

Valstybės investicinis kapitalas UAB

**FINANCIAL STATEMENTS
PREPARED ACCORDING TO THE INTERNATIONAL FINANCIAL
REPORTING STANDARDS ADOPTED FOR APPLICATION
IN THE EUROPEAN UNION**

9 April 2024

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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 2023, and the statements of comprehensive income, changes in equity and cash flow for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, of the financial position of the Company as at 31 December 2023, and their financial performance and cash flows for the year then ended in accordance with the IFRS Accounting 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 Code of Ethics for Professional Accountants (including International Independence Standards) (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>Valuation of financial assets</p> <p><i>Refer to pages 19 and 22 of the financial statements</i></p> <p>As at 31 December 2023 the net value of the Company's investment in Pagalbos verslui fondas, KŪB (the Fund) amounted to EUR 198,410 thousand (31 December 2022: EUR 179,922 thousand), and increase in fair value for the year then ended amounted to EUR 19,988 thousand (2022: decrease in fair value of EUR 11,342 thousand).</p> <p>The investment in the Fund is the most significant asset line item in the statement of financial position and related change in fair value line 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 decided 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"> 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; assessing the assumptions used by the Company's management to determine fair value; analysing the valuation of the Fund's investment portfolio: <ul style="list-style-type: none"> assessing the suitability and validity of the models and assumptions used by the Fund to determine the fair value of the Fund's investments; involving our valuation specialists to help us form a range of estimates of the fair value of all the Fund's investments; assessing the impact of events after the balance sheet date and their disclosure in the financial statements; assessing the appropriateness of fair value disclosures.

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 IFRS Accounting 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, actions taken to eliminate threats or safeguards applied.

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 2023 and the period of total uninterrupted engagement is four 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 2023 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
9 April 2024

STATEMENT ON FINANCIAL POSITION

ASSETS	Notes	31/12/2023	31/12/2022
Non-current assets			
Other non-current assets	3.1	27 210	64 805
Financial assets at fair value the change in which is recognised in profit or loss	3.2	198 410 147	179 922 428
Deferred income tax assets		4 929	4 929
Total non-current assets		198 442 286	179 992 162
Current assets			
Other current assets	3.3	43 491	43 167
Cash and cash equivalents	3.4	1 772 664	1 388 824
Total current assets		1 816 155	1 431 991
TOTAL ASSETS		200 258 441	181 424 153
EQUITY AND LIABILITIES			
Equity			
Authorised capital	3.5	101 200 000	101 200 000
Retained earnings (loss)		(1 324 007)	(20 133 062)
Total equity		99 875 993	81 066 938
Non-current liabilities			
Issued bonds	3.6	99 870 819	99 832 490
Total non-current liabilities		99 870 819	99 832 490
Current liabilities			
Accrued interest of issued bonds	3.7.	491 205	491 205
Amounts payable to employees	3.8	13 384	9 150
Other amounts payable and accrued expenses	3.9	7 040	24 370
Total current liabilities		511 629	524 725
Total liabilities		100 382 448	100 357 215
TOTAL EQUITY AND LIABILITIES		200 258 441	181 424 153

The notes provided below form an integral part of these financial statements.

Financial statements were authorised for issue on 9 April 2024.

On behalf of Valstybės investicinis kapitalas UAB

Chief Accountant

Robertas Vyšniauskas
 General Director

Inga Čėsniienė
 Authorised person of Nordgain UAB

STATEMENT OF COMPREHENSIVE INCOME

		Financial year ended on 31/12/2023	Financial year ended on 31/12/2022
OPERATING INCOME	Notes		
Sales		-	-
Cost of sales		-	-
Other income (resold)		-	-
GROSS PROFIT		-	-
Operating expenses	3.10	(183 343)	(159 131)
Other expenses	3.11	(102 908)	(91 365)
Interest expenses	3.12	(892 413)	(514 618)
OPERATING PROFIT (LOSS)		(1 178 664)	(765 114)
Change in the value of financial assets accounted at fair value, which is recognised as profit or loss	3.13	19 987 719	(11 341 765)
PROFIT (LOSS) BEFORE TAXES		18 809 055	(12 106 879)
Income tax income / expense	3.14	-	-
NET PROFIT (LOSS)	3.15	18 809 055	(12 106 879)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		-	-
Basic and diluted earnings (loss) per share (EUR per share)	3.16	1.859	(1.196)

The notes provided below form an integral part of these financial statements.

Financial statements were authorized for issue on 9 April 2024.

On behalf of Valstybės investicinis kapitalas UAB

Chief Accountant

Robertas Vyšniauskas
General Director

Inga Čėsniėnė
Authorised person of Nordgain UAB

STATEMENT OF CHANGES IN EQUITY

	Authorised capital	Retained earnings (loss)	Total
Balance on 31 December 2021	101 200 000	(8 026 183)	93 173 817
Net profit (loss)	-	(12 106 879)	(12 106 879)
Balance on 31 December 2022	101 200 000	(20 133 062)	81 066 938
Net profit (loss)	-	18 809 055	18 809 055
Balance on 31 December 2023	101 200 000	(1 324 007)	99 875 993

The notes provided below form an integral part of these financial statements.

Financial statements were authorized for issue on 9 April 2024.

On behalf of Valstybės investicinis kapitalas UAB

Chief Accountant

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General Director

Inga Čėsniėnė
Authorised person of Nordgain UAB

CASH FLOW STATEMENT

		Financial year that ended on 31/12/2023	Financial year that ended on 31/12/2022
	Notes		
Cash flows from operating activities			
Revenue of reporting period		-	12 600
Other revenue		-	12 600
Payments of reporting period		(247 159)	(209 438)
Wage payments		(53 315)	(47 518)
Paid taxes		(66 366)	(40 425)
Payments to suppliers		(64 980)	(58 991)
Expenses related to issue of bonds		(20 000)	(51 725)
Other payments		(42 499)	(10 778)
Net cash flows from operating activities		(247 160)	(196 838)
Investment acquisition	3.2	-	(50 000 000)
Net cash flows from investing activities		-	(50 000 000)
Cash flows from financing activities			
Income from the issue of bonds		-	50 000 000
Investment return	3.2	1 500 000	1 000 000
Bonds interest paid		(869 000)	-
Net cash flows from financing activities		631 000	51 000 000
Impact of exchange rate fluctuations on the balance of cash and cash equivalents		-	-
Net increase (decrease) in cash flows		383 840	803 162
Cash and cash equivalents at the beginning of the period		1 388 824	585 662
Cash and cash equivalents at the end of the period	3.4	1 772 664	1 388 824

Financial statements were authorized for issue on 9 April 2024.

On behalf of Valstybės investicinis kapitalas UAB

Chief Accountant

Robertas Vyšniauskas
 General Director

Inga Čėsniėnė
 Authorised person of Nordgain UAB

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Valstybės investicinis kapitalas UAB (hereinafter referred to as the Company or Enterprise) is a limited liability company registered in the Republic of Lithuania. Registered address of the Company:

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

The purpose of the Company is to help the Lithuanian economy to recover from the consequences of COVID-19 coronavirus in accordance with the provisions laid down in the Activity description of the Measure 'Business Aid Fund' approved by the Minister of Economy and Innovation of the Republic of Lithuania and the Minister of Finance of the Republic of Lithuania, by financing the measures of business aid and capital market development from the funds attracted by the state and capital market measures.

The Company was registered on 26 August 2020. On 31 December 2023 and 31 December 2022, 100% of the Company's authorised capital was owned by the Republic of Lithuania, company code 111105555.

The registered authorised capital of the Company is EUR 101 200 000, consisting of 10 120 000 ordinary registered shares of the par value of EUR 10 each. The authorised capital did not change during both periods. On 31 December 2023 and 31 December 2022, all shares were fully paid.

On 31 December 2023 and on 31 December 2022, the average yearly number of the Company's employees was 1.

Financial year of the Company coincides with a calendar year.

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The main accounting policies applied during preparation of the Company's financial statements for the financial year that ended on 31 December 2023 are as follows:

2.1. Confirmation of Compliance

The Company prepared its financial statements according to the International Financial Reporting Standards (IFRS) applicable in the European Union (hereinafter referred to as the EU).

2.2. Basis of Preparation of Financial Statements

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Financial year of the Company starts on 1 January and finishes on 31 December.

Financial reports are presented in euros (EUR).

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

2.3. Equity

Equity consists of the paid share of the authorised capital, retained profit (loss).

Subscribed authorised capital is accounted and disclosed in the financial statements at full value, irrespective of the paid-up amount. Unpaid shares are accounted and disclosed in the financial statements for the contra account (item) of the authorised capital.

If a decision is made to increase or reduce the authorised capital, the increase or reduction is registered in accounting when amendments to the articles of association of the company are registered following the procedure established by legal acts.

2.4. Expense recognition

Expenses are recognised based on accrual and comparison principles in the reporting period when revenue associated with these expenses is earned, regardless of the timing of payment for these expenses.

At present, expenses of the company consist of salary and labour related taxes, vacation payments, accounting service expenses, insurance expenses, board members' remunerations, recruitment.

2.5. Income tax and deferred income tax

Income tax expenses consist of the expenses of the income tax and deferred income tax of the current year. Income tax is assessed in accordance with the requirements laid down in the tax laws of the Republic of Lithuania.

2.5.1. Current year tax

Current year income tax is paid on the basis of taxable profit. Taxed income is different from the income presented in the statement of comprehensive income because of taxable or accountable income or expenses of the next year and income or expenses which were never taxed or accounted. Company's liability regarding current year's income tax is assessed according to the income tax tariff that was effective on the day of preparation of the report of financial position. Standard income tax tariff applicable to companies of the Republic of Lithuania for the year that ended on 31 December 2023 is 15 per cent (on 31 December 2022 – 15%).

2.5.2. Deferred tax

Deferred tax is recognised as the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases. Deferred tax liabilities are recognised jointly for all temporary differences. Deferred tax asset is recognised at the amount that is likely to reduce the taxable income in the future through realisation of temporary differences. The above-mentioned deferred assets and liabilities are not recognised, if temporary differences are related to goodwill or initial recognition of assets or liabilities (of others than during business merger), at the moment of a rise (transactions) of which no impact is made on taxable or financial income.

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

2.5.3. Current year and deferred tax for the period

Tax for the current year and deferred tax are accounted as expenses in profit or losses.

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.

2.6. Financial instruments

Financial assets and financial liabilities are measured at their fair value during initial recognition. Transaction expenses that are directly related to acquisition or disposal of financial assets (except for financial assets and financial liabilities, changes in the fair value of which are recognised through profit or loss) during the initial recognition are added to or deducted from the fair value of financial assets or financial liabilities, accordingly. Transaction expenses that are directly related to financial assets or financial liabilities, presented at their fair value through income or losses, are recognised at once in the profit or loss.

Financial instrument is any agreement resulting in financial assets for one company and financial liability of equity instrument for the other.

Recognition and derecognition in the statement of financial position

The Company recognises financial assets or financial liabilities in its statement of financial position at the time 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.

Financial assets are divided by the Company into the following categories:

- measured at the amortised cost,
- measured at their fair value, any change of which is recognised as profit or loss.

The Company attributes debt financial assets to an appropriate category depending on the business model of financial assets management and contractual properties of cash flows for appropriate financial assets. Business model applied to the group of financial assets is determined considering how all groups of financial assets are managed in joint pursuit of specific business goal of the Company.

Company's investments into equity securities when the Company has no control over or significant impact on the company into which it invested are accounted at the fair value, any changes in the value of which are recognised as profit or loss.

The Company attributes cash and cash equivalents to the assets measures at the amortised cost.

The Company measures all financial liabilities at the amortised cost.

The Company attributes trade liabilities, bonds, borrowed amounts to the financial liabilities measured at the amortised cost.

During the initial recognition of bonds, expenses related to bonds distribution and any discount arising during distribution are recognised at the acquisition cost of bonds and recognised in the profit or loss within the bond term (until their redemption) by applying the calculated interest rate.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash in transit and cash in bank, demand deposits and other current highly liquid investments of maximum three months maturity (from the acquisition day) that can be easily converted into the known cash amounts and which are subject to insignificant risk of fluctuations in value.

Cash and cash equivalents in the statements of cash flows comprise of cash on hand, short-term bank deposits, other current highly liquid investments.

2.7. Payments to employees

Short-term payments to employees are recognised as current expenses during the period of service provision by employees. Payments include salaries, social insurance benefits, bonuses, paid leave, etc. There are no long-term benefits for employees.

2.8. Fair value measurement

Most accounting principles and disclosures of the Company require establishment of the fair value of financial and non-financial assets and liabilities. The fair value is a price, at which on the day of valuation the asset would be sold or a liability would be transferred under an orderly transaction concluded between market participants on the main market, and if none exists – on the most favourable market accessible by the Company on the day of valuation. The fair value of a liability shows the effect of risk of its default. Fair values are determined according to quoted market prices, analyses of discounted cash flows, and option price models, whichever applies.

