>2.2. FORMATION OF THE SUPERVISORY BOARD</b>		
The procedure for the formation of the Supervisory Board should ensure the proper resolution of conflicts of interest and the efficient and fair management of the company.		
2.2.1. The members of the Supervisory Board elected by the general meeting should collectively ensure a diversity of qualifications, professional experience and competencies, as well as gender balance. In order to maintain an appropriate balance between the qualifications of the members of the Supervisory Board, it should be ensured that the members of the Supervisory Board as a whole have the diverse knowledge, opinions and experience to perform their tasks properly.	N/A	
2.2.2. The members of the Supervisory Board should be appointed for a fixed term, with the possibility of re-election on an individual basis, in order to ensure the necessary growth of professional experience.	N/A	
2.2.3. The Chair of the Supervisory Board should be a person whose current or former position would not be an obstacle to the impartiality of the activity. A former head of the company or a member of the Management Board should not be immediately appointed chair of the Supervisory Board. Where the company chooses not to follow these recommendations, information should be provided on the measures taken to ensure operational impartiality.	N/A	
2.2.4. Each member should devote sufficient time and attention to the duties of a member of the Supervisory Board. Each member of the Supervisory Board should undertake to limit his or her other professional responsibilities (in particular management positions in other companies) in such a way that they do not interfere with the proper performance of their duties as a member of the	N/A	

Supervisory Board. If a member of the Supervisory Board attended less than half of the meetings of the Supervisory Board during the company's financial year, the company's shareholders should be informed.		
2.2.5. When a member of the Supervisory Board is proposed, it should be made public which members of the Supervisory Board are considered independent. The Supervisory Board may decide that a certain member, although meeting the criteria of independence, may not be considered independent due to special personal or company-related circumstances.	N/A	
2.2.6. The amount of remuneration for the members of the Supervisory Board for their activities and participation in the meetings of the Supervisory Board should be approved by the GMS of the company.	N/A	
2.2.7. The Supervisory Board should evaluate its activities on an annual basis. It should include an assessment of the structure, organisation and ability of the Supervisory Board to function as a group, as well as an assessment of the competence and performance of each member of the Supervisory Board and an assessment of whether the Supervisory Board has achieved its objectives. The Supervisory Board should publish, at least annually, relevant information on its internal structure and operating procedures.	N/A	
<b>3. PRINCIPLE: MANAGEMENT BOARD</b>		
<b>3.1. FUNCTIONS AND RESPONSIBILITIES OF THE MANAGEMENT BOARD</b>		
The Management Board should ensure the implementation of the company's strategy as well as the proper governance of the company, taking into account the interests of shareholders, employees and other stakeholder groups.		
3.1.1. The Management Board should ensure the implementation of the company's strategy, if approved by the Supervisory Board, if any. In cases where the Supervisory Board is not formed, the Management Board shall also be responsible for approving the company's strategy.	Yes	
3.1.2. The Management Board, as a collegial management body of the company, shall perform the functions assigned to it by the Law and the Articles of Association of the company, and in cases where the company does not have a Supervisory Board, it shall perform the supervisory functions established by the Law. In carrying out the functions assigned to it, the Management Board should take into account the needs of the company, shareholders, employees and other stakeholders, with a view to achieving sustainable business development, as appropriate.	Yes	
3.1.3. The Management Board should ensure that the laws and internal policies of the company to which the company or group of companies belongs are complied with. It should also put in place appropriate risk management and control measures to ensure regular and direct accountability of managers.	Yes	
3.1.4. The Management Board should also ensure that the company implements measures that are included in the OECD Good Practice Guidelines on Internal Control, Ethics and Compliance, to ensure compliance with applicable laws, rules and standards.	Yes	
3.1.5. The Management Board should take into account the appropriate balance of qualifications, experience and competence of the candidate when appointing the head of the company.	Yes	
<b>3.2. FORMATION OF THE MANAGEMENT BOARD</b>		
3.2.1. The members of the Management Board elected by the Supervisory Board or the GMS, in the absence of the Supervisory Board, should collectively ensure a diversity of qualifications, professional experience and competencies, as well as gender balance. In order to maintain an appropriate balance between the qualifications of the members of the Management Board, it should be ensured that the members of the Management Board as a whole have the diverse knowledge, opinions and experience to perform their tasks properly.	Yes	
3.2.2. The names of candidates for members of the Management Board, their education, qualifications, professional experience, current position, other relevant professional responsibilities and potential conflicts of interest should be disclosed without prejudice to the requirements of the legislation governing the processing of personal data of the members participating in the Management Board's meetings. In the absence of the Supervisory Board, the	Yes	



