

APPROVED

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2024 of the Minister of Finance of the  
Republic of Lithuania

**LETTER**  
**REGARDING THE STATE'S OBJECTIVES FOR AND THE STATE'S**  
**EXPECTATIONS FROM VALSTYBĖS INVESTICINIS KAPITALAS UAB**

**SECTION I**  
**GENERAL PROVISIONS**

The Letter on the State's Objectives For and the State's Expectations From Valstybės investicinis kapitalas UAB (hereinafter referred to as the Letter) sets out the objectives pursued by the state (hereinafter referred to as the objectives of the state), the owner of Valstybės investicinis kapitalas UAB (hereinafter referred to as the Company, VIK), and the state's expectations for the Company (hereinafter referred to as the expectations of the state). The Ministry of Finance, the authority exercising the rights and obligations of the shareholder (the state), seeks cooperation with the Company by expressing the expectations of the state and the objectives of the state in the Letter.

**SECTION II**  
**OBJECTIVES AND DIRECTIONS OF THE COMPANY'S ACTIVITIES**

VIK's activities are to assist the Lithuanian economy in recovering from the consequences of the COVID-19 pandemic, to develop the capital market, attract private investment, and invest in areas of strategic importance to the Lithuanian economy. The Company must seek opportunities to invest in areas that contribute to the implementation of the National Energy Independence Strategy, approved by the Republic of Lithuania Seimas Resolution No. XI-2133 of 26 June 2012 "On the Approval of the National Energy Independence Strategy", the National Energy and Climate Action Plan, and other national strategic documents. In selecting investment areas, priority should be given to aspects of defence and security, the Green Deal, digital transformation of the economy, as well as energy decarbonisation and climate neutrality. The Company may actively cooperate with ILTE UAB, which, by Resolution No. 1046 of the Government of the Republic of Lithuania, dated 17 October 2018, "On the Assignment to Execute the Activities of a National Development Institution," was entrusted with the task of executing the activities of a national development institution in certain areas, along with its subsidiaries, to implement its strategic activities.

VIK's objectives include:

- Management of state-owned assets transferred to VIK;
- Financing and/or participation in the activities of legal persons or entities of any form, including the establishment of legal persons or entities of any form, for the purpose of carrying out VIK's activities;
  - Bond issuance;
  - Attracting private investment.

VIK may engage in any other activity that does not conflict with the legislation of the Republic of Lithuania. It may also invest, either directly or through other funds, in investment projects of public interest that generate a positive financial return, provided that the investment strategy and objectives are substantially aligned with VIK's own objectives.

The Company must aim to grow the value of the business. Therefore, in the short term, it should analyse its business opportunities, current investment model, and potential for expansion. To achieve its business objectives, the Company needs to increase its capacity and competencies.

### **SECTION III OBJECTIVES OF THE STATE**

The Ministry of Finance expects VIK to successfully complete its participation in the established limited partnership Pagalbos verslui fondas, redeem the state-guaranteed bonds issued for this purpose, and continue developing capital markets and financial instruments for the Lithuanian economy.

The Company must pursue the following objectives in its activities:

- To analyse investment opportunities, contribute to the strengthening of Lithuania's defence and security industry, and, if necessary, become a financing entity for the defence sector;
- To prepare to issue state-guaranteed bonds on the market, as needed, to be invested in strengthening the Lithuanian defence and security industry;
- To analyse investment opportunities and contribute to the implementation of the goals and objectives outlined in the National Energy Independence Strategy, the National Energy and Climate Action Plan, and other national strategic documents;
- To maintain the Company's bond programme at the A rating by the credit rating agency Fitch Ratings;
  - To ensure that the Company's capital structure complies with the requirements and best practices for issuers on the Nasdaq Stock Exchange.
  - To ensure that the Company is properly structured, to attract the necessary competencies and to develop and establish policies and procedures appropriate to the needs of the development of the Company;
  - To assess the opportunities to co-finance development cooperation activities in foreign countries with institutional investors, with a particular focus on the reconstruction of Ukraine;
  - To assess the opportunities and needs for issuing debt securities without a state guarantee in the long-term perspective;
  - To develop cooperation and relationships with foreign investors who could participate in the purchase of the Company's debt securities and/or in the private placement of its bonds, as appropriate.

