VIVA Valstybės investicijų valdymo agentūra

ANNUAL REPORT 2021

FINANCIAL STATEMENTS
31 DECEMBER 2021

PREPARED ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ADOPTED BY THE EUROPEAN UNION

LLC STATE INVESTMENT MANAGEMENT AGENCY

COMPANY INFORMATION

Contact details of the Company:

Name	UAB Valstybės investicijų valdymo agentūra
Legal form	Limited liability company
Address	Rinktinės g. 5, LT-09234, Vilnius. Registered address: Lukiškių g. 2, LT-01108 Vilnius.
Legal entity code	305612545
Registration date:	27 August 2020
Registration place	Register of Legal Entities
Authorised capital	EUR 1,000,000
Email address	info@viva.lt
Website address	www.viva.lt
Type of operating activity.	Management of the State Aid Fund for Business, establishment and management of investment funds, investing
Shareholder	
Sole shareholder	State
Institution representing the State	Ministry of Finance of the Republic of Lithuania
Management of the Company:	
Chief Executive Officer	Dainius Vilčinskas
Board members (independent):	
Chairman of the Board	Normantas Marius Dvareckas
Board Member	Agnė Daukšienė
Board Member	Andrius Sokolovskis
Board Member	Aurimas Martišauskas (until 31 12 2021)
Board Member	Virginijus Doveika
Supervisory Board:	
Supervisory Board Chairman (independent)	Valdas Vitkauskas (until 09 02 2022)
Supervisory Board Member (independent)	Giedrius Dusevičius (Supervisory Board Chairman from 09 02 2022)
Supervisory Board Member (independent)	Darius Daubaras (until 31 05 2021)
Supervisory Board Member	Aušra Vičkačkienė
Supervisory Board Member	Algirdas Neciunskas
Auditor:	UAB DELOITTE LIETUVA

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TERMS AND ABBREVIATIONS

Agency	UAB Valstybės investicijų valdymo agentūra, LLC State Investment Management Agency
Company	UAB Valstybės investicijų valdymo agentūra LLC State Investment Management Agency
LP	Limited Partnership
RL	Republic of Lithuania
NDI	National Development Institution
PVF	Pagalbos verslui fondas State Aid Fund for Business
ROE	Return on equity ratio
UAB	Limited liability company (LLC)
VIK	UAB Valstybės investicinis kapitalas LLC State Investment Capital
VIVA	UAB Valstybės investicijų valdymo agentūra LLC State Investment Management Agency
VKC	VŠĮ Valdymo koordinavimo centras PI Governance Coordination Centre

CHIEF EXECUTIVE‘S REVIEW

The State Investment Management Agency (VIVA), which manages the State Aid Fund for Business (Pagalbos verslui fondas, PVF), was established to help the Lithuanian business overcome the challenges posed by the pandemic, to contribute to the sustainable management of public finances, and to stimulate and boost the capital market. The beginning of 2021 was marked in world history by the second wave of COVID-19, when businesses had to re-adapt to rapidly changing conditions. It is encouraging that Lithuania has faced one of the lowest economic downturns in the European Union as a result of the pandemic, and the Lithuanian business demonstrated really good results. At the same time, it should be noted that not only the ability to quickly redirect business models, stabilise financial flows and target accumulated reserves, but also the generous State support for business contributed to the excellent results.

At the end of 2021, volumes of outstanding state aid and accumulated resources of companies were in decline. Given the risks we see for the future, the sustainability aspect has become particularly important in order to ensure that state aid reaches those companies that really need it and is such that the business remains self-sustainable and does not become dependent on additional funding. VIVA’s investment model is consistent with best practices in providing aid to business, where the State acts only to the extent to which the market itself is not sufficient. This investment model creates a continuous triple-benefit cycle – for the business, the financial market and the State. In Lithuania, business is facing the effects of the pandemic, such as record rises in commodity prices, disrupted global supply chains, a more conservative attitude of traditional providers of funding, and a lack of access to large-scale capital. This shows that the need for sustainable instruments of promotional financing will only grow in the future.

Working actively with business, from the very outset of 2021, we have been looking for a solution to better respond to the actual needs of business, to simplify the funding conditions so that our investments can reach as many companies as possible. To this end, we have initiated amendments to the description of the financial instruments at the European Commission level and received the approval for them. This simplification of the conditions serves as strong impetus to the active start of investment. In 2021, the whole team of professionals and management bodies of VIVA were engaged in active work: the Supervisory Board met more than once a month, the Board convened 29 meetings, and the Investment Committee held 83 meetings. In 2021, the team provided advice to more than 100 Lithuanian companies, a third of which were subject to a detailed and individualised corporate valuation.

2021 was also a significant year for VIVA in terms of approving the Company's strategic and planning documents, key internal policies, procedures, valuation methodologies, rules, forecasting models. We approved more than 100 documents on transparent and effective governance.

We ended 2021 with a landmark Linked Risk Sharing agreement with the European Investment Bank, making guarantees from the European Guarantee Fund available for the first time to medium-sized and large enterprises in Lithuania. We have also established relations with other international financial institutions and became a member of the Baltic Institute of Corporate Governance (BICG) – an NGO promoting good governance practices. In 2021, VIVA not only paid the dividend to its shareholder (the Ministry of Finance of the Republic of Lithuania), but also made proposals to the Ministry of Finance of the Republic of Lithuania on the possibility of expanding the activities of the State Aid Fund for Business.

We have built a strong team of investment experts within the Company and its managerial bodies, and we believe that each positive investment decision we make contributes to the success story of a particular business and also supports the sector and small businesses that cooperate with the Company, as well as their employees. Each euro invested by the State not only reaches businesses, but also contributes to boosting the country's economy and creating wealth. This mission inspires us for what we do every day. As we hope that the pandemic will be properly contained in the future, we are ready to continue our efforts in helping the business community not just to survive, but also to secure a stable recovery and sustainable growth. I invite you to take a look at our performance in 2021.

VIVA Chief Executive Officer

Dainius Vilčinskas

GENERAL INFORMATION

Based on the Communication from the European Commission on temporary framework for state aid measures to support the economy in the current COVID-19 outbreak and having received the decision of the European Commission, the Government of the Republic of Lithuania adopted Resolution No 512 of 6 May 2020 on the establishment of UAB Valstybės investicinis kapitalas (LLC State Investment Capital) and UAB Valstybės investicijų valdymo agentūra (LLC State Investment Management Agency) and on the investment of state assets. In implementing this resolution, the Ministry of Finance of the Republic of Lithuania, as a sole shareholder, registered UAB Valstybės investicijų valdymo agentūra (hereinafter – VIVA, Company, Agency) on 27 August 2020. VIVA is a legal person of limited civil liability, legal form – a limited liability company. The founder of the Agency is the State of Lithuania represented by the Ministry of Finance of the Republic of Lithuania.

The objective of VIVA activities is to finance and/or promote sustainable development in areas where market financing is insufficient, by implementing and/or administering financial and other types of aid measures aimed at restoring liquidity and capitalisation of medium-sized and large enterprises, as well as ensuring their access to funding in the emergency in the country due to the threat of the spread of COVID-19 for profit-making activities, but not seeking maximum profit.

The goal of VIVA activities is the management of investment undertakings, establishment and management of investment funds, and investment.

In implementing the objective of its activities, VIVA established KŪB Pagalbos verslui fondas (Limited Partnership State Aid Fund for Business (hereinafter – PVF, the Fund)) and is acting as its General Partner and Manager. KŪB Pagalbos verslui fondas, legal entity code 305640822, registered address: Lukiškių g. 2, Vilnius, was registered on the basis of the partnership agreement concluded on 13 October 2020 by the Fund's General Partner UAB Valstybės investicijų valdymo agentūra (hereinafter – VIVA) and the Limited Partner UAB Valstybės investicinis kapitalas and in observance of Order No 4-837/1K-319 of the Minister of Economy and Innovation of Lithuania and the Minister of Finance of the Republic of Lithuania of 30 September 2020 on approval of the description of activities of the measure "Aid Fund for Business" approved by (hereinafter – the Description of Activities).

The principal activity of VIVA aimed at the achievement of the objective set by VIVA is the management of the "Aid Fund for Business" (PVF). The initial investment funds of PVF – EUR 100 million – are mobilised by the State through the financial injection of UAB Valstybės investicinis kapitalas (VIK) and further funds are raised through the state-guaranteed bonds. In 2021, the Limited Partner's investment commitment has already been increased to EUR 250 million. VIK raised additional EUR 50 million through the state-guaranteed 4-year bond issue. The international credit rating agency Fitch Ratings has assigned rating "A" to the entire EUR 400 million bond programme.

Currently, the basis of VIVA activities is the management of the "Aid Fund for Business"; in the future, depending on the economic conditions and the need for financing solutions, the development of its activities is envisaged.

PVF objectives:

- → To provide investment to companies whose closure is likely to have a negative knock-on effect on the related entities and/or to have significant socio-economic consequences;

- → To preserve sectors of the economy that will be better prepared for the economic recovery;
- → To boost the capital market, giving priority to the capital market instruments;
- → To attract private investors;
- → To implement specific objectives (sustainable, green investment or other) as set out in agreements with Fund participants.

PVF goals:

- → To contribute to ensuring the financial sustainability of the companies that have received investment;
- → To seek investment returns for the participants in the Fund;
- → To develop Lithuania's capital market by giving priority to capital market instruments.

When investing, PVF follows its investment strategy[1], which is provided for in the agreement of PVF members, the Description of Activities[2], the Communication from the Commission of 19 March 2020 "Temporary framework for state aid measures to support the economy in the current COVID-19 outbreak" (2020/C 91 I/01), as amended (hereinafter – the Communication), other related legal acts regulating activities of LP.

PVF invests in:

- → Debt securities and loans;
- → Equity and debt securities that have or may have the characteristics of share capital.

	TYPE	SIZE	DETAILS	COMMENTS
DEBT	BONDS	▪ From EUR 1m	▪ Min 60% of portfolio size ▪ Up to 6 years	▪ Funds may not be used for refinancing ▪ Funds may be used for working capital and project financing ▪ Investment period ends 30 June 2022
	LOANS	▪ EUR 0.3m – 2.0m	▪ Min 30% of portfolio size ▪ Up to 6 years	
SHARE CAPITAL	SHARE CAPITAL	According to the Investment Strategy	▪ Max 30% of portfolio size ▪ Hybrid instrument maturity up to 6 years ▪ Hybrid instruments include subordinated debt	▪ Investments in state-owned enterprises ▪ Targeted mechanism for fines for holding equity securities for 4 and 6 years ▪ Investment period ends 30 June 2022
	HYBRID			

FIGURE 1. PVF INVESTMENT LINES

[1] https://viva.lt/wp-content/uploads/2021/08/Investavimo-strategija.pdf

[2] 2020 m. rugsėjo 30 d. Lietuvos Respublikos ekonomikos ir inovacijų ministro bei Lietuvos Respublikos finansų ministro įsakymu Nr. 4-837/1K-319 „Dėl priemonės „Pagalbos verslui fondas" veiklos aprašo patvirtinimo"

According to PVF investment strategy, debt securities must represent at least 60 % of the total amount of PVF investments. Loans may represent up to 30 % and equities and hybrid instruments – up to 30% of the total amount of investments made by PVF.

Since 7 October 2020, VIVA has been acting as the National Development Institution (hereinafter – the NDI). By Resolution No 1107 of the Government of the Republic of Lithuania of 7 October 2020 on supplementing Resolution No 1046 of the Government of the Republic of Lithuania of 17 October 2018 on the delegation of the performance of activities of the national development institution, VIVA was tasked with performing the activities of the National Development Agency in the area of liquidity support for medium-sized and large enterprises and implementing the promotional financial measure the “Aid Fund for Business” within the implementation deadlines set out in the Communication from the Commission of 19 March 2020 “Temporary framework for state aid measures to support the economy in the current COVID-19 outbreak”. The Resolution was amended on 17 March 2021 to include small enterprises: “small enterprises that meet the definition of a small enterprise as set out in the Law of the Republic of Lithuania on Small and Medium-Sized Business Development and have more than 50 employees on the date of the submission of the application for funding to the Aid Fund for Business <...>”, since in many cases such enterprises are already equivalent in size to medium-sized enterprises.

In May 2020, with the efforts of the Bank of Lithuania, the agreement on the establishment of PVF was reached with the European Commission. It was the first scheme approved in the EU under the extended Temporary State Aid Framework (TASF), which allows countries to recapitalise non-financial firms in difficulty as a result of the COVID-19 outbreak.

The Ministry of Economy and Innovation of the Republic of Lithuania (through the State Investment Capital (VIK)) and the Ministry of Finance of the Republic of Lithuania were involved in the creation and establishment of the Fund. The Bank of Lithuania also continues to participate in the management of the Fund.

For the purpose of supervising activities of the Fund, the Advisory Committee of the Fund has been set up; it consists of at least 3 and not more than 7 persons appointed by the Limited Partners of the Fund. The Advisory Committee of the Fund includes 2 representatives delegated by the Bank of Lithuania and 1 independent member from the Board of the Limited Partner. One of the 2 representatives delegated by the Bank of Lithuania is appointed as the Chairperson of the Fund’s Advisory Committee by decision of members of the Advisory Committee of the Fund.

PVF was formed as a Limited Partnership (LP) that has Limited Partners (investors) and one General Partner – VIVA.

LP members. VIVA participates in PVF activities as the General Partner of the LP established for that purpose. Investors of the Fund become Limited Partners of PVF. Currently, the Fund has only one Limited Partner – VIK founded by the Ministry of the Economy and Innovation of the RL. The expansion of PVF activities is expected to attract private investors, who would become Limited Partners of the Fund.

LP Advisory Committee. Representatives of Limited Partners of the LP appoint representatives to LP PVF’s Advisory Committee which nominates members to VIVA’s Supervisory Board and Investment Committee. The latter also take part in the management of VIVA.

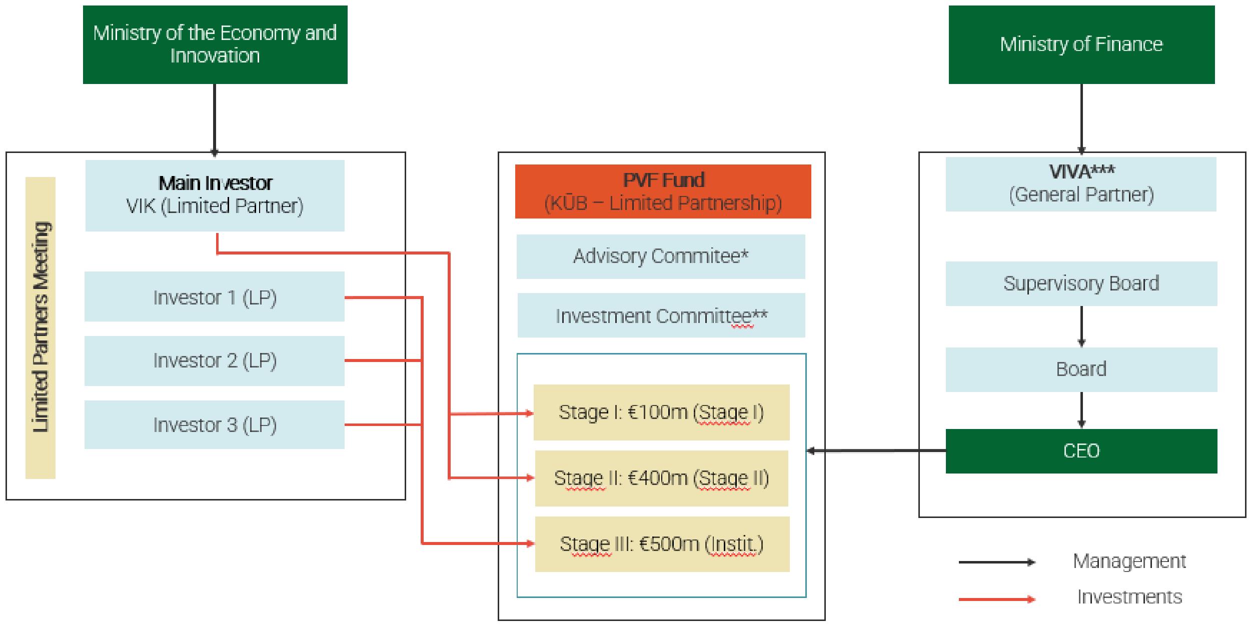

FIGURE 2. INTERACTION BETWEEN VIVA, PVF AND KEY STAKEHOLDERS

The purpose of the Fund is to invest in enterprises of substandard and high risk, which have no suitable alternatives on the market. Investments of the Fund are focused on generating significant indirect benefits for the wider economy. The State allocates its investment in the Fund to the assumption of the first part of the risk, thereby encouraging the involvement of commercial investors in the Fund. The Fund will be managed with an above-average tolerance for financial risk, in order to maintain a sustainable balance between likely credit losses and the effective provision of assistance to distressed enterprises. The Company will aim to keep credit losses within a range of 10 %–20 % over the lifetime of the Fund.

The Company should invest Fund cash in enterprises with more than 50 employees, i.e. medium-sized and large enterprises whose closure may have socio-economic consequences, such as the market failure, exit of an innovative enterprise or a systemically important entity (that plays an important systemic role in the region or sector), or risk of disruption in the provision of an important service, in order to diversify the portfolio of financed beneficiaries of aid and to preserve national economy sectors ready for the economic recovery period after the end of the COVID-19 pandemic.

In carrying out its functions, VIVA observes the principles of sound financial management, transparency, proportionality, non-discrimination, equal treatment and subsidiarity, acts in a fair manner and in line with the Investment Strategy, and aims to achieve objectives of financial instruments managed by it.

TABLE 1. MAIN FUNCTIONS OF VIVA

Concluding financing transactions	Servicing of managed financial instruments
• Shapes the project pipeline; • Evaluates applications; • Ensures the implementation of investment decisions of the Investment Committee; • Enters into and performs all transactions and obligations; • Prepares investment documents and other documents relating to investments in managed financial instruments.	• Ensures routine operations of PVF; • Prepares PVF management expenditure budget; • On behalf and at the expense of PVF, covers all expenses and pays all taxes to the extent necessary to meet the present or future obligations of PVF; • Opens bank accounts on behalf and at the expense of PVF.
Finances and transparency	**Provision of information**
• Ensures that financial accounts are kept as required by legal acts; • Carries out risk management; • Carries out corruption prevention; • Carries out money laundering and terrorist financing prevention; • Implements personal data protection policy.	• Provides information specified in the agreement of PVF members; • Is responsible for the preparation and submission of all notifications, reports or other documents that must be entered in the relevant registers according to the procedure established by legal acts.

Legal acts regulating activities of VIVA

The activities of VIVA and PVF are based on the principles established by the European Commission (EC) for the provision of assistance to business affected by COVID-19. In performing its activities, in addition to the above mentioned legal acts, VIVA is guided by:

- Communication from the European Commission “Temporary framework for state aid measures to support the economy in response to the current outbreak of COVID-19” (2020/C 91 I/01), as subsequently amended (20.3.2020) – regulates provision of aid to business through financing instruments analogous to PVF;

- EC Decision No C(2020) 3534 (final) of 26 May 2020 “State Aid SA.57008 (2020/N) – Lithuania COVID-19: “Aid Fund for Business” – the EC Decision stipulates that the establishment and operation of PVF is compatible with the EU internal market and it is the framework document for the establishment of VIVA and PVF;

- Order No 4-837/1K-319 of the Minister of Economy and Innovation of the Republic of Lithuania and the Minister of Finance of the Republic of Lithuania on approval of the Description of activities of the measure “Aid Fund for Business” – the approval of the Description of Activities defines the objectives and operating principles of PVF, outlines the potential beneficiaries of aid, the forms of funding and their essential conditions;

- Law of the Republic of Lithuania on National Development Institutions, Resolution No 1046 of the Government of the Republic of Lithuania of 17 October 2018 on the delegation of performance of activities of the national development institution;

- Law of the Republic of Lithuania on Partnerships, No IX-1804;

- Law of the Republic of Lithuania on Companies, No VIII-1835.

The Annual Report has been prepared in accordance with the requirements and recommendations set out in the following legal acts:

- Resolution No 665 of the Government of the Republic of Lithuania of 6 June 2012 on approval of the description of procedure for implementing property and non-property rights of the state in state-owned enterprises;
- Guidelines on transparency of activities of state-owned enterprises approved by Resolution No 284 of the Government of the Republic of Lithuania of 27 March 2019;
- Law of the Republic of Lithuania on Financial Reporting by Undertakings;
- Corporate Governance Code for companies listed on NASDAQ Vilnius Stock Exchange, taking into account the international and national corporate governance principles, recommendations from the Organisation for Economic Co-operation and Development (OECD) and the Baltic Institute of Corporate Governance (BICG) for Lithuania regarding the improvement of autonomy, transparency and efficiency of state-owned enterprises;
- International Financial Reporting Standards.

Transparency Guidelines

In accordance with the Transparency Guidelines, annual financial statements of VIVA are prepared on the basis of the International Financial Reporting Standards (IFRS) as adopted for application in the European Union, and the set of financial statements for the 6-month period is prepared and published. In addition to the content requirements set out in the Law of the Republic of Lithuania on Financial Reporting by Undertakings, this Annual Report contains: the description of VIVA business model; the information on significant events occurring during the financial year and events after the end of the reporting period; the outcomes of implementation of VIVA objectives set out in its strategy; the profitability, liquidity, asset turnover and debt ratios; the fulfilment of special obligations; the implementation of the investment policy provided respectively for VIVA business model, the implementation of the risk management policy applied by VIVA and PVF; the implementation of the dividend policy; the implementation of the remuneration policy; the total annual wage fund, average monthly wage by job positions and/or subdivisions;

In addition, relevant information on VIVA mission, vision, strategic objectives, financial and other performance, current number of employees, annual wage fund, average monthly wage to the employees of VIVA and to members of its Board and Supervisory Board, published on a quarterly basis in accordance with the RL Law on the Right to Obtain Information from State and Municipal Institutions and Agencies, the public procurement and investments implemented, ongoing and planned during the financial year, is published on VIVA website at www.viva.lt and in annual reports, and is also made available on a quarterly basis to the shareholder – the Ministry of Finance of the Republic of Lithuania pursuant to the obligations set out in the Letter of Expectation.

STRATEGY AND ITS IMPLEMENTATION

In 2020, from the very outset of its operations, VIVA prepared the Strategic Action Plan for 2021–2023 in compliance with Resolution No 665 of the Government of the Republic of Lithuania of 6 June 2012 on approval of the description of procedure for implementing property and non-property rights of the state in state-owned enterprises (hereinafter – the Ownership Guidelines), the Guidelines on transparency of activities of state-owned enterprises approved by Resolution No 284 of the Government of the Republic of Lithuania (hereinafter – the Transparency Guidelines) and the Corporate Governance Code for companies listed on NASDAQ Vilnius Stock Exchange. International and national corporate governance principles have also been taken into account. Recommendations of the OECD and the Baltic Institute of Corporate Governance BICG to Lithuania on increasing the independence, transparency and efficiency of state-owned enterprises, the OECD Guidelines on corporate governance of state-owned enterprises, 2015 (OECD Guidelines). The Strategic Action Plan was approved by the Supervisory Board of VIVA on 29 January 2021.

In 2021, VIVA revised the Strategic Action Plan and updated it for 2022–2024, also taking into account the provisions of the Letter of Expectations of the shareholder, the Ministry of Finance of the Republic of Lithuania, received in that year.[3]

Currently, the functions of VIVA are primarily focused on the implementation of promotional financial instruments in the management of PVF aimed at assisting Lithuanian medium-sized and large enterprises facing the challenges posed by the COVID-19. On the other hand, as the NDI, in the future VIVA can also fulfil additional functions closely linked to the main objectives, i.e. to finance and/or promote sustainable development in the areas where market funding is insufficient; to implement and/or administer financial, state aid and other types of measures[4], seeking profitable operations, but not maximum profit for the company.

The fundamental principle of VIVA activities is to preserve businesses affected by the COVID-19 and to address the problem of insufficient market funding without distorting the existing market. This means that VIVA seeks to enter into financing transactions in which market players do not participate because of more conservative funding or investment policy constraints, insufficient development of some segments of the investment market or other reasons. Apart from this key market function, the task is to contribute to the development of the capital market by increasing the number of issuers of debt and other securities while improving the capital market liquidity and the availability of securities to a wide range of investors.

In addition to the investment activities mentioned above, in 2021, proposals for new promotional financial instruments were also discussed and developed, and active involvement in financial market formation was pursued.

