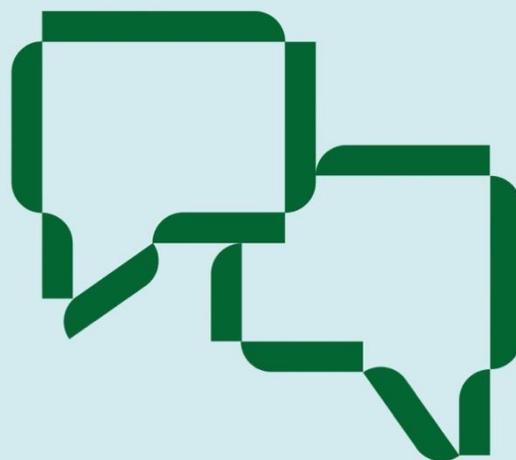


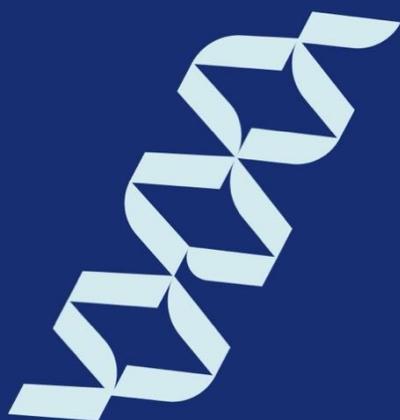
# VIVA

ANNUAL  
REPORT 2022



## FINANCIAL STATEMENTS 31 DECEMBER 2022

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



March 2023  
UAB "VALSTYBĒS INVESTICIJŪ VALDYMO  
AGENTŪRA"

# COMPANY INFORMATION

Name	UAB "Valstybės investicijų valdymo agentūra" (State Investment Management Agency)
Legal form	Private limited company
Address	Rinktinės Str. 5, LT-09234, Vilnius. Registration address Lukiškių Str. 2, LT-01108 Vilnius.
Legal entity code	305612545
Date of registration:	27 August 2020.
Place of registration	Register of Legal Entities
Authorised capital	EUR 1,000,000
Email address	info@viva.lt
Website address	www.viva.lt

**Nature of main activities.** Managing a business aid fund, setting up and managing investment funds, investing.

## Shareholder

Sole shareholder	The State
An institution representing the state	Ministry of Finance of the Republic of Lithuania (Shareholder from 27/08/2020 to 02/01/2023) From 02/01/2023, UAB "INVESTICIJŲ IR VERSLO GARANTIJOS", LE code 110084026

## Company management:

CEO	Dainius Vilčinskas
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## Board members (independent):

Chairman of the Board	Normantas Marius Dvareckas
Member of the Board	Agnė Daukšienė
Member of the Board	Andrius Sokolovskis
Member of the Board	Virginijus Doveika
Member of the Board	Tomas Tumėnas (from 01/04/2022)
Member of the Board	Aurimas Martišauskas (until 31/12/2021)

## Supervisory Board:

Chairman (independent) of the Supervisory Board	Giedrius Dusevičius (from 09/02/2022) Valdas Vitkauskas (until 09/02/2022)
Member (independent) of the Supervisory Board	Skirmantas Miliauskas (from 18/05/2022)
Member of the Supervisory Board	Aušra Vičkačkienė
Member of the Supervisory Board	Algirdas Neciunskas (until 28/10/2022)
Member (independent) of the Supervisory Board	Darius Daubaras (until 31/05/2021)

On 03/03/2023, the shareholder of the Company (UAB "Investicijų ir verslo garantijos") adopted Decision No. 28.5.1-7, which approved the amendments to the Articles of Association of the Company (the collegial body of the Company—the Supervisory Board—was cancelled)

**Auditor:** UAB "DELOITTE LIETUVA"

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# TERMS AND ABBREVIATIONS

Agency	UAB “Valstybės investicijų valdymo agentūra” (State Investment Management Agency)
Company	UAB “Valstybės investicijų valdymo agentūra” (State Investment Management Agency)
LP	Limited Partnership
RL	Republic of Lithuania
NDB	National Development Body
BAF	Business Aid Fund, KŪB “Pagalbos Verslui Fondas”, PVF
ROE	Return on Equity Ratio
INVEGA	UAB “Investicijų ir verslo garantijos” (Investments and Business Guarantees)
PLC	Private limited company
VIK	UAB “Valstybės investicinis kapitalas” (State Investment Capital)
VIVA	UAB “Valstybės investicijų valdymo agentūra” (State Investment Management Agency)
VKC	PB “Valdymo koordinavimo centras” (Governance Coordination Centre)

# CHIEF EXECUTIVE'S REVIEW

The State Investment Management Agency (VIVA), which manages the Business Aid Fund, (Pagalbos verslui fondas, PVF) developed the largest debt fund in the Baltic States at the end of 2022.

VIVA was established to help Lithuanian business overcome the challenges posed by the pandemic, to contribute to sustainable management of state finances, and to stimulate and activate the capital market.

The year 2022 started with a significant major event for the agency. VIVA signed a cooperation agreement with the European Investment Bank and agreed on guarantees for medium and large enterprises.



In a relatively short period of active investment, i.e. from March 2021 to the end of June 2022, VIVA provided financing to more than forty companies, with the total value of transactions committed by the Business Aid Fund amounting to EUR 225 million. The Business Aid Fund's investments strengthened the most affected sector—accommodation—and boosted the sector that is the most receptive to investment: manufacturing. In total, VIVA's client companies employ more than 10,000 people and pay around EUR 72 million in taxes per year. The majority of the agency's investments, i.e. more than 90%, are in the form of bonds.

VIVA's operational and management model has been designed since its inception to be sustainable and in line with best practice in public and private fund management. In 2022, the State Coordination Centre recognised the agency as a governance leader in Lithuania in the category of small state-owned enterprises, awarding it the highest A+ rating, which is a significant achievement for the company's employees and management.

Last year also marked not only the end of the investment phase, but also active involvement in the consolidation process of the national development body. The most important task we set ourselves in this process is the sharing of best practices and knowledge. VIVA's team of professional specialists will contribute with their experience and knowledge to building a strong financial institution that meets the expectations of modern and ambitious businesses. I encourage you to read more about how VIVA fared in 2022.

VIVA Chief Executive Officer  
Dainius Vilčinskis

# GENERAL INFORMATION

The Government of the Republic of Lithuania, taking into account the European Commission's Communication "Temporary State aid measures to support the economy in the COVID-19 outbreak" and following the decision of the European Commission, adopted Resolution No. 512 "On the establishment of Public Limited Company "Valstybės investicinis kapitalas" and Public Limited Company "Valstybės investicijų valdymo agentūra" and the investment of state assets" on 6 May 2020, on the basis of which the Ministry of Finance of the RL, as the sole shareholder, registered the company UAB "Valstybės investicijų valdymo agentūra" ("VIVA", the "Company", the "Agency") on 27 August 2020. VIVA is a legal entity with limited civil liability, whose form of activity is a public limited 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's activities is to finance and/or promote sustainable development in areas where market-based financing is insufficient, by implementing and/or administering financial and other aid measures to restore the liquidity and capitalisation of medium-sized and large enterprises, as well as to ensure that they have access to finance in the event of a declared national emergency due to the threat of COVID-19, in order to ensure that they can operate at a profitable level, but not at a maximum profit level.

The subject matter of VIVA's activities includes the management of investment entities, the establishment and management of investment funds, and investment.

To achieve its operational objectives, VIVA established Limited Partnership "Pagalbos verslui fondas" (Business Aid Fund) ("BAF", the "Fund") and acts as a full member of the BAF and as the manager of the Fund. Limited partnership "Business Aid Fund" (legal entity code 305640822, registered address: Lukiškių Str. 2, Vilnius) was registered on the basis of the operating agreement of 13 October 2020 between the Fund's full member, Private Limited Company "Valstybės investicijų valdymo agentūra" (State Investment Management Agency) ("VIVA"), and the limited partner, Private Limited Company "Valstybės investicinis kapitalas" (State Investment Capital), and in accordance with the provisions of order No. 4-837/1K-319 of 30 September 2020 "On the Approval of the Operational Description of the Measure "Business Aid Fund" (the "Operational Description") of the Minister of Economy and Innovation of the Republic of Lithuania and of the Minister of Finance of the Republic of Lithuania.

VIVA's main activity in pursuit of its stated objective is *the management of the Business Aid Fund (BAF)*. The initial investment funds of the BAF—EUR 100 million—have been mobilised by the State through a financial injection by UAB "Valstybės investicinis kapitalas" (State Investment Capital) (SIC), and further funds are raised through state-guaranteed bonds. By the end of 2022, the limited partner had invested up to EUR 200 million. In total, SIC raised an additional EUR 100 million through the issuance of 3-5 year bonds with a state guarantee. The entire EUR 400 million bond programme was rated "A" by the international credit rating agency Fitch Ratings. This rating was affirmed in 2022 following a review.

On 26 January 2022, the Government of the RL approved the consolidation of the national development bodies 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 Private Limited Company “Investicijų ir verslo garantijos”, with the Ministry of Finance of the Republic of Lithuania exercising the state’s property and non-property rights and obligations as a shareholder of the consolidated national development body.

On 13 April 2022, the Government according to a resolution approved the consolidation model of national development bodies (NDB) by designating UAB “Investicijų ir verslo garantijos” (INVEGA) as the parent company and “Viešųjų investicijų plėtros agentūra” (VIPA), UAB “Valstybės investicijų valdymo agentūra” (VIVA), and UAB “Žemės ūkio paskolų garantijų fondas” (ŽŪPGF) as its subsidiaries. All shares in UAB “Valstybės investicinis kapitalas” have been transferred to the Ministry of Finance of the Republic of Lithuania for management, use, and disposal on a trust basis.

In 2022, the Ministry of Finance of the RL implemented the first phase of consolidation of the Lithuanian National Development Bodies (NDB). On 19 October 2022, a group of four NDBs—UAB “Investicijų ir verslo garantijos” (INVEGA), UAB “Viešųjų investicijų plėtros agentūra” (VIPA), UAB “Valstybės investicijų valdymo agentūra” (VIVA), and UAB “Žemės ūkio paskolų garantijų fondas” (ŽŪPGF)—was formed, with INVEGA as the parent company, and the other NDBs as its subsidiary companies.

On 2 January 2023, the Ministry of Finance of the RL signed an agreement with INVEGA under which INVEGA becomes a shareholder of UAB “Viešųjų investicijų plėtros agentūra” (VIPA), UAB “Valstybės investicijų valdymo agentūra” (VIVA), and UAB “Žemės ūkio paskolų garantijų fondas” (ŽŪPGF).

The core of VIVA’s activities is currently the management of the Business Aid Fund.

*After the end of the BAF investment period on 1 July 2022, VIVA’s core activities consist of monitoring the portfolio formed and increasing the selection of products available on the secondary market.*

#### The objectives of the BAF are as follows:

- To provide investment to companies whose closure may have a negative knock-on effect on related entities and/or significant social and economic consequences;
- To preserve sectors of the economy that will be better prepared for a period of economic recovery;
- To stimulate the capital market, giving priority to capital market instruments;
- To attract private investors;
- To pursue specific objectives (sustainable, green or other investments) set out in agreements with the Fund’s participants.

#### The tasks of the BAF:

- To contribute to the financial sustainability of companies that received investments;
- To seek investment returns for the Fund’s participants;
- To develop the Lithuanian capital market, giving priority to capital market instruments.

In making its investments, the BAF shall be guided by its Investment Strategy<sup>1</sup>, which is set out in the BAF's Participants Agreement, the Operational Description<sup>2</sup>, the European Commission's Communication No. 2020/C 91 I/01 "Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak" of 19 March 2020, as amended (the "Communication"), and other relevant and applicable legislation regulating the operation of the Limited Partnership.

#### The BAF invests in:

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

The BAF's investment strategy stipulates that debt securities must represent at least 60% of the total investment made by the BAF. Loans may represent up to 30% and equity and hybrid instruments may comprise up to 30% of the total investment made by the BAF.

	TYPE	AMOUNT	DETAILED INFORMATION	COMMENTS
DEBTS	BONDS	<ul style="list-style-type: none"> <li>▪ From EUR 1 million</li> </ul>	<ul style="list-style-type: none"> <li>▪ Min 60% of portfolio size</li> <li>▪ Up to 6 years</li> </ul>	<ul style="list-style-type: none"> <li>▪ Funds cannot be used for refinancing</li> <li>▪ Funds can be used for working capital and project financing</li> <li>▪ The investment period ends on 30 June 2022</li> </ul>
	LOANS	<ul style="list-style-type: none"> <li>▪ From EUR 0.3 million to EUR 2.0 million</li> </ul>	<ul style="list-style-type: none"> <li>▪ Min 30% of portfolio size</li> <li>▪ Up to 6 years</li> </ul>	
SHARE CAPITAL	SHARE CAPITAL	<ul style="list-style-type: none"> <li>▪ According to the Investment Strategy</li> </ul>	<ul style="list-style-type: none"> <li>▪ Max 30% of portfolio size</li> <li>▪ Hybrid instrument period up to 6 years</li> <li>▪ Hybrid instruments include subordinated debt</li> </ul>	<ul style="list-style-type: none"> <li>▪ Investments in state-owned enterprises</li> <li>▪ Targeted penalty mechanism for holding equity securities for 4 and 6 years</li> <li>▪ The investment period ends on 30 June 2022</li> </ul>
	HYBRID			

**Fig. 1. BAF INVESTMENT DIRECTIONS**

VIVA has been operating<sup>3</sup> as a National Development Body (NDB) since 7 October 2020. According to Resolution No. 1107 of 7 October 2020 of the Government of the Republic of Lithuania "On Supplementing Resolution No. 1046 of 17 October 2018 of the Government of the Republic of Lithuania "On the Assignment to Operate as a National Development Body",

VIVA was tasked with operating as an NDB in the field of liquidity support of medium-sized and large enterprises and implementing the incentive financial instrument "Business Aid Fund", in accordance with the implementation deadlines set out in the European Commission's Communication No. 2020/C 91 I/01

<sup>1</sup> <https://viva.lt/wp-content/uploads/2021/08/Investavimo-strategija.pdf>

<sup>2</sup> Order No. 4-837/1K-319 of 30 September 2020 "On the Approval of the Operational Description of the Measure "Business Aid Fund" of the Minister of Economy and Innovation of the Republic of Lithuania and of the Minister of Finance of the Republic of Lithuania

<sup>3</sup> According to the amendment to resolution No. 1046 "On the Assignment to Operate as a National Development Body" of 15 February 2023, the activities of the NDB are entrusted to the parent company INVEGA, the delegation of the activities of the NDB to its subsidiaries—VIPA, VIVA, and ŽÜPGF—is removed, and the conditions for a transition period, ensuring the continuity of the financial instruments and the possibility to launch new financial instruments, are established

“Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak” of 19 March 2020. The Resolution was amended on 17 March 2021 to include small enterprises: “small enterprises that meet the definition of a small enterprise as defined 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 financing to the Business Aid Fund <...>”, as in many cases such enterprises are already equivalent in size to medium-sized enterprises.

An agreement on the establishment of the BAF with the European Commission was reached in May 2020, thanks to the efforts of the Bank of Lithuania. It was the first scheme approved in the EU under the extended temporary framework on state aid, which allows countries to recapitalise non-financial companies in difficulty as a result of the COVID-19 outbreak.

The Ministry of Economy and Innovation of the Republic of Lithuania (via “Valstybės investicinis kapitalas” (State Investment Capital, SIC)), the Ministry of Finance of the Republic of Lithuania, and the Bank of Lithuania were involved in the creation and establishment of the Fund.

For the purpose of supervising the activities of the Fund, an Advisory Committee of the Fund, consisting of not less than 3 and not more than 7 persons appointed by the limited partners of the Fund, shall be established. The advisory committee of the Fund shall include 2 representatives delegated by the Bank of Lithuania and 1 independent member from the board of limited partners. One of the 2 representatives delegated by the Bank of Lithuania shall be appointed as the chairperson of the advisory committee of the Fund by decision of the members of the advisory committee of the Fund.

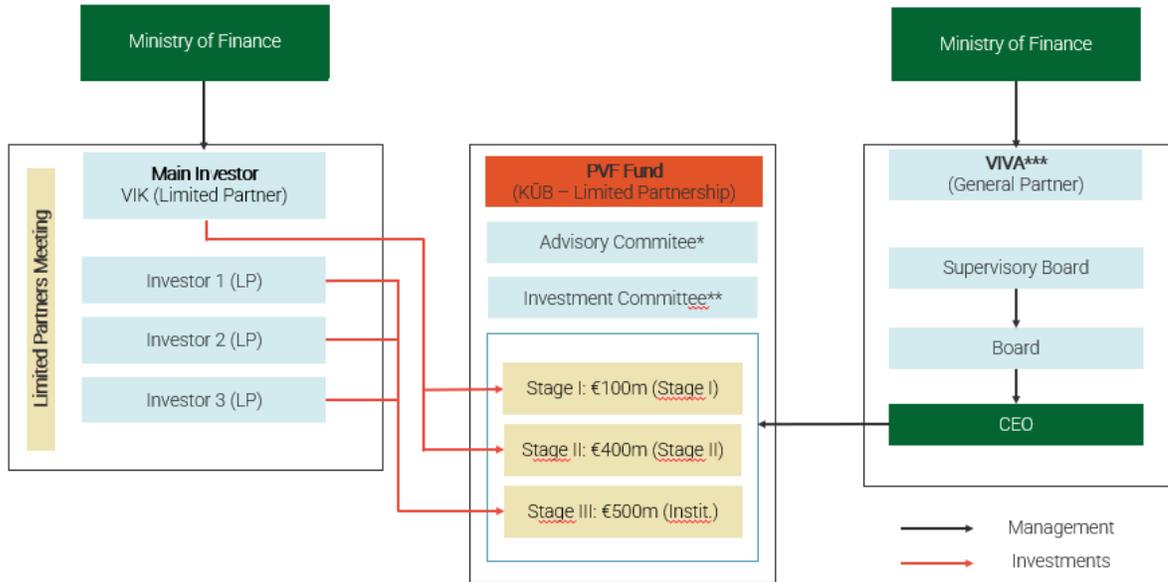
The BAF was formed as a limited partnership (LP) with limited partners (investors) and one full member, VIVA.

*LP members.* VIVA participates in the activities of the BAF as a full member of the LP established for that purpose. The investors in the fund become limited partners in the BAF. Currently, the only limited partner in the fund is SIC, whose founder was the Ministry of Economy and Innovation of the Republic of Lithuania until May 2022<sup>4</sup>. The expansion of the BAF would attract private investors who would become limited partners of the fund.

*Advisory committee of the LP.* The limited partners’ representatives nominate representatives to the LP BAF advisory committee, which nominates members to the VIVA supervisory board and investment committee. They also participate in the management of VIVA.

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<sup>4</sup>On 13 April 2022, the Government according to a resolution approved the consolidation model of national development bodies (NDB) by designating UAB “Investicijų ir verslo garantijos” (INVEGA) as the parent company and “Viešųjų investicijų plėtros agentūra” (VIPA), UAB “Valstybės investicijų valdymo agentūra” (VIVA), and UAB “Žemės ūkio paskolų garantijų fondas” (ŽŪPGF) as its subsidiaries. All shares in UAB “Valstybės investicinis kapitalas” have been transferred to the Ministry of Finance of the Republic of Lithuania for management, use, and disposal on a trust basis



**Fig. 2. INTERACTIONS BETWEEN VIVA, BAF, AND ESSENTIAL ACTING PARTIES**

The purpose of the Fund is to invest in higher-risk and high-risk companies with no suitable market alternatives. The Fund’s investments aim to generate significant indirect benefits for the wider economy. The state’s investment in the Fund is allocated to the first tranche of risk, thus encouraging the involvement of commercial investors in the Fund. 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 Company will aim to keep credit losses within a range of 10-20% over the life cycle of the Fund;

Until the end of the Investment Period on 30 June 2022, the Company has invested the Fund’s resources in enterprises with more than 50 employees, i.e. medium-sized and large enterprises whose closure may have social and economic consequences, such as market failure, the exit of an innovative enterprise, the exit of a systemically important enterprise (an enterprise that plays an important systemic role in a region or a sector), or the risk of disruption of an important service, in order to diversify the portfolio of the beneficiaries to be financed and to preserve the sectors of the state’s economy in preparation for the period of recovery 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 good faith, is guided by the Investment Strategy, and works towards achieving the objectives of the financial instruments being managed.

**TABLE 1. VIVA'S MAIN FUNCTIONS**

Setting up financing transactions	Servicing of managed financial instruments
<ul style="list-style-type: none"> <li>• Shapes the project pipeline;</li> <li>• Evaluates applications;</li> <li>• Ensures the implementation of investment decisions of the investment committee;</li> <li>• Enters into and performs all transactions and obligations;</li> <li>• Draws up investment documents and other documents relating to investments with managed financial instruments.</li> </ul>	<ul style="list-style-type: none"> <li>• Maintains the daily operations of the BAF;</li> <li>• Prepares the budget for the management costs of the BAF;</li> <li>• Bears, in the name and at the expense of the BAF, all expenses and makes payments as may be necessary to meet the present or future obligations of the BAF;</li> <li>• Opens bank accounts in the name and on behalf of the BAF.</li> </ul>
Finance and transparency	Provision of information
<ul style="list-style-type: none"> <li>• Ensures that financial accounting is carried out in accordance with the legal provisions;</li> <li>• Manages risks;</li> <li>• Prevents corruption;</li> <li>• Prevents money laundering and terrorist financing;</li> <li>• Enforces the personal data protection policy.</li> </ul>	<ul style="list-style-type: none"> <li>• Provides the information set out in the BAF's Participants Agreement;</li> <li>• Is responsible for the preparation and submission of all notices, reports or other documents required to be entered in the relevant registers in accordance with the law.</li> </ul>

### Legislation Governing VIVA's Activities

The activities of VIVA and the BAF are based on the principles of the European Commission (EC) for the provision of aid to businesses affected by COVID-19. In addition to the above, VIVA is guided in its activities by the following legislation:

- Communication from the European Commission Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak 2020/C 91 I/01, as amended (20/03/2020), regulating the provision of aid to businesses through financing instruments similar to the BAF;
- EC Decision No C(2020) 3534 (final) of 26 May 2020 "State aid SA.57008 (2020/N) – Lithuania COVID-19: Business Aid Fund", according to which the establishment and operation of the BAF are compatible with the EU internal market, a reference document of VIVA and the BAF;
- 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 the Approval of the Operational Description of the Measure "Business Aid Fund": the approval of the Operational Description defines the objectives and operational principles of the BAF as well as describes the potential beneficiaries of the financing, the forms of financing, and their essential conditions;

- Law of the Republic of Lithuania on National Development Bodies, Resolution No. 1046 of the Government of the RL of 17 October 2018 “On the Assignment to Operate as a National Development Body”;
- Law No IX-1804 of the Republic of Lithuania on Partnerships;
- Law No VIII-1835 of the Republic of Lithuania on Companies.

***The Annual Report was drafted in accordance with the requirements and recommendations of the following legislation:***

- Resolution No. 665 of the Government of the RL of 6 June 2012 “On the Approval of the Description of the Procedure for the Implementation of the State’s Property and Non-property Rights in State-owned Enterprises”;
- The Description of the Transparency Guidelines for the Activities of State-owned Enterprises (the “Transparency Guidelines”) approved by Resolution No. 284 of the Government of the RL of 27 March 2019;
- Law of the RL on Financial Reporting by Undertakings;
- The Corporate Governance Code for the Companies Listed on NASDAQ Vilnius and in accordance with international and national corporate governance principles, recommendations of the OECD and the Baltic Institute of Corporate Governance (BICG) for Lithuania on increasing the independence, transparency, and efficiency of state-owned enterprises;
- International Financial Reporting Standards.

### **Transparency Guidelines**

In accordance with the Transparency Guidelines, VIVA’s annual financial statements have been drafted in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union, and a set of financial statements for 6 months is being 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 also includes: A description of VIVA’s business model; information on significant events that occurred during the financial year and post-reporting events; the results of the implementation of the objectives set out in VIVA’s strategy; indicators of profitability, liquidity, asset turnover, and debts; the fulfilment of special obligations; implementation of the investment policy as presented for VIVA’s business model, implementation of the risk management policy applied by VIVA and the BAF; implementation of the dividend policy; implementation of the remuneration policy; total annual wage fund, average monthly remuneration by function and/or division.

Relevant information on VIVA’s mission, vision, strategic objectives, financial and other performance, the current number of employees, the annual wage fund, the average monthly remuneration of VIVA’s employees, the board, and the supervisory board, published quarterly in accordance with the Law of the RL on the Right to Obtain Information from State and Municipal Institutions and Agencies, the public procurements and investments completed, underway, and planned during the financial year, are published on the VIVA website at [www.viva.lt](http://www.viva.lt) and in annual reports, as well as provided on a quarterly basis to the shareholder, the Ministry of Finance of the RL, in fulfilment of the obligations set out in the Letter of Expectation.

# STRATEGY AND ITS IMPLEMENTATION

In 2020, just after the start of its operations, VIVA prepared a strategic action plan for 2021-2023 in accordance with Resolution No. 665 of the Government of the RL “On the Approval of the Description of the Procedure for the Implementation of the State’s Property and Non-property Rights in State-owned Enterprises” (the “Ownership Guidelines”), the Description of the Transparency Guidelines for the Activities of State-owned Enterprises (the “Transparency Guidelines”) approved by Resolution No. 284 of the Government of the RL, as well as the Corporate Governance Code for the Companies Listed on NASDAQ Vilnius. The international and national principles of corporate governance, the recommendations of the OECD and the Baltic Institute of Corporate Governance (BICG) for 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) of the Organisation of Economic Co-operation and Development were also taken into account.

Later, VIVA’s Strategic Action Plan was reviewed and updated annually for the periods from 2022 to 2025, also taking into account the provisions of the Letter of Expectations of the Ministry of Finance of the Republic of Lithuania, which was received in 2021<sup>5</sup>.

On 26 January 2022, the Government of the RL approved the consolidation of the national development bodies 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 Private Limited Company “Investicijų ir verslo garantijos”, with the Ministry of Finance of the Republic of Lithuania exercising the state’s property and non-property rights and obligations as a shareholder of the consolidated national development body.

On 13 April 2022, the Government according to a resolution approved the consolidation model of national development bodies (NDB) by designating UAB “Investicijų ir verslo garantijos” (INVEGA) as the parent company and “Viešųjų investicijų plėtros agentūra” (VIPA), UAB “Valstybės investicijų valdymo agentūra” (VIVA), and UAB “Žemės ūkio paskolų garantijų fondas” (ŽŪPGF) as its subsidiaries. All shares in UAB “Valstybės investicinis kapitalas” have been transferred to the Ministry of Finance of the Republic of Lithuania for management, use, and disposal on a trust basis.

In addition to the consolidation process, the Government approved, by a protocol resolution, a roadmap for the next steps, which includes the following key stages: the development of a unified strategy and model, the formation of the governing bodies, the strengthening of the capital, and the post-consolidation steps.