When establishing the fair value of an asset or liability, the Company refers to available market data, whenever possible. Fair values are presented in the below-stated three hierarchical levels of fair value, based on variables applied in the valuation methods:

1st level: prices quoted on the active markets of the same asset or liability (unadjusted).

2nd level: other variables, except for the quoted asset or liability prices included into the 1st level, which are monitored directly (i.e., same as prices) or indirectly (i.e., derived from prices).

3rd level: asset or liability variables not based on monitored market data (not monitored variables).

If variables used to establish the fair value of an asset or liability can be attributed to different hierarchical levels of the fair value, the hierarchical level for the fair value, to which the total fair value established is attributed, must be determined on the basis of the lowest level variable relevant for establishing the total fair value.

The Company recognises amounts moved between the hierarchical levels of fair value in the end of the reporting period, in which the change took place.

2.9. Related parties

Parties recognised related to the Company include shareholders, Board members, their family members and companies having direct or indirect (via intermediary) control of the Company or under control separately or together with the other party, which is recognised as related party, provided that the latter relationship entitles one of the parties to control the other party or make significant impact on the other party when making financial and management decisions.

2.10. Contingencies

Contingent liabilities are not recognised in financial statements, except for contingent liabilities in business combinations. Contingent liabilities are disclosed in the financial statements unless the probability that these liabilities will cause the outflow of economic resources is remote.

Contingent assets are not recognized in the financial statements but they are disclosed in the financial statement when it is likely that Company will receive income or economic benefits.

2.11. Post Balance Sheet events

Events after the reporting period, which provide additional information about the Company's situation on the day of preparation of the report on financial position (adjusting events) are reflected in the financial statements. Post-reporting events, other than adjusting events, occurring after the balance sheet date are disclosed in the notes when their impact is significant.

2.12. Significant Accounting Estimates and Management Judgements

The Company conducted the analysis and made the conclusion that it does not have control of Pagalbos verslui fondas (hereinafter referred to as the Fund) and does not make significant impact on the Fund. During the reporting period, the Company had no power to manage the Fund, held no voting rights granted by equity instruments, had no possibility to manage important activity directly or through other economic entities. The Company is entitled to variable return, however it cannot make direct decisions on the amount of a variable return or period, when it has to be paid.

The Company's investment into the Fund is evaluated at the fair value determined on the basis of the net assets of the Fund. All investments by the Fund are measured at the fair value, the carrying amount of current amounts receivable and payable and of cash and cash equivalents of the Fund is very close to their fair value, therefore the net assets of the Fund are also evaluated at the fair value.

2.13. Initial application of the amendments to the new effective standards during the reporting period

This year, the Company adopted all new and revised Standards and explanations that are relevant for the Company's activity and effective for the reporting period starting from 1 January 2023.

- IFRS 17 'Insurance Contracts'

The standard is applicable to annual reporting periods starting 1 January 2023 or later. It is a completely new accounting standard applicable to insurance contracts, comprising the clauses of recognition and evaluation, presentation and disclosure. IFRS 17 applies to all types of insurance contracts, and certain guarantees and financial instruments with independent interest elements. The Company does not issue contracts subject to the IFRS 17, therefore, its application does not affect financial performance results, financial situation or cash flows of the Company.

- Amendments to IAS 1 'Presentation of Financial Statements' and IFRS 2 Practice Statement 'Disclosure of Information about Accounting Policy'

The amendments are effective for the annual periods beginning on or after 1 January 2023. The amendments contain guidance to be followed when making significant decisions on accounting policy disclosure. It must be noted that the requirements to disclose 'significant' accounting policy is replaced by the amendments to IAS 1 with the requirement to disclose 'material' accounting policy information. Besides, the Practice Statement provide guidance and an example on how to apply the concept of materiality to accounting policy disclosures. According to the management's assessment, the amendment will not affect the Company.

- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' – Definition of Accounting Estimates

The amendments are effective for the annual periods beginning on or after 1 January 2023. Amendments apply to the changes in accounting estimates and accounting policy made in the beginning of the above-mentioned period or later. Amendments provide a new definition of accounting estimates – they are defined as monetary amounts in financial statements that are subject to measurement uncertainty, unless it results from the correction of prior period errors. Besides, the amendments explain which and how changes in accounting estimates differ from the changes in accounting policy and correction of errors. According to the management's assessment, the amendment will not affect the Company.

- Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments are effective for the annual periods beginning on or after 1 January 2023. Earlier application is permitted. The amendments to IAS narrow the scope of application of the initial recognition exemption stipulated in IAS 12 and explain how companies should account deferred taxes applicable to transactions, such as lease and operation termination liabilities. Amendments explain that depending whether payments covering the liability are deducted

during tax assessment, a decision is made having considered the applicable tax law, and considering whether such deductions when assessing taxes should be attributed to liability or related asset component. According to amendments, the initial recognition exemption does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition. It applies only if recognition of lease assets or lease liabilities (operation termination liability and operation termination asset component) does not give rise to equal and offsetting amounts of taxable and deductible temporary differences. According to the management's assessment, the amendment will not affect the Company.

- Amendment to IAS 12 'Income Taxes' - International Tax Reform - Pillar Two Model Rules
Amendments are effective immediately; however, certain disclosure requirements will come into effect later. In December 2021, the Organisation for Economic Cooperation and Development (OECD) released the Pillar Two Model Rules to ensure minimum 15% income tax is applied to larger international companies. On 23 May 2023, the IAS released the amendments to IAS 12 'Income Taxes' - International Tax Reform - Pillar Two Model Rules. The amendments provide for mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the global tax rules and implementation of the disclosure requirements for affected companies for potential effect of income taxes assessed according to the Pillar Two Model Rules. The amendments require disclosure of known or reasonably estimable information to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes in the periods in which the Pillar Two Model Rules are (essentially) adopted but do not come into effect. To comply with these requirements, at the end of a reporting period an economic entity must disclose qualitative and quantitative information about the impact of taxes assessed according to the Pillar Two Model Rules. Requirements for disclosure of income tax expenses of the reporting year related to the Pillar Two Model Rules and requirements for disclosure of information related to the periods prior to the entry into effect of the legislation are effective for the annual periods beginning on or after 1 January 2023, however their application is not mandatory for the interim periods ending on or after 31 December 2023. According to the management's assessment, the amendment will not affect the Company.

Standards and amendments to the standards that are not in effect yet but have been adopted for application in the EU

- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of Liabilities as Current or Non-Current

The amendments are effective for the annual periods beginning on or after 01 January 2024. Earlier application is permitted. Pursuant to IAS 8, their retrospective application will be required. The amendments aimed to explain the principles of IAS 1 regarding classification of liabilities as current and non-current. The amendments explain what the right to defer deduction, the requirement for such right to exist at the end of a reporting period means, that the management's intention has no effect on classification as current and non-current, and that choices made by a contracting party that may determine payment by transferring the economic entity's equity instruments have no effect on classification of liabilities as current and non-current. Besides, the amendments state that the classification of liabilities will be affected only by those clauses of agreements which are binding for an economic entity on or before the date of financial statements. Besides, the amendments require disclosure of additional information about fixed liabilities arising under loan agreements, subject to the clauses of an agreement, provided the clauses of an agreement must be implemented within a shorter than 12 months' term after the end of a reporting period. According to the management's assessment, the amendment will not affect the Company.

- Amendments to IFRS 16 'Lease Liability in a Sale and Leaseback'

The amendments are effective for the annual periods beginning on or after 01 January 2024. Earlier application is permitted. The amendments are aimed to improve the requirements applied by the seller-lessee apply in evaluation of lease liability arising in sale and leaseback transactions under IFRS 16, however do not change the accounting of lease unrelated to sale and leaseback transactions. First, the seller-lessee establishes 'lease payment' or 'revised lease payment' in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from

recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. The seller-lessee applies this amendment retrospectively according to IAS 8 to sale and leaseback transactions concluded after the first application date, which is the beginning of the first annual reporting period, in which the entity applies the requirements of IFRS 16 for the first time. According to the management's assessment, the amendment will not affect the Company.

Standards and amendments to the standards that are not in effect yet and have not been adopted for application in the EU

- Amendments to IAS 7 'Statement of Cash Flows' and to IFRS 7 'Financial Instruments. Disclosures' – Supplier Finance Arrangements

The amendments are effective for the annual periods beginning on or after 01 January 2024. Earlier application is permitted. The amendments supplementing the effective IFRS clauses require an economic entity to disclose information about the conditions of suppliers' financing agreements. Besides, economic entities must disclose accounting values and items of financial liabilities arising under suppliers' financing agreements, which show the liabilities concerned, and accounting values of financial liabilities and items, for which the financiers already settled the account by paying appropriate trade debts. Furthermore, economic entities must disclose the effect of changes in accounting values of financial liabilities unrelated for cash flows, which arise under suppliers' financing agreements, that make comparison of accounting values of financial liabilities impossible. The amendments further require an economic entity to disclose the interval of payment terms of financial liabilities to financiers and similar trade amounts payable, other than a part of the above-mentioned agreements, at the beginning and the end of a reporting period. These amendments have not been approved by the EU yet. According to the management's assessment, the amendment will not affect the Company.

- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability

The amendments are effective for the annual periods beginning on or after 01 January 2025. Earlier application is permitted. The amendments provide how an economic entity should assess whether a currency is interchangeable and how to determine an exchange rate when it is not. Currency is considered exchangeable, when an economic entity can get the other currency in a certain period of time, during which a usual administration-related delay is possible, through a market or currency exchange mechanism creating exercisable rights and enforceable duties. If a currency is not exchangeable, an economic entity must determine a spot exchange rate. When determining an exchange rate, an economic entity must mirror an exchange rate on which market players would strike a straight currency exchange transaction on the economic conditions prevailing on the date of evaluation. The amendments note that an economic entity can use a monitored exchange rate that needs no correction or any other method of determination. These amendments have not been approved by the EU yet. According to the management's assessment, the amendment will not affect the Company.

- Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address a conflict between the requirements of IAS 28 and IFRS 10 regarding sale or contribution of assets between an investor and its associate or joint venture. The main outcome of the amendments is that gain and loss recognition depends whether a transaction constitutes a business (irrespective, whether it is carried out in a subsidiary or not). Some gain or loss is recognised, if transaction involves assets that do not meet the business definition, even if the assets are owned by a subsidiary. In December 2015, the IFRS postponed the entry into effect for indefinite term waiting for the results of the research project of equity accounting method. These amendments have not been approved by the EU yet. According to the management's assessment, the amendment will not affect the Company.

2.14. Management of financial risks and capital

Any type of investment is inseparable from risk. Investments into the Fund involve long term risk. The main types of risks encountered by the Company in its daily activities include credit risk, liquidity risk, and market risk, risk of price fluctuations of securities. Optimal and balanced risk management serves as the basis for effective assurance of the Company's activity stability.

Credit risk. It is a risk of the other party's inability to fulfil its obligations to the Company. The Company applies measures ensure transactions are concluded with trustworthy clients and the amount of transactions does not exceed the credit risk limits at all times. The Company has not issued guarantees for other parties' obligations. Credit risk is insignificant for the Company.

Liquidity risk. It is a risk of incapability to fulfil own payment obligations in time. The Company manages the liquidity risk by reserving sufficient quantity of cash and cash equivalents, securing financing, fulfilment of planned obligations. Before the next financial year, the Company makes the Company's budget for the next year, while necessary amount or cash or cash equivalents needed to cover the Company's liabilities is called by the Company (as investment repayment) from the Fund before the new financial year starts.

31 December 2023	Less than 1 year	1 - 2 years	2 - 5 years	Total
Cash and cash equivalents	1 772 664	-	-	1 772 664
Financial assets	198 410 147	-	-	198 410 147
Trade debts	(2 721)	-	-	(2 721)
Bonds and bonds interest	(874 647)	(75 780 455)	(26 413 000)	(103 068 101)
Other current liabilities	(17 703)	-	-	(17 703)
Total Assets	200 182 811			200 182 811
Total Liabilities	(895 071)	(75 780 455)	(26 413 000)	(103 088 525)
Net Amount	199 287 740	(75 780 455)	(26 413 000)	97 094 286

31 December 2022	Less than 1 year	1 - 2 years	2 - 5 years	Total
Cash and cash equivalents	1 388 824	-	-	1 388 824
Financial assets	179 922 428	-	-	179 922 428
Trade debts	(4 530)	-	-	(4 530)
Bonds and bonds interest	(874 647)	(75 701 490)	(27 346 048)	(103 922 185)
Other current liabilities	(28 990)	-	-	(28 990)
Total Assets	181 311 252	-	-	181 311 252
Total Liabilities	(908 167)	(75 701 490)	(27 346 048)	(103 955 705)
Net Amount	180 403 085	(75 701 490)	(27 346 048)	77 355 547

Market risk. It is a risk of incurring losses by the Company because of fluctuation of market variables. The Company had no financial instruments aimed at managing the risk of interest rate fluctuations, as the Company has no financial instruments with variable interest rate. The Company invest all its financial means available into Pagalbos verslui fondas KŪB. Since all the operations by the Company are in Euro, and open positions of foreign currency are insignificant, the market risk is irrelevant for the Company.