The tasks set for all Lithuanian NDIs are to be active in the financial market, to invest successfully in financially viable projects, to promote long-term financing of financially viable projects from various

[3] https://viva.lt/wp-content/uploads/2021/10/VIVA-lukesciu-rastas.pdf

[4] As defined in Article 2(4) of Regulation (EU) No 2015/1017 of the European Parliament and of the Council of 25 June 2015 on the European Fund for Strategic Investments, the European Investment Advisory Centre and the European Investment Projects Portal and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013 as regards the European Fund for Strategic Investments (OJ 2015 L 169, p. 1).

sources of funding, to contribute to the creation of a sound investment environment, and to promote the country's economic, social and regional development.

In 2021, as part of the review of the 2022-2024 Strategy, the Supervisory Board of VIVA approved the updated mission, vision and core values. Strategic orientations remained the same, while strategic objectives were expanded.

The vision of VIVA is not so much focused on a transaction and funding of a particular business, but on a wider impact of the transaction on the value chain participants and other actors that face negative social effects. The compliance of the business that seeks funding with this criterion serves as one aspect in the assessment of potential transactions and in the adoption of a decision on funding.

The Company's values are used as benchmarks to create a sustainable role for VIVA on the Lithuanian financial market and the wider economy. By investing in transactions that cannot be financed by financial institutions of private capital, VIVA will strive to become a market player that continuously creates innovation, provides financing tools and makes first transactions. As the financing process gathers momentum, having established sufficient precedents and empowered financial institutions of private capital to act, VIVA will seek to refocus on other development priorities related to market failures.

Mission	Vision
With business financing we activate financial and capital markets and promote economic growth.	To be an active participant in financial and capital markets, pooling and professionally managing investments for business, promoting their efficiency and economic sustainability.

Values
Partnership We promote an active and inclusive dialogue within the Company, with customers, market players and stakeholders. By understanding their unique needs and expectations, we bring together a team of subject matter experts to offer long-term solutions for the growth of business and the promotion of financial and capital markets. **Sustainability** We respect the uniqueness of each person, are tolerant and encourage the development of personalities. We aim to meet financial expectations of business, investors and the State, as well as to contribute to the creation of cohesive national wealth and to become a strong pillar in building a more sustainable national economy. **Responsibility** We manage the resources entrusted to us in a responsible, efficient and transparent way. We focus on risk management while employing the available know-how and professional experience. We implement the accountable management model conforming to best practices in the market and continuously improve our business processes.

TABLE 2. MISSION, VISION AND VALUES OF VIVA

The main **purpose of VIVA activities**, as set out in the Company's Articles of Association, is to finance and/or promote sustainable development in areas where financing under market conditions is insufficient, by implementing and/or administering financial and other types of aid measures aimed at increasing liquidity of medium-sized and large enterprises and their financing options, after declaration of the state of national emergency by the Government of the Republic of Lithuania due to the COVID-19 situation in the country; and to pursue profitable activities, without seeking but the maximum profit for the Company.

This high-level objective will be implemented ***in 3 strategic directions***:

POSITIVE IMPACT ON THE ECONOMY OF LITHUANIA strategic direction focusing not only on a specific financing transaction and business parameters, but also on the impact of business receiving funding on a wider economy. Businesses whose preservation will have a greater impact on maintaining jobs or tax revenue are prioritised in decision-making and achievement of this objective. In the sphere of investments, priority will be given to businesses that develop significant innovations and invest in green and digital solutions.

SUSTAINABLE ACTIVITIES strategic direction implies that the operation of VIVA has to be non-loss making and sustainable parameters of the quality of the portfolio managed by the fund must be ensured. The Agency's long-term functioning and sound strategic management will be ensured through the principle of good governance and by maintaining a process of close cooperation with the Supervisory Board and Board.

POSITIVE IMPACT ON THE FORMATION OF LITHUANIA'S CAPITAL MARKET is an additional strategic direction focused on bonds, hybrid instruments and, in a longer-term, on equity transactions considering loans solely as an additional instrument. VIVA will seek to distribute directly purchased securities issues on the secondary market and attract new investors to the market, as well as to contribute to capital market formation processes on an advisory basis.

In assessing the implementation of the 2021 strategic objectives, we have consistently worked on the following objectives covered by the above-listed strategic directions:

1. STRATEGIC DIRECTION – POSITIVE IMPACT ON THE ECONOMY OF LITHUANIA

1.1. Attracting investment funds – this objective has not been fully met because, in order to manage optimally the available financial resources of PVF, additional investment financing need is determined in advance on the basis of the following month's planned disbursements under existing and planned financing agreements and the actual needs of the beneficiaries, respectively, and is then called up from the Limited Partner VIK when it plans the public offering of the state-guaranteed bonds accordingly. In 2021, VIK additionally raised EUR 50 million through the issue of 4-year state-guaranteed bonds. The entire EUR 400 million bond programme received rating "A" from the international credit rating agency Fitch Ratings.

1.2. Filling the large and medium-sized business financing gap – this objective, both in terms of the amount of financing agreements signed and the actual financing transferred since the start of operations of PVF, has been met by 77 % in terms of the actual number of applicants for aid. Some of the customers, who have already been approved (about EUR 28 million), have found financing alternatives or have abandoned transactions due to poor compliance. When it became known that the investment period was extended until 30 June 2022, some of the transactions were carried forward to the next year according to the actual needs of the customers. A broader overview of PVF portfolio is presented below, noting that around 90 % of PVF portfolio was made up of corporate bonds, which also contributed to another important objective of VIVA to boost financial markets, the main sectors financed were manufacturing 48 % and hotel activities 32 %, based on the year-end balance sheet values of the portfolio.

1.3. Positive impact on large and medium-sized business, industrial sectors affected by COVID-19 and the national economy – this objective was met to the full extent and even exceeded by around 30 %. The average number of employees in businesses of aid beneficiaries and the amount of taxes actually paid to the State were assessed on the basis of the data provided by them.

2. STRATEGIC DIRECTION SUSTAINABLE ACTIVITIES OF VIVA

2.1. Positive return for PVF investors – in projecting the target return to PVF investors as set out in the Partnership Agreement and the Description of Activities based on the Fund's projected performance in terms of income and necessary operating costs, VIVA seeks the minimum rate of return calculated by reference to the ICE BOFA BB Euro High Yield Index (HE10) for the Fund, showing a value for the year 2021, based on the market data of this index, that is sufficient for the Fund to achieve the target in accordance with the current terms of the investment agreements of PVF.

2.2. Effective and sustainable governance – this objective, also set out in the Shareholder's Letter of Expectation, was exceeded as VIVA received "A" rating in the Good Governance Index from VKC. Although VIVA has been in operation only for a year, VKC assigned "A" rating to the Agency – the same as to other companies in this category that have been in operation for many years. VIVA is recognised as a progressively managed company, where good governance practices have been in place since its inception, enabling it to respond promptly and professionally to the dynamic business needs that demand quick solutions, to ensure the Agency's financial autonomy and to contribute to the sustainable promotion of the economy that creates long-term value.

2.3. Balanced quality of PVF portfolio – the objective of the Fund is to invest in enterprises of substandard and high risk which have no suitable alternatives on the market. The Fund's investments aim to generate significant indirect benefits for a wider economy. The Fund is managed to promote an above-average tolerance to financial risk, in order to maintain a sustainable balance between potential credit losses and the effective provision of aid to companies in difficulty. The credit loss floor of 10 %, also set out in the Letter of Expectations, is not exceeded and the reduction in the value of non-performing investments compared to the nominal value of investments made since the inception of PVF is only 5.5%.

2.4. Positive return to VIVA shareholders – VIVA effectively manages its operating expenses with an optimal number of employees, thus its 2021 ROE of 26% is several times higher than the shareholder expectations, which also means that with this ROE, 60 % of the distributable profit will return to the shareholder in the form of a dividend to the RL Ministry of Finance in accordance with Resolution No 786 of the Government of the Republic of Lithuania of 11 August 2016 on amending Resolution No 20 of the Government of the Republic of Lithuania of 14 January 1997 on dividends on shares of the state-owned companies and their profit contributions[5].

3. STRATEGIC DIRECTION SUSTAINABLE ACTIVITIES OF VIVA

3.1. Increasing the number of financial instruments managed by VIVA – through efforts and initiative of VIVA employees, the Ministry of Finance of the Republic of Lithuania, the European Investment Bank (EIB) and VIVA signed the agreement and announced about additional possibilities of aid to Lithuanian companies using the guarantees of the European Guarantee Fund (EGF). The EIB and VIVA have agreed on a Linked Risk Sharing Facility that will improve access to finance for both medium-sized and large enterprises in Lithuania. Under the agreement, up to EUR 50 million of guarantees will be available to finance medium-sized and large business in Lithuania as and when needed.

3.2. Increasing the product choice available on the secondary market – this objective was not met in 2021, because the original objective in 2021 was first to accumulate the investment portfolio of PVF based on redeemed bonds issued by large and medium-sized enterprises, which will constitute the basis for the realisation of this objective next year.

[5] The provisions of this Resolution have been transposed into the latest version (No 1124 of 22 December 2021) of Resolution No 665 of the Government of the Republic of Lithuania of 6 June 2012 on the approval of the description of the procedure for the implementation of the property and non-property rights of the state in state-owned enterprises

TABLE 3. IMPLEMENTATION OF STRATEGIC OBJECTIVES AND PERFORMANCE INDICATORS OF VIVA IN 2021

Strategic directions	Strategic goals	Description	Indicator	Plan 2021	Fact 2021
1. Positive impact on the economy of Lithuania	**1.1. Attracting investment funds**	Placement of the state guaranteed issue of bonds of VIK - Limited Partner of PVF in 2021 and attraction of institutional investors, EURm	EUR 100m	100	**50**
	1.2. Filling the large and medium-sized business financing gap	Amount of funds in EUR invested by PVF by the deadline set by the EC. The Fund's capital allocation for all contractual transactions (recorded in terms of amounts committed to be invested under the concluded contracts, including outstanding transactions]	EUR 200m	200	**157**
		Invested amount of capital (i.e. amount transferred to applicants under concluded agreements), EURm	EUR 150m	150	**113**
	1.3. Positive impact on large and medium-sized business, industrial sectors affected by COVID-19 and the national economy	Jobs retained and/or created, units	5,000	5,000	**6,821**
		Maintained and/or increased volume of taxes to the State, EURm	EUR 30m	30	**48**
2. Sustainable activities of VIVA	**2.1. Positive return for PVF investors**	Hurdle rate, %	ICE BOFA[6] BB Euro HY	ICE BOFA BB Euro HY	**1.88%**
	2.2. Effective and sustainable governance	VKC/SIPA governance index	min B	B	**A**
	2.3. Balanced quality of PVF portfolio	Portfolio loss ratio	NPL < 10 %	10 %	**5.5%**
	2.4. Positive return for VIVA shareholders	ROE not less than set by the Ministry of Finance according to the Letter of Expectations, %	~ 8 %	8 %	**26%**
3. Positive influence on the formation of Lithuania's capital market	**3.1 Increase in the number of financial instruments being managed by VIVA**	Number of financial instruments being managed, units	1	1 more	**EIB guarantee**
	3.2. Increasing the product choice available on the secondary market	Subscribed value of bond or equity transactions available on the secondary market, EURm	EURm 20	20	**-**

[6] As specified in Order No 4-837/1K-319 of the Minister of Economy and Innovation of the Republic of Lithuania and the Minister of Finance of the Republic of Lithuania on the approval of the description of activities of the measure "Aid Fund for Business".

YEAR 2021 HIGHLIGHTS

2021 was the first full year of operation of UAB Valstybės investicijų valdymo agentūra. Let's reflect on our work accomplished during the year.

JANUARY

- ✓ VIVA Strategic Action Plan for 2021–2023 was approved.
- ✓ VIVA Board's Action Plan for 2021 was approved.
- ✓ Amendments to the description of the European Commission (EC) financing instruments were initiated to simplify investment conditions.
- ✓ VIVA services for business were presented at the "GreenTech Vilnius Forum" and the event of the Estonian Chamber of Commerce.

FEBRUARY

- ✓ Action Plan of the Supervisory Board for 2021 was approved.
- ✓ Decision to invest EUR 10 million in Novaturas group was taken.
- ✓ VIVA services were presented at the business community discussion "Crisis anatomy, economic impact and business support measures".
- ✓ All employees of VIVA participated in the interactive training course on the prevention of money laundering and terrorist financing.
- ✓ Key internal documents of the GDPR were approved.
- ✓ Consultations on cooperation with international financial institutions were launched.
- ✓ VIVA awareness-raising campaign was implemented.
- ✓ Activities of the Fund were presented at the Committee on Budget and Finance of the Seimas of the Republic of Lithuania.
- ✓ The model for forecasting, determination of pricing and calculation of profitability of the Fund's investments was designed.

MARCH

- ✓ Amendments to the description of financing instruments to simplify investment conditions were approved by the European Commission.
- ✓ VIVA administrative structure, staff establishment and salary scales were approved.
- ✓ The Conflict of Interest and the Corruption Prevention Policy, the Code of Ethics and related procedures were adopted.

- ✓ VIVA representatives were delegated to the Working Group for conducting the assessment and oversight of the need for promotional financing of NDIs.

APRIL

- ✓ Three investment agreements worth EUR 12.8 million were concluded with Novaturas, Apex Alliance Hotel Management and Park Inn by Radisson Vilnius Airport Hotel.
- ✓ VIVA Internal Audit and Remuneration Policies were approved.
- ✓ The analysis of needs for promotional financing was prepared and proposals for the development of the “Aid Fund for Business” were put forward.

MAY

- ✓ Three investment agreements worth EUR 9.32 million were concluded with Citybee solutions, Addere Care and Elinta Charge.
- ✓ VIVA Communication Strategy and Crisis Prevention Plan were approved.
- ✓ VIVA awareness-raising campaign was continued.
- ✓ VIVA services were introduced to members of the Board of the Lithuanian Business Confederation, cooperation opportunities were discussed.
- ✓ VIVA services for business were presented at the conference “Davos 2021 Lithuania”.
- ✓ VIVA became a member of the Baltic Institute of Corporate Governance (BICG).
- ✓ VIVA paid dividends to its shareholder (the Ministry of Finance of the Republic of Lithuania) for the year 2020.

JUNE

- ✓ Five investment agreements worth EUR 11.9 million were concluded with Amber Food, Neragauta Azija, Saldi Kava, Danbalt International and Montuotojas.
- ✓ The Risk Management Plan and Register of VIVA were approved.
- ✓ The international credit rating agency Fitch Ratings assigned rating “A” to the issue of the state guaranteed bonds envisaged by VIK.
- ✓ VIVA services for business were presented to members of the Lithuanian Business Confederation.

JULY

- ✓ Three investment agreements worth EUR 9.1 million were concluded with Medienos era, Vandens parkas and Ruptela.
- ✓ Novaturas Group has started early repayment of the Aid for Business Fund’s investment. Novaturas has repaid EUR 2.5 million to the Fund by redeeming part of the issued convertible bonds.

AUGUST

- ✓ VIVA, as the manager of the Aid Fund for Business, has signed two investment agreements with a total value of EUR 27.3 million. Under the agreements, the Fund will redeem EUR 13.8 million bonds of Grand Hotel Vilnius, which manages Kempinski Hotel, and EUR 13.5 million bonds of the company Astorija Hotel, which manages Radisson Blue Royal Astorija Hotel.
- ✓ Addere Care has fully repaid the loan to the Fund.

SEPTEMBER

- ✓ On 15 September, UAB Valstybės investicinis kapitalas (VIK) very successfully distributed the first issue of state-guaranteed 4-year bonds worth EUR 30 million. The international credit rating agency Fitch Ratings assigned rating “A” to the entire EUR 400 million bond programme. VIK will invest in phases, as needed, in the Aid Fund for Business managed by the State Investment Management Agency (VIVA).
- ✓ Bonds placed by VIK will be included in the Debt Securities List of Nasdaq Baltic from 30 September.

OCTOBER

- ✓ Two investment agreements worth EUR 3.5 million were concluded with Žalgiris Basketball Club and UAB Vykom, which provides car transport services.
- ✓ Vilnius Chamber of Commerce, Industry and Crafts will cooperate with VIVA. During the meeting, representatives of VIVA and the Chamber discussed business challenges faced by companies belonging to the Chamber, their potential investment needs, and agreed on cooperation opportunities.

NOVEMBER

- ✓ The State Investment Management Agency (VIVA), which manages the Aid Fund for Business, for the first time received the Good Governance Index “A” and was recognised as one of the top three state-owned enterprises in the small and micro-enterprises category among all state-owned enterprises (SOEs).
- ✓ On 25 November, UAB Valstybės investicinis kapitalas (VIKA), the investor of the Aid Fund for Business (PVF) managed by VIVA, successfully placed a 4-year additional issue of state-guaranteed bonds worth EUR 20 million. The international credit rating agency Fitch Ratings assigned rating “A” to the entire EUR 400 million bond programme.
- ✓ The tour operator Novaturas redeemed the remaining part of the issued convertible bonds worth EUR 2.5 million from the Aid Fund for Business managed by VIVA. The group of companies, as a whole, has redeemed the entire EUR 5 million worth convertible bond issue. The convertible bonds were redeemed by the company in advance of their scheduled maturities without any additional restrictions.
- ✓ In November, the State Investment Management Agency (VIVA), which manages the Aid Fund for Business (the Fund), signed the financing agreement worth EUR 6 million with AB Vilniaus baldai. Under the agreement, the Fund will redeem EUR 6 million of the company’s bonds.

DECEMBER

- ✓ Seven investment agreements worth EUR 69.7 million were concluded with UAB Juodeliai, UAB Royal SPA Hotel, UAB Vakarų medienos grupė, UAB Rinktinės investicijos, AB Utenos trikotažas, UAB Ride Share and UAB Biseris.

FIGURES OF THE YEAR: The Aid Fund for Business lent EUR 113 million to Lithuanian business facing the challenges of the pandemic by the end of 2021, committed EUR 157 million to 28 companies under financing agreements signed by end-2021, and adopted additional positive investment decisions worth EUR 30 million.

IMPACT OF THE YEAR: The most affected sector of accommodation services has maintained its financial stability. This sector accounts for around 40 % of VIVA portfolio. With the funding received at the critical time, it was able to maintain jobs, settle with suppliers and pay taxes when due.

ACHIEVEMENT OF THE YEAR: The manufacturing sector which is most investment-intensive was promoted. The funding of this sector makes up more than one third of VIVA portfolio. This sector was critical to maintaining the health of the economy during the pandemic; therefore, the possibility to contribute to the promotion of this sector is one of the most important achievements of VIVA, and at the same time a serious commitment to continue the work.

ACKNOWLEDGEMENT OF THE YEAR: Enterprises that are leaders in their sectors have become the customers of the Fund. VIVA will contribute to stimulating their investment volumes, sustainable business growth and maintaining competitiveness in the region. VIVA has become a credible financing partner and, despite being in operation for only for a year, is among the top three best-managed small enterprises.

INCENTIVE OF THE YEAR: During 2021, 19 companies issued bonds for the first time to access the financing from the Fund. The total value of bond contracts signed by the Fund exceeds EUR 133 million.

PARTNERSHIP OF THE YEAR: The Ministry of Finance of the Republic of Lithuania, the European Investment Bank (EIB) and VIVA signed the agreement and announced the availability of additional (EGF) guarantees for the Lithuanian enterprises. The EIB and VIVA have agreed on a linked risk-sharing instrument that will improve access to finance for medium-sized and large enterprises in Lithuania. Under the agreement, up to EUR 50 million of guarantees will be available for the financing of medium-sized and large Lithuanian businesses according to their needs.

VIVA envisages continuing active collaboration with other public and private sector institutions with a view to engaging in the creation of added value in a broader context, particularly in the following areas:

- **Improving access to finance**. The Company, as the NDI, has to play an active role in the planning of new measures in areas where funding under market conditions is insufficient. When participating in the development of new instruments, the Company should seek not to compete, but to work closely with the existing financial and capital market players, thereby increasing the access to financing for Lithuanian business and entities implementing significant projects;
- **Creating investment climate** through the increased leverage of financial instruments. In designing and implementing financial instruments, the Company should give priority to capital market instruments and innovative instruments that create new opportunities not only for the beneficiaries of aid, but also for investors. The financial instruments being managed should generate positive financial returns that attract private and institutional investors.

GOVERNANCE STRUCTURE, MANAGEMENT AND SUPERVISORY BODIES OF THE COMPANY

VIVA'S MANAGEMENT BODIES:

- The General Meeting of Shareholders;
- The Supervisory Board – a collegial supervisory body of the Company;
- The Board – the collegial supervisory body of the Company;
- The Manager of the Company – Chief Executive Officer – a single-person management body of the Company.

MEETING OF SHAREHOLDERS

In addition to the competence provided for in the Law on Companies, the Meeting of Shareholders also approves:

- The signature, amendment and termination of the Fund's establishment, operating and members' agreements;
- Decisions of the Company to become a founder, member (except membership in associations) of other legal entities;
- The establishment and closure of branches and representative offices of the Company.

SUPERVISORY BOARD

The Supervisory Board (hereinafter – the SB) of VIVA consists of 5 members elected for a 4-year term of office: a representative of the Ministry of Finance of the Republic of Lithuania, a representative of the Bank of Lithuania and 3 independent members. The competence of the Supervisory Board is established in the Law on Companies. In addition to the competence provided for in the Law on Companies, the Supervisory Board:

- Establishes the principles of remuneration for members of the Company's Board and CEO;
- Considers the candidate nominated by the Company's CEO to the chief internal auditor's position or, where the internal audit service is not established, to the position of the internal auditor and approves the nomination;
- May perform other functions specified in the Fund's agreements.

Operational documents of the Supervisory Board of VIVA:

- The Annual Activity Plan of the SB
- The Annual Activity Report of the SB
- The minutes of meetings
- The performance self-assessment questionnaires of the SB
- The memos of meetings of the SB members
- The Rules of Procedure of the SB

TABLE 4. SUPERVISORY BOARD MEMBERS OF VIVA, 31 12 2021

Forename, surname	Workplace, professional experiences	Education, qualifications	Beginning of the term of office
Valdas Vitkauskas, Supervisory Board Chairman (until 09 02 2022), Independent Member	Associate Director of the EBRD Financial Institutions SEMED (London). V. Vitkauskas has 20 years of experience in international banking, and has been leading the financing of major projects. He has also held a number of senior positions in corporate management bodies, working with major European and international groups.	V. Vitkauskas is a graduate of the FinTech programme at Saïd Business School, Oxford University, UK. He also holds a Master's degree in Economics from SMU (Dallas, USA) and a Bachelor's degree in Business Administration from Vytautas Magnus University.	17 07 2020
Giedrius Dusevičius, Supervisory Board Chairman (from 09 02 2022), Independent Member of SB	Director of UAB Digital Audio (company code 303123210, address: Aukštoji g. 12-1, Klaipėda), Chairman of the Board of AB Klaipėdos nafta (company code 110648893, address: Burių g. 19, Klaipėda) (Independent Member). G. Dusevičius has 18 years of management experience in the financial sector in Lithuania, Latvia, Estonia and Sweden. In Lithuania, he was the head of the leasing company Hansa lizingas, Chairman of the Board of AB Hansabankas (now AB Swedbank) and Swedbank Group management member. He has extensive governance experience of work in boards and supervisory boards of insurance and leasing companies in Lithuania, Latvia, Estonia and Sweden, as well as in business enterprises in Lithuania.	G. Dusevičius studied at the Faculty of Economics and the Institute of International Relations and Political Science of Vilnius University. He graduated from INSEAD, Management Programme (AMP).	17 07 2020
Darius Daubaras, Independent Member	Project Manager and Advisor to the Strategic Finance and Corporate Development Department of Saudi Aramco (Independent Member). Chairman of the Supervisory Board of AB Ignitis grupė (company code 301844044, address: Žvejų g. 14, Vilnius) and independent member.	D. Daubaras has a Master's degree in International Relations from Cambridge University, MBA from the Wharton School of Business at the University of Pennsylvania (USA),	17 07 2020 – 31 05 2021

	Daubaras has also accumulated valuable experience in capital markets management and mergers and acquisitions at banks such as Citigroup, Credit Suisse, BNP Paribas and J.P. Morgan.	and Bachelor's Degree in Finance and Business Administration with highest distinction from the University of Denver (USA).	
Aušra Vičkačkienė	Director of the State Asset Management Department of the Ministry of Finance of the RL (entity code 288601650, address: Lukiškių g. 2, Vilnius), a member of the Supervisory Board of AB Ignitis grupė (company code301844044, address: Žvejų g.14, Vilnius) and a member of the Audit committee member and Nomination and Remuneration Committee of this group. A. Vičkačkienė has more than 20 years of experience in the sector of public service, has worked in the area of management of state assets for more than 10 years, also in the areas at regulation of financial services and management of state debt. For a number of years, she has represented and continues to represent the Ministry of Finance on several boards of state-owned companies.	A. Vičkačkienė acquired a Master's degree in Management and Business Administration and a Bachelor's degree in Management and Business Administration from Vilnius University.	26 10 2020
Algirdas Neciunskas	Director of the Market Infrastructure Department of the Bank of Lithuania (company code 188607684, address: Gedimino pr. 6, Vilnius) A. Neciunskas has gained diversified experience in financial markets over many years, ranging from financial market analysis, risk management and collateral policy making to direct lending and portfolio management for monetary policy purposes. A. Neciunskas gained corporate governance experience working in the boards of the Lithuanian Central Securities Depository and the Lithuanian Mint.	A. Neciunskas holds a Bachelor's degree in International Economics and a Master's degree in International Business from Vilnius University, and a certificate of Professional Board Member from the Baltic Institute of Corporate Governance.	17 07 2020

The independent member of the Supervisory Board Darius Daubaras, who started his term of office on the Supervisory Board on 17 July 2020, was recalled from this position on the Supervisory Board of VIVA with effect from 31 May 2021 by Order No 1K-190 of the Minister of Finance of 27

May 2021 on the recall of the member of the Supervisory Board of UAB Valstybės investicijų valdymo agentūra.

