ANNUAL REPORT 2020

FINANCIAL STATEMENTS
31 DECEMBER 2020

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ADOPTED BY THE EUROPEAN UNION AND INDEPENDENT AUDITOR'S REPORT

24 March 2021

STATE INVESTMENT MANAGEMENT AGENCY

INFORMATION ABOUT THE COMPANY

Contact details of the Company:

Name	UAB Valstybės investicijų valdymo agentūra
Legal form	Limited liability company
Address	Rinktinės g. 5, LT-09234, Vilnius, Registered address: Lukiškių g. 2, LT-0110
Legal entity code	305612545
Registration date	27 August 2020
Registration place	Register of Legal Entities
Authorised capital	EUR 1,000,000
Email address	info@viva.lt
Website	www.viva.lt
Main activity type	Management of the state aid fund for business, establishment and management of investment funds, investment
Shareholder	
Sole shareholder	State
Institution representing the State	Ministry of Finance of the Republic of Lithuania
Company's management:	
Chief Executive Officer:	Dainius Vilčinskas
Board members (independent):	
Board Chairman	Normantas Marius Dvareckas
Board member	Agnė Daukšienė
Board member	Andrius Sokolovskis
Board member	Aurimas Martišauskas
Board member	Virginijus Doveika
Supervisory Board:	
Supervisory Board Chairman (independent)	Valdas Vitkauskas
Supervisory Board member (independent)	Darius Daubaras
Supervisory Board member (independent)	Giedrius Dusevičius
Supervisory Board member (independent)	Aušra Vičkačkienė
Supervisory Board member (independent)	Algirdas Neciunskas
Auditor:	UAB DELOITTE LIETUVA

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TERMS AND ABBREVIATIONS

Agency, Company	Valstybės investicijų valdymo agentūra UAB, State Investment Management Agency
KŪB	Limited Partnership, LP
LR	Republic of Lithuania
NPĮ	National Development Institution
PVF	Pagalbos verslui fondas KŪB , State Aid Fund for Busines LP
ROE	Return on equity ratio
UAB	Limited liability company LLC
VIK	Valstybės investicinis kapitalas UAB, State Investment Capital LLC
VIVA	Valstybės investicijų valdymo agentūra UAB State Investment Management Agency
VKC	Valdymo koordinavimo centras VŠĮ

CHIEF EXECUTIVE‘S REVIEW

The State Investment Management Agency (Valstybės investicijų valdymo agentūra UAB, VIVA) was established under unusual circumstances – when the world and, at the same time, our country faced an unprecedented pandemic challenge. The foundations of stable business development have been moved, a number of economic theories have collapsed over the course of the year, and a new reality of business life and sometimes survival has emerged. Each crisis opens up new opportunities. VIVA was set up namely to open up new business opportunities for Lithuania. VIVA manages the State Aid Fund for Business (Pagalbos verslui fondas LP, PVF) , which aims to help large and medium-sized enterprises facing the challenges of COVID-19. By accepting my responsibility to run the agency, I believe that this organisation, in its business model and structure, fundamentally reflects a new approach to sustainable management of public finances and effective support for business.

When the Agency started operations in autumn last year, a competent team was formed, a model of core activities – lending and investment – was developed, and supporting investment and risk management strategies were developed to allow for financial transactions. Both the Board and the Supervisory Board of VIVA and the office of the organisation employ professionals with financial and investment experience, whose accumulated knowledge, work experience and earned impeccable reputation allow the company to implement the highest standards of transparency and professionalism. We make all management decisions in accordance with best practices, and in assembling the team, I ensure that the diversity of the team’s competences, age and gender is not a paper aspiration, but a daily work.

VIVA follows an innovative business model – by effectively managing the State Aid Fund for Business, i.e. by lending to and investing in large and medium-sized Lithuanian businesses, we will not only help businesses survive, stimulate the capital market, preserve jobs and taxes for the state and generate positive return for Lithuania’s budget, but will also make a significant contribution to the sustainability of the economy across the country.