Fair value of financial assets and financial liabilities

Fair value is defined as the amount, for which assets or services can be exchanged or for which mutual obligation between unrelated parties can be offset, which intend to buy or sell assets or offset their mutual obligation. Fair value of financial assets and financial liabilities is based on quoted market prices, models of discounted cash flows, or option price models, whichever the circumstances are. In other words, fair value is a price, at which on the day of valuation the asset would be sold or a liability would be transferred under an orderly transaction concluded between market participants on the main market, and if none exists – on the most favourable market accessible by the Company on the day of valuation. Where applicable, fair value is established according to the published price on the active market, by applying the models of discounted cash flow value and option valuation. When establishing the fair value of assets or liabilities, the Company refers to monitored market data, wherever possible. Fair values are attributed to different levels of fair value according to the variables applied in valuation methods:

- 1st level: prices quoted on the active markets of the same asset or liability (unadjusted).
- 2nd level: other variables, except for the quoted asset or liability prices included into the 1st level, which are monitored directly (i.e., same as prices) or indirectly (i.e., derived from prices).
- 3rd level: asset or liability variables not based on monitored market data (not monitored variables). Company's investment into the Fund belongs to the 3rd level hierarchy.

If variables used to establish the fair value of an asset or liability can be attributed to different hierarchical levels of the fair value, the hierarchical level for the fair value, to which the total fair value established is attributed, must be determined on the basis of the lowest level variable relevant for establishing the total fair value.

The Company recognises amounts moved between the hierarchical levels of fair value in the end of the reporting period, in which the change took place.

Amortised cost of assets and liabilities recorded in the report on financial position on 31 December 2023 does not differ from the accounting values of assets and liabilities.

The fair value of the bonds is determined based on the market price of the same or similar bond or the coupon applicable to bonds of the same maturity at that time. For this assessment, the Company relied on Government securities coupons. As at 31 December 2023 fair value of the bonds was approximately EUR 3,9 million lower than book value (as at December 2022 10, 2 million lower).

The Fund conducted fair value sensitivity analysis of the bonds and issued loans exposed to changing discount rate. Change of 1% of the discount rate upwards and downwards results in the change of the fair portfolio value accordingly: EUR +138,69 million and EUR -146,79 million. The Table provides information about the changes in the fair value following the changes in the discount rate by separate types of financial assets.

Change in discount rate	-2%	-1%	0%	+1%	+2%
Fair value of loans	9,978,489	9,791,642	9,609,793	9,432,782	9,260,455
Change	-368,696	-181,849	0	177,011	349,338
Fair value of bonds	141,079,868	137,000,302	133,063,397	129,263,507	125,595,238
Change	-8,016,470	-3,936,905	0	3,799,890	7,468,160
Fair value of portfolio	151,058,357	146,791,945	142,673,190	138,696,289	134,855,693
Change	-8,385,167	-4,118,754	0	3,976,901	7,817,497

Capital management

The key goal of capital management is to ensure the Company maintains appropriate capital structure as required by law (please see below).

The Company's capital consists of the authorised capital, share premiums, reserve, and retained earnings. The Company's capital can be financed by shareholder contributions and liabilities (Bonds). Debt to Equity ratio (D/E) as at as of 31 December 2023 was 1,005 (As of 31 December 2022 - 1,237). The state guarantee was issued to secure obligations of the bonds up to 150 million EUR according to

400 million state guarantee bond program. As of 31 December 2023 100, million EUR bonds were issued. Additional 50 million could be a source of additional capital contribution if needed.

The Company manages and modifies the structure of its capital considering changes in economic conditions and specific risk of its business. To maintain or modify the capital structure, the Company can issue new shares. According to the Companies Law of the Republic of Lithuania, the equity capital of the Company must account for minimum 50% of its authorised capital. In 2023 and on 31 December 2022, the Company observed the above-mentioned requirement of the law. In case of non-compliance management would take required actions, as listed in Companies law of the Republic of Lithuania

3. NOTES

3.1. Other non-current assets

Other non-current assets on 31 December consisted of the following:

	Year ended on 31/12/2023	Year ended on 31/12/2022
State guarantee (long-term part)	27 210	64 805
Total	27 210	64 805

All bonds distributed by the company are included into the Debt securities list of Nasdac Baltics from 30 September 2021. The state guarantee was issued to secure obligations of the bonds. The guarantee will be fully amortised in September 2025.

3.2. Financial assets are accounted at their fair value, any change of which is recognised as profit or loss

In accordance with the members agreement of 6 October 2020, including all subsequent amendments and supplements (hereinafter referred to as the Agreement), the Company undertook an obligation to invest up to EUR 250 000 000 (two hundred fifty million Euro) into Pagalbos verslui fondas KŪB. The Company's investment obligation includes all transfers under Payment calls and transfer amount may not exceed the investment obligation amount at any time.

The Company invested EUR 7 000 000 into Pagalbos verslui fondas KŪB under the Payment call, the money was transferred on 26 November 2020. The above-mentioned investment was revalued in the end of 2020, its value decreased to EUR 2 875 183 and amounted to EUR 4 124 817 on 31 December 2020. During 2021, the amount of EUR 143 000 000 was invested by the payment call into Pagalbos verslui fondas KŪB, EUR 11 000 000 was transferred on 22 March 2021, EUR 82 000 000 was transferred on 25 March 2021, EUR 30 000 000 – on 4 October 2021, EUR 20 000 000 – on 6 December 2021. The value of the investment of EUR 143 000 000 was reduced in the end of the year by the amount of EUR 4 860 624 and amounted to EUR 142 264 193 on 31/12/2021. In the period from 1 January 2022 until 31 December 2022, the amount of EUR 50 000 000 was invested into Pagalbos verslui fondas KŪB by the payment call, EUR 25 000 000 of which was transferred on 10 March 2022, EUR 25 000 000 – on 8 July 2022. On 28 December 2022, the limited partner's investment of EUR 1 000 000 was repaid from the Fund. On 27 December 2023, the limited partner's investment of EUR 1 500 000 was repaid from the Fund.

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 quarterly financial statements of Pagalbos verslui fondas KŪB, because of significant change in the value, to revalue the investments every quarter.

For the end of 2023, the investment was revaluated based on the audited annual financial statements of Pagalbos verslui fondas KŪB, and its value increased by EUR 18 487 719 during the reporting year and amounted to EUR 198 410 147 on 31/12/2023.

The Company's has the right to withdraw from the activity of Pagalbos verslui fondas KŪB following the rules described in the agreement. When withdrawing, accounts are settled with the Company following the below-mentioned principles: (a) if the Fund is under liquidation, accounts are settled with the Company following the rules laid down in Paragraph 12 of the Agreement – upon sale of the assets, payment of the Fund's taxes and fees, money is transferred; (b) if the Company's rights and duties regarding the Fund are taken over by the other person, the Company's withdrawal conditions (including return of Called liabilities) are discussed in a separate agreement between the Company, full member and taking-over person (new Limited partner); (c) if the Company withdraws from the Fund without transferring its rights and duties to a third party, accounts are settled with the Company regarding the Called liabilities following the rules laid down in Paragraph 12 of the Agreement – assets are sold, Fund's taxes and fees are paid, money is transferred (while Uncalled liabilities of the Company expire).

3.3. Other current assets

Other current assets on 31 December consisted of the following:

	Year ending on 31/12/2023	Year ending on 31/12/2022
Expenses of future periods	43 491	43 167
Total	43 491	43 167

Neither in 2022, nor on 31 December 2023, the Company had amounts receivable from associated parties.

3.4. Cash and cash equivalents

Cash and equivalents consisted of the following:

	Year ending on 31/12/2023	Year ending on 31/12/2022
Cash at bank	1 772 664	1 388 824
Total	1 772 664	1 388 824

3.5. Authorised capital

According to the Agreement of Association of 7 August 2020, the Shareholders contributed EUR 100 200 000 to form the authorised capital. All shares of the Company are ordinary registered non-material shares, and their number is 10 020 000.

On 17 March 2021, the increase of the authorised capital was registered, and 100 000 ordinary registered non-material shares were additionally issued. On the reporting day, the registered authorised capital of the Company was EUR 101 200 000, consisting of 10 120 000 ordinary registered shares of par value of EUR 10 each. All shares were fully paid up.

3.6. Issued bonds

In 2021, 1 series 2 parts of bonds were issued for the total value of EUR 50 000 000 (ISIN code LT0000405664) (the decisions of the Company's Board were adopted on 9 July 2021, No. 25, 15 September 2021, No. 27, 25 November 2021, No. 30 and 31, accordingly).

In 2022, 2 series 1 part bonds were issued for the value of EUR 25 000 000 (ISIN code LT0000406258), (the decisions of the Company's Board were adopted on 1 March 2022, No. 3 and No. 4), and 3 series 1 part bonds – for the value of EUR 25 000 000 (ISIN code LT0000406613) (the decisions of the Company's Board were adopted on 28 June 2022, No. 7, No. 8, and No. 9). No bonds were issued in 2023.

Bond maturity dates: LT0000405664: 25 September 2025; LT0000406258: 8 March 2025; LT0000406613: 30 June 2027. Bonds interest rates: LT0000405664- 0%; LT0000406258 - 0.65 %; LT0000406613- 2.826%. Bonds issue terms and conditions stipulate the Company's right to redeem the Bonds earlier, i.e., one year precisely before the Bonds maturity date. Bonds early redemption dates: LT0000405664: 22 September 2024; LT0000406258: 8 March 2024; LT0000406613: 30 June 2026.

	Year ended on 31/12/2023	Year ended on 31/12/2022
Issued bonds	100 000 000	100 000 000
Bonds issue expenses	(129 181)	(167 510)
Total	99 870 819	99 832 490

3.7. Accrued interest of issued bonds

	Year ended on 31/12/2023	Year ended on 31/12/2022
Accrued interest LT0000406613	358 089	358 089
Accrued interest LT0000406258	133 116	133 116
Total	491 205	491 205

3.8. Amounts payable to employees

Amounts payable on 31 December:

	Year ended on 31/12/2023	Year ended on 31/12/2022
Taxes payable	(2)	(2)
Vacation reserve accrual	13 386	9 152
Total	13 384	9 150

3.9. Other amounts payable and accrued expenses

Amounts payable on 31 December:

	Year ended on 31/12/2023	Year ended on 31/12/2022
Remuneration payable to members of the Board	2 731	12 438
Taxes payable on remuneration to the members of the Board	1 587	7 402
Short-term trade payables to suppliers	2 721	4 530
Total	7 040	24 370

3.10. Operating expenses

Operating expenses on 31 December consisted of:

Year ended on 31/12/2023	Year ended on
-------------------------------------	----------------------

		<u>31/12/2022</u>
Wages and related taxes	(98 778)	(86 504)
Expenses of Board members' remuneration	(52 109)	(32 440)
Accounting expenses	(15 536)	(15 536)
Audit expenses	(7 260)	(7 260)
Bank fee expenses	(112)	(113)
Legal assistance expenses	(594)	(3 509)
Other administrative expenses	(8 955)	(13 768)
Total	<u>(183 343)</u>	<u>(159 131)</u>

3.11. Other expenses

Other expenses on 31 December consisted of:

	<u>Year ended on 31/12/2023</u>	<u>Year ended on 31/12/2022</u>
Expenses of issue/distribution of non-equity securities	(65 408)	(53 865)
Other expenses of financial and investment activities	(37 500)	(37 500)
Total	<u>(102 908)</u>	<u>(91 365)</u>

3.12. Interest expenses

Interest expenses on 31 December consisted of:

	<u>Year ended on 31/12/2023</u>	<u>Year ended on 31/12/2022</u>
Bonds interest expenses	(892 413)	(514 618)
Total	<u>(892 413)</u>	<u>(514 618)</u>

3.13. Change in the value of financial assets accounted at their fair value, which is recognised as profit or (loss).

Increase in the value of financial assets accounted at their fair value, which is recognised as profit or loss, for the year ending on 31 December 2023:

	<u>Year ended on 31/12/2023</u>	<u>Year ended on 31/12/2022</u>
Financial asset value increase (decrease)	19 987 719	(11 341 765)
Total	<u>19 987 719</u>	<u>(11 341 765)</u>

3.14. Profit (loss) distribution project

On 31 December 2023, the Company's profit was EUR 18 809 055. It will be proposed to transfer EUR 10,120,000 to the legal reserve and to fully form it. The company's remaining profit of EUR 8,689,055 will be carried over to the next year.

3.15. Income tax and deferred income tax

Income tax for the year ending on 31 December:

	<u>Year ended on 31/12/2023</u>	<u>Year ended on 31/12/2022</u>
Taxable income	-	-
Total expenses:	(1 178 664)	(12 106 879)
Allowed deductions	(1 178 664)	(765 114)
Non-permissible deductions	5	11 341 765
Profit (loss)	(1 178 659)	(765 114)

Recognised deferred income tax asset from transferrable losses	-	-
Unrecognised deferred income tax asset from transferrable losses	-	-
	<u>176 799</u>	<u>114 767</u>
Income tax	<u>-</u>	<u>-</u>

In 2023, the Company operated at a profit. In 2022, the Company incurred loss caused by the investment revaluation.