**Valstybės Investicinis Kapitalas UAB**, registered company No: UAB, 305611945  
Gedimino pr. 38, LT-01104 Vilnius, Republic of Lithuania  
**Financial statements for the year ended on 31 December 2022**  
(All amounts in EUR unless stated otherwise)

information set out in this paragraph should be provided to the GMS. The Management Board should annually collect the data referred to in this paragraph about its members and present them in the company's annual report.		
3.2.3. All new Management Board members should be introduced to the responsibilities, structure and activities of the company.	Yes	
3.2.4. The members of the Management Board should be appointed for a fixed term, with the possibility of re-election on an individual basis, in order to ensure the necessary growth of professional experience and a sufficiently frequent reappointment of their status.	Yes	
3.2.5. The Chair of the Management Board should be a person whose current or former position would not be an obstacle to the impartiality of the activity. In the absence of a Supervisory Board, the former head of the company should not be immediately appointed Chair of the Management Board. Where the company chooses not to follow these recommendations, information should be provided on the measures taken to ensure operational impartiality.	Yes	
3.2.6. Each member should devote sufficient time and attention to the duties of a member of the Management Board. If a member of the Management Board attended less than half of the Management Board meetings during the company's financial year, the company's Supervisory Board should be informed; if the Supervisory Board is not formed at the company, then the GMS should be informed.	Yes	
3.2.7. If, in the cases prescribed by law, the election of the Management Board without the formation of the Supervisory Board includes some independent members, it should be announced which members of the Management Board are considered independent. The Management Board may decide that a particular member, although meeting all the independence criteria set out in the Law, may not be considered independent due to special personal or company-related circumstances.	Yes	
3.2.8. The amount of remuneration for the members of the Management Board for their activities and participation in the meetings of the Management Board should be approved by the GMS of the company.	Yes	
3.2.9. Management Board members should act honestly, diligently and responsibly for the benefit of the company and shareholders and represent their interests, taking into account other stakeholders. In making their decisions, they should not pursue personal interests, be subject to non-compete agreements, and should not prejudice the company's interest in accessing business information and opportunities that are relevant to the company's operations.	Yes	
3.2.10. The Management Board should evaluate its activities on an annual basis. It should include an assessment of the structure, organisation and ability of the Management Board to function as a group, as well as an assessment of the competence and performance of each member of the Management Board and an assessment of whether the Management Board has achieved its operational objectives. The Management Board should  at least once a year, without prejudice to the requirements of personal data processing, make publicly available relevant information on its internal  structure and operating procedures.	Yes	
<b>4. PRINCIPLE: RULES OF PROCEDURE OF THE COMPANY'S SUPERVISORY BOARD AND MANAGEMENT BOARD</b>		
The procedure of the Supervisory Board, if any, and the Management Board established in the company should ensure the efficient work and decision-making of these bodies, and promote active cooperation between them.		
4.1. The Management Board and the Supervisory Board, if formed, should work closely together for the benefit of both the company and its shareholders. Good corporate governance requires an open discussion between the Management Board and the Supervisory Board. The Management Board should regularly and, if necessary, immediately inform the Supervisory Board of all matters relevant to the company, such as planning, business development, risk management and control, and compliance with the company's obligations. The Management Board should inform the Supervisory Board of actual deviations from the previously formulated plans and objectives, stating the reasons.	Yes	