The selection of the Supervisory Board members is carried out according to Government Resolution No 631 of 17 June 2015 on approval of the description of the selection of candidates to the board of a state-owned or municipal enterprise and candidates to the collegial supervisory or management body elected by the general meeting of shareholders of a state-owned or municipal enterprise and the requirements set out therein, at least 1/2 of the supervisory board members must be independent, meet the criteria of independence and the general and special requirements set out therein in the fields of finance, strategic planning, the sector of economy in which the enterprise operates and risk management. The selection of the members of the Supervisory Board is still in progress.

COMPETENCES OF THE SUPERVISORY BOARD

To ensure qualitative functioning of the Supervisory Board during 2021, all necessary competences have been strengthened, taking into account the scope of activities of VIVA and PVF and the responsibilities of and decisions taken by the Supervisory Board.

At its meeting of 4 February 2022, the Management Board evaluated its performance during 2021, identified areas for improvement and mapped out the work plan of the Supervisory Board for 2022. In 2022, the Supervisory Board will mainly concentrate on the following topics:

1. Planning and self-assessment of activities of the Supervisory Board:
    - 1.1. Self-assessment of activities of the Supervisory Board;
    - 1.2. Approval of the annual work plan of the Supervisory Board;
    - 1.3. Revision of the Rules of Procedure of the Supervisory Board;
    - 1.4. Discussion of work of the Supervisory Board.
2. Planning and control of activities of the Company:
    - 2.1. Review and approval of the operational strategy of the Company;
    - 2.2. Familiarisation with financial statements of the Company;
    - 2.3. Control and monitoring of performance indicators (KPIs) of the Company (Board and CEO);
    - 2.4. Evaluation of the annual financial statements, the draft profit (loss) distribution and the annual report of the Company, and provision of proposals and feedback to the General Meeting of Shareholders of the Company;
    - 2.5. Approval of the annual budget of the Company;
    - 2.6. Familiarisation with the quarterly internal audit report of the Company;
    - 2.7. Evaluation of performance of the Board of the Company;
    - 2.8. Familiarisation with the report on the evaluation of performance of the Company CEO carried out by the Board;
    - 2.9. Presentation of quarterly reports on the implementation of the AML/CTF procedures and policies;
    - 2.10. Review and approval of the principles of remuneration of the Board members and the CEO;
    - 2.11. Review of the Company’s internal procedures and policies (tree);
    - 2.12. Reports on the implementation of risk management measures;
3. Control of PVF operations:
    - 3.1. Familiarisation with quarterly activity reports of PVF (submitted to Advisory Commitee and the Limited Partner);

3.2. Familiarisation with the set of annual financial statements, draft profit (loss) distribution of PVF;
3.3. Approval of the annual budget of PVF.
4. New directions:
4.1. Discussion of new financial instruments.

SUPERVISORY BOARD MEETINGS AND ISSUES DISCUSSED

The Supervisory Board organises its activities by drawing up, at the beginning of each year, the annual activity plan of the Board, which includes the dates of the pre-scheduled meetings of the Board as well as the main issues to be discussed. In the context of the COVID-19 pandemic situation, all meetings were held remotely and securely using the MS Teams platform. Extraordinary meetings of the Supervisory Board were organised in writing, if necessary, on individual urgent issues, where both the material was submitted and discussions were held/questions were asked by email, without the need to attend the meeting.

Supervisory Board meetings held in 2021	24
Issues discussed	59

Also, in 2021, 3 strategic sessions were held for the preparation of the strategic plan of activities for 2022–2024 separately by the Supervisory Board and together with the Board and managers of the Company according to the provisions of the Strategic Planning and Strategic Management Guidelines and the timelines for the preparation, coordination, approval and submission to VKC and to the shareholder, as set out in the Ownership Guidelines (Resolution No 665 of the Government of the Republic of Lithuania of 6 June 2012 on the approval of the description of the procedure for exercising the property and non-property rights of the state in state-owned enterprises).

ATTENDANCE OF MEETINGS OF THE SUPERVISORY BOARD MEMBERS IN 2021

Supervisory Board member name, surname	Percentage of attendance of meetings which must be attended
Valdas Vitkauskas	100
Darius Daubaras	100 (until the end of mandate)
Giedrius Dusevičius	100
Algirdas Neciunskas	100
Aušra Vičkačkienė	90

SB members of respective competences attended additional meetings to discuss remuneration, risk and audit issues, in separate working groups. In 2021, 10 such meetings were held depending on the need for the issues to be discussed. The risk area is under the responsibility of Giedrius Dusevičius and Algirdas Neciunskas, audit matters are assigned to Valdas Vitkauskas and Aušra Vičkačkienė, remuneration matters – to Giedrius Dusevičius, Darius Daubaras (until the end of their mandate), and independent advisor Eligijus Kajieta.

DECLARATION OF PRIVATE INTERESTS OF THE SUPERVISORY BOARD MEMBERS

In accordance with the Law of the Republic of Lithuania on Alignment of Public and Private Interests in Public Service (27 June 2019 No XIII-2274), and the Description of the Corruption Prevention Procedure of the Republic of Lithuania approved by Order No 1K-115 of the Minister of Finance of the Republic of Lithuania of 10 April 2019, members of the Supervisory Board declared their private interests and submitted the relevant declarations to the Chief Official Ethics Commission (COEC) on time.

REMUNERATION OF INDEPENDENT MEMBERS OF THE SUPERVISORY BOARD IN 2021

The remuneration for activities in the Supervisory Board of VIVA is established by Order No 1K-245 of 17 July 2020 of the Minister of Finance of the Republic of Lithuania on the formation of the Supervisory Board of UAB Valstybės investicijų valdymo agentūra. The independent member of the Supervisory Board receives remuneration for the Supervisory Board member's activities which comprises:

1. The fixed monthly component – EUR 156 (one hundred and fifty-six euro) (before taxes). If membership in the Company's Supervisory Board does not cover a full month, a proportional fixed monthly share is disbursed;

2. For each meeting of the Company's Supervisory Board attended by the independent member of Company's Supervisory Board:

2.1. EUR 315 (three hundred and fifteen euro) (before taxes) for the independent member of Company's Supervisory Board who is a chairman of the Company's Supervisory Board;

2.2. EUR 235 (two hundred and thirty-five euro) (before taxes) for the independent member of Company's Supervisory Board who is not a chairman of the Company's Supervisory Board.

In 2021, the total amount (before taxes) disbursed to independent members of the Supervisory Board from the start of its activities was as follows:

Supervisory Board member forename, surname	Number of meetings	Amount (EUR)
Valdas Vitkauskas (Independent member, Chairman of the Supervisory Board)	23	9,117.00
Darius Daubaras (Independent member of the Supervisory Board)	9	2,895.00
Giedrius Dusevičius (Independent member of the Supervisory Board)	24	7,512.00

BOARD

The Board consists of 5 members elected by the Supervisory Board for a 4-year term of office. The Board members must be independent of the Company's shareholders, i.e. they may not be employees or members of the management bodies of the Company's shareholder or of persons related to it. The competence of the Board is laid down in the Articles of Association of the Company. In addition to the competences specified in the Law on Companies, the Board:

- Upon approval of the Meeting of Shareholders, takes decisions on signing, amending or terminating areements of the Fund.
- May perform other functions specified in agreements of the Fund.
- Performs the *functions of the Investment Committee of the Fund*:

❖ Takes decisions on investment of the Fund, switching and disposal of investments.

❖ Considers draft estimates of the Fund's income and expense; submits them for approval according to the procedure prescribed in the Fund's agreements.

❖ Determines the procedure investment of the Fund, management and disposal of investments.

❖ Approves the Risk Management Plan after its approval by the Supervisory Board.

In carrying out the functions of the Fund's Investment Committee, the Board must be guided by the Fund's agreements.

Operational documents of the Board:

- The Annual Activity Plan of the Board;
- The Annual Activity Report of the Board;
- The minutes of meetings;
- The performance self-assessment questionnaire;
- The Rules of Procedure of the Board;
- The matrix of competences of the Board.

TABLE 5. VIVA BOARD MEMBERS, 31 12 2021

Forename, surname	Workplace, professional experiences	Education, qualifications	Beginning of the term of office
Normantas Marius Dvareckas, Board Chairman	N. M. Dvareckas is the independent member of the Board of the strategic importance state enterprise Valstybinių miškų urėdija (company code 132340880, address: Pramonės pr. 11A-9, Kaunas), the independent member of the Board of UAB Toksika (company code 244670310, Kuro g. 15, LT-02300 Vilnius), the founder and manager of M&A consultancy company UAB "Ad ventum" (company code 302495371,	N. M. Dvareckas graduated from the Faculty of Economics of Vilnius University, acquired a master's degree in management from ISM University of Management and Economics, and	07 08 2020

	address: Gedimino pr. 20, Vilnius), and expert of the Innovation Fund at the European Climate, Infrastructure and Environment Executive Agency Brussels. N. M. Dvareckas has extensive experience in corporate governance as an independent member of the board of strategically important state-owned companies Klaipėdos valstybinio jūrų uosto direkcija (Klaipėda State Seaport Authority) and Oro navigacija, as well as in private capital investment management with the investment company Avestis.	upgraded his qualification in acquisitions and mergers management courses at London Business School in Great Britain.	
Agnė Daukšienė	Head of Strategic Development Department of UAB Ignitis (company code 303383884, address: Žvejų g. 14, Vilnius, Lithuania); a member of the Supervisory Board of Ignitis Latvija SIA (company code 40103642991, address: Cēsu str. 31, k-3 LV1012, Riga, Latvia); a member of the Supervisory Committee of LP Smart Energy Fund powered by Ignitis Group (company code 304596351, Antakalnio g. 17, LT-10312 Vilnius). A. Daukšienė has more than 15 years of experience in asset management, investment and pension fund creation and development, financial intermediation, investment and traditional banking, licensing and management consulting; also held senior management positions at INVL Asset Management, one of the largest asset management companies in Lithuania, as well as with a specialised investment bank Finasta and other supervised companies providing financial and investment services.	A. Daukšienė holds an International Master's Degree in Executive Business Administration from the Baltic Management Institute and a Master's Degree in Law from the Faculty of Law of Vilnius University.	07 08 2020
Andrius Sokolovskis	A. Sokolovskis has 15 years' experience of work in the financial sector and business banking. He was responsible for the financing of various companies and public sector and infrastructure projects in the Baltic States and Poland. Since 2005, he has worked for Nordea Bank Lithuania. Since 2016, he has been working for the European Investment Bank (EIB), where he held the position of Financial Supervisor of Loans for the Western, Central and Eastern Europe regions, and was responsible for financing private business, energy, commercial banks and national development banks in the Baltic Sea and Northern Europe region.	A. Sokolovskis Graduated from Mykolas Romeris University with a degree in Law.	07 08 2020

Aurimas Martišauskas	UAB Vokė III (company code 120959622, address: Piliakalnio g. 70, Nemenčinė, Vilniaus r.), shareholder and board member, independent strategic and M&A consultant. A. Martišauskas has more than 15 years' experience in strategic management, acquisition practices and as a board member in telecommunications, finance and investment management, retail trade. He worked for UAB Bitė GSM, the specialized investment bank Finasta and Vilniaus prekyba groups of companies.	A. Martišauskas graduated from Kaunas University of Technology with a bachelor's degree in electrical systems and their management and a master's degree in management sciences and completed an independent board member's training courses at the Baltic Institute of Corporate Governance.	07 08 2020 31 12 2021
Virginijus Doveika	Member of the Board of UAB Ambr Payments (company code 305270426, address: Kauno g. 16-305, Vilnius) holding a licence of an electronic money institution. V. Doveika has worked in the financial sector for 18 years. For more than 14 years, he managed various business units at SEB bankas. Among them, he was the Board member of SEB bankas for 6 years and led the Baltic Retail Banking Service for 3 years, where he was responsible for more than EUR 10 billion credit portfolio.	V. Doveika received a bachelor's degree in business management and administration from Vilnius University, a master's degree in international management from the Baltic Management Institute, upgraded his qualification at the IESE Business School (Spain), IMID Business School (Switzerland) and Wallenberg Institute (Sweden)	07 08 2020

The independent members of the Board are selected by open competition. The invitation to the competition is published on websites of VIVA and VKC, as well as in other information sources. The selection of independent members of the Board is based on independence criteria and other criteria set out in the Description of the selection of candidates to the board of a state-owned enterprise or municipal enterprise and candidates to the collegial supervisory or management body elected by the general meeting of shareholders of the state-owned or municipal enterprise approved by Resolution No 631 of the Government of the Republic of Lithuania of 17 June 2015. Candidates for appointment to the Board are evaluated and the most suitable ones are selected by the Supervisory Board. The Supervisory Board evaluates candidates to the Board on the basis of core competences required for the service on the Board. Representatives of a recruitment agency providing executive or staff search / selection services usually participate in the selection of independent members of the Board and assist in the selection process.

VIVA collegial bodies are constituted on the basis of the principle of competence, i.e. the collegial body must be formed in such a way that it possesses all the essential competences to work effectively.

The Selection Guidelines set out the main criteria to be fulfilled by the members appointed to the collegial body of VIVA. These criteria fall into three groups:

- ❖ General requirements. These requirements relate to the education, good repute and management of conflicts of interest of the members of the collegial body.

- ❖ Independence requirements. The independence requirements largely apply only to candidates for independent members' positions. These requirements are aimed at ensuring that the collegial body member is not affiliated with a governmental institution (the Ministry of Finance of the Republic of Lithuania) and the Company itself, is not an auditor of the Company, and is not affiliated with any other independent member of VIVA collegial body.

- ❖ Special requirements. These requirements are based on the competency mapping principle, i.e. are defined according to the particular needs of the Company and may vary depending on the competences sought. Typically, the special requirements cover competences in management, financial management, strategic planning and the economic sector where the Company operates.

In addition to requirements stipulated by legal acts, members of VIVA collegial bodies are also required to meet the usual expectations commonly found in corporate governance:

- Leadership and decision-making skills in challenging situations.
- Management knowledge and experience of working in a senior management team or collegial body.
- Adherence to high ethical standards.
- High level of engagement.
- Teamwork and stakeholder representation skills.

Upon resignation of the Board member (A. Martišauskas from 31 12 2021) or recall the Board member, a new Board member is elected until the end of the term of office of the current Board, in the same way as a new Board. The new independent member of the Board is expected to join VIVA in the first half of 2022, following the successful completion of the selection procedures, in order to ensure the smooth functioning of the Board and the Investment Committee of VIVA.

BOARD MEETINGS AND ISSUES DISCUSSED

The Board organises its activities at the beginning of each year by drawing up the annual activity plan of the Board, which includes the dates of the pre-scheduled meetings of the Board as well as the main issues to be discussed. In the context of the COVID-19 pandemic situation, all meetings were held remotely in a secure manner using the MS Teams platform. If necessary, extraordinary meetings of the Board are organised by written procedure for individual urgent matters, where both the material is submitted and the discussions are held/questions are asked by email, without the need to gather for a meeting.

Board meetings held in 2021	29
Issues discussed	109

The Company's Board members are also members of the Investment Committee of the Limited Partnership Aid Fund for Business. The Investment Committee members do not receive any additional remuneration. Therefore, the table below shows the number of the Board meetings and the number of the Investment Committee meetings (or written decisions where voting was organised by email), i.e. 29 Board meetings and 83 Investment Committee meetings. It should be noted that the absolute majority of meetings are attended by all members, with written votes being taken in the event of non-attendance, which is also considered as attendance.

ATTENDANCE OF MEETINGS OF BOARD MEMBERS IN 2021

Board member's forename, surname	Attendance of meetings in percent
Normantas Marius Dvareckas	100
Agnė Daukšienė	100
Andrius Sokolovskis	100
Aurimas Martišauskas	100
Virginijus Doveika	100

LP AID FUND FOR BUSINESS INVESTMENT COMMITTEE MEETINGS AND ADOPTED DECISIONS

Investment Committee meetings held in 2021	83
Issues discussed	170
Adopted decisions	129
Of which – investment decisions	36

2021 PRIORITY ISSUES OF THE BOARD

1. Planning and self-assessment of activities of the Board:
    - 1.1. Self-assessment of activities of the Board;
    - 1.2. Approval of the annual Activity Plan of the Board;
    - 1.3. Review of the Rules of Procedure of the Board;
2. Planning and control of the Company's activities:
    - 2.1. Approval of the Company's quarterly activity reports and financial statements, control and monitoring of the budget and performance indicators;
    - 2.2. Approval of the annual report, audit and report;
    - 2.3. Quarterly internal audit report (familiarisation);
    - 2.4. Approval of the Company's budget;
    - 2.5. Approval and review of the Company's procurement plan;
    - 2.6. Review of the Company's strategy, approval of the 3-year SAP;
    - 2.7. Communication strategy (approval);
    - 2.8. CEO performance review;
    - 2.9. Review of the Company's administrative structure, establishment and salary scales;

2.10. Private interest declaration control and submission of a conflict of interest disclosure form (according to the policy);

2.11. Approval of the Risk Plan and quarterly reports under the Risk Policy and the AML/CFT procedure;

2.12. Initiation of the Company's external auditor selection for 2022;

3. PVF activity planning and control:

3.1. Review and approval of quarterly management, budget and financial reports;

3.2. Approval of the annual report, audit and report;

3.3. Review of activity control reports (including those submitted to the limited partners and the Advisory Committee);

3.4. Investment Committee Regulations (revision);

3.5. Revision and approval of procedures and policies regulating PVF activities (as required);

3.6. Attracting PVF private investors;

3.7. Approval and review of PVF procurement plan;

3.8. Initiation of PVF external auditor selection for 2022;

4. Company governance, approval and review of policies and procedures:

4.1. Review / approval of the Company's main policies and procedures;

4.2. Initiation, approval and drafting of other procedures and policies.

5. New directions:

5.1. Identification, preparation, joint discussion of new financial instruments (with the SB or Founder).

DECLARATION OF PRIVATE INTERESTS OF THE BOARD MEMBERS

In accordance with the Law of the Republic of Lithuania on the Alignment of Public and Private Interests in the Public Service (No XIII-2274 of 27 June 2019, and the Description of the Corruption Prevention Procedure of the Republic of Lithuania approved by Order No 1K-115 of the Minister of Finance of the Republic of Lithuania of 10 April 2019, the Board members have declared their private interests and submitted the relevant declarations to the Chief Official Ethics Commission (COEC) on time.

AREAS OF COMPETENCE OF THE BOARD MEMBERS

The principles of operation of VIVA's collegial bodies are not different from the global corporate governance principles (which also apply in private capital companies). These principles comprise work organisation of the collegial body, including practices for self-assessment of performance, drawing up annual activity plans, taking decisions at strategic level, ensuring supervision of the Company's activities, maintaining communication with the Company's shareholder and CEO, as well as periodic accountability.

The application of corporate governance principles and the maintenance of proper communication between the institution representing the State (shareholder) and the collegial body are emphasised. The State, on its part, maintains communication through periodic meetings with the chairman of the collegial body and through the Letter of Expectations issued to the Company. The Letter of Expectations is the most important formalised document defining expectations of the State and agreeing on principles for action. The collegial body is required to report periodically to the shareholder, both in terms of presenting business plans and reporting on activities of the collegial body and on major decisions or events relating to the Company. In 2021, VIVA received the Letter of Expectations from the shareholder – the Ministry of Finance of the Republic of Lithuania, the implementation of the provisions of which is envisaged in the Company's strategic plan and in the organisation of business processes, setting annual targets.

In order to ensure the professional operation of the Board during 2021, the necessary competences of the Board members were assessed, taking into account the scope of activities of VIVA and PVF, responsibilities of the Board, and decisions taken. Competences were assessed for all areas of competence related to the specificities of the Company's activities:

1. Corporate finance competences
2. Strategic planning and management competences
3. Risk management competences
4. Investment and credit management competences
5. Organisation development competences
6. Legal and compliance competences
7. Corporate governance competences

At its meeting of 7 January 2022, the Board assessed its performance in 2021, identified the areas for improvement and planned the activities of the Board for 2022. The meeting included a detailed review of the answers provided by the Board members on the competences of the Board, the main areas of focus of the Board, the Board meetings, the interaction between the Company's Board and Supervisory Board, the interaction between the Board and the CEO, the work of the Chairman of the Board, and the evaluation of the performance of the Board member, as well as discussion of the questionnaire comments on these issues and on the need for improvement of the Board's performance, etc. The performance assessment survey results and the matrix of competences showed that Board members have a good understanding of the Board's role in the governance of the Company, and have complementary competencies that enable them to make decisions on relevant issues.

MANAGEMENT

The day-to-day activities of the Company are organised by the Company's CEO. The Company's CEO is elected and recalled by the Board in accordance with the procedure laid down by the Law on Companies, which also establishes the CEO competence. Decisions and actions, which require the approval of the Meeting of Shareholders and of the Supervisory Board under applicable legal acts, articles of association of VIVA or agreements of the Fund are adopted or taken by the Company's CEO only when such approval is obtained. The CEO has the power to issue procurations upon approval of the Board.

On 17 August 2020, Dainius Vilčinskas was appointed the CEO of VIVA. D. Vilčinskas has 19 years' experience of work in the financial sector. For more than 13 years he headed various branches of Swedbank. For the past 5 years, D. Vilčinskas has been the head of the Business Banking Service in three Baltic States. His department was responsible for the loan portfolio of more than EUR 8 billion and 300,000 business customers. Working at Swedbank, D. Vilčinskas was a long-standing member of the board of directors of Swedbank Lithuania and a member of the Supervisory Board of Swedbank Latvia. While working in the field of business banking, D. Vilčinskas accumulated extensive experience in corporate credit, financial analysis and risk management. D. Vilčinskas studied at Vilnius Gediminas Technical University and acquired the bachelor and master's degrees in business management. He has also completed the independent board member's training course at the Baltic Institute of Corporate Governance.

The main **principles of the remuneration of the Board and the CEO** are set out below in accordance with the Remuneration Policy of the Board Members and the Chief Executive Officer approved by the Supervisory Board of VIVA. The Policy was revised and updated in 2021.

The principle of determining the monetary remuneration of the Management Company's management bodies requires that the amount of the remuneration and its payment procedure:

- Promote long-term and sustainable value creation for the Fund and the Management Company;
- Meet the experience and competence requirements for the individual bodies of the Management Company and their members, and be as far as possible in line with the current market situation, i.e. competitive with the salary levels offered on the labour market to professionals in the relevant field;
- Enable ensuring the attraction of high-calibre professionals, team building and retention;
- Ensure that the Management Company's governing bodies are fairly remunerated for the responsibility, effort and time devoted to the performance of their duties;
- Ensure independence of the Management Company's Board members;
- Be considered and balanced together with emotional rewards, which are linked to the meaningfulness of the Company's operations, the professionalism of the team working together, the quality of leadership and management, the opportunity for development and other intangible values of working for the Company.