Income tax is assessed in accordance with the requirements laid down in the Lithuanian tax laws. On 31 December 2023, the standard income tax tariff in Lithuania was 15% (31 December 2022 – 15%). Deferred income tax asset is realized if the Company expects to generate profit in the future. On 31 December 2023, deferred income tax asset is not recognised as dividend to be received by the Company from Pagalbos Verslui Fondas KŪB will not be taxed. The Company does not expect to generate income from other sources in the future.

3.16. Basic and diluted earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing the net income (loss) of the period by the weighted average number of ordinary shares issued during the period concerned. The weighted average number of shares in 2023 was 10 120 000.

Earnings (loss) per share:	2023	2022
	Jan – Dec	Jan - Dec
Net profit (loss)	18 809 055	(12 106 879)
Weighted average number of issued ordinary shares	10 120 000	10 120 000
Basic and diluted earnings (loss) per share	<u>1.8586</u>	<u>(1.196)</u>

3.17. Related party transactions

The key management personnel of the Company consists of the General Director and members of the Board. The Fund is considered as another related party.

In 2023, the Company had one transaction with an related party: the investment repayment of EUR 1 500 000 was made in December 2023.

Salary of the key management personnel

	2023	2022
Remuneration and other short-term benefits to employees	92 857	80 413
Remuneration to the Board members	52 109	32 439
Total	<u>144 966</u>	<u>112 852</u>

3.18. Rights and obligations 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

No events that would impact the present financial reports or should be additionally disclosed took place in the period from the end of the financial year till the day of the approval of the present financial reports.

On behalf of Valstybės investicinis kapitalas UAB

Chief Accountant

Robertas Vyšniauskas
General Director

Inga Čėsniienė
Authorised person of Nordgain UAB

Valstybės investicinis kapitalas UAB ANNUAL REPORT FOR 2023

Assessment of the compliance of the annual report of 2023 of the Company (or annual performance report) with the provisions of the business transparency guidelines of state-managed companies, management code of companies listed by NASDAQ Vilnius, and the Law on Financial Statements of Companies (or the Law on State and Municipal Companies), and other good accountability practices.

DESCRIPTION AND PURPOSES OF THE COMPANY'S ACTIVITIES

General information

Valstybės investicinis kapitalas UAB (hereinafter referred to as the **VIKA or the Company**) is a limited liability company registered in the Republic of Lithuania. The Company was registered on 26 August 2020.

The Company is registered at the address: Gedimino pr. 38, Vilnius.

The tax payer's code of the Company – 305611945.

Electronic mail address: info@vika.lt.

Shareholder: The State

Institution representing the state: Ministry of Finance of the RoL

Share owned by the state: 100%

Manager's Address

Valstybės investicinis kapitalas (VIKA) was founded to help Lithuanian business to overcome pandemic caused challenges.

All bonds of the value of EUR 100 million issued by VIKA are listed on the stock exchange of Nasdaq Vilnius and can participate in the operations of the monetary policy of the European Central Bank.

VIKA made the total investment of EUR 200 million in Limited partnership Pagalbos verslui fondas and the latter amount of investment was determined by the real demand of Lithuanian businesses. In 2023, the planned investment of 1.5 million returned to VIKA (2.5 million returned to VIKA, in total).



It is important that Limited partnership Pagalbos verslui fondas finished the period of active investment and VIKA will no longer make any investment into Limited partnership Pagalbos verslui fondas, accordingly. It should be mentioned that VIKA is fulfilling its obligations to the investors in a proper manner, i.e., in March and June 2023, interest according to the issued securities was paid. I would like to introduce the performance results to you.

VIKA activity description and activity model

According to the Activity Description of the Measure 'Business Aid Fund' approved by the Minister of Economy and Innovation of the Republic of Lithuania and the Minister of Finance of the Republic, the purposes of the Fund is to help the Lithuanian economy to recover from the consequences of COVID-19 coronavirus, by financing the measures of business aid and capital market development from the funds attracted by the state and capital market measures.

VIKA is the company founded by the Ministry of Economy and Innovation of the Republic of Lithuania in 2020, which is a limited partner of Limited partnership Pagalbos verslui fondas, making a state contribution into the fund.

The letter of the Ministry of Economy and Innovation of the Republic of Lithuania regarding the expectations of the state (VIKA's shareholder) named the main expectations regarding its activity, including the requirements applied to the issue of debt securities (DS):

- VIKa has to attract EUR 400 million by issuing DS and exert efforts to ensure VIKa does not operate at a loss.
- VIKa must ensure the total price of attracted funds meets the best market conditions during DS issue, by taking advantage of all possible solutions optimising the costs of DS issue and of the whole financial cycle, e.g., by applying credit rating establishment and other measures.
- VIKa must install proper risk management measures.

Considering the state expectations for VIKa's activity, the DS programme of EUR 400 million with unconditional state guarantee was approved for attracting money from private investors. Fitch Ratings international rating agency gave the A rating for the above-mentioned programme. Securities of the bond programme when needed are issued in lots. On the day of this report, the state issued the guarantee of EUR 150 million to VIKa to secure the bonds programme. It should be noted that DS distributed by VIKa do not certify any rights to objects or commodities that are immovable by nature, or any rights or duties to acquire or transfer such securities.

Valstybės investicinis kapitalas UAB issued DS in total for EUR 100 million during the period of its operation.

All bonds distributed by the company are included into the Debt securities list of Nasdaq Baltics from 30 September 2021. The state guarantee was issued to secure obligations of the bonds.

DS distribution process of VIKa is standard and complies with the practice currently applied on the market. Since VIKa is a newly established company with no competence in distributing DS independently, VIKa contracted suppliers of legal and financial services for provision of the above-mentioned services. Luminor Bank AS Lithuanian Branch, being the organiser of DS distribution, undertook an obligation to act as an intermediary in DS distribution process from its beginning till the end, i.e., undertook an obligation to provide all services related to DS issue and its offer to third parties, including preparation for DS issue, DS issue organisation, DS offer for investors, coordination of DS issue in the process of obtaining an external independent credit rating, etc.

It was agreed in writing that VIKa will pay a remuneration to the organiser for intermediation in DS transactions as a per cent from the DS earnings, but only if VIKa's DS are successfully distributed. If the organiser fails in distributing VIKa DS issue, i.e., providing the main service of intermediation in DS transactions, the organiser will receive no remuneration from VIKa.

The main activity of VIKa comprises the following:

- management of assets owned by the state that were transferred to VIKa;
- foundation, financing of legal entities intended to implement the activity purpose of VIKa and participation in their activities;
- issue of bonds;

➤ attraction of private investments.

According to the Agreement of Association of 7 August 2020, the Shareholder contributed EUR 100 200 000 to form the authorised capital. All shares of the Company are ordinary registered non-material shares, and their number is 10 020 000.

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

On 30 December 2020, the amount of EUR 1 000 000 was received from the shareholder for increasing the authorised capital.

On 17 March 2021, the increase of the authorised capital was registered and 100 000 ordinary registered non-material shares were additionally issued. On the reporting day, the registered authorised capital of the Company was EUR 101 200 000, consisting of 10 120 000 ordinary registered shares of par value of EUR 10 each.

All shares were fully paid up.

Financial year of the Company coincides with a calendar year.

The Company prepared its financial statements according to the International Financial Reporting Standards (IFRS) applicable in the European Union (hereinafter referred to as the EU).

Description of the activity during the reporting period

On 7 February 2023, Company's shareholder the Ministry of Finance of the Republic of Lithuania adopted a decision on recall of one board member (dependent, former civil servant).

On 8 March 2023, interests of the Securities issue LT0000406258 were paid.

On 2 May 2023, Company's shareholder the Ministry of Finance of the Republic of Lithuania adopted a decision on appointment of one board member (dependent, former civil servant).

On 30 June 2023, interests of the Securities issue LT0000406613 were paid.

On 27 December 2023, the Company received EUR 1.5 million from the Fund, as the limited partner's repayment of the investment into the Fund.

Description of the Board's activity during the reporting period

In 2023, the Company's Board held five meetings, where decisions on the Company's organisational matters, operating budget, and other matters relevant to the Company's activities were adopted.

All decisions were adopted unanimously by the Board members (all appointed Board members were present at the meetings and engaged in decision-making. By the order of Minister of Finance Gintarė Skaistė of 7 February 2023, Tomas Urban was recalled from the board members of Valstybės investicinis kapitalas UAB. From 2 May 2023, a new member of the Board was appointed – Marius Alubeckas.

The Board adopted the following most important decisions:

Board's meeting minutes No. 1 of 31 January 2023.

At the above-mentioned meeting, the Board approved the operating goals of the Company's Head for 2023.

Significant events after the end of the financial year

No events that would impact the present financial reports or should be additionally disclosed took place in the period from the end of the financial year till the day of the approval of the present financial statements.

STRATEGY AND ITS IMPLEMENTATION

The strategic directions, mission, vision, and goals of the Company

The key purpose of the activity of VIKA is to help Lithuanian economy to recover from the consequences of the COVID-19, by financing aid measures for business and capital market development from the funds attracted by the state and capital market measures.

The Ministry of Economy and Innovation of the Republic of Lithuania named the expectation for VIKA in its letter on the state (shareholder of VIKA) expectations that VIKA will cooperate with private limited company State Investment Management Agency and through the jointly-established limited partnership Pagalbos verslui fondas (hereinafter referred to as the Fund) in helping Lithuanian economy to recover from the consequences of the COVID-19, by financing aid measures for business and capital market development from the funds attracted by the state and capital market measures. For this purpose, if needed, VIKA must try to attract up to EUR 400 million from private investors and invest it.

The business fields and directions of the Company is to help the Lithuanian economy to recover from the consequences of COVID-19 coronavirus in accordance with the provisions laid down in the Activity description of the Measure 'Business Aid Fund' approved by the Minister of Economy and Innovation of the Republic of Lithuania and the Minister of Finance of the Republic of Lithuania, by financing the measures of business aid and capital market development from the funds attracted by the state and capital market measures. It must be noted that the specific purpose of the activity of VIKA determines definition of the mission, strategy and vision of VIKA in the letter of shareholder's expectations rather than in separate documents and coincides with the established purposes of activity of VIKA.

Coherence

The Company's position is to ensure maximum reflection of the matters of coherence and sustainability in daily activities. The activity specifics of the Company and employment of 1 person determine the fact that the company has not acquired any property, does not rent or use the company's office, vehicles, or other equipment on any other grounds, and has no other direct expenses that would affect the environment, therefore, conducting an analysis of the main environmental, social and economic effects is inexpedient. Furthermore, the company promotes and aspires compliance of green procurements through public procurements carried out via CPO LT.

Business plans and forecasts of the Company

Pursuant to Stakeholders' Agreement of 6 October 2020, including all subsequent amendments and supplements, the Company undertook an obligation to invest up to EUR 250 000 000 (two hundred fifty million Euro) into Limited partnership Pagalbos verslui fondas. The Company's investment obligation includes all transfers under Payment calls and transfer amount may not exceed the investment obligation amount at any time. On the other hand, the Company has resources available for increase of the liabilities and investment of up to EUR 500 million because of the approved EUR 400 million bonds programme, and EUR 100 million own funds available.

Compliance of the achieved operating results with the set targets

In 2023, the Company successfully paid interests for bonds, the set targets were reached.

If needed, the Company can continue issuing bonds within the framework of the programme of medium-term non-equity securities covered by the guarantee of the Republic of Lithuania up to EUR 400 million.

ANALYSIS OF FINANCIAL AND PERFORMANCE RESULTS

Incomes

The Company had no income in 2023 and 2022. The construction of the activity model of the Company is such that apart from receipt of investments with return the Company plans no additional incomes in the nearest future.

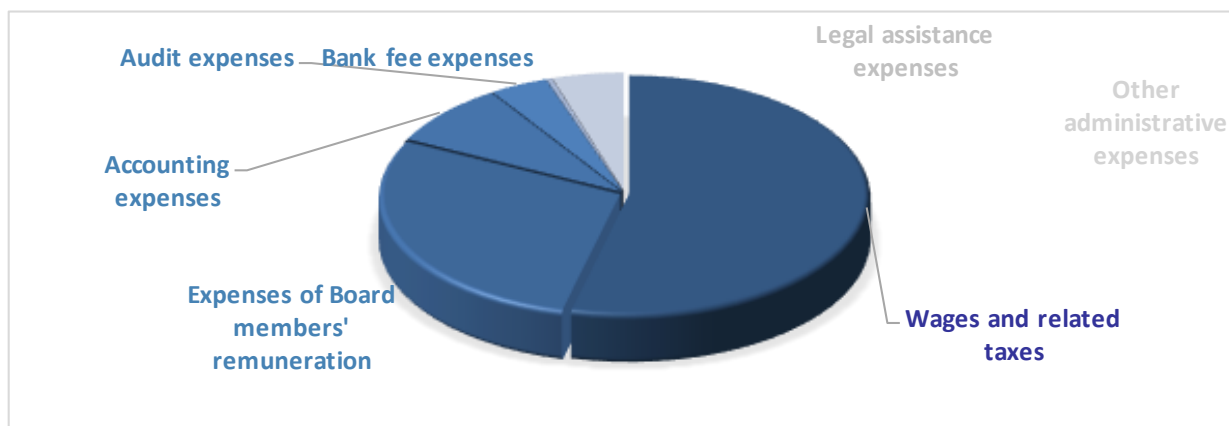
Expenses

The Company's operating expenses, other expenses and interest expenses on 31 December 2023 were EUR 1 178 664. In 2023, the decrease in the value of the Investment into Limited partnership Pagalbos verslui fondas was restored – EUR 19 987 719 according to the audited financial statements of Limited partnership Pagalbos verslui fondas.