The consolidation of the above-mentioned institutions aims to build on the strengths, competences and experience of the existing NBDs by bringing them together in one place and raising them to a new qualitative level. The consolidated NDB will complement the market where gaps in market funding have been identified. The new financial institution will act as a bridge between the strategic objectives of the sectoral ministries and the existing and future sources of finance for investment. It will contribute to increased financing of the economy, capital market development, and growth of sustainable

<sup>5</sup> <https://viva.lt/wp-content/uploads/2021/10/VIVA-lukesciu-rastas.pdf>

investments. The new NDB will be a strong financial instrument of the state and at the same time a reliable partner for business, providing one-stop-shop solutions for business.

In order to ensure the continuity of the financial instruments currently being implemented, the consolidation of the NDBs will continue the activities and functions of all the companies involved in the consolidation in relation to the funds, financial and other instruments implemented and managed by them. In order to ensure the smooth formation of new financial instruments, the existing model of financial instruments will be applied until possible changes to the model are clarified.

In 2022, the Ministry of Finance of the RL implemented the first phase of consolidation of the Lithuanian National Development Bodies (NDB). On 19 October 2022, a group of four NDBs—UAB “Investicijų ir verslo garantijos” (INVEGA), UAB “Viešųjų investicijų plėtros agentūra” (VIPA), UAB “Valstybės investicijų valdymo agentūra” (VIVA), and UAB “Žemės ūkio paskolų garantijų fondas” (ŽŪPGF)—was formed, with INVEGA as the parent company, and the other companies as its subsidiary companies. This decision, which will result in a single national incentive finance institution operating in Lithuania, was taken at a Government meeting on 19 October 2022.

On 2 January 2023, the Ministry of Finance of the RL signed an agreement with INVEGA under which INVEGA becomes a shareholder of UAB “Viešųjų investicijų plėtros agentūra” (VIPA), UAB “Valstybės investicijų valdymo agentūra” (VIVA), and UAB “Žemės ūkio paskolų garantijų fondas” (ŽŪPGF).

According to the amendment to resolution No. 1046 “On the Assignment to Operate as a National Development Body” of 15 February 2023, the activities of the NDB are entrusted to the parent company INVEGA, the delegation of the activities of the NDB to its subsidiaries—VIPA, VIVA, and ŽŪPGF—is removed, and the conditions for a transition period, ensuring the continuity of the financial instruments and the possibility to launch new financial instruments, are established.

The objectives of the NDB are to be active in the financial market, to invest successfully in financially viable projects, to promote the long-term financing of financially viable projects from a variety of funding sources, to contribute to the creation of a sound investment environment, and to promote the economic, social, and regional development of the state.

At the time of the preparation of the Strategic Action Plan 2023-2025, further consolidation decisions and deadlines for the continuation of VIVA’s activities had not yet been approved. Therefore, the Strategic Action Plan has been prepared on the assumption that VIVA and the BAF it manages will continue operating as normal.

In 2022, VIVA’s functions were primarily focused on the implementation of incentive finance measures through the management of the BAF fund, which aims to help medium-sized and large Lithuanian companies facing the challenges of COVID-19 and to prepare for the recovery period after the COVID-19 pandemic. As part of the integration into the activities of the single NDB, VIVA may also perform additional functions closely related to its main objectives, i.e. finance and/or promote sustainable development in areas where financing is insufficient under market conditions; implement and/or administer financial, state aid, and other measures<sup>6</sup> with the aim of achieving profitable activities, but not maximising the company’s profit.

*After the end of the BAF investment period on 1 July 2022, VIVA’s core activities consist of monitoring the portfolio formed and increasing the selection of products available on the secondary market.*

VIVA’s guiding principle is to preserve the businesses affected by COVID-19 and to address the problem of market underfunding without distorting the existing market. This means that VIVA seeks to enter into financing transactions in which market players do not participate due to more conservative financing or investment policy constraints, the underdevelopment of certain segments of the investment market or

<sup>6</sup> As defined in Article 2(4) of Regulation (EU) 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 Hub and the European Investment Project Portal and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013 on the European Fund for Strategic Investments (OJ 2015 L 169, p. 1).

for other reasons. In addition to this core market function, the task is to contribute to the development of the capital market by increasing the number of issuers of debt securities and other securities, increasing the liquidity of the capital market and increasing the availability of securities to a broad range of investors.

The year 2022 was marked by the COVID-19 pandemic, Russia's military aggression in Eastern Europe, and rising inflation, leading to tighter monetary policy by central banks. These factors have led to sudden and unpredictable changes unfavourable for most industries and have shaken the world economy.

In addition to these investment activities, in 2022, proposals for new incentive financial instruments were also being considered and developed, and active involvement in shaping the financial market took place.

VIVA reviews the approved strategy annually and adjusts the strategy as necessary, taking into account changes in internal and external circumstances, performance, and relevance of the identified factors. In 2021, when reviewing the strategy for the period from 2022 to 2024, the VIVA Supervisory Board approved the updated mission and vision as well as the core values. The strategic directions remained the same and the strategic objectives were complemented. In 2022, there were no major changes to the strategy; the performance indicators were expanded and the objectives were updated.

VIVA's vision is not so much focused on the transaction and the financing of a specific business, but on the wider impact of the transaction on value chain actors and other affected parties with negative social impacts. The compliance of the business seeking financing with this criterion is used as one aspect in the assessment of potential transactions and in financing decisions.

- The strategic planning, approval, monitoring and evaluation of VIVA's activities are carried out in accordance with the procedures approved by the decision of the VIVA Board of 16/04/2021 (Minutes No VV-2021-15).
- VIVA's financial forecasts and operational objectives are set out in a Strategic Action Plan (SAP). In January 2023, a version of the SAP for 2023-2025 was submitted to VKC, which scored a maximum of 10.
- In 2022, the objectives of the Company, the Board, and the CEO were the same.

Mission	Vision
By providing finance to businesses, we activate the financial and capital markets and stimulate economic growth.	An active participant in the financial and capital markets, mobilising and professionally managing investments for business, promoting their efficiency and economic sustainability.
Values	
<p data-bbox="282 590 448 619"><b>Partnerships</b></p> <p data-bbox="258 653 1406 768">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 respective experts and offer long-term solutions to grow the business and stimulate the financial and capital markets.</p> <p data-bbox="282 810 456 840"><b>Sustainability</b></p> <p data-bbox="258 873 1406 989">We respect the uniqueness of each person, are tolerant, and encourage the development of personalities. We are committed not only to meeting the financial expectations of business, investors, and the state, but also to contributing to the country's sustainable well-being and becoming a strong pillar for a more sustainable national economy.</p> <p data-bbox="282 1031 467 1060"><b>Responsibility</b></p> <p data-bbox="258 1094 1406 1209">We manage the resources entrusted to us responsibly, efficiently, and transparently. We use our knowledge and professional experience to focus on risk management. We follow market best practice to implement an accountable management model and continuously improve our business processes.</p>	

**TABLE 2. VIVA'S MISSION, VISION, VALUES**

The main **objective of VIVA's activities**, as set out in the Company's Articles of Association, 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 increasing the liquidity of medium-sized and large enterprises and their financing options, following the declaration of a nationwide state emergency by the Government of the Republic of Lithuania due to COVID-19; to pursue a profitable activity, but not to maximise the Company's profits.

This high-level objective is being implemented in **3 strategic directions**:

The strategic direction for **A POSITIVE IMPACT ON THE LITHUANIAN ECONOMY**: focusing not only on the specific financing transaction and business parameters, but also on the impact of the business receiving the financing on the wider economy. Businesses whose preservation will have a greater impact on job retention or tax revenues are prioritised during decision-making and implementation of this objective. Priority for investment will be given to businesses with significant innovation and investment in greening and digitisation.

**THE SUSTAINABILITY OF ACTIVITIES DIRECTION** means that VIVA's activities must be breakeven and the quality parameters of the portfolio managed by the fund must be sustainable. The Agency's

long-term functioning and high-quality strategic management will be ensured according to the good governance principle and through a process of close cooperation with the supervisory board and the board. In addition, the diversity and equality of the workforce will be ensured and a tolerant culture of cooperation will be fostered. Initiatives that contribute to positive socio-economic and environmental change will be promoted both within the company and with customers or stakeholders.

**THE POSITIVE IMPACT ON THE FORMATION OF THE LITHUANIAN CAPITAL MARKET** is an additional strategic direction towards bonds, hybrid instruments and, eventually, equity transactions, with loans as a complementary instrument. VIVA will aim to distribute directly purchased issues of securities on the secondary market and attract new investors to the market, as well as to contribute to the capital market formation process in an advisory capacity.

VIVA's strategic directions are based on an analysis of the internal and external environment, which helps to focus the company's activities on its strengths and opportunities.

The first direction (positive impact on the Lithuanian economy) reflects VIVA's mission (by providing financing to business, we activate the financial and capital markets and promote economic growth), while the second direction (sustainability of VIVA's activities) and the third direction (positive impact on the formation of the Lithuanian capital market) reflect VIVA's vision (an active participant in the financial and capital markets that mobilises investments for business, manages them in a professional manner, and promotes their efficiency and economic sustainability).

VIVA's objective, according to its articles of association and operating principles, is not profit maximisation. VIVA focuses its activities on creating a positive impact on the Lithuanian economy, developing sustainable operations, and positively influencing the formation of the country's capital market.

**TABLE 3. VIVA'S FRAMEWORK OF OBJECTIVES**

	Objective	Indicator	Comment
Positive impact on the Lithuanian economy	Raising investment funds	Amount raised to finance VIVA-managed instruments, EUR million	Amount of investments raised by VIVA during the reporting year, EUR million
	Filling the funding gap for large and medium-sized enterprises	Amount committed to invest under the contracts concluded, EUR million	Amount of funding commitments made by VIVA during the reporting year, EUR million
		Amount of capital invested, EUR million	Total amount of funding actually disbursed by VIVA to applicants during the reporting year, EUR million
		Assets under management (balance), EUR million	Carrying amount of assets held by VIVA at the end of the reporting year, EUR million
		Co-funded transactions, EUR million	Amount of co-funded transactions concluded by VIVA during the reporting year, EUR million

	Objective	Indicator	Comment
		Crowdfunding transactions, private finance matching, multiplier	Ratio between the amount of crowdfunding transactions concluded by VIVA during the reporting year and private finance matching
	Positive socio-economic impact	Jobs retained and/or created, pcs	Sum of the number of employees of enterprises receiving investment during the reporting year at the date of the contract
Sustainability of VIVA's activities	Positive return for BAF investors	BAF's net profit divided by BAF's average assets for the current year based on audited accounts (ROA)	BAF's net profit for the reporting year divided by the quarterly average of BAF assets
	Efficient and sustainable governance	VKC / SIPA Governance Index	Value of the Good Governance Index of SOEs awarded by the VCC to VIVA in the reporting year
		VIVA employee satisfaction, %	Value of the VIVA employee job satisfaction score for the reporting year, %
		Overall compliance with the plan for risk indicator values, %	At the end of the reporting year, the average exceedance of the tolerable limits for the risks included in the risk register was deducted from 100%
	Positive returns for VIVA shareholders	Return on equity (ROE), %	Ratio between net profit and equity for the reporting year, %
	Encouraging customers to reduce pollution, make the industry greener, use and produce renewable energy sources	Proportion of clients with approved sustainability policies, ESG targets or CO <sub>2</sub> emissions measurement, %	Number of clients with approved sustainability policies, ESG targets or CO <sub>2</sub> emissions measurement in the reporting year divided by the total number of financial instrument clients managed by VIVA, excluding BAF clients, %
Positive impact on Lithuanian capital market formation	Promoting corporate financing solutions through capital market instruments	Financing provided through capital market instruments as a share of total financing provided, %	Financing provided through capital market instruments during the reporting year as a share of total financing provided, %

	Objective	Indicator	Comment
	Realisation (exits) of the Fund's investments on the capital market	Executed bond or share transfers on the capital market as a share of investments under management, %	Amount of bond or share transfers executed on the capital market during the reporting year as a share of the size of investments under management, %

TABLE 4. MEETING VIVA'S STRATEGIC OBJECTIVES AND PERFORMANCE INDICATORS FOR 2022

Strategic directions	Strategic objectives	Indicator	Weight, %	Plan for 2022	Result of 2022	Meeting objectives	Is it set out in the Letter of Expectations
1. Positive impact on the Lithuanian economy	1.1. Raising investment funds	Amount raised to finance VIVA-managed instruments, EUR million	2%	115	50	43%	yes
	1.2 Filling the funding gap for large and medium-sized enterprises	Amount committed to invest under the contracts concluded, EUR million	15%	75	67.68	90%	yes
		Amount of capital invested, EUR million	15%	139	79.29	57%	
		Assets under management (balance), EUR million	9%	250	181	72%	
		Co-funded transactions, EUR million	2%	30	39.7	100%	
		Co-funded transactions, private finance matching, multiplier	2%	1:3	69%	92%	
	1.3 Positive socio-economic impact	Jobs retained and/or created, pcs	5%	1,250	3,759	100%	yes
2. Sustainability of VIVA's activities	2.1 Positive return for BAF investors	BAF's net profit divided by BAF's average assets for the current year based on audited accounts (ROA), %	7%	> fixed hurdle rate return <sup>7</sup>	3.46%	100%	
	2.2 Efficient and sustainable governance	VKC / SIPA Governance Index	7%	A	A+	100%	yes
		VIVA employee satisfaction, %	7%	70% or equivalent	82%	100%	
		Overall compliance with the plan for risk indicator values, %	7%	≥90%	96%	100%	yes
	2.3. Positive returns for VIVA shareholders	Return on equity (ROE), %	7%	≥0%	22%	100%	yes
	2.4. Encouraging customers to reduce pollution, make the industry greener, use and produce renewable energy sources	Proportion of clients with approved sustainability policies, ESG targets or CO <sub>2</sub> emissions measurements, % (only for new instrument transactions, excluding BAF)	5%	15%	N/A	not applicable - only relevant for the new instrument	
3. Positive impact on Lithuanian capital market formation	3.1 Promoting corporate financing solutions with capital market instruments	Financing provided with capital market instruments as a share of total financing provided, %	5%	60%	91%	100%	
	3.2. Realisation (exits) of the Fund's investments on the capital market	Executed bond or share transfers on the capital market as a share of investments under management, %	5%	5%	0%	0%	

<sup>7</sup> According to the minimum profit margin corresponding to the ICE BOFA BB Euro High Yield Index (HE10) according to the dates of investment in the fund, as provided for in order No. 4-837/1K-319 of 30 September 2020 "On the Approval of the Operational Description of the Measure "Business Aid Fund" (the "Operational Description") of the Minister of Economy and Innovation of the Republic of Lithuania and of the Minister of Finance of the Republic of Lithuania

VIVA's strategic objectives and financial projections for 2022 have been developed with the expectation that an additional financial instrument will be approved and put into operation during the current year.

VIVA has taken a proactive approach and initiated the creation of the following new financial instruments:

- (i) Promotion of investment for a sustainable recovery (under the COVID-19 Communication);
- (ii) Liquidity loans for working capital and investments (in line with the Military Communication).

Both measures were proposed to be implemented through the continuation of the existing activities of VIVA and within the framework of the Business Aid Fund, applying the principles of the fund (ensuring repayment, full pricing of risk and return to the state).

VIVA was not mandated to implement these financial instruments.

In view of the ongoing process of consolidation of NDBs and the abolition<sup>8</sup> of the NDB status of VIVA, the activities of the development of the incentive finance instruments have been fully taken over by INVEGA, which may use subsidiaries to carry out the activities of a national development body.

In terms of the achievement of the Company's strategic objectives and performance indicators (KPIs) for 2022, the Supervisory Board confirmed an 82% achievement rate in February 2023:

## 1. STRATEGIC DIRECTION – POSITIVE IMPACT ON THE LITHUANIAN ECONOMY

**1.1. Raising investment funds** – this objective was not fully met. *With less demand for financing (and fewer companies affected by COVID-19) than planned, a lower amount of financing was made available and fewer investments were mobilised from the SIC.* In order to optimise the management of the BAF's available funds, the additional investment financing needs are determined in advance on the basis of the next month's planned disbursements under the existing and planned financing contracts and the actual needs of the beneficiaries, respectively; then, they are called from the limited partner's SIC in the context of the corresponding planning of its public offering of bonds with a state guarantee. In 2022, a total of EUR 50 million was additionally raised by the SIC and EUR 25 million of 3-year bonds and EUR 25 million of 5-year bonds with a state guarantee were issued. The entire EUR 400 million bond programme was rated "A" by the international credit rating agency Fitch Ratings, which has been confirmed for 2022 following a rating review.

**1.2. Filling the funding gap for large and medium-sized enterprises** – this objective, both in terms of the amount of funding contracts signed and the funding actually transferred, is achieved by assessing the actual funding needs of the beneficiaries who have applied. The target is being met, with the amount of financing contracts signed at the end of the BAF investment period exceeding EUR 222 million. The need for disbursement of bonds and loans is, as usual, slightly later than the signing of contracts. The strategic objectives of leveraging crowdfunding and multiplier by bringing other investors into the transaction were achieved, with the BAF financing of EUR 39.7 million leading to the use of some EUR 88 million of additional external funding for beneficiaries. The main sectors financed were manufacturing 38% and accommodation and food service activities 20%.

**1.3. Positive impact on large and medium-sized businesses, on the industrial sectors affected by COVID-19, and on the national economy** – this objective has been fully met and even

<sup>8</sup> According to the amendment to resolution No. 1046 "On the Assignment to Operate as a National Development Body" of 15 February 2023, the activities of the NDB are entrusted to the parent company INVEGA, the delegation of the activities of the NDB to its subsidiaries—VIPA, VIVA, and ŽŪPGF—is removed, and the conditions for a transition period, ensuring the continuity of the financial instruments and the possibility to launch new financial instruments, are established.

exceeded. The sum of the number of employees of the enterprises that received investments during the reporting year on the date of the contract was assessed.

## 2. STRATEGIC DIRECTION – Sustainability of VIVA's activities

**2.1. Positive return for BAF investors** – VIVA's planned return to BAF investors, as set out in the Participants Agreement and the Operational Description, based on the Fund's projected performance in terms of income and operating costs, shall be the minimum profit margin calculated by reference to the ICE BOFA BB Euro High Yield Index (HE10) when invested in the Fund. The weighted average value over time of this indicator, as recorded by the market data for this index (2.6%), is compared with the annual return on assets (ROA) of the BAF and monitored for sufficiency under the current terms of the BAF's investment contracts. The return to investors target is more than sufficient, according to the data of 2022.

**2.2. Efficient and sustainable governance** – this objective is set out in the shareholder's Letter of Expectation, the Governance Index has been rated A+ by the Governance Coordination Centre (GCC), and VIVA has received the Governance Leadership Award in the category of Small Enterprises.

Risk indicators are monitored on a monthly basis; 25 monitored risk indicators have been identified; cases of exceeding limits are discussed with risk holders, and action plans are put in place to mitigate the risks. The risk register provides information on the risks relevant to VIVA and the BAF, their assessment, the risk indicators set, the frequency of monitoring, and the limits of the risk indicator values. The fair value loss of non-performing investments in the portfolio is monitored, in %; it corresponds to the acceptable level of credit losses of <10% over the life cycle of the BAF, according to the Letter of Expectation. Successful risk management and monthly tracking ensured that 96% of risk indicators were met.

VIVA's employees are surveyed once a year and compliance with the target of 82% is monitored, according to the results of an employee engagement survey conducted by an independent supplier.

**2.3. Positive returns for VIVA shareholders** – VIVA manages its operating costs efficiently, with optimal staffing levels for its existing processes, so the 22% ROE of 2022 is several times higher than the Shareholder's expectations. The change in the management fee formula after the end of the BAF investment period (as of 1 July), as set out in the BAF's Operational<sup>9</sup> Description and the Participants Agreement, results in a significantly lower management fee. Sixty percent of the 2021 distributable profit (EUR 216 thousand) was returned to the shareholder, the Ministry of Finance of the RL, in the form of dividends in May, after the creation of mandatory reserves.

**2.4. Encouraging customers to reduce pollution, make the industry greener, use and produce renewable energy sources** – this sustainability objective is foreseen for new financial instruments and is not planned in the BAF framework.

## 3. STRATEGIC DIRECTION – Positive impact on Lithuanian capital market formation

**3.1. Promoting corporate financing solutions through capital market instruments** – around 91% of the BAF's investment portfolio consisted of bonds issued by companies, so this objective is considered to have been achieved.

<sup>9</sup> Order No. 4-837/1K-319 "On the Approval of the Operational Description of the Measure "Business Aid Fund" of the Minister of Economy and Innovation of the Republic of Lithuania and of the Minister of Finance of the Republic of Lithuania

**3.2. Realisation (exits) of the Fund's investments on the capital market** – the primary objective at the beginning of the year is to build up a portfolio of BAF investments, with the bonds issued by large and medium-sized enterprises being the basis for the realisation of this objective. With the change in the situation on the capital markets, realisation of the investments—exits—has become simply impossible. The sudden changes in the economy and financial markets have made a breakeven realisation of investments in 2022 impossible. The current yields of the BAF positions, especially given the fixed interest rates and the relatively long duration of the bonds, became unattractive to market participants, making it simply not financially viable to realise the investments.

TABLE 5. VIVA'S TASKS FOR 2022 AND THEIR FUNCTIONAL IMPLEMENTATION

Strategic directions	Strategic objectives	Task	Indicator	Planned value	Actual value	Responsible function
				2022	2022	
<b>1. Positive impact on the Lithuanian economy</b>	1.1. Raising investment funds	U1. Securing funding for managed financial instruments in line with the interest rate range specified in the pricing	ICE BofA BB Euro High Yield Index (HE10) value, %	<2.2%	2.60%	Financial Management Department
		U2. Ensuring sufficient funding for managed financial instruments	Ratio of planned disbursements over the next 30 days to the bank account balance of the financial instrument funds	>1.2	9	Financial Management Department
	1.2 Filling the funding gap for large and medium-sized enterprises	U3. Evaluating preliminary and final applications on time	Proportion of preliminary and final applications evaluated on time, %	>95%	100%	Investment Management Department
		U4. Ensuring a sufficient flow of new funding applications	Average monthly value of new applications received, EUR million	20	35	Investment Management Department
		U5. Regulatory compliance	Number of significant incidents, pcs	<0	0	Department of Law and Administration
	1.3 Positive socio-economic impact	U6. Preventing high concentration of market sectors in the portfolio	Share of the market sector with the largest share of the portfolio, %	40%	27%	Investment Management Department
<b>2. Sustainability of VIVA's activities</b>	2.1 Positive return for BAF investors	U7. Ensuring that the performance of financial instruments managed by VIVA is consistent with the stated credit risk appetite	Share of write-downs and returns on financial instruments managed by VIVA, %	<10%	0%	Investment Management Department
		U8. Management of late payments	Share of payments over 30 days overdue in the portfolio, %	<15%	4%	Investment Management Department
	2.2 Efficient and sustainable governance	U9. Ensuring workforce diversity	Ratio of the number of employees of one sex to the total number of employees, %	<70	50%	Department of Law and Administration
		U10. Ensuring non-discriminatory remuneration	Gender pay gap in average pay, %	<20	32%	CEO
		U11. Ensuring staff interchangeability	Annual staff turnover rate, %	20	9%	CEO
		U12. Preventing interests and corruption risks	Number of incidents, pcs	0	0	Department of Law and Administration

		Task	Indicator	Planned value	Actual value	Responsible function
	2.3. Positive returns for VIVA shareholders	U13. Maintaining the financial stability of VIVA	Ratio of VIVA's current assets to short-term debt	>1.3	15	Financial Management Department
		U14. Managing losses due to human error and other incidents	VIVA's share of losses due to human error in excess of the expected reserve, %	0	0%	Investment Management Department
		2.4. Encouraging customers to reduce pollution, make the industry greener, use and produce renewable energy sources	U15. Collection quarterly information from customers on the fulfilment of contractual conditions on time	Share of clients more than 15 days late in submitting financial statements and confirmation of compliance with financial and other conditions	15%	11%
<b>3. Positive impact on Lithuanian capital market formation</b>	3.1 Promoting corporate financing solutions through capital market instruments	U16. Formulating and implementing a development strategy	Implementation of the VIVA development strategy, %	70%	N/A	Development Manager
		U17. Increasing the number of financial instruments managed by VIVA	Annual growth of financial instruments managed by VIVA, pcs	.+1	0	Development Manager
		U18. Increasing the selection of products available on the secondary market	Completed transactions in bond or share transfers on the capital market, pcs	2	0	Investment Management Department
	3.2 Realisation (exits) of the Fund's investments on the capital market	U19. Ensuring a sufficient proportion of transferable transactions in the BAF portfolio	Share of transferable transactions in the portfolio, %	50%	91%	Investment Management Department

# HIGHLIGHTS OF 2022

The year 2022 was the second full year of operation for UAB “Valstybės investicijų valdymo agentūra”. Below are some of the highlights of the team’s achievements and the year’s major events:

## JANUARY

- ✓ VIVA’s Strategic Action Plan 2022-2024 was approved.
- ✓ The action plan of VIVA’s Board for 2022 was approved.
- ✓ On 26 January 2022, the Government of the RL approved the consolidation of the national development bodies 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 Private Limited Company “Investicijų ir verslo garantijos”, with the Ministry of Finance of the Republic of Lithuania exercising the state’s property and non-property rights and obligations as a shareholder of the consolidated national development body.
- ✓ VIVA signed financing agreements with UAB Ride Share, which provides the electric car sharing service Spark. The company, which manages a fleet of exclusively electric vehicles, will receive funding through the redemption of EUR 3.6 million worth of bonds and a loan of almost EUR 1.8 million.
- ✓ UAB Biseris and VIVA, which manages the Business Aid Fund, have agreed on a loan comprising EUR 600,000. The company, which has almost three decades of experience in providing road safety infrastructure services, has been granted financing for a period of 6 years.
- ✓ VIVA reached an agreement with the European Investment Bank on a European Guarantee Fund (EGF) guarantee to finance medium-sized and large Lithuanian enterprises. The funding will be provided in the form of a linked risk-sharing guarantee. The EGF guarantees can be used to provide up to EUR 50 million of business loans and bond redemptions, as needed, to help large and medium-sized enterprises while creating value for small businesses.
- ✓ VIVA’s services for business were presented at the GreenTech Vilnius business forum.

## FEBRUARY

- ✓ The action plan of the VIVA Supervisory Board for 2022 was approved.
- ✓ VIVA’s services for business and the importance of incentive investment were presented at the conference “Lietuvos Verslo Forumas” (Lithuanian Business Forum).

## MARCH

- ✓ On 1 March, UAB “Valstybės investicinis kapitalas” issued 3-year bonds worth EUR 25 million with a state guarantee.
- ✓ VIVA signed a financing agreement with organic food producer AUGA group and its subsidiaries. Under the agreement, the Fund will provide more than EUR 7 million in financing.

- ✓ VIVA's staff remuneration policy was approved.

