UAB Valstybės Investicinis Kapitalas

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

22 April 2022

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Deloitte.

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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 2021, and the statements of comprehensive income, changes in equity and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, of the financial position of the Company as at 31 December 2021, and their financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of financial assets	
Refer to pages 20, 21, 30 of the financial statements As at 31 December 2021 the net value of the Company's investment in Pagalbos verslui fondas, KŪB (the Fund) amounted to EUR 142,264 thousand (31 December 2020: EUR 4,125 thousand), and decrease in fair value losses for the year then ended amounted to EUR 4,861 thousand (2020: EUR 2,875 thousand). The investment in the Fund is the most significant asset item in the statement of financial position and related expense item in the statement of comprehensive income of the Company. In making fair value measurement, management of the Company is required to make significant judgments in circumstances of significant uncertainty. As the Fund's net assets are measured at fair value, the management of the Company has determined that the fair value of the investment in the Fund will be determined based on the Fund's net assets. For the reasons described, we believe that the valuation of the investment in the Fund is a key audit matter.	Our audit procedures in this area included, among others: • 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: - 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 International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on other legal and regulatory requirements

In accordance with the decision made by Shareholders on 1 October 2021 we have been chosen to carry out the audit of the Company's financial statements. Our appointment to carry out the audit of the Company's financial statements in accordance with the decision made by Shareholders has been for year 2021 and the period of total uninterrupted engagement is eight 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 2021 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
22 April 2022

STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	31/12/2021	31/12/2020
Non-current assets			
Non-current assets		-	-
Financial assets at fair value through profit or loss	3.1	142,264.193	4,124.817
Deferred income tax assets	3.14	4,929	4,929
Total non-current assets		**142,269,122**	**4,129,746**
Current assets			
Other current assets	3.2	159,399	3,487
Cash and cash equivalents	3.3	585,662	94,177,742
Total current assets		**745,061**	**94,181,229**
TOTAL ASSETS		**143,014,183**	**98,310,975**

EQUITY AND LIABILITIES	Notes	31/12/2021	31/12/2020
Equity			
Share capital	3.4	101,200,000	100,200,000
Retained earnings/loss		(8,026,183)	(2,901,970)
Total Equity		**93,173,817**	**97,298,030**
Non-current liabilities			
Bonds issued	3.5	49,830,758	-
Total non-current liabilities		**49,830,758**	**-**
Current liabilities			
Amounts payable to subsidiaries and associates	3.6	-	1,000,000
Amounts payable to employees	3.7	5,058	4,584
Other payables and accrued expenses	3.8	4,550	8,361
Total current liabilities		**9,608**	**1,012,945**
Total liabilities		**49,840,366**	**1,012,945**
TOTAL EQUITY AND LIABILITIES		**143,014,183**	**98,310,975**

The accompanying notes form an integral part of these financial statements

The financial statements were approved and signed on 22 April 2022.

On behalf of UAB Valstybės Investicinis Kapitalas

Robertas Vyšniauskas
CEO

Chief Accountant

Jurgita Malinauskaitė
Authorised person of UAB Nordgain

STATEMENT OF COMPREHENSIVE INCOME

	Notes	Financial year ended 31/12/2021	26/08/2020–31/12/2020
OPERATING INCOME			
Sales		-	-
Cost of sales		-	-
Other income (resold)		-	-
GROSS PROFIT		**-**	**-**
Operating costs	3.9	(241,460)	(31,715)
Other costs	3.10	(22,129)	(1)
OPERATING PROFIT/LOSS		**(263,589)**	**(31,716)**
Impairment of financial assets at fair value through profit or loss	3.11	(4,860,624)	(2,875,183)
PROFIT/LOSS BEFORE TAX		**(5,124,213)**	**(2,906,899)**
Income tax (expense) benefits	**3.14**	**-**	4,929
NET PROFIT/LOSS	**3.14**	**(5,124,213)**	**(2,901,970)**
OTHER COMPREHENSIVE INCOME		**-**	**-**
TOTAL COMPREHENSIVE INCOME		**-**	**-**
Earnings/loss per share (EUR per share)	**3.13**	**(0.506)**	**(0.290)**

The accompanying notes form an integral part of these financial statements

The financial statements were approved and signed on 22 April 2022.

On behalf of UAB Valstybės Investicinis Kapitalas

Robertas Vyšniauskas
CEO

Chief Accountant

Jurgita Malinauskaitė
Authorised person of UAB Nordgain

STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings/loss	Total
Balance as of 26/08/2020	**-**	-	**-**
Formation of authorised capital	100,200,00	-	100,200,000
Net profit/loss	**-**	(2,901,970)	(2,901,970)
Increase/decrease of authorised capital	**-**	-	**-**
Dividend	**-**	-	**-**
Other benefits to owners	**-**	-	**-**
Balance as of 31/12/2020	**100,200,000**	(2,901,970)	**97,298,030**
Formation of authorised capital	-	-	-
Net profit/loss	-	(5,124,213)	(5,124,213)
Increase/decrease of authorised capital	1,000,000	-	1,000,000
Dividend	-	-	-
Other benefits to owners	-	-	-
Balance as of 31/12/2021	**101,200,000**	(8,026,183)	**93,173,817**

The accompanying notes form an integral part of these financial statements

The financial statements were approved and signed on 22 April 2022.

On behalf of UAB Valstybės Investicinis Kapitalas

Robertas Vyšniauskas
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CASH FLOW STATEMENT

	Notes	Financial year ended 31/12/2021	26/08/2020–31/12/2020
Cash flow from operating activities			
Payments for the reporting period		**(500,080)**	**(22,258)**
Wage payments		(36,240)	(6,296)
Tax paid		(32,064)	(6,220)
Cash payments to suppliers		(60,990)	(7,085)
Bond issuance costs		(101,100)	-
Guarantee deposit		(150,000)	-
Additional bank account management fee		(108,055)	-
Other benefits		(11,631)	(2,657)
Net cash flows from operating activities		**(500,080)**	**(22,258)**
Acquisition of investments	**3.1**	(143,000,000)	(7,000,000)
Net cash flows from investment activities		**(143,000,000)**	**(7,000,000)**
Cash flows from financing activities			
Bond issue proceeds		49,908,000	-
Formation of authorised capital	**3.4**	-	100,200,000
Deposits		-	-
Loans received		-	-
Increase in other liabilities of the company	**3.5**	-	1,000,000
Net cash flows from financial activities		**49,908,000**	**101,200,000**
Impact of exchange rate changes on cash and cash equivalents balance		-	-
Net increase/decrease in cash flows		**143,500,080**	**94,177,742**
Cash and cash equivalents at the beginning of the period		**94,177,742**	**-**
Cash and cash equivalents at the end of the period	**3.3**	**585,662**	**94,177,742**

The financial statements were approved and signed on 22 April 2022.

On behalf of UAB Valstybės Investicinis Kapitalas

Robertas Vyšniauskas
CEO

Chief Accountant

Jurgita Malinauskaitė
Authorised person of UAB Nordgain

NOTES TO THE FINANCIAL STATEMENTS

1. General

UAB Valstybės Investicinis Kapitalas (hereinafter referred to as the "Company") is a private limited company registered in the Republic of Lithuania. Its registered office is:

Gedimino pr. 38,
Vilnius,
Republic of Lithuania

The Company's areas of activity are in accordance with the Description of Activities of the Facility Pagalbos Verslui Fondas, approved by the Minister of the Economy and Innovation of the Republic of Lithuania and the Minister of Finance of the Republic of Lithuania to help the Lithuanian economy recover from the consequences of COVID-19 by financing measures to support business and capital market development with funds raised through state and capital market measures.

The Company was registered on 26 August 2020. As of 31 December 2021, 100% of the Company's authorised capital belongs to the Republic of Lithuania, code 111105555.

The registered capital of the Company is EUR 101,200,000 and consists of 10,120,000 ordinary registered shares with a par value of EUR 10 each. As of 31 December 2021, all shares were fully paid up.

As of 31 December 2021, the average annual number of employees of the Company was 1.

The financial year of the Company coincides with the calendar year.

2. Accounting policies

The principal accounting policies applied in the preparation of the Company's financial statements for the year ended 31 December 2021 are as follows:

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Significant accounting articles

1.1. Confirmation of conformity

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

1.2. Basis of preparation of the financial statements

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

The financial year of the Company shall run from 1 January to 31 December.

The financial statements are presented in euros (EUR).

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

Equity

Equity includes the paid-up part of the authorised capital, share premium, revaluation reserve (results), statutory reserve, reserve for acquisition of own shares, other reserves, and retained earnings/loss.
The subscribed share capital is accounted for and disclosed in the financial statements in full, regardless of the part paid up. The unpaid portion of the shares shall be accounted for and disclosed in the financial statements in the counterpart account (item) of the authorised capital.
If the issued shares are settled in assets (including shares of another public limited company), the issue price of the shares shall be equal to the fair value of the assets received for them. Only the nominal value of shares shall be recorded in the authorised capital account. If the issue price exceeds their par value, the excess price shall be recorded in the share premium account.
If a decision is made to increase or decrease the authorised capital, the increase or decrease of the authorised capital shall be registered in the accounts when the amended articles of association of the public limited company are registered in accordance with the procedure established by legal acts.

1.3. **Recognition of costs**

Expenses shall be recognised on an accrual basis in the period in which the related revenue is earned, regardless of when the cash is paid.

The Company's current expenses include payroll and related taxes, vacation accruals, accounting service costs, insurance costs, Management Board member fees, employee recruitment and deferred income tax costs.

1.4. **Leasing**

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

1.4.1. Company as a lessee

Leased assets shall be initially recognised as assets of the Company at the fair value of the leased asset at the inception of the lease or, if lower, the present value of the minimum lease payments. The related lessor liability shall be presented in the statement of financial position as a lease liability.

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

Operating lease payments shall be recognised as an expense in the income statement on a straight-line basis over the term of the lease, unless another systematic basis is more appropriate to reflect the economic benefits embodied in the leased asset over time. Contingent operating leases shall be recognised as an expense in the period in which they are incurred.

1.5. **Foreign exchange**

The financial results and financial position of the Company shall be presented in euros, which is the Company's functional currency and the currency for the presentation of the Company's financial statements.

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

1.6. **Income tax and deferred income tax**

Income tax expense represents the amount of the tax currently payable and deferred tax. Income tax is calculated in accordance with the requirements of the tax laws of the Republic of Lithuania.