In determining the remuneration of the Board members and the Chief Executive Officer of the Management Company, the objective is to make their remuneration significantly dependent on the successful achievement of the strategy and objectives of the Fund and Management Company.

Competent bodies of VIVA (in the case of Board members – the Supervisory Board and, in the case of the CEO – the Board) adopt appropriate decisions on the fixed and variable remuneration rates for the Board members and the CEO of VIVA, the annual operating budget of the Board and additional expenses for ensuring activities of the Board.

CEO remuneration policy

The monetary remuneration of the Management Company's CEO consists of two main components: a Fixed Component of Remuneration and a Variable Component of Remuneration.

The Fixed Component of Remuneration (FCR) is the monetary remuneration set out in the employment contract and paid on a monthly basis, which is determined, reviewed and approved by the Board of the Management Company. The determination of the FCR is based on market trends, independent remuneration survey data or other expert market information.

The Variable Component of Remuneration (VCR) is set to incentivise the CEO of the Management Company to achieve the best possible annual and Fund-wide performance in meeting the Fund's and the Management Company's sustainable strategic, long term objectives, and to strike an appropriate balance between the incentives created and the pursuit of sustainable performance.

The maximum VCR allowed for the CEO of the Company is 30% of the annual FCR amount. The annual performance targets of the CEO of the Management Company, based on specific indicators and the specific maximum amount of VCR linked to them, is determined by the Board of the Management Company.

The VCR is allocated annually on the basis of the achievement of the Management Company CEO's annual targets and in accordance with the following procedure for the allocation of VCR:

a. Where the total value of achievement of the annual targets is <70%, no VCR is allocated.

b. The total value of the achievement of targets and the VCR rate is calculated by summing the products of the achievement of each target and the weight of the target and multiplying by the applicable VCR rate.

c. The VCR is rounded to a whole number according to the mathematical rounding rules.

The annual performance targets for the CEO of the Management Company are set in accordance with the following principles:

a. Performance targets must reflect the key and overarching operational deliverables pursued by the Fund and the Management Company that have the greatest influence and weight on the implementation of the strategy of the Fund and Management Company in the relevant specific performance period;

b. Performance targets must be formulated in such a way that it is clear what the CEO needs to achieve and at what time;

c. Performance targets must be measurable and have indicators that allow for maximum objective assessment of their achievement through discussion and evaluation.

The VCR is allocated by decision of the Board of the Management Company once a year and is paid out in instalments after approval of the set of annual financial statements of the Management Company by the Management Company’s ordinary general meeting of shareholders and their publication in the public domain.

The first instalment of the VCR, representing 60% of the calculated and allocated annual portion of the VCR, is paid to the Chief Executive Officer of the Management Company within thirty (30) calendar days following the date of the decision of the Board of the Management Company to allocate the VCR to the CEO. the second payment of the VCR, amounting to 40% of the total calculated annual part of the VCR, is made one year after the Management Company's Board has confirmed the sustainability of the Fund's and the Management Company's performance and has decided on the payment of the second part of the VCR.

In 2021, key strategic objectives of VIVA were set and implemented for the first time, and related performance indicators were monitored. The decision on the CEO’s Variable Component of Remuneration for 2021 was taken in 2022 in observance of the approved 86 % level of achievement of the annual targets.

Average monthly remuneration of the CEO in 2021 (pre-tax amounts, EUR):

AMGW of the Company's employees (according to paragraph 2 of the Resolution[7]), EUR	Period for which the following wage data is provided	Fixed component of monthly wage				Bonus (paid in 2021), EUR	Reasons for bonus allocation	Monthly wage with bonus, EUR
		Set		Increase (item 1.2.1 of the Resolution)				
		Coefficient	EUR	%	EUR			
4,178.23	01 01 2021 – 31 12 2021	-	8,000.00	-	-	8,000.00	One-off incentive bonus for 2020[8]	8,666.67

Remuneration of the Management Company Board members

The remuneration for service on the Board of the Management Company may be paid only to members of the Management Board who are considered to be independent and the payment of remuneration is not prohibited by the applicable legal acts of the Republic of Lithuania, i.e. independent members, whose independence is determined by reference to the applicable legal acts and internal documents, and who are not civil servants or employees of a body representing the State or employees of the Management Company.

The remuneration is paid only for actual service on the Management Company's Board, i.e. in the event of resignation, expiry of term of office or removal from office, no payment is made but the Board member receives remuneration proportionate to the time served as a member of the Board, if the Board member resigns, his/her term of office expires or he/she is removed from office before the end of the relevant month for which remuneration should be paid to the Board member.

Board members receive the fixed monthly remuneration for their duties as Board member / Chairman and additional fixed payments for attendance of committee meetings (hereinafter – the FMR) and the Variable Component of Remuneration (hereinafter – the VCR).

The FMR payable to the Management Company Board members is determined by the Supervisory Board of the Management Company. In determining the FMR, account is taken of the remuneration of members of the collegial management bodies in other companies in the sector, the practices of state-owned enterprises, independent remuneration survey data, market trends and other expert information.

[7] According to Resolution No 1341 of the Government of the Republic of Lithuania of 23 August 2002 on the remuneration to managers of state-owned enterprises

[8] Decision VV-2021-8 of the Board of 11 02 2021 on the evaluation of the performance of the CEO in 2020 and the Variable Component of Remuneration for 2020

The maximum possible VCR for a Board member is equal to 30 % of the annual FMR. The annual performance targets of the Board of the Management Company, based on specific indicators and the specific maximum amount of VCR linked to them, is set by the Supervisory Board of the Management Company.

The annual part of the VCR is allocated on the basis of the achievement of annual targets of the Management Company's Board and in line with the following procedure for the allocation of the VCR:

- Where the total value of achievement of the annual targets is <70%, no VCR is allocated.

- The total value of the achievement of targets and the VCR rate is calculated by summing the products of the achievement of each target and the weight of the target and multiplying by the applicable VCR rate.

- The VCR is rounded to a whole number according to the mathematical rounding rules.

The annual performance targets for the Board of the Management Company are set in accordance with the same principles as for the Chief Executive Officer.

The annual part of the VCR is allocated by decision of the Supervisory Board of the Management Company once a year and is accumulated until the end of one term of office of a member of the Management Board. The accumulated amount of the VCR is paid out by a decision of the Supervisory Board of the Management Company, subject to the achievement of the long-term performance targets of the Fund and the Management Company.

The Board of the Management Company reports on its performance at least once a year by presenting to the Supervisory Board of the Management Company, the Management Company's ordinary General Meeting of Shareholders and the Fund investors its activity reports, information on adopted decisions and the annual self-assessment of its performance (which may form part of the annual report).

In order to ensure best practices in social responsibility and transparency, the Management Company regularly publishes information on the average remuneration of the CEO of the Management Company, including the VCR, in accordance with legal acts of the Republic of Lithuania regulating the disclosure of such information and the Corporate Governance Code for companies listed on NASDAQ Vilnius Stock Exchange.

Remuneration of Board members in 2021

Independent members of the Board receive remuneration for their work on the Board. The remuneration is fixed according to the amounts set by the Supervisory Board and the Management Board member’s agreement signed accordingly, and does not exceed the maximum remuneration recommended by the Resolution of the Government of the Republic of Lithuania, which, in the case of the independent member of the Board, makes up 1/4 of the remuneration of the Company’s CEO, and, in the case of the Chairman of the Board – 1/3 of the remuneration of the Company’s CEO. The fixed remuneration is higher for members of the Board who participate in investment committees:

- EUR 2,150 for the Chairman of the Board who is also a member of at least one committee of the Board; and for the chairman of a committee who is also a member of the Board.

- EUR 1,750 – for the Board members, who are also members of at least one committee of the Board;

As from 19 11 2021, A. Sokolovskis took over the position of the Investment Committee Chairman.

Total amount calculated and paid to members of the Board in 2021 (before tax, EUR):

Board members	Remuneration calculated for Board members, EUR	Information on the application of fringe benefits
Normantas Marius Dvareckas	25,800	Reimbursement of expenses for participation in the conferences “Baltic M&A Forum”, “Lūžio taškas” and fuel expenses for travelling to Klaipėda to visit clients (Total: EUR 2,419.31)
Agnė Daukšienė	21.000	N/A
Andrius Sokolovskis	21,560	Reimbursement of expenses for participation in the conference “Lūžio taškas” and costs of accommodation during the conference (Total: EUR 1,383)
Aurimas Martišauskas	21,000	Reimbursement of expenses for participation in the conference “Business 2022” (Total: EUR 542.08)
Virginijus Doveika	21,000	N/A
Total	**114,704**	

In 2021, the key strategic objectives of VIVA were set and implemented for the first time, and the related performance indicators were monitored. The decision on the Variable Component of Remuneration of the Board for 2021 was taken in 2022 in observance of the approved 86 % level of achievement of the annual targets.

VIVA ORGANISATIONAL STRUCTURE, REMUNERATION AND EMPLOYEES

In 2021, the formation of VIVA team according to functions was completed and the relevant internal processes were aligned.

- In its activities, VIVA applies the highest standards of transparency and political independence, which guarantees long-term sustainability for the Agency.
- The processes of VIVA are developed in accordance with the established guidelines and all management decisions are implemented in accordance with best market practices, meeting legitimate expectations and interests of investors.
- The Agency has gathered the competent team with years of experience in the financial sector.

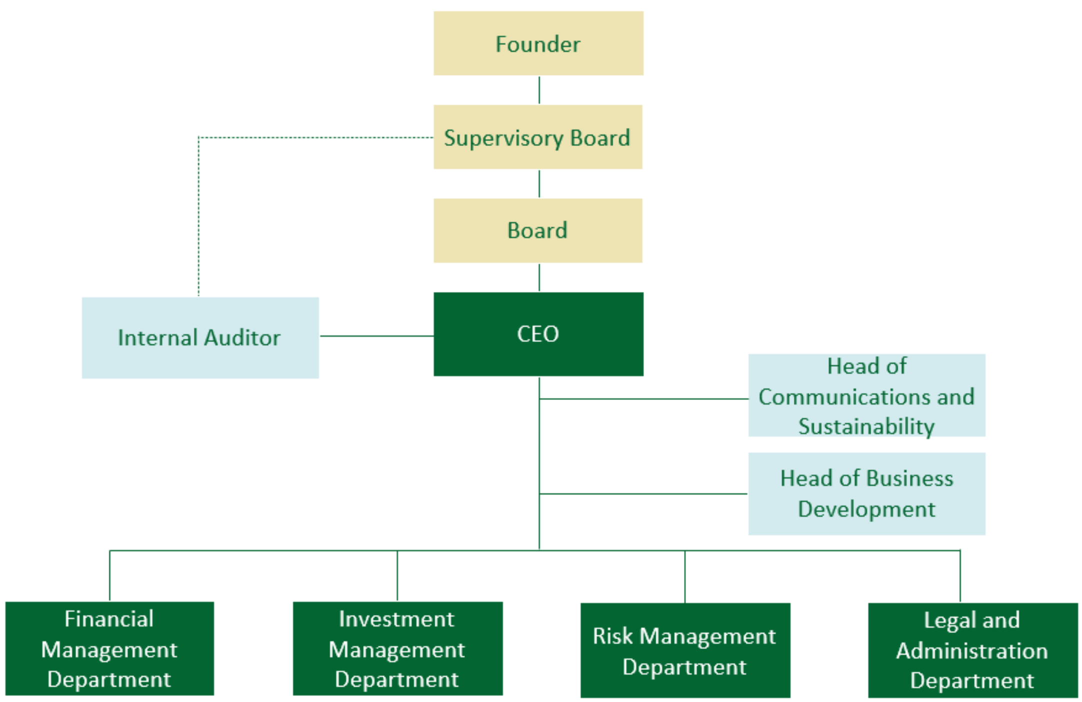

FIGURE 2. VIVA ORGANIZATIONAL STRUCTURE

VIVA activities are categorised into the following groups:

Investment management: ensuring the flow of investment projects, implementation of the approved PVF investment strategy.

Legal and compliance: compliance with legal requirements, drawing up agreements and other documents.

Risk management: monitoring and management of credit risk, monitoring and management of operational risks on the basis of the approved risk management and internal control system policies, design and implementation of the money laundering prevention process.

Financial management: preparation of financial and other accounts in accordance with legal requirements, preparation of budgets and plans, treasury management, financial control.

Other functions: implementation of administrative functions, IT, public procurement, human resources management, communication, development.

In 2021, the Board approved the Employee Remuneration Policy.

On 31 December 2021, VIVA had 24 employees (22 in 2020).

The average wage in 2021 was EUR 4,178 before tax (EUR 3,415 in 2020).

The structure of employee remuneration in 2021 includes the fixed component specified in employment contracts. The structure of the variable component is determined in accordance with the Remuneration Policy and depends on the functions performed in the company and the achievement of targets.

The principle underlying the determination of monetary remuneration for VIVA employees is that the amount of the remuneration and the procedure for its payment should:

a. Promote the creation of long-term and sustainable value for the Company and the financial instruments it manages, including the Limited Partnership Aid Fund for Business (hereinafter - the Fund);
b. Meet the experience and competence requirements for Employees, and be as close as possible to the current market situation, i.e. being competitive with the salary levels offered on the labour market for professionals in the relevant field;
c. Enable ensuring the attraction of high-calibre professionals, building and retention of the team;
d. Ensure that Employees are fairly compensated for the responsibility, effort and time they devote to their duties;
e. Be considered and balanced together with emotional rewards, which are linked to the meaningfulness of the Company’s operations, the professionalism of the team working together, the quality of leadership and management, the opportunity for development and other intangible values of working for the Company.

In determining the remuneration of employees, it is intended that their remuneration depends significantly on the successful achievement of the strategy and objectives of the Fund and the Company.

The remuneration system is based on position levels consisting of positions attributed to position levels according to their weighting and value. The level of the position is determined by assessing the following criteria:

a. Knowledge – the qualifications, experience, special knowledge and education required for the position;
b. Problem solving – the complexity of decisions taken and problems analysed by the position;
c. Responsibility – the impact of the tasks performed by the position on the performance of the Company.

For each position level the salary scales are established according to which the level of the Fixed Component of Remuneration (monthly remuneration) is determined depending on the experience, competence, results and performance assessment of the particular employee. The employee's remuneration consists of two components: the fixed component and the variable component.

The Fixed Component of Remuneration (FCR) is the monetary remuneration specified in the employee’s employment contract and paid each month.

The Variable Component of Remuneration (hereinafter – the VCR) is designed to incentivise employees to achieve the best possible annual and Fund-wide performance in meeting the Fund's and the Company’s sustainable strategic, long-term objectives and to strike the right balance between creating incentives and achieving sustainable performance. The maximum level of the VCR is either 20 % or 30 %, depending on the position level.

The annual performance targets for employees are set in accordance with the following principles:

a. Performance targets must reflect the key and overarching operational deliverables pursued by the Fund and the Management Company that have the greatest influence and weight on the implementation of the strategy of the Fund and Management Company in the relevant specific performance period;
b. Performance targets must be formulated in such a way that it is clear what the employee needs to achieve and at what time;
c. Performance targets must be measurable and have indicators that allow for maximum objective assessment of their achievement through discussion and evaluation.

In 2021, the Employee Performance Assessment Procedure was also adopted by order of the CEO and is applicable to all employees of the Management Company.

Performance assessment is an integral part of the Management Company’s business management tools and an important human resources management instrument designed to develop the effective system for assessing the achievement of Employees' individual goals that are relevant to the objectives of the Management Company, which is directly linked to the Employee Incentive Scheme.

Employee performance assessment objectives:

a) To concentrate and focus the efforts of Employees by linking their individual performance targets to the business goals of the Management Company;
b) To provide Employees with maximum reasonable feedback on the level of achievement of their annual targets, so that they have a clear understanding of the expectations placed on them and how they are meeting them;
c) To discuss the work behaviour and its consistency with the values of the Management Company;
d) To discuss reasonable needs of Employees for training, professional development and/or skills upgrading;
e) To discuss reasonable expectations of Employees regarding remuneration, career and motivation;
f) On the basis of available information, to identify the overall development needs of the Management Company, to formulate further development directions and to plan other human resources development solutions.

The process of assessing employee performance is linked to the following processes managed by the Management Company:

- Strategic planning, target setting and monitoring of activities of the Management Company;
- Remuneration management;
- Career and succession planning;
- Training and management of professional development.

The general information on the achievement of the employee targets and reward expectations is analysed and assessed in making decisions relating to the review of Fixed Component of Remuneration at the Management Company level.

VIVA's total wage fund, EUR, in 2021 and 2020:

Wage fund, EUR	2021	08–12 2020
Gross wages	1,083,336	205,132
Variable remuneration (bonus) for 2020, gross	66,070	
Employer's taxes to "Sodra"	20,657	3,871
Total:	1,170,063	209,003

The Company, in line with best practices of social responsibility and transparency, regularly publishes information on the average remuneration of employees, including VCR, on the internet site of VIVA, in accordance with legal acts of the Republic of Lithuania regulating the disclosure of such information and the Corporate Governance Code for companies listed on NASDAQ Vilnius Stock Exchange.

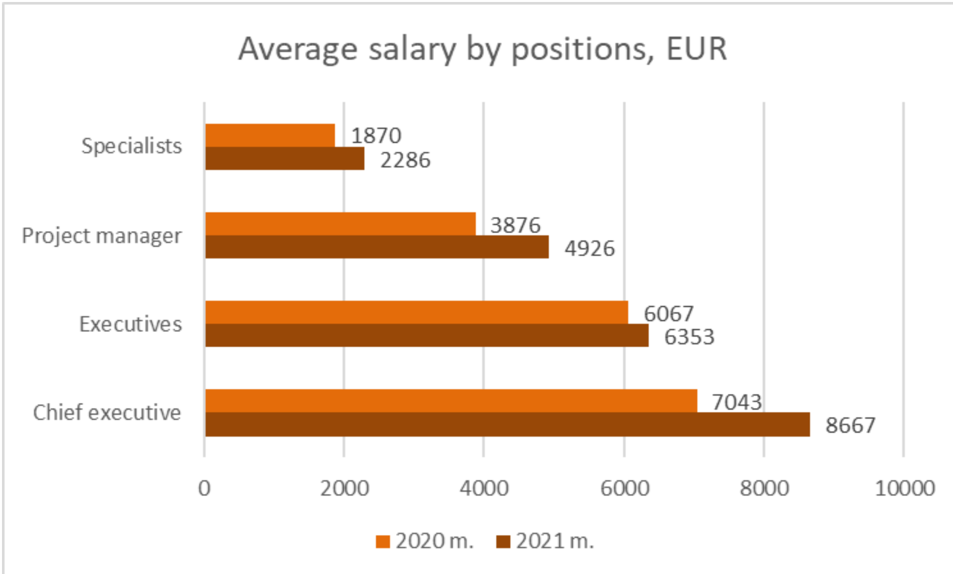

FIGURE 4. AVERAGE WAGE BY POSITION, 2020–2021

VIVA has 24 employees; one of them is the top level manager – the Chief Executive Officer.

There are six heads of departments / units who lead project managers and specialists. 50 % of managers are female, and 50 % – male.

There are five project managers; 40 % female, and 60 % male.

The distribution of staff posts shows that the Agency employs 12 professionals, representing 50% of its total staff. 60 % are female and 40 % are male.

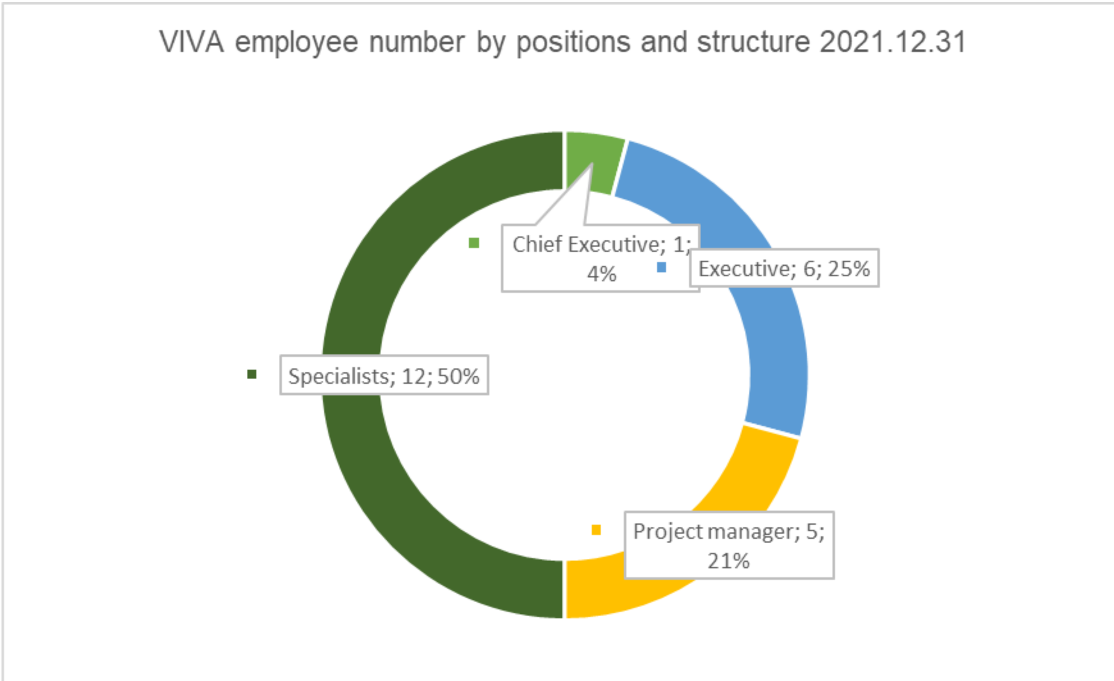

FIGURE 5. VIVA STAFF NUMBERS BY POSITION AND STRUCTURE, 31 12 2021

In 2021, VIVA had an even 50/50 balance of male and female employees (55 % female and 45 % male in 2020).

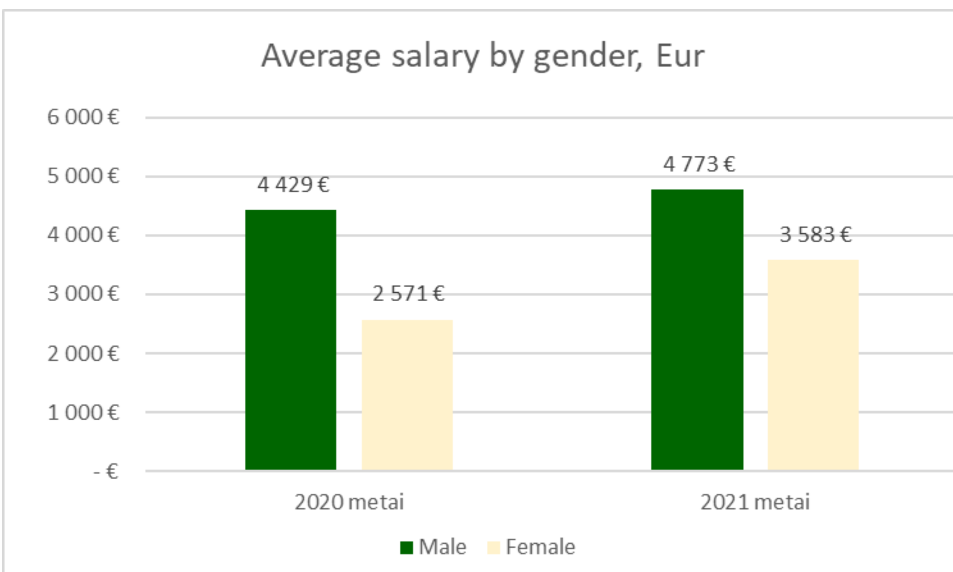

FIGURE 6. AVERAGE SALARY BY GENDER, 2020 – 2021

The gender distribution of staff in managerial positions was similarly even: 50 % of managers were male and 50 % were female.

FIGURE 7. EXECUTIVES BY GENDER, 31 12 2021

The average age of VIVA employees is 35.5 years.

The average age of women is 35.3 years, the average age of men – 35.7 years.