## APRIL

- ✓ The Government approved the consolidation model of national development bodies (NDBs) by designating UAB "Investicijų ir verslo garantijos" (INVEGA) as the parent company and "Viešųjų investicijų plėtros agentūra" (VIPA), UAB "Valstybės investicijų valdymo agentūra" (VIVA), and UAB "Žemės ūkio paskolų garantijų fondas" (ŽŪPGF) as its subsidiaries. The Government also instructed the Ministry of Finance to represent the state as a shareholder in the consolidated NDB. The Ministry of Finance of the RL became a shareholder of UAB "Valstybės investicinis kapitalas".
- ✓ VIVA has signed an agreement to provide financing to "Kauno baldai", an upholstered furniture manufacturing company of SBA Group. According to the signed agreement, the Fund will redeem the company's bonds worth EUR 23 million in stages. The financing will be used to complete the conversion project of "Kauno baldai" buildings.
- ✓ A new independent member, Tomas Tumėnas, joined the VIVA board. The members of the VIVA board also serve as members of the investment committee and take all financing decisions.
- ✓ VIVA provided financing to Coffee Address, the largest coffee and coffee maker rental company in the Baltic States. The financing will be provided through the redemption of EUR 3 million of bonds.

## MAY

- ✓ VIVA decided to grant EUR 450,000 to "Šviežia stotelė", a company operating the 12eat self-service grocery chain.
- ✓ VIVA decided to provide an additional EUR 2 million in funding to "Montuotojas", one of the largest companies offering engineering solutions, industrial equipment manufacturing and construction. Under the signed agreement, the Fund will redeem EUR 2 million of the company's bonds.
- ✓ A new independent member of the Supervisory Board of VIVA, which manages the Business Aid Fund, was appointed by order of the Minister of Finance of the RL. Skirmantas Miliauskas, Fund Manager of UAB Orion Asset Management, has taken up the position of a member of the Supervisory Board of VIVA.
- ✓ VIVA paid dividends comprising EUR 216,000 to the shareholder (the Ministry of Finance of the RL) for 2021.

## JUNE

- ✓ VIVA decided to grant a loan of EUR 1 million to LT Technologies, a domestic metal technology company. The financing will be granted for six years.
- ✓ VIVA decided to invest EUR 1.5 million in Workland, a provider of full-service office and co-working space rental solutions.
- ✓ The Business Aid Fund approved funding of EUR 5.2 million for "Laisvės investicijos".
- ✓ VIVA approved financing of EUR 10 million for UAB AD Baltic, one of the largest wholesale car parts dealers in the Baltic States.
- ✓ VIVA signed a financing agreement worth EUR 5 million with cargoGO, a logistics services group.

- ✓ VIVA decided to provide an additional EUR 5 million in financing to UAB Montuotojas, one of the largest companies offering engineering solutions, industrial equipment manufacturing and construction.
- ✓ VIVA signed a financing agreement worth EUR 2 million with “Energijos taupymo centras” (Energy Saving Centre), a provider of engineering solutions for industrial and heat production companies.
- ✓ VIVA signed a financing agreement of EUR 554.4 thousand with UAB IOCO Packaging, a manufacturer of flexible packaging. The company will have to repay the loan in just over four years.
- ✓ VIVA signed a financing agreement of EUR 700,000 with UAB Tobis, a wholesale trader of automotive consumables and manufacturer of automotive fluids. The loan is to be repaid over six years.
- ✓ VIVA decided to grant a loan of EUR 300,000 to “Pažinimo medis”, a company providing education and training services.
- ✓ VIVA approved a loan of EUR 0.5 million to Altechna R&D, a laser micro-machining solutions company that owns the Workshop of Photonics brand. The loan will be granted to the company for a period of four years, based on an agreement signed during the Fund’s investment period.
- ✓ UAB “Valstybės investicinis kapitalas” (SIC) successfully placed a 5-year inaugural issue of EUR 25 million of state-guaranteed bonds. The international credit rating agency Fitch Ratings rated the entire EUR 400 million bond programme “A”.
- ✓ The investment period of the Business Aid Fund ended on 30 June. The Fund continued to honour all its funding commitments, but was unable to enter into new business finance contracts after the end of the investment period.

## JULY

- ✓ The VIVA team and board participated in team building, leadership, and cooperation strengthening activities.
- ✓ VIVA staff received emotional resilience training.

## AUGUST

- ✓ VIVA specialists participated in anti-money laundering training and in the training of the Latvian Private Equity and Venture Capital Association.

## SEPTEMBER

- ✓ On 29 September, the Public Investment Management Agency (VIVA) was recognised as a governance leader in the category of Small State-Owned Enterprises (SOEs). The Governance Coordination Centre (GCC) awarded VIVA the highest governance rating of “A+”. The agency, which had been in operation for only a couple of years, was already rated “A” last year and was among the top three best state-owned enterprises in its category.
- ✓ VIVA initiated and organised, in cooperation with its partners, an exclusive client event “Capital Market Opportunities for VIVA Clients”.
- ✓ VIVA staff participated in a sustainability forum.

- ✓ The international credit rating agency Fitch Ratings affirmed the A credit rating of UAB “Valstybės investicinis kapitalas” following its annual review of the credit rating of its bond programme.

## OCTOBER

- ✓ The Ministry of Finance implemented the first phase of consolidation of the Lithuanian national development bodies (NDBs). On 19 October 2022, a group of four NDBs—UAB “Investicijų ir verslo garantijos” (INVEGA), UAB “Viešųjų investicijų plėtros agentūra” (VIPA), UAB “Valstybės investicijų valdymo agentūra” (VIVA), and UAB “Žemės ūkio paskolų garantijų fondas” (ŽŪPGF)—was formed, with INVEGA as the parent company, and the other companies as its subsidiary companies. This decision, which will result in a single national incentive finance institution in Lithuania, was taken at a meeting of the Government of the RL.
- ✓ VIVA’s board approved a remuneration policy for staff.
- ✓ VIVA staff participated in transparency and anti-corruption risk management training as well as FLOW typology and sustainability training.
- ✓ VIVA staff received further training and participated in training in structuring funding.

## NOVEMBER

- ✓ The VIVA team updated the risk assessment register.

## DECEMBER

- ✓ The action plan of VIVA’s Board for 2023 was approved.
- ✓ VIVA’s Strategic Action Plan 2023-2025 was approved.
- ✓ VIVA’s budget for 2023-2025 was approved.

We finished 2022 as the largest debt fund in the Baltic States. As the pandemic receded, Lithuanian companies adapted to the changed conditions, and the Business Aid Fund managed by VIVA ended its active investment period in the middle of the year. At the end of the year, the Agency started a new phase: merging into one national development body.

**FIGURES OF THE YEAR.** EUR 225 million was the value of the Fund’s signed transactions. By the end of the Fund’s investment, we had signed financing agreements with 42 clients, including a number of business leaders and value-adding companies.

**IMPACT OF THE YEAR.** The Fund’s client companies employ almost 11,000 people and pay more than EUR 72 million in taxes to the state each year. During the investment period, the Fund contributed up to 2% to the corporate finance market, and bonds redeemed represented up to 10% of the Lithuanian corporate debt market.

**ACHIEVEMENTS OF THE YEAR.** Half of the Fund’s financing was used to strengthen the working capital of companies, and the other half was used to ensure the continuity of investments. The funding provided a pillar for the hardest-hit accommodation sector and a boost for the most investment-intensive sector, manufacturing.

**AWARD OF THE YEAR.** VIVA 2022 was recognised as the best-managed small SOE in Lithuania.

**TEAM OF THE YEAR.** Exceeding the engagement rates of the country’s top employers, this year we measured a VIVA employee engagement rate of over 82%.

# GOVERNANCE STRUCTURE, MANAGEMENT AND SUPERVISORY BODIES OF THE COMPANY

## VIVA'S GOVERNING BODIES:

- The general meeting of shareholders;
- The supervisory board – the collegial supervisory body of the Company, whose functions are exercised by the shareholder of VIVA (UAB “Investicijų ir verslo garantijos”) as of 10 March 2023;
- The board – the collegial management body of the Company;
- The director of the Company—the CEO—is the Company’s sole governing body.

## THE SHAREHOLDERS' MEETING

In addition to the powers set out in the Law on Companies, the shareholders' meeting also approves the following:

- Signing, amending and terminating the Fund’s establishing, operating and participation agreements;
- The Company becoming a founder or participant of other legal entities (except associations);
- Establishing and closing of branches and representative offices of the Company.

## THE SUPERVISORY BOARD

On 3 March 2023, the shareholder of the Company (UAB “Investicijų ir verslo garantijos”) adopted decision No 28.5.1-7, which approved amendments to the articles of association of the Company (a collegial body of the Company, the Supervisory Board, was abolished). On 10 March 2023, the changes to the Company’s articles of association were registered in SE Centre of Registers; VIVA’s supervisory board, which had been operating since 17 July 2020, stopped its activities.

Prior to this amendment, VIVA’s supervisory board (the “SB”) consisted of five members elected for a four-year term of office: A representative of the Ministry of Finance of the Republic of Lithuania, a representative of the Bank of Lithuania, and three independent members. The competence of the SB is set out in the Law on Companies and in the Company’s articles of association. In addition to the competences laid down in the Law on Companies, the SB also:

- Lays down the principles of remuneration of the members of the board and the Company’s director as well as the remuneration of the members of the board;
- Considers and approves the nomination of the director of the Company for the post of head of internal audit division or internal auditor in the absence of an internal audit division;
- May perform other functions as defined in the Fund’s contracts.

Documents of VIVA’s supervisory board:

- Articles of association;

- SB's annual action plan;
- Minutes of meetings;
- SB's self-assessment questionnaires;
- Memoranda for meetings of the SB;
- Rules of Procedure of the SB.

**TABLE 6. MEMBERS OF VIVA'S SUPERVISORY BOARD AS AT 31/12/2022**

Name, surname	Workplace, professional experience	Education, qualifications	Start of the term of office
<p>Giedrius Dusevičius,</p> <p>Chairman of the Supervisory Board (from 09/02/2022), independent member</p>	<p>Director of UAB Digital Audio (company code 303123210, address: Aukštoji Str. 12-1, Klaipėda), Chairman of the Board of AB "Klaipėdos nafta" (company code 110648893, address: Burių Str. 19, Klaipėda) (independent member). Head of Development of UAB Inus (company code 303322479; address J. Savickio Str. 4-7, LT-01108 Vilnius) (from 02/03/2015)</p> <p>G. Dusevičius has 18 years of management experience in the financial sector in Lithuania, Latvia, Estonia, and Sweden. He was the head of the leasing company Hansa lizingas in Lithuania, chairman of the board of AB Hansabankas (now AB Swedbank), and a member of the Swedbank group management. He has many years of management experience in management boards and supervisory boards of insurance and leasing companies in Lithuania, Latvia, Estonia and Sweden, as well as in business companies in Lithuania.</p>	<p>G. Dusevičius studied at the Faculty of Economics and the Institute of International Relations and Political Science of Vilnius University. He graduated from INSEAD, a management programme (AMP).</p>	<p>17/07/2020-10/03/2023</p>
<p>Aušra Vičkačkienė</p>	<p>Director of the State Asset Management Department of the Ministry of Finance (company code 288601650, address: Lukiškių Str. 2, Vilnius) of the RL, member of the supervisory board of AB "Ignitis grupė" (company code 301844044, address: Žvejų Str. 14, Vilnius), member of the group's Audit Committee and member of the Nomination and Remuneration Committee of the same group.</p> <p>A. Vičkačkienė has more than 20 years of experience in the civil service sector, more than 10 years of experience in the</p>	<p>A. Vičkačkienė holds a Master's degree in Management and Business Administration and a Bachelor's degree in Management and Business Administration from Vilnius University.</p>	<p>26/10/2020-10/03/2023</p>

	field of state asset management as well as in financial services regulation and public debt management. She has represented and continues to represent the Ministry of Finance for many years on several boards of state-owned enterprises.		
Algirdas Neciunskas, Director of the Market Infrastructure Department of the Bank of Lithuania (company code 188607684, address: Gediminas Avenue 6, Vilnius)	A. Neciunskas has a wide range of experience in financial markets, from financial market analysis, risk management, and collateral policy making to direct lending and portfolio management for monetary policy purposes. A. Neciunskas gained experience in corporate governance while serving on the boards of the Central Securities Depository of Lithuania 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; he is certified as a Professional Board Member of the Baltic Institute of Corporate Governance.	17/07/2020-28/10/2022
Skirmantas Miliauskas,  independent member	Currently S. Miliauskas is the fund manager of UAB Orion Asset Management (company code 111707985, address Antano Tumėno Str. 4, LT-01109 Vilnius) (from 06/02/2018), the director of UAB Holdco A (company code 305135300, address Lvivo Str. 105A, LT-08104 Vilnius) (from 05/02/2022), a member of the board of UAB Nordrent (company code 304966459, address Oršos Str. 4-102, Vilnius) (from 13/04/2022), a member of MB FINJUSTUS (company code 303055695, address Žirmūnų Str. 56-56, LT-09100 Vilnius) (from 03/05/2013). Prior to that, he held management positions in the Finasta Group, investment management companies Baltcap Management, ŽIA Valda.  S. Miliauskas has more than 25 years of experience in investment banking, fund and asset management. He has been a member of boards and supervisory boards of more than ten different companies.	S. Miliauskas studied at Vilnius University. He received further training in Switzerland, the United Kingdom, and Sweden.	18/05/2022-10/03/2023

Valdas Vitkauskas, an independent member of the SB, who started his term of office on the supervisory board on 17 July 2020, was recalled from the supervisory board of VIVA as of 31 March 2022 according to order No 1K-85 of 9 March 2022 of the Minister of Finance "On the Recall of a

Member of the Supervisory Board of Private Limited Company “Valstybės investicijų valdymo agentūra” (State Investment Management Agency)”.

Algirdas Neciunskas, a member of the SB, who started his term of office on the supervisory board on 17 July 2020, was recalled from the supervisory board of VIVA according to order No 1K-376 of 18 November 2022 of the Minister of Finance “On the Recall of a Member of the Supervisory Board of Private Limited Company “Valstybės investicijų valdymo agentūra” (State Investment Management Agency)”.

The selection of SB members is carried out in accordance with Government Resolution No. 631 of 17 June 2015 "On the Approval of the Description of the Selection of Candidates for the Board of a State-Owned Enterprise or a Municipal Enterprise and of the Candidates for the Collegial Supervisory or Management Body Elected by the General Meeting of Shareholders of a State-Owned Enterprise or a Municipal-Owned Enterprise” and the requirements set out therein, and at least 1/2 of the members of the supervisory board are independent, meeting the criteria of independence and the established general and specific requirements in the areas of finances, strategic planning, the sector of economy the company is operating in, and risk management.

### COMPETENCES OF THE SUPERVISORY BOARD

To ensure the quality of the supervisory board's work during 2022, all the necessary competences have been strengthened, taking into account the scope of the activities of VIVA and the BAF, the responsibilities of the supervisory board, and the decisions taken.

The supervisory board, at its meeting on 4 February 2022, approved the supervisory board's action plan for 2022. On 09/03/2022, the supervisory board discussed the results of the 2021 self-assessment survey and identified key areas for improvement and observations. The main focus of the supervisory board in 2022 was on the following:

1. Planning and self-assessment of the actions of the supervisory board
  - 1.1. Evaluation of the actions of the supervisory board
  - 1.2. Approval of the annual action plan of the supervisory board
  - 1.3. Review of the rules of procedure of the supervisory board
  - 1.4. Discussion of the actions of the supervisory board
2. Planning and control of the Company's actions
  - 2.1. Review and approval of the Company's operational strategy
  - 2.2. Study of the Company's quarterly financial statements
  - 2.3. Control and monitoring of the performance measurement indicators (KPIs) of the Company (the board and the director)
  - 2.4. Assessment of the set of the Company's annual financial statements, draft profit (loss) distribution, and the Company's annual report; provision of suggestions and feedback to the Company's general meeting of shareholders
  - 2.5. Approval of the Company's annual budget
  - 2.6. Study of the quarterly activity report of the Company's internal audit
  - 2.7. Evaluation of the actions of the Company's board
  - 2.8. Study of the board's report on the performance evaluation of the Company's director
  - 2.9. Presentation of quarterly reports on the implementation of the procedures and policies for the prevention of ML/TF

- 2.10. Review and approval of the principles for the remuneration of the members of the board 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 BAF activities
  - 3.1. Study of the BAF's quarterly activity reports (submitted to the PK and to the Limited Partner)
  - 3.2. Study the set of BAF's annual financial statements and the draft profit and loss account
  - 3.3. Approval of the BAF's annual budget
- 4. New directions
  - 4.1. Discussion of new financial instruments

### MEETINGS OF THE SUPERVISORY BOARD AND MATTERS DISCUSSED

The supervisory board organises its activities at the beginning of each year by drawing up an annual board action plan, which sets out the dates of the pre-planned meetings of the supervisory board as well as the main issues to be discussed. In the context of the COVID-19 pandemic, all meetings were held remotely and safely using the MS Teams platform. If necessary, extraordinary meetings of the supervisory board are organised by written procedure for individual urgent issues, where both the material is submitted and discussions are held/questions are asked by email without having to attend the meeting.

Supervisory Board meetings held in 2022	17
Issues discussed	111

In addition, in 2022, two strategic sessions were held for the preparation of the Strategic Action Plan for 2023-2025, separately by the supervisory board and jointly with the board and the company's directors, in accordance with the provisions of the Strategic Planning and Strategic Management Guidelines and the deadlines for preparation, coordination, approval, and submission to the GCC and the shareholder, as set out in the Property Guidelines (Resolution No. 665 of the Government of the RL of 6 June 2012 "On the Approval of the Description of the Procedure for the Implementation of the State's Property and Non-property Rights in State-owned Enterprises").

### ATTENDANCE OF SUPERVISORY BOARD MEMBERS AT MEETINGS IN 2022

Name, Surname of the Member of the Supervisory Board	Attendance Percentage at Meetings where Attendance is due
Giedrius Dusevičius	100
Aušra Vičkačkienė	90
Valdas Vitkauskas	100 (until the end of the term of office)

Skirmantas Miliauskas	100
Algirdas Neciuskas	100 (until the end of the term of office)

### ATTENDANCE OF SUPERVISORY BOARD MEMBERS AT MEETINGS IN 2022

Members of the SB, with their respective competences, met at additional meetings to discuss risk and audit issues in separate working groups. In 2022, six such meetings were held as required according to the issues discussed. Risk is under the responsibility of Giedrius Dusevičius and Algirdas Neciuskas (later replaced by Skirmantas Miliauskas), while audit is under the responsibility of Giedrius Dusevičius and Aušra Vičkačkienė.

### DECLARATION OF PRIVATE INTERESTS OF THE MEMBERS OF THE SUPERVISORY BOARD

In accordance with the Law of the Republic of Lithuania on the Adjustment of Public and Private Interests and the Law of the Republic of Lithuania on the Adjustment of Public and Private Interests in the Civil Service, the members of the supervisory board have declared their private interests in the PINREG system and have submitted their declarations to the Chief Official Ethics Commission (COEC) on time.

### REMUNERATION OF INDEPENDENT MEMBERS OF THE SUPERVISORY BOARD IN 2022

The remuneration for the activity on the Supervisory Board of VIVA until 27/10/2022 was set 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 Private Limited Company “Valstybės investicijų valdymo agentūra” (State Investment Management Agency)”. For their activities as a member of the Supervisory Board, an independent member of the Supervisory Board is paid a remuneration, which consists of:

1. A fixed monthly allowance of EUR 156 (one hundred and fifty-six euros) (before tax). If the membership of the Supervisory Board of the Company does not cover a full month, a proportional fixed monthly share shall be paid;
2. For each meeting of the Company’s supervisory board attended by an independent member of the Company’s supervisory board:
  - 2.1. EUR 315 (three hundred and fifteen euros) (before tax) to an independent member of the Company’s supervisory board, if the member is the chairperson of the Company’s supervisory board;
  - 2.2. EUR 235 (two hundred and thirty-five euro) (before tax) for an independent member of the Company’s supervisory board, if the member is not the chairperson of the Company’s supervisory board.

As of 28 October 2022, following the entry into force of order No 1K-353 of 27 October 2022 of the Minister of Finance of the Republic of Lithuania “On the Amendment of Order No 1K-245 of 17 July 2020 of the Minister of Finance “On the Formation of the Supervisory Board of Private Limited Company “Valstybės investicijų valdymo agentūra” (State Investment Management Agency)”, the members of the supervisory board are paid remuneration consisting of:

- The amount of the monthly remuneration for the independent member of the supervisory board of the Company and the member who is another person selected by the entity initiating the selection,

for acting as a member of the supervisory board of the Company on the supervisory board of the Company: 1/4 of the average monthly remuneration of the director of the Company for 2021 (EUR 2,179.53);

- The amount of the monthly remuneration of a civil servant serving as a member of the supervisory board of the Company for acting as a member of the supervisory board of the Company on the supervisory board of the Company: 1/8 of the average monthly salary of the director of the Company for 2021 (EUR 1,089.76);

- The amount of the monthly remuneration of the chairperson of the Company's supervisory board for acting as a member of the Company's supervisory board: 1/3 of the average monthly salary of the Company's director for 2021 (EUR 2,906.04).

Total amounts (before taxes, EUR) calculated for the members of the Supervisory Board in 2022:

Name, Surname of a Member of the Supervisory Board	Amount (EUR)
Valdas Vitkauskas (independent member of the supervisory board, chairman of the supervisory board until 09/02/2022)	2,433.00
Giedrius Dusevičius (independent member of the supervisory board, chairman of the supervisory board until 10/02/2022)	17,530.96
Skirmantas Miliauskas (independent member of the supervisory board)	11,068.59
Aušra Vičkačkienė (civil servant, member of the supervisory board)	8,718.08
Algirdas Neciunskas (civil servant, member of the supervisory board)	6,486.67

## THE BOARD

The board is composed of five members elected by the supervisory board for a four-year term of office. The members of the board must be independent from the shareholders of the Company, i.e. they cannot be employees or members of the governing bodies of the Company's shareholder or of persons related to it. The competence of the board is laid down in the Law on Companies. In addition to the competences laid down in the Law on Companies, the Board:

- With the approval of the Shareholders' Meeting, decides on the signing, amendment or termination of the Fund's contracts;
- May perform other functions according to the Fund's contracts;
- Acts as the *Fund's investment committee*:
  - ❖ Takes decisions on the Fund's investments, investment switching and realisation;
  - ❖ Considers and approves draft estimates of the Fund's income and expenditure in accordance with the procedures laid down in the Fund's contracts;

- ❖ Sets out the procedures for the Fund's investments, investment management and realisation;
- ❖ Approves the Risk Management Plan, subject to the approval of the supervisory board.

In carrying out the functions of the Fund's investment committee, the board must be guided by the Fund's contracts.

Activity documents of the board:

- The board's annual action plan;
- Annual report on the board's activities;
- Minutes of meetings;
- Self-assessment questionnaire;
- The board's rules of procedure;
- The board's competency matrix.

**TABLE 7. MEMBERS OF VIVA'S BOARD AS AT 31/12/2022**

Name, surname	Workplace, professional experience	Education, qualifications	Start of the term of office
Normantas Marius Dvareckas,  Chairman of the Board	N. M. Dvareckas is an independent member of the board of State Enterprise of Strategic Importance "Valstybinių miškų urėdija" (company code 132340880, Pramonės Ave. 11A-9, Kaunas), the founder and director of M&A consultancy UAB Ad ventum (company code: 302495371, address: Gedimino Ave. 20, Vilnius), and an expert of the Innovation Fund at the European Climate, Infrastructure and Environment Executive Agency in Brussels.  N. M. Dvareckas has extensive corporate governance experience as an independent member of the board of "Klaipėdos valstybinio jūrų uosto direkcija" (Klaipėda State Seaport Authority) and "Oro navigacija" (Air Navigation), both strategic state-owned companies, as well as experience in private equity investment management at the investment company Avestis.	N. M. Dvareckas graduated from the Faculty of Economics of Vilnius University, obtained a Master's degree in Management from the ISM University of Management and Economics, and received training in acquisition and mergers at the London Business School in the United Kingdom.	07/08/2020
Agnė Daukšienė	Currently, she is the head of MB ExpertLab (company code: 306177793, address: Žygio Str. 90-72, LT-08242 Vilnius) (from 17/11/2022) and is a member of the board of UAB Victory Funds (company code: 304411219, address: Lvivo Str. 101, LT-08104 Vilnius) (from 29/11/2021).  In 2022, A. Daukšienė was Head of Strategic Development Department at UAB Ignitis (company code 303383884, address: Žvejų	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

	<p>Str. 14, Vilnius, and 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 limited partnership Smart Energy Fund powered by Ignitis Group (company code 304596351, Antakalnio Str. 17, LT-10312 Vilnius).</p> <p>A. Daukšienė has more than 18 years of experience in asset management, design and development of investment and pension funds, financial intermediation, investment and traditional banking, licensing and management consulting. She has also held senior positions at INVL Asset Management, one of the largest asset management companies in Lithuania, at Finasta, a specialised investment bank, and other supervised companies providing financial and investment services.</p>		
Andrius Sokolovskis	<p>Project manager at UAB Perfect Sunday (company code 306085042, address: A. Goštauto Str. 40B, LT-03163 Vilnius) (from 22/07/2022). Director of UAB "Bendros investicijos" (company code 306078717, address: A. Goštauto Str. 40B, LT-03163 Vilnius)</p> <p>A. Sokolovskis has 17 years of experience in the financial sector and corporate banking. He was responsible for the financing of various projects in the corporate and public sector and infrastructure in the Baltic States and Poland. Starting with 2005, he worked at Nordea Bank Lithuania. Starting with 2016, he worked at the European Investment Bank (EIB), where he held the position of Loan Officer, Banks and Energy Utilities, Baltic Sea and Northern Europe Countries; he was responsible for financing private business, energy, commercial banks and national development banks in the Baltic Sea and Northern Europe region.</p>	A. Sokolovskis graduated in law from Mykolas Romeris University.	07/08/2020
Virginijus Doveika	<p>Chief Executive Officer at UAB SME Bank (company code: 305223469, address: Antano Tumėno Str. 4-15, LT-01109 Vilnius) (from 01/02/2023).</p> <p>Director and shareholder of UAB Laicus (company code: 303271935, address: P. Vileišio Str. 6C-3, LT-10308 Vilnius)</p> <p>Prior to that, V. Doveika was a member of the Management Board of UAB Ambr Payments (company code 305270426, address: Kauno Str. 16-305, Vilnius), a licensed electronic money institution.</p>	V. Doveika holds a Bachelor's degree in Business Management and Administration from Vilnius University and a Master's degree in International Management from BMI. He has received training at IESE Business School (Spain), IMD Business School	07/08/2020

	<p>V. Doveika has worked in the financial sector for more than 18 years. For more than 14 years, he was the head of various business units at SEB Bank: he was a member of the Management Board of SEB Bank, and Head of Retail Banking, Baltics, for three years, where he was responsible for a credit portfolio of more than EUR 10 billion.</p>	<p>(Switzerland), and Wallenberg Institute (Sweden).</p>	
Tomas Tumėnas	<p>Group Chief Financial Officer at CEPD N.V. (Corporation of European Pharmaceutical Distributors N.V.), part of Pelion S.A, the Polish market leader in the retail business segment, managing UAB Gintarinė Vaistinė, UAB Nacionalinė farmacijos grupė, and other pharmacy chains in Poland, Lithuania, and Sweden) (address Strawinskylaan 709, Tower A, Floor 7, 1077XX Amsterdam, The Netherlands), Chairman of the Supervisory Board at Linas Agro Group (company number: 148030011, address: Subačiaus Str. 5, LT-01302 Vilnius), Managing Director at Darius Zubas Holding (company code: 305363909, address: Subačiaus str. 5, LT-01302 Vilnius), and Baltic Fund Investments (company code: 111587183, address: Labdarių Str. 5, LT-01120 Vilnius), Director of UAB "Picukė" (company code: 302557830, address: Subačiaus Str. 5, LT-01302 Vilnius). T. Tumėnas is a member of the supervisory board of the credit union "Saulėgraža" (company code: 302894776, address: Senasis Ukmergės kel. 4, Užubaliai village, LT-14302 Vilnius D.), a member of the boards of the IT specialist academy "Turing College" (company code: 304880444, address: Gediminas Ave. 3A, LT-09303 Vilnius) and the company Darius Zubas Holding" (company code: 305363909, address: Subačiaus str. 5, LT-01302 Vilnius), UAB "Nacionalinės farmacijos grupė" (company code: 300946701, address: Erdvės Str. 51, Ramučiai village, LT-52114 Kaunas D.), and SE Regitra (company code: 110078991, address: Liepkalnio Str. 97, LT-02121 Vilnius).</p> <p>Tomas Tumėnas has 30 years of financial and investment management experience. He has worked for almost 20 years as CFO at Linas Agro Group. In 2016, Tomas Tumėnas was awarded as the best CFO in Lithuania.</p>	<p>T. Tumėnas studied at Vilnius and Manchester Universities.</p>	01/04/2022

Independent members of the board are selected by public tender. The call for applications is published on the VIVA website, on the GCC website, and in other information sources. The selection of independent members of the board is subject to the independence criteria and other criteria set

out in the Description of the Selection of Candidates for the Board of a State-Owned Enterprise or a Municipal Enterprise and of the Candidates for the Collegial Supervisory or Management Body Elected by the General Meeting of Shareholders of a State-Owned Enterprise or a Municipal-Owned Enterprise, as approved by Resolution No. 631 of 17 June 2015 of the Government of the Republic of Lithuania. The supervisory board evaluates the candidates for the membership of the board and selects the most suitable candidates. The supervisory board assesses the candidates for the membership of the board on the basis of the core competences required for the membership of the board. The selection of independent members of the board is normally carried out with the participation and assistance of representatives of a recruitment agency providing executive search or recruitment (selection) services.