1.6.1. Current year fee

The tax for the current year shall be payable on taxable profits. Taxable profits differ from profit or loss in the statement of comprehensive income in respect of taxable or deductible income or expense in the following year and in respect of income or expense that is never taxable or deductible. The Company's current year income tax liability shall be calculated using tax rates ruling on the date of the statement of financial position. The standard corporate income tax rate applied to the companies of the Republic of Lithuania for the year ended 31 December 2021 shall be 15%.

1.6.2. Deferred tax

Deferred tax shall be provided on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities shall be recognised for all temporary differences. Deferred tax assets shall be recognised only to the extent that it is probable that future taxable profits will be reduced in recognising the temporary differences. Such deferred assets and liabilities may not be recognised if the temporary differences relate to goodwill or to the initial recognition of assets or liabilities (other than in a business combination), the occurrence (transaction) of which does not affect either taxable profit or financial profit.

Deferred income tax assets shall be reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets shall be measured using the tax rate ruling 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 represent the tax consequences that the Company expects at the end of the reporting period in order to pay or settle its assets or liabilities.

1.6.3. Current year tax and deferred tax for the period

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

Deferred tax assets shall be recognised in the statement of financial position when management expects to generate sufficient taxable profit in the foreseeable 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.

1.7. Financial instruments

Financial assets and financial liabilities shall be recognised when the Company becomes a party to the contractual provisions of the instrument.

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

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

Recognition and derecognition in the statement of financial position

The Company shall recognise a financial asset or financial liability in its statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument.

The Company shall recognise or derecognise the purchase or sale of a financial asset on the trade date. The Company shall derecognise a financial asset in the statement of financial position when, and only when:

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

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

- enforceable; or
- revoked; or
- has expired.

The Company shall divide financial assets into one of the following categories:

- measured at amortised cost;
- measured at fair value through profit or loss.

The Company shall classify debt financial assets in an appropriate category depending on the financial asset management business model and the contractual cash flow characteristics of the financial asset. The business model applied to a group of financial assets shall be determined by how all groups of financial assets are managed together to achieve a specific business objective of the Company.

The Company's investments in equity securities, where the Company has no control or significant influence over the investee, shall be carried at fair value through profit or loss.

The Company shall include trade receivables, loans granted, other receivables from financial assets and cash and cash equivalents.

All financial liabilities of the Company shall be measured at amortised cost.

The Company shall include trade liabilities, bonds and borrowings in financial liabilities measured at amortised cost. At the time of initial recognition of the bonds, the costs associated with the distribution of the bonds and the discount arising on the distribution shall be recognised at cost in the income statement over the term of the bonds (until maturity), using the effective interest rate.

<u>Cash and cash equivalents</u>

Cash and cash equivalents shall comprise cash on hand, cash in transit and cash in bank accounts, demand deposits and other short-term highly liquid investments of up to three months which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

In the statement of cash flows, cash and cash equivalents shall comprise cash on hand, deposits held at call with banks, and other short-term highly liquid investments.

1.8. Employee benefits

Short-term employee benefits shall be recognised as an expense in the period in which the employees render the related service. Benefits shall include salaries, social security benefits, bonuses, paid leave, and more. There are no long-term employee benefits.

1.9. Fair value measurement

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

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

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

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

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

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

An entity shall recognise amounts transferred between the levels of the fair value hierarchy at the end of the reporting period in which the change occurs.

1.10. Related parties

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

1.11. Contingencies

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

Contingent assets shall not be recognised in the financial statements but shall be disclosed when it is probable that future economic benefits or service potential will flow to the entity.

1.12. Post-reporting events

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

1.13. Comparative information

The comparative information in the statement of comprehensive income has been restated according to the classification for the reporting period, distinguishing between Staff costs and Depreciation and amortisation expenses.

1.14. Significant accounting estimates and management judgements

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

The Company's investment in the Fund is measured at fair value, which is determined on the basis of the Fund's net assets. All of the Fund's investments are measured at fair value and the carrying amount of the Fund's current receivables and payables and cash and cash equivalents is very close to their fair value, therefore the Fund's net assets shall also be measured at fair value.

1.15. Initial application of amendments to new standards in force during the reporting period

This year, the Company has adopted all new and revised Standards and Interpretations that are relevant to its operations and are effective for reporting periods beginning on or after 01 January 2021.

(a) The following new standards, amendments and interpretations are mandatory for annual periods beginning on or after 01 January 2021.

Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021 (amendments) (issued on 31 March 2021, effective as of 01 April 2021)

These amendments extend the scope of the 2020 amendments by extending the period of eligibility for the practical target 30 June 2021 to 30 June 2022.

On 28 May 2020, the Management Board issued COVID-19-related rent concessions, which amended IFRS 16 Leases. The 2020 amendment permitted lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications. Among other conditions, the 2020 amendment permitted lessees to apply the practical expedient only to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. If the lease reduces the lease payments and until 16 June 2021, IFRS 16 does not permit the concession to apply a practical expedient.

The amendments are effective in the EU for annual periods beginning on or after 01 April 2021. The Company's management has determined that these amendments do not have a material impact on these financial statements as no significant discounts were received during the reporting period and are not expected to be received in subsequent periods.

Interest Rate Benchmark Reform—Phase 2—Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (amendments) (issued on 27 August 2020, effective as of 01 January 2021)

These amendments provide temporary benefits related to the effects of the financial statements when the interbank offered rate (IBOR) is replaced by an alternative near-risk-free interest rate (RFR).

The amendments cover the following practical expedients:

- Practical expedient to require that changes in contracts or changes in cash flows directly required by the reform be treated as changes in variable interest rates equivalent to changes in market interest rates.

- Allow changes to hedge designation and hedging documents required by the IBOR reform without terminating the hedging relationship.

- Provide a temporary rebate to entities so that they do not have to comply with a separate requirement when an RFR instrument is assigned to hedge a risk component.

The amendments are effective in the EU for annual periods beginning on or after 01 January 2021. The Company's management has determined that these amendments do not have a material impact on these financial statements.

Interest rate benchmark: Reform Amendments to IFRS 9 IAS 39 and IFRS 7 (issued on 27 August 2020, effective from 01 January 2021 and to be applied retroactively)

The amendments to IFRS 9, IAS 39 and IFRS 7 will complete the second phase to address issues that may affect the financial statements when an existing interest rate benchmark is replaced by a risk-free interest rate (RFR). These amendments will not affect the Company's financial statements.

(b) Standards and amendments that have been approved but are not yet effective and have not been applied in advance

The following new standards, amendments and interpretations are not mandatory for the reporting period beginning on or after 01 January 2021 and have not been applied in preparing the following financial statements:

IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Annual Improvements 2018-2020 (Amendments) (all issued on 14 May 2020, effective for annual periods beginning on or after 01 January 2022).

The IASB has issued amendments to the narrow IFRS standards:

- IFRS 3 Business Combinations (amendments) updates the reference in IFRS 3 to the Conceptual Framework for Financial Statements without changing the accounting requirements for business combinations.

- IAS 16 Property, Plant and Equipment (Amendments) prohibits an enterprise from deducting from the cost of property, plant and equipment the proceeds from the sale of items produced by the enterprise to prepare the asset for its intended use. Instead, the entity will recognise such sales revenue and related expenses in SPLOCI's profit or loss.

- IAS 37 Provisions, Contingent Liabilities and Contingent Assets (amendments) specifies the costs that an entity includes in determining contract costs to determine whether a contract is onerous.

- The annual improvements for 2018-2020 make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the illustrative examples presented in conjunction with IFRS 16 Leases.

The amendments are effective in the European Union for annual periods beginning on or after 01 January 2022, with earlier application permitted.

The Company's management is currently assessing the impact of these amendments on the Company's financial statements.

Amendments to IFRS 17 and 4: Effective dates of IFRSs 17 and 9 for insurers (issued on 25 June 2020, effective from 01 January 2021, but not before approval by the EU).

The amendments to IFRS 17 are effective for annual periods beginning on or after 01 January 2023, with earlier application permitted. The amendments are intended to help companies implement the standard. In particular, the amendments seek to reduce costs by simplifying some of the requirements of the standard, facilitating the interpretation of financial results and facilitating the transition by postponing the effective date of the standard until 2023 for the first time.

The amendments to IFRS 4 replace the date of application of the temporary exemption from IFRS 9 Financial Instruments in insurance contracts, and entities would be required to apply IFRS 9 for annual periods beginning on or after 01 January 2023.
Management has estimated that these amendments will not have any impact on the Company's financial statements.

IFRS 17: Insurance contracts (issued on 18 May 2017, effective as of 01 January 2023, but not before approval by the EU).

The standard is effective for annual periods beginning on or after 01 January 2021, with earlier application permitted if IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have also been applied. At the meeting in March 2020, the Management Board decided to postpone the date of entry into force until 2023. IFRS 17 Insurance Contracts sets out the principles for recognizing, measuring, presenting and disclosing insurance contracts. Similar principles are also required to apply to existing reinsurance contracts and investment contracts with discretionary features. The aim is to ensure that entities provide relevant information in a way that accurately reflects those contracts. This information provides a basis for users of financial statements to evaluate the effects of contracts covered by IFRS 17 on the entity's financial position, financial performance and cash flows. This IFRS will not have any impact on the Company's financial position or performance as insurance services are not provided.

Amendments to IAS 12 Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction (issued on 07 May 2021, effective from 01 January 2023, but not before approval by the EU).

The amendments require entities to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after 01 January 2023. Earlier application is permitted. The amendments have not yet been approved by the EU. The Company has not yet assessed the impact of implementing these changes.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021, effective from 01 January 2023, but not before approval by the EU).

The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to valuation uncertainties. The amendments also explain what changes in accounting estimates are and how they differ from changes in accounting policies and corrections of errors.

The amendments are effective for annual periods beginning on or after 01 January 2023, with earlier application permitted, and changes in accounting policies and accounting estimates occurring at or after the beginning of that period. The amendments have not yet been approved by the EU. The Company has not yet assessed the impact of implementing these changes.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current (issued on 23 January 2020 and 15 July 2020, respectively, with effect from 01 January 2023, but not before approval by the EU).