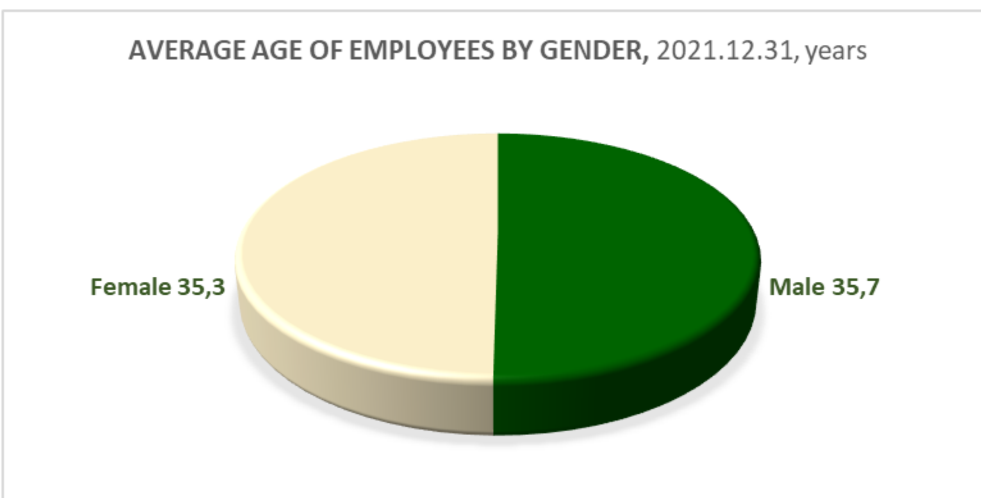

FIGURE 8. AVERAGE AGE OF EMPLOYEES BY GENDER, 31 12 2021

RISK MANAGEMENT

The Company, acting as the General Partner of the established Fund, is exposed to the following main risks when making decisions on behalf of the Fund, ensuring its daily operation and control.

Credit and counterparty risk. The Company and the Fund it manages face the risk that the counterparty will not be able to meet its obligations to the Fund. As the General Partner, the Company is responsible for the liabilities for the covering of which the Fund's assets will be insufficient. The Fund faces the risk that the counterparty will not be able to fulfil the obligations assumed vis-à-vis the Fund. In carrying out its activities, the Fund invests in (i) debt securities and/or equity securities issued by legal persons; (ii) loans, subordinated loans to legal persons; (iii) debt instruments that have or are likely to have the characteristics of share capital. The documents regulating the Fund's credit and counterparty risk management must reflect the nature and complexity of the Fund's activities, be consistent with prudent market practices and regulatory requirements, and the credit and counterparty risk management system of the Fund must include multi-level decision making and credit risk limit systems as well as credit risk monitoring and internal control.

Liquidity risk. The Company and the managed fund are exposed to the risk that they will not have, or will not be able to obtain, the financial resources to fulfil their financial obligations in due time.

Interest rate risk. The risk of losses due to interest rate fluctuations at different revaluation dates of assets and liabilities. As the Fund's investments are made at fixed interest rates and the sources and cost of funding are secured before the investment is made, this risk is minor.

Operational risk. This risk is seen as the likelihood of loss due to the impact of inadequate or failed internal processes of the Fund, the Fund Manager's staff, systems or external events, as well as legal risk. The main factors influencing the risk are: information technology systems, actions of employees or third parties. Operational risk is managed in a decentralised way in the Fund, on a unit-by-unit and process-by-process basis. Each employee of the Fund Manager is directly involved in the operational risk management processes. Identified disruptions must be immediately logged in the Operational Risk Event Database and addressed in accordance with the documents governing operational risk management. The operational risks are distinguished in the Fund's activities as the main risks.

PVF managed by VIVA provides funding to those business entities that would be underfinanced under normal market conditions. The risk of PVF's portfolio consisting of financial products provided to companies in difficulty is above normal market average. The Company takes this into account when forecasting financial performance of PVF and projects the annual credit loss rate of 10 %, i.e. significantly higher than currently prevailing on the financial market of Lithuania. The higher risk of business entities is taken into account when pricing investment instruments, which ensures the long-term performance sustainability of PVF.

In order to invest in higher risk business entities while concurrently managing credit risk, VIVA follows the following key principles:

- Detailed financial and business analysis is performed before the investment decision is taken;
- Investment decisions are taken by the Investment Committee, the members of which have extensive experience and are highly competent in financing and investment;
- Legal risk is managed through both VIVA's high level in-house expertise and external top-tier legal services firms;
- When investing in the capital of business entities, the aim is to delegate independent board members to ensure that PVF interests are adequately represented and to enhance the professionalism and transparency of management;
- In the case of extremely high risks, the aim is to provide adequate safeguards;
- All investments made are subject to regular quarterly reviews and continuous monitoring of payments and other contractual terms and conditions, thus ensuring a rapid response to adverse and risk-increasing factors.

The combined set of the above measures provides a realistic opportunity to achieve the objectives of PVF and VIVA.

In order to properly manage the risks to which it is exposed, VIVA applies the following principles in its activities:

- Based on the Fund's internal and external environment, the historical results of the risk assessment and the monitoring of the implementation of risk management measures, identifies the actors, scope and criteria for the risk management process;
- Identifies, assesses and defines risks on a regular basis;
- Assumes, limits or refuses risks;
- Categorises the assessed risks according to their level and relevance to the Fund;
- Develops the procedure and processes necessary to manage priority risks;
- Continuously monitors the identified risks and the implementation of the plan of risk management measures.

In 2021, the Risk Register was prepared and approved by the management bodies of VIVA, where the main operational risks are assessed and their objective materiality levels and tolerance limits are set. In addition, the Risk Management Plan has been developed and approved and the risk mitigation measures set out in the plan are being implemented in accordance with the deadlines set out in the plan.

In 2021, VIVA further improved its internal processes and developed additional methodologies for assessing applicants to ensure maximum objectivity and transparency in the application of the assessment and compliance criteria.

In early 2021, all employees of VIVA received interactive training on the prevention of money laundering and terrorist financing.

In 2021, the development of the in-house investment modelling tool was completed and successfully deployed, allowing continuous monitoring of the credit risk parameters and performance of the already established and forecasted investment portfolio, on the basis of both a portfolio and a specific transaction. This modelling tool is used for regular review and modification of the baseline forecast assumptions as and when required, allowing timely adaptation to changing market and macroeconomic scenarios and if necessary conducting sensitivity analysis to potential shocks.

This model has also been used to develop the model for determining the base pricing of investments, which allows for the appropriate pricing of each investment, taking into account both the specific risk parameters of the transaction and other costs incurred by the Fund.

In 2020, VIVA had completed the formation of its Risk Management Department team, which remained unchanged in 2021, ensuring continuous, professional and coherent risk management process.

The internal control system and its monitoring in the Fund are based on *the model of three lines of defence*.

First line of defence includes functions that identify and assess risks and identify and implement their management measures to ensure compliance with regulatory requirements. The first line of defence is the responsibility of the owners of risks of the Fund's activities.

Second line of defence covers the functions by which risk management controls are exercised. The second line is the responsibility of the Fund Manager's Head of Risk Management and Compliance.

Third line of defence includes functions that ensure independent audit of activities of the first two lines and assessment of the internal control system. The third line is the responsibility of the internal audit function of the Fund Manager. The Company's risk assessment and management activities are guided by the principles of precaution, conservatism and prudence.

CORRUPTION PREVENTION AND RISK MANAGEMENT

VIVA is guided by the highest standards of credibility, integrity, transparency and professional ethics in its activities. Zero tolerance of corruption, the highest work ethics, employee involvement, implementation of preventive measures and continuous monitoring – these are the principles by which VIVA ensures not only compliance with corruption prevention and internal procedures, but also continuously addresses this issue in daily operations of the Company. All employees of the Company are actively involved in the development of anti-corruption procedures, codes and policies, as well as theoretical and situational training.

In order to ensure maximum prevention of corruption, VIVA consistently implements the policies on prevention of corruption and avoidance of conflicts of interest approved by management bodie of the Company. The Company also has in place the Code of Ethics, procedures for dealing with gifts and undue remuneration and whistleblowing. The focus on prevention, proper legal regulation and the daily involvement of employees contribute to transparent and effective corporate governance and create a culture that is open and based on trust.

In 2021, the corruption incidence analysis was conducted prepared in accordance with the Description of the corruption prevention procedure approved by Order No 1K-261 of the Minister of Finance of the Republic of Lithuania of 20 September 2007 on the prevention of corruption in the areas of management entrusted to the Minister of Finance and on the administration of the information on violations in the Ministry of Finance (as amended by Order No 1K-115 of the

Minister of Finance of the Republic of Lithuania of 10 April 2019) and the Recommendations for the identification of the areas of activity of state or municipal bodies which are particularly prone to corruption, approved by Order No 2-170 of the Director of the Special Investigation Service of the Republic of Lithuania of 13 May 2011 on the approval of the recommendations for the identification of the areas of activity of state or municipal bodies which are particularly prone to corruption.

The analysis identifies the risk mitigation measures included in the risk management plan and classified as “Risks of conflicts of interest and corruption”. The following risk mitigation measures have been identified and implemented:

1. Implementation of the Corruption Prevention Policy;
2. Implementation of the Procedure for Avoiding Conflicts of Interest;
3. Implementation of the Gifts Procedure;
4. Compliance with the Code of Ethics;
5. Implementation of the Whistleblower Protection Procedure;
6. Training on corruption prevention;
7. Development of the Corruption Risk Assessment Model;
8. Assessment of corruption risk in the activities of VIVA (evaluation of proposals and decisions on financing);
9. Setting up a working group for examining applications;
10. Drawing up of standard financing agreements;
11. Drafting of the description for imposing sanctions and determining their amount;
12. Drawing up of complaints handling procedure;
13. Preparation of staff job descriptions;
14. Updating the description of the functions of the structural units.

In implementing measures to prevent corruption and to create an environment that is resistant to corruption, the Company is guided by the following principles:

1. Lawfulness, where the implemented corruption prevention measures must not contradict the applicable international legal acts, as well as legal acts of the Republic of Lithuania and other countries where the Company operates regulating corruption prevention activities.

2. Zero tolerance to corruption, where the Company does not tolerate any form of corruption and, irrespective of the form or degree in which it occurs, any person who commits an act of a corrupt nature, irrespective of his/her position or functions, is held liable according to the procedure established by legal acts.

3. Work ethics, where the Company seeks the trust and good reputation of its business partners, customers, employees and other stakeholders, and therefore any actions that discredit the prevention of corruption and any criminal activities of a corrupt nature that may adversely affect or damage the Company’s reputation are not tolerated.

4. Engagement of employees by keeping them informed of the latest practices and actively engaged in preventive activities.

5. Adequacy of corruption prevention measures, where corruption prevention measures to reduce corruption risks are designed and implemented taking into account the level of identified corruption risks.

6. Effectiveness of the implementation of corruption prevention measures, where the Company focuses on those corruption prevention measures that can be readily realised and their impact and outcome is likely to bring maximum benefits to the Company.
7. The principle of continuous control, monitoring and improvement, where the Company regularly monitors and evaluates the effectiveness of the corruption prevention measures being implemented.

All levels of the Company are involved in the area of corruption prevention and responsibilities are set out in writing and assigned to the Supervisory Board, the Board, the Chief Executive Officer, the heads of business units, all employees of the Company and the person in charge of this area.

The Company has in place value-based and rule-based behavioural (ethical) requirements to define the standards and rules of conduct for employees.

Members of the Company's corporate bodies and employees must avoid any conflict of interest that may adversely affect the impartial and objective performance of their duties or functions. The Company held internal discussions and reviewed its practices in the area of reconciliation of public and private interests and selected appropriate tools for managing conflicts of interest.

The Company bans any form of influence peddling or patronage for vacancies in the Company's employment or collegial bodies.

The Company has in place the procedures and practices for handling reports on irregularities received through the internal information channel. The website provides the possibility to report anonymously on a wide range of irregularities, suspected or actual offences, breaches of ethical standards and other cases of threat to the public interest. In addition, there is an option to report such cases by email or via dedicated reporting channels to the STT (Special Investigation Service). The reporting channels operated by the Company and their functioning are tested during the year.

The Company's procurements are conducted according to the provisions of the Law on Public Procurement and related legal acts, in observance of requirements of equality, non-discrimination, proportionality and impartiality, so as to ensure the rational use of the funds of the Company acquiring the goods, services or works.

The Company does not support any political activities and donations (charity), other than monetary donations, are made only in accordance with legal acts regulating the granting of charity and support.

The Company pursues a zero-gift policy, which means that employees are not allowed to accept or give gifts, directly or indirectly, in the performance of their duties, excluding the cases defined in the internal regulations and exceptions provided for in other legal acts. All gifts received by staff members are valued and registered irrespective of their value.

OTHER RISKS

The Company manages financial risks as described in the annual financial statements. A description of the extent of financial risks is also provided in the annual financial statements. The Company's risk assessment and management activities are based on the principles of prudence, conservatism and caution.

VIVA does not use derivative hedging instruments in its operations.

FINANCIAL PERFORMANCE ANALYSIS AND KEY INDICATORS OF 2021

AUDITOR

On 26 January 2021, the Minister of Finance of the Republic of Lithuania G. Skaistė signed Order No 1K-20 on the selection of the audit company for auditing the set of financial statements of the limited liability company Public Investment Management Agency.

In accordance with Article 20(5)(1) and Article 29(6) of the Law of the Republic of Lithuania on Companies, paragraph 46 of the Procedure for the implementation of the property and non-property rights of the state in the state-owned enterprises approved by Resolution No 665 of the Government of the Republic of Lithuania of 6 June 2012 on the approval of the procedure for the implementation of the property and non-property rights of the state in the state-owned enterprises, and subparagraph 6.2 of Resolution No 512 on the establishment of the limited liability company State Investment Capital and the limited liability company State Investment Management Agency and on the investment of state assets:

- The audit firm Deloitte Lietuva UAB was selected for auditing the sets of financial statements of 2021, 2022 and 2023 of the State Investment Management Agency.
- It was established that on the basis of results of the open procurement procedure the payment for audit services of the set of annual financial statements will not exceed EUR 8,000 (eight thousand euro), excl. VAT, total for the period of 36 months – EUR 24,000 (twenty-four thousand euro), excl. VAT.

In 2020 and 2021, UAB Deloitte Lietuva provided only audit services to VIVA and PVF.

The Financial Statements of VIVA were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted for application in the European Union, the Law of the Republic of Lithuania on Accounting, other laws and regulations of the Government of the Republic of Lithuania and the Board of the Bank of Lithuania, which define financial accounting and preparation of financial statements. The Annual Report and financial statements are prepared and published in accordance with the Description of guidelines for ensuring transparency of the activities of state-owned enterprises (Transparency Guidelines) approved by Resolution No 284 of the Government of the Republic of Lithuania.

DIVIDEND POLICY

The share capital of VIVA is EUR 1,000,000. As at 31 December 2021, the Company's share capital consisted of 10,000 ordinary shares of EUR 100 nominal value per share. All issued shares were fully paid up. All issued shares were dematerialised ordinary registered shares.

In accordance with provisions of Resolution No 20 of the Government of the Republic of Lithuania of 14 January 1997 on dividends on shares of state-owned companies and profit contributions of state-owned enterprises[9], dividends of state-owned enterprises are linked to the return on equity of the enterprises and are calculated on the basis of distributable profits. Enterprises must allocate between 60% and 85% of distributable profits to dividends. Those enterprises that achieve a higher return on equity pay lower dividends and can use the remainder of their profits for investment and further development of the enterprise.

The share of profits to be allocated for payment of dividends for the financial year under the provisions of this resolution would be:

- not less than 85 % of the Company's distributable profit, provided that its return on equity for the reporting year does not exceed 1 % ROE;
- not less than 80 % of the Company's distributable profit, provided that its return on equity for the reporting year is above 1 %, but does not exceed 3 % ROE;
- not less than 75 % of the Company's distributable profit, provided that its return on equity for the reporting year is above 3 %, but does not exceed 5 % ROE;
- not less than 70 % of the Company's distributable profit, provided that its return on equity for the reporting year is above 5 %, but does not exceed 10 % ROE;
- not less than 65 % of the Company's distributable profit, provided that its return on equity for the reporting year is above 10 %, but does not exceed 15 % ROE;
- not less than 60 % of the Company's distributable profit, provided that its return on equity for the reporting year is above 15 % ROE.

In 2020, VIVA return on equity (ROE) was 4.6 %, which means that 75 % of the distributable profit of EUR 35,967 was allocated to dividends, while the remaining profit was distributed by forming the statutory and special reserves of EUR 7,193 and EUR 4,796, respectively.

It is planned that when distributing the 2021 profit, 60 % of the distributable profit will be allocated to dividends, as ROE is 26 % or EUR 216,138, and the remaining profit will be allocated also to the formation of complete statutory and special reserves – EUR 92,807 and EUR 45,204, respectively.

Pursuant to the Law of the Republic of Lithuania on Companies, the Company is obliged to transfer at least 1/20 (5 %) of the profit for the reporting financial year to the statutory reserves, until the amount of the reserve is at least 1/10 of the authorised capital (at least 10 % of the value of authorised capital). The statutory reserve may be used only to cover the Company's losses.

Pursuant to the provisions of Article 15 of the Law of the Republic of Lithuania on National Development Institutions (hereinafter – NDI), the Company, as an NDI, is required to form a special capital reserve, the amount of which must be at least 5% of the authorised capital. The special capital reserve is to be formed on a cumulative basis, with at least 10 % of that year's distributable profit being set aside each year for the purpose of building up the reserve, until the prescribed level of the reserve is reached. By decision of the general meeting of shareholders of the NDI, the special capital reserve may be used to cover losses of the NDI.

OTHER INFORMATION

During 2021 and 2020 reporting period, VIVA did not acquire own shares.

[9] Provisions of this Resolution have been transposed to the latest version of paragraph 15 of Resolution No 665 of the Government of the Republic of Lithuania of 6 June 2012 on approval of the description of the procedure for the implementation of the property and non-property rights of the state in the state-owned enterprises (No 1124 of 22 December 2021)

As at 31 December 2021 and 31 December 2020, the Company had no branches or representative offices.

SPECIAL OBLIGATIONS

Special obligations – means the functions which are performed by an SOE and which the enterprise would not undertake on a commercial basis, or would do so at a price higher than the fixed price, and which are entrusted to the enterprise by decisions of the shareholder/owner, i.e. the State.

By Order No 4-193 of the Minister for the Economy and Innovation of 16 March 2021, the list of special obligations of state-owned enterprises and their subsidiaries was approved, according to which the following special obligations were entrusted to the State Investment Management Agency (VIVA):

- To support the liquidity of medium-sized and large enterprises through the promotional financial instrument Aid Fund for Business (PVF).

All activities of VIVA and PVF are considered to be the fulfilment of special obligations; they do not carry out any other (commercial) activities, therefore, the separation of the accounting and reporting of the special obligations in the balance sheet and the profit and loss statement is not relevant. PVF managed by VIVA is the measure of promotional financing and the key function of VIVA defined by Resolution No 1107 of the Government of the Republic of Lithuania of 7 October 2020 on supplementing Resolution No 1046 of the Government of the Republic of Lithuania of 17 October 2018 on the delegation of the performance of activities of the national development institution, VIVA was tasked with performing the activities of the National Development Agency in the area of liquidity support for medium-sized and large enterprises and implementing the promotional financial measure the “Aid Fund for Business” within the implementation deadlines set out in the Communication from the Commission of 19 March 2020 “Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak”. Implementation of the promotional financial instrument “Aid Fund for Business” is aimed at achieving profitable operations, but not maximum profit.

INVESTMENTS

VIVA does not make any investments that would qualify as investment projects. VIVA's investments are limited to fixed assets used for administrative purposes (software, computer equipment, etc.); in addition, in the statement of financial position, non-current assets include right-of-use assets such as VIVA office space lease agreement for 3 years in accordance with IFRS 16.

In 2021, VIVA invested EUR 5,808 in non-current intangible assets – continued the development of accounting, payroll and personnel management systems. Investments in tangible fixed assets amounted to EUR 42,017 – purchasing 26 Dell Latitude laptops and conference call equipment.

In 2020, VIVA invested EUR 5 900 in non-current intangible assets. The application of IFRS 16 to administrative space leases resulted in an additional increase in VIVA non-current assets by EUR 213,692 (rights to leased assets). VIVA does not make any investments that would be classified as investment projects. VIVA investments are limited to fixed assets used for administrative purposes (software, computer equipment, etc.).

These investments are not considered as investment projects and therefore the investment payback is not assessed.

INCOME

VIVA receives its income from the management fee of PVF, which is regulated by the European Commission Decision on the Fund's instruments and, accordingly, by the description of activities of the Fund (Order No 4-837/1K-319 of the Minister of Economy and Innovation of the Republic of Lithuania and of the Minister of Finance of the Republic of Lithuania on approval of the description of activities of the measure "Aid Fund for Business"). During the investment period, the annual fee on the amount of liabilities of all members of the Fund amounts to 2 %, where this amount does not exceed EUR 100 million. If the amount of liabilities of members exceeds EUR 100 million, the annual fee of 1 % is applied on the excess amount. At the end of the investment period, the annual fee of 1% will be charged on investments not exceeding EUR 100 million that have not been returned to the members of the Fund. For amounts above EUR 100 million but below EUR 200 million, the annual fee will continue to be 0.75 %, and thereafter the fee will be 0.5 % on the part of the investments not returned to the Fund's members in excess of EUR 200 million.

In 2021, income from PVF management fee amounted to EUR 2,395,205. PVF is still continuing the investment period until 30 June 2022. In 2021, the investment commitment of PVF's main limited partner UAB Valstybės investicinis kapitalas (VIK) increased to EUR 250 million. A total of EUR 150 million has been called up to PVF as of 31 12 2021. In addition to EUR 100 million granted by VIK at the time of establishment, EUR 50 million was raised through the placement of the state guaranteed 4-year bond issue. Bonds placed by VIK are listed on Nasdaq Vilnius Stock Exchange (admitted to trading). In addition, the issued bonds may participate in monetary policy operations of the European Central Bank.

In 2020, income received from PVF management fee amounted to EUR 437,158, for the period from the date of establishment of the Fund.