VIVA's collegial bodies are formed on the basis of the principle of competences, i.e. a 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 essential criteria to be fulfilled by the members appointed to the VIVA collegial body. 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 membership. These requirements are aimed at ensuring that the member of the collegial body is not affiliated with a governmental institution (the Ministry of Finance of the RL), is not affiliated with the Company itself, is not an auditor of the Company, and is not affiliated with any other independent members of VIVA's collegial body.
- ❖ Specific requirements. These requirements are based on the competency mapping principle, i.e. they are defined according to the specific needs of the company and may vary depending on the competences sought. Typically, the specific requirements cover competences in management, financial management, strategic planning, and the industry in which the Company operates.

In addition to the statutory requirements, members of VIVA's collegial bodies are also subject to the usual expectations found in corporate governance:

- Leadership and decision-making skills in complex situations.
- Management knowledge and experience of working in a senior management team or collegial body.
- Adherence to high ethical standards.
- High levels of engagement.
- Ability to work as part of a team and represent stakeholders.

In the event of the resignation or removal of a board member, a new board member is elected until the end of the term of office of the existing board, in the same manner as the new board.

## BOARD MEETINGS AND ISSUES DISCUSSED

The board organises its activities at the beginning of each year by drawing up an annual plan of the board's activities, including the dates of the pre-planned board meetings and the main issues to be discussed. In the context of the COVID-19 pandemic, all meetings were held remotely and safely

using the MS Teams platform. If necessary, extraordinary board meetings are organised by written procedure for individual urgent issues, with both the material being submitted and discussions/questions being asked by email without attending the meeting.

Board meetings held in 2022	21
Issues discussed	114

The members of the Company's board are also members of the investment committee of the Limited Partnership Business Aid Fund. The additional remuneration for serving as a member of the investment committee is included in the monthly fixed remuneration for serving as at least one member of the board committee. Therefore, the table below shows the number of board meetings and the number of investment committee meetings (or written decisions where voting was carried out by email), i.e. 21 board meetings and 75 investment committee meetings. It is noted that the vast majority of meetings are attended by all members, with written votes being taken when members are unable to attend, which is also considered as attendance.

#### ATTENDANCE OF BOARD MEMBERS AT MEETINGS IN 2022

Name, surname of the board member	Attendance at meetings as a percentage
Normantas Marius Dvareckas	100
Agnė Daukšienė	95
Andrius Sokolovskis	100
Virginijus Doveika	95
Tomas Tumėnas	100

#### MEETINGS AND DECISIONS OF THE INVESTMENT COMMITTEE OF LIMITED PARTNERSHIP BUSINESS AID FUND

Investment committee meetings held in 2022	75
Issues discussed	169
Decisions adopted	135
Including funding decisions adopted	25

#### BOARD PRIORITY ISSUES FOR 2022

1. Planning and evaluation of the board's activities
  - 1.1. Self-assessment of the board's activities
  - 1.2. Approval of the board's annual work plan

- 1.3. Revision of the board's rules of procedure
2. Planning and control of the Company's actions
  - 2.1. Review of the Company's quarterly financial statements
  - 2.2. Control and monitoring of the Company's key performance indicators (KPIs)
  - 2.3. Assessment of the draft annual financial statements and draft profit (loss) distribution as well as approval of the annual report
  - 2.4. Review of the internal audit quarterly activity report
  - 2.5. Approval of the Company's budget
  - 2.6. Strategic planning of the Company (reviewing the SAP and providing feedback to the SB)
  - 2.7. Performance evaluation of the director
  - 2.8. Review of the Company's organisational structure, the list of staff positions, salary ranges of positions, and the number of positions to be filled by competitive recruitment
  - 2.9. Review of the Company's procurement plan
  - 2.10. Approval of the risk plan and review of quarterly reports in accordance with the Risk Policy and the ML/TF prevention procedure
  - 2.11. Discussion of the internal audit plan
3. Planning and control of BAF activities
  - 3.1. Review of quarterly management, budget, and financial statements
  - 3.2. Evaluation and provision of feedback to the SB on the set of annual financial statements, the draft profit (loss) distribution, and the annual report
  - 3.3. Review of performance monitoring reports (including those submitted to the limited partners and the advisory committee)
  - 3.4. Regulations of the investment committee (review)
  - 3.5. Review and approval of procedures and policies governing the activities of the BAF (as required)
  - 3.6. BAF attracting private investors, implementing Open Call
  - 3.7. Review of the BAF's procurement plan
4. Governance of the Company, approval and review of policies and procedures
  - 4.1. Review/approval of the Company's key policies and procedures
  - 4.2. Initiation and adoption of other procedures and policies
5. New directions
  - 5.1. Identification, preparation, joint discussion of new financial instruments (with the SB, or with the founder)

### DECLARATION OF PRIVATE INTERESTS OF BOARD MEMBERS

In accordance with the Law of the Republic of Lithuania on the Adjustment of Public and Private Interests and the Law of the Republic of Lithuania on the Adjustment of Public and Private Interests in the Civil Service, the members of the board have declared their private interests in the PINREG system and have submitted their declarations to the Chief Official Ethics Commission (COEC) on time.

### AREAS OF COMPETENCE OF BOARD MEMBERS

Activity principles of VIVA's collegial bodies are not different from global corporate governance principles (also applied in privately owned companies). These principles include the organisation of the collegial body's work, including practices for assessing its own performance, drawing up annual performance plans, making decisions at the strategic level, ensuring oversight of the company's

activities, maintaining communication with the company's shareholder and the company's director, and periodic reporting.

The application of the principles of corporate governance and the maintenance of proper communication between the institution representing the state (shareholder) and the collegial body are emphasised. For its part, the state maintains communication through periodic meetings with the chairperson of the collegial body and through the Letter of Expectations drawn up for the company. The Letter of Expectations is the most important formalised document defining the state's expectations and setting out the agreed operating principles. The collegial body is required to report periodically to the shareholder, both in terms of presenting business plans and informing about the activities of the collegial body as well as major decisions or events concerning the company. In 2021, VIVA received a Letter of Expectations from its shareholder, the Ministry of Finance of the RL, the implementation of the provisions of which is provided for in the Company's strategic plan and in the organisation of business processes and the setting of annual targets.

To ensure the professional functioning of the board during 2022, the necessary competences of the board members have been assessed, taking into account the scope of the activities of VIVA and the BAF, the responsibilities of the board, and the decisions being taken. Assessed in all areas of competence related to the specific nature of the Company's activities:

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

At its meeting on 7 January 2022, the board evaluated its performance during 2021, set out the areas to be improved, and planned the board's activities for 2022. The meeting reviewed in detail the responses provided by the members of the board on the board's competences, the board's core areas of focus, the board's meetings, the interaction between the board and the Company's supervisory board, the interaction between the board and the Company's director, the performance of the chairperson of the board, and the self-assessment of a board member; it also discussed the questionnaire notes and comments on these issues and on the board's need for improvement, among other matters. The results of the board performance evaluation survey and the competency matrix developed showed that the 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 director. The director of the Company is elected and dismissed by the board in accordance with the procedure set out in the Law on Companies, and the powers of the director are set out in the Law on Companies, the articles of association of VIVA, and the job description. The director acts alone on behalf of the Company. Decisions or actions which, in accordance with applicable law, the articles of association of VIVA or the Fund's agreements, require the approval of the Shareholders' Meeting or the Supervisory Board, are

taken or performed by the Company's director only after obtaining such approval. The director has the right to issue proxies with the approval of the board.

Dainius Vilčinskas was appointed as the CEO of UAB VIVA as of 19 August 2020. D. Vilčinskas has 19 years of experience in the financial sector. He has been the head of various departments of Swedbank for more than 13 years. For the last five years, D. Vilčinskas has been Head of Corporate Banking in three Baltic countries. His department was responsible for a loan portfolio of more than EUR 8 billion and 300,000 business customers. During his time at Swedbank, D. Vilčinskas was a long-standing member of the board of the Lithuanian company and a member of the supervisory board of the Latvian company. In his career in corporate banking, D. Vilčinskas has gained extensive experience in corporate lending, financial analysis, and risk management. He holds a Bachelor's and Master's degree in Business Management from Vilnius Gediminas Technical University. He also graduated from the Baltic Institute of Corporate Governance, having completed the Independent Board Member course.

In accordance with the Law of the Republic of Lithuania on the Adjustment of Public and Private Interests and the Law of the Republic of Lithuania on the Adjustment of Public and Private Interests in the Civil Service, the director has declared private interests in the PINREG system and has submitted declarations to the Chief Official Ethics Commission (COEC) on time.

### PRINCIPLES OF REMUNERATION OF THE BOARD AND THE DIRECTOR

The following are the main **principles of remuneration of the Board and the director** in accordance with the Remuneration Policy for Board Members and the Director approved by the VIVA Supervisory Board. In 2022, the Policy was reviewed and revised in the light of the ongoing NDB consolidation; the concept of Reorganisation was added in accordance with Article 51 of the Labour Code.

The principle governing the determination of monetary remuneration for the management bodies of the Management Company is that the amount of remuneration and the procedure for its payment must:

- 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 close as possible to the current market situation, i.e. competitive with the salary levels offered on the labour market to professionals in the relevant field;
- Allow attracting professionals with high-level expertise, building a team, and retaining it;
- Ensure that the Management Company's governing bodies are fairly compensated for the responsibility, effort, and time spent in carrying out these duties;
- Ensure the independence of the board members of the Management company;
- Be valued and balanced with the emotional rewards, which are linked to the meaningfulness of the company's activities, 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.

The remuneration of the board members and the director of the Management Company is designed to ensure that their remuneration is significantly linked to the successful achievement of the Fund's and the Management Company's strategy and objectives.

VIVA's competent bodies (the supervisory board in the case of the members of the board, and the board in the case of the director) take the relevant decisions on the fixed and variable remuneration of the board members and the director of VIVA, on the board's annual operating budget, and on the board's supplementary expenses intended for ensuring its operation.

### Remuneration Policy of the Director

The monetary remuneration of the director consists of two main components: a fixed remuneration component and a variable remuneration component.

The fixed remuneration component (the "FRC") means the monetary remuneration set out in the contract of employment, paid on a monthly basis, and determined, reviewed and approved by the board of the Management Company. The determination of the FRC takes into account market trends, independent salary survey data or other expert market information.

The variable remuneration component (the "VRC") is set to motivate the director of the Management Company to achieve the best possible annual and overall performance of the Fund by meeting the Fund's and the Management Company's sustainable strategic long-term objectives, and to strike the right balance between creating incentives and achieving sustainable performance.

The maximum VRC available to the director of the Company is equal to 30% of the annual amount of FRC. The Management Company's board determines the annual performance targets of the Management Company's director based on specific indicators and the specific maximum amount of the VRC linked to them.

The annual award of the VRC is based on the achievement of the annual performance targets of the Management Company's director and in accordance with the following VRC award procedure:

- a. Where the overall achievement of the annual targets is <70%, no VRC is awarded;
- b. Where the overall achievement of the annual targets is between 70% and 100%, the VRC comprises from 50% to 90% of the maximum possible amount;
- c. Where the overall achievement of the annual targets is >100%, 100% of the maximum amount available is awarded.

The total value of the achievement of the objectives and the size of the VRC is calculated by adding the product of the achievement of each objective and the weight of the objective, and multiplying by the applicable VRC size. The VRC shall be rounded to the nearest whole number according to mathematical rounding rules.

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

- a. Performance targets must reflect the key and overarching performance objectives of the Fund and the Management Company that have the greatest influence and weight on the implementation of the Fund's and the Management Company's strategy in the relevant specific performance period;
- b. Performance targets must be formulated in such a way that it is clear what the director is expected to achieve and by when;
- c. Performance targets must be measurable and have indicators that allow the maximum objective assessment of their achievement through discussion and evaluation.

The VRC is granted by a decision of the board of the Management Company once a year and is paid out in instalments after the Management Company's annual accounts have been approved by the Management Company's ordinary general meeting of shareholders and made public.

The first payment of the VRC, representing 60% of the total annual portion of the VRC calculated and awarded, is paid to the director of the Management Company within 30 (thirty) calendar days of the date of the decision of the Management Company's board to award the VRC to the director. The second instalment of the VRC, representing 40% of the total calculated annual portion of the VRC, is paid one year after the board of the Management Company has confirmed the sustainability of the performance of the Fund and the Management Company and has taken a decision on the payment of the second instalment of the VRC.

In 2021, VIVA's key strategic objectives were set and implemented for the first time, and related performance indicators were monitored. The decision on the director's variable remuneration component for 2021 was taken in 2022 in line with the approved 86% achievement of the annual targets.

Based on the 73% achievement of the annual targets approved by the supervisory board in 2023, the 2022 VRC for the board and the director was set.

Average monthly salary of the CEO in 2022 according to the employment contract (pre-tax amounts, EUR):

Employees' AASBT (according to paragraph 2 of the Resolution <sup>10</sup> ), EUR	Period for which the following salary data are provided	Fixed part of the monthly salary				Variable remuneration component for 2021, EUR	Reasons for allocating the variable remuneration component	Monthly salary with VRC, EUR
		Established		Increase (in accordance with sub-paragraph 1.2.1 of the Resolution)				
		rate	EUR	percent	EUR			
4,584.79	01/01/2022-31/12/2022	-	8,000.00	-	-	14,860.80 – accrued and paid in 2022 9,907.20 – deferred portion	Remuneration Policy for the Board and the Director <sup>11</sup>	9,238.40

Average monthly salary of the CEO in 2021 according to the employment contract (pre-tax amounts, EUR):

Employees' AASBT (according to paragraph 2 of the resolution <sup>12</sup> ), EUR	Period for which the following salary data are provided	Fixed part of the monthly salary				Bonus (paid in 2021), EUR	Reasons for awarding the bonus	Monthly salary including the bonus, EUR
		Established		Increase (in accordance with sub-paragraph 1.2.1 of the Resolution)				
		rate	EUR	percent	EUR			
4,178.23	01/01/2021-31/12/2021	-	8,000.00	-	-	8,000.00	One-off incentive bonus for 2020 <sup>13</sup>	8666.67

## Remuneration for Members of the Board of the Management Company

<sup>10</sup> In accordance with Resolution No 1341 of 23 August 2002 of the Government of the Republic of Lithuania "On the Salary of the Directors of State-Owned Enterprises"

<sup>11</sup> <https://viva.lt/wp-content/uploads/2023/03/IVA-Valdybos-ir-vadovo-atlygio-politika.pdf>

<sup>12</sup> In accordance with Resolution No 1341 of 23 August 2002 of the Government of the Republic of Lithuania "On the Salary of the Directors of State-Owned Enterprises"

<sup>13</sup> Board decision VV-2021-8 of 11/02/2021 on the evaluation of the director's performance in 2020 and the variable remuneration component for 2020.

Remuneration for activities on the board of the Management Company may be paid only to members of the board who are considered independent and whose payment of remuneration is not prohibited by the legislation in force in the RL, i.e.: independent members whose independence is determined in accordance with the applicable legislation and internal documents and who are not civil servants or employees of a public authority or employees of the Management Company.

The remuneration is paid only for actual service on the board of the Management Company, i.e. no payment is made in the event of resignation, expiration of term of office or removal from office, but a remuneration is paid to a member of the board in proportion to the period of time for which the member has served as a member of the board, if the member resigns, the term of office expires, or the member is removed from office prior to the expiry of the relevant month for which remuneration is payable to the member of the board.

Board members are paid a fixed monthly remuneration for their duties as board members/chairperson, plus additional fixed payments for attendance at committee meetings (the "FMA") and a variable remuneration component (the "VRC").

The FMA payable to the members of the board of the Management Company is determined by the supervisory board of the Management Company. The FMA is determined by taking into account the remuneration of the members of the collegial management bodies in other companies in the sector, the practices of state-owned enterprises, independent salary survey data, market trends, and other expert information.

The maximum possible VRC for a member of the board is equal to 30% of the annual amount of the FMA. The annual performance targets of the Management Company's board based on specific indicators and the specific maximum amount of the VRC linked to them shall be set by the supervisory board of the Management Company.

The annual award of the VRC is based on the achievement of the annual performance targets of the Management Company's director and in accordance with the following VRC award procedure:

- a. Where the overall achievement of the annual targets is <70%, no VRC is awarded;
- b. Where the overall achievement of the annual targets is between 70% and 100%, the VRC comprises from 50% to 90% of the maximum possible amount;
- c. Where the overall achievement of the annual targets is >100%, 100% of the maximum amount available is awarded.

The total value of the achievement of the objectives and the size of the VRC is calculated by adding the product of the achievement of each objective and the weight of the objective, and multiplying by the applicable VRC size. The VRC shall be rounded to the nearest whole number according to 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 director.

The annual share of the VRC is allocated by a decision of the supervisory board of the Management Company once a year and is *accumulated until the end of the board member's single term of office*. The accumulated amount of the VRC is paid out by a decision of the supervisory board of the Management Company, subject to the achievement of the long-term performance objectives of the Fund and the Management Company.

The board of the Management Company reports on its activities at least once a year by presenting reports on its activities, information on the decisions it has taken, and an annual performance self-assessment (which may form part of the annual report) to the supervisory board of the Management Company, the Management Company's ordinary general meeting of shareholders, and the Fund's investors.

The Management Company, as part of best practice in social responsibility and transparency, regularly publishes information on the average remuneration of the director of the Management Company, including the VRC, in accordance with the laws of the RL that regulate the disclosure of such information and the Corporate Governance Code for the Companies Listed on NASDAQ Vilnius.

### Remuneration of Board Members in 2022

Independent board members are paid remuneration for their work on the board. The remuneration is fixed in accordance with the amounts set by the supervisory board and the respective signing of the Board Member Agreement and does not exceed the maximum remuneration recommended by the Resolution of the Government of the RL, which is equal to 1/4 of the remuneration of the company's director for an independent member of the board, and 1/3 of the remuneration of the company's director for the chairperson. The fixed payment is higher for board members participating in investment committees:

- EUR 2,150 for the chairperson of the board, who is also a member of at least one committee of the board; and for the chairperson of a committee who is also a member of the board;
- EUR 1,750 for members of the board who are also members of at least one board committee;

Total amounts accrued and paid to board members in 2022 (pre-tax amounts, EUR):

Members of the Board	Accrued Remuneration of Board Members, EUR	VRC Allocated, but not Paid to Board Members in 2021	Information on the Application of Additional Benefits
Normantas Marius Dvareckas	25,800	6,656	Reimbursement of expenses for participation in the "Verslas 2023" conference (Total: EUR 300,08)
Agnė Daukšienė	21,000	5,418	Not applicable
Andrius Sokolovskis	25,800	6,656	Not applicable
Virginijus Doveika	21,000	5,418	Not applicable
Tomas Tumėnas	15,750	-	Not applicable
<b>Total</b>	<b>109,350</b>	<b>24,148</b>	

In 2021, VIVA's key strategic objectives were set and implemented for the first time, and related performance indicators were monitored. The decision on the board's variable remuneration component for 2021 was taken in 2022 in line with the approved 86% achievement of the annual targets.

The variable remuneration component of the board for 2022 was set in accordance with the 73% achievement of the board's annual targets for 2022 approved by the supervisory board in 2023.

# VIVA'S ORGANISATIONAL STRUCTURE, SALARIES, AND STAFF

In 2022, VIVA's previously established functional structure and related internal processes continued.

- VIVA operates with the highest standards of transparency and political independence, ensuring the long-term sustainability of the agency.
- VIVA's processes are developed in accordance with established guidelines; all management decisions are implemented in line with market best practice, meeting the legitimate expectations and interests of investors.
- The agency has a competent team with many years of experience in the financial sector.

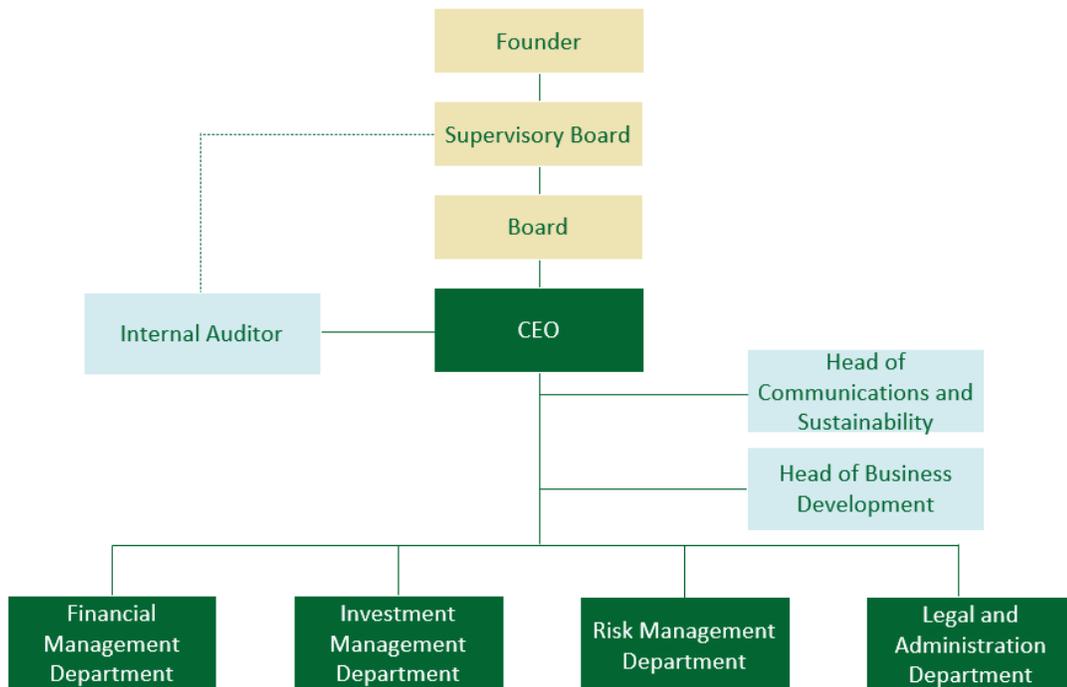


FIG. 3. VIVA'S ORGANISATIONAL STRUCTURE

VIVA's activities consist of the following groups:

**Investment management:** ensuring the flow of investment projects, implementing the approved BAF investment strategy.

**Legal and compliance:** regulatory compliance, drafting contracts and other documents.

**Risk management:** monitoring and management of credit risks, monitoring and management of operational risks in accordance with the approved risk management and internal control system policies, creation and implementation of an anti-money laundering 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, procurement, human resources management, communication, development.

After the end of the BAF investment period on 30 June 2022, the main priority of the VIVA is *the monitoring of the Created Portfolio*, which consists of a review of the payments made according to the payment schedule, quarterly control of the financial terms and conditions, a reconciliation of the other terms and conditions with the terms and conditions set out in the financing documents, and a quarterly review of the implementation of the beneficiaries' commitments. Regular financial and risk analysis is also carried out to determine potential returns, credit risk, and other predictive operational components. An important factor in the successful monitoring of the portfolio is the timely receipt of information from the beneficiary on the fulfilment of contractual obligations. Financial analysis and risk analysis, especially after the end of the investment period, are affected by the size of the BAF portfolio, which is difficult to predict, and the cash flows due to the uncertainty of the BAF investment period.

Financial management ensures the preparation of financial and other accounts in accordance with legal requirements, the establishment of budgets and plans, treasury management, and financial control. Timely risk management enabled VIVA to secure additional limited partner investments to finance the BAF's activities and maintain financial stability. VIVA is a financially autonomous company and generates its income from a managed portfolio rather than from budgetary resources.

VIVA's risk management is based on the COSO framework. It includes all core and supporting activities to anticipate potential threats and develop measures to prevent them (strong factor; strength). For more information, see the section "Risk Management".

The assessment of VIVA's core and ancillary activities reveals a key issue for the future – the expected consolidation of NDBs. The high level of uncertainty makes it difficult to assess its impact, but the main risks that could lead to operational disruption have been identified:

- Withdrawal of VIVA's collegial bodies, which prevents the signing of transactions and other agreements/the making of decisions. The risk would materialise unless it is ensured that the restructuring of the collegial bodies is carried out smoothly, without affecting the operations of VIVA.

- Reorganisation of VIVA's activities, with a negative impact on the monitoring of BAF positions. Without employees making sufficient and appropriate investment decisions and the necessary management bodies to take decisions, it will not be possible to manage the BAF portfolio in a high-quality manner, leading to probable credit losses.