The amendments are intended to promote consistent application of the requirements by helping entities to determine whether debts and other liabilities with an indefinite settlement date should be classified as current or non-current in the statement of financial position. The amendments affect the presentation of liabilities in the statement of financial position and do not change the existing requirements for the timing of the measurement or recognition of any assets, liabilities, income or expense or the disclosures that entities make about those items. The amendments also clarify the requirements for classifying debt that an enterprise can settle by issuing its own equity instruments. The Company is currently assessing the impact of this amendment on its financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS 2 Disclosure of Accounting Policies (issued on 12 February 2021, effective from 01 January 2023, but not before approval by the EU).

The amendments are effective for annual periods beginning on or after 01 January 2023, if earlier application is permitted. The amendments provide guidance on the application of materiality judgements in accounting policies. In particular, the amendments to IAS 1 replace the requirement to disclose “significant” accounting policies with the requirement to disclose “material” accounting policies. In addition, the practice report provides guidance and illustrative examples for applying the concept of materiality in making accounting policy disclosures. The amendments have not yet been approved by the EU. The Company has not yet assessed the impact of implementing these changes.

1.16. Management of financial risks and capital

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

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

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

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

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

Fair value of financial assets and liabilities

Fair value is defined as the amount for which an asset or service could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction. The fair values of financial assets and financial liabilities are based on quoted market prices, discounted cash flow models or option pricing models, as the case may be. In other words, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market and, in the absence of such a transaction, on the most favourable market that the Company could enter on the valuation date. The fair value of a liability reflects the effect of its risk of default. Where appropriate, fair value is determined using quoted prices in an active market using discounted cash flow values and option pricing models. In determining the fair value of assets or liabilities, the Company relies as much as possible on observable market data. Fair values are allocated to different levels of fair value based on the variables used in the valuation techniques:

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

If the variables used to determine the fair value of an asset or liability can be assigned to different levels of the fair value hierarchy, the level of the fair value hierarchy to which all determined fair value is assigned shall be determined based on the lowest level variable that determines total fair value.
The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period in which the change occurs.
The statement of financial position shows the fair values of assets and liabilities as of 31 December 2021 do not differ from the carrying amounts of assets and liabilities.

The fair value of investments in the Fund fluctuates depending on the fluctuations in the fair value of the Fund's investments, which are calculated using the discounted cash flow method. As the discount rate changes by 1% to the negative and the positive side, the fair value of the Fund's portfolio changes by EUR 3.37 million and EUR -5.07 million. As the discount rate increases by 0.5%, the fair value of the portfolio decreases by an average of EUR 3.04 million, with the discount rate decreasing by 0.5%, while the fair value of the portfolio increases by EUR 1.17 million.

Capital management

The main objective of capital management is to ensure that the Company maintains good solvency and meets appropriate capital ratios in order to maintain its business and maximise benefits. The Management Board of the Company monitors that its investments comply with the legal requirements and loan agreements applicable to capital and provides the necessary information.

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

The Company manages its capital structure and adjusts it to changes in economic conditions and the specific risks of its operations. In order to maintain or change the capital structure, the Company may issue new shares. The Law on Companies of the Republic of Lithuania requires that the Company's equity should not be less than 50% of its authorised capital. As of 31 December 2020, and 2021, the Company complied with the said law.

3. NOTES

3.1. Financial assets at fair value through profit or loss

Pursuant to the provisions of the Participants' Agreement of 06 October 2020, as amended, hereinafter referred to as the "Agreement", the Company has undertaken to invest up to EUR 250,000,000 (two hundred and fifty million euros) in KŪB Pagalbos Verslui Fondas. The Company's commitment to invest covers all transfers under payment orders, and in any case the amount of the transfers may not exceed the amount specified in the commitment to invest.

During 2020, according to the calls, the Company invested EUR 7,000,000 in KŪB Pagalbos Verslui Fondas, with the funds transferred on 26/11/2020. The value of the investment of EUR 7,000,000 was reduced by EUR 2,875,183 at the end of the year and amounted to EUR 4,124,817 as of 31/12/2020. During 2021, according to the calls, the Company invested EUR 143,000,000 in KŪB Pagalbos Verslui Fondas, EUR 11,000,000 was transferred on 22 March 2021, EUR 82,000,000 was transferred on 25 March 2021, EUR 30,000,000 was transferred on 04 October 2021, and EUR 20,000,000 was transferred on 06 December 2021. The value of the investment of EUR 143,000,000 was reduced by EUR 4,860,624 at the end of the year and amounted to EUR 142,264,193 as of 31/12/2021.
The investment is revalued once a year, according to the financial statements of KŪB Pagalbos Verslui Fondas.

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

3.2. Other current assets

Other current assets as of 31 December consisted of:

	Year ended 31 December 2021	Year ended 31 December 2020
Advances to suppliers	12,500	8
Deferred charges	146,798	3,479
Total	**159,398**	**3,487**

Neither in 2020 nor as at 31 December 2021 did the Company have any receivables from related parties.

3.3. Cash and cash equivalents

Cash and cash equivalents consisted of:

	Year ended 31 December 2021	Year ended 31 December 2020
Cash at the bank	585,662	94,177,742
Total	**585,662**	**94,177,742**

3.4. Share capital

Pursuant to the Memorandum of Association dated 07 August 2020, the Shareholders contributed EUR 100,200,000 to form the authorised capital. All shares of the Company are ordinary registered intangible shares and their number is 10,020,000 units.
On 17 March 2021, the increase of the authorised capital was registered and an additional 100,000 ordinary registered intangible shares were issued. For the reporting date the registered capital of the Company is EUR 101,200,000 and consists of 10,120,000 ordinary registered shares with a par value of EUR 10 each. All shares were fully paid up.

3.5. Bonds issued

Tranche 1 of the 30,000,000 bond issue (ISIN code LT0000405664) was issued (the respective management decisions of the Company were adopted on 09 July 2021 No. 25 and on 15 September 2021 No. 27). The par value of one bond was EUR 1,000. The maturity date of the bonds is 22 September 2025. Additional Tranche 2, Series 1, EUR 20 million 4-year bonds were also issued on the same terms as the initial issue on 22 September 2021 (ISIN code: LT0000405664) under the EUR 400 million programme. Bonds issued with zero coupon. The discount of EUR 92,000 incurred during the issue and the distribution costs of the issue incurred were recognised as the acquisition cost of the bonds.

3.6. Amounts payable to shareholders

On 30 December 2020, EUR 1,000,000 was received from a shareholder to increase the share capital, which was registered on 17 March 2021.

3.7. Amounts payable to employees

Amounts payable as of 31 December:

	Year ended 31 December 2021	Year ended 31 December 2020
Wages and salaries payable	574	1,973
Tax payable	-	1,466
Vacation accruals	4,484	1,145
Total	**5,058**	**4,584**

3.8. Other payables and accrued expenses

Amounts payable as of 31 December:

	Year ended 31 December 2021	Year ended 31 December 2020
Remuneration payable to the members of the Management Board, Q4 2021	2,701	3,690
Fees payable on the remuneration of members of the Management Board	925	2,143
Short-term debt to suppliers	924	696
Accrued expenses	-	1,832
Total	**4,550**	**8,361**

3.9. Operating expenses

Operating expenses as of 31 December consisted of:

	Year ended 31 December 2021	Year ended 31/12/2020
Wages and salaries and related taxes	(60,614)	(15,556)
Remuneration expenses of members of the Management Board	(15,600)	(10,034)
Accounting costs	(8,349)	(2,087)

Audit costs	(10,925)	-
Bank charges	(109,987)	-
Costs of legal services	(16,096)	-
Other administrative expenses	(19,889)	(4,038)
Total	**(241,460)**	**(31,715)**

3.10. Other costs

Other expenses as of 31 December consisted of:

	Year ended 31 December 2021	**Year ended 31 December 2020**
Non-equity issuance/distribution costs	(17,590)	-
Other financial and investment operating costs	(4,539)	(1)
Total	**(22,129)**	**(1)**

3.11. Impairment of financial assets at fair value through profit or loss.

Impairment losses on financial assets at fair value through profit or loss for the year ended 31 December amounted to:

	Year ended 31 December 2021	**Year ended 31 December 2020**
Impairment costs of financial non-current assets	(4,860,624)	(2,875,183)
Total	**(4,860,624)**	**(2,875,183)**

3.12. Draft profit/loss distribution

The company's loss as of 31 December 2021 was EUR (5,124,213). The company carries forward the loss.

3.13. Earnings/loss per share

Ordinary earnings/loss per share is calculated by dividing the net profit/loss for the period by the weighted average number of ordinary shares in issue during the period. The weighted average number of shares in 2021 was 10,120,000.

Earnings/loss per share:	**2021**	**2020**
	January – December	**January - December**
Net profit/loss	(5,124,213)	(2,901,970)
Weighted average number of ordinary shares in issue	10,120,000	10,020,000
Earnings/loss per share	**(0.506)**	**(0.290)**

3.14. Income tax and deferred income tax

Income tax for the year ended 31 December consisted of:	**Year ended 31/12/2021**	**Year ended 31/12/2020**
Taxable income	**-**	**-**
Total cost:	**(5,124,213)**	**(2,901,970)**
Deductions allowed	(263,531)	(26,766)
Deductions not allowed	4,860,682	2,875,204
Profit/loss	(263,531)	(26,766)
Recognised deferred tax assets from losses carried forward	-	4,929
	-	
Unrecognised deferred tax assets from losses carried forward	39,530	-
Income tax	**-**	**4,929**

In 2021, the company operated at a loss.

Income tax expense for the year ended 31 December in the statement of comprehensive income includes:

	Year ended 31/12/2021	Year ended 31/12/2020
Income tax expense	-	-
Deferred income tax benefits (expense)	-	4,929
Total	**-**	**4,929**

Income tax is calculated in accordance with the requirements of Lithuanian tax laws. As of 31 December 2021, the standard corporate income tax rate in Lithuania was 15%. Deferred income tax assets are realised when the Company expects to generate profit in the future. As of 31 December 2021, deferred income tax assets are not recognised as the Company does not have sufficient evidence that KŪB Pagalbos Verslui Fondas will earn tax profits in the near future to realise these temporary differences.

3.15. Related party transactions

The Company is managed by the CEO and members of the Management Board. The Fund is considered to be another related party.

In 2021, the Company had four transactions with a related party, invested EUR 143,000,000 in KŪB Pagalbos Verslui Fondas.