<p>4.2. It is recommended that the meetings of the Company's collegial bodies be held at appropriate intervals according to a pre-approved schedule. It is up to each company to decide on the frequency of convening meetings of collegial bodies, but it is recommended that they be held in such a way as to ensure uninterrupted resolution of essential issues of the company's management. Meetings of the company's collegial bodies should be convened at least once a quarter.</p>	<p>Yes</p>	
<p>4.3. Members of the collegial body should be informed about the convened meeting in advance so that they have sufficient time to properly prepare for the discussion of the issues to be discussed at the meeting and to have a discussion after which decisions can be made. Members of the collegial body should be provided with all the necessary material related to the agenda of the meeting together with the notice of the convening of the meeting. The agenda should not be changed or supplemented during the meeting unless all members of the collegial body participate in the meeting and agree to such change or addition to the agenda or when issues important to the company need to be addressed immediately.</p>	<p>Yes</p>	
<p>4.4. In order to coordinate the work of the company's collegial bodies and ensure an efficient decision-making process, the chairs of the company's collegial supervisory and management bodies should coordinate the dates of their meetings, their agendas, and closely cooperate in resolving other issues related to the company's governance. Meetings of the company's Supervisory Board should be open to members of the company's Management Board, in particular when matters relating to the removal of members of the Management Board, liability, determination of remuneration, are discussed.</p>	<p>Yes</p>	
<p><b>5. PRINCIPLE: NOMINATION, REMUNERATION AND AUDIT COMMITTEES</b></p>		
<p><b>5.1. PURPOSE AND FORMATION OF COMMITTEES</b></p> <p>The committees set up at the company should increase the efficiency of the Supervisory Board and, in the absence of a Supervisory Board, the Management Board, ensuring that decisions are taken after due consideration and help organise work so that decisions are not affected by material conflicts of interest. The committees should act independently and in principle and make recommendations regarding the decision of the collegial body, but the final decision is made by the collegial body itself.</p>		
<p>5.1.1. Depending on the specific circumstances of the company, the selected governance structure of the company, the company's Supervisory Board and, in its absence, the Management Board, which shall perform supervisory functions and form committees. The collegial body is recommended to form nomination, remuneration and audit committees.</p>	<p>N/A</p>	
<p>5.1.2. Companies may decide to form less than three committees. In this case, companies should provide an explanation as to why they have chosen the alternative approach and how their approach meets the objectives set for the three separate committees.</p>	<p>N/A</p>	
<p>5.1.3. In the cases provided for by legal acts, the functions established for the committees formed in the companies may be performed by the collegial body itself. In that case, the provisions of this Code relating to committees (in particular as regards their role, activities and transparency) should apply to the whole collegial body, where appropriate.</p>	<p>Yes</p>	
<p>5.1.4. Committees set up by a collegial body should normally consist of at least three members. Depending on the requirements of the legislation, committees may consist of only two members. The members of each committee should be selected primarily according to their competence, giving priority to independent members of the collegial body. The Chair of the Management Board should not be the Chair of the committees.</p>	<p>Yes</p>	
<p>5.1.5. The powers of each formed committee should be determined by the collegial body itself. The committees should perform their duties in accordance with the established powers and regularly inform the collegial body about their activities and results. The terms of reference of each committee, defining its role and setting out its rights and responsibilities, should be published at least once a year (as part of the company's annual disclosure of its governance structure and practices). Companies should also publish their annual report, without prejudice to the requirements of personal data processing legislation, the composition of existing committees, the number of meetings and attendance of members during the previous year, as well as their main activities and results.</p>	<p>N/A</p>	