It is stated in the financial statements of Limited partnership Pagalbos verslui fondas that when estimating the positions of the investment portfolio at the fair value, the data of individual credit risk assessment of appropriate segments of financial markets and internal companies were observed.

Structure of the operating expenses in 2023

Picture 1. Structure of the operating expenses in 2023



Wages and related expenses account for the major share of the operating expenses in 2023. An increase in the operating expenses is observed in 2023, which is mainly affected by the increase in the remuneration for the board members.

Table 2. Groups of the Company's expenses and their change

	2023	2022	Change %
Operating and other expenses	183 343	159 131	15%
Change in the value of financial assets accounted at their fair value, a change of which is recognised as profit or (loss), loss	-	11 341 765	-100%

Activity result of the Company

The net profit of the Company in 2023 was EUR 18 809 million, while in 2022 the Company incurred a net loss of EUR 12.11 million. The main reason of the net profit growth in the increase in the value of the fixed financial assets.

Profit (loss) per one share

Ordinary income (loss) per share is calculated by dividing the net income (loss) of the period by the weighted average of the number of ordinary shares issued during the period concerned. The weighted average of shares in 2023 was 10 120 000 shares.

Income (loss) per share:	2023	2022
Net profit (loss)	18 809 055	(12 106 879)
Weighted average of issued ordinary shares	10 120 000	10 120 000
Ordinary income (loss) per share	1.859	(1.196)

Table 3. Balance groups of the Company and their changes

Balance sheet analysis	31/12/2023	31/12/2022	Change in EUR	Change %
Non-current assets	198 442 286	179 992 162	18 450 124	10%
Current assets	1 816 155	1 431 991	384 164	27%
TOTAL ASSETS	200 258 441	181 424 153	18 834 288	10%
Total equity	99 875 993	81 066 938	18 809 055	23%
Non-current liabilities	99 870 819	99 832 490	38 329	0%
Current liabilities	511 629	524 725	-13 096	-2%
TOTAL LIABILITIES	100 382 448	100 357 215	25 233	0%

The growth of the fixed assets is observed in 2023 - EUR 18 450 124, mainly because of the restoration of the value of the financial assets.

In 2023, the Company had EUR 1 772 664 on its bank account. On 27 December 2023, the investment of EUR 1 500 000 was returned.

Table 4. Main financial indicators of the Company

Main financial indicators	31/12/2023	31/12/2022
Revenues	-	-
Expenses	1 178 664	765 114
Change in the value of financial assets accounted at their fair value, a change of which is recognised as profit or (loss)	19 987 719	(11 341 765)

Net profit (loss)	18 809 055	(12 106 879)
Liquidity indicators		
Current ratio	3.55	2.73
Critical liquidity ratio	3.55	2.73
Cash liquidity ratio	3.46	2.65
Net working capital ratio	1 304 526	907 266
Profitability ratios		
Net profit ratio	-	-
Asset turnover ratio	-	-
Return on assets ROA %	9.86 %	-7.5%
Return on equity ROE %	20.79 %	-13.90%
Debt-to-equity ratio	1.0051	1.24

All financial data provided in this report were calculated according to the International Financial Reporting Standards (IFRS), adopted for application in the EU, unless otherwise stated.

Income tax

Income tax is assessed in accordance with the requirements laid down in the Lithuanian tax laws. On 31 December 2023, the standard income tax tariff in Lithuania was 15 per cent. Deferred income tax asset is sold, if the Company expects profit generation in the future. Deferred income tax assets of 31 December 2023 are not recognised. On 31 December 2023, deferred income tax asset is not recognised as following receipt of dividends by the Company from Limited Partnership pagalbos verslui fondas, the income will be tax exempt.

On 31 December 2023, the Company's profit was EUR 18 809 055. It will be proposed to transfer EUR 10,120,000 to the legal reserve and to fully form it. The company's remaining profit of EUR 8,689,055 will be carried over to the next year.

RISK FACTORS

Key risk factors and their management policy

The Company's activity must comply with 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 subsequently amended and supplemented) (hereinafter referred to as the Aid Scheme) 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 specifics of the activity of the Company determines limited need for risk management policy. On the other hand, general risk management controls are implemented in the company.

Credit risk. It is a risk of the other party's inability to fulfil its obligations to the Company. The Company applies measures ensure transactions are concluded with trustworthy clients and the amount of transactions does not exceed the credit risk limits at all times. The Company has not issued guarantees for other parties' obligations. The company encounters the risk of the other party's inability to fulfil its obligations to the Company.

Liquidity risk. It is a risk of incapability to fulfil own payment obligations in time. The Company manages the liquidity risk by reserving sufficient quantity of cash and cash equivalents, securing financing, fulfilment of planned obligations.

Market risk. It is a risk of incurring losses by the Company because of fluctuation of market variables. Risk of fluctuation in securities prices is most relevant for the Company. Besides, the Company did not have any financial derivatives intended to control the risks of interest rate fluctuations. The Company invest all its financial means available into Limited partnership Pagalbos verslui fondas. Since all the operations by the Company are in Euro, and open positions of foreign currency are insignificant, the exchange rate risk is irrelevant for the Company.

INVESTMENT PROJECTS

Main investment projects under implementation and implemented.

During 2020, the Company invested EUR 7 million into Limited partnership Pagalbos verslui fondas at the call.

During 2021, the Company invested EUR 143 000 000 into Limited partnership Pagalbos verslui fondas at the calls.

During 2022, the Company invested EUR 50 000 000 into Limited partnership Pagalbos verslui fondas at the calls.

Pursuant to Stakeholders' Agreement of 6 October 2020, including all subsequent amendments and supplements, the Company undertook an obligation to invest up to EUR 250 000 000 into Limited partnership Pagalbos verslui fondas.

Planned investment projects

According to the approved programme of EUR 400 million, the Company can issue bonds to attract additional funds, should the Company assume additional obligations.

Apart from the investments into Limited partnership Pagalbos verslui fondas, the Company did not plan any other investment.

Investment policy

The specifics of the Company's activity determine limited need for investment policy. The Company's activity is based on 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 subsequently amended and supplemented) (hereinafter referred to as the Aid Scheme) 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)

On 8 December 2022, the board adopted the decision (minutes No. 12 of the meeting) approving the policy of investment of free funds into Limited liability company Valstybės investicinis kapitalas. It established the possibility of investing free funds of the Company into the following financial instruments:

- Term deposits in the banks of the European Union Member States, Switzerland, and European Economic Area Member States or their branches, including in the Bank of Lithuania;
 - Government's debt securities;
 - Debt securities of commercial banks;
 - Investment units of investment funds of money market.

The purpose of the Company's investments according to the policy of investment of free funds is temporary investment of free funds of the Company until the need for their use in implementation of the Company's projects or repayment to the owners of the bonds issued by the Company, shareholders or creditors of the Company arises; and when implementing the latter purpose, free funds of the Company must be invested according to the following sequence of priorities:

- Security of investments – the priority goal of investment is to ensure security of invested money, i.e., guarantee that a part of invested money would always be recovered.

- Liquidity assurance – money must be managed to provide the Company with a possibility to carry out its usual activity and fulfil its obligations.
- Maximisation of the return on investments – money must be managed to ensure receipt of maximum possible return on investment following the principles for assurance of investment security and liquidity.

The Company has not made any investment according to the policy of investment of free funds in 2023.

MANAGEMENT STRUCTURE, MANAGEMENT AND SUPERVISION BODIES OF THE COMPANY

Main shareholders of the Company, their rights

On 13 April 2022, the Government of the Republic of Lithuania adopted the decision to transfer all shares owned by the state and managed by trust by the Ministry of Economy and Innovation of the Republic of Lithuania, i.e., 10 120 000 ordinary registered non-material shares, granting 100 per cent votes at VIKA's general meeting of shareholders, to the Ministry of Finance of the Republic of Lithuania to manage, use, and dispose by trust.

The rights and duties of the shareholders of VIKA are established by the Joint Stock Companies Law and other laws of the Republic of Lithuania.

Rights granted by VIKA's shares are exercised following the procedure established by the Joint Stock Companies Law, other laws, and legal acts, and Articles of Association of the Company.

On 31 December 2023, 100% of the Company's authorised capital was owned by the Republic of Lithuania, company code 111105555.

Governing bodies of the Company (structure)

VIKA has the following governing bodies:

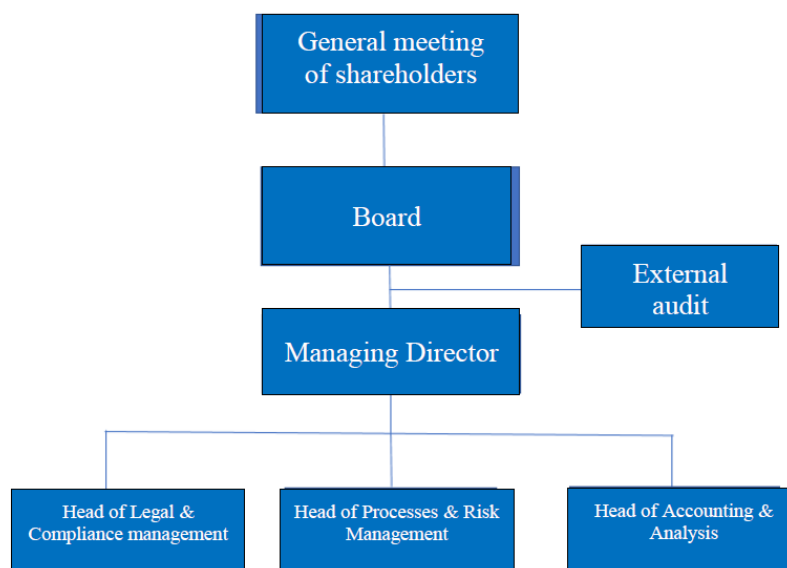
- general meeting of shareholders
- board
- VIKA's head (director general)

The Company together with the other company (Valstybės investicijų valdymo agentūra UAB) is the founder of Limited partnership Pagalbos verslui fondas.

The management of the Company consists of the director general and board members. Parties recognised related to the Company include shareholders, Board members, their family members and companies having direct or indirect (via intermediary) control of the Company or under control separately or together with the other party, which is recognised as related party, provided that the latter relationship entitles one of the parties to control the other party or make significant impact on the other party when making financial and management decisions.

The Company has approved governing structure and positions (see Picture 2 below). According to the effectiveness purposes stipulated in the letter of expectations of VIKA's shareholder, the Company employed no other persons except for the head.

Picture 2. Governing structure of the Company



Board composition of the Company, beginning/end of the term of office

Chair of the Board - Šarūnas Ruzgys. The Board's member was elected on 7 August 2020.

Board's member Jonas Bložė was elected on 3 December 2020.

Board's member Tomas Urban Director of the Business Environment Department of the Ministry of Economy and Innovation was elected as the Board's member on 7 August 2020, and was recalled from the position by the order of the Minister of Finance of the Republic of Lithuania of 7 February 2023.

Board's member Robertas Vyšniauskas was recalled from his post as the Board member on 19 November 2020 because of his appointment to the post of director general of Valstybės investicinis fondas UAB (he was appointed as the Board member under the Agreement of 7 August 2020).

Board's member Marius Alubeckas chief specialist of Financial Instruments Division, Investment Department of the Ministry of Finance of the Republic of Lithuania appointed on 2 May 2023.

Selection principles applied to Board formation

Members of the Board are elected by the general meeting of shareholders for 4 years. The procedure of election and recall of the Board and its individual members coincides with the procedure established in the Joint Stock Companies Law. The Board consists of 3 members, two of whom are independent members. Competences and decision-making procedure of the Board are the same as established in the Joint Stock Companies Law.

The Board also has the following additional competence:

- to consider and approve the policy of investment of temporary free funds,
- to give approval to VIKA's head to conclude a transaction of the value over EUR 50 000 (fifty thousand Euro), excluding VAT,
- to consider and adopt decisions on implementation of appropriate resolutions of the general meeting of shareholders;
- to consider and adopt decision on the issue of VIKA's bonds, as stipulated in Article 55(4) of the Joint Stock Companies Law,

- to establish indicators applicable to assessment of the performance of VIKA's head and their planned values, which determine the variable value of monthly salary of VIKA's head.