Salaries for key management staff

	2021	2020
Salaries and other short-term employee benefits	57,275	15,556
Remuneration of Management Board members	15,600	10,034
Total	**72,875**	**25,590**

3.16. Rights and obligations not included in the statement of financial position

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

3.17. Events after the statement of financial position

On 01 March 2022, the Board of UAB Valstybės Investicinis Kapitalas adopted a decision taking into account the provisions of the Company's Medium Term Note Program guaranteed by the Republic of Lithuania up to EUR 400 million and its information memorandum (the Programme and its Memorandum were approved by the Management Board by decision of 09 July 2021, No. 25), the results of investor surveys, as well as the recommendations of the Programme Organiser, the Lithuanian branch of Luminor Bank AS, to issue Tranche 1, Series 2 of the Company's bonds with a total par value of EUR 25,000,000 under the Programme and the Information Memorandum, ISIN LT0000406258.

On 26 January 2022 the Government of the Republic of Lithuania approved the consolidation of the national development institutions UAB Investicijų ir Verslo Garantijos, UAB Viešųjų Investicijų Plėtros Agentūra, UAB Valstybės Investicijų Valdymo Agentūra, UAB Žemės Ūkio Paskolų Garantijų Fondas and UAB Valstybės Investicinis Kapitalas on the basis of a private limited company Investicijų ir Verslo Garantijos, with the Ministry of Finance of the Republic of Lithuania implementing the property and non-property rights and obligations of the state as a shareholder of the consolidated national development institution. At present, it is not possible to assess the impact on the Company's operations, as there were no further decisions on when and how the reform should be implemented.

On 08 March 2022, the issue of the 1st tranche of bonds of 2nd series of EUR 25,000,000 (ISIN code LT0000406258) was implemented under the EUR 400 million programme (the decision of the Company's Board was made on 01 March 2022, No. 4). The par value of one bond was EUR 1,000. The maturity date of the bonds is 08 March 2025, with the possibility of redeeming at the request of the Company upon maturity of 2 (two) years. On 10 March 2022 the company invested the proceeds of EUR 25,000,000 in KŪB Pagalbos Verslui Fondas upon request.

On 13 April 2022 the Government of the Republic of Lithuania adopted a resolution deciding to transfer all ordinary registered intangible shares owned by the state and managed by the Ministry of the Economy and Innovation of the Republic of Lithuania, i.e. 10,120,000 (ten million one hundred and twenty thousand), each with a nominal value of EUR 10 (ten) and giving 100% votes at the General Meeting of Shareholders of UAB Valstybės Investicinis Kapitalas, to the Ministry of Finance of the Republic of Lithuania for management, use and disposal.

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

On behalf of UAB Valstybės Investicinis Kapitalas	**Chief Accountant**
Robertas Vyšniauskas CEO	Jurgita Malinauskaitė Authorised person of UAB Nordgain

UAB Valstybės Investicinis Kapitalas
2021 ANNUAL REPORT

Below is an assessment of the compliance of the Company's 2021 Annual Report (or Annual Activity Report) with the on the Guidelines for Ensuring the Transparency of State-owned Enterprises, the Corporate Governance Code for the Companies Listed on NASDAQ OMX Vilnius and the Law on Financial Reporting by Undertakings (or the Law on State and Municipal Enterprises), as well as other good reporting practices.

DESCRIPTION AND OBJECTIVES OF THE COMPANY

General

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

The company is registered at Gedimino pr. 38, Vilnius.

The company's taxpayer code is 305611945.

Email: info@vika.lt

Shareholder: The State

Representing authority: Ministry of the Economy and Innovation of the Republic of Lithuania

State-owned part: 100%

Manager's word

Valstybės Investicinis Kapitalas (VIKA) was established to help Lithuanian businesses overcome the challenges caused by the pandemic. In 2021, VIKA invested the funds raised in the state and capital markets in Pagalbos Verslui Fondas managed by the State Investment Management Agency, thus providing financial assistance to businesses and promoting the capital market.

In 2021, Lithuanian businesses had to adapt quickly to the constraints of the pandemic, faced liquidity challenges, and addressed issues of investment continuity and development, so the need for alternative financing solutions and the addition of market instruments grew accordingly. VIKA team has prepared EUR 400 million bond distribution programme evaluated and rated A by the international credit rating agency Fitch Ratings. This was the first time a state-owned company had received such a high rating and its borrowing price was equated to the cost of government borrowing. The rating reflects the market's confidence in the investment model developed and its potential.

Last year, the company invested 143 million in Pagalbos Verslui Fondas, of which more than a third was raised on the capital market through the successful distribution of an inaugural EUR 30 million and an additional EUR 20 million in bond issues. The results of the first issues, when demand significantly exceeded supply and the yield was extremely low, reaffirmed that the market for professional investors trusted the sustainable investment model developed by the Lithuanian state and was determined to actively respond to companies' need for access to additional capital.

It is important to mention that all VIKA bonds are listed on the Nasdaq Vilnius Stock Exchange and may participate in the monetary policy operations of the European Central Bank. This will undoubtedly increase the transparency of the investment model, boost market confidence and create more incentives to enter the capital market more actively and boldly.

VIKA invests only to the extent that there is a real need for Lithuanian businesses, which means that efficiently invested funds create both direct and added value for business, the capital market and the economy. I invite you to get acquainted with the results of the activities in 2021.

VIKA activity description and activity model

In accordance with the Description of Activities of Pagalbos Verslui Fondas, approved by the Minister of the Economy and Innovation of the Republic of Lithuania and the Minister of Finance of the Republic of Lithuania to help the Lithuanian economy recover from the consequences of COVID-19 by financing measures to support business and capital market development with funds raised through state and capital market measures.

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

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

• VIKA must raise EUR 400 million in DS issues and ensure that VIKA does not operate at a loss.

• VIKA must ensure that the total cost of the funds raised is in line with the best market conditions at the time of the issuance of the DSs, using all possible cost-optimisation solutions for the issuance and the entire financial cycle, such as credit rating and other measures.

• VIKA must implement appropriate risk management measures.

Taking into account the expectations of the state for VIKA's activities, a EUR 400 million DS programme with an unconditional state guarantee was approved to attract funds from private investors. The programme was rated A by the international rating agency Fitch Ratings. The securities of the bond programme are issued in installments as required. As of the date of this announcement, VIKA has provided a guarantee of EUR 150 million to secure the bond programme. It is important to note that the DSs issued by VIKA do not confer any rights to real estate or goods, nor do they confirm any rights or obligations to acquire or dispose of such securities.

During 2021, UAB Valstybės Investicinis Kapitalas spent a total of EUR 50 million on DSs.

The initial EUR 30 million 4-year bond issue under the EUR 400 million programme was issued and settled on 22 September 2021 (ISIN code: LT0000405664), the nominal value of one bond was EUR 1,000, with the yield at 0.045%. The redemption date of the bonds is 22 September 2025. The offer of debt securities was aimed at professional investors, the demand exceeded the supply 8 times. The securities of this issue were purchased by 21 investors, a third of them from foreign markets. The proceeds from the bond issue were used as an additional capital contribution to KŪB Pagalbos Verslui Fondas, which is managed by UAB Valstybės Investicijų Valdymo Agentūra.

UAB Valstybės Investicinis Kapitalas issued an additional 20 million in bonds under the same conditions as the initial issue on 02 December 2021 (ISIN code: LT0000405664), with the nominal value of one bond being EUR 1000, bond issue yield at 0.05%, and maturity on 22 September 2025. The bonds were issued through private distribution to institutional investors in the Baltic States. The total amount of applications submitted was EUR 140 million.

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

The issue process of VIKA DSs is standard and in line with the current market practice. As VIKA is a newly established company that does not have the competence to distribute DS issues independently, VIKA has hired providers of legal and financial services to provide such services. The Lithuanian branch of Luminor Bank AS, as the organiser of the DS issue distribution, has undertaken to mediate in the DS issue distribution process from the beginning to the end, i.e. undertook to provide all services related to the issuance of the DSs and their offering to third parties, including preparation for the issuance of the DSs, organisation of the issuance of the DSs, coordination of the issuance of the DSs to investors, coordination of the issuance of the external independent credit rating, etc.

It is agreed in writing that VIKA will pay an appropriate percentage of the income received from the DSs for the intermediation services provided by the organiser in the DS transactions, but only if the issue of the VIKA DSs is successfully distributed. If the organiser fails to distribute VIKA DSs, i.e. to provide basic intermediation services in the DS transactions, the organiser would not receive any remuneration from VIKA.

The main activities of VIKA include:

- Management of state-owned assets transferred to VIKA;
- Establishment, financing and participation in the activities of legal entities intended for the implementation of the operational objective of VIKA;
- Bond issue;
- Attracting private investment.

Pursuant to the Memorandum of Association dated 07 August 2020, the Shareholder contributed EUR 100,200,000 to form the authorised capital. All shares of the Company are ordinary registered intangible shares and their number is 10,020,000 units.

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

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

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

On 17 March 2021, the increase of the authorised capital was registered and an additional 100,000 ordinary registered intangible shares were issued. For the reporting date the registered capital of the Company is EUR 101,200,000 and consists of 10,120,000 ordinary registered shares with a par value of EUR 10 each.

All shares were fully paid up.

The financial year of the Company coincides with the calendar year.

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

Description of activities during the reporting period

The Management Board of the Company held thirty-one meetings from its establishment until 31 December 2021, at which it adopted decisions (14 meetings in 2021) related to the Company's organisational matters, Management Board's rules of procedure, management structure, employee positions, operating budget matters, bond issuance and other matters relevant to the company's activities. Business aid matters were also addressed.

All decisions were made by consensus of the Management Board members (all appointed Management Board members attended all meetings and participated in the decisions. During 2021, the members of the Management Board Šarūnas Ruzgys, Jonas Bložė and Tomas Urban held 14 meetings, in which they made decisions.

The most important decisions of the Management Board were the following:

Management Board Decision of 06 October 2020, No. 8

With this decision, it was decided that the Company, together with UAB Valstybės Investicijų Valdymo Agentūra, became the founder and participant of the limited partnership Pagalbos Verslui Fondas and decided to invest EUR 100 million in it.

Minutes of the Management Board meeting of 05 November 2020, No. 15

At this meeting, a decision was made to appoint Robertas Vyšniauskas as the permanent head of the company.

Management Board Decision of 28 June 2021, No. 24

With this decision, it was decided that the company would make additional investments of EUR 150 million in the limited partnership Pagalbos Verslui Fondas.

Decision of the Management Board of 09 July 2021, No. 25

With this decision, it was decided to approve the Company's Medium Term Note Program guaranteed by the Republic of Lithuania up to EUR 400 million and to adopt and approve the information memorandum of the programme.