During our first year of operation, we interacted with more than 300 large and medium-sized enterprises, and got familiarised with their investment needs and expectations. 2020, we finalised with two positive investment decisions and responding to dynamic business needs we have initiated amendments to the European Commission's funding description to speed up and simplify business investment. Understanding the diversity of business and public expectations for investment, we are also planning to offer new financial instruments in the coming years.

They say if you want to go fast – go alone, and if you want to go far – have partners. I believe that in cooperation with the Government of the Republic of Lithuania and state institutions, financial market participants, associated business structures and, of course, representatives of enterprises, we will become a reliable and stable financial partner for large and medium-sized business in Lithuania.

VIVA Chief Executive Officer Dainius Vilčinskas

GENERAL INFORMATION

On 6 May 2020, the Government of the Republic of Lithuania, 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, adopted Resolution No 512 on the establishment of UAB Valstybės investicinis kapitalas (limited liability company State Investment Capital) and UAB Valstybės investicijų valdymo agentūra (limited liability company State Investment Management Agency) and investment of state assets whereby the Ministry of Finance of the Republic of Lithuania, as a sole shareholder, registered the company Valstybės investicijų valdymo agentūra, UAB (hereinafter – VIVA, Company, Agency) on 27 August 2020. VIVA is a legal person of limited civil liability, legal form – a limited liability company. The founder of the Agency is the State of Lithuania represented by the Ministry of Finance of the Republic of Lithuania.

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

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

To achieve its operational objectives, VIVA established KŪB Pagalbos verslui fondas (the Limited Partnership Aid Fund for Business (hereinafter – PVF, the Fund)) and is its Full Member and Manager. KŪB Pagalbos verslui fondas, legal entity code 305640822, registered address: Lukiškių g. 2, Vilnius, was registered on the basis of the partnership agreement of 13 October 2020 concluded by the Fund’s Full Member UAB Valstybės investicijų valdymo agentūra (hereinafter – VIVA) and the Limited Partner UAB Valstybės investicinis kapitalas and the Description of activities of the measure “Aid Fund for Business” approved by Order No 4-837/1K-319 of the Minister of Economy and Innovation of Lithuania and the Minister of Finance of the Republic of Lithuania.

The main activity of VIVA in pursuit of the specified objective is the management of the “Aid Fund for Business” (PVF). The initial investment funds of the PVF – EUR 100 million – have been provided by the State through the financial injection of the limited liability company "State Investment Capital" (VIK); in the future, it is planned to attract more funds through state guaranteed bonds and private investors.

At present, the management of the "Aid Fund for Business" is at the core of activities of VIVA; in the future, opportunities for development are envisaged, taking into account economic conditions and the need for financing solutions.

The objectives of PVF are:

- investing in medium-sized and large enterprises whose closure may have socio-economic consequences, such as market failures, the withdrawal of innovative enterprises, the withdrawal of systemically important enterprises (undertakings with an important systemic role in the region and sector) or the risk of disruption to the provision of an important service;

- preserve sectors of the national economy that are prepared for the period of economic recovery;

- promote the capital market, giving priority to capital market measures;

- attract private investors, including informal investors and financial institutions, regardless of ownership, provided that they bear the risks associated with their investment;

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

PVF invests in:

- debt securities and loans;

- equity and debt securities with or likely to have the characteristics of share capital;

Since 7 October 2020, VIVA has been acting as the National Development Agency (hereinafter – the NDA). By Resolution No 1046 of the Government of the Republic of Lithuania of 7 October 2020 on supplementing Resolution No 1046 of the Government of the Republic of Lithuania of 17 October 2018 on the delegation of the performance of activities of the national development institution, VIVA was tasked with performing the activities of the National Development Agency in the area of liquidity support for medium-sized and large enterprises and implementing the promotional financial measure the "Aid Fund for Business" within the implementation deadlines set out in the Communication from the Commission of 19 March 2020 "Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak".