- Resignation or loss of board, investment committee and SB members. This leaves no quorum for decision-making.

- Loss of staff. Potential premature loss of staff due to uncertain personal prospects, negatively affecting the continuity of VIVA's operations.

In 2021, the board approved the Employee Remuneration Policy, which was revised in 2022; in addition, in the light of the planned reorganisation related to the NDB consolidation process (the concept of Reorganisation was introduced in accordance with the procedure laid down in Article 51 of the Labour Code of the Republic of Lithuania or structural changes).

On 31 December 2022, 22 employees worked in VIVA (24 in 2021 and 22 in 2020).

The average salary in 2022 was EUR 4,584 before tax (EUR 4,178 in 2021, and EUR 3,415 in 2020).

### The Salary Structure of VIVA Staff

The structure of staff salaries in 2022 includes a fixed component set out in employment contracts. The Remuneration Policy sets out the structure of the variable component, which depends on the functions performed in the company and the objectives achieved.

The principle governing the monetary remuneration of VIVA employees is that *the amount of the remuneration and the manner in which it is paid must:*

- a. Promote the long-term and sustainable value creation of the Company and the financial instruments it manages, including Limited Partnership Business Aid Fund (the "Fund");
- b. Meet the experience and competency requirements of the staff and be as close as possible to the current market situation, i.e. be competitive with the salary levels offered on the labour market for professionals in the relevant field;
- c. Allow attracting professionals with high-level expertise, building a team, and retaining it;

- d. Ensure that staff members are fairly compensated for the responsibility, effort and time they give to the performance of their duties;
- e. Be valued and balanced with the emotional rewards that are associated with the meaningfulness of the company's activities, 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.

The aim of staff remuneration is to ensure that the successful implementation of the Fund's and the Company's strategy and objectives are materially related to their remuneration.

The basis of the remuneration system is the position levels, which are made up of positions grouped into levels according to their weighting and value. The level of a position is determined by an assessment of the following criteria:

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

For each position level, there are remuneration ranges that determine the level of the fixed part of the remuneration (monthly salary), depending on the experience, expertise, performance, and performance assessment of the individual staff member concerned. The remuneration of a staff member consists of two components: *a fixed component* and *a variable component*.

**Fixed remuneration component (FRV)** is the monetary remuneration set out in the staff member's employment contract and paid monthly).

**Variable remuneration component (VRC)** is set to motivate employees to achieve the best possible annual and overall performance of the Fund by meeting the Fund's and the Management 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 VRC is either 20% or 30% depending on the level of the position.

At the end of the financial year, the board of the Company, on the recommendation of the director of the Company, approves the achievement levels of the Company's annual key performance indicators (KPI). In the event that the Company is reorganised or a transfer of business (part thereof) is carried out in accordance with the procedure laid down in Article 51 of the Labour Code of the Republic of Lithuania or structural changes occur (the "Reorganisation"), the board of the Company, not later than one day prior to the Reorganisation, approves the achievement levels of the Company's latest interim annual key performance indicators (KPI), which is used as a guideline for the allocation of the VRC to the employees in accordance with an order issued by the CEO, proportionately to the employees' time worked during the current year.

If the Company's financial performance is judged to be unsatisfactory or the Company's achievement of its annual/interim annual key performance indicators (KPIs) is equal to or lower than 70%, the board of the Company may take a decision to reduce the VRC or to waive it.

The amount of an employee's VRC for a given year is determined by reference to the achievement of the employee's individual objectives and adherence to the Company's values as well as the achievement of the Company's annual key performance indicators (KPIs) or interim annual key performance indicators (KPIs):

- a. The overall employee performance evaluation score is weighted at 20% for values and 80% for achieving individual goals.
- b. Where an employee's overall achievement of the annual objectives is less than 70%, no VRC is awarded. Where the individual target achievement is less than 70%, the individual target achievement estimate is deemed to be zero and is not counted in the overall target achievement.

The VRC cannot exceed the maximum amount of the VRC, i.e. when the total value of the achievement of the objectives is more than 100%, the amount of the VRC can only be 100% of the maximum possible amount of the VRC.

**Staff annual performance objectives are set in accordance with the following principles:**

- a. Performance objectives must reflect the key and most important performance outcomes pursued by the Fund and the Company, which have the greatest influence and weight on the implementation of the Fund's and the Company's strategy during the relevant performance period;
- b. Performance objectives must be formulated in such a way that it is clear what the employee is expected to achieve and by when;
- c. Performance targets must be measurable and have indicators that allow the maximum objective assessment of their achievement through discussion and evaluation.

In 2021, by order of the CEO, a *Procedure for Employee Performance Assessment* was adopted, applicable to all employees of the Management Company.

Performance assessment is an integral part of the Management Company's performance management tools and an important human resources management tool for the development of an effective system for assessing the achievement of employees' individual objectives directly related to the Management Company's objectives and directly linked to the employee incentive scheme.

**Objectives of employee performance assessment:**

- (a) Focus and target the efforts of employees by linking their individual performance objectives to the Management Company's performance objectives;

- (b) Provide employees with maximum reasonable feedback on the level of achievement of their annual objectives, so that employees have a clear understanding of the expectations attached to them and how they are meeting them;
- c) Discuss work behaviour and its consistency with the values of the Management Company;
- d) Discuss the reasonable development, professional growth and/or training needs of employees;
- e) Discuss reasonable expectations of remuneration, career development and motivation of employees;
- f) Identify the overall development needs of the Management Company, formulate further development directions, and plan other human resources development decisions using the information obtained.

The staff performance evaluation process is linked to the **following processes managed by the Management Company**:

- Strategic planning of the Management Company's activities, goal setting and monitoring;
- Managing rewards;
- Planning careers and shifts;
- Managing development and training.

Overall information on the achievement of employees' objectives and reward expectations is analysed and evaluated in the context of the decision-making process related to the review of the fixed remuneration component at the level of the Management Company.

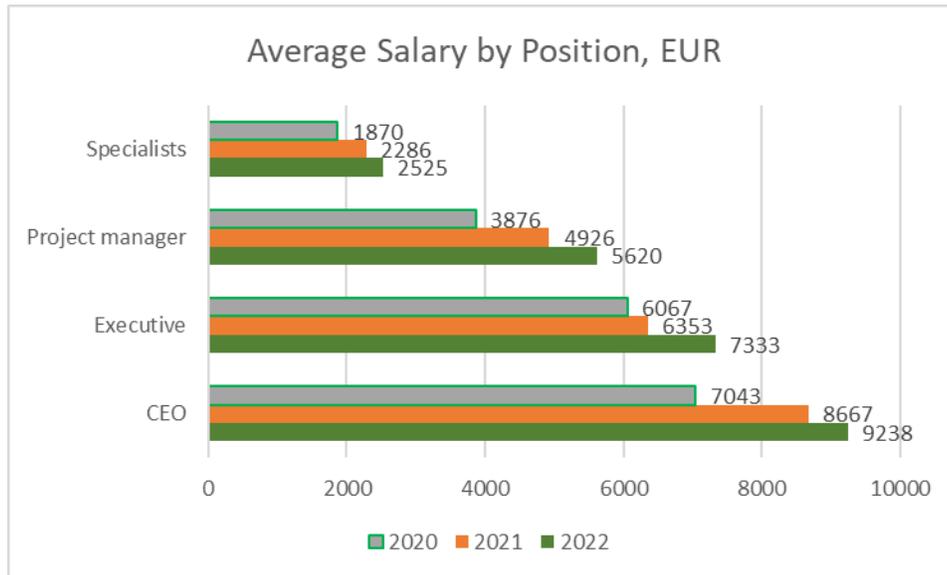
In 2021, VIVA's key strategic objectives were set and implemented for the first time, and related performance indicators were monitored. The decision on the variable remuneration component of employees in 2021 was taken in 2022 in line with the 86% achievement of the annual targets approved by the board and the supervisory board. The VRC calculations are presented in the financial statements for the respective year.

The variable remuneration component of 2022 for employees was approved in 2023 in line with the 82% achievement of the Company's annual targets for 2022 approved by the board and the supervisory board.

#### VIVA's Total Wage Fund in 2022, 2021 and 2020:

Wage Fund, EUR	2022	2021	2020. 08-12
Gross wages	1,116,556	1,083,336	205,132
One-off bonus for 2020	-	66,070	-
Variable remuneration accrued	242,085	233,845	-
Employer's contributions to "Sodra"	19,814	20,657	3,871
<b>Total:</b>	<b>1,378,455</b>	<b>1,403,908</b>	<b>209,003</b>

The Company, in line with best practices of social responsibility and transparency, regularly publishes information about the average remuneration of employees, including the VRC, on the VIVA website, in accordance with the laws of the RL that regulate the disclosure of such information and the Corporate Governance Code for the Companies Listed on NASDAQ Vilnius.



**FIG. 4. AVERAGE SALARY BY POSITION, 2020-2022**

The increase in the average remuneration of VIVA’s employees was mainly due to the remuneration policy implemented from 2021, which is linked to the impact of the achievement of the Company’s strategic objectives on the functional objectives, and to the review of the remuneration of the employees in line with the market trends in 2022.

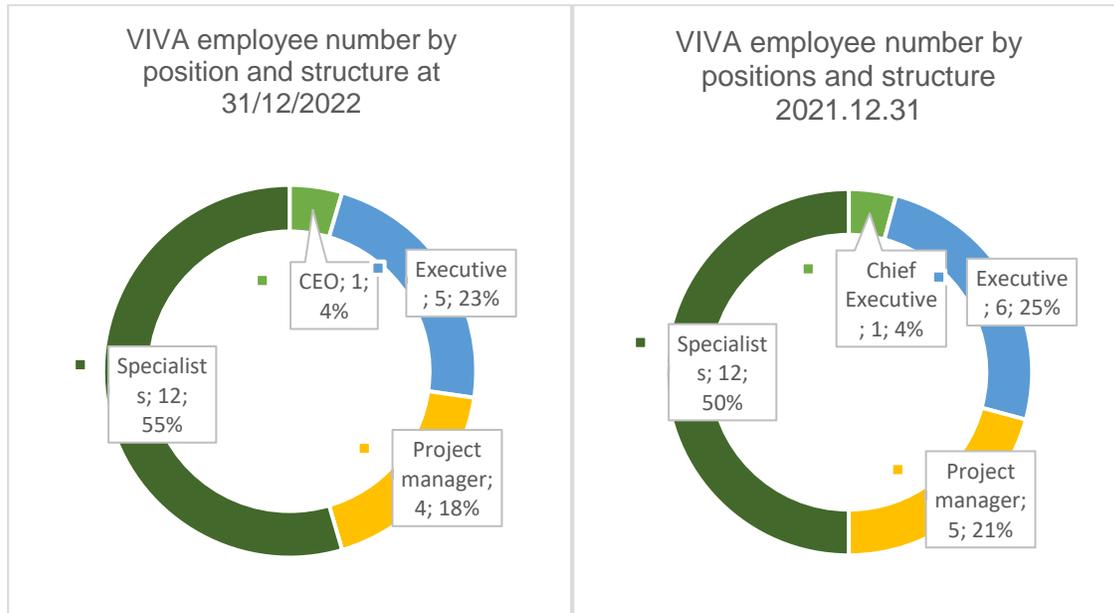
Of the 22 employees working for VIVA on 31/12/2022 (24 on 31/12/2021), one is a senior manager, the CEO, the same as in previous years.

In 2022, 5 were heads of departments/divisions, leading project managers and specialists. Forty percent of the heads are women and 60% are men. In 2021, 6 were heads of departments/divisions leading project managers and specialists. Fifty percent of the heads were women, 50% were men.

In 2022, there were 4 project managers: 25% women, 75% men. In 2021, there were 5 project managers: 40% women, 60% men.

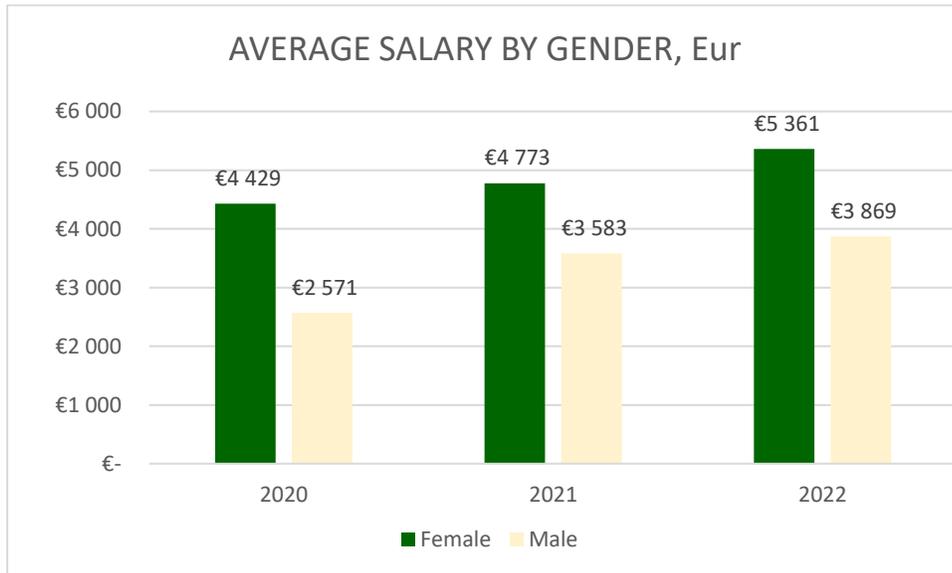
The breakdown of staff positions in 2022 and 2021 shows that the Agency had 12 specialists, representing 55% of the Agency’s total staff in 2022 (50% in 2021), which corresponds to 67% women and 33% men in 2022 and 60% women and 40% men in 2021.

Changes in the proportions are linked to the change in the number of employees in the year in question.



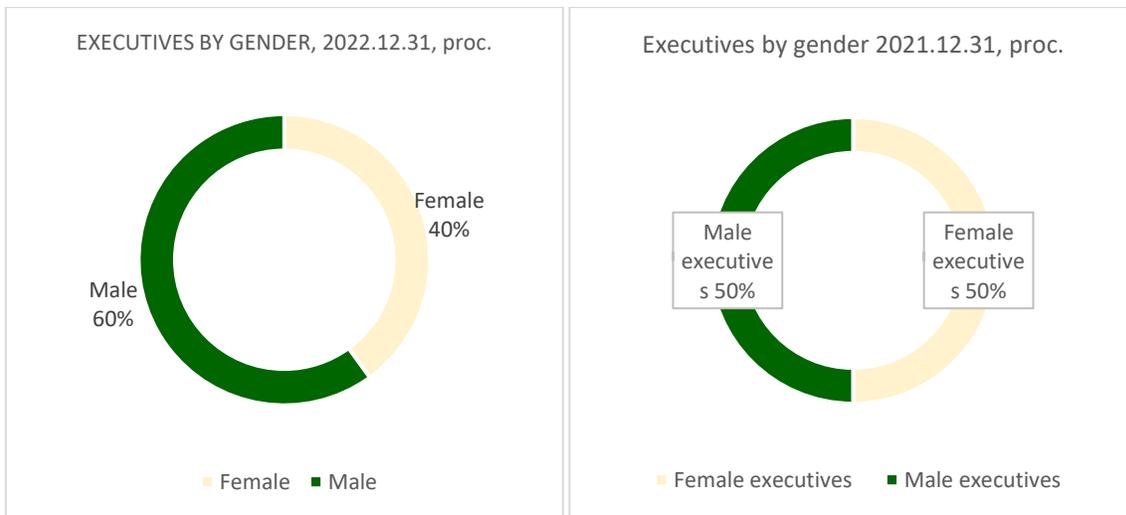
**FIG. 5. THE NUMBER OF VIVA EMPLOYEES BY POSITION AND STRUCTURE ON 31/12/2022**

In 2022, VIVA had an even 50/50 balance of men and women (in 2021 it was also 50% women, 50% men).



**FIG. 6. AVERAGE SALARY BY GENDER 2020 -2022**

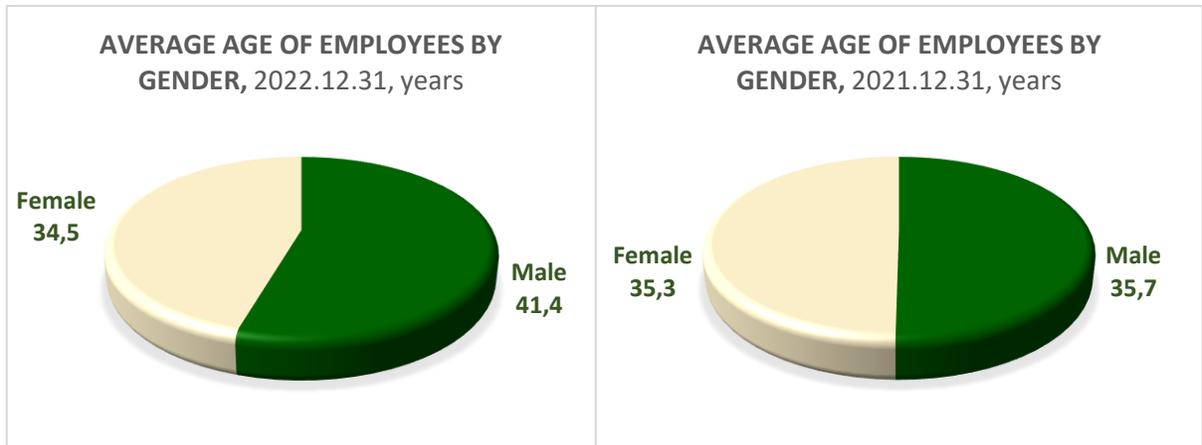
The gender distribution of employees working at management level in 2022 was 60% men and 40% women, while in 2021 there was an even gender distribution of employees working at management level: 50% men and 50% women.



**FIG. 7. EXECUTIVES BY GENDER 2021 -2022**

The average age of VIVA employees was 38 years on 31/12/2022, while on 31/12/2021 the average age of VIVA employees was 35.5 years.

In 2022, the average age of women was 34.5 years, and the average age of men was 41.4 years. In 2021, the average age of women was 35.3 years, and the average age of men was 35.7 years.



**FIG. 8. AVERAGE AGE OF EMPLOYEES BY GENDER ON 31/12/2022.**

## RISK MANAGEMENT

The Company, acting as a full member of the established Fund, is exposed to the following main risks when making decisions on behalf of the Fund and ensuring its day-to-day operations and control.

**Credit and counterparty risk.** The Company and the Fund it manages are exposed to the risk that the counterparty will be unable to meet its obligations to the Fund. The Company, as a full member, is responsible for those obligations for which the Fund's assets are insufficient to cover. In the course of its activities, the Fund invests in (i) debt securities and/or equity securities issued by legal persons; (ii) loans, subordinated loans to legal persons; (ii) debt instruments that have or may have the characteristics of share capital. The Fund's credit and counterparty risk management documents must be appropriate to the nature and complexity of the Fund's business and they must be consistent with prudent market practice and legal requirements, and the Fund's credit and counterparty risk management framework must include systems of multi-level decision-making and credit risk limits, credit risk monitoring and internal controls.

**Liquidity risk.** The Company and the Fund it manages are exposed to the risk that they will not have, or will not be able to obtain, the financial resources to meet their financial commitments in a timely manner.

**Interest rate risk.** The risk of loss 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 prior to investment, this risk is intangible.

**Operational risk.** Operational risk is understood as the likelihood of loss due to the impact of inadequate or failed internal processes of the Fund, the staff or systems of the Fund's manager, or external events, as well as legal risks. The main factors influencing the risk are information technology systems, actions of employees or third parties. Operational risks are managed in a decentralised manner within the Fund, on a unit-by-unit basis and across all processes separately. Each employee of the Fund's manager is directly involved in the operational risk management processes. Identified disruptions must be immediately recorded in the operational risk event database and resolved in accordance with the documents governing operational risk management. The main operational risks in the Fund's activities are as follows: Operation continuity and data loss risks of IT systems, human error risks, and staff irreplaceability risks.

The risks relevant to the operations of VIVA and the BAF and the achievement of their strategic objectives fall into four categories: *strategic, financial, operational, and compliance*. The risks that make up these categories have been identified and included in the risk register. For each of the risks, risk management measures have been identified in the risk management plan.

The BAF, managed by VIVA, provides finance to businesses that would be under-financed under normal market conditions. The BAF's portfolio of financial products granted to companies in difficulty is riskier than the normal market average. The Company takes this into account in its projections of

the BAF's financial performance and assumes a credit loss rate of 10%, which is significantly higher than the current level of credit losses prevailing in the Lithuanian financial market. The higher business entity risk has been taken into account in the pricing of the investment instruments, which ensures the long-term sustainability of the BAF's performance.

In order to invest in higher-risk businesses while managing credit risk, VIVA is guided by the following key principles:

- ❖ Detailed financial and business analysis is carried out before an investment decision is made;
- ❖ Investment decisions are taken by the investment committee, all 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;
- ❖ If the risk is very high, the aim is to obtain adequate collateral;
- ❖ All investments made are subject to regular quarterly reviews and continuous monitoring of payments and other contractual conditions, ensuring a rapid response to negative and risk-increasing factors.

The whole package of measures listed above offers a realistic chance of achieving the objectives of the BAF and VIVA.

VIVA applies the following principles to manage the risks it faces appropriately:

- It identifies the actors, scope, and criteria for risk management 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;
- It identifies, assesses, and defines risks on a regular basis;
- It assumes, limits or waives risk;
- It categorises the assessed risks according to their level and significance for the Fund;
- It develops the necessary risk management arrangements and processes to manage priority risks;
- It continuously monitors the implementation of the identified risks and the risk management plan.

In 2022, VIVA updated its Risk Register, which assesses the main operational risks and sets objective materiality levels and tolerance limits. The Risk Management Plan has also been updated and the mitigating measures set out in the plan are being implemented in accordance with the deadlines set out in the plan.

In 2022, VIVA staff received further training and training in structuring funding.

In 2022, the internal Money Laundering and Terrorist Financing Risk Assessment Model was updated and improved.

In 2022, the internal investment modelling tool was further developed to monitor continuously the credit risk parameters and profitability performance of an already created and projected investment portfolio,

both on a portfolio and on a transaction-by-transaction basis. The modelling tool regularly reviews and modifies the underlying assumptions of the forecasts as needed, ensuring timely adaptation to changing market and macroeconomic scenarios and, if necessary, sensitivity analysis to potential shocks.

This model was also used to develop an investment pricing model, which allows for the appropriate pricing of each investment, taking into account both the specific risk parameters of the transaction and the Fund's other costs.

In 2020, VIVA had a fully formed Risk Management Department team, which remained unchanged in 2022, ensuring a continuous, professional, and consistent risk management process.

The internal control system and its monitoring in the Fund is based on a *three-line model*.

**The first line** includes functions that identify and assess risks and identify and implement measures to manage them to ensure compliance with legal requirements. The first line is the responsibility of the Fund's operational risk owners.

**The second line** covers the functions that control risk management. The director of the Fund Manager's Risk Management Department is responsible for the second line.

**The third line** includes functions to ensure independent performance audits of the first two lines and to assess the internal control system. The third line is the responsibility of the Fund Manager's internal audit division. The Company's risk assessment and management activities are guided by the principles of prudence, conservatism, and caution.

## CORRUPTION PREVENTION AND RISK MANAGEMENT

VIVA is guided by the highest standards of reliability, integrity, transparency, and work ethics. Zero tolerance to corruption, the highest work ethics, employee involvement, implementation of preventive measures and continuous monitoring – these are the principles according to which VIVA not only ensures compliance with corruption prevention and internal procedures, but also continuously raises the issue in the company's day-to-day operations. All employees are actively involved in the development of corruption prevention procedures, codes, and policies; theoretical and situational training is carried out as well.

In order to ensure maximum prevention of corruption, VIVA consistently implements the policies on prevention of corruption and avoidance of conflicts of interest adopted by the company's governing bodies. The company also has a code of ethics, procedures for handling gifts and illegal remuneration and whistle-blowing. The company has an anonymous whistle-blowing facility. The focus on prevention, proper regulation, and the daily involvement of employees contribute to transparent and effective corporate governance and create an open and trust-based culture.

A VIVA Corruption Occurrence Analysis was carried out on 28 September 2022. Areas of higher risk were identified:

- Evaluation of funding applications and preparation of submissions to the investment committee of the Limited Partnership Business Aid Fund.
- Drawing up of financing agreements.
- Assessment of irregularities in financing agreements and preparation of submissions to the investment committee of the Limited Partnership Business Aid Fund.
- Personnel management.

The identified areas of activity were further assessed against the criteria set out in paragraphs 16.1 to 16.20 of the Guidelines on the Procedures for Identifying the Likelihood of Corruption and for Implementing the Procedures. Full compliance was recorded: no irregularities were found.

VIVA's risk management system reflects the risk of corruption in the risk register by monitoring the following risks: the risk of conflicts of interest and corruption, the risk of internal and external fraud, and the risk of non-compliance with legal regulations. Risk indicators measure the number of reported cases. The tolerable limit is 0 cases.

From 2020 to 2022, the Agency did not record any cases of corruption or breaches of the limits of the risk indicators mentioned above. There were also no reports of irregularities received through the helpline.

All levels of the Company are involved in the prevention of corruption and responsibilities are set out in writing and assigned to the supervisory board, the board, the CEO, the heads of structural units, all employees of the Company, and the person responsible for this area.

The Company has established value-based and rule-based standards of conduct (ethics) to define norms and rules of behaviour 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 has conducted an internal discussion and review of its practices in the area of reconciliation of public and private interests and the selection of appropriate tools to manage conflicts of interest.

The Company prohibits any form of influence peddling or protectionism for vacancies in the Company or its collegial bodies.

The Company has in place procedures and practices for handling whistle-blowing reports received through the internal information channel. The website allows anonymous reporting of various types of irregularities, suspected or actual criminal activities, breaches of ethical standards, and other cases of threat to public interest. It also provides the possibility to report such cases by email or by using the reporting channels of the SIS (Special Investigation Service). The reporting channels operated by the Company and their functioning are tested during the year.

The Company's procurement is carried out in accordance with the provisions of the Law on Public Procurement and related legal acts, in compliance with the requirements of equality, non-discrimination, proportionality, and impartiality, with a view to the rational use of the Company's funds for the acquisition of goods, services or works.

The Company does not sponsor any political activities and donations (charity), other than monetary donations, are made only in accordance with the legislation governing donations and charitable contributions.

The Company has 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, except as defined in internal procedures and exceptions provided for in other legislation. All gifts received by staff members are evaluated and recorded regardless 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 guided by the principles of prudence, conservatism, and caution.

VIVA does not use derivative hedging instruments in its operations

# ANALYSIS OF FINANCIAL RESULTS AND KEY INDICATORS OF 2022

## AUDITOR

On 22 November 2021, the Minister of Finance, G. Skaistė, signed order No 1K-360 “On the Selection of the Audit Firm for the Audit of the Set of Financial Statements of Private Limited Company “Valstybės investicijų valdymo agentūra” (State Investment Management Agency)”.