Decision of the Management Board of 02 September 2021, No. 26

With this decision, it was decided that the Company would enter into an agreement on the guarantee fee, by which the Company would undertake to pay a one-off guarantee fee for the guarantee of the State of the Republic of Lithuania for EUR 150 million.

Management Board Decision of 15 September 2021, No. 27

With this decision, it was decided to issue the 1st tranche of the Company's bonds with a total nominal value of EUR 30,000,000 (ISIN LT0000405664) and to approve the final terms and conditions of the bonds (bond denomination EUR 1,000, maturity date 22 September 2025, yield 0.045%) and to distribute them to investors.

Management Board Decisions of 25 November 2021, No. 30 and No. 31

With these decisions, it was decided to issue the Company's bonds with a total nominal value of EUR 20,000,000, Series 1, Part 2 (ISIN LT0000405664) and to approve the final terms and conditions of the bonds (bond denomination EUR 1,000, maturity date 22 September 2025, yield 0.05%) and distribute them to investors.

Significant events after the financial year

On 26 January 2022 the Government of the Republic of Lithuania approved the consolidation of the national development institutions UAB Investicijų ir Verslo Garantijos, UAB Viešųjų Investicijų Plėtros Agentūra, UAB Valstybės Investicijų Valdymo Agentūra, UAB Žemės Ūkio Paskolų Garantijų Fondas and UAB Valstybės Investicinis Kapitalas on the basis of a private limited company Investicijų ir Verslo Garantijos, with the Ministry of Finance of the Republic of Lithuania implementing the property and non-property rights and obligations of the state as a shareholder of the consolidated national development institution. At present, it is not possible to assess the impact on the Company's operations, as there were no further decisions on when and how the reform should be implemented.

On 08 March 2022, the issue of the 1st tranche of bonds of 2nd series of EUR 25,000,000 (ISIN code LT0000406258) was implemented under the EUR 400 million programme (the decision of the Company's Board was made on 01 March 2022, No. 4). The par value of one bond was EUR 1,000.

The maturity date of the bonds is 08 March 2025, with the possibility of redeeming at the request of the Company upon maturity of 2 (two) years. On 10 March 2022 the company invested the proceeds of EUR 25,000,000 in KŪB Pagalbos Verslui Fondas upon request.

On 13 April 2022 the Government of the Republic of Lithuania adopted a resolution deciding to transfer all ordinary registered intangible shares owned by the state and managed by the Ministry of the Economy and Innovation of the Republic of Lithuania, i.e. 10,120,000 (ten million one hundred and twenty thousand), each with a nominal value of EUR 10 (ten) and giving 100% votes at the General Meeting of Shareholders of UAB Valstybės Investicinis Kapitalas, to the Ministry of Finance of the Republic of Lithuania for management, use and disposal.

The ongoing war in Ukraine and the associated sanctions against the Russian Federation could have a global impact on the European economy. The company has no direct links with Ukraine, Russia or Belarus. The impact on the overall economic situation may require a review of certain assumptions and estimates. At present, management cannot reliably estimate the impact of these events as the situation changes on a daily basis.

STRATEGY AND ITS IMPLEMENTATION

The company's strategic directions, mission, vision and goals

The main objective of VIKA's activities is to help the Lithuanian economy recover from the consequences of the coronavirus (COVID-19) by financing measures to support business and capital market development with funds raised through state and capital market measures.

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

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

Sustainability

The company's position is to respond as much as possible to the issues of coherence and sustainability in day-to-day operations. The specifics of the company's activities and the presence of 1 employee mean that the company has not acquired any assets, does not rent or otherwise use the company's office, vehicles or other equipment and has no other direct costs that would affect the environment; therefore, an analysis of the main environmental, social and economic impacts is not applicable in this case. Moreover, the company promotes and seeks compliance with green procurement in public procurements through the CPO LT organisation.

Company's business plans and forecasts

In accordance with the provisions of the Participants' Agreement 06 October 2020, with all subsequent amendments and additions, the Company has committed to invest up to EUR 250 million in KŪB Pagalbos Verslui Fondas. The Company's commitment to invest covers all transfers under payment orders, and in any case the amount of the transfers may not exceed the amount specified in the commitment to invest. On the other hand, the Company has the resources to increase obligations and invest up to EUR 500 million, as it has an approved EUR 400 million bond programme and EUR 100 million of own funds.

Compliance of the results with the objectives

On 09 July 2021, the Management Board decided to approve the Company's Medium Term Note Program guaranteed by the Republic of Lithuania up to EUR 400 million.

On 01 September 2021, the Minister of Finance of the Republic of Lithuania, implementing the provisions of Resolution No. 700 of the Government of the Republic of Lithuania "On State Guarantee for the Issuance of Notes of UAB Valstybės Investicinis Kapitalas, signed a state guarantee of EUR 150 million on 03 September 2021, ensuring obligations under the EUR 400 million bond programme.

On 10 September 2021, the international credit rating agency Fitch Ratings gave the entire EUR 400 million bond distribution programme an A rating.

On 31 December 2021, a EUR 50 million of bonds were issued under the EUR 400 million bond distribution programme.

The Management Board decision No. 27 of 15 September 2021 regarding the issue of the first tranche of the first series of the Company's bonds with a par value of EUR 30 million has been fully implemented.

The Management Board decision No. 31 of 25 November 2021 regarding the issue of the second tranche of the first series of the Company's bonds with a par value of EUR 20 million has been fully implemented.

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

FINANCIAL AND PERFORMANCE ANALYSIS

Income

The company did not earn any income in 2020 and 2021. The company's operating model is designed so that the company does not plan to receive additional income in the near future other than return on investment.

Table 1 presents the preliminary data that were provided as part of the business plan to obtain the state guarantee.

Table 1

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

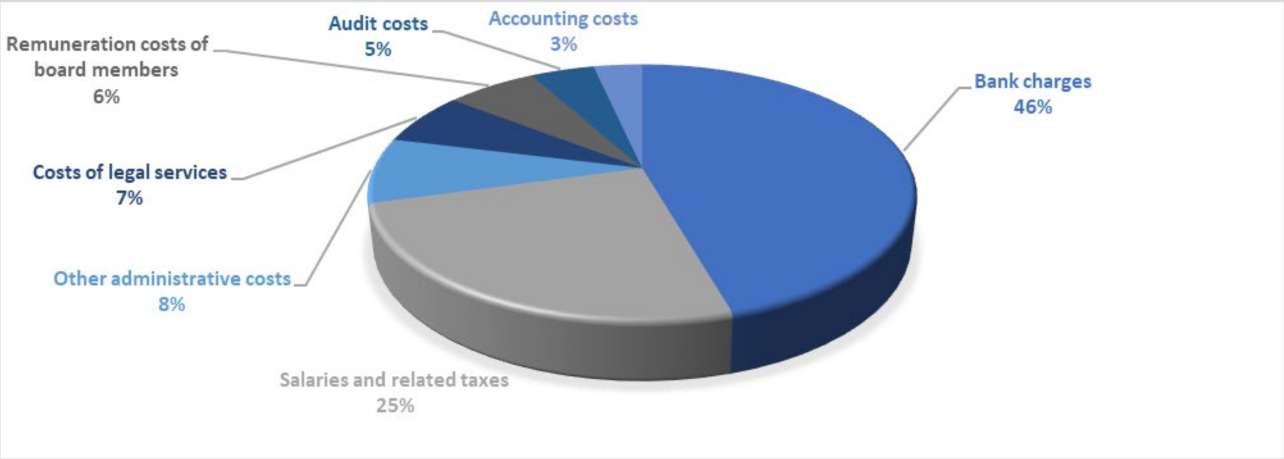
Costs

The Company's operating expenses, other expenses and impairment of financial and non-current financial assets in 2021 amounted to EUR 5.12 million. Compared to 2020, these costs were EUR 2.21 million or 76% higher. The value of the investment of EUR 7,000,000 was reduced by EUR 2,875,183 at the end of the year and amounted to EUR 4,124,817 as of 31/12/2020.The value of the investment of EUR 143,000,000 was reduced by EUR 4,860,624 at the end of the year and amounted to EUR 142,264,193 as of 31/12/2021.

The investment is revalued once a year, according to the financial statements of KŪB Pagalbos Verslui Fondas.

Structure of operating costs in 2021

Figure 1. Structure of operating costs in 2021



The largest share of the operating costs in 2020 and 2021 consisted of the cost of bank charges and the cost of wages and related expenses. Since the start of operations in August 2020, significant increase in costs can be seen in 2021.

Also in 2021, KŪB Pagalbos Verslui Fondas submitted calls for payment later than expected, as a result of which the bank applied an additional account management fee under the agreement. The fee shall be calculated at the end of each calendar day by multiplying the total balance of the accounts by the relevant value of the European Central Bank's annual percentage rate of charge for that day and dividing by 360 the number of days in the year.

Table 2. Company cost groups and their change

	2021	2020	Change, %
Operating costs and other costs	**263,589**	**31,716**	**731%**
Financial and investment costs	**4,860,624**	**2,875,183**	**69%**

Company's performance

The company's net loss was EUR 5.12 million in 2021 and EUR 2.90 million in 2020. The main reason for the increase in net loss is the impairment of long-term financial assets.

Earnings/loss per share

Ordinary earnings/loss per share is calculated by dividing the net profit/loss for the period by the weighted average number of ordinary shares in issue during the period. The weighted average number of shares in 2021 was 10,120,000.

Earnings/loss per share:	2021	2020
Net profit/loss	(5,124,213)	(2,901,970)
Weighted average number of ordinary shares in issue	10,120,000	10,020,000
Earnings/loss per share	**(0.506)**	**(0.290)**

Table 3. Company's balance sheet groups and their changes

Balance sheet analysis	2021	2020	Change, Eur	Change, %
Non-Current Assets	142 269 122	4 129 746	138 139 376	3 345
Current Assets	745 061	94 181 229	- 93 436 168	- 99
TOTAL ASSETS	**143 014 183**	**98 310 975**	**44 703 208**	**45**
			-	
Total equity	93 173 817	97 298 030	- 4 124 213	- 4
Non-current liabilities	49 830 758	-	49 830 758	
Current liabilities	9 608	1 012 945	- 1 003 337	- 99
TOTAL LIABILITIES	**49 840 366**	**1 012 945**	**48 827 421**	**4 820**

In 2021, investment in fixed assets will increase by EUR 138,139,376. EUR 142,269,122 is the net value of the investment in KŪB Pagalbos Verslui Fondas.