5.1.6. In order to ensure the independence and objectivity of the committees, members of the collegial body who are not members of the committee should normally be entitled to attend the meetings of the committee only upon the invitation thereof. The committee may invite or request the participation of certain employees or experts of the company. The chair of each committee should be able to communicate directly with the shareholders. The cases in which this should be done should be specified in the rules governing the committee.	N/A	
<b>5.2. NOMINATION COMMITTEE</b>		
5.2.1. The main functions of the Nomination Committee should be: (1) Selecting candidates for vacant positions of members of the supervisory, management bodies and heads of administration and recommending them to the collegial body for consideration. The Nomination Committee should assess the balance of skills, knowledge and experience on the governing body, develop a description of the functions and competencies required for a specific position, and estimate the time required to complete the assignment.	N/A	
(2) Regularly assessing the structure, size, composition, skills, knowledge and activities of the supervisory and management bodies, to provide recommendations to the collegial body on how to achieve the necessary changes; (4) Paying due attention to the planning of the going concern.		
5.2.2. The head of the company should be consulted on matters of the members of the collegial body who are related to the company and the heads of the administration, giving him the right to submit proposals to the Nomination Committee.	N/A	
<b>5.3. REMUNERATION COMMITTEE</b>		
5.3.1. The main functions of the Remuneration Committee should be: (1) Submitting to the collegial body for consideration proposals regarding the remuneration policy applicable to the members of the supervisory and management bodies and the heads of the administration. Such policy should cover all forms of remuneration, including fixed, performance-based remuneration, financial incentive schemes, pension schemes, severance pay, as well as conditions that would allow the company to recover or suspend payments, indicating the circumstances that would make it appropriate to do so; (2) Submitting proposals to the collegial body regarding the individual remuneration of the members of the collegial bodies and the heads of the administration in order for them to comply with the remuneration policy of the company and the assessment of the activities of these persons; (3) Regularly reviewing the remuneration policy and its implementation.	N/A	The functions of the Remuneration Committee are performed by the Management Board
<b>5.4. AUDIT COMMITTEE</b>		
5.4.1. The main functions of the Audit Committee are defined in the legal acts governing the activities of the Audit Committee.	N/A	The functions of the Audit Committee are performed by the Management Board
5.4.2. All members of the committee should be provided with detailed information regarding the specific accounting, financial and operational features of the company. The company's management should inform the Audit Committee about the methods of accounting for significant and unusual transactions, where accounting may be performed in different ways.	N/A	
5.4.3. The Audit Committee should decide whether (if so, when) the Chair of the Management Board, the CEO of the company, the CFO (or senior staff responsible for finance and accounting), the internal auditor and the external auditor should attend its meetings. The Committee should be able to meet with the persons concerned, if necessary, in the absence of the members of the management bodies.	N/A	
5.4.4. The Audit Committee should be informed of the internal auditors' work programme and receive internal audit reports or a periodic summary. The Audit Committee should also be informed of the work programme of the external auditors and should receive a report from the audit firm describing all the relationships between the independent audit firm and the company and its group.	N/A	
5.4.5. The Audit Committee should verify that the company is in compliance with the applicable provisions governing the possibility for employees to lodge	N/A	

**Valstybės Investicinis Kapitalas UAB**, registered company No: UAB, 305611945  
 Gedimino pr. 38, LT-01104 Vilnius, Republic of Lithuania  
**Financial statements for the year ended on 31 December 2022**  
 (All amounts in EUR unless stated otherwise)