Pursuant to Article 20(1)(5) and Article 29(6) of the Law of the Republic of Lithuania on Companies, paragraph 46 of the Description of the Procedure for the Implementation of the State’s Property and Non-property Rights in State-owned Enterprises approved by Resolution No. 665 of the Government of the RL of 6 June 2012 “On the Approval of the Description of the Procedure for the Implementation of the State’s Property and Non-property Rights in State-owned Enterprises”, and sub-paragraph 6.2 of Resolution No. 512 of 6 May 2020 “On the establishment of Public Limited Company “Valstybės investicinis kapitalas” and Public Limited Company “Valstybės investicijų valdymo agentūra” and the investment of state assets”:

- The audit firm UAB Deloitte Lietuva was selected to audit the financial statements of Private Limited Company “Valstybės investicijų valdymo agentūra” (State Investment Management Agency) in 2021, 2022, and 2023.
- The annual fee for the audit of the set of financial statements is set at a maximum of EUR 8,000 (eight thousand euro), exclusive of value added tax, for a total fee of EUR 24,000 (twenty-four thousand), exclusive of value added tax, for a period of 36 months, in accordance with the results of an open call for tenders.

UAB Deloitte Lietuva did not provide any services other than audits for either VIVA or BAF in 2020, 2021, and 2022.

VIVA’s financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for application 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 financial accounting and preparation of the financial statements. The annual report and accounts are prepared and published in accordance with the Description of the Transparency Guidelines for the Activities of State-owned Enterprises (the Transparency Guidelines) approved by Resolution No. 284 of the Government of the RL.

## DIVIDEND POLICY

VIVA’s share capital comprises EUR 1,000,000. On 31 December 2022, the Company’s share capital consisted of 10,000 ordinary shares with a nominal value of EUR 100 each. All issued shares are fully paid. All issued shares are dematerialised ordinary registered shares.

The Ministry of Finance of the Republic of Lithuania (shareholder from 27/08/2020 to 02/01/2023) represented the state in exercising the rights conferred by the state’s shares in the Company. From

02/01/2023, UAB "INVESTICIJŲ IR VERSLO GARANTIJOS", legal entity code 110084026, became the shareholder of the Company.

Dividends are allocated and paid in accordance with Resolution No 509 of 18 May 2022 of the Government of the RL "On the Approval of the Target Key Financial Performance Indicators of State-Owned Enterprises for the Period 2022-2024" and the latest version of paragraph 15 of Resolution No 509 of 6 June 2012 of the Government of the RL "On the Approval of the Description of the Procedure for the Implementation of the State's Property and Non-property Rights in State-owned Enterprises".

In accordance with Resolution No 509 of 18 May 2022 of the Government of the RL "On the Approval of the Target Key Financial Performance Indicators of State-Owned Enterprises for the Period 2022-2024", the following is stipulated:

*Private Limited Company "Valstybės investicijų valdymo agentūra" (State Investment Management Agency)*

- **Profitability** Average annual return on equity ROE from 2022 to 2024 > 0%
- **Optimal capital structure** Annual ratio of total liabilities to equity from 2022 to 2024 threshold 0.5-0.8 times
- **Dividends** Average internal dividends distributed for calendar years from 2022 to 2024  $\geq$  70% of distributable profit

Calculation of the target dividend and profit contribution rate: where no target dividend or profit contribution rate is set, the calculated amount of dividends of the state-owned company in each calendar year may not be lower than the amount set out in paragraphs 15<sup>1</sup> and 15<sup>2</sup> of the Description of the Procedure for the Implementation of the State's Property and Non-property Rights in State-owned Enterprises approved by Resolution No. 665 of the Government of the RL of 6 June 2012 "On the Approval of the Description of the Procedure for the Implementation of the State's Property and Non-property Rights in State-owned Enterprises", except for the cases set out in paragraphs 15<sup>3</sup> and 15<sup>4</sup>, and the amount of the calculated profit contribution of the state-owned enterprise in each calendar year may not be lower than that set out in Article 15(6) of the Law of the Republic of Lithuania on State and Municipal Enterprises, except for the case set out in Article 15(9).

In accordance with paragraph 15 of Resolution No. 665 of the Government of the RL of 6 June 2012 "On the Approval of the Description of the Procedure for the Implementation of the State's Property and Non-property Rights in State-owned Enterprises", companies are required to allocate 60% to 85% of their distributable profits to dividends. Companies that achieve a higher return on equity pay lower dividends and can use the remainder of their profits for investment and further development.

The share of profits available for the payment of dividends for the financial year would be:

- At least 85% of the distributable profits of a state-owned company, provided that its return on equity for the reporting year does not exceed 1% of the return on equity;
- At least 80% of the distributable profits of a state-owned company if its return on equity for the reporting year is greater than 1% and does not exceed 3% of the return on equity;
- At least 75% of the distributable profits of a state-owned company if its return on equity for the reporting year is greater than 3% and does not exceed 5% of the return on equity;
- At least 70% of the distributable profits of a state-owned company if its return on equity for the reporting year is greater than 5% and does not exceed 10% of the return on equity;
- At least 65% of the distributable profits of a state-owned company if its return on equity for the reporting year is more than 10% and does not exceed 15% of the return on equity;

- At least 60% of the distributable profits of a state-owned company if its return on equity for the reporting year is more than 15% of the return on equity;
- The share of profits to be used to pay dividends for a period of less than a financial year would comprise at least 60% of the distributable profits of the state-owned company.

In 2020, VIVA's return on equity (ROE) was 4.6%, which means that 75% of the distributed profit of EUR 35,967 was allocated<sup>14</sup> to dividends, while the remaining profit was allocated to the statutory and special reserves of EUR 7,193 and EUR 4,796 respectively.

For 2021, 60% of the distributed profit was allocated to dividends, as the ROE is 26% or EUR 216,138, while the remaining profit will be allocated also to the full statutory and special reserves, EUR 92,807 and EUR 45,204 respectively.

Pursuant to the Law of the RL on Companies, the Company is obliged to transfer at least 1/20 (5%) of the profit for the financial year under review to the statutory reserves until the amount of the reserve is at least 1/10 of the share capital (at least 10% of the value of the share capital). The statutory reserve may only be used to cover losses of the company.

Pursuant to the provisions of Article 15 of the Law of the RL on National Development Bodies ("NDBs"), the Company, as an NDB, must establish a special capital reserve, the amount of which must be at least 5% of the authorised capital. The special capital reserve is formed on an accrual basis, with at least 10% of the distributed profit for that year being allocated to the formation of the special capital reserve each year until the specified level of the reserve is reached. The special capital reserve may be used to cover losses of the NDB by decision of the general meeting of shareholders of the NDB.

As at 31 December 2022, all required reserves were fully established in accordance with statutory requirements.

## OTHER INFORMATION

During the reporting periods of 2022, 2021 and 2020, VIVA did not acquire any own shares.

As at 31 December 2022, 31 December 2021 and 31 December 2020, the Company had no branches or representative offices.

## SPECIAL COMMITMENTS

*Special commitments* are functions carried out by an SOE which the undertaking would not undertake on a commercial basis or would do so at a higher price than the established price and which are entrusted to the undertakings by decisions of the shareholder/owner, i.e. the State.

Special obligations are understood as the functions of a state-controlled enterprise that it is obliged to perform in accordance with the law or the resolutions of the Government of the RL in order to ensure the implementation of specific social, strategic and political objectives of the state. Special commitments are functions or relevant activities performed by an undertaking, the performance of which is subject to state budget appropriations or financed by the European Union and/or other funds,

<sup>14</sup> In accordance with the provisions (paragraph 2.1) of Resolution No 20 of 14 January 1997 of the Government of the RL "On Dividends on State-Owned Shares in Companies and Profit Contributions from State-Owned Enterprises". The provisions of this Resolution have been transposed into paragraph 15 of the version of 22 December 2021 No. 1124 of Resolution No 665 of the Government of the RL of 6 June 2021 "On the Approval of the Description of the Procedure for the Implementation of the State's Property and Non-property Rights in State-owned Enterprises"

or where the cost of performance is covered by the revenue from other activities performed by the undertaking; or the performance of the function in question is a function of public administration.

According to order No. 4-193 of 16 March 2021 of the Minister of Economy and Innovation, the list of special tasks to be carried out by state-owned enterprises and their subsidiaries was approved, entrusting the **State Investment Management Agency (VIVA) with the following special commitments:**

- Supporting the liquidity of medium-sized and large enterprises through the incentive financial instrument “Business Aid Fund” (BAF).

**All the activities of VIVA and the BAF are considered to be the fulfilment of special commitments** and they do not carry out any other (commercial) activities, so that the separation of the accounting and reporting of special commitments in the balance sheet and the profit and loss account is not relevant.

The VIVA-managed instrument, the BAF, is an incentive funding instrument and is the main function of the VIVA, as defined by Resolution No 1107 of 7 October 2020 of the Government of the Republic of Lithuania “On the Assignment to Operate as a National Development Body”, VIVA is entrusted with the task of carrying out the activities of the NDB in the field of liquidity support for medium-sized and large enterprises and the implementation of the incentive financial instrument “Business Assistance Fund”, in accordance with the Communication from the European Commission of 19 March 2020 on “Temporary state aid measures to support the economy through the incentive financial instrument “Business Aid Fund”, the goal is profitable activities, and not maximum profits.

## INVESTMENT

*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.) and a right-of-use asset is classified as a fixed asset in the statement of financial position – a 3-year lease agreement for VIVA’s office premises in accordance with IFRS 16.

In 2022, VIVA’s investment in intangible fixed assets amounted to EUR 10,793 – further development of accounting and systems was carried out by creating a module for the calculation of BAF investment schedules and interest. There were no acquisitions of tangible fixed assets in 2022.

*In 2021*, VIVA invested EUR 5,808 in intangible fixed assets to further develop its accounting, payroll, and HR systems. Investments in tangible fixed assets amounted to EUR 42,017, with the purchase of 26 Dell Latitude laptops and conference call equipment.

*In 2020*, VIVA’s investment in intangible fixed assets amounted to EUR 5,900. The application of IFRS 16 to lease contracts of administrative premises resulted in an additional increase in VIVA’s fixed assets of EUR 213,692 (rights to leased assets). VIVA does not make any investments that would be classified as investment projects. VIVA’s investments are limited to fixed assets (software, computer equipment, etc.) used for administrative purposes.

These investments, which are necessary to ensure the administrative functions of VIVA, are not considered as investment projects and therefore no assessment of the return on investment is made.

## REVENUE

VIVA receives all (100%) of its revenue from the BAF management fee, the amount of which is regulated by the European Commission's decision on the Fund's instruments and the Fund's operational description (order No. 4-837/1K-319 "On the Approval of the Operational Description of the Measure "Business Aid Fund" of the Minister of Economy and Innovation of the Republic of Lithuania and of the Minister of Finance of the Republic of Lithuania).

During the investment period, the annual fee on the total amount of the Fund's participants' liabilities is 2%, up to a maximum of EUR 100 million. If the amount of the participants' liabilities exceeds EUR 100 million, the additional amount is subject to a 1% annual fee until 30/06/2022.

At the end of the investment period (after 30/06/2022), a 1% annual fee will be applied on investments not exceeding EUR 100 million that are not returned to the participants of the Fund. For amounts above EUR 100 million but below EUR 200 million, an annual fee of 0.75% will continue to apply, and a further fee of 0.5% will apply to the part of the investment exceeding EUR 200 million that is not returned to the Fund's participants.

In 2022, the investment commitment of the BAF's main limited partner, UAB "Valstybės investicinis kapitalas" (SIK), increased to EUR 200 million. A total of EUR 200 million was called into the BAF as of 31/12/2022 (EUR 150 million as of 31/12/2022), with EUR 1 million of the investment already returned to the limited partner in December 2022. An additional EUR 100 million over and above granted by SIC at the time of incorporation was provided as follows: EUR 50 million was raised through the issuance of a four-year bond with a state guarantee in 2021, and a total of EUR 50 million was additionally raised by SIC in 2022 through the issuance of EUR 25 million of three-year bonds and EUR 25 million of five-year bonds with a state guarantee. The bonds issued by SIK are listed on the Nasdaq Vilnius Stock Exchange (admitted to trading). In addition, the bonds issued may participate in monetary policy operations of the European Central Bank.

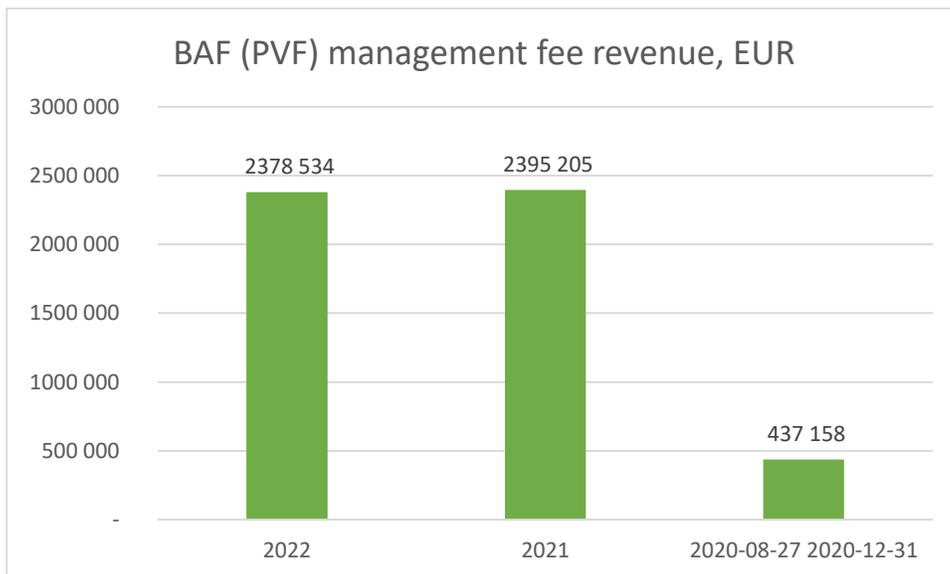


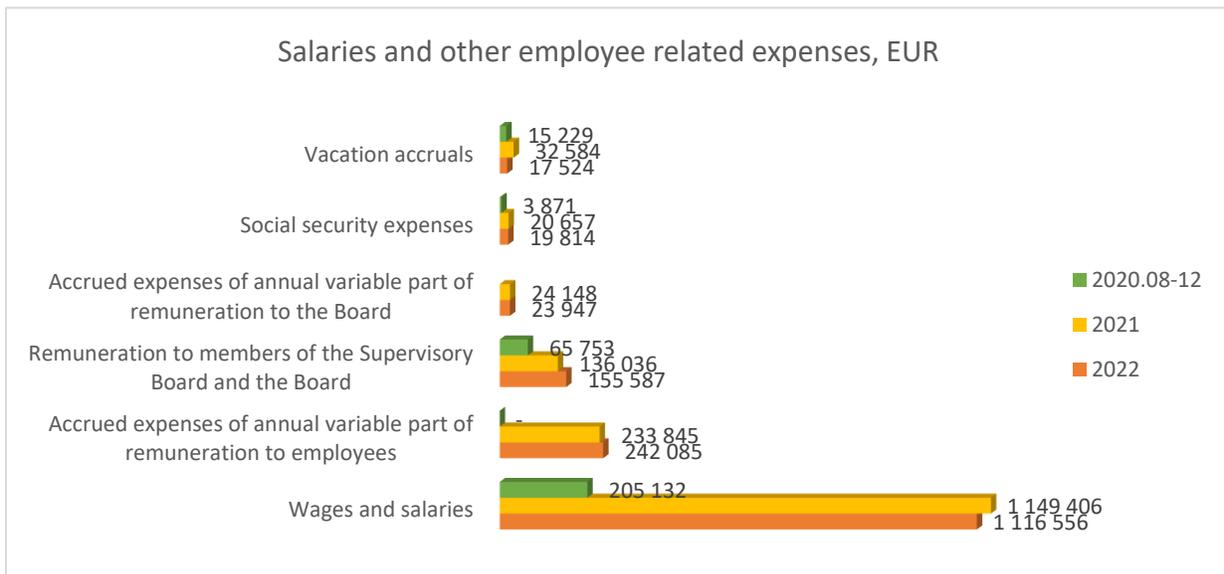
FIG. 9. STRUCTURE AND DYNAMICS OF VIVA'S REVENUES IN 2022-2020

In 2022, the revenue from the BAF management fee was EUR 2,378,534. In 2021, it amounted to EUR 2,395,205. The investment period of the BAF lasted until 30 June 2022. Despite the reduction of the management fee rate to 1% after 30/06/2022, the revenue remained almost at the same level as in 2021, with a slight change of less than 1%.

In 2020, the management fee revenue of the BAF was EUR 437,158, for the period since the date of its creation. In 2020, VIVA received the management fee from the date of establishment of the BAF on 13/10/2020, i.e. it was calculated on the limited partner's investment of EUR 7 million for less than 3 months, which resulted in a significantly lower revenue than in 2021, when the investment period was still active and a higher management fee of 2% applied on the level of the limited partner's investments raised, up to a maximum of EUR 150 million.

## OPERATING COSTS

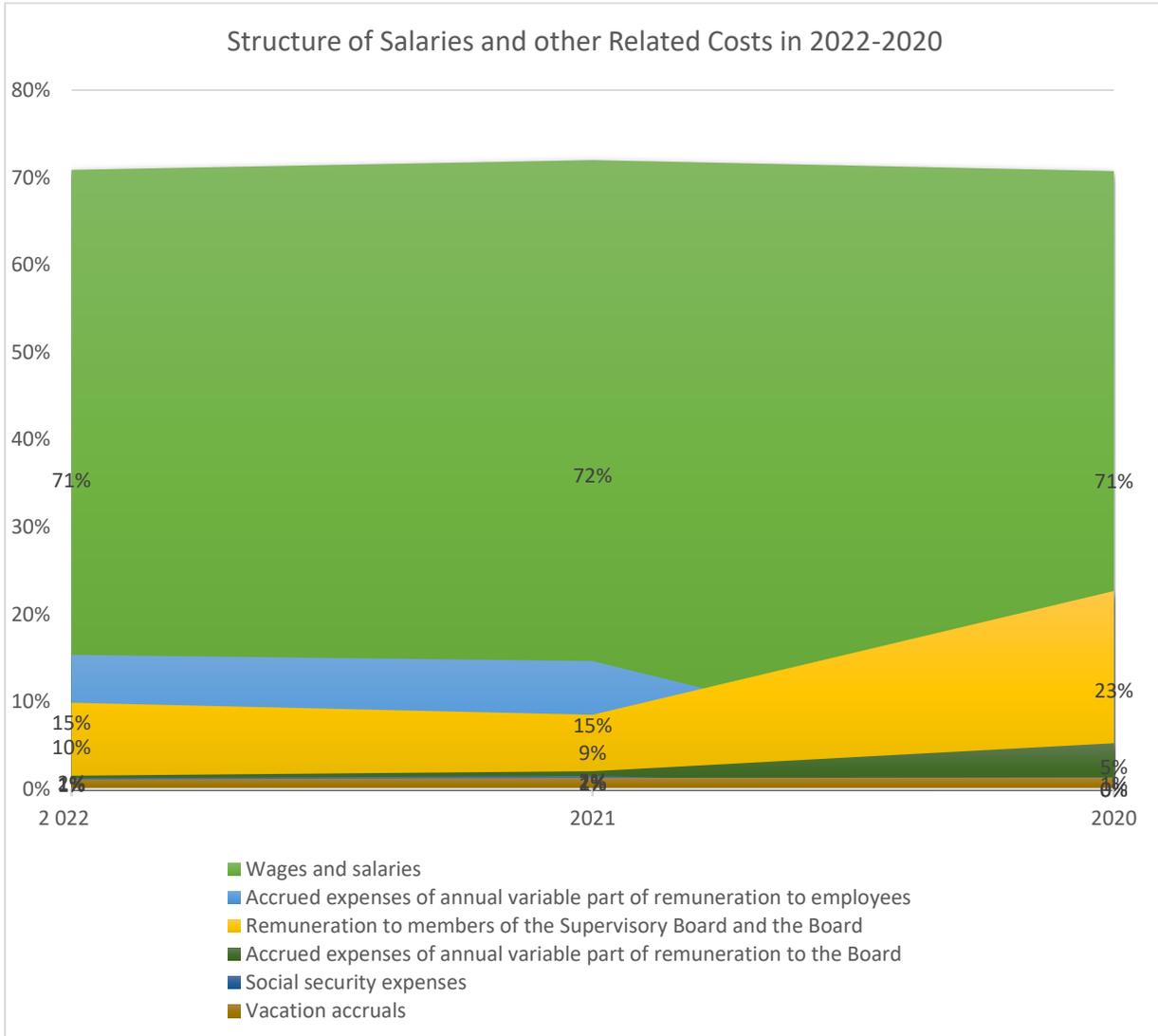
In 2022, 79% (81% in 2021, and 76% in 2020) of VIVA's operating costs comprised salaries and other related costs:



**FIG. 10. SALARIES AND OTHER RELATED COSTS IN 2022-2020**

The salary costs in 2022 were 3% lower than in 2021 due to a reduction in the number of employees, while the 2020 costs are for less than 5 months when the company was just being formed and employees were being hired. The remuneration of the supervisory board and the board was 14% higher in 2022 due to the change in the remuneration procedure of the supervisory board and the introduction of a minimum level of remuneration depending on the director's AS, whereas before it was paid according to the number of meetings. The VRC for employees in 2022 was 4% higher due to the higher remuneration base; the VRC of the board in 2022 was at a similar level as in 2021.

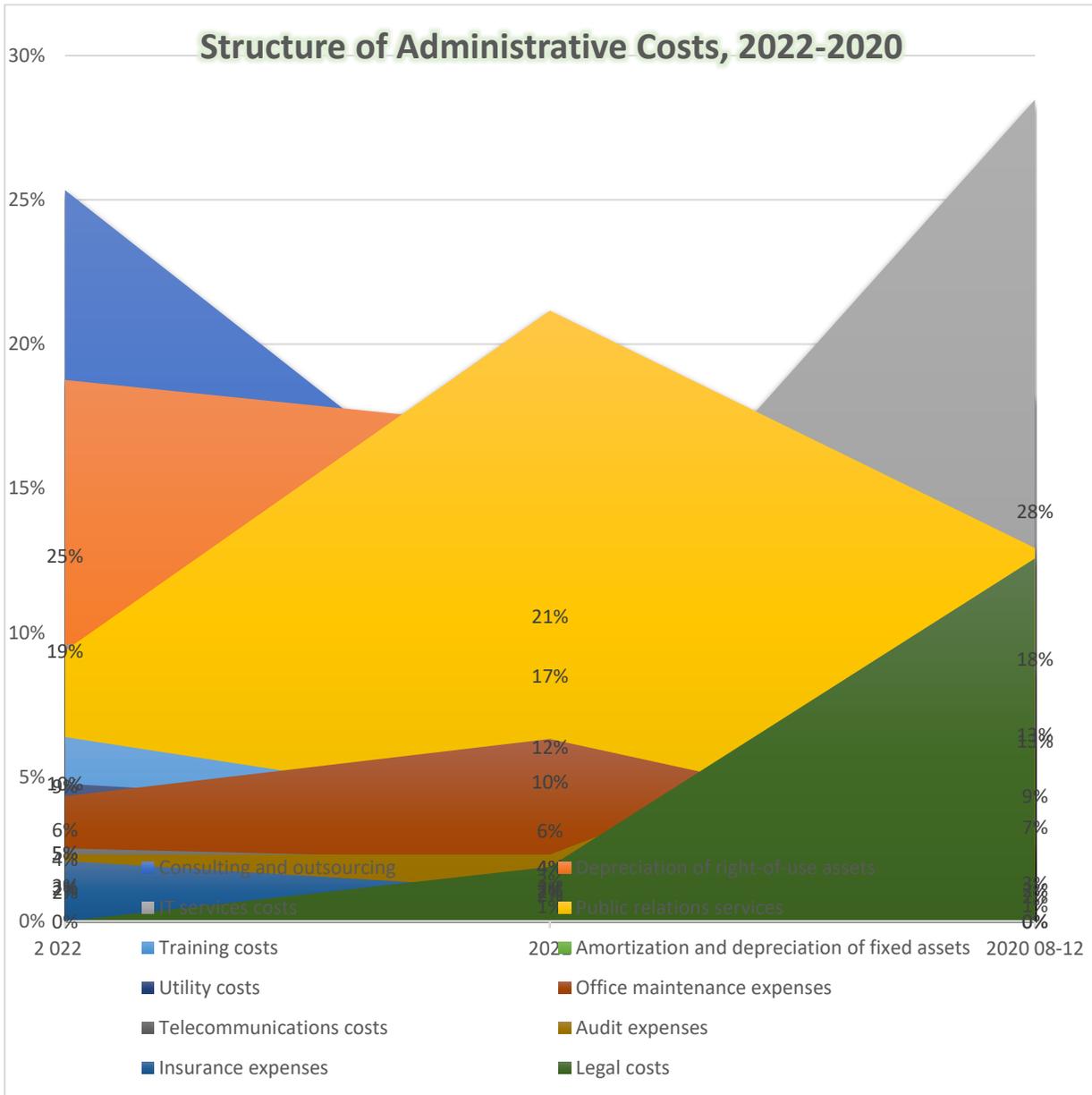
The structure of salaries and related costs in 2022-2020 was similar, with 71-72% of salaries, 15% of VRC (no VRC in 2020), and the remainder was the remuneration of the collegial bodies (the board and the supervisory board) and social security payments.