In carrying out its activities, in addition to those mentioned above, VIVA is guided by the following legal acts: the Law on Companies, the Law on Financial Institutions, Order No 4-837/1K-319 of the Minister of Economy and Innovation of the Republic of Lithuania and the Minister of Finance of the Republic of Lithuania on approval of the description of activities of the measure "Aid Fund for Business", the Law on National Development Institutions of the Republic of Lithuania and other legal acts.

VIVA does not have branches and representation offices.

The Company does not have the power and obligations to issue and purchase its shares and does not engage in R&D activities.

The activities carried out by the Company comply with the requirements laid down in the legal acts regulating environmental protection.

Main activity partners of VIVA in PVF

The agreement on the establishment of PVF with the European Commission was reached in May 2020 with the efforts of the Bank of Lithuania. It was the first scheme approved in the European Union under the prolonged and expanded temporary state aid framework, which allows countries to recapitalise non-financial enterprises in difficulty due to the COVID-19 outbreak.

Later, the Ministry of the Economy and Innovation of the Republic of Lithuania and the Ministry of Finance of the Republic of Lithuania participated in the creation and establishment of the Fund (via "State Investment Capital" (VIK)). The Bank of Lithuania shall also continue to participate in the management of the Fund.

PVF was formed as a Limited Partnership (LP) with Limited Partners (investors) and one Full Member – VIVA.

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

Advisory Committee of the Limited Partnership. Representatives of Limited Partners of the LP appoint representatives to the Advisory Committee of the LP "Aid Fund for Business" which nominates members to the Supervisory Board and Investment Committee of VIVA. They also take part in the management of VIVA.

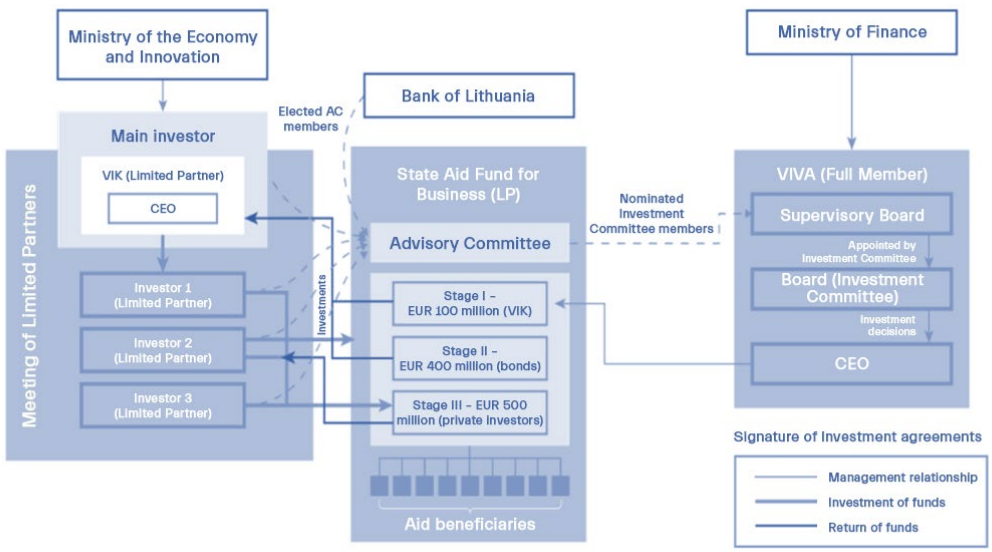

FIGURE 1. INTERACTION BETWEEN VIVA, PVF AND ESSENTIAL OPERATING PARTIES

STRATEGY AND ITS IMPLEMENTATION

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

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

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

In 2021, it is planned to examine and prepare proposals for new fiscal stimulus measures, to implement initiatives to attract private funds to financially viable projects and play an active role in the financial market formation. As stated in the EC Decision on the Aid Fund for Business the aim of this activity is to provide funding to the COVID-19 affected business areas which are dominated by a lack of financing instruments, without competition from other institutions operating on the financial market.

As mentioned in the EC Decision on the Aid Fund for Business, according to the preliminary assessment, the digital and green transformation, in addition to the main financing activities, could be another area of activity that lacks funding on the market. In organising the activities of VIVA, the main focus of investment will be medium-sized and large enterprises. This segment will remain a priority in the future when planning new possible financial instruments.