a complaint or report suspected breaches anonymously, and should ensure that procedures are in place for a proportionate and independent investigation and appropriate follow-up of such matters.		
5.4.6. The Audit Committee should report to the Supervisory Board, failing which, to the Management Board, on its activities at least every six months at the time the annual and half-yearly reports are approved.	N/A	
<b>6. PRINCIPLE: AVOIDANCE AND DISCLOSURE OF CONFLICTS OF INTEREST</b>		
The corporate governance framework should encourage members of the company's supervisory and management bodies to avoid conflicts of interest and ensure a transparent and effective mechanism for disclosing conflicts of interest of members of the company's supervisory and management bodies.		
A member of the company's supervisory and management body should avoid a situation where his or her personal interests do or may conflict with the interests of the company. If ultimately such situation arises, the member of the company's supervisory or management body should, within a reasonable time, inform the other members of the same body or its electing body or the company's shareholders of such conflict of interest, indicating the nature and, if possible, the value.	Yes	
<b>7. PRINCIPLE: COMPANY REMUNERATION POLICY</b>		
The remuneration policy established at the company, the procedure for its review and publication should prevent possible conflicts of interest and abuse in determining the remuneration of members of collegial bodies and heads of administration, as well as ensure publicity and transparency of the company's remuneration policy.		
7.1. The company should approve and publish its remuneration policy on the company's website, which should be reviewed regularly and in line with the company's long-term strategy.	Yes	
7.2. Remuneration policies should cover all forms of remuneration, including fixed remuneration, performance-based remuneration, financial incentive schemes, pension schemes, severance pay, as well as the conditions under which a company may recover or suspend payments.	Yes	
7.3. In order to avoid potential conflicts of interest, the remuneration policy should provide that members of collegial bodies performing supervisory functions should not receive remuneration that depends on the performance of the company.	Yes	
7.4. The remuneration policy should provide sufficient detail about the severance policy. Severance pay should not exceed a fixed amount or a fixed number of annual salaries and, in general, should not exceed a portion of the fixed remuneration for two years or the equivalent amount. Severance pay should not be paid if the contract is terminated due to poor performance.	N/A	
7.5. If the company has a financial instruments incentive scheme, the remuneration policy should provide sufficient details of the retention of shares after the granting of the rights. Where the remuneration is based on the allotment of shares, the right to the shares should not be granted for at least three years after their allotment. After the granting of the rights, the members of the collegial bodies and the heads of the administration should retain a certain number of shares until the end of their term, depending on the need to cover any expenses related to the acquisition of the shares.	N/A	
7.6. The company should publish on the company's website information on the implementation of the remuneration policy, which should focus on the remuneration policy of collegial bodies and executives in the coming financial years and, where appropriate, in subsequent financial years. It should also review the implementation of the remuneration policy during the previous financial year. This type of information should not contain information of commercial value. Particular attention should be paid to significant changes in the company's remuneration policy compared to the previous financial year.	Yes	
7.7. It is recommended that the remuneration policy or any material change to the remuneration policy is included on the agenda of the GMS. Schemes under which members and employees of a collegial body are remunerated by shares or share options should be approved by the GMS.	Yes	
<b>8. PRINCIPLE: THE ROLE OF STAKEHOLDERS IN THE GOVERNANCE OF THE COMPANY</b>		
The corporate governance framework should recognise the rights of stakeholders as enshrined in law or in mutual agreements, and promote active cooperation between the company and its stakeholders in creating corporate well-being.		

jobs and financial stability. In the context of this principle, the term stakeholders shall include investors, employees, creditors, suppliers, customers, the local community, and others with an interest in a particular company.		
8.1. The corporate governance framework should ensure that the rights and legitimate interests of stakeholders are respected.	Yes	
8.2. The corporate governance framework should enable stakeholders to participate in the corporate governance in accordance with the law. Examples of stakeholder participation in the company's governance could be the participation of employees or their representatives in making important decisions for the company, consultation with employees or their representatives on corporate governance and other important issues, employee participation in corporate governance, and insolvency.	No	
8.3. Where stakeholders are involved in the corporate governance process, they should have access to the necessary information.	Yes	
8.4. Stakeholders should be able to report illegal or unethical practices to the collegial supervisory body in confidence.	Yes	
<b>9. PRINCIPLE: DISCLOSURE</b>		
The corporate governance framework should ensure timely and accurate disclosure of information on all material matters of the company, including the financial condition, operations and governance of the company.		
9.1. Without prejudice to the requirements of the company's confidentiality and trade secrets, as well as the requirements of the legislation governing the processing of personal data, the company's public disclosure should include, but is not limited to: 9.1.1. the company's activities and financial results; 9.1.2. the company's business objectives and non-financial information; 9.1.3. persons who own stock in the company or who directly and/or indirectly control it, and/or together with related persons, as well as the structure of the group of companies and their interrelationships, indicating the final beneficiary; 9.1.4. members of the company's supervisory and management bodies who are considered independent, the head of the company, their shares or votes at the company and participation in the management of other companies, their competence, remuneration; 9.1.5. reports from existing committees on their composition, number of meetings and attendance during the previous year, as well as on their main activities and results; 9.1.6. foreseeable material risk factors, the company's risk management and supervision policy; 9.1.7. the company's transactions with related parties; 9.1.8. key issues relating to employees and other stakeholders (such as human resources policy, employee participation in the company's governance, promotion of the company's shares or stock options, relations with creditors, suppliers, the local community, etc.); 9.1.9. the governance structure and strategy of the company; 9.1.10. social responsibility policies, anti-corruption initiatives and measures, important ongoing or planned investment projects. This list is to be considered as a minimum and companies are encouraged to go beyond the disclosure of the information contained in this list. This principle of the Code does not release companies from the obligation to disclose information required by law	Yes	
9.2. When disclosing the information specified in Item 9.1.1 of Recommendation 9.1, it is recommended that the parent company disclose information on the consolidated results of the entire group of companies.	Yes	
9.3. When disclosing the information referred to in Item 9.1.4 of Recommendation 9.1, it is recommended to provide information on the professional experience, qualifications and potential conflicts of interest of the members of the company's supervisory and management bodies that could affect their decisions. It is also recommended to disclose the remuneration or other income received from the company by the members of the company's supervisory and management bodies, as detailed in Principle 7.	Yes	
9.4. Information should be disclosed in a manner that does not discriminate against any shareholder or investor in the manner or extent to which it is obtained. Information should be disclosed to all and at the same time.	Yes	
<b>10. PRINCIPLE: SELECTION OF THE AUDIT FIRM FOR THE COMPANY</b>		
The mechanism for selecting the company's audit firm should ensure the independence of the audit firm's findings and opinion.		
10.1. In order to obtain an objective view of the company's financial position and financial performance, the company's set of annual financial statements	Yes	