In 2020, the Company had EUR 94,177,472 in its bank account. During 2021, EUR 143,000,000 was transferred to KŪB Pagalbos Verslui Fondas according to calls.

Table 4. The Company's main financial indicators

Key financial indicators	2021	2020
Revenue	-	-
Costs	5 124 213	2 901 970
Net loss	- 5 124 213	- 2 901 970
Liquidity ratios		
Current liquidity ratio	77,55	92,98
Critical liquidity ratio	77,55	92,98
Absolute cash liquidity ratio	60,96	92,97
Working capital	735 453	93 168 284
Profitability indicators		
Net profitability	-	-
Asset turnover ratio	-	-
Average ROA, %	-4,2%	-2,95%
ROE, %	-5,5%	-2,98%
D/E ratio	0,53	0,01

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

Income tax

Income tax is calculated in accordance with the requirements of Lithuanian tax laws. As of 31 December 2021, the standard corporate income tax rate in Lithuania was 15%. Deferred income tax assets are realised when the Company expects to generate profit in the future.

Income tax is calculated in accordance with the requirements of Lithuanian tax laws. As of 31 December 2021, the standard corporate income tax rate in Lithuania was 15%. Deferred income tax assets are realised when the Company expects to generate profit in the future. As of 31 December 2021 deferred income tax assets are not recognised because the Full Member of the Fund does not have sufficient evidence that taxable profits will be available against which the temporary differences can be utilised in the foreseeable future. As of 31 January 2021, in accordance with the principle of conservatism, deferred income tax assets have not been recognised in the financial statements.

The Company's loss as of 31 December 2020 was EUR (2,901,970). The company carried forward the loss.

The Company's loss as of 31 December 2021 was EUR (5,124,213). The company will offer to carry forward the loss.

RISK FACTORS

Key risk factors and their management policies

The company's activities must comply with the Commission Decision No. C(2020) 3534 (final) of 26 May 2020 "State Aid SA.57008(2020/N) – Lithuania COVID-19: Aid Fund for Business" as subsequently amended and supplemented, 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. This specificity of the company's activities determines the limited need for risk management policy. On the other hand, the company has general risk management controls in place.

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

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

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

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

INVESTMENT PROJECTS

Key ongoing and completed investment projects.

During 2020, the company had a liability of EUR 100 million, of which the Company had one transaction with a related party in 2020 by a call for payment and invested EUR 7 million in KŪB Pagalbos Verslui Fondas. As of 31 December 2020, the company had a liability under the Participant Agreement with KŪB Pagalbos Verslui Fondas to invest EUR 93 million. As of 31 December 2020, the Company considered this liability contingent and did not disclose it in the statement of financial position.

Following the preparation of the statement of financial position, the Company invested EUR 93 million in March 2021 in KŪB Pagalbos Verslui Fondas.

During 2021, according to the calls, the Company invested EUR 143,000,000 in KŪB Pagalbos Verslui Fondas.

In total, in accordance with the provisions of the Participants' Agreement 06 October 2020, with all subsequent amendments and additions, the Company has committed to invest up to EUR 250 million in KŪB Pagalbos Verslui Fondas.

Planned investment projects

The company plans to continue investments in 2022 if the need of KŪB Pagalbos Verslui Fondas continues.

Under the current agreement with the participants, the company can invest up to EUR 250 million in KŪB Pagalbos Verslui Fondas (as of the end of 2021, VIKA had invested EUR 150 million). Moreover, the company can issue bonds under the EUR 400 million programme and thus raise additional funds if the company makes additional commitments.

The company did not plan any other investments other than investments in KŪB Pagalbos Verslui Fondas.

Investment policy

The specifics of the company's activities mean that the need for investment policy is limited. The company's activities comply with the Commission Decision No. C(2020) 3534 (final) of 26 May 2020 "State Aid SA.57008(2020/N) – Lithuania COVID-19: Aid Fund for Business" as subsequently amended and supplemented, 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.

CORPORATE GOVERNANCE STRUCTURE, MANAGEMENT AND SUPERVISORY BODIES

Main shareholders of the Company, their rights

The state is the founder and sole shareholder of VIKA. The Ministry of the Economy and Innovation holds all VIKA shares. On 13 April 2022 the Government of the Republic of Lithuania adopted a resolution deciding to transfer all ordinary registered intangible shares owned by the state and managed by the Ministry of the Economy and Innovation of the Republic of Lithuania, i.e. 10,120,000 and giving 100% votes at the General Meeting of Shareholders of VIKA, to the Ministry of Finance of the Republic of Lithuania for management, use and disposal.

The rights and obligations of the VIKA's shareholders shall be established by the Law on Companies and other legislation of the Republic of Lithuania.

The rights granted by VIKA shares shall be exercised in accordance with the procedure established by the Law on Companies, other laws and legal acts, as well as the Articles of Association of the Company.

As of 31 December 2021, 100% of the Company's authorised capital belongs to the Republic of Lithuania, code 111105555.

Management bodies of the company (structure)

The governing bodies of VIKA are:

• General Meeting of Shareholders

• Management Board

• Head of VIKA (CEO)

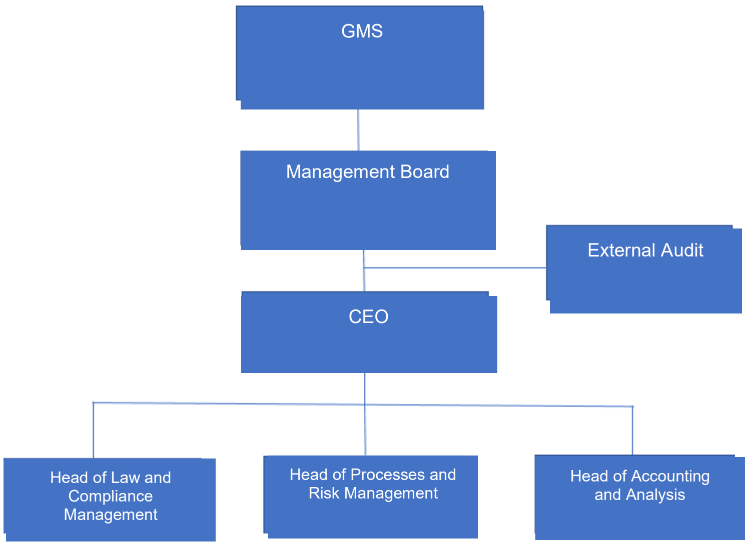
The Company's Articles of Association in force in 2021 provide the following: in cases provided for by legal acts, VIKA shall establish a permanent audit committee, which shall perform the duties established by the Law on Audit of Financial Statements of the Republic of Lithuania to form an audit committee. The said audit committee was not formed.

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

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

The company has an approved management structure and positions (see Figure 2 below). In accordance with the efficiency goals set out in VIKA shareholder's letter of expectations, the company did not hire any additional employees without a manager.

Figure 2. Company's management structure



Composition of the Management Board of the Company, beginning/end of term

Chair of the Management Board - Šarūnas Ruzgys, elected as a member of the Management Board on 07 August 2020.

Member of the Management Board - Jonas Bložė, elected as a member of the Management Board on 03 December 2020.

Member of the Management Board - Tomas Urban, Director of the Business Environment Department of the Ministry of the Economy and Innovation, elected as a member of the Management Board on 07 August 2020.

Robertas Vyšniauskas, member of the Management Board, removed from the Management Board on 19 November 2020 due to being appointed the CEO of UAB Valstybės Investicinis Kapitalas (appointed a member of the Management Board in accordance with the Agreement of 07 August 2020).

Selection principles applied to the composition of the Management Board

Members of the Management Board are elected by the General Meeting of Shareholders for 4 years. The procedure for the election and removal of the Management Board and its individual members shall be in accordance with the Law on Companies. The Management Board consists of 3 members, two of whom are independent members. The competence of the Management Board and the decision-making procedure coincide with those established in the Law on Companies.

The Management Board also has the following additional competencies:

- consider and approve a policy for the investment of temporarily available funds;
- give its approval to the head of VIKA for the conclusion of a transaction with a value of more than EUR 50,000 (fifty thousand euros) excluding VAT;
- consider and make decisions implementing the relevant decisions adopted by the general meeting of shareholders,
- consider and make decisions to issue VIKA bonds as provided for in Article 55(4) of the Law on Companies;
- determine the indicators used to evaluate the activities of the head of VIKA and their target values, on which the size of the variable part of the monthly salary of the head of VIKA depends.

There are no committees in the company. The performance of the functions of the Audit Committee provided for in the legislation is delegated to the Management Board.

The head of the company, his qualification, other positions and salary

The head of the company is the CEO Robertas Vyšniauskas.

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

Other interests: Independent member of the Management Board and member of the Audit Committee of UAB EPSO-G, independent member of the Management Board of UAB Vilniaus Vystymo Kompanija.

Previous interests: Independent member of the Management Board of UAB Valstybės Investicinis Kapitalas, independent member of the Management Board of the state-owned company Infostruktūra, member of the Management Board of UAB Vilniaus Prekyba, CEO and lawyer of related or controlling companies.

Remuneration for the head of the Company for 2021 - EUR 52,637.59. Included bonuses - EUR 3641.15.

General Meeting of Shareholders and its activities

The competence of the General Meeting of Shareholders, the procedure for convening it and making decisions shall coincide with those specified in the Law on Companies, except for the cases specified in Item 23 of the Articles of Association. If all the shares of VIKA are owned by the same person, his/her written decisions shall be deemed to be the decisions of the general meeting of shareholders. The General Meeting of Shareholders shall have the following additional competencies:

- Establish the procedure for determining the remuneration of the members of the Management Board, the Audit Committee and other committees (if any) for their activities in the Management Board and the relevant committees, respectively:
- Decide on the conclusion of contracts with the members of the Management Board, the Audit Committee and other committees (if any) and determine their terms, including the maximum remuneration for the members of the Management Board and the relevant committees and the Chair;
- To set goals for the Management Board and the Audit Committee and the procedure for accountability for their activities to the General Meeting of Shareholders

REMUNERATION AND STAFF

As of 31 December 2020 and 31 December 2021 the average annual number of employees of the Company was 1. The total annual salary fund in 2021 was EUR 56,287.74, the total annual salary fund in 2020 was EUR 14,160.46. The Company does not have Staff (HRM) policy.