The main activity of VIVA in 2021, until the end of the active investment phase of PVF, is to ensure the management of PVF and achieve the objectives established for the Fund through investment transactions. At present, the main objective is to help Lithuania's medium-sized and large enterprises facing difficulties due to the COVID-19. Other objectives are aimed at stimulating the capital market by issuing negotiable securities and creating opportunities for private investors to get PVF funding will complement this task from the second half of 2021, when stage three of the implementation of PVF is envisaged. The implementation of specific objectives (sustainable investment, green investment, etc.) set out in the agreements with the Fund's participants are also planned in certain sectors of the economy.

Economic sustainability	Capital market	Attracting investments
Invest in medium-sized and large enterprises whose closure may have socio-economic consequences. * Maintain viability of industries highly affected by the COVID-19 and help them survive until the period of economic recovery.	Stimulate the capital market by prioritising capital market measures.	Attract private investors, including business angels and financial institutions.

TABLE 1. OBJECTIVES OF PVF MEASURE

In 2020, PVF made one investment – redeemed bonds of Enerstena UAB with a nominal value of EUR 5.5 million with maturity of 6 years.

All Lithuanian NDI are required to be active in the financial market, to successfully invest in financially viable projects, to promote long-term funding for the financially viable projects from various funding sources, to contribute to the creation of a sound investment environment and to promote the social and regional development of the country.

VIVA's vision is not so much about the transaction and financing of a particular business, but about the wider impact of the transaction on the value chain participants and other existing parties exposed to adverse social consequences. Compliance with this criterion by a business seeking funding is one of the aspects in assessing potential transactions and taking financing decisions.

The Company's values serve as milestones to create a sustainable role for VIVA on the financial market of Lithuania and in the wider economy by investing in transactions that cannot be funded by financial institutions of private capital. VIVA will seek to become a market player continuously creating innovation that provides financing instruments and enters into first transactions. As the financing process gains momentum, having created sufficient precedents and enabled financial institutions of private capital to operate, VIVA will seek to refocus on other development priorities related to market failures.

Mission	Vision
Providing aid for business – ensuring business financing through lending and investment, activate capital markets and otherwise strengthen the sustainable economy.	A leading large and medium-sized business partner providing public and private investment for business financing and needs and making a significant contribution to the activation of financial and capital markets.
Values	
Business language and institutional approach. We hear, understand and speak business language with a responsible institutional approach to the management of the provided resources. **Reliability.** We adhere to the highest standards of professionalism, transparency and impartiality in our activities. Through our activities, we create a comprehensive and real value for society and partners. **Integrity.** By working together with other financial market players, we promote active and mature financial and capital markets. **Continuity.** By mobilising public and private investment, we seek a positive return for investors. **Forward-looking.** In making decisions, we consider not only short-term benefits for business, but also a longer-term impact on economic coherence and sustainability. We anticipate and address potential challenges. **Transparency.** The management team formed in the Company and an impartial and professional governance structure allow ensuring transparent, responsible and efficient management of the Company.	

TABLE 2. MISSION, VISION, VALUES OF VIVA

The main objective of the Company's activities is to finance and/or promote sustainable development in the areas where financing under market conditions 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 funding opportunities following the declaration by the Government of the Republic of Lithuania of the state level emergency across the country due to the COVID-19; to seek profitable performance, but not the maximum profit for the Company.