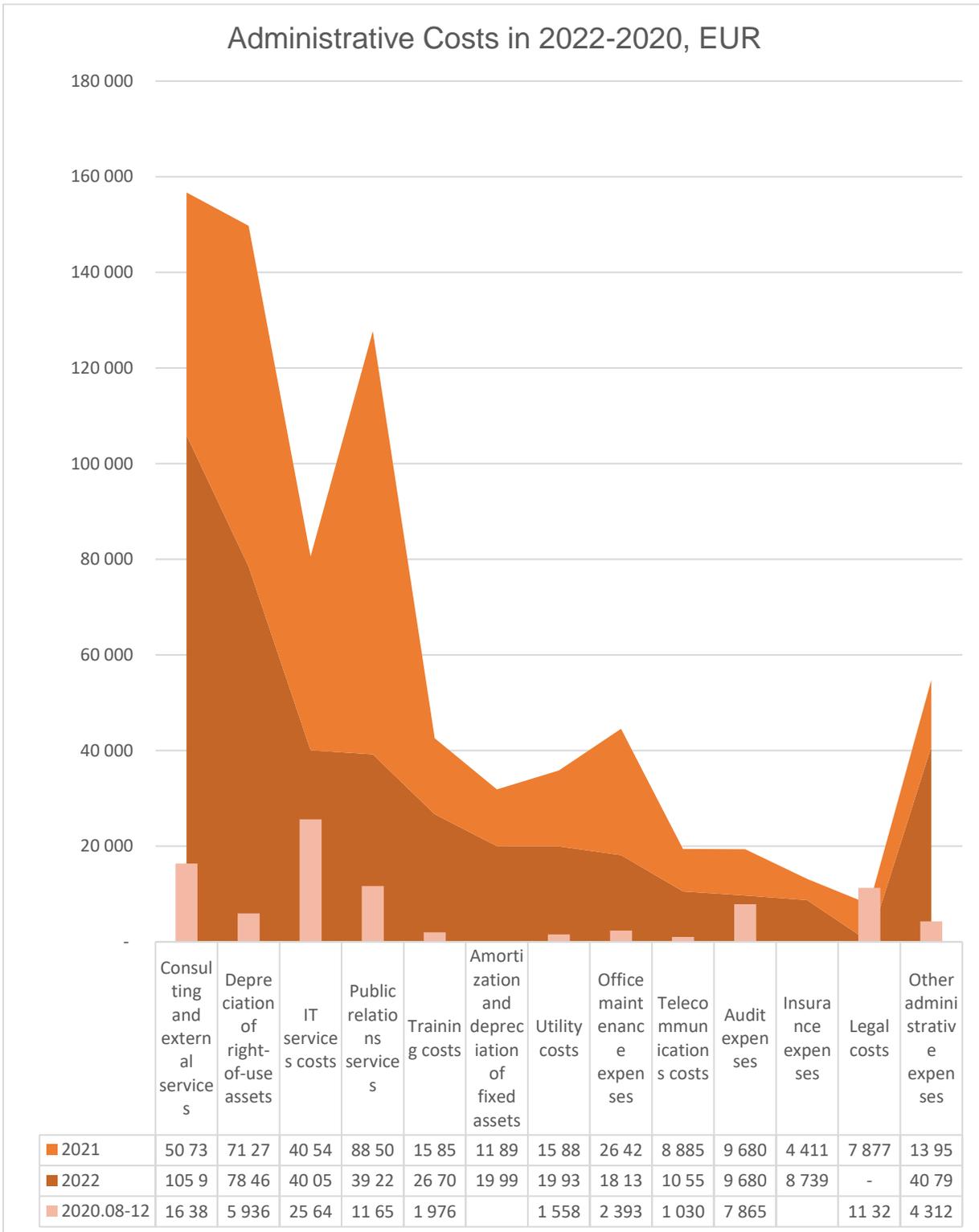
**FIG. 11. SALARIES AND OTHER RELATED COSTS IN 2022-2020**

Twenty-one percent in 2022 (19% in 2021, 24% in 2020). VIVA's operating costs (consisting of administrative costs, the breakdown of which (in percentage terms) is shown in the chart below.

In 2022, external services accounted for a higher share of 25% (12% in 2021, 18% in 2020), with the relative increase from 2021 due to external HR services. In 2021, the highest share of 21% was accounted for by PR services (9% in 2022, 13% in 2020) due to the active publicity campaign of VIVA during the period of investment, and in 2020 28% was accounted for by IT costs (10% in both 2022 and 2021), when VIVA's office was being equipped. Depreciation of assets held under right of use (VIVA's rented office) was 19% in 2022, 17% in 2021, and 7% during only 1 month in 2020.



**FIG. 12. STRUCTURE OF ADMINISTRATIVE COSTS IN 2022-2020**



**FIG. 13. ADMINISTRATIVE COSTS BY CATEGORY IN 2022-2020**

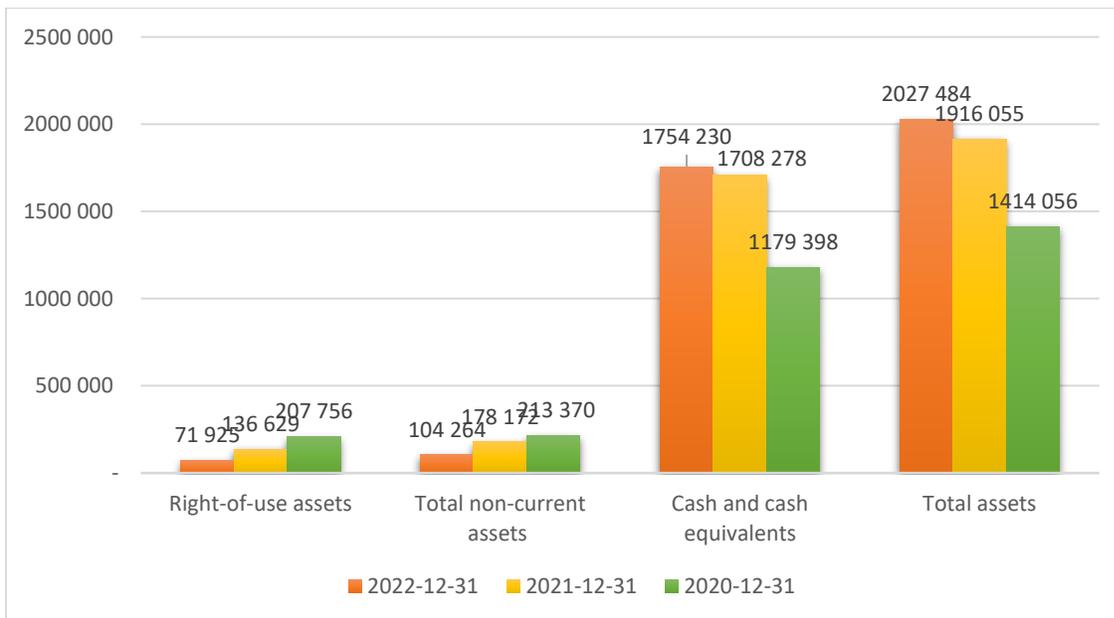
## VIVA'S KEY FINANCIAL INDICATORS

### ASSETS

On 31 December 2022, VIVA's assets amounted to EUR 2,027,484, 87% of which was cash in current bank accounts. Fixed assets amounted to EUR 104,264, of which 69% were held under right of use, i.e. in accordance with the provisions of IFRS 16, lease contracts for administrative premises.

Asset growth in 2022, as in previous years, was mainly driven by an increase in cash balances in bank accounts.

On 31 December 2021, VIVA's assets amounted to EUR 1,916,055, 89% of which was cash in current bank accounts. Fixed assets amounted to EUR 178,172, of which 77% were held under right of use, i.e. in accordance with the provisions of IFRS 16, lease contracts for administrative premises.



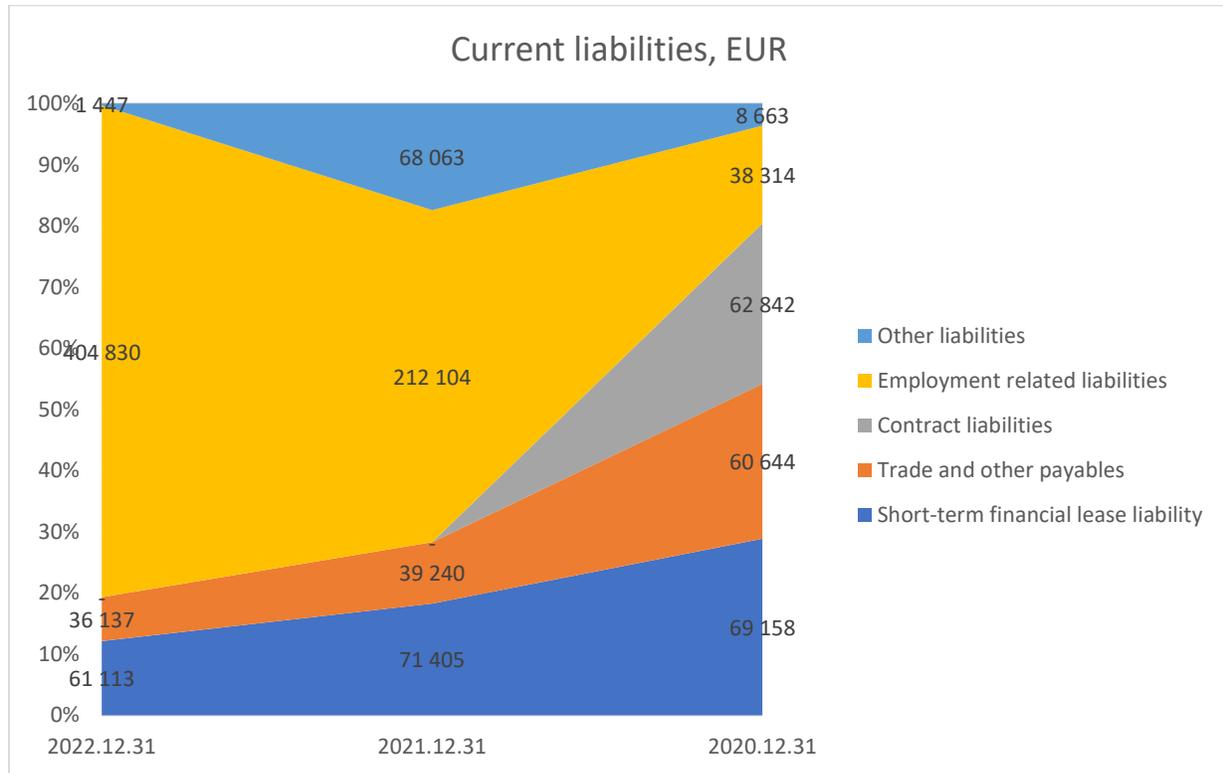
**FIG. 14. ASSET STRUCTURE AND DYNAMICS IN 2022-2020**

On 31 December 2020, VIVA's assets amounted to EUR 1,414,056, 83% of which was cash in a bank account. Fixed assets amounted to EUR 213,453, of which 97% were held under right of use, i.e. in accordance with the provisions of IFRS 16, lease contracts for administrative premises.

### LIABILITIES

On 31 December 2022, VIVA's long-term and short-term liabilities totalled EUR 551,622, of which 91% (EUR 503,527) were short-term liabilities. Eighty percent of current liabilities consisted of salaries and other employment-related liabilities, 78% of which consisted of the deferred variable remuneration

liability of employees in 2022 and 2021, which is expected to be paid in full in 2023 as part of the reorganisation due to the consolidation of the NDBs, which was the main reason for the almost doubling of these liabilities as at 31/12/2022. Long-term liabilities consist of the board's VRC for 2021 and 2022 comprising EUR 48,095, as it will only be paid at the end of the board's term of office in 2024. Twelve percent of total liabilities consist of current lease liabilities in accordance with the provisions of IFRS 16 relating to the lease of administrative premises, respectively (EUR 61,113). Current payments to suppliers comprising EUR 36,137 represent 7% of current liabilities. The remaining less than 1% relates to income tax payable.



On 31 December 2021, VIVA's long-term and short-term liabilities totalled EUR 543,837, of which 57% (EUR 310,052) were salaries and other employment-related liabilities, of which 83% were long-term and short-term accruals of the variable remuneration component for 2021 of the board and employees. Twenty-three percent of the total liabilities consisted of long-term and short-term lease liabilities in accordance with the provisions of IFRS 16 relating to the lease of administrative premises, respectively (EUR 55,077 and EUR 71,405). Income tax payable comprising EUR 68,063 represents 13% of the liabilities. The remainder relates to current payments to suppliers.

On 31 December 2020, VIVA's liabilities amounted to EUR 366,100, of which 53% were long-term and short-term lease liabilities in accordance with the provisions of IFRS 16 relating to the lease of administrative premises, respectively (EUR 126,479 and EUR 69,158). The remainder relates to current payments to suppliers and employees as well as contractual obligations.

The following are key financial indicators relevant to VIVA's operations

TABLE 8. KEY FINANCIAL INDICATORS

Key Financial Indicators (EUR)	2022	2021	2020
Sales revenue	2,378,534	2,395,205	437,158
Net profit (loss)	319,781	360,230	47,956
Earnings before interest, tax, depreciation and amortisation (EBITDA)	482,898	515,750	63,307
EBITDA profitability ratio (EBITDA margin, sales revenue)	20%	22%	14%
Assets	2,027,484	1,916,055	1,414,056
Authorised capital	1,000,000	1,000,000	1,000,000
Equity	1,475,862	1,372,219	1,047,956
<b>Return on equity (ROE), %</b>	<b>22%</b>	<b>26%</b>	<b>5%</b>
Return on share capital, %	32%	36%	5%
Equity to assets ratio	73%	72%	74%
<b>Return on assets (ROA), %</b>	<b>16%</b>	<b>19%</b>	<b>3%</b>
Earnings (loss) per share	31.98	36.02	4.80
Number of shares	10,000	10,000	10,000
Investments	10,793	47,825	5,901
<b>Cash balance to assets ratio</b>	<b>91%</b>	<b>89%</b>	<b>83%</b>
<b>Total liabilities to equity ratio</b>	<b>37%</b>	<b>40%</b>	<b>35%</b>
<b>Number of employees at the end of the period</b>	<b>22</b>	<b>24</b>	<b>22</b>

The profitability indicators reflect VIVA's balanced performance in achieving its objectives and managing the Business Aid Fund. Return on Equity (ROE) decreased by 4 percentage points (p.p.) due to lower net profit in 2022 as well as growth in equity. Activity in 2020 lasted only for less than 5 months, but this allowed for a relatively high ROE. The Return on Assets (ROA) is lower by 3 p.p., also due to the lower net profit in 2022 and the growth in assets. The ratios of total liabilities to equity for 2020-2022 are at a similar level due to the actual business model. The Return on Equity (ROE), the Return on Assets (ROA), and the cash to assets and total liabilities to equity ratios and their dynamics reflect the stable position of the Company, which is important in the context of the ongoing consolidation of the NDBs.

TABLE 9. LIQUIDITY RATIOS

Liquidity ratios	31/12/2022	31/12/2021	31/12/2020
<b>Gross liquidity ratio</b>	4	4	5
Short-term assets	1,923,220	1,737,883	1,200,686
Short-term liabilities	503,527	390,812	239,621
<b>Critical liquidity ratio</b>	4	4	5
Short-term assets	1,923,220	1,737,883	1,200,686
Short-term liabilities	503,527	390,812	239,621
Stocks	0	0	0

VIVA's liquidity ratios reflect the Company's stable position in managing its cash resources and liabilities. Short-term assets exceed short-term liabilities 4 times. The Company's solvency position remained sound despite the increase in current liabilities, mainly related to the Company's liability to employees due to the ongoing reorganisation of the VRC in the context of the consolidation of the NDBs.

TABLE 10. FINANCIAL PROFITABILITY AND TURNOVER RATIOS

Profitability indicators	2022	2021	2020
<b>Cost-to-income ratio (C/I)</b>	0.84	0.82	0.87
Sales revenue	2,378,534	2,395,205	437,158
Operating Costs	1,997,429	1,967,909	380,622
<b>Net profitability</b>	13%	15%	11%
Sales revenue	2,378,534	2,395,205	437,158
Net profit	319,781	360,230	47,956
<b>TURNOVER RATES</b>			
Asset turnover	1.17	1.25	0.31
Sales revenue	2,378,534	2,395,205	437,158
Assets	2,027,484	1,916,055	1,414,056

The financial profitability and turnover ratios and their dynamics show that the cost/income ratio is sufficient and appropriate to be maintained, and that the asset turnover rate is good. The dynamics of the profitability ratios are stable, mainly due to the impact of the level of net profit, which has led to a decrease by 2 percentage points in this ratio in 2022 compared to 2021, and a similar increase by 2 percentage points in 2021 compared to 2020. The dynamics of the asset turnover ratio remained

stable, with a slight decrease in the turnover ratio from 1.25 to 1.17 compared to 2021. This decrease is due to an increase in the average balance sheet asset values.

The data presented in the annual accounts are detailed; therefore, no references or additional explanations are provided.

## POST-REPORTING EVENTS

In 2022, the Ministry of Finance of the RL implemented the first phase of consolidation of the Lithuanian National Development Bodies (NDB). On 19 October 2022, a group of four NDBs—UAB “Investicijų ir verslo garantijos” (INVEGA), UAB “Viešųjų investicijų plėtros agentūra” (VIPA), UAB “Valstybės investicijų valdymo agentūra” (VIVA), and UAB “Žemės ūkio paskolų garantijų fondas” (ŽŪPGF)—was formed, with INVEGA as the parent company, and the other companies as its subsidiary companies. This decision, which will result in a single national incentive finance institution operating in Lithuania, was taken at a Government meeting on 19 October 2022. On 2 January 2023, the Ministry of Finance of the RL signed an agreement with INVEGA under which INVEGA becomes a shareholder of UAB “Viešųjų investicijų plėtros agentūra” (VIPA), UAB “Valstybės investicijų valdymo agentūra” (VIVA), and UAB “Žemės ūkio paskolų garantijų fondas” (ŽŪPGF). According to the amendment to resolution No. 1046 “On the Assignment to Operate as a National Development Body” of 15 February 2023, the activities of the NDB are entrusted to the parent company INVEGA, and the delegation of the activities of the NDB to its subsidiaries—VIPA, VIVA, and ŽŪPGF—is removed. The provisions of the resolution ensure the continuity and development of the financial instruments and the possibility to launch new financial instruments. The next stage of the Fund’s consolidation reform is the full or partial merger of the subsidiaries into INVEGA through internal restructuring and the formation of new management bodies.

On 03/03/2023, the shareholder of the Company (UAB “Investicijų ir verslo garantijos”) adopted decision No. 28.5.1-7, which approved the amendments to the articles of association of the Company (a collegial body of the Company—the supervisory board—was abolished)

There have been no other post-reporting events after the end of the financial year and before the approval of these financial statements that would affect these financial statements or require additional disclosure.

# SUSTAINABILITY THAT CREATES VALUE

Sustainability is understood as a fundamental value in VIVA's activities and as an integral and inseparable part of the company's activities and work organisation. Since its inception, VIVA's financing model has created a cycle of sustainability promotion: for business, the financial market, and the state. The state-owned company was set up in line with the best practices of public and private financial institutions. VIVA's governance model ensures continuous and ongoing process improvement by critically and objectively assessing the company's impact on the economy, the social environment, and the improvement of management processes. In 2022, the most important assessment of the sustainability of the company's performance management was the recognition by the State Coordination Centre of VIVA as the best-managed state-run small enterprise.

By providing finance for business, VIVA ensures that public and investor funds are invested in a targeted manner and only to the extent necessary to ensure sustainable business growth, to boost sustainably the economy's potential and cohesion.

VIVA's activities implement sustainability 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 the fact that VIVA is a small state-owned company established for a specific purpose, VIVA invests by evaluating the investments' impact on the economy, the social environment, and governance processes. In 2021, the sustainability policy became a key document in this area. The sustainability policy is publicly available on the company's website under Sustainability. In 2022, VIVA prepared and published its first sustainability report for 2021.

The sustainability policy and reports are prepared in accordance with:

- The principles contained in the Organisation for Economic Co-operation and Development (OECD) Guidelines for MNEs;
- The United Nations *Global Compact*;
- The results of the stakeholders' engagement and materiality assessment procedures of the *Global Reporting Initiative, GRI*;
- The National Progress Plan for 2021-2030, approved by the Government of the Republic of Lithuania.

## SUSTAINABILITY PRINCIPLES

VIVA's activities and culture are based on values and sustainability principles:

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

**Transparency:** VIVA acts in a transparent manner by taking decisions that have an impact on society, the economy, and the environment as well as by publishing timely, clear, and comprehensible information about the Company's activities.

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

**Stakeholder engagement:** the company respects, considers and responds to the interests of its stakeholders.

**Planning for the long term:** in decision-making, VIVA looks not only at the short-term benefits for business, but also at the long-term impact on the sustainability of the economy. The company anticipates potential challenges and addresses them.

**Compliance with the law:** VIVA's activities are organised in accordance with the country's regulatory framework.

**Respect for human rights:** VIVA recognises the importance and universality of human rights and ensures that the company's activities do not violate human rights.

## DIRECTIONS OF VIVA'S SUSTAINABILITY IMPACT

### 1. ECONOMIC AND GOVERNANCE AREA

**Incentive effects on financial and capital markets.** The Company has stimulated and activated the financial and in particular the capital market by financing areas where market financing was insufficient. At the same time, the Company educates the business community on sustainable finance.

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

**The Company's sound financial position.** The Company aims to integrate ESG (environmental, social and governance) criteria into its algorithm of financing decisions, while maintaining the objective of ensuring a positive return for investors.

**Prevention of money laundering.** The Company carries out a risk assessment of its existing portfolio and potential clients. It also seeks to ensure a proportion of clients at low risk of ML/TF (money laundering and terrorist financing), and encourages employee engagement and participation in ML/TF prevention training.

**Prevention of corruption.** The Company strives to ensure that its activities and behaviour meet the highest standards of trustworthiness, integrity, transparency, and business ethics acceptable to

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 control measures. The Company also encourages its clients to implement corruption prevention measures.

## 2. SOCIAL AREA

**Talent attraction, diversity, equality and employee well-being.** The Company creates a values-based work culture to attract, retain and develop talent. The Company works towards its objectives by creating a healthy and safe working environment, ensuring employee well-being, diversity and equality of opportunity, and promoting employee engagement. The Company does not tolerate any form of harassment, discrimination, psychological violence, bullying, victimisation or abuse of position. In addition, the Company encourages its clients and the business community to ensure equality of opportunity, diversity and engagement of its employees.

**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 preserve innovation and the taxes paid to the state, and promote sustainable business growth and development. The Company also aims 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 aims to create a culture of sustainable consumption and promote environmental initiatives. In addition, the Company encourages its clients to manage their environmental footprint through the use and production of renewable energy sources, pollution reduction, circular economy principles and a short supply chain, energy efficiency and technological transformation.

### VIVA's sustainability targets for 2022:

- A minimum of 20% of the Fund's portfolio of companies that implement sustainable business management principles or policies
- At least 85% of the financing share provided through corporate bond redemptions
- Staff retention rate of at least 85%
- Zero ethics and corruption violations
- Corporate governance assessment: "A" rating from the GCC

### KEY SUSTAINABILITY STEPS IN 2022

In 2022, VIVA published a separate and detailed sustainability report for 2021. The plan is to produce sustainability reports on an annual basis and then integrate them into the annual report.

In 2022, the following activities were implemented under the sustainability direction:

TABLE 11. ACTIVITIES OF VIVA'S SUSTAINABILITY DIRECTION IN 2022

ECONOMIC AND GOVERNANCE AREA			
Sustainability Direction	Objectives	Activities	Results
Incentive effects on financial and capital markets	Stimulate and activate financial and capital markets	Sustainable investment solutions for business	<p>VIVA's investment performance is presented in the sections Strategy and its Implementation and Major Events of 2022</p> <p>The Fund's investment in the redemption of bonds comprised ~EUR 155 million.</p> <p>The share of bonds in the Fund is 91%.</p> <p>The proportion of clients with funders other than the Fund is 68%.</p>
	Educate the business community on sustainable finance	Participation in conferences, direct communication with clients, adoption of international experience and practices	<p>The "GreenTech Vilnius" conference initiated a discussion on how to activate green finance;</p> <p>A discussion on sustainable finance was initiated by "Verslo forumas";</p> <p>The EBIT Conference initiated a discussion on the nature of inflation and its consequences for business;</p> <p>Participation in a discussion on investment management at the launch of a new investment platform;</p> <p>Educational programmes (2) in the business section of Žinių radijas, continuous dissemination of information on social networks and website;</p>

			<p>Specialised expert event exclusively for VIVA's clients "Capital Market Opportunities for VIVA's Clients"</p> <p>Advice to companies on sustainable finance on request;</p>
Transparent governance	<p>Ensuring and promoting good practices in transparent governance</p> <p>Encouraging VIVA clients to adopt good governance practices</p>	<p>Creation and approval of key internal documents</p> <p>Favourable evaluation by the GCC</p> <p>Encouraging staff to get involved in promoting values and ethics</p> <p>Consultation</p>	<p>More than 30 procedures, policies, assessments, models, etc. regulating the company's activities have been approved or updated.</p> <p>VIVA was recognised as a leader in governance in Lithuania in the category of small state-owned enterprises. VIVA received the highest rating: "A+"</p> <p>Training on corruption prevention, emotional resilience, and FLOW typology for staff. A lecture by a representative of the armed forces took place after the outbreak of the war in Ukraine. Staff members share their experiences in the internal communication project "VIVA Stories".</p> <p>VIVA's employees advise VIVA's clients on improving their governance within their areas of expertise.</p>
Sustainable financial position of the Company	Ensuring the company's sustainable financial position	Drafting of financial reports and financial management	The sustainability of the company's finances is detailed in the financial statements below.
Prevention of money laundering	Ensuring all necessary procedures and timeliness, applying the zero tolerance principle.	Implementing anti-money laundering measures	The Fund's business accepts a low level of MLTF risk, which is influenced by the Fund's client acceptance criteria and the products and services it provides in the market.