OPERATING EXPENSES

In 2021, 81 % of operating expenses of VIVA were payroll and other related expenses (76 % in 2020):

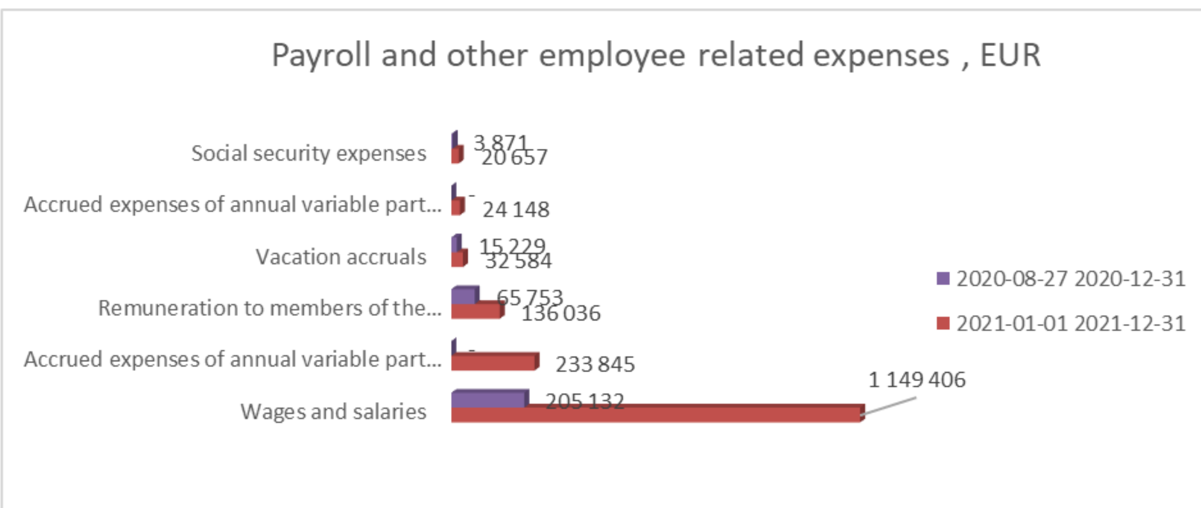

FIGURE 9. PAYROLL AND OTHER RELATED EXPENSES, 2020 AND 2021

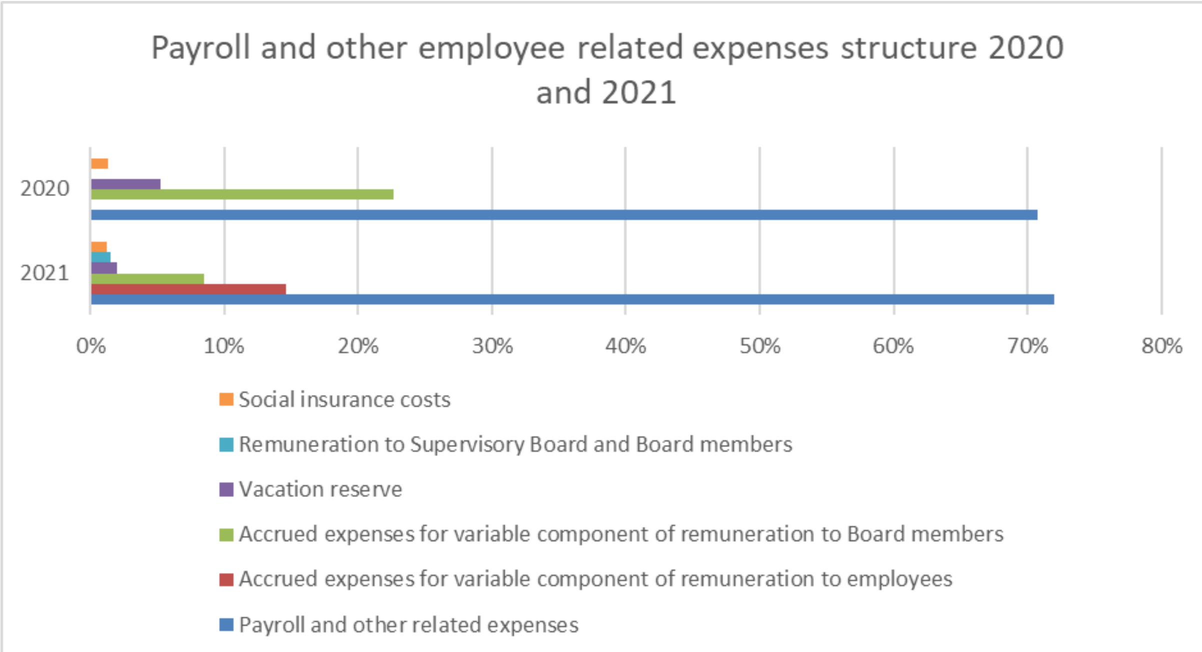

FIGURE 10. STRUCTURE OF PAYROLL AND OTHER RELATED EXPENSES, 2020 AND 2021

In 2021, 19 % of VIVA's operating expenses (24 % in 2020) comprised administrative expenses, which were structured as follows (in percentage terms):

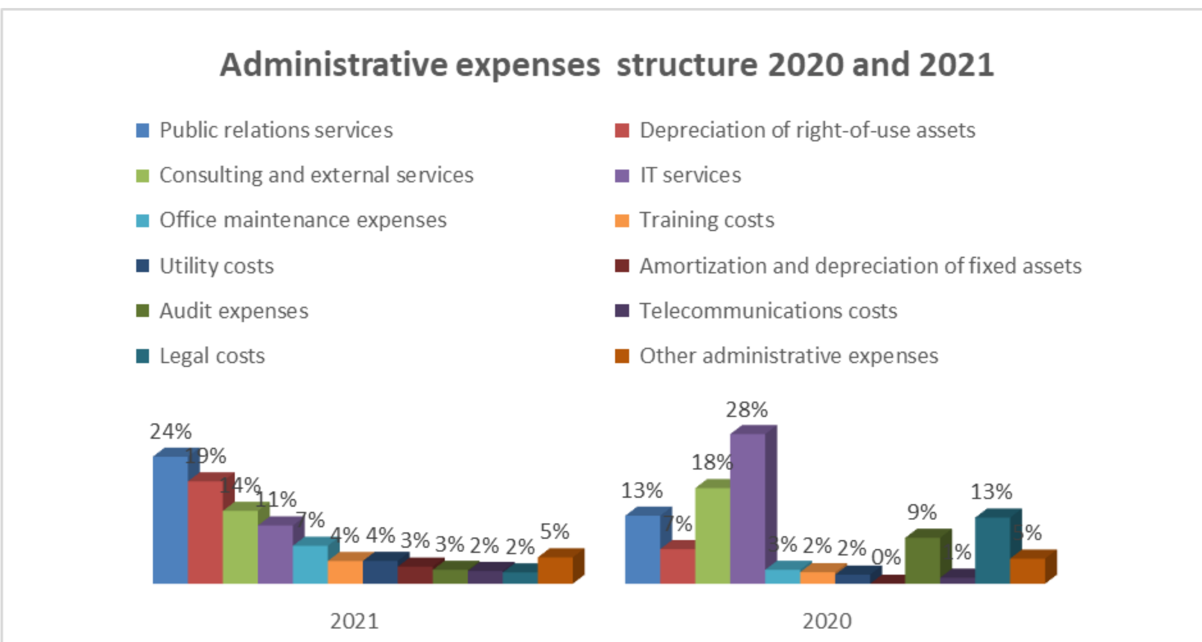

FIGURE 11. STRUCTURE OF ADMINISTRATIVE EXPENSES, 2020 AND 2021

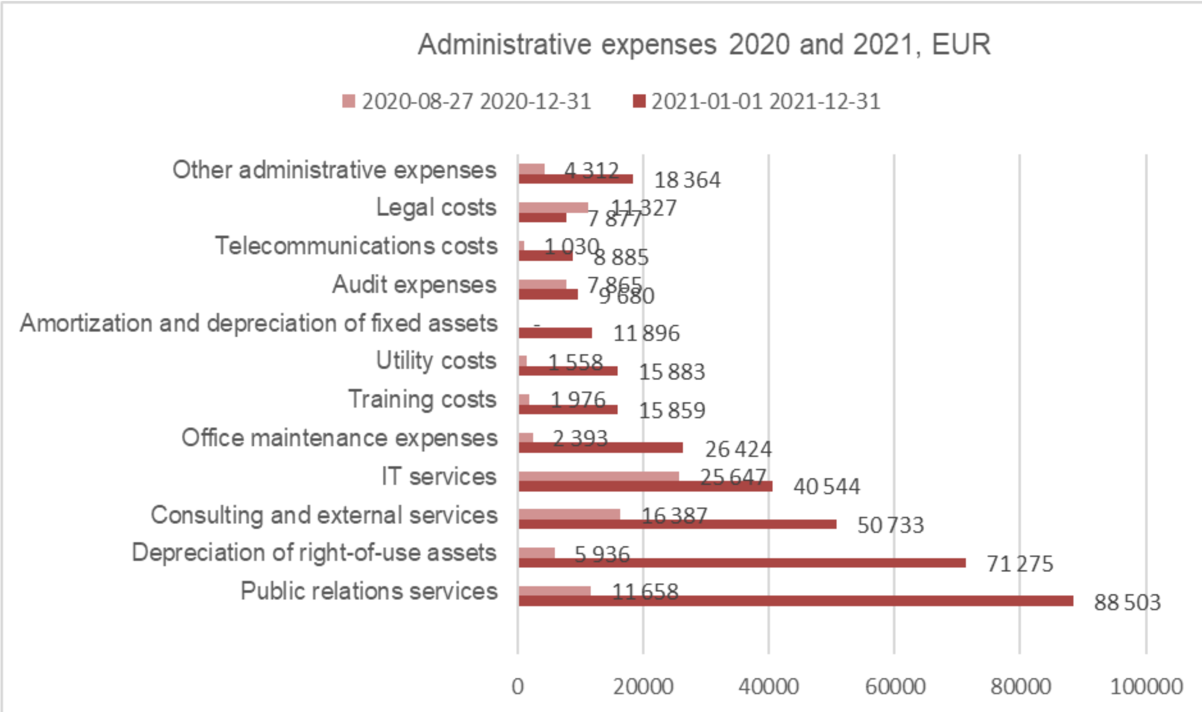

FIGURE 12. ADMINISTRATIVE EXPENSES BY CATEGORY, 2020 AND 2021

KEY FINANCIAL INDICATORS OF VIVA

ASSETS

As at 31 December 2021, the assets of VIVA amounted to EUR 1,916,055, of which 89 % were cash balances in current bank accounts. Fixed assets totalled EUR 178,172, of which 77 % were right-of-use assets, i.e. according to provisions of IFRS 16, leases of administrative premises.

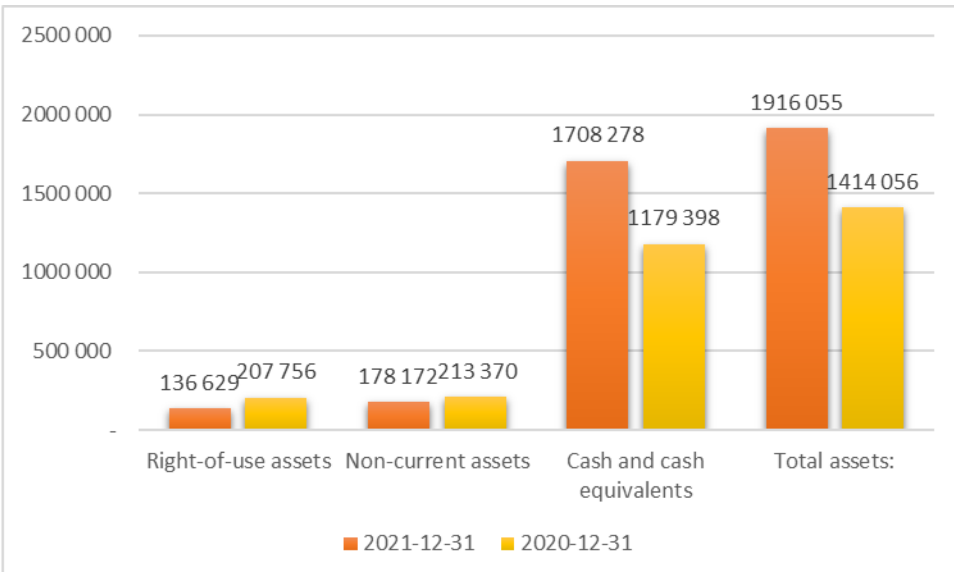

FIGURE 12. ASSET STRUCTURE AND DYNAMICS, 2020–2021

As at 31 December 2020, the assets of VIVA stood at EUR 1,414,056, of which 83 % comprised cash at bank. Fixed assets totalled EUR 213,453, of which 97 % were right-of-use assets, i.e. under provisions of IFRS 16, leases of administrative premises.

LIABILITIES

As at 31 December 2021, VIVA's non-current and current liabilities totalled EUR 543,837, of which 57 % (EUR 310,052) were payroll and other employment-related liabilities, 83 % of which were non-current and current accruals of 2021 variable component of remuneration for management and staff. 23% of total liabilities consisted of long-term and short-term lease liabilities under IFRS 16 relating to leases of administrative premises (EUR 55,077 and EUR 71,405, respectively). Payable income tax of EUR 68,063 accounts for 13 % of the liabilities. The remainder relates to current payments to suppliers.

As at 31 December 2020, VIVA's liabilities stood at EUR 366,100, of which 53 % represented non-current and current lease liabilities under IFRS 16 relating to leases of administrative premises (EUR 126,479 and EUR 69,158, respectively). The remainder relates to current payments to suppliers, staff, and contractual obligations.

The financial indicators relevant to VIVA's operations are presented below.

TABLE 6. KEY FINANCIAL INDICATORS

Key financial indicators (EUR)	2021	2020
Sales income	2 395 205	437 158
Net profit (loss)	360 230	47 956
Earnings before interest, taxes, depreciation and amortization (EBITDA)	515 750	63 307
EBITDA profitability ratio (EBITDA profit / sales income)	22%	14%
Assets	1 916 055	1 414 056
Authorised capital	1 000 000	1 000 000
Equity capital	1 372 219	1 047 956
Return on equity (ROE), %	26%	5 %
Return on capital employed (ROCE), %	36%	5 %
Asset to equity ratio	72%	74 %
Return on assets (ROA), %	19%	3 %
Profit (loss) per share	36,02	4,80
Number of shares	10 000	10 000
Investments	47 825	5 901
Cash balance to assets ratio	89%	83%
Debt-to-equity ratio (D/E)	40%	35%
Number of employees at the end of the period	24	22

Profitability indicators reflect VIVA's balanced performance in achieving the set objectives and managing the Aid Fund for Business.

TABLE 7. LIQUIDITY RATIOS

Liquidity ratios	31 12 2021	31 12 2020
Total liquidity ratio	4	5
Current assets	1 737 883	1 200 686
Short-term debts	390 812	239 621
Quick ratio	4	5
Current assets	1 737 883	1 200 686
Short-term debts	390 812	239 621
Reserves	0	0

VIVA liquidity ratios demonstrate that the Company is in a stable position to manage its financial resources and liabilities.

TABLE 8. FINANCIAL PROFITABILITY AND TURNOVER RATIOS

Profitability ratios	2021	2020
Cost-to-income ratio (C / I)	0,82	0,87
Sales income	2 395 205	437 158
Operating expenses	1 967 909	380 622
Net profitability	15%	11 %
Sales income	2 395 205	437 158
Net profit	360 230	47 956
TURNOVER RATIOS		
Asset turnover	1,25	0,31
Sales income	2 395 205	437 158
Assets	1 916 055	1 414 056

The financial profitability and turnover indicators demonstrate that the cost/income ratio is sufficient and appropriate to be maintained and that the asset turnover is at good level.

The data in the annual financial statements are presented in sufficient detail and therefore no references or additional explanatory notes are provided.

EVENTS AFTER THE END OF THE REPORTING PERIOD

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 the private limited liability company Investicijų ir verslo garantijos, with the Ministry of Finance of the Republic of Lithuania exercising the property and non-property rights and obligations of the State as a shareholder of the consolidated national development institution. Currently, the impact on VIVA's activities cannot be assessed as there have been no further decisions on when and how the reform should be implemented.

The ongoing war in Ukraine and the related sanctions against the Russian Federation can have an impact on the European and global economies. The company has no direct links with Ukraine, Russia or Belarus. The Company's main income is the management fee of the Aid Fund for Business, and the impact on the general economic situation may require a review of certain assumptions and estimates. At the moment, management cannot reliably assess the impact of these events, as the situation changes every day.

SUSTAINABILITY THAT CREATES VALUE

VIVA sees sustainability as a fundamental value and an integral and inseparable part of the company's activities and work organisation. From the very beginning, VIVA's financing model has been creating a cycle that promotes sustainability: for the business, the financial market and the State. The State-owned company was set up in line with best practices of public and private financial institutions. The governance model of VIVA ensures continuous and ongoing process improvement by critically and objectively assessing the company's impact on the economy, social environment and improvement of management processes.

By providing finance for business, VIVA ensures that public and investor funds are invested purposefully and only to the extent necessary to ensure sustainable business growth, sustainably boost economic potential and cohesion.

Implementation of sustainability in the activities of VIVA is achieved in two steps:

- by organising and developing the company's activities on the basis of sustainability principles;
- by encouraging customers to choose more sustainable business development solutions.

Despite being a very young and small company, when investing, VIVA assesses its impact on the economy, the social environment and governance processes. In 2021, sustainability impact assessment sessions were held at VIVA with the participation of the company's management team, and the results are also discussed internally and at the level of management bodies of the company. During the sustainability sessions, key impact areas were highlighted and principles and the way forward for sustainability development were decided. In 2021, the Sustainability Policy became the key document in this area. The Sustainability Policy is publicly available and can be found on the company's website – under "Sustainability" section.

The Sustainability Policy has been developed in accordance with:

- The principles contained in the Guidelines for Multinational Enterprises of the Organisation for Economic Cooperation and Development OECD;
- The United Nations *Global Compact*;
- The outcomes of the *Global Reporting Initiative (GRI)*, stakeholder engagement and materiality assessment procedures;
- The National Progress Plan for 2021–2030 approved by the Government of the Republic of Lithuania.

SUSTAINABILITY PRINCIPLES

The activities and culture of VIVA are based on values and sustainability principles

Accountability – VIVA manages and is accountable for the impact it creates on the society, the economy and the environment and takes responsibility for its actions and decisions.

Transparency – VIVA acts in a transparent manner when making decisions that have an impact on the society, the economy and the environment, and discloses the information related to the Company's activities in a timely, clear and understandable manner.

Ethical behaviour – VIVA acts ethically in its interactions with all stakeholders in line with the values promoted by the company.

Stakeholder engagement – Stakeholder engagement - the company respects, considers and responds to stakeholder interests.

Long-term planning – when making decisions, VIVA considers not only the short-term benefits for business, but also the long-term impact on the sustainability of the economy. The company anticipates and addresses potential challenges.

Compliance with laws – the activities of VIVA are organised with due regard to the provisions of national legal acts.

Respect for human rights – VIVA recognises the importance and universality of human rights and ensures that its activities do not violate human rights.

VIVA SUSTAINABILITY IMPACT DIRECTIONS

1. ECONOMIC AND GOVERNANCE AREA

Promotional impact on financial and capital markets. The Company stimulates and activates financial markets, in particular capital markets, by financing those areas where market conditions are unfavourable and by seeking to distribute directly purchased issues of securities on the secondary market, thereby attracting new investors to the market and otherwise contributing to the promotion of the capital market. At the same time, the Company educates the business community on the subject of sustainable finance.

Transparent management. The Company promotes ethical, transparent and fair cooperation with its stakeholders, discloses timely, clear and understandable information related to the Company's activities, and encourages its customers to adopt good corporate governance practices.

Sustainable financial position of the Company. The Company aims to integrate ESG (environmental, social and governance) criteria into its financing decision algorithm, while maintaining the objective of ensuring a positive return to investors.

Prevention of money laundering. The Company carries out assessments of the risks of its existing portfolio and potential customers. It also seeks to ensure the share of customers with low ML/TF (money laundering and terrorist financing) risk, and promotes employee engagement and participation in ML/TF prevention training.

Prevention of corruption. The Company seeks to ensure that its operations and conduct meet the highest standards of trustworthiness, integrity, transparency and business ethics as accepted by society. The Company develops a culture that does not tolerate corruption, enables timely identification of corruption risks in its business processes and selects proportionate and effective controls. The Company also encourages its customers to implement corruption prevention measures.

2. Social area

Talent attraction, diversity, equality and employee well-being. The company creates values-driven work culture, seeks to attract and retain talents and ensure opportunities for their development. To achieve its objectives, the Company creates a healthy and safe working environment, ensures the well-being, diversity and equal opportunities of its employees, and promotes their engagement. The Company does not tolerate harassment, discrimination, psychological violence, bullying, victimisation or abuse of position in any form. The Company also encourages its customers and business community to ensure for employees equal opportunities, diversity and engagement.

Socio-economic impact of investments. By opening up access to finance and reducing the financial burden on business, the Company aims to preserve and create jobs, help maintain innovation and pay taxes to the State, and promote sustainable business growth and development. The Company also seeks to fill part of its investment portfolio with investments in companies that are committed to ESG objectives.

3. Environmental area

Environmental impact of investments. The Company strives to create a culture of sustainable consumption and promotes environmental initiatives. The Company also encourages its customers to manage their environmental footprint through the use and production of renewable resources, pollution reduction, circular economy principles and short supply chains, energy efficiency and technological transformation.

Major steps for sustainability in 2021

VIVA plans to publish a separate and detailed sustainability report for 2021. It is planned that sustainability reports will be produced on an annual basis, and, in future, sustainability reports will become an integral part of the annual report.

In 2021, the following activities were implemented in the sustainability area:

TABLE 9. VIVA ACTIVITIES OF SUSTAINABILITY DIRECTION IN 2021

ECONOMIC AND GOVERNANCE AREA			
Sustainability direction	**Objectives**	**Activities**	**Outcomes**
Promotional impact on financial and capital markets	To stimulate and activate financial and capital markets	Sustainable investment solutions for business	VIVA's investment results are presented in the section on Strategy and its implementation and Highlights for 2021 Fund's investment in bond redemptions ~ 140 million. Share of bonds in the Fund – 90 %. Share of customers who receive funding not only from the Fund – 68 %.
	To educate business community on the subject of sustainable finance	Attending conferences and communicating directly with customers	“GreenTech Vilnius” conference, the Estonian Chamber of Commerce event, the law firm's business event, meetings with the Vilnius and Klaipėda Chambers of Commerce, Industry and Crafts, ongoing cooperation with associated business structures. Educational articles on financial sustainability – 5 items. Advice to companies on sustainable finance.
Transparent management	To ensure and promote good practices of transparent governance To encourage the customers of VIVA to adopt good governance practices	Drafting and approving key internal documents Favourable evaluation of VKC Encouraging employees to get involved in the promotion of values and ethics Consultations	More than 100 corporate procedures, policies, assessments, models, etc., have been approved. The governance index of VKC was given rating “A”. Corporate values' clarification sessions were held involving all management bodies and employees. The Company's achievements and objectives were communicated periodically to employees and management bodies. Employees of VIVA within their area of competence advise VIVA's customers on issues related to the improvement of their governance.

ECONOMIC AND GOVERNANCE AREA			
Sustainability direction	**Objectives**	**Activities**	**Outcomes**
Sustainable financial position of the Company	To ensure the sustainable financial position of the Company	Financial management	The sustainability of the company's finances is detailed in the annual financial statements presented below.
Prevention of money laundering	To ensure all necessary procedures and timeliness, and to apply the Zero Tolerance Principle	Implementation of money laundering prevention measures	Low ML/TF risk is acceptable in the Fund's operations, which is influenced by the Fund customers' acceptability criteria and the products and services offered to the market. The Fund has put in place ML/TF prevention management measures, adheres to the ML/TF prevention policy, internal procedures and best practices, provides periodic training, and has introduced IT solutions to monitor business relationships and sanctions. Interactive training on anti-money laundering (AML) was provided, with 100% participation of all staff, and the material was made available to the management bodies.
Prevention of corruption	To implement the Zero Tolerance Principle	Implementation of corruption prevention measures	In 2021, there were 0 infringements and 0 notifications. The Company's anti-corruption activities and results are detailed in the Corruption Prevention and Risk Management section of this report.

SOCIAL AREA			
Sustainability direction	**Objectives**	**Activities**	**Outcomes**
Talent attraction, diversity, equality and employee well-being	To attract talents, ensure employee diversity, promote engagement, and create safe and healthy working environment.	Approval of documents and implementation of initiatives to promote employee safety, motivation, incentives, engagement and values	In 2021, 6 new employees joined the Company. At the end of the year, the number of employees was 24. The employee retention rate during the year is 87.5%. The Company ensures gender balance and non-discriminatory remuneration from the start. Detailed information is disclosed in the section on VIVA's organisational chart, remuneration and staff. In 2021, the Company continued to improve: • The Company's organisational structure, establishment plan, salary scales, list of competitive posts; • Board and CEO Remuneration Policy, Employee Remuneration Policy, Code of Conduct, Employee Assessment Procedure. Employees and management bodies are regularly involved in active information sharing. Conditions have been put in place to ensure maximum protection against COVID-19: • Providing access to health screening; • Creating flexible working conditions - all meetings held in a hybrid format. Employees and management bodies were involved in strategic sessions. Encouraged to improve qualifications and continue their studies; Employee participation in activities designed to strengthen engagement and team-building exceeded 90 %.

SOCIAL AREA			
Sustainability direction	**Objectives**	**Activities**	**Outcomes**
Socio-economic impact of investments	To promote the socio-economic environment in a sustainable way	Targeting of investments	More than 13,000 employees work with enterprises of financed customers; Nearly EUR 50 million in tax has been paid by funded enterprises; More than 50 % of funding from the Fund has been directed towards ensuring the continuity of investments by enterprises; Almost 40 % of the Fund's portfolio was allocated to the hardest hit accommodation sector; Manufacturing enterprises account for more than 30 % of the Fund's portfolio;
ENVIRONMENTAL AREA			
Environmental impact of investments	Implementation of environmentally friendly solutions in the company Sustainable advancing of environmentally friendly enterprises	Implementing green initiatives Financing eco-friendly enterprises	VIVA leases office space from the company with Baltic Green Energy certification, which certifies that the offices use "green" energy produced from renewable energy sources. The Company is moving to a paperless culture – 95 % of all agreements are signed with e-signatures. The company has implemented e-signature and mobile signature functions for signing documents. The company has minimised the use of plastic packaging and organises waste sorting. Most of the Company's employees are active users of urban transport solutions: car-sharing services, scooters, public transport. In 2021, three companies contributing to the development and promotion of sustainable urban mobility solutions received financial support from the Fund. • EUR 8.6 million worth agreement with UAB CityBee solutions, which manages a fleet of cars and other vehicles for the CityBee car-sharing service. • EUR 5.4 million financing agreement with UAB Ride Share, providing the electric car sharing service “Spark”. • EUR 400,000 loan agreement with UAB Elinta Charge, the developer and manufacturer of electric vehicle charging stations and management solutions.