	Objective	Indicator
Positive impact on the economy of Lithuania	Raise investment funds	Amount of funds invested in 2021
	Address the problem of funding of large and medium-sized business	Maintained and/or created jobs
	Positive impact on large and medium-sized businesses, industrial sectors affected by the COVID-19, and the country's economy	Maintained and/or increased tax volume for the State
Sustainability of VIVA's operations	Positive return for PVF investors	Realized return
	Effective and sustainable governance	GCC/SIPA governance index
	Balanced portfolio quality	Portfolio loss rate
	Positive return for VIVA shareholders	ROE
Positive impact on the capital market formation of Lithuania	Increase the number of financial instruments managed by VIVA	Number of financial instruments managed, units
	Increase the choice and attractiveness of products available to investors	Loans, bonds or share transactions available on the secondary market, value in EUR million

TABLE 3. SYSTEM OF VIVA'S OBJECTIVES

System of VIVA's strategic objectives

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

- **Strategic direction of positive impact on Lithuania's economy**: focusing not only on a specific financing transaction and business parameters, but also on the impact of businesses receiving funding on the wider economy. Businesses whose preservation will have a greater impact on maintaining jobs or tax revenues are prioritised in decision-making and achievement of this objective. In the sphere of investments priority will be given to businesses that develop significant innovations and invest in green and digital solutions.

- **Direction of sustainable activities** implies that activities of VIVA must be sound and sustainable quality parameters for the portfolio managed by the Fund must be ensured. The Agency's long-term functioning and high-quality strategic management will be ensured in accordance with the principle of good governance and maintaining the process of close cooperation with the Supervisory Board and Board.

- **Positive impact on the capital market formation of Lithuania** is an additional strategic direction focused on bonds, hybrid instruments and, in a longer-term, on equity transactions considering loans solely as an additional instrument. VIVA will seek to distribute directly purchased securities issues on the secondary market and attract new investors to the market, as well as to contribute to capital market formation processes on an advisory basis.

According to the Company's articles of association and principles of operation, VIVA does not seek to maximise profit. VIVA focuses its activities on creating a positive impact on the economy of Lithuania, development of sustainable activities and a positive impact on the formation of the capital market of the country.

COMPANY'S GOVERNANCE STRUCTURE, MANAGEMENT AND SUPERVISORY BODIES

MANAGEMENT BODIES OF VIVA:

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

MEETING OF SHAREHOLDERS

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

- the signature, amendments and termination of the Fund's agreements;
- the Company's decisions to become a founder, participant (with the exception membership in associations) of other legal entities;
- the establishment and liquidation of branches and representative offices of the Company.

SUPERVISORY BOARD

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

- establishes the principles of remuneration of the members of the Board and the Company's CEO;

- considers the nomination of the Company's manager to the post of the chief internal auditor or, where the internal audit service is not established, of the internal auditor and approves the nomination;

- may perform other functions specified in the Fund's agreements.

In carrying out its activities, the Supervisory Board of VIVA draws up the following documents:

- the annual plan of activities of the SB;

- the annual activity report of the SB;

- the minutes of meetings; and

- the SB performance self-assessment questionnaires.

MEMBERS OF THE SUPERVISORY BOARD OF VIVA, 31 12 2020

Name, surname	Workplace, professional experience	Education, qualifications	Starting date of the term of office
Valdas Vitkauskas, the Supervisory Board Chairman, independent member	Associate Director of the EBRD Financial Institutions SEMED (London) V. Vitkauskas has 20 years of experience in international banking and has been in charge of financing major projects. He has also held managerial positions in corporate governance bodies for many years, working with major European and international groups	V. Vitkauskas has graduated from the Oxford University Said Business School, UK, Fintech Study Programme, also acquired a master's degree in economics at SMU (Dallas, USA), and a bachelor's degree in business administration at VMU	17 07 2020
Darius Daubaras, the independent member of the SB	Project manager and adviser (independent member) of Saudi Aramco's Department of Strategic Finance Corporate Development, chairman and independent member of the Supervisory Board of Ignitis grupė AB (entity code 301844044, address Žvejų g. 14, Vilnius). D. Daubaras has more than 20 years' experience in international investment banking, management	D. Daubaras holds a master's degree in international relations from Cambridge University, a master's degree in business administration (MBA) from the Wharton School of Business at the University of Pennsylvania, USA, and a bachelor's degree in business administration	17 07 2020