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

CEO

2020 - EUR 2,882.22

2021 - EUR 4,772.91

Remuneration policy of the head of the company: The head of the company has a fixed part of the salary. The variable part of the salary may be determined by the decision of the Management Board as a percentage for the financial year or quarter, taking into account the achievement of the employee's tasks for the previous financial year or quarter and the performance indicators for determining the employee's monthly salary variable. The variable part of the monthly salary may not exceed 50% of the fixed part of the salary for the employee.

Actual remuneration of Management Board members during the current year

Remuneration of the members of the Management Board is granted in accordance with the Agreements on the activities of the member of the Management Board between Roberto Vyšniauskas, the CEO representing the Company, and the members of the Management Board.

A fixed remuneration of EUR 2,200 per quarter is paid for the activities of an independent member of the Management Board who is the Chair of the Management Board and EUR 2,000 per quarter for a member of the Management Board who is not the Chair of the Management Board. In all cases, the amount of remuneration for an independent member of the Management Board during a quarter may not exceed 1/4 of the quarterly salary of the head of the Company or 1/3 of the quarterly salary of the head of the Company, provided the independent member is the Chair of the Management Board. Remuneration shall be reduced proportionately or free of charge if the independent member of the Management Board has not expressed an opinion on the issues on the agenda and has not voted on them or participated in the meetings of the Management Board.

Remuneration calculated for the members of the Management Board for 2021 amounts to EUR 15,600.

DIVIDEND POLICY

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

AUDIT

Auditor of the annual financial statements

The audit is performed in accordance with the Public Procurement Agreement for Services concluded with UAB Deloitte Lietuva on 15 October 2021 No. 20211015.

Robertas Vyšniauskas, CEO, represented the signing of the agreement on behalf of the Company.

Audit fee is EUR 21,780 (including VAT).

The object of the procurement, i.e. the inspection of the audit of the annual reports of UAB Valstybės Investicinis Kapitalas prepared in accordance with International Financial Reporting Standards, as performed in accordance with International Standards on Auditing, and the annual reports for 2021, 2022 and 2023, and the opinion or financial data provided in the annual report, are consistent with the audited financial statements.

INFORMATION ABOUT SUBSIDIARIES

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

KŪB Pagalbos Verslui Fondas was established in implementation of the European Commission Decision No. C (2020) 3534 "State Aid SA.57008(2020/N) – Lithuania COVID-19: Aid Fund for Business". The state will invest in Pagalbos Verslui Fondas through UAB Valstybės Investicinis Kapitalas, and the fund will be managed by UAB Valstybės Investicijų Valdymo Agentūra (VIVA), as provided for in Resolution No. 512 of 06 May 2020 of the Government of the Republic of Lithuania.

INFORMATION ON COMPLIANCE WITH THE TRANSPARENCY GUIDELINES AND THE GOVERNANCE CODE

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

ANNEX I TO THE ANNUAL REPORT

The following are the provisions of the Corporate Governance Code of the companies listed on NASDAQ Vilnius, approved at the 15 January 2019 meeting of the Management Board of AB Nasdaq Vilnius (Protocol No. 19-63), and information on their (non-)compliance in VIKA activities.

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

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

provided on the measures taken to ensure operational impartiality.		
2.2.4. Each member should devote sufficient time and attention to the duties of a member of the Supervisory Board. Each member of the Supervisory Board should undertake to limit his or her other professional responsibilities (in particular management positions in other companies) in such a way that they do not interfere with the proper performance of their duties as a member of the Supervisory Board. If a member of the Supervisory Board attended less than half of the meetings of the Supervisory Board during the company's financial year, the company's shareholders should be informed.	N/A	
2.2.5. When a member of the Supervisory Board is proposed, it should be made public which members of the Supervisory Board are considered independent. The Supervisory Board may decide that a certain member, although meeting the criteria of independence, may not be considered independent due to special personal or company-related circumstances.	N/A	
2.2.6. The amount of remuneration for the members of the Supervisory Board for their activities and participation in the meetings of the Supervisory Board should be approved by the GMS of the company.	N/A	
2.2.7. The Supervisory Board should evaluate its activities on an annual basis. It should include an assessment of the structure, organisation and ability of the Supervisory Board to function as a group, as well as an assessment of the competence and performance of each member of the Supervisory Board and an assessment of whether the Supervisory Board has achieved its objectives. The Supervisory Board should publish, at least annually, relevant information on its internal structure and operating procedures.	N/A	
3. PRINCIPLE: MANAGEMENT BOARD		
3.1. FUNCTIONS AND RESPONSIBILITIES OF THE MANAGEMENT BOARD The Management Board should ensure the implementation of the company's strategy as well as the proper governance of the company, taking into account the interests of shareholders, employees and other stakeholder groups.		
3.1.1. The Management Board should ensure the implementation of the company's strategy, if approved by the Supervisory Board, if any. In cases where the Supervisory Board is not formed, the Management Board shall also be responsible for approving the company's strategy.	Yes	
3.1.2. The Management Board, as a collegial management body of the company, shall perform the functions assigned to it by the Law and the Articles of Association of the company, and in cases where the company does not have a Supervisory Board, it shall perform the supervisory functions established by the Law. In carrying out the functions assigned to it, the Management Board should take into account the needs of the company, shareholders, employees and other stakeholders, with a view to achieving sustainable business development, as appropriate.	Yes	
3.1.3. The Management Board should ensure that the laws and internal policies of the company to which the company or group of companies belongs are complied with. It should also put in place appropriate risk management and control measures to ensure regular and direct accountability of managers.	Yes	
3.1.4. The Management Board should also ensure that the company implements measures that are included in the OECD Good Practice Guidelines on Internal Control, Ethics and Compliance, to ensure compliance with applicable laws, rules and standards.	Yes	
3.1.5. The Management Board should take into account the appropriate balance of qualifications, experience and competence of the candidate when appointing the head of the company.	Yes	
3.2. FORMATION OF THE MANAGEMENT BOARD		
3.2.1. The members of the Management Board elected by the Supervisory Board or the GMS, in the absence of the Supervisory Board, should collectively ensure a diversity of qualifications, professional experience and competencies,	Yes	

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

4.1. The Management Board and the Supervisory Board, if formed, should work closely together for the benefit of both the company and its shareholders. Good corporate governance requires an open discussion between the Management Board and the Supervisory Board. The Management Board should regularly and, if necessary, immediately inform the Supervisory Board of all matters relevant to the company, such as planning, business development, risk management and control, and compliance with the company's obligations. The Management Board should inform the Supervisory Board of actual deviations from the previously formulated plans and objectives, stating the reasons.	Yes	
4.2. It is recommended that the meetings of the Company's collegial bodies be held at appropriate intervals according to a pre-approved schedule. It is up to each company to decide on the frequency of convening meetings of collegial bodies, but it is recommended that they be held in such a way as to ensure uninterrupted resolution of essential issues of the company's management. Meetings of the company's collegial bodies should be convened at least once a quarter.	Yes	
4.3. Members of the collegial body should be informed about the convened meeting in advance so that they have sufficient time to properly prepare for the discussion of the issues to be discussed at the meeting and to have a discussion after which decisions can be made. Members of the collegial body should be provided with all the necessary material related to the agenda of the meeting together with the notice of the convening of the meeting. The agenda should not be changed or supplemented during the meeting, unless all members of the collegial body participate in the meeting and agree to such change or addition to the agenda or when issues important to the company need to be addressed immediately.	Yes	
4.4. In order to coordinate the work of the company's collegial bodies and ensure an efficient decision-making process, the chairs of the company's collegial supervisory and management bodies should coordinate the dates of their meetings, their agendas, and closely cooperate in resolving other issues related to the company's governance. Meetings of the company's Supervisory Board should be open to members of the company's Management Board, in particular when matters relating to the removal of members of the Management Board, liability, determination of remuneration, are discussed.	Yes	
5. PRINCIPLE: NOMINATION, REMUNERATION AND AUDIT COMMITTEES		
5.1. PURPOSE AND FORMATION OF COMMITTEES The committees set up at the company should increase the efficiency of the Supervisory Board and, in the absence of a Supervisory Board, the Management Board, ensuring that decisions are taken after due consideration and help organise work so that decisions are not affected by material conflicts of interest. The committees should act independently and in principle and make recommendations regarding the decision of the collegial body, but the final decision is made by the collegial body itself.		
5.1.1. Depending on the specific circumstances of the company, the selected governance structure of the company, the company's Supervisory Board and, in its absence, the Management Board, which shall perform supervisory functions and form committees. The collegial body is recommended to form nomination, remuneration and audit committees.	N/A	
5.1.2. Companies may decide to form less than three committees. In this case, companies should provide an explanation as to why they have chosen the alternative approach and how their approach meets the objectives set for the three separate committees.	N/A	
5.1.3. In the cases provided for by legal acts, the functions established for the committees formed in the companies may be performed by the collegial body itself. In that case, the provisions of this Code relating to committees (in particular as regards their role, activities and transparency) should apply to the whole collegial body, where appropriate.	Yes	
5.1.4. Committees set up by a collegial body should normally consist of at least three members. Depending on the requirements of the legislation, committees may consist of only two members. The members of each committee should be selected primarily according to their competence, giving priority to independent members of the collegial body. The Chair of the Management Board should not be the Chair of the committees.	Yes	
5.1.5. The powers of each formed committee should be determined by the collegial body itself. The committees should perform their duties in accordance with the established powers and regularly inform the collegial body about their	N/A	