No committees have been formed in the Company. Performance of the Audit committee's functions stipulated in legal acts is delegated to the Board.

Head of the Company, his/her qualification, other held positions and salary

Head of the Company is director general Robertas Vyšniauskas.

20 years' professional experience in commercial and business law, deep knowledge of corporate management, business development and strategy, mergers and acquisitions and management of multilateral complex projects.

Other activities: Independent Board's member (chair of the Board) of EPSO-G UAB and Audit committee's member, independent member of the supervisory board of Klaipėdos nafta AB (chair of the supervisory board), and member of the audit and remuneration allocation committee, independent member of the Board of Vilniaus vystymo kompanija UAB (chair of the board) and a member of the Audit Committee, lecturer of Vilnius University Business School.

Previous activity: Independent member of the board of Valstybės investicinis kapitalas UAB, independent member of the board of state enterprise Infostruktūra, member of the board, director general of Vilniaus prekyba UAB companies, and lawyer of associated or controlling companies.

Calculated salary to the head of the Company for 2023 was EUR 73 798.34. Calculated yearly bonus for 2022 – EUR 19 058.70.

General meeting of shareholders and its activity

Competences of the general meeting of shareholders, the procedure of its convocation, decision-making are the same as established in the Joint Stock Companies Law, except for the cases stipulated in Article 23 of the Articles of Association. If all shares of VIKA are owned by the same person, his/her written resolutions are equivalent to resolutions of the general meeting of shareholders. The general meeting of shareholders has the following additional competence:

- to establish the remuneration for board and committee (if any) members for work following the procedure applicable in the board and appropriate committees;
- to adopt decisions on signing agreements with members of the board and committees (if any) and establishment of their conditions, including the maximum remuneration for members and chair of the board and appropriate committees;
- to set the goals for the board and audit committee (if any) and the procedure of accountability for their performance to the general meeting of shareholders.

SALARY AND STAFF

On 31 December 2023 and on 31 December 2022, the average yearly number of the Company's employees was 1. The yearly wage bill in 2023 was EUR 73 798.34 consisting of fixed and EUR 19 058.70 variable component, in 2022: EUR 63 528.99 EUR fixed and EUR 16 833.60 variable component.

The average monthly salary of employees (gross) by the position held (excluding variable part):

Director General

2023 - EUR 6 149.86

2022 - EUR 5 294.08

Policy of remuneration of the Company's head. On 8 December 2022, the board adopted the decision (minutes No. 12 of the meeting) approving the policy of remuneration of Limited liability company Valstybės investicinis kapitalas. The following is established in it:

- Remuneration of the Company's employee consists of the fixed part of remuneration and variable part. The fixed part of remuneration is reviewed on a yearly basis, considering the trends on the labour market.
- The fixed monthly part of the salary of the Company's head is established by the board's decision. Variable part of the monthly salary by the board's decision can be established in per cent for the financial year or quarter, having assessed the fulfilment of the tasks of the employee and achievement of the Company's performance assessment indicators for establishment of the variable part of the employee's monthly salary for previous financial year or previous quarter, accordingly.
- Monthly variable part of the remuneration of the Company's head may not exceed 50% of the monthly fixed amount of remuneration established for the head.
- When calculating the average salary of an employee, the variable part of salary is added to the period, for which it was calculated, disregarding the date of estimation and disbursement.

Factual remuneration of the Board's members during the current year

Salary for Board's members is established according to the signed Agreements on Board members' activity between director general representing the Company Robertas Vyšniauskas and Board members.

On 31 December 2022, the Board adopted the decision No. 13 establishing the monthly salary for the board members of the Company: (i) for an independent member of the Board – 1/4 of the average monthly salary of the head of the Company in 2021, i.e., EUR 1 524.22 (one thousand five hundred twenty four Euro 22 cent) before taxes; (ii) for a civil servant holding the position of a member of the Company's Board – 1/8 of the average monthly salary of the head of the Company in 2021, i.e., EUR 762.11 (seven hundred sixty two Euro 11 cent) before taxes; (iii) for the chair of the Company's Board – 1/3 of the average monthly salary of the head of the Company in 2021, i.e., EUR 2 032 29 (two thousand thirty two Euro and 29 cent) before taxes was established from 5 August 2022. Until 5 August 2022, for a board member, if holding the chair's position – fixed quarterly salary of EUR 2 200, and for a board member, not holding the chair's position – fixed quarterly salary of EUR 2 000 were established; Salary will be reduced proportionally or not paid at all, if an independent board member did not voice his/her opinion on agenda matters and did not cast his/her vote on them or did not attend the board meetings.

Calculated salary to the Board members of the Company for 2023 was EUR 52 109.

DIVIDENDS POLICY

The Company has not paid dividends. The letter of expectations of VIKA's shareholder sets forth the goal for the company's activity to be non-detrimental (ROE>0). The procedure of payment of dividends and income payments and their potential amounts are regulated for the Company by the resolution of the Government of the Republic of Lithuania 'On dividends for shares of companies owned by the state and income payments of state enterprises'.

AUDIT

Auditor of annual financial statements

Audit is conducted on the basis of the Agreement on public procurement of services with Deloitte Lietuva UAB signed on 15 October 2021, No. 20211015.

Signing of the Agreement from the Company's signed was represented by Director General Robertas Vyšniauskas.

Audit remuneration is EUR 21 780 (incl. VAT).

Object of procurement – inspection of the financial statements of Valstybės investicinis kapitalas UAB prepared following the International Financial Reporting Standards, of the audit conducted according to the International Standards of Audit, and of the annual report for 2021, 2022 and 2023, and expression of the opinion, if the financial data contained in the annual report coincide with the data of the audited financial statements.

INFORMATION ABOUT AFFILIATES (ASSOCIATED COMPANIES)

The Company is the limited partner of Limited partnership Pagalbos verslui fondas.

Limited partnership Pagalbos verslui fondas was founded by implementing 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' The State will make investments into the Aid Fund for Business through Valstybės investicinis kapitalas UAB, while the Fund is managed by Valstybės investicijų valdymo agentūra UAB (VIVA), as stipulate din the resolution No. 512 of the Government of the Republic of Lithuania of 6 May 2020.

INFORMATION ABOUT ADHERENCE TO THE TRANSPARENCY GUIDELINES AND THE CODE OF MANAGEMENT

VIVA adheres to the Resolution No. 1052 of the Government of the Republic of Lithuania of 14 July 2010 'On approval of the description of the guidelines for assurance of activity transparency of state-controlled companies' (hereinafter referred to as the Transparency Guidelines). VIVA prepared the disclosure of adherence to the requirements and recommendations laid down in the Transparency Guidelines, which is enclosed as annex to this annual report.

Implementation of the Transparency Guidelines essentially is ensured through information disclosed in the annual report, information publication on the websites <https://www.vika.lt/> and <https://nasdaqbaltic.com/>, to provide interest holders with information in accessible and comprehensible form.

ANNEX I TO THE ANNUAL REPORT

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

PRINCIPLES/RECOMMENDATIONS	Yes/No/Irrelevant	Explanations:
<p style="text-align: center;">1. PRINCIPLE: GENERAL MEETING OF SHAREHOLDERS, EQUITABLE TREATMENT OF SHAREHOLDERS, AND SHAREHOLDERS' RIGHTS</p> <p style="text-align: center;">The corporate governance framework should ensure the equitable treatment of all shareholders.</p> <p style="text-align: center;">The corporate governance framework should protect the rights of shareholders.</p>		
1.1. All shareholders should be provided with equal opportunity to access the information and/or documents established and to participate in the decision-making process where significant corporate matters are discussed.	Yes	Irrelevant at the moment, as all shares are owned by a single shareholder – the state of the Republic of Lithuania.
1.2. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all of their holders.	Yes	
1.3. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	Irrelevant	No new share distribution for new shareholders / investors is in progress or planned.
1.4. Exclusive transactions that are particularly important to the company, such as transfer of all or almost all assets of the company which in principle would mean the transfer of the company, should be subject to approval of the general meeting of shareholders.	Yes	
1.5. Procedures for convening and conducting a general meeting of shareholders should provide shareholders with equal opportunities to participate in the general meeting of shareholders and should not prejudice the rights and interests of shareholders. The chosen venue, date and time of the general meeting of shareholders should not prevent active participation of shareholders at the general meeting. In the notice of the general meeting of shareholders being convened, the company should specify the last day on which the proposed draft decisions should be submitted at the latest.	Yes	
1.6. With a view to ensure the right of shareholders living abroad to access the information, it is recommended, where possible, that documents prepared for the general meeting of shareholders in advance should be announced publicly not only in Lithuanian language but also in English and/or other foreign languages in advance. It is recommended that the minutes of the general meeting of shareholders after the signing thereof and/or adopted decisions should be made available publicly not only in Lithuanian language but also in English and/or other foreign languages. It is recommended that this information should be placed on the website of the company. Such documents may be published to the extent that their public disclosure is not detrimental to the company or the company's commercial secrets are not disclosed.	Irrelevant	Irrelevant at the moment, as all shares are owned by a single shareholder – the state of the Republic of Lithuania.
1.7. Shareholders who are entitled to vote should be furnished with the opportunity to vote at the general meeting of shareholders both in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	Yes	Irrelevant at the moment, as all shares are owned by a single shareholder – the state of the Republic of Lithuania.
1.8. With a view to increasing the shareholders' opportunities to participate effectively at general meetings of shareholders, it is recommended that companies should apply modern technologies on a wider scale and thus	Yes	Irrelevant at the moment, as all shares are owned by a single shareholder – the

Valstybės investicinis kapitalas (UAB) (Limited Liability Company), company code: 305611945
 Gedimino pr. 38, LT-01104 Vilnius, Republic of Lithuania
Financial statements for the year that ended on 31 December 2023
 (all amounts are in Euro, unless otherwise stated)

provide shareholders with the conditions to participate and vote in general meetings of shareholders via electronic means of communication. In such cases the security of transmitted information must be ensured and it must be possible to identify the participating and voting person.		state of the Republic of Lithuania.
1.9. It is recommended that the notice on the draft decisions of the general meeting of shareholders being convened should specify new candidatures of members of the collegial body, their proposed remuneration and the proposed audit company if these issues are included into the agenda of the general meeting of shareholders. Where it is proposed to elect a new member of the collegial body, it is recommended that the information about his/her educational background, work experience and other managerial positions held (or proposed) should be provided.	Irrelevant	Irrelevant at the moment, as all shares are owned by a single shareholder – the state of the Republic of Lithuania.
1.10. Members of the company's collegial management body, heads of the administration or other competent persons related to the company who can provide information related to the agenda of the general meeting of shareholders should take part in the general meeting of shareholders. Proposed candidates to member of the collegial body should also participate in the general meeting of shareholders in case the election of new members is included into the agenda of the general meeting of shareholders.	Yes	
2. PRINCIPLE: SUPERVISORY BOARD		
2.1. FUNCTIONS AND LIABILITY OF THE SUPERVISORY BOARD		
The supervisory board of the company should ensure representation of the interests of the company and its shareholders, accountability of this body to the shareholders and objective monitoring of the company's operations and its management bodies as well as constantly provide recommendations to the management bodies of the company. The supervisory board should ensure the integrity and transparency of the company's financial accounting and control system.		
2.1.1. Members of the supervisory board should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders and represent their interests, having regard to the interests of employees and public welfare.	Irrelevant	
2.1.2. Where decisions of the supervisory board may have a different effect on the interests of the company's shareholders, the supervisory board should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed about the company's strategy, risk management and control, and resolution of conflicts of interest.	Irrelevant	
2.1.3. The supervisory board should be impartial in passing decisions that are significant for the company's operations and strategy. Members of the supervisory board should act and pass decisions without an external influence from the persons who elected them.	Irrelevant	
2.1.4. Members of the supervisory board should clearly voice their objections in case they believe that a decision of the supervisory board is against the interests of the company. Independent members of the supervisory board should: a) maintain independence of their analysis and decision-making; b) not seek or accept any unjustified privileges that might compromise their independence.	Irrelevant	
2.1.5. The supervisory board should oversee that the company's tax planning strategies are designed and implemented in accordance with the legal acts in order to avoid faulty practice that is not related to the long-term interests of the company and its shareholders, which may give rise to reputational, legal or other risks.	Irrelevant	
2.1.6. The company should ensure that the supervisory board is provided with sufficient resources (including financial ones) to discharge their duties, including the right to obtain all the necessary information or to seek independent professional advice from external legal, accounting or other experts on matters pertaining to the competence of the supervisory board and its committees.	Irrelevant	
2.2. FORMATION OF THE SUPERVISORY BOARD		
The procedure of the formation of the supervisory board should ensure proper resolution of conflicts of interest and effective and fair corporate governance.		