	of private venture capital funds and corporate finance. D. Daubaras has also gained valuable experience in the management of capital markets and mergers and acquisitions of companies, such as Citigroup, Credit Suisse, BNP Paribas and J.P. Morgan.	in finance and management with the highest award.	
Giedrius Dusevičius, the independent member of the SB	UAB Digital Audio (company code 303123210, address: Aukštoji g., 12-1 Klaipėda) Director, Chairman of the Board of AB Klaipėdos nafta (company code 110648893, address: Burių str. 19, Klaipėda), independent member). G. Dusevičius has 18 years of managerial experience in the financial sector in Lithuania, Latvia, Estonia and Sweden. In Lithuania he was head of the leasing company Hansa lizingas, was the board chairman of AB Hansabankas (now Swedbank AB), Swedbank Group's management team member.	G. Dusevičius studied at Vilnius University, Faculty of Economics and Institute of International Relations and Political Science, graduated from INSEAD, management study programme (AMP).	17 07 2020
Aušra Vičkačkienė	Director of the State Asset Management Department of the Ministry of Finance of the RL (entity code 288601650, address: Lukiškių g. 2, Vilnius), a member of the Supervisory Board of Ignitis grupė AB (company code 301844044, address: Žvejų g. 14, Vilnius) and a member of the Audit committee member and Nomination and Remuneration Committee of this group. A. Vičkačkienė has more than 20 years of experience in the sector of public service, has worked in the area of management of state assets for more than 10 years, also in the areas at regulation of financial services and management of state debt; represented and continues to represent the Ministry of Finance on several State Enterprise Boards for a number of years.	A. Vičkačkienė received holds a master's degree in management and business administration and a bachelor's degree in management and business administration from Vilnius University.	26 10 2020
Algirdas Neciunskas	The Director of the Market Infrastructure Department of the Bank of Lithuania (entity code	A. Neciunskas acquired a bachelor's degree in international economics	17 07 2020

	188607684, address: Gedimino pr. 6, Vilnius), member of the Board of the Lithuanian Mint UAB (company code 110052936, address: Eigulių g. 4, Vilnius). A. Neciunskas has accumulated a wide experience of work in financial markets for a number of years from financial market analysis, risk management, shaping collateral policy to direct lending, and managing the securities portfolio for monetary policy purposes.	and a master's degree in international business from Vilnius University and holds a professional board member's certificate issued by the Baltic Institute of Corporate Governance.	

TABLE 4. SUPERVISORY BOARD MEMBERS OF VIVA

The Supervisory Board Member Raimonda Eidžiūnė – the Chief Advisor of the Investment Department of the Ministry of Finance of the Republic of Lithuania (entity code 288601650, address: Lukiškių g. 2, Vilnius), who took office in the Supervisory Board on 23 July 2020, was recalled from the position in the Supervisory Board of VIVA by Order No 1K-331 of the Minister of Finance of the Republic of Lithuania on 13 October 2020.

COMPETENCES OF THE SUPERVISORY BOARD

To ensure the quality of the Supervisory Board activities during 2020, all necessary competences have been strengthened, taking into account the scope of activities of VIVA and PVF and the responsibilities and decisions adopted by the Supervisory Board.

SUPERVISORY BOARD MEETINGS AND ADOPTED DECISIONS

Meetings of the Supervisory Board in 2020	17
Issues discussed	68
Decisions taken	73

Attendance of meetings of the Supervisory Board members

Supervisory Board member's forename and surname	Attendance of meetings to be attended, %
Valdas Vitkauskas	100
Darius Daubaras	100
Giedrius Dusevičius	100
Raimonda Eidžiūnė	63
Algirdas Neciunskas	95
Aušra Vičkačkienė	100

The SB members of relevant competences met for additional meetings to discuss remuneration, risk and audit matters to be used as basis for setting up committees after the adoption of the recast articles of association of VIVA. Eight such meetings took place in 2020. The area of remuneration is supervised by Giedrius Dusevičius, Darius Daubaras and Eligijus Kajieta, independent adviser, the issues of risks – by Giedrius Dusevičius and Algirdas Neciunskas, and the audit matters – by Valdas Vitkauskas and Aušra Vičkačkienė.

In addition, in 2020