			<p>The Fund has put in place measures to manage the prevention of MLTF, it follows the MLTF prevention policy, internal procedures, and best practices; training is organised periodically, IT solutions for monitoring business relationships and sanctions have been implemented.</p> <p>Transparency International anti-corruption training was organised and attended by all staff.</p>
Preventing corruption	Introducing a zero tolerance principle	Implementing anti-corruption measures	<p>In 2022, there were zero infringements and zero reports.</p> <p>The company's anti-corruption activities and results are detailed in the anti-corruption section (see page 58).</p>

**SOCIAL AREA**

Talent attraction, diversity, equality and employee well-being	Attracting talent, ensuring diversity, promoting engagement, creating a safe and healthy working environment.	Validation of documents and implementation of initiatives to promote employee safety, motivation, incentives, engagement and values	<p>In 2022, 24 employees started working for the company and the annual retention rate is 88%.</p> <p>From the outset, the company ensures gender diversity and non-discriminatory remuneration, as well as compliance with ethical principles.</p> <p>In 2022, the company updated its remuneration policies for employees, the director, and the board; the director's order on additional benefits for employees was issued;</p> <p>Employees and management bodies actively share company information on an ongoing basis;</p> <p>The company offered health check-ups, medical tests and vaccinations;</p>
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			<p>Flexible working conditions: all meetings are held in a hybrid format;</p> <p>VIVA staff are encouraged to upgrade their qualifications and continue their studies;</p> <p>Employee participation in engagement and team-building activities exceeded 90%.</p>
Socio-economic impact of investments	Sustainably promoting a socio-economic environment	Targeting investments	<p>More than 10,500 employees work in the companies of the financed clients;</p> <p>Around EUR 72 million in taxes was paid by the companies that received funding;</p> <p>Fifty-two percent of the Fund's funding was directed towards ensuring the continuity of companies' investments, 48% was directed towards the companies' working capital;</p> <p>More than 40% of the Fund's portfolio was invested in the most investment-intensive sector: manufacturing.</p> <p>More than 30% of the Fund's portfolio is in the sector most affected by the pandemic: accommodation and catering companies.</p>
<b>ENVIRONMENTAL AREA</b>			
Environmental impact of investments	Implementing environmentally friendly solutions in the company	Implementing green initiatives	<p>The company maintains a paperless culture, with 95% of all contracts signed with e-signatures;</p> <p>The company has e-signature and mobile signature functions for signing documents;</p> <p>The company minimises the use of plastic packaging and sorts waste;</p>

	<p>Sustainably promoting environmentally friendly businesses</p>	<p>Financing environmentally friendly businesses</p>	<p>Most of the company's employees are active users of urban transport solutions: car-sharing services, scooters, public transport.</p> <p>In 2022, four companies that contribute to the development of sustainable business and sustainability initiatives in Lithuania received funding from the Fund.</p> <p>A financing agreement of EUR 10 million with UAB "AUGA group", operating in the organic farming sector;</p> <p>A financing agreement of EUR 23.2 million with UAB "SBA furniture group", operating in the manufacturing sector;</p> <p>A financing agreement of EUR 7 million with UAB "Montuotojas", operating in the manufacturing sector;</p> <p>A financing agreement of EUR 2 million with UAB "Energijos taupymo centras", operating in the energy and industrial sector.</p>
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PRIVATE COMPANY STATE INVESTMENT MANAGEMENT AGENCY  
FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

(All amounts in EUR, unless otherwise stated)

**Statement of Profit or Loss and Other Comprehensive Income**

Confirmation date

2023-03-24

	Note	01 01 2022 31 12 2022	01 01 2021 31 12 2021
<b>Operating income</b>	<b>4</b>		
Fund management fee		2 378 534	2 395 205
<b>Total operating income</b>		<b>2 378 534</b>	<b>2 395 205</b>
<b>Operating expenses</b>			
Salaries and other employee related expenses	5	(1 575 513)	(1 596 676)
Administrative expenses	6	(418 266)	(365 923)
Finance costs	7	(3 650)	(5 310)
<b>Total operating expenses</b>		<b>(1 997 429)</b>	<b>(1 967 909)</b>
<b>Profit before tax</b>		<b>381 105</b>	<b>427 296</b>
Income tax	8	(61 324)	(67 066)
<b>Net profit after tax</b>		<b>319 781</b>	<b>360 230</b>
Comprehensive income		-	-
<b>Total comprehensive income</b>		<b>319 781</b>	<b>360 230</b>

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

<b>Chief Executive Officer</b>	<b>Dainius Vilčinskas</b>	
<b>Chief Financial Officer</b>	<b>Marta Jablonské</b>	
<b>Representative of UAB "Ernst &amp; Young Baltic" responsible for financial statements preparation</b>	<b>Virginija Skirmantė</b>	

## Statement of Financial Position

Confirmation date

2023-03-24

	Note	31 12 2022	31 12 2021
<b>Assets</b>			
<b>Non-current assets</b>			
Right-of-use assets	9	71 925	136 629
Tangible assets	11	19 867	33 863
Intangible assets	10	12 471	7 679
Investment in subsidiaries	12	1	1
<b>Total non-current assets</b>		<b>104 264</b>	<b>178 172</b>
<b>Current assets</b>			
Cash and cash equivalents		1 754 230	1 708 278
Receivables from associated entities	20	148 568	-
Deferred tax assets	8	1 203	1 080
Other current assets	13	19 219	28 525
<b>Total current assets</b>		<b>1 923 220</b>	<b>1 737 883</b>
<b>Total assets</b>		<b>2 027 484</b>	<b>1 916 055</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Issued capital	14	1 000 000	1 000 000
Mandatory reserve		100 000	7 193
Special capital reserve		50 000	4 796
Retained earnings	15	325 862	360 230
<b>Total equity</b>		<b>1 475 862</b>	<b>1 372 219</b>
<b>Non-current liabilities</b>			
Lease liabilities	9	-	55 077
Other and employment related liabilities	17	48 095	97 947
<b>Total non-current liabilities</b>		<b>48 095</b>	<b>153 024</b>
<b>Current liabilities</b>			
Short-term financial lease liability	9	61 113	71 405
Trade and other payables	16	36 137	39 240
Employment related liabilities	17	404 830	212 104
Corporate income tax payable		1 447	68 063
<b>Total current liabilities</b>		<b>503 527</b>	<b>390 812</b>
<b>Total liabilities and equity</b>		<b>2 027 484</b>	<b>1 916 055</b>

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

<b>Chief Executive Officer</b>	<b>Dainius Vilčinskas</b>	
<b>Chief Financial Officer</b>	<b>Marta Jablonské</b>	
<b>Representative of UAB “Ernst &amp; Young Baltic” responsible for financial statements preparation</b>	<b>Virginija Skirmantė</b>	

**Statement of Changes in Equity**

	Share capital	Retained earnings	Mandatory reserve	Special capital reserve	Total equity
<b>As at 31 December 2020</b>	<b>1 000 000</b>	<b>47 956</b>	<b>-</b>	<b>-</b>	<b>1 047 956</b>
Allocation to mandatory reserve	-	(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 (Loss) for the period	-	360 230	-	-	360 230
<b>As at 31 December 2021</b>	<b>1 000 000</b>	<b>360 230</b>	<b>7 193</b>	<b>4 796</b>	<b>1 372 219</b>
Allocation to mandatory reserve	-	(92 807)	92 807	-	-
Share of profit allocated to the special capital reserve (according to the Law of the Republic of Lithuania)	-	(45 204)	-	45 204	-
Share of profit allocated for dividends	-	(216 138)	-	-	(216 138)
Profit (Loss) for the period	-	319 781	-	-	319 781
<b>As at 31 December 2022</b>	<b>1 000 000</b>	<b>325 862</b>	<b>100 000</b>	<b>50 000</b>	<b>1 475 862</b>

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

<b>Chief Executive Officer</b>	<b>Dainius Vilčinskas</b>	_____
<b>Chief Financial Officer</b>	<b>Marta Jablonské</b>	_____
<b>Representative of UAB “Ernst &amp; Young Baltic” responsible for financial statements preparation</b>	<b>Virginija Skirmantė</b>	_____

## Statement of Cash Flows

	Note	01 01 2022 31 12 2022	01 01 2021 31 12 2021
<b>Operating activities</b>			
Profit (Loss) for the period		319 781	360 230
Depreciation of right-of-use assets	9	78 465	71 276
Amortisation of intangible asset	10	6 001	3 742
Depreciation of tangible assets	11	13 996	8 154
<b>Total for operating activities</b>		<b>418 243</b>	<b>443 402</b>
<b>Working capital adjustments</b>			
(Increase)/decrease in deferred tax assets	8	(123)	(997)
(Increase)/decrease in receivables from associated entities	20	(148 568)	-
(Increase)/decrease in other current assets	13	9 306	(7 321)
(Decrease)/increase in employment related liabilities	17	142 874	271 738
(Decrease)/increase in corporate income tax payable	8	(66 616)	59 400
(Decrease)/increase in trade and other payables	16	(3 103)	(84 246)
<b>Total working capital adjustments</b>		<b>(66 230)</b>	<b>238 574</b>
<b>Net cash flows from operating activities</b>		<b>352 013</b>	<b>681 976</b>
<b>Investing activities</b>			
Purchase of intangible assets	10	(10 793)	(5 808)
Purchase of tangible assets	11	-	(42 017)
<b>Net cash flows from investing activity</b>		<b>(10 793)</b>	<b>(47 825)</b>
<b>Financing activities</b>			
Paid dividends		(216 138)	(35 967)
Repayment of lease liabilities	9	(79 130)	(69 304)
<b>Net cash flows from financing activity</b>		<b>(295 268)</b>	<b>(105 271)</b>
<b>Net change in cash and cash equivalents</b>		<b>45 952</b>	<b>528 880</b>
Cash and cash equivalents at the beginning of the period		1 708 278	1 179 398
<b>Cash and cash equivalents at the end of the period</b>		<b>1 754 230</b>	<b>1 708 278</b>

Chief Executive Officer

Dainius Vilčinskas

Chief Financial Officer

Marta Jablonské

Representative of UAB  
 "Ernst & Young Baltic"  
 responsible for  
 financial statements  
 preparation

Virginija Skirmantė

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**PRIVATE COMPANY STATE INVESTMENT MANAGEMENT AGENCY**  
**FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022**

(All amounts in EUR, unless otherwise stated)

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## **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 the State Investment Management Agency, UAB (hereinafter – the Company).

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 2022, the Company had 22 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 Financial 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**

The accounting policies adopted are consistent with those of the previous financial year except for the following IFRS amendments which have been adopted by the Company as at 1 January 2022:

- **IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 (Amendments)**

The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:

- **IFRS 3 Business Combinations (Amendments)** update a reference in IFRS 3 to the previous version of the IASB's Conceptual Framework for Financial Reporting to the current version issued in 2018 without significantly changing the accounting requirements for business combinations.

**2 Basis for preparation of financial statements (continued)**

**2.1 Applied amendments and interpretations to the standards (continued)**

• **IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 (Amendments) (continued)**

- **IAS 16 Property, Plant and Equipment (Amendments)** prohibit a company from deducting from the cost of property, plant and equipment any proceeds from the sale of items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, a company recognizes such sales proceeds and related cost in profit or loss.

- **IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)** specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous. The amendments clarify, the costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to the contract activities.

- **Annual Improvements 2018-2020** make minor amendments to **IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture** and the Illustrative Examples accompanying **IFRS 16 Leases**.

The amendments had no impact on the financial statements of the Company.

**2.2 Standards issued but not yet effective and not early adopted**

• **IFRS 17 "Insurance contracts"**

The standard is effective for annual periods beginning on or after 1 January 2023 with earlier application permitted, provided the entity also applies IFRS 9 Financial Instruments on or before the date it first applies IFRS 17. This is a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation and disclosure. IFRS 17 applies to all types of insurance contracts issued, as well as to certain guarantees and financial instruments with discretionary participation contracts. The Fund does not issue contracts in scope of IFRS 17; therefore its application does not have an impact on the Company's financial performance, financial position or cash flows.

• **IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)**

The Amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. Management has assessed that the change will not affect the Company.

• **IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)**

The amendments become effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty, if they do not result from a correction of prior period error. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors. Management has assessed that the change will not affect the Company.

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**PRIVATE COMPANY STATE INVESTMENT MANAGEMENT AGENCY**  
**FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022**

(All amounts in EUR, unless otherwise stated)

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**2 Basis for preparation of financial statements (continued)**

**2.2 Standards issued but not yet effective and not early adopted (continued)**

• **IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)**

The amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The amendments narrow the scope of and provide further clarity on the initial recognition exception under IAS 12 and specify how companies should account for deferred tax related to assets and liabilities arising from a single transaction, such as leases and decommissioning obligations. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement, having considered the applicable tax law, whether such deductions are attributable for tax purposes to the liability or to the related asset component. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. Management has assessed that the change will not affect the Company.

• **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted, and will need to be applied retrospectively in accordance with IAS 8. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period. The amendments have not yet been endorsed by the EU. Management has assessed that the change will not affect the Company.

• **IFRS 16 Leases: Lease Liability in a Sale and Leaseback (amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments are intended to improve the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction in IFRS 16, while it does not change the accounting for leases unrelated to sale and leaseback transactions. In particular, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use it retains. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, being the beginning of the annual reporting period in which an entity first applied IFRS 16. The amendments have not yet been endorsed by the EU. Management has assessed that the change will not affect the Company.

• **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. Management has assessed that the change will not affect the Company.

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**PRIVATE COMPANY STATE INVESTMENT MANAGEMENT AGENCY**  
**FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022**  
(All amounts in EUR, unless otherwise stated)

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**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 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.

**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.

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**PRIVATE COMPANY STATE INVESTMENT MANAGEMENT AGENCY**  
**FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022**

(All amounts in EUR, unless otherwise stated)

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**3 Significant accounting judgements, estimates and assumptions (continued)**

**Income (continued)**

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.

**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.

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**PRIVATE COMPANY STATE INVESTMENT MANAGEMENT AGENCY**  
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(All amounts in EUR, unless otherwise stated)

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**3 Significant accounting judgements, estimates and assumptions (continued)**

**Corporate income tax (continued)**

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.

**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.

### 3 Significant accounting judgements, estimates and assumptions (continued)

#### Fixed intangible and tangible assets (continued)

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

#### 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.

**3 Significant accounting judgements, estimates and assumptions (continued)**

**Financial assets (continued)**

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 2022	01 01 2021
	31 12 2022	31 12 2021
Fund management fee	2 378 534	2 395 205
<b>Total operating income</b>	<b>2 378 534</b>	<b>2 395 205</b>

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 2022	01 01 2021
	31 12 2022	31 12 2021
Wages and salaries	1 116 556	1 149 406
Accrued expenses of annual variable part of remuneration to employees	242 085	233 845
Remuneration to members of the Supervisory Board and the Board	155 587	136 036
Accrued expenses of annual variable part of remuneration to the Board	23 947	24 148
Social security expenses	19 814	20 657
Vacation accruals	17 524	32 584
<b>Total salaries and other employee related expenses</b>	<b>1 575 513</b>	<b>1 596 676</b>

### 6 Administrative expenses

	01 01 2022	01 01 2021
	31 12 2022	31 12 2021
Consulting and external services	105 976	50 733
Depreciation of right-of-use assets	78 465	71 275
IT services costs	40 059	40 544
Public relations services	39 224	88 503
Training costs	26 704	15 859
Amortization and depreciation of fixed assets	19 997	11 896
Utility costs	19 938	15 883
Office maintenance expenses	18 132	26 424
Telecommunications costs	10 553	8 885
Audit expenses	9 680	9 680
Insurance expenses	8 739	4 411
Legal costs	-	7 877
Other administrative expenses	40 799	13 953
<b>Total administrative expenses</b>	<b>418 266</b>	<b>365 923</b>

### 7 Finance costs

	01 01 2022	01 01 2021
	31 12 2022	31 12 2021
Interest expenses on lease liabilities	3 331	5 253
Other finance costs	319	57
<b>Total finance costs</b>	<b>3 650</b>	<b>5 310</b>

## 8 Income tax

Reconciliation of taxes and financial profit

	01 01 2022 31 12 2022	01 01 2021 31 12 2021
<b>Profit before tax</b>	<b>381 105</b>	<b>427 296</b>
Non-deductible expenses	31 007	26 460
Additional deductible expenses	(2 468)	-
<b>Taxable profit</b>	<b>409 644</b>	<b>453 756</b>
Income tax for the reporting period	(61 447)	(68 063)
Change of deferred tax asset	123	997
<b>Profit for the reporting period</b>	<b>319 781</b>	<b>360 230</b>

<b>Profit before tax</b>	381 105	427 296
Income tax (15 %)	(57 166)	(64 094)
Tax impact		
Non-deductible expenses	(4 651)	(3 969)
Non-taxable income and tax exemptions	-	-
Additional deductible expenses (reducing/increasing loss)	370	-
Temporary differences due to taxation and financial accounting differences	123	997
<b>Current year's income tax expenses recognized in accounting</b>	<b>(61 324)</b>	<b>(67 066)</b>

### Components of deferred income tax assets

	31 12 2022	31 12 2021
Temporary differences between tax accounting and financial accounting due to the application of IFRS 16	240	340
Accrued employer's social security costs from annual leave and annual variable part of remuneration costs accruals	963	740
<b>Deferred income tax asset</b>	<b>1 203</b>	<b>1 080</b>

## 9 Right-of-use assets

The Company has concluded a contract for the lease of premises with the termination date 3 December 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 2021	136 629
Additions	13 761
Depreciation during the year	(78 465)
<b>Balance as at 31 December 2022</b>	<b>71 925</b>

### Lease liabilities

	Office premises
Balance as at 31 December 2021	126 482
Additions	13 761
Repayment of lease liabilities	(79 130)
<b>Balance as at 31 December 2022</b>	<b>61 113</b>

### Lease liabilities

	31 12 2022	31 12 2021
Non-current lease liabilities	-	55 077
Current lease liabilities	61 113	71 405
<b>Total lease liabilities</b>	<b>61 113</b>	<b>126 482</b>

**9 Right-of-use assets (continued)**

The table shows the future minimum rent payable as at 31 December 2022 under the operating lease agreement:

Maturity analysis. Contractual undiscounted cash flows	31 12 2022	31 12 2021
Less than one year	61 846	74 409
Between one and three years	-	55 809
<b>Total undiscounted lease liabilities</b>	<b>61 846</b>	<b>130 218</b>

**10 Intangible assets**

Cost	Software
Balance as at 31 December 2020	5 900
Additions	5 808
Balance as at 31 December 2021	11 708
Additions	10 793
<b>Balance as at 31 December 2022</b>	<b>22 501</b>
<b>Accumulated amortisation</b>	<b>Software</b>
Balance as at 31 December 2020	(287)
Depreciation during the period	(3 742)
Balance as at 31 December 2021	(4 029)
Depreciation during the year	(6 001)
<b>Balance as at 31 December 2022</b>	<b>(10 030)</b>
Carrying amount as at 31 December 2020	5 613
Carrying amount as at 31 December 2021	7 679
<b>Carrying amount as at 31 December 2022</b>	<b>12 471</b>

**11 Tangible assets**

Cost	Equipment
Balance as at 31 December 2020	-
Additions	42 017
Balance as at 31 December 2021	42 017
Additions	-
<b>Balance as at 31 December 2022</b>	<b>42 017</b>
<b>Accumulated amortisation</b>	<b>Equipment</b>
Balance as at 31 December 2020	-
Depreciation during the period	(8 154)
Balance as at 31 December 2021	(8 154)
Depreciation during the year	(13 996)
<b>Balance as at 31 December 2022</b>	<b>(22 150)</b>
Carrying amount as at 31 December 2020	-
Carrying amount as at 31 December 2021	33 863
<b>Carrying amount as at 31 December 2022</b>	<b>19 867</b>

**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**

	<b>31 12 2022</b>	<b>31 12 2021</b>
Future period expenses	19 164	28 151
Prepayments	55	374
<b>Total other current assets</b>	<b>19 219</b>	<b>28 525</b>

**Future period expenses**

	<b>31 12 2022</b>	<b>31 12 2021</b>
External systems and logins	7 369	15 005
Civil liability insurance	6 484	6 604
Subscriptions	3 045	3 346
IT expenses	1 935	2 435
Employees trainings	331	398
Other	-	363
<b>Total future period expenses</b>	<b>19 164</b>	<b>28 151</b>

**14 Issued capital**

As at 31 December 2022 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 at 31 December 2022. 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 (the shareholder from 27 August 2020 until 2 January 2023). As at 2 January 2023 UAB "INVESTICIJŲ IR VERSLO GARANTIJOS" (company code 110084026) became a shareholder of the Company.

**15 Profit distribution project**

	<b>31 12 2022</b>
<b>Retained profit (loss) at the beginning of the financial year</b>	<b>6 081</b>
<b>Net profit for the financial years - earnings (losses)</b>	<b>319 781</b>
Profit (loss) recognized in the Other Comprehensive Income statement	-
Transfers from reserves to cover losses	50 000
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	375 862
Profit transfers to reserves:	-
Share of profit allocated to the mandatory reserve	-
Share of profit allocated to the special capital reserve (in accordance with the Law of the Republic of Lithuania on National Development Institutions)	-
Share of profits allocated for the payment of dividends	375 862
Share of profits allocated to annual allowances (bonuses) for members of the Board and supervisory board, employee bonuses and other purposes	-
<b>Retained profit (loss) at the end of the financial year, brought forward</b>	<b>-</b>

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 18 May 2022 "Regarding State-Owned Enterprises approval of the main financial performance indicators to be achieved during the period 2022-2024" No. 509 and of 6 June 2012 "Regarding the approval of the description of the procedure for the implementation of state property and non-property rights in state-owned enterprises" No. 665 latest edition of article No. 15.

16 Trade and other payables

	31 12 2022	31 12 2021
Trade payables to suppliers	20 997	26 823
Accrued expenses	11 636	9 680
Amounts payable to accountable persons	2 197	2 737
Other payables	1 307	-
<b>Total trade and other payables</b>	<b>36 137</b>	<b>39 240</b>

17 Employment related liabilities

	31 12 2022	31 12 2021
<b>Non-current employment related liabilities</b>		
Accrued expenses of annual variable part of remuneration to Board members - non-current part	48 095	24 148
Accrued expenses of annual variable part of remuneration to employees - non-current part	-	73 799
	<b>48 095</b>	<b>97 947</b>
<b>Current employment related liabilities</b>		
Accrued expenses of annual variable part of remuneration to employees - current part	317 395	160 046
Accrued annual leave payment	65 337	47 812
Payable remuneration to members of the Supervisory Board and related fees	22 098	4 246
	<b>404 830</b>	<b>212 104</b>
<b>Total employment related liabilities</b>	<b>452 925</b>	<b>310 051</b>

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.

*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 system**

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.

**18 Risk management (continued)**

**Risk management system (continued)**

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.

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

Process participant	Responsibilities
Supervisory Board	<ul style="list-style-type: none"> <li>- considers and approves the operational strategy of the Company and the Fund, analyzes and evaluates information on the implementation of the operational strategy;</li> <li>- 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;</li> <li>- submits comments and proposals to improve the risk management process;</li> </ul>
Internal auditor	<ul style="list-style-type: none"> <li>- supervises, monitors, assesses and provides recommendations to the management bodies of the Company and the Fund manager on improving the risk management system;</li> <li>- 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;</li> <li>- 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;</li> </ul>
Board	<ul style="list-style-type: none"> <li>- ensures that these policy provisions are consistent with the operational strategy of the Company and the Fund and with the applicable legislation;</li> <li>- communicates with management with a view to improving the management of the Fund's risks;</li> <li>- encourages the management of the Fund to follow the risk management process and integrate it into planning, decision-making and control processes;</li> <li>- monitors, at least quarterly, the implementation of the most significant risk management measures;</li> </ul>
Chief Executive Officer	<ul style="list-style-type: none"> <li>- encourages the Fund Manager's employees to manage risks in accordance with the approved procedures and maintains a culture of open communication of incidents;</li> <li>- seeks that the Fund Manager's employees have sufficient impact to identify, assess and manage risks;</li> <li>- immediately informs the Board on material risks that threaten the continuity of the Fund's activities;</li> </ul>
Risk Management Manager	<ul style="list-style-type: none"> <li>- participates in the risk monitoring, management and control process;</li> <li>- reviews and assesses the main risks of the Fund and developments in the business environment once a year;</li> <li>- identifies the owners of the risks;</li> <li>- is responsible for the review and timely updating of the Policy;</li> <li>- 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;</li> </ul>
Risk owner	<ul style="list-style-type: none"> <li>- participates in the risk management process in identifying and analyzing risks;- identifies risks and proposes risk management measures;</li> <li>- applies the established risk management measures;</li> <li>- immediately informs the risk manager of the increased risks.</li> </ul>

## 18 Risk management (continued)

### Credit Risk

The Company's monetary funds are kept in bank accounts with Swedbank, AB and SEB Bank, AB. Swedbank, AB the applicable rating assigned by international rating agencies Moody's Investors Service is Aa3, Fitch Ratings is AA- and S&P rating is A+. SEB Bank, AB the applicable rating assigned by Moody's Investors Service is Aa3, Fitch Ratings is AA and S&P rating is A+. 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 2022	Less than one year	Between one and two years	Between two and three years	Total:
Cash and cash equivalents	1 754 230	-	-	1 754 230
Receivables from associated entities	148 568	-	-	148 568
Paid advances, overpayments	55	-	-	55
Lease liabilities	(61 846)	-	-	(61 846)
Trade and other payables	(36 137)	-	-	(36 137)
Employment related liabilities	(404 830)	(48 095)	-	(452 925)
Other current liabilities	(1 447)	-	-	(1 447)
<b>Net risk</b>	<b>1 398 593</b>	<b>(48 095)</b>	-	<b>1 350 498</b>

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)
<b>Net risk</b>	<b>1 314 462</b>	<b>(153 754)</b>	-	<b>1 160 708</b>

## 19 Employees

	31 12 2022	31 12 2021
<b>Number of employees at the end of the year, of whom:</b>	<b>22</b>	<b>24</b>
Specialists	16	17
Heads of departments	5	6
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.

	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Remuneration to members of the Supervisory Board and the Board	155 587	136 036
CEO salary and related taxes	97 046	105 944
Accrued expenses of annual variable part of remuneration to Board members	23 947	24 148
Accrued expenses of annual variable part of remuneration to CEO	21 396	25 206
	<b>297 976</b>	<b>291 334</b>

In 2022 and 2021, 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.

**20 Transactions with related parties (continued)**

<b>2022</b>	Purchases	Sales	Receivables	Contractual obligations	Accrued interest
"Pagalbos verslui fondas"	-	2 378 534	148 568	-	-

<b>2021</b>	Purchases	Sales	Receivables	Contractual obligations	Accrued interest
"Pagalbos verslui fondas"	-	2 395 205	-	-	-

**21 Subsequent events**

In 2022 The Ministry of Finance of the Republic of Lithuania implemented the first stage of consolidation of the Lithuanian National Development Institutions (NDI). On 19 October, 2022 a group of four companies of NDI was formed: UAB "Investicijų ir verslo garantijos" (INVEGA), UAB "Viešųjų investicijų plėtros agentūra" (VIPA), UAB "Valstybės investicijų valdymo agentūra" (VIVA) and UAB "Žemės ūkio paskolų garantijų fondas" (ŽŪPGF) by designating INVEGA as parent company and the others as its subsidiaries. The decision, based on which it was decided that there will operating one national incentive funding authority in Lithuania, was accepted on 19 October, 2022 at the Government meeting held. On 2 January, 2023 the Ministry of Finance of the Republic of Lithuania has signed an agreement with INVEGA, according to which INVEGA becomes UAB "Viešųjų investicijų plėtros agentūra" (VIPA), UAB "Valstybės investicijų valdymo agentūra" (VIVA) ir UAB „Žemės ūkio paskolų garantijų fondas" (ŽŪPGF) shareholder. On 15 February, 2023 an amendment of Resolution of the Government of the Republic of Lithuania no. 1046 "Regarding the assignment to carry out the activities of the national development institution" was signed according to which the task of carrying out the activities of NDI is assigned to INVEGA and cancels the assignment to carry out the activities of the NDI to its subsidiaries - VIPA, VIVA, ŽŪPGF. The resolution ensures the continuity and development of financial instruments and the possibility to start implementing new financial instruments. The next stage of the Fund's consolidation reform is the full or partial connection of subsidiaries to INVEGA through internal restructuring and the formation of new management bodies.

On 3 March 2022 the Company's shareholder (UAB "Investicijų ir verslo garantijos") adopted decision No. 28.5.1-7, by which the changes of Company's articles of association were approved (the collegial body of the Company - the Supervisory Board was abolished).

No significant subsequent events occurred after the end of reporting year that would affect these financial statements or should be additionally disclosed.

<b>Chief Executive Officer</b>	<b>Dainius Vilčinskas</b>	
<b>Chief Financial Officer</b>	<b>Marta Jablonské</b>	
<b>Representative of UAB "Ernst &amp; Young Baltic" responsible for financial statements preparation</b>	<b>Virginija Skirmantė</b>	

## 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 2022, and the statement of profit (loss) and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with 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 International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

Deloitte Lietuva UAB  
Audit Company License No 001275

Mindaugas Jukna  
Lithuanian Certified Auditor  
License No 000580

Vilnius, Republic of Lithuania  
24 March 2023

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