activities and results. The terms of reference of each committee, defining its role and setting out its rights and responsibilities, should be published at least once a year (as part of the company's annual disclosure of its governance structure and practices). Companies should also publish their annual report, without prejudice to the requirements of personal data processing legislation, the composition of existing committees, the number of meetings and attendance of members during the previous year, as well as their main activities and results.		
5.1.6. In order to ensure the independence and objectivity of the committees, members of the collegial body who are not members of the committee should normally be entitled to attend the meetings of the committee only upon the invitation thereof. The committee may invite or request the participation of certain employees or experts of the company. The chair of each committee should be able to communicate directly with the shareholders. The cases in which this should be done should be specified in the rules governing the committee.	N/A	
5.2. NOMINATION COMMITTEE		
5.2.1. The main functions of the Nomination Committee should be: (1) Selecting candidates for vacant positions of members of the supervisory, management bodies and heads of administration and recommending them to the collegial body for consideration. The Nomination Committee should assess the balance of skills, knowledge and experience on the governing body, develop a description of the functions and competencies required for a specific position, and estimate the time required to complete the assignment.	N/A	
(2) Regularly assessing the structure, size, composition, skills, knowledge and activities of the supervisory and management bodies, to provide recommendations to the collegial body on how to achieve the necessary changes; (4) Paying due attention to the planning of the going concern.		
5.2.2. The head of the company should be consulted on matters of the members of the collegial body who are related to the company and the heads of the administration, giving him the right to submit proposals to the Nomination Committee.	N/A	
5.3. REMUNERATION COMMITTEE		
5.3.1. The main functions of the Remuneration Committee should be: (1) Submitting to the collegial body for consideration proposals regarding the remuneration policy applicable to the members of the supervisory and management bodies and the heads of the administration. Such policy should cover all forms of remuneration, including fixed, performance-based remuneration, financial incentive schemes, pension schemes, severance pay, as well as conditions that would allow the company to recover or suspend payments, indicating the circumstances that would make it appropriate to do so; (2) Submitting proposals to the collegial body regarding the individual remuneration of the members of the collegial bodies and the heads of the administration in order for them to comply with the remuneration policy of the company and the assessment of the activities of these persons; (3) Regularly reviewing the remuneration policy and its implementation.	N/A	The functions of the Remuneration Committee shall be performed by the Management Board
5.4. AUDIT COMMITTEE		
5.4.1. The main functions of the Audit Committee are defined in the legal acts governing the activities of the Audit Committee.	N/A	The functions of the Audit Committee shall be performed by the Management Board
5.4.2. All members of the committee should be provided with detailed information regarding the specific accounting, financial and operational features of the company. The company's management should inform the Audit Committee about the methods of accounting for significant and unusual transactions, where accounting may be performed in different ways.	N/A	
5.4.3. The Audit Committee should decide whether (if so, when) the Chair of the Management Board, the CEO of the company, the CFO (or senior staff responsible for finance and accounting), the internal auditor and the external auditor should attend its meetings. The Committee should be able to meet with the persons concerned, if necessary, in the absence of the members of the management bodies.	N/A	

5.4.4. The Audit Committee should be informed of the internal auditors' work programme and receive internal audit reports or a periodic summary. The Audit Committee should also be informed of the work programme of the external auditors and should receive a report from the audit firm describing all the relationships between the independent audit firm and the company and its group.	N/A	
5.4.5. The Audit Committee should verify that the company is in compliance with the applicable provisions governing the possibility for employees to lodge a complaint or report suspected breaches anonymously, and should ensure that procedures are in place for a proportionate and independent investigation and appropriate follow-up of such matters.	N/A	
5.4.6. The Audit Committee should report to the Supervisory Board, failing which, to the Management Board, on its activities at least every six months at the time the annual and half-yearly reports are approved.	N/A	
6. PRINCIPLE: AVOIDANCE 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 for disclosing conflicts of interest of members of the company's supervisory and management bodies.		
A member of the company's supervisory and management body should avoid a situation where his or her personal interests do or may conflict with the interests of the company. If ultimately such situation arises, the member of the company's supervisory or management body should, within a reasonable time, inform the other members of the same body or its electing body or the company's shareholders of such conflict of interest, indicating the nature and, if possible, the value.	Yes	
7. PRINCIPLE: COMPANY REMUNERATION POLICY		
The remuneration policy established at the company, the procedure for its review and publication should prevent possible conflicts of interest and abuse in determining the remuneration of members of collegial bodies and heads of administration, as well as ensure publicity and transparency of the company's remuneration policy.		
7.1. The company should approve and publish its remuneration policy on the company's website, which should be reviewed regularly and in line with the company's long-term strategy.	Yes	
7.2. Remuneration policies should cover all forms of remuneration, including fixed remuneration, performance-based remuneration, financial incentive schemes, pension schemes, severance pay, as well as the conditions under which a company may recover or suspend payments.	N/A	
7.3. In order to avoid potential conflicts of interest, the remuneration policy should provide that members of collegial bodies performing supervisory functions should not receive remuneration that depends on the performance of the company.	N/A	
7.4. The remuneration policy should provide sufficient detail about the severance policy. Severance pay should not exceed a fixed amount or a fixed number of annual salaries and, in general, should not exceed a portion of the fixed remuneration for two years or the equivalent amount. Severance pay should not be paid if the contract is terminated due to poor performance.	N/A	
7.5. If the company has a financial instruments incentive scheme, the remuneration policy should provide sufficient details of the retention of shares after the granting of the rights. Where the remuneration is based on the allotment of shares, the right to the shares should not be granted for at least three years after their allotment. After the granting of the rights, the members of the collegial bodies and the heads of the administration should retain a certain number of shares until the end of their term, depending on the need to cover any expenses related to the acquisition of the shares.	N/A	
7.6. The company should publish on the company's website information on the implementation of the remuneration policy, which should focus on the remuneration policy of collegial bodies and executives in the coming financial years and, where appropriate, in subsequent financial years. It should also review the implementation of the remuneration policy during the previous financial year. This type of information should not contain information of commercial value. Particular attention should be paid to significant changes in the company's remuneration policy compared to the previous financial year.	Yes	

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

obtained. Information should be disclosed to all and at the same time.		
10. PRINCIPLE: SELECTION OF THE COMPANY'S AUDIT COMPANY		
The mechanism for selecting the company's audit firm should ensure the independence of the audit firm's findings and opinion.		
10.1. In order to obtain an objective view of the company's financial position and financial performance, the company's set of annual financial statements and the financial information provided in the annual report should be audited by an independent audit firm.	Yes	
10.2. It is recommended that the candidature of the audit company be proposed to the GMS by the company's Supervisory Board or, if it is not formed at the company, by the company's Management Board.	Yes	
10.3. If the audit firm has received remuneration from the company for non-audit services provided, the company should disclose this to the public. This information should also be available to the company's Supervisory Board or, if it is not formed in the company, to the company's Management Board when considering which audit firm to nominate to the GMS.	Yes	

II. ANNEX TO THE ANNUAL REPORT

VIKA adheres to the 14 July 2010 Resolution of the Government of the Republic of Lithuania No. 1052 "On the Approval of the Description of Guidelines for Ensuring the Transparency of Activities of State-Owned Enterprises" (hereinafter referred to as the "Transparency Guidelines").

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

management bodies, the company's CEO.	
Predictable material risk factors shall be disclosed.	Yes
Transactions between the company and related parties, as well as transactions that are not in the ordinary course of the company's operations, shall be disclosed.	Yes
Key issues related to employees and other stakeholders shall be disclosed. Disclosure is recommended about the relationship between the Company and its stakeholders, such as employees, creditors, suppliers, the local community, including the Company's human resources policies, employee participation programmes at the Company, and so on.	Yes
The management structure and strategy of the company shall be disclosed.	Yes
Essential information on the management procedures in force at the Company.	Yes
Powers of each committee defining its role and specifying its rights and responsibilities.	N/A
Minutes of the General Meeting of Shareholders shall be published (in Lithuanian and English and/or other foreign languages). Not all documents may be made available to the public on the company's website if their disclosure could harm the company or reveal the company's trade secrets.	N/A because VIKA has a sole shareholder.
A report on the remuneration policy shall be published	Yes
A report on the company's compliance with the Corporate Governance Code for companies listed on the NASDAQ OMX Vilnius shall be published.	Yes
The Transparency Guidelines stipulate that the following information shall be published online:	
Company's goals and objectives set by the Ministry of the Economy and Innovation;	Yes
Financial results;	Yes
Results of the activity;	Yes
Current number of employees;	Yes
Annual salary fund;	Yes
Monthly salary of managers and their deputies;	Yes
Purchases and investments completed, in progress and planned during the financial year;	Yes
The Transparency Guidelines stipulate that the following information shall be published online:	
The accounts shall be kept in accordance with International Financial Reporting Standards.	Yes
The set of annual financial statements shall be audited in accordance with International Standards on Auditing.	Yes
The annual report shall be published on the website by 30 April.	Yes
The annual report shall include:	
Operational strategy and objectives (financial and non-financial), provided it is not a trade secret of the state-owned enterprise (if the operational strategy and objectives of the state-owned enterprise contain information considered to be a trade secret, an abbreviated operational strategy and objectives without this information shall be provided);	Yes
Compliance of the achieved results with the objectives of the state-owned enterprise;	Yes
The main events that have a significant impact on the activities of the SOE that occurred during the reporting period;	Yes
Information on the market of the provided services or products, if it is not a trade secret;	Yes
Major customers and their main groups, if it is a trade secret. If state-owned enterprises disclose segment information, major customers shall be presented on a segment-by-segment basis;	Yes
Investments during the reporting period, major ongoing or planned investment projects;	Yes
Total annual salary fund, average monthly salary by current position and/or unit;	Yes

Ongoing social and environmental initiatives and policies;	N/A
Information on compliance with the Transparency Guidelines: how they are implemented, which provisions are not complied with and why;	Yes
The main financial indicators describing the activity (profitability, liquidity, efficiency of asset use), their change during 3 years;	Published since the establishment of the Company
Governing bodies;	
Information on the audit of the annual financial statements (the entity that performed the audit, remuneration for the audit); other important information that has become known before the date of publication of the annual report and that affects the activities of the state-owned enterprise;	Yes
Information and reports that must be disclosed by the listed companies in accordance with the Law on Financial Reporting of the Republic of Lithuania and the Corporate Governance Code for Listed Companies of NASDAQ OMX Vilnius in their annual report;	Yes
Dividend policy;	N/A
Information on the implementation of the operational strategy and objectives (financial and non-financial).	Yes
Information on the performance of special obligations and the findings of the independent auditor of the annual financial statements shall be published on the website by 30 April.	N/A
The following shall be submitted to the Ministry of the Economy and Innovation together with the annual report:	
Information on the salaries of their executives for the previous year	Yes
performance of these indicators, variable part of the monthly salary determined for managers (in euros and as a percentage of fixed monthly salary of managers) and variable part of paid monthly salary (in euros and as a percentage of fixed monthly salary of managers).	Yes
Interim report	
Category I or II state-owned companies shall prepare a 6-month interim report, which will posted on the website by 31 August. The interim report shall summarise the most important information about the indicators describing the activities of the state-owned company and their changes compared to previous periods.	No
A set of 6-month interim financial statements shall be being prepared and will be published online by 31 August.	Yes