Statement of Profit or Loss and Other Comprehensive Income

Confirmation date 31 03 2022

	Note	01 01 2021 - 31 12 2021	27 08 2020 - 31 12 2020
Operating income	4		
Fund management fee	4	2 395 205	437 158
Total operating income:		**2 395 205**	**437 158**
Operating expenses			
Salaries and other employee related expenses	5	(1 596 676)	(289 985)
Administrative expenses	6	(365 923)	(90 089)
Finance costs	7	(5 310)	(548)
Total operating expenses:		**(1 967 909)**	**(380 622)**
Profit before tax		**427 296**	**56 536**
Income tax	8	(67 066)	(8 580)
Net profit after tax		**360 230**	**47 956**
Comprehensive income		-	-
Total comprehensive income		**360 230**	**47 956**

The accompanying notes form an integral part of the financial statements.

Chief Executive Officer **Dainius Vilčinskas** ______________________

Chief Financial Officer **Marta Jablonskė** ______________________

Statement of Financial Position

Confirmation date 31 03 2022

	Note	31 12 2021	31 12 2020
Assets			
Non-current assets			
Right-of-use assets	9	136 629	207 756
Tangible assets	11	33 863	-
Intangible assets	10	7 679	5 613
Investment in subsidiaries	12	1	1
Total non-current assets:		**178 172**	**213 370**
Current assets			
Cash and cash equivalents		1 708 278	1 179 398
Deferred tax assets	8	1 080	83
Other current assets	13	28 525	21 205
Total current assets:		**1 737 883**	**1 200 686**
Total assets:		**1 916 055**	**1 414 056**

	Note	31 12 2021	31 12 2020
Equity and liabilities			
Equity			
Issued capital	14	1 000 000	1 000 000
Mandatory reserve		7 193	-
Special capital reserve		4 796	-
Retained earnings	15	360 230	47 956
Total equity:		**1 372 219**	**1 047 956**
Non-current liabilities			
Lease liabilities	9	55 077	126 479
Other and employment related liabilities	17	97 947	-
Total non-current liabilities		**153 024**	**126 479**
		2021-12-31	**31 12 2020**
Current liabilities			
Short-term financial lease liability	9	71 405	69 158
Trade and other payables	16	39 240	60 644
Contractual obligations		-	62 842
Employment related liabilities	17	212 104	38 314
Corporate income tax payable	8	68 063	8 663
Total current liabilities:		**390 812**	**239 621**
Total liabilities and equity:		**1 916 055**	**1 414 056**

The accompanying notes form an integral part of the financial statements.

Chief Executive Officer **Dainius Vilčinskas**

Chief Financial Officer **Marta Jablonskė**

Statement of Changes in Equity

	Share capital	Retained earnings	Mandatory reserve	Special capital reserve	Note	Total equity
As at 27 August 2020	-	-	-	-		**-**
Issue of share capital	1 000 000	-	-	-	14	**1 000 000**
Profit for the period	-	47 956	-	-		**47 956**
As at 31 December 2020	**1 000 000**	**47 956**	**-**	**-**		**1 047 956**
Issue of share capital	-	(7 193)	7 193	-		**-**
Share of profit allocated to the special capital reserve (according to the Law of the Republic of Lithuania)	-	(4 796)	-	4 796		**-**
Share of profit allocated for dividends	-	(35 967)	-	-		**(35 967)**
Profit for the period	-	360 230	-	-		**360 230**
As at 31 December 2021	**1 000 000**	**360 230**	**7 193**	**4 796**		**1 372 219**

The accompanying notes form an integral part of the financial statements.

Chief Executive Officer	**Dainius Vilčinskas**	
Chief Financial Officer	**Marta Jablonskė**	

Statement of Cash Flows

	Note	01 01 2021 - 31 12 2021	27 08 2020 - 31 12 2020
Operating activities			
Profit (Loss) for the period		360 230	47 956
Depreciation of right-of-use assets	**9**	71 276	5 936
Amortisation of intangible asset	**10**	3 742	287
Depreciation of tangible assets	**11**	8 154	-
Total for operating activities:		443 402	54 179
Working capital adjustments			
(Increase)/decrease in deferred tax assets	**8**	(997)	(83)
(Increase)/decrease in other current assets	**13**	(7 321)	(21 205)
(Decrease)/increase in employment related liabilities	**17**	271 738	38 314
(Decrease)/increase in trade and other payables	**16**	(24 846)	132 149
Total working capital adjustments:		238 574	149 175
Net cash flows from operating activities		681 976	203 354
Investing activities			
Purchase of intangible assets	**10**	(5 808)	(5 900)
Purchase of tangible assets	**11**	(42 017)	-
Full-member investment		-	(1)
Net cash flows from investing activity:		(47 825)	(5 901)
Financing activities			
Proceeds from issue of share capital	**14**	-	1 000 000
Paid dividends		(35 967)	-
Repayment of lease liabilities	**9**	(69 304)	(18 055)
Total financing activities		(105 271)	981 945
Net change in cash and cash equivalents		**528 880**	**1 179 398**
Cash and cash equivalents at the beginning of the period		1 179 398	-
Cash and cash equivalents as at 31 December 2021		**1 708 278**	**1 179 398**

Chief Executive Officer **Dainius Vilčinskas**

Chief Financial Officer **Marta Jablonskė**

1 General information

On 27 August 2020, taking into account the Communication from the European Commission on temporary framework for state aid measures to support the economy in the current COVID-19 outbreak and having received the decision of the European Commission, the Government of the Republic of Lithuania established, Valstybės investicijų valdymo agentūra, UAB (hereinafter – the Company, State Investment Management Agency).

The object of the Company's activities is the management of investment entities, establishment and management of investment funds and investment. The Company's objectives are to finance and/or promote sustainable development in the areas where market financing is insufficient by implementing and/or administering financial and other types of support measures aimed at the liquidity of medium-sized and large enterprises and their access to finance. The Company implements these objectives through its managed Fund KUB "Pagalbos verslui fondas" (hereinafter – the Fund).

KŪB "Pagalbos verslui fondas" was established in implementing the European Commission Decision C(2020) 3534 "State aid SA.57008 (2020/N) – Lithuania COVID-19: Aid Fund Business. The State will invest in the "Pagalbos verslui fonas" through UAB "Valstybės investicinis kapitalas" (VIK), while the Fund is managed by UAB "Valstybės investicijų valdymo agentūra" (VIVA), as provided for in Resolution No 512 of the Government of the Republic of Lithuania of 6 May 2020.

The Fund seeks to achieve the objectives of the Financial Instrument of the Government of the Republic of Lithuania by implementing, managing, realising investments aimed at supporting the economy in response to the outbreak of COVID-19. The purpose of the Fund's activities:

- investing in medium-sized and large enterprises whose closure may have economic and social consequences;
- preserving sectors of the national economy prepared for the period of economic recovery;
- promoting the development of the capital market;
- attracting private institutional investors

Order No 4-837/1K319 of the Minister of the Economy and Innovation of the Republic of Lithuania and the Minister of Finance of the Republic of Lithuania on the approval of the description of activities of the measure Aid Fund for Business defines the objectives and principles of the Fund and describes potential beneficiaries, forms of financing and their essential conditions.

As at 31 December 2021, the Company had 24 employees.

The financial reporting year of the Company coincides with the calendar year. The first set of financial statements covers the period from the date of registration until the end of the calendar year.

2 Basis for preparation of financial statements

Financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union, the Law of the Republic of Lithuania on Accounting, other laws, legal acts of the Government of the Republic of Lithuania and the Board of the Bank of Lithuania defining the management of financial accounting and drawing up of financial statements.

Financial statements are presented in euro and all amounts rounded to the nearest integer unless specified otherwise.

2.1 Applied amendments and interpretations to the standards

When preparing the financial statements, the Company took into account and assessed the impact of the amendments and interpretations to the IFRS that entered into force on 1 January 2021:

- **Interest rate benchmark reform. Phase 2. Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16**

In August 2020, the IASB published a document entitled "Interest rate benchmark reform. Phase 2. Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16," completing their work to respond to IBOR reform. The amendments provide for a temporary exemption aimed at taking into account the consequences for the financial statements of the replacement of the interbank offered rates (IBOR) with an alternative of almost risk-free interest rate (RFR). In particular, the amendments provide a practical measure whereby it is necessary to adjust the actual interest rate to the extent that the market interest rate has changed in order to account for a change in the basis for determining the cash flows provided for in the financial asset or financial liability contract. The amendments also provide for an exception to the hedge for the requirement of severing connections, including a temporary exemption for compliance with the separate identification requirement when the RFR tool is used as a hedge for the risk component. Amendments were also made to IFRS 7 "Financial Instruments. "Disclosures", so that users of financial statements could understand the impact of the reform of the interest rate benchmark for the company's financial instruments and risk management strategy. Although the corrections are applied retrospectively, the company is not obliged to adjust the information from previous periods. The management of the company has assessed that these changes have no effect on these financial statements.

2.1 Applied amendments and interpretations to the standards (Continued)

• **IFRS 16 "Leases" - "COVID-19-Related Rent Concessions" (Amendment)**

The amendment applies to a retrospective financial year starting on or after 1 June 2020. It is permitted to apply earlier, including in the financial statements which have not yet been adopted on 28 May 2020. The IASB has changed the standard to grant an exemption to tenants who may not apply IFRS 16 rent change accounting provisions to rent concessions, which are a direct consequence of the COVID-19 pandemic. The amendment provides for a practical measure whereby a lessee can account for any change in rents resulting from COVID-19 rents in the same way as it would be accounted for under IFRS 16 if the change were not considered to be a change in rents only if all of the following conditions are met:

- the modified rental as a result of the change in rentals is substantially the same as or smaller than the rental immediately before the modification;
- any reduction in rents affects only payments due on or before 30 June 2021;

According to the Company's management, the application of these changes has no significant impact on the Company's financial statements, as no significant concessions have been received during the reporting period and are not expected to be received in subsequent periods.

2.2 Standards, amendments and interpretations, which have not yet entered into force

• **IFRS 17 "Insurance contracts"**

The Standard applies to annual reporting periods beginning on or after 1 January 2021. Early application is permitted provided that IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" are also applied. At its meeting in March 2020, the Board decided to postpone the date of entry into force until 2023. IFRS 17 "Insurance Contracts" sets out the principles by which insurance contracts are recognized, assessed, presented and disclosed. It also requires similar principles to apply to reinsurance contracts and to investment contracts with independent elements of participation. The purpose of the standard is to ensure that companies provide important information that accurately reflects insurance contracts. This information provides users of financial statements with a solid basis for assessing the impact that insurance contracts covered by IFRS 17 have on an enterprise's financial position, financial performance, and cash flow. Management has assessed that the change will not affect the Company.

• **IFRS 17 "Insurance contracts" (Amendment)**

Amendments to IFRS 17 "Insurance Contracts" apply retrospectively to annual reporting periods beginning on or after 1 January 2023. Early application is permitted. The amendments are designed to help companies apply this standard. In particular, the amendments have been designed in such a way as to reduce costs by simplifying the application of some of the requirements of the standard, to simplify the interpretation of financial results and the transition to the application of the standard by postponing its entry into force date until 2023 and by providing an additional exemption that can be used when IFRS 17 is applied for the first time. Management has assessed that the change will not affect the Company.

• **IFRS 17 "Insurance contracts" - Application of IFRS 17 and IFRS 9 for the first time – comparative information (Amendment)**

The amendment shall apply to annual reporting periods beginning on or after 1 January 2023. Early application is permitted provided that IFRS 17 is also applied. This amendment allows companies that apply IFRS 17 and IFRS 9 at the same time, to apply the transitional provision on 'grouping overlap', related to comparative information on financial assets. An enterprise that applies the overlap provision for grouping financial assets must provide comparative information as if the requirements for grouping and valuation of IFRS 9 were also applicable to such financial assets. In addition, an enterprise is not required to apply impairment requirements for IFRS 9 when applying the grouping overlap clause for financial assets. Such an amendment aims to help companies avoid temporary mismatches in the accounting of financial assets and insurance contract liabilities, thereby increasing the usefulness of comparable information for consumers of financial statements. The EU has not yet adopted these amendments. Management has assessed that the change will not affect the Company.

• **IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" amendments: "Sales or contributions of assets between an investor and its associate/joint venture"**

The amendments analyse the recognized non-compliance between IFRS 10 and IAS 28, related to the sale of assets or contributions between the investor and his associate or joint venture. The main consequence of the amendments is that all income or losses are recognized when the transaction involves the transfer of the business (regardless of whether it is carried out in a subsidiary or not). Part of the income or loss is recognized when the transaction involves assets that do not correspond to the definition of the business, even if these assets are owned by a subsidiary. In December 2015, the IASB postponed the date of entry into force indefinitely, waiting for the results of the research project for the method of equity accounting. The EU has not yet adopted these amendments Management has assessed that the change will not affect the Company.

2.2 Standards, amendments and interpretations, which have not yet entered into force (Continued)

• Amendments to IAS 1 "Presentation of Financial Statements": "Classification of Liabilities as Current or Non-current"

The amendments were originally valid for the annual reporting periods beginning on or after 1 January 2022, although the previous application is allowed. However, in response to the COVID-19 pandemic, the IASB postponed the entry into force date by one year, i.e. until 1 January 2023, to give companies more time to implement the classification changes provided in the amendments. The amendments aim to promote the consistent application of the requirements by helping companies to decide, whether debts and other liabilities with an uncertain settlement date in the statement of financial position, should be classified as short-term or long-term liabilities. The amendments affect the presentation of liabilities in the statement of financial position, however, they do not alter the requirements in force regarding the timing of valuation or recognition of assets, liabilities, income or expenses, nor does it change the information that companies disclose about such articles. The amendments also clarify the requirement for the classification of debts, when an enterprise can pay for such debts using its own equity instruments.
In November 2021, the Board published a preparatory draft explaining how to account for liabilities, which are subject to covenants after the date of the reporting period. In particular, the Board proposes amendments to IAS 1 with a narrow scope, which substantially amend the 2020 amendments, requiring undertakings to classify liabilities covered by the terms of the contract as short-term, if the terms of the contract need to be fulfilled within a time limit of fewer than twelve months after the end of the reporting period and if such conditions are not fulfilled at the end of the reporting period. Instead, the proposed amendment would require companies to show all long-term liabilities separately, which are subject to the terms of the contract if the terms of the contract need to be fulfilled within a time limit of fewer than twelve months after the end of the reporting period. In addition, if companies fail to comply with such contract terms at the end of the reporting period, they are obliged to disclose additional information. The proposal would apply to the annual reporting periods beginning on or after 1 January 2024. In accordance with IAS 8, it should be applied retrospectively. Early application is permitted. The Board also proposed to postpone the date of entry into force of the 2020 amendments accordingly so that companies do not have to change their existing practices before the proposed amendments enter into force. The EU has not yet approved these amendments, including the proposed preparatory draft. Management has assessed that the change will not affect the Company.

• IFRS 3 "Business Combinations", IAS 16 "Property, Plant and Equipment", IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" amendments and Annual IFRS improvements 2018-2020

The amendments apply to the financial year beginning on or after 1 January 2022. It is allowed to apply earlier. The IASB has published the following amendments to IFRS standards with a narrow scope:

- Amendments to IFRS 3 Business Combinations update the reference to the Conceptual Financial Reporting Framework in IFRS 3, without changing the accounting requirements for business combinations;
- The amendments to IAS 16, property, plant and equipment, provide for an injunction against an enterprise to deduct income from the cost of property, plant and equipment, which are derived from the unit of assets that are being prepared for the intended use. Instead, the company will recognize such sales revenue and related expenses in the profit and loss statement.
- Amendments to IAS 37, provisions, contingent liabilities and assets, specify which expenses an enterprise should include in determining the costs of performance of the contract in order to assess whether the contract is loss-making.
- Annual improvements for the period 2018-2020 include minor amendments to the explanatory examples of IFRS 1 "Application of International Financial Reporting Standards for the First Time", IFRS 9 "Financial Instruments", IAS 41 "Agriculture" and IFRS 16 "Leases".

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

• IAS 1 "Presentation of financial statements" and IFRS 2 "Share-based Payment" (Amendments)

The amendments shall apply to annual reporting periods beginning on or after 1 January 2023. It is allowed to apply earlier. The amendments provide guidance on the basis of which significant decisions on the disclosure of accounting policies are made. It should be noted that amendments to IAS 1 replace the requirement to disclose "relevant" accounting policies with a requirement to disclose "significant" accounting policies. In addition, the statement on the practice applies provides guidance and an example, to assist in the application of the concept of materiality when deciding on the disclosure of accounting policies. The EU has not yet approved these amendments. Management has assessed that the change will not affect the Company.

2.2 Standards, amendments and interpretations, which have not yet entered into force (Continued)

• Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors": "Definition of Accounting Estimates"

Amendments which shall enter into force in the financial year beginning on or after 1 January 2023 (previous application is allowed) shall apply to changes in accounting policies and accounting estimates, which shall be carried out during or after the mentioned period. Amendments introduce a new definition of accounting estimates – they are defined as monetary amounts in the financial statements that relate to the uncertainty of valuation. The amendments also explain what changes in accounting estimates are and how they differ from changing accounting policies and correcting errors. The EU has not yet approved these amendments. Management has assessed that the change will not affect the Company.

• Amendments to IFRS 12 "Income Taxes": 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments apply to annual reporting periods beginning on or after 1 January 2023, although the previous application is allowed. In May 2021, the Board published amendments to IAS 12, which narrow the scope of the initial recognition exemption provided for in IAS 12 and specify, how companies should account for deferred corporation tax on transactions such as leases and decommissioning. These amendments provide that the exemption from initial recognition shall not apply to transactions in which, at the time of the conclusion, flat-rate amounts of taxable and legible provisional differences are formed. It applies only if at the time of recognition of lease assets or lease obligations (or decommissioning liabilities and a component of decommissioning assets) amounts of taxable and legible temporary differences of different amounts are formed. The EU has not yet approved these amendments. Management has assessed that the change will not affect the Company.

3 Significant accounting judgements, estimates and assumptions

The financial statements are based on the assumption that the Company will be able to continue its activities in the near future. On the date of preparation of financial statements there is no indication that the Company will not be able to continue its activities in the future.

The Company's accounting is carried out in accordance with the principles of accrual, prudence, comparison, going concerned, substance over form and materiality.

The financial statements were prepared in observance of the qualitative features of the financial statements: understanding, relevance, reliability, certainty and fairness of information, accurate presentation, neutrality, prudence, comprehensiveness.

When preparing the Company's financial statements in accordance with IFRS adopted for application in the European Union, the management has to make certain judgements, estimates and assumptions that influence the disclosed amounts of income, expenses, assets and liabilities and uncertainties on the date of the financial statements. Uncertainty in these assumptions and estimates may affect results that may lead to significant adjustments in the book values of assets or liabilities in future periods.

Estimates and related assumptions are based on historical experience and other actions that meet the current conditions and the results of which lead to the conclusion of residual values of assets and liabilities that cannot be judged from other sources. Actual results may differ from these estimates.

Accounting estimates and assumptions are reviewed periodically and changes in estimates shall be recognized during the period in which they are reviewed or in subsequent related periods.

Use of estimates in preparing financial statements

The Company assessed the potential impact of the COVID-19 pandemic situation, including the quarantine declared in the Republic of Lithuania on 7 November 2020 on these financial statements and the business continuity assumption. The management has assessed that this issue will not have a negative impact on the Company's ability to continue its activities

The main principles on the basis of which the financial statements were prepared are described below.

3 Significant accounting judgements, estimates and assumptions (Continued)

Income:

The Company's income is the increase in assets or a decrease in liabilities during the reference financial period. Income received but not earned during the current financial period is accounted for by the Company in liabilities and recognized as income during the financial period in which it is earned.

According to IFRS 15, the Company recognizes income at the time and to the extent that the transfer of services to the customer would represent the amount corresponding to the consideration which the Company expects to receive in exchange for the services provided. In recognizing income, the Company takes into account the terms and conditions of the contracts with customers and all relevant facts and circumstances, including the nature, amount, time and uncertainty of cash flows arising from the contract with the customer.

According to IFRS 15, revenue is recognized when a contractual obligation is fulfilled by transferring goods or providing services to a customer. The goods and/or services are transferred when the customer obtains their control.

A performance obligation may be satisfied (1) over time or (2) at a point in time. In determining when a performance obligation is satisfied, the Company assesses, whether:

1) The customer concurrently receives and consumes the benefits provided by the Company's performance as the Company performs its obligation.

2) The Company's performance creates or enhances a customer-controlled asset.

3) The Company's performance does not create an asset with an alternative use, and the Company has a right to payment for performance completed to date.

An entity recognizes revenue at a point in time for performance obligations that do not meet the criteria for recognition of revenue over time.

The Company's main operating income consists of the Fund management fee. The Fund management fee for the Full Member is set out in the Fund's activity description (Order No 4-837/1K-319 of the Minister of the Economy and Innovation of the Republic of Lithuania and the Minister of Finance of the Republic of Lithuania on approval of the description of activities of the measure "Aid Fund for Business") and the Agreement of members of the LP "Aid Fund for Business".

Income is recognized when the Company satisfies the performance obligation (or during its performance), the promised good or service (i.e. asset) is transferred. The asset is transferred when its acquirer acquires (or during the acquisition of) control of such asset.

Interest income is recognized by accruing interest using an effective interest method (i.e. the amount that accurately discounts estimated future cash inflows over the expected duration of financial instruments to the net carrying amount of financial assets).

Dividend income is recognized when the right to receive dividends is acquired and is attributed to other operating income.

Late payments interest and penalty income is recognized as soon as income is received.

Expenses

The Company's expenses – a decrease in assets or an increase in liabilities in order to generate income during the reference financial period. Expenses paid but not incurred during the current financial period are recorded in assets by the Company and recognized as expenditures during the financial period in which they are incurred.

The Company's operating expenses include the remuneration of the Supervisory Board and Board, wages and related taxes, office rentals, utilities and other related costs, and various payments for services.

Other expenses of the Company include various taxes, non-contractual fines, late payment charges and other economic sanctions.

The Company recognizes as assets the contract performance costs only if those costs meet all of the following criteria:

-the costs are directly related to the contract or to the envisaged contract directly identifiable by the Company;

- the costs create or increase the Company's resources that will be used to satisfy (of to continue satisfying) the performance obligations in the future;
- the costs expected to be recovered.

The Company's expenses are accounted for by including indirect taxes (VAT) as long as the Company has no VAT taxable income and is not a VAT payer.

3 Significant accounting judgements, estimates and assumptions (Continued)

Corporate income tax

Corporate income tax is calculated on the basis of profit or loss for the current year and also includes deferred taxes. Corporate income tax is calculated in accordance with the requirements of the tax legislation of the Republic of Lithuania.

The standard corporate income tax rate applied to enterprises of the Republic of Lithuania is 15 %.

Tax losses may be carried forward indefinitely, reducing future taxable profits by their amount, with the exception of losses on the sale of securities and/or financial derivatives, which may be carried forward for 5 years. Losses on the sale of securities and/or financial derivatives may only reduce taxable income of the same nature.

The number of losses from typical activities deducted from the income of previous tax periods may not exceed 70 % of taxable profit of the tax period calculated by deducting from income non-taxable income, allowable deductions and allowable deductions of limited amounts, with the exception of operating losses of tax periods of previous years.

Deferred taxes are accounted for in accordance with the commitment method. The deferred corporate income tax reflects the temporary tax differences between the Company's assets and liabilities shown in the financial statements and the assets and liabilities shown in tax statements. Deferred tax assets (liabilities) are measured by applying the corporate income tax rate which will apply when the aforementioned temporary tax differences are realized. Deferred tax assets from lease liabilities and deferred corporate income tax liabilities are calculated separately from leased assets.

Deferred tax assets are accounted for in the statement of financial position when management expects to generate a projected tax profit in the near future that is sufficient to realize the assets. If it is likely that some of the deferred tax assets will not be realized, this part of the deferred tax is not recognized in the financial statements.

Operating lease

The lease, where the company is a lessee, is recognized by accounting for the right-of-use assets and the corresponding lease obligation from the moment the leased asset becomes usable, except for short-term leases (leases with a lease term of 12 months or less) and leases of low-value assets. For this lease, the Company recognizes the lease payments as operating costs in a directly proportional manner throughout the lease period, except where another systematic method may be applied that better reflects the time model that uses the economic benefits of the leased asset.