2.2.1. The members of the supervisory board elected by the general meeting of shareholders should collectively ensure the diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance between the qualifications of the members of the supervisory board, it should be ensured that members of the supervisory board, as a whole, should have diverse knowledge, opinions and experience to duly perform their tasks.	Irrelevant	
2.2.2. Members of the supervisory board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience.	Irrelevant	
2.2.3. Chair of the supervisory board should be a person whose current or past positions constituted no obstacle to carry out impartial activities. A former manager or management board member of the company should not be immediately appointed as chair of the supervisory board either. Where the company decides to depart from these recommendations, it should provide information on the measures taken to ensure impartiality of the supervision.	Irrelevant	
2.2.4. Each member should devote sufficient time and attention to perform his duties as a member of the supervisory board. Each member of the supervisory board should undertake to limit his other professional obligations (particularly the managing positions in other companies) so that they would not interfere with the proper performance of the duties of a member of the supervisory board. Should a member of the supervisory board attend less than a half of the meetings of the supervisory board throughout the financial year of the company, the shareholders of the company should be notified thereof.	Irrelevant	
2.2.5. When it is proposed to appoint a member of the supervisory board, it should be announced which members of the supervisory board are deemed to be independent. The supervisory board may decide that, despite the fact that a particular member meets all the criteria of independence, he/she cannot be considered independent due to special personal or company-related circumstances.	Irrelevant	
2.2.6. The amount of remuneration to members of the supervisory board for their activity and participation in meetings of the supervisory board should be approved by the general meeting of shareholders.	Irrelevant	
2.2.7. Every year the supervisory board should carry out an assessment of its activities. It should include evaluation of the structure of the supervisory board, its work organisation and ability to act as a group, evaluation of the competence and work efficiency of each member of the supervisory board, and evaluation whether the supervisory board has achieved its objectives. The supervisory board should, at least once a year, make public respective information about its internal structure and working procedures.	Irrelevant	
3. PRINCIPLE: BOARD		
3.1. FUNCTIONS AND LIABILITY OF THE BOARD		
The management board should ensure the implementation of the company's strategy and good corporate governance with due regard to the interests of its shareholders, employees and other interest groups.		
3.1.1. The management board should ensure the implementation of the company's strategy approved by the supervisory board if the latter has been formed at the company. In such cases where the supervisory board is not formed, the management board is also responsible for the approval of the company's strategy.	Yes	
3.1.2. As a collegial management body of the company, the management board performs the functions assigned to it by the Law and in the articles of association of the company, and in such cases where the supervisory board is not formed in the company, it performs inter alia the supervisory functions	Yes	

established in the Law. By performing the functions assigned to it, the management board should take into account the needs of the company's shareholders, employees and other interest groups by respectively striving to achieve sustainable business development.		
3.1.3. The management board should ensure compliance with the laws and the internal policy of the company applicable to the company or a group of companies to which this company belongs. It should also establish the respective risk management and control measures aimed at ensuring regular and direct liability of managers.	Yes	
3.1.4. Moreover, the management board should ensure that the measures included into the OECD Good Practice Guidance on Internal Controls, Ethics and Compliance are applied at the company in order to ensure adherence to the applicable laws, rules and standards.	Yes	
3.1.5. When appointing the manager of the company, the management board should take into account the appropriate balance between the candidate's qualifications, experience and competence.	Yes	
3.2. FORMATION OF THE MANAGEMENT BOARD		
3.2.1. The members of the management board elected by the supervisory board or, if the supervisory board is not formed, by the general meeting of shareholders should collectively ensure the required diversity of qualifications, professional experience and competences and seek for gender equality With a view to maintain a proper balance in terms of the current qualifications possessed by the members of the management board, it should be ensured that the members of the management board would have, as a whole, diverse knowledge, opinions and experience to duly perform their tasks.	Yes	
3.2.2. Names and surnames of the candidates to become members of the management board, information on their educational background, qualifications, professional experience, current positions, other important professional obligations and potential conflicts of interest should be disclosed without violating the requirements of the legal acts regulating the handling of personal data at the meeting of the supervisory board in which the management board or individual members of the management board are elected. In the event that the supervisory board is not formed, the information specified in this paragraph should be submitted to the general meeting of shareholders. The management board should, on yearly basis, collect data provided in this paragraph on its members and disclose it in the company's annual report.	Yes	
3.2.3. All new members of the management board should be familiarised with their duties and the structure and operations of the company.	Yes	
3.2.4. Members of the management board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience and sufficiently frequent reconfirmation of their status	Yes	
3.2.5. Chair of the management board should be a person whose current or past positions constitute no obstacle to carry out impartial activity Where the supervisory board is not formed, the former manager of the company should not be immediately appointed as chair of the management board. Where the company decides to depart from these recommendations, it should provide information on the measures taken to ensure impartiality of the supervision.	Yes	
3.2.6. Each member of the management board should devote sufficient time and attention to perform his duties as a member of the supervisory board. Should a member of the management board attend less than a half of the meetings of the management board throughout the financial year of the company, the supervisory board of the company or, if the supervisory board is not formed at the company, the general meeting of shareholders should be notified thereof.	Yes	
3.2.7. In the event that the management board is elected in the cases established by the Law where the supervisory board is not formed at the company, and some of its members will be independent, it should be announced which members of the management board are deemed as independent. The management board may decide that, despite the fact that	Yes	

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a particular member meets all the criteria of independence established by the Law, he/she cannot be considered independent due to special personal or company-related circumstances.		
3.2.8. The general meeting of shareholders of the company should approve the amount of remuneration to the members of the management board for their activity and participation in the meetings of the management board.	Yes	
3.2.9. The members of the management board should act in good faith, with care and responsibility for the benefit and the interests of the company and its shareholders with due regard to other stakeholders. When adopting decisions, they should not act in their personal interest; they should be subject to no-compete agreements and they should not use the business information or opportunities related to the company's operations in violation of the company's interests.	Yes	
3.2.10. Every year the management board should carry out an assessment of its activities. It should include evaluation of the structure of the management board, its work organisation and ability to act as a group, evaluation of the competence and work efficiency of each member of the management board, and evaluation whether the management board has achieved its objectives. The management board , at least once a year, make public respective information about its internal structure and working procedures in observance of the legal acts regulating the processing of personal data.	Yes	
4. PRINCIPLE: Rules of procedure of the supervisory board and the management board of the company		
The rules of procedure of the supervisory board, if it is formed at the company, and of the management board should ensure efficient operation and decision-making of these bodies and promote active cooperation between the company's management bodies.		
4.1. The management board and the supervisory board, if the latter is formed at the company, should act in close cooperation in order to attain benefit for 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, where necessary, immediately inform the supervisory board about any matters significant for the company that are related to planning, business development, risk management and control, and compliance with the obligations at the company. The management board should inform the supervisory board about any derogations in its business development from the previously formulated plans and objectives by specifying the reasons for this.	Yes	
4.2. It is recommended that meetings of the company's collegial bodies should be held at the respective intervals, according to the pre-approved schedule. Each company is free to decide how often meetings of the collegial bodies should be convened but it is recommended that these meetings should be convened at such intervals that uninterrupted resolution of essential corporate governance issues would be ensured. Meetings of the company's collegial bodies should be convened at least once per quarter.	Yes	
4.3. Members of a collegial body should be notified of the meeting being convened in advance so that they would have sufficient time for proper preparation for the issues to be considered at the meeting and a fruitful discussion could be held and appropriate decisions could be adopted. Along with the notice of the meeting being convened all materials relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body present at the meeting agree with such change or supplement to the agenda, or certain issues that are important to the company require immediate resolution.	Yes	
4.4. In order to coordinate the activities of the company's collegial bodies and ensure effective decision-making process, the chairs of the company's	Yes	

<p>collegial supervision and management bodies should mutually agree on the dates and agendas of the meetings and close cooperate in resolving other matters related to corporate governance. Meetings of the company's supervisory board should be open to members of the management board, particularly in such cases where issues concerning the removal of the management board members, their responsibility or remuneration are discussed.</p>		
5. PRINCIPLE: NOMINATION, REMUNERATION AND AUDIT COMMITTEES		
5.1. PURPOSE AND FORMATION OF COMMITTEES		
<p>The committees formed at the company should increase the work efficiency of the supervisory board or, where the supervisory board is not formed, of the management board which performs the supervisory functions by ensuring that decisions are based on due consideration and help organise its work in such a way that the decisions it takes would be free of material conflicts of interest. Committees should exercise independent judgment and integrity when performing their functions and provide the collegial body with recommendations concerning the decisions of the collegial body. However, the final decision should be adopted by the collegial body.</p>		
<p>5.1.1. Taking due account of the company-related circumstances and the chosen corporate governance structure, the supervisory board of the company or, in cases where the supervisory board is not formed, the management board which performs the supervisory functions, establishes committees. It is recommended that the collegial body should form the nomination, remuneration and audit committees.</p>	Irrelevant	
<p>5.1.2. Companies may decide to set up fewer than three committees. In such case companies should explain in detail why they have chosen the alternative approach, and how the chosen approach corresponds with the objectives set for the three different committees.</p>	Irrelevant	
<p>5.1.3. In the cases established by the legal acts the functions assigned to the committees formed at companies may be performed by the collegial body itself. In such case the provisions of this Code pertaining to the committees (particularly those related to their role, operation and transparency) should apply, where relevant, to the collegial body as a whole.</p>	Yes	
<p>5.1.4. Committees established by the collegial body should normally be composed of at least three members. Subject to the requirements of the legal acts, committees could be comprised only of two members as well. Members of each committee should be selected on the basis of their competences by giving priority to independent members of the collegial body. The chair of the management board should not serve as the chair of committees.</p>	Yes	
<p>5.1.5. The authority of each committee formed should be determined by the collegial body itself. Committees should perform their duties according to the authority delegated to them and regularly inform the collegial body about their activities and performance on a regular basis. The authority of each committee defining its role and specifying its rights and duties should be made public at least once a year (as part of the information disclosed by the company on its governance structure and practice on an annual basis). In compliance with the legal acts regulating the processing of personal data, companies should also include in their annual reports the statements of the existing committees on their composition, the number of meetings and attendance over the year as well as the main directions of their activities and performance.</p>	Irrelevant	
<p>5.1.6. With a view to ensure the independence and impartiality of the committees, the members of the collegial body who are not members of the committees should normally have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or request that certain employees of the company or experts would participate in the meeting. Chair of each committee should have the possibility to maintain direct communication with the shareholders. Cases where such practice is to be applied should be specified in the rules regulating the activities of the committee.</p>	Irrelevant	
5.2. NOMINATION COMMITTEE		

5.2.1. The key functions of the nomination committee should be the following: 1) to select candidates to fill vacancies in the membership of supervisory and management bodies and the administration and recommend the collegial body to approve them The nomination committee should evaluate the balance of skills, knowledge and experience in the management body, prepare a description of the functions and capabilities required to assume a particular position and assess the time commitment expected;	Irrelevant	
2) assess, on a regular basis, the structure, size and composition of the supervisory and management bodies as well as the skills, knowledge and activity of its members, and provide the collegial body with recommendations on how the required changes should be sought; ; 4) devote the attention necessary to ensure succession planning.		
5.2.2. When dealing with issues related to members of the collegial body who have employment relationships with the company and the heads of the administration, the manager of the company should be consulted by granting him/her the right to submit proposals to the Nomination Committee.	Irrelevant	
5.3. REMUNERATION COMMITTEE		
5.3.1. The key functions of the remuneration committee should be the following: 1) submit to the collegial body proposals on the remuneration policy applied to members of the supervisory and management bodies and the heads of the administration for approval. Such policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as conditions which would allow the company to recover the amounts or suspend the payments by specifying the circumstances under which it would be expedient to do so; 2) submit to the collegial body proposals regarding individual remuneration for members of the collegial bodies and the heads of the administration in order to ensure that they would be consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned; 3) review, on a regular basis, the remuneration policy and its implementation.	Irrelevant	The functions of the remuneration committee are performed by the management board.
5.4. AUDIT COMMITTEE.		
5.4.1. The key functions of the audit committee are defined in the legal acts regulating the activities of the audit committee.	Irrelevant	The functions of the remuneration committee are performed by the management board.
5.4.2. All members of the committee should be provided with detailed information on specific issues of the company's accounting system, finances and operations. The heads of the company's administration should inform the audit committee about the methods of accounting for significant and unusual transactions where the accounting may be subject to different approaches.	Irrelevant	
5.4.3. The audit committee should decide whether the participation of the chair of the management board, the manager of the company, the chief finance officer (or senior employees responsible for finance and accounting), the internal and external auditors in its meetings is required (and, if required, when). The committee should be entitled, when needed, to meet the relevant persons without members of the management bodies present.	Irrelevant	
5.4.4. The audit committee should be informed about the internal auditor's work programme and should be furnished with internal audit reports or periodic summaries. The audit committee should also be informed about the work programme of external auditors and should receive from the audit firm a report describing all relationships between the independent audit firm and the company and its group.	Irrelevant	
5.4.5. The audit committee should examine whether the company complies with the applicable provisions regulating the possibility of lodging a complaint or reporting anonymously his/her suspicions of potential violations committed at the company and should also ensure that there is a procedure in place for proportionate and independent investigation of such issues and appropriate follow-up actions.	Irrelevant	
5.4.6. The audit committee should submit to the supervisory board or, where the supervisory board is not formed, to the management board its activity	Irrelevant	