and the financial information provided in the annual report should be audited by an independent audit firm.		
10.2. It is recommended that the candidature of the audit company be proposed to the GMS by the company's Supervisory Board or, if it is not formed at the company, by the company's Management Board.	Yes	
10.3. If the audit firm has received remuneration from the company for non-audit services provided, the company should disclose this to the public. This information should also be available to the company's Supervisory Board or, if it is not formed in the company, to the company's Management Board when considering which audit firm to nominate to the GMS.	Yes	

## II. ANNEX TO THE ANNUAL REPORT

VIKA complies with Resolution of the Government of the Republic of Lithuania No 1052 of 14 July 2010 "On the Approval of the Guidelines for Ensuring Transparency of Activities of State-Owned Enterprises" (the "Transparency Guidelines").

PRINCIPLES/RECOMMENDATIONS	Yes/No/Not applicable
General requirements	
Information on all key matters of the company including its financial position, operations and governance of the company, must be disclosed in a timely and accurate manner.	Yes
Information should be disclosed in a manner that does not discriminate against any shareholder or investor in the manner or extent to which it is obtained. Information should be disclosed to all and at the same time.	Yes
It is recommended that notices of key events be published before or after the trading session of the Vilnius Stock Exchange so that all shareholders and investors of the company have equal access to information and can make appropriate investment decisions.	Yes
It is recommended to publish the company's annual report, a set of financial statements and other periodic reports prepared by the company on the company's website, as well as to publish the company's notices on material events and changes in the company's share prices on the stock exchange.	Yes
Ways of disseminating information should ensure that users of information have access to information in an impartial, timely and inexpensive manner and, where required by law, free of charge. It is recommended to use information technology to a greater extent, for example, to publish information on the company's website. It is recommended to publish the information and place it on the company's website not only in Lithuanian, but also in English, and, if possible and necessary, in other languages.	Yes
If the audit firm has received remuneration from the company for non-audit services provided, the company should disclose this to the shareholders. This information should also be available to the company's Supervisory Board or, if it is not formed in the company, to the company's Management Board when considering which audit firm to nominate to the GMS.	Yes
The company's activities and financial results are disclosed.	Yes
The parent company discloses consolidated results.	N/A
Persons who own or control stock in the company shall be disclosed.	Yes
Members of the company's supervisory and management bodies, the company's CEO and their remuneration shall be disclosed. It is recommended to provide information on the professional experience, qualifications and potential conflicts of interest of the members of the company's supervisory and management bodies that could affect their decisions. It is also recommended to disclose the remuneration or other income received from the company by the members of the company's supervisory and management bodies, the company's CEO.	Yes
Predictable material risk factors shall be disclosed.	Yes
Transactions between the company and related parties, as well as transactions that are not in the ordinary course of the company's operations, shall be disclosed.	Yes
Key issues related to employees and other stakeholders shall be disclosed. Disclosure is recommended about the relationship between the Company and its stakeholders, such as employees, creditors, suppliers, the local community, including the Company's human resources policies, employee participation programmes at the Company, and so on.	Yes

**Valstybės Investicinis Kapitalas UAB**, registered company No: UAB, 305611945  
 Gedimino pr. 38, LT-01104 Vilnius, Republic of Lithuania  
**Financial statements for the year ended on 31 December 2022**  
 (All amounts in EUR unless stated otherwise)