The Company must comply with and implement the key good governance practices recommended by the Organisation for Economic Co-operation and Development (OECD), the Nasdaq Stock Exchange, the Procedure for the Exercise of the State's Proprietary and Non-Proprietary Rights in State-Owned Enterprises (approved by Resolution No. 665 of the Government of the Republic of Lithuania of 6 June 2012 "On the Approval of the Procedure for the Exercise of the State's Proprietary and Non-Proprietary Rights in State-Owned Enterprises"), as well as other legislation related to state-controlled enterprises and best global practices.

### **SECTION IV EXPECTATIONS OF THE STATE**

#### **Long-term benefits for the shareholder**

To achieve the Company's operational objectives, the Company's Board must formulate its strategic objectives, taking into account the following:

- The Company's activities must not be unprofitable. The return on equity (ROE) of the company must be positive at the end of the investment cycle and return on investment, and the intermediate target is a positive cash flow, i.e., in each year the costs actually incurred (net of the investment) must be less than the income generated by the investment;

- The terms of the bond issuance and the total price of the proceeds must be in line with the best market conditions at the time of issuance, using all possible solutions that optimise the cost of each issue and the entire financial cycle (e.g., through rating or other instruments). The company must also evaluate other alternatives to bond placements (e.g., private placements) if they could create new financing instruments, attract new capital market participants, fill a potential financing gap, or offer more attractive pricing than a public placement.

### **An Intelligent Company**

The Company must be financially sound and capable of meeting its commitments, manage its risks appropriately, and be a progressive organisation whose business decisions create significant value for the national economy.

The Company must strive to create an efficient and competent organisation based on shared values, ensuring that its internal environment fosters employee engagement and focus, that it operates flexibly, and that decisions are made swiftly in response to changing situations.

### **Efficient and Transparent Operations**

The Company's objectives are: to ensure efficient and effective management in line with best corporate governance practices, to ensure the efficient functioning of the Company's governing bodies, and to be a transparent organisation that publicly discloses information about its activities.

The Ministry of Finance expects that the Company will have in place appropriate risk management measures, policies and procedures that are in line with best corporate governance practices, the Company's structure and needs.

### **Social Responsibility**

The Company must ensure fair and market-competitive wages for employees, along with appropriate motivation systems that create an attractive working environment.

The Company must have an appropriate governance structure to ensure the quality management of the company's activities and processes throughout the financial cycle, to guarantee compliance with legislation and to maintain a minimum level of risk for this type of company.

## **SECTION V ACCOUNTABILITY**

In accordance with the legislation in force, the Company must periodically or as required provide the Ministry of Finance with copies of the Company's annual and interim financial statements, the Company's annual and interim reports, the auditor's opinions and the audit reports on the financial statements, other documents of the Company that are required by law to be made publicly available, as well as the minutes of the Board meetings, the Company's operational strategy, information on material events and current risks.

The Company's Board must act independently; however, the Ministry of Finance expects the Board to inform in advance not only about essential decisions but also about other important decisions potentially related to the shareholder's interests:

- change of the Company's CEO;
- potential conflicts of interest of Board members;
- potential legal disputes;
- potential fraud by the Company's employees or related parties;
- the threat of dismissal of a group of employees;
- a planned significant investment or major acquisition or sale;
- potential damage to society, nature, the economy or national security;

- press releases that should be commented on by representatives of the Ministry of Finance;
  - any corruption or political intervention of any scale;
  - other material risks that threaten the continuity of the Company's business.
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