report at least once in every six months, at the time that annual and half-annual reports are approved.		
6. PRINCIPLE: PREVENTION AND DISCLOSURE OF CONFLICTS OF INTEREST		
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 of disclosure of conflicts of interest related to members of the supervisory and management bodies.		
Any member of the company's supervisory and management body should avoid a situation where his/her personal interests are or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory or management body should, within a reasonable period of time, notify other members of the same body or the body of the company which elected him/her or the company's shareholders of such situation of a conflict of interest, indicate the nature of interests and, where possible, their value.	Yes	
7. PRINCIPLE: REMUNERATION POLICY OF THE COMPANY		
The remuneration policy and the procedure for review and disclosure of such policy established the company should prevent potential conflicts of interest and abuse in determining remuneration of members of the collegial bodies and heads of the administration, in addition it should ensure the publicity and transparency of the company's remuneration policy and its long-term strategy.		
7.1. The company should approve and post the remuneration policy on the website of the company; such policy should be reviewed on a regular basis and be consistent with the company's long-term strategy.	Yes	
7.2. The remuneration policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as the conditions specifying the cases where the company can recover the disbursed amounts or suspend the payments.	Yes	
7.3. With a view to avoid potential conflicts of interest, the remuneration policy should provide that members of the collegial bodies which perform the supervisory functions should not receive remuneration based on the company's performance.	Yes	
7.4. The remuneration policy should provide sufficient information on the policy regarding termination payments. Termination payments should not exceed a fixed amount or a fixed number of annual wages and in general should not be higher than the non-variable component of remuneration for two years or the equivalent thereof. Termination payments should not be paid if the contract is terminated due to inadequate performance.	Irrelevant	
7.5. In the event that the financial incentive scheme is applied at the company, the remuneration policy should contain sufficient information about the retention of shares after the award thereof. Where remuneration is based on the award of shares, shares should not be vested at least for three years after the award thereof. After vesting, members of the collegial bodies and heads of the administration should retain a certain number of shares until the end of their term in office, subject to the need to compensate for any costs related to the acquisition of shares.	Irrelevant	
7.6. The company should publish information about the implementation of the remuneration policy on its website, with a key focus on the remuneration policy in respect of the collegial bodies and managers in the next and, where relevant, subsequent financial years. It should also contain a review of how the remuneration policy was implemented during the previous financial year. The information of such nature should not include any details having a commercial value. Particular attention should be paid on the major 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 major change of the policy should be included on the agenda of the general meeting of shareholders. The schemes under which members and employees of a collegial body receive remuneration in shares or share options should be approved by the general meeting of shareholders.	Yes	

8. PRINCIPLE: ROLE OF STAKEHOLDERS IN CORPORATE GOVERNANCE		
The corporate governance framework should recognise the rights of stakeholders entrenched in the laws or mutual agreements and encourage active cooperation between companies and stakeholders in creating the company value, jobs and financial sustainability. In the context of this principle the concept “stakeholders” includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interests in the company concerned.		
8.1. The corporate governance framework should ensure that the rights and lawful interests of stakeholders are protected.	Yes	
8.2. The corporate governance framework should create conditions for stakeholders to participate in corporate governance in the manner prescribed by law. Examples of participation by stakeholders in corporate governance include the participation of employees or their representatives in the adoption of decisions that are important for the company, consultations with employees or their representatives on corporate governance and other important matters, participation of employees in the company’s authorised capital, involvement of creditors in corporate governance in the cases of the company’s insolvency, etc.	No	
8.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	Yes	
8.4. Stakeholders should be provided with the possibility of reporting confidentially any illegal or unethical practices to the collegial body performing the supervisory function.	Yes	
9. PRINCIPLE: DISCLOSURE OF INFORMATION		
The corporate governance framework should ensure the timely and accurate disclosure of all material corporate issues, including the financial situation, operations and governance of the company.		
9.1. In accordance with the company’s procedure on confidential information and commercial secrets and the legal acts regulating the processing of personal data, the information publicly disclosed by the company should include but not be limited to the following: 9.1.1. operating and financial results of the company; 9.1.2. objectives and non-financial information of the company; 9.1.3. persons holding a stake in the company or controlling it directly and/or indirectly and/or together with related persons as well as the structure of the group of companies and their relationships by specifying the final beneficiary; 9.1.4. members of the company’s supervisory and management bodies who are deemed independent, the manager of the company, the shares or votes held by them at the company, participation in corporate governance of other companies, their competence and remuneration; 9.1.5. reports of the existing committees on their composition, number of meetings and attendance of members during the last year as well as the main directions and results of their activities; 9.1.6. potential key risk factors, the company’s risk management and supervision policy; 9.1.7. the company’s transactions with related parties; 9.1.8. main issues related to employees and other stakeholders (for instance, human resource policy, participation of employees in corporate governance, award of the company’s shares or share options as incentives, relationships with creditors, suppliers, local community, etc.); 9.1.9. structure and strategy of corporate governance; 9.1.10. initiatives and measures of social responsibility policy and anti-corruption fight, significant current or planned investment projects. This list is deemed minimum and companies are encouraged not to restrict themselves to the disclosure of information included into this list. This principle of the Code does not exempt companies from their obligation to disclose information as provided for in the applicable legal acts.	Yes	
9.2. When disclosing the information specified in paragraph 9.1.1 of recommendation 9.1, it is recommended that the company which is a parent company in respect of other companies should disclose information about the consolidated results of the whole group of companies.	Yes	
9.3. When disclosing the information specified in paragraph 9.1.4 of recommendation 9.1, it is recommended that the information on the professional experience and qualifications of members of the company’s supervisory and management bodies and the manager of the company as well as potential conflicts of interest which could affect their decisions should be provided. It is further recommended that the remuneration or other income of members of the company’s supervisory and management bodies	Yes	

and the manager of the company should be disclosed, as provided for in greater detail in Principle 7.		
9.4. Information should be disclosed in such manner that no shareholders or investors are discriminated in terms of the method of receipt and scope of information. Information should be disclosed to all parties concerned at the same time.	Yes	
10. PRINCIPLE: SELECTION OF THE COMPANY'S AUDIT FIRM		
The company's audit firm selection mechanism should ensure the independence of the report and opinion of the audit firm.		
10.1. With a view to obtain an objective opinion on the company's financial condition and financial results, the company's annual financial statements and the financial information provided in its annual report should be audited by an independent audit firm.	Yes	
10.2. It is recommended that the audit firm would be proposed to the general meeting of shareholders by the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company.	Yes	
10.3. In the event that the audit firm has received remuneration from the company for the non-audit services provided, the company should disclose this publicly. This information should also be available to the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company when considering which audit firm should be proposed to the general meeting of shareholders.	Yes	

II. ANNEX TO THE ANNUAL REPORT

VIVA adheres to the Resolution No. 1052 of the Government of the Republic of Lithuania of 14 July 2010 'On approval of the description of the guidelines for assurance of activity transparency of state-controlled companies' (hereinafter referred to as the Transparency Guidelines).

PRINCIPLES/RECOMMENDATIONS	Yes/No/Irrelevant
General Requirements	
Information should ensure the timely and accurate disclosure of all material corporate issues, including the financial situation, operations and governance of the company.	Yes
Information should be disclosed in such manner that no shareholders or investors are discriminated in terms of the method of receipt and scope of information. Information should be disclosed to all parties concerned at the same time.	Yes
It is recommended to publish notices about material events before or after the trading session of Vilnius Stock Exchange to provide all shareholders and investors of the Company with equal opportunities to access the information and make appropriate investment decisions.	Yes
It is recommended to publish the company's annual report, the collection of financial statements and other periodical reports prepared by the company on the company's website, placement of the company's notices about material events and dynamics of the prices of the company's shares on the stock exchange is also recommended.	Yes
Modes of information dissemination should ensure unbiased, timely and cost-effective access to the information for information users, and in the cases established by the legislation – free access. Use of information technologies is recommended for spreading information at the larger scale, for example, publishing information on the company's website. It is recommended to publish and place information on the company's website not only in Lithuanian but also in the English language, if possible and needed – in other languages as well.	Yes
In the event that the audit firm has received remuneration from the company for the non-audit services provided, the company should disclose this to its shareholders. This information should also be available to the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company when considering which audit firm should be proposed to the general meeting of shareholders.	Yes
The company's activity and financial results are disclosed.	Yes

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The holding company discloses consolidated results.	Irrelevant
Persons owning or controlling the package of the company's shares are disclosed.	Yes
Members of the company's supervisory and management boards, the head of the company, and their remunerations are disclosed. It is recommended that the information on the professional experience and qualifications of members of the company's supervisory and management bodies and the manager of the company as well as potential conflicts of interest which could affect their decisions should be provided. It is further recommended that the remuneration or other income of members of the company's supervisory and management bodies and the manager of the company should be disclosed.	Yes
Potential predicted material risk factors are disclosed.	Yes
Transactions of the company and associated persons, also transactions concluded outside the course of the usual activity of the company are disclosed.	Yes
Main matters concerning the employees and other stakeholders are disclosed. Disclosure of information about the relations of the company and stakeholders, such as, employees, creditors, suppliers, local community, including the corporate policy regarding human resources, programmes of involvement of employees in the company's share capital, etc. is recommended.	Yes
The structure and strategy of the company's management are disclosed.	Yes
Material information about the governance procedure effective in the Company.	Yes
Powers of every committee defining its role and naming its rights and duties.	Irrelevant
Minutes of the general meetings of shareholders (in Lithuanian and English and/or other foreign languages) are published. Such documents may be published on the company's website of public access to the extent that their public disclosure is not detrimental to the company or the company's commercial secrets are not disclosed.	Not applicable, as VIKa has only one shareholder.
Report of the remuneration policy is published	Yes
Report on compliance by the company with the Code of Corporate Governance of the companies listed on NASDAQ QMX Vilnius is published.	Yes
Transparency guidelines stipulate publishing of information on Internet	
Goals and objectives of the company set by the shareholder:	Yes
Financial results;	Yes
Operating results;	Yes
Present number of the staff;	Yes
Yearly wage bill;	Yes
Monthly salary of the managers and their deputies;	Yes
Purchases and investments made, in progress and planned during the financial year;	Yes
Transparency guidelines stipulate publishing of information on Internet	
Accounting is kept according to the International Financial Accounting Standards.	Yes
Collection of annual financial statements is audited according to the international standards of auditing.	Yes
Annual report is published on the website by 30 April.	Yes
Annual report contains the following:	
Activity strategy and goals (financial and non-financial), unless it constitutes a commercial secret of the state-governed company (if activity strategy and goals of a state-governed company contains information considered as commercial secret, a shortened activity strategy and goals excluding the above-mentioned information is published (presented));	Yes
Compliance of the achieved operating results with the activity goals of the state-governed company;	Yes
Major events with material importance for the activity of a state-governed company that took place during the reporting period;	Yes
Information about the market of services provided or products manufactured, unless it is a commercial	Yes

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secret;	
Main clients and their main groups, unless it is a commercial secret. If state-governed companies disclose information about segments, the main clients are presented by separate segments;	Yes
Investments during the reporting period, major investment projects in progress or planned;	Yes
Total yearly wage bill, average monthly salary by positions and/or divisions;	Yes
Social, environmental initiatives and policy under implementation;	Irrelevant
Information about adherence to the Transparency guidelines: it is specified how they are implemented, which clauses are disregarded and why;	Yes
Main financial indicators describing the activity (profitability, liquidity, asset effectiveness), their dynamics during 3 years;	Published from the day the Company was incorporated
Management bodies;	
Information about the audit of annual financial statements completed (the entity that conducted the audit, remuneration for auditing); other significant information affecting the activity of the state-governed company came to light prior to the publication of the annual report;	Yes
Information and reports that a listed company must disclose according to the Law on Financial Reporting of the Republic of Lithuania and the Code of Corporate Governance of the companies listed on NASDAQ OMX Vilnius	Yes
Dividends policy;	Irrelevant
Information about the progress of implementation of the activity strategy and goals (financial and non-financial). https://www.vika.lt/	Yes
By 30 April, information about special liabilities under implementation, conclusions by an independent auditor on yearly financial statements are published on the website.	Irrelevant
A shareholder is provided with the following together with the annual report:	
Information about the salary of the managers in the last year	Yes
to determine the variable element of the managers' monthly performance result indicators, implementation of the above-mentioned indicators, variable part of the managers' monthly salary fixed (in Euro and the percentage of the fixed part of the managers' monthly salary) and paid variable part of monthly salary (in Euro and the percentage of the fixed part of the managers' monthly salary).	Yes
Interim report	
State-governed companies of the category I or II prepare an interim report for 6 months, which is published on the website by 31 August. Interim report briefly present the most significant information about the indicators characterising the activity of the state-governed company and their changes compared to the previous periods.	Yes
A collection of 6 months' interim financial statements is prepared and published on Internet by 31 August.	Yes