The right-of-use assets are measured at the acquisition cost, which includes the initial estimate of the lease obligation, lease payments made before or after the lease of the asset (minus lease incentives received), and initial direct costs incurred by the Company. The lease liabilities are measured at the net present value of the lease payments.

Lease payments are discounted using the interest rate provided for in the lease agreement. If this interest rate is not easily determinable, the borrowing rate to be charged by the lessee may be used. This is the interest rate that the lessee would have to pay for the debt liabilities required to acquire the right-of-use assets in a similar economic environment and under similar conditions and guarantees as provided for in the lease agreement. .

Lease payments are allocated between the costs of covering the lease obligation and the costs of interest. Interest costs are recognized in profit (loss) over the lease period while maintaining a fixed interest rate for the remaining amount of the lease obligation over each period.

The right-of-use assets are depreciated over their lease period.

Lease liabilities are measured by increasing the carrying amount to reflect the interest rate involved (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made.

3 Significant accounting judgements, estimates and assumptions (Continued)

Fixed intangible and tangible assets

Fixed assets include tangible and intangible assets owned by the right of ownership which are used to earn the Company's income (for economic gain) for more than one year and the acquisition price of which is not less than the fixed asset price established by the Company.

Fixed assets are classified into tangible and intangible assets.

At initial recognition, fixed assets are accounted for at the acquisition price. After initial recognition, fixed assets are accounted for using a cost method, with the initial value of fixed assets reduced by accrued depreciation and impairment.

Lease liabilities are measured by increasing the carrying amount to reflect the related interest (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made.

Acquisition price of assets means expenses incurred in the acquisition of assets, including commissions paid and taxes/charges related to the acquisition of these assets. For tax accounting purposes, value added tax is included in the value of assets as long as the Company is not a VAT payer.

Acquisition price of assets purchased for goods or services means the corresponding amount included in the income received for these goods and services and the costs incurred in acquiring the assets, including the commission paid and the fees/charges related to the acquisition of those assets. An asset is classified as a fixed asset if its acquisition value exceeds EUR 1,000.

The determined liquidation value of fixed assets is approved by the Fund manager. The liquidation value of an asset may not be less than EUR 1 and may not exceed 10 % of its acquisition value.

Expenditure on the repair of fixed assets is included in the profit (loss) statement when incurred. Where it can be clearly demonstrated that these costs will result in an increase in economic benefits from the use of this fixed tangible asset and/or in an increase in its expected economic life, expenditure is capitalized by adding it to the acquisition value of the fixed tangible asset. Significant improvements in fixed tangible assets are capitalized and depreciated over the remainder of the useful life of the improved assets.

Acquisition costs of new software are capitalised and recognised as intangible fixed assets if these costs are not an integral part of the computer equipment.

At least once a year, the Company shall determine whether there are indications of possible impairment of the value of the assets. Where such indications exist, fixed assets are valued to determine their recoverable amount (fair value reduced by sales costs).
The depreciation (amortisation) of fixed tangible and intangible assets is calculated using a directly proportional (linear) method. For the purpose of applying the linear method, the annual depreciation or amortisation amount is calculated as the ratio between the acquisition price of a fixed asset and the difference between the liquidation value of that asset and the depreciation or amortisation period (in years). The estimated depreciation or amortisation amount is recognised on a monthly basis.

	Years
Furniture	6
Machinery and equipment	5
Computer equipment	3
Means of communication	3
Software	2-5

3 Significant accounting judgements, estimates and assumptions (Continued)

Financial assets

Financial asset or liability means money, contractual rights to receive and transfer money or other financial assets, contractual rights to exchange financial instruments and equity instruments of other entities. The Company classifies financial assets into the following groups:

– financial assets measured at amortized cost;

– financial assets measured at fair value through other comprehensive income, with subsequent change in the fair value recognised in the statement of comprehensive income;

– financial assets measured at fair value through profit (loss) with subsequent change in the fair value recognized in the statement of comprehensive income;

Financial assets are classified and measured, i.e. to which of the specified financial asset groups the asset should be attributed, using two tests/assessment criteria to determine:

– the method used by the company to manage financial assets in order to generate cash flows, i.e. by collecting contractual cash flows, selling financial assets or using both methods;

– whether cash flows that are solely payments of principal and interest on the principal amount.

The group of financial assets is determined at the time of acquisition of the assets. Financial assets are recognized when the Company becomes a party to the contractual terms of the instrument.

Assets held to generate contractual cash flows when they are solely the payments of principal and interest are measured at amortized cost. Profits or losses resulting from derecognizing of assets are recognised directly in profit or loss. Impairment losses are shown in a separate item of the statement of comprehensive income.

Financial assets are derecognized when: the contractual rights to receive cash flows from the financial assets have expired or are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets.

Value impairment of financial assets

On the date of drawing up the statement of financial position, the Company assesses whether there is objective evidence that the value of a group of financial assets or financial assets with credit risk has reduced. A financial asset or group of financial assets is impaired and impairment losses are incurred if there is objective evidence that the impairment is due to one or more events following the initial recognition of the asset (“loss event”) and such loss event (or events) affects future cash flows estimated for the financial assets or a group of financial assets that can be reliably measured.

If, in a later period, the expected impairment loss of an asset decreases and this decrease can be objectively attributed to an event occurring after recognition of impairment, the previously recognised impairment is reversed.

Financial assets (in whole or in part) are written off when their recovery cannot be reasonably expected. Indications that there are no reasonable expectations of recovery include, among other things, the likelihood of insolvency or significant financial difficulties on the part of the debtor. The impaired debts are derecognised when they are assessed as amounts that cannot be recovered.

Cash and cash equivalents

Cash comprises cash in bank. Cash equivalents are short-term liquid investments readily convertible into cash. Maturity of such investments from their acquisition date is up to three months and they are subject to an insignificant risk of changes in value. In the cash flow statement, cash and cash equivalents comprise cash and deposits in current accounts, and other short-term highly liquid investments.

Notes to Financial Statements

4 Operating income

	01 01 2021 - 31 12 2021	27 08 2020 - 31 12 2020
Fund management fee	2 395 205	437 158
Total operating income	**2 395 205**	**437 158**

The total amount of income comprises from contracts with customers under the agreement of the participants of the limited partnership "Pagalbos verlui fondas".

5 Salaries and other employee related expenses

	01 01 2021 - 31 12 2021	27 08 2020 - 31 12 2020
Wages and salaries	1 149 406	205 132
Accrued expenses of annual variable part of remuneration to employees	233 845	-
Remuneration to members of the Supervisory Board and the Board	136 036	65 753
Vacation accruals	32 584	15 229
Accrued expenses of annual variable part of remuneration to the Board	24 148	-
Social security expenses	20 657	3 871
Total cost of salaries ant other employee expenses	**1 596 676**	**289 985**

6 Administrative expenses

	01 01 2021 - 31 12 2021	27 08 2020 - 31 12 2020
Public relations services	88 503	11 658
Depreciation of right-of-use assets	71 275	5 936
Consulting and external services	50 733	16 387
IT services	40 544	25 647
Office maintenance expenses	26 424	2 393
Training costs	15 859	1 976
Utility costs	15 883	1 558
Amortization and depreciation of fixed assets	11 896	-
Audit expenses	9 680	7 865
Telecommunications costs	8 885	1 030
Legal costs	7 877	11 327
Other administrative expenses	18 364	4 312
Total administrative expenses:	**365 923**	**90 089**

7 Finance costs

	01 01 2021 - 31 12 2021	27 08 2020 - 31 12 2020
Interest expenses on lease liabilities	5 253	548
Other finance costs	57	-
Total finance costs	**5 310**	**548**

8 Income tax

Reconciliation of taxes and financial profit

	01 01 2021 - 31 12 2021	**27 08 2020 - 31 12 2020**
Profit before tax	**427 296**	**56 536**
Non-deductible expenses	26 460	1 215
Taxable profit	**453 756**	**57 751**
Income tax for the reporting period	(68 063)	(8 663)
Change of deferred tax asset	997	83
Profit for the reporting period	**360 230**	**47 956**

Profit before tax	427 296	56 536
Income tax (15 %)	(64 094)	(8 480)
Tax impact		
Non-deductible expenses	(3 969)	(182)
Non-taxable income and tax exemptions	-	-
Additional deductible expenses (reducing/increasing loss)	-	-
Temporary differences due to taxation and financial accounting differences	997	83
Current year's income tax expenses recognized in accounting	(67 066)	(8 580)

Components of deferred income tax assets

	As at 31 December 2021	**As at 31 December 2020**
Temporary differences between tax accounting and financial accounting due to the application of IFRS 16	340	42
Accrued employer's social security costs from annual leave and annual variable part of remuneration costs accruals	740	41
Deferred income tax asset	**1 080**	**83**

9

The company has concluded a contract for the lease of premiseswith the termination date 30 November 2023. In accordance with IFRS 16, the value of the assets managed by the right of use and related liabilities are calculated at 3.25 % (the average published interest rate on Bank of Lithuania loans).

Lease

	Office premises
Balance as at 31 December 2020	207 756
Additions	149
Depreciation during the year	(71 276)
Balance as at 31 December 2021	**136 629**

Lease liabilities

	Office premises
Balance as at 31 December 2020	195 637
Additions	149
Repayment of lease liabilities	(69 304)
Balance as at 31 December 2021	**126 482**

9 Right-of-use assets (Continued)

Lease liabilities

	As at 31 December 2021	As at 31 December 2020
Non-current lease liabilities	55 077	126 479
Current lease liabilities	71 405	69 158
Total lease liabilities:	**126 482**	**195 637**

The table shows the future minimum rent payable as at 31 December 2021 under the operating lease agreement:

Maturity analysis. Contractual undiscounted cash flows	As at 31 December 2021	As at 31 December 2020
Less than one year	74 409	74 409
Between one and three years	55 809	136 416
Total undiscounted lease liabilities:	**130 218**	**210 825**

10 Intangible assets

Cost	**Software**
Balance as at 27 August 2020	-
Additions	5 900
Balance as at 31 December 2020	5 900
Additions	5 808
Balance as at 31 December 2021	**11 708**

Accumulated amortisation	**Software**
Balance as at 27 August 2020	-
Depreciation during the period	(287)
Balance as at 31 December 2020	(287)
Depreciation during the year	(3 742)
Balance as at 31 December 2021	**(4 029)**

Carrying amount as at 27 August 2020	-
Carrying amount as at 31 December 2020	5 613
Carrying amount as at 31 December 2021	**7 679**

11 Tangible assets

Cost	**Equipment**
Balance as at 27 August 2020	-
Additions	-
Balance as at 31 December 2020	-
Additions	42 017
Balance as at 31 December 2021	**42 017**

Accumulated amortisation	**Equipment**
Balance as at 27 August 2020	-
Depreciation during the period	-
Balance as at 31 December 2020	-
Depreciation during the year	(8 154)
Balance as at 31 December 2021	**(8 154)**

Carrying amount as at 27 August 2020	-
Carrying amount as at 31 December 2020	-
Carrying amount as at 31 December 2021	**33 863**

12 Investment in subsidiaries

On 6 October 2020 UAB "Valstybės investicijų valdymo agentūra" (VIVA) and UAB "Valstybės investicinis kapitalas" (VIK) established a limited partnership "Pagalbos verslui fondas" (Fund) by signing the Participants' Agreement. The main area of activity of the Fund is to help and invest in medium and large enterprises facing the challenges posed by COVID-19.

VIVA acts as a Full Member of the Limited Partnership, with a contribution of EUR 1.

13 Other current assets

	As at 31 December 2021	As at 31 December 2020
Future period expenses	28 151	21 205
Prepayments	374	-
Total other current assets	**28 525**	**21 205**

Future period expenses

	As at 31 December 2021	As at 31 December 2020
External systems and logins	15 005	8 857
Civil liability insurance	6 604	3 082
Subscriptions	3 346	7 778
IT expenses	2 435	838
Employees trainings	398	650
Other	363	-
Total future period expenses:	**28 151**	**21 205**

14 Issued capital

As at 31 December 2021 the Company's share capital was comprised of 10 000 ordinary shares with the par value of 100 EUR each. The share capital was fully paid as of 31 December 2021. All issued shares are intangible ordinary registered shares.

The owner of all shares of the Company is the state. When exercising the rights granted by the state-owned shares in the Company, the State is represented by the Ministry of Finance of the Republic of Lithuania.

15 Proft distribution project

	As at 31 December 2021
Retained profit at the beginning of the financial year	-
Net profit for the financial years - earnings (losses)	**360 230**
Profit (loss) recognized in the Other Comprehensive Income statement	-
Transfers from reserves to cover losses	-
Contributions of participants to cover losses (if all or part of the distributable result (losses) have been decided to be covered by the participants of the financial institution)	-
Total distributable earnings (loss) at the end of the financial year	360 230
Proft transfers to reserves:	
Share of profit allocated to the mandatory reserve	92 807
Share of profit allocated to the special capital reserve (in accordance with the Law of the Republic of Lithuania on National Development Institutions)	45 204
Share of profits allocated for the payment of dividends	216 138
Share of profits allocated to annual allowances (bonuses) for members of the Board and supervisory board, employee bonuses and other purposes	-
Retained profit at the end of the financial year, brought forward	**6 081**

15 Proft distribution project (Continued)

In accordance with the Law on Public Limited Liability Companies of the Republic of Lithuania, the Company must transfer at least 1/20 (5 %) of the profit of the reporting financial year to the mandatory reserves until the size of the reserve is reached at least 1/10 of the authorized capital (at least 10 % of the value of the authorized capital). The mandatory reserve can only be used to cover the losses of the company.

In accordance with Article 15 of the Law on National Development Institutions (NDI) of the Republic of Lithuania, by the provisions, the Company as an NDI must form a special capital reserve, the amount of which must be at least 5 % of the authorized capital. The special capital reserve shall be formed on the principle of accrual, each year allocating at least 10 % of the distributed profit for the formation of such a reserve until the established level of reserve is reached. The special capital reserve may be used by the decision of the General Meeting of Shareholders of the NDI to cover the losses of the NDI.

Dividends are allocated and paid in accordance with the Resolution of the Government of the Republic of Lithuania of 14 January 1997 "On dividends for state-owned shares of companies and profit contributions of state-owned enterprises" No. 20 (recast as of 1 January 2017) 2.1.3. paragraph in amount not less than 60 % of the company's distributable profit, if the return on equity of the company for the reporting year is more than 15 %.

16 Trade and other payables

	As at 31 December 2021	As at 31 December 2020
Trade payables to suppliers	26 823	52 570
Accrued expenses	9 680	7 865
Amounts payable to accountable persons	2 737	209
Contractual obligations	-	62 842
Total trade and other payables	**39 240**	**123 486**

17 Employment related liabilities

	As at 31 December 2021	As at 31 December 2020
Non-current employment related liabilities		
Accrued expenses of annual variable part of remuneration to employees - non-current part	73 799	-
Accrued expenses of annual variable part of remuneration to Board members - non-current part	24 148	-
	97 947	**-**
Current employment related liabilities		
Accrued expenses of annual variable part of remuneration to employees - current part	160 046	-
Accrued annual leave payment	47 812	15 228
Payable remuneration to members of the Supervisory Board and related fees	4 246	23 086
	212 104	**38 314**
Total employment related liabilities	**310 051**	**38 314**

18 Risk management

Risk is a potentially unfavorable change in the expected results. Risk is part of any activity that cannot be completely avoided, but a good assessment of the expected risk can minimise it.

Risk management objectives:

- to assess the likelihood of possible losses, the amount of losses, risk management costs;
- to identify and limit the risks that may cause the most significant losses.

Optimal and balanced risk management is the basis for effectively ensuring the stability of the Fund's activities.

18 Risk management (Continued)

The Company, acting as a Full Member of the established Fund, managing the affairs of the Fund and taking decisions on behalf of the Fund, as well as ensuring its day-to-day activities and their control is exposed to the following material risks:

Risk	Description
Strategic risk	The fund manager's strategic decisions may be incorrect, unsubstantiated, based on superficial information or hasty.
Credit risk	The Company and the Fund it manages face the risk that the other party will not be able to meet its obligations to the Fund. The Company, as a Full Member, is liable for the obligations for covering of which the Fund's assets will not be sufficient.
Market risk	The Company and the managed Fund are exposed to changes in the current (market) value of the investment when they are unable to hold the investment to maturity.
Liquidity risk	The Company and the managed Fund face the risk that they will not have or will not be able to obtain financial resources in due time to meet their financial obligations.
Operational risk	The probability to incur losses due to inappropriate or failed internal processes in the Fund. The influence of the Company's and the Controlled Fund Manager's staff due to impact of systems or external events, and of legal risks.

Risk management

In order to properly manage the risks encountered in his own activities and those of the Fund under management:

- on the basis of the internal and external environment of the Fund, the results of monitoring of risk assessment and implementation of their management measures, determine the participants, scope and risk assessment criteria of the risk management process;

- regularly identify, assess and define risks;

- prioritize the assessed risks according to their level and significance;

- establish procedures and processes for the management of priority risks;

- carry out continuous monitoring of the implementation of the plan of measures to manage identified risks.

In order to ensure proper, efficient and continuous risk management, the Fund Manager shall:

- establish and approve detailed risk management requirements (risk level, assessment methods, monitoring and control processes, management principles) in internal documents;

-periodically review approved risk management requirements and restrictions in order to properly assess new or previously uncontrollable risks

The owner of the relevant risk, together with the Fund manager's risk manager, participates in the risk management process in identifying and analysing risks, proposes risk management measures and continuously monitors the indicators of the identified risks.

The Fund manager, at least once a year, must submit to the Investment Committee and the Advisory Committee written reports prepared by the Fund manager's risk manager indicating identified risks, their types and levels, breaches of risk limits, assessment of the appropriateness and effectiveness of risk management, indicating the measures taken to address identified weaknesses and the arrangements and processes for managing the Fund's risk. The Fund's risk management procedures are approved by decision of the Fund manager's Board.

18 Risk management (Continued)

Division of responsibilities of the Fund manager's management bodies in the risk management process:

Process participant	Responsibilities
Supervisory Board	- considers and approves the operational strategy of the Company and the Fund, analyzes and evaluates information on the implementation of the operational strategy; - supervises the activities of the Board and the Fund manager, on the basis of internal audit and other information available to them, and ensures that the established management of risk is complied with; - submits comments and proposals to improve the risk management process;
Internal auditor	- supervises, monitors, assesses and provides recommendations to the management bodies of the Company and the Fund manager on improving the risk management system; - at the prescribed intervals carries out internal audits of the effectiveness of risk management systems and individual measures of the Company and the Fund to establish that the main risks are adequately identified, managed and disclosed; - submits internal audit reports to the management bodies of the Fund manager and recommendations to the Chief Executive Officer on the basis of received and systematized information on risk management;
Board	- ensures that these policy provisions are consistent with the operational strategy of the Company and the Fund and with the applicable legislation; - communicates with management with a view to improving the management of the Fund's risks; - encourages the management of the Fund to follow the risk management process and integrate it into planning, decision-making and control processes; - monitors, at least quarterly, the implementation of the most significant risk management measures;

Division of responsibilities of the Fund manager's management bodies in the risk management process:

Process participant	Responsibilities
Chief Executive Officer	- encourages the Fund Manager's employees to manage risks in accordance with the approved procedures and maintains a culture of open communication of incidents; - seeks that the Fund Manager's employees have sufficient impact to identify, assess and manage risks; - immediately informs the Board on material risks that threaten the continuity of the Fund's activities;
Risk Management Manager	- participates in the risk monitoring, management and control process; - reviews and assesses the main risks of the Fund and developments in the business environment once a year; - identifies the owners of the risks; - is responsible for the review and timely updating of the Policy; - where needed, advises the Fund Manager's employees on the appropriate risk management, submits proposals and initiates actions to improve the efficiency and effectiveness of the risk management system;
Risk owner	- participates in the risk management process in identifying and analyzing risks;- identifies risks and proposes risk management measures; - applies the established risk management measures; - immediately informs the risk manager of the increased risks.

18 Risk management (Continued)

Credit Risk

The Company's monetary funds are kept in bank accounts with Swedbank, AB; the applicable rating assigned by international rating agencies Moody's Investors Service is Aa3, Fitch Ratings is A +, and S&P rating is A+/A-1. Monetary funds held in bank accounts are insured under the RL Law on Deposit and Investment Insurance.

Liquidity Risk

The Company strives to ensure sufficient cash and cash equivalent flows to meet existing liabilities. The table shows the obligations under payment terms on the basis of undiscounted payments:

As at 31 December 2021	Less than one year	Between one and two years	Between two and three years	Total:
Cash and cash equivalents	1 708 278	-	-	1 708 278
Lease liabilities	(74 409)	(55 807)	-	(130 216)
Trade and other payables	(39 240)	-	-	(39 240)
Employment related liabilities	(212 104)	(97 947)	-	(310 051)
Other current liabilities	(68 063)	-	-	(68 063)
Net risk	**1 314 462**	**(153 754)**	**-**	**1 160 708**

As at 31 December 2020	Less than one year	Between one and two years	Between two and three years	Total:
Cash and cash equivalents	1 179 398			1 179 398
Lease liabilities	(74 409)	(74 409)	(62 007)	(210 825)
Trade and other payables	(60 644)			(60 644)
Employment related liabilities	(38 314)			(38 314)
Other current liabilities	(8 663)			(8 663)
Net risk	**997 368**	**(74 409)**	**(62 007)**	**860 952**

19 Employees

	As at 31 December 2021	**As at 31 December 2020**
Number of employees at the end of the year, of whom:	**24**	**22**
Specialists	17	17
Heads of departments	6	4
Executives	1	1

20 Transactions with related parties

The parties shall be deemed to be related where one party has the power to control the other or is likely to exert significant influence over the other party in financial and operational decisions.

The related parties of the Company are the Limited Partnership “Pagalbos verslui fondas” (the Company is its Full Member), the Company’s Management, Board, Supervisory Board and their related parties. During the reporting year, the Company did not conclude transactions with these parties other than those mentioned in the notes above.

	01 01 2021 - 31 12 2021	**27 08 2020 - 31 08 2020**
Remuneration to members of the Supervisory Board and the Board	136 036	65 753
CEO salary and related taxes	105 944	32 082
Accrued expenses of annual variable part of remuneration to Board members	24 148	-
Accrued expenses of annual variable part of remuneration to CEO	25 206	-
	291 334	**97 835**

In 2021 and 2020, the management of the Company (CEO, members of the Board and Supervisory Board) were not granted any loans, guarantees, there were no other amounts paid or accounted, no transfer of assets.

2020

	Purchases	Sales	Receivables	Contractual obligations	Accrued interest
Pagalbos verslui fondas	-	437 158	-	62 842	-

2021

	Purchases	Sales	Receivables	Contractual obligations	Accrued interest
Pagalbos verslui fondas	-	2 395 205	-	-	-

21 Subsequent events

On 26 January 2022, the Government of the Republic of Lithuania approved 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" for consolidation on the basis of the private limited liability company "Investment and Business Guarantees", implementing the property and non-pecuniary rights and duties of the State as a shareholder of a consolidated national development institution by the Ministry of Finance of the Republic of Lithuania. At present, there is no possibility to assess the impact on VIVA's activities, as there were no further decisions on when and how the reform should be implemented.

The ongoing war in Ukraine and related sanctions against the Russian Federation can have an impact on the European economy and the global economy. The company has no direct links to Ukraine, Russia or Belarus. The company's main income is the management fee of the Business Support Fund, the impact on the overall economic situation may require a review of certain assumptions and estimates. At this time, management is not able to reliably assess the impact of these events, since the situation changes daily.

Chief Executive Officer	**Dainius Vilčinskas**	
Director of the Department of Financial Management	**Marta Jablonskė**	

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Valstybės investicijų valdymo agentūra, UAB:

Opinion

We have audited the financial statements of Valstybės investicijų valdymo agentūra, UAB (the Company), which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the five months period 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 its financial performance and its cash flows for the five months period 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.

Other Information

The other information comprises the information included in the Company's annual 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 for the financial year for which the financial statements are prepared is consistent with the financial statements and whether annual 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Company's annual 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 shall 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.

Deloitte Lietuva UAB
Audit Company License No 001275

Mindaugas Jukna
Lithuanian Certified Auditor
License No 000580

Vilnius, Republic of Lithuania
31 March 2022