The management structure and strategy of the company shall be disclosed.	Yes
Essential information on the management procedures in force at the Company.	Yes
Powers of each committee defining its role and specifying its rights and responsibilities.	N/A
Minutes of the general meeting of shareholders shall be published (in Lithuanian and English and/or other foreign languages). Not all documents may be made available to the public on the company's website if their disclosure could harm the company or reveal the company's trade secrets.	N/A because VIKA has a sole shareholder.
A report on the remuneration policy shall be published	Yes
A report on the company's compliance with the Corporate Governance Code for companies listed on the NASDAQ OMX Vilnius shall be published.	Yes
The Transparency Guidelines stipulate that the following information shall be published online:	
Company's goals and objectives set by the Ministry of the Economy and Innovation;	Yes
Financial results;	Yes
Results of operations;	Yes
Current number of employees;	Yes
Annual salary fund;	Yes
Monthly salary of managers and their deputies;	Yes
Purchases and investments completed, in progress and planned during the financial year;	Yes
The Transparency Guidelines stipulate that the following information shall be published online:	
The accounts shall be kept in accordance with International Financial Reporting Standards.	Yes
The set of annual financial statements shall be audited in accordance with International Standards on Auditing.	Yes
The annual report shall be published on the website by 30 April.	Yes
The annual report shall include:	
Operational strategy and objectives (financial and non-financial), provided it is not a trade secret of the state-owned enterprise (if the operational strategy and objectives of the state-owned enterprise contain information considered to be a trade secret, an abbreviated operational strategy and objectives without this information shall be provided);	Yes
Compliance of the achieved results with the objectives of the state-owned enterprise;	Yes
The main events that have a significant impact on the activities of the SOE that occurred during the reporting period;	Yes
Information on the market of the provided services or products, if it is not a trade secret;	Yes
Major customers and their main groups if it is a trade secret. If state-owned enterprises disclose segment information, major customers shall be presented on a segment-by-segment basis;	Yes
Investments during the reporting period, major ongoing or planned investment projects;	Yes
Total annual wage fund, average monthly salary by current position and/or unit;	Yes
Social and environmental initiatives and policies are implemented;	N/A
Information on compliance with the Transparency Guidelines: how they are implemented, which provisions are not complied with and why;	Yes
Key financial indicators describing the operations (profitability, liquidity, efficiency of asset use), their dynamics during 3 years;	Published since the establishment of the Company
Governing bodies;	

**Valstybės Investicinis Kapitalas UAB**, registered company No: UAB, 305611945  
 Gedimino pr. 38, LT-01104 Vilnius, Republic of Lithuania  
**Financial statements for the year ended on 31 December 2022**  
 (All amounts in EUR unless stated otherwise)

Information on the audit of the annual financial statements (the entity that performed the audit, remuneration for the audit); other important information that has become known before the date of publication of the annual report and that affects the activities of the state-owned enterprise;	Yes
Information and reports that must be disclosed by the listed companies in accordance with the Law on Financial Reporting of the Republic of Lithuania and the Corporate Governance Code for Listed Companies of NASDAQ OMX Vilnius in their annual report;	Yes
Dividend policy;	N/A
Information on the implementation of the operational strategy and objectives (financial and non-financial).	Yes
Information on the performance of special obligations and the findings of the independent auditor of the annual financial statements shall be published on the website by 30 April.	N/A
The following shall be submitted to the Ministry of the Economy and Innovation together with the annual report:	
Information on the salaries of their executives for the previous year	Yes
Performance indicators used to determine the variable part of the monthly salary of managers, performance of these indicators, variable part of the monthly salary determined for managers (in euros and as a percentage of fixed monthly salary of managers) and variable part of paid monthly salary (in euros and as a percentage of fixed monthly salary of managers).	Yes
Interim report	
Category I or II state-owned companies shall prepare a 6-month interim report, which is posted on the website by 31 August. The interim report shall summarise the most important information about the indicators describing the activities of the state-owned company and their changes compared to previous periods.	Yes
Interim financial statements for 6 months shall be prepared and will be published online by 31 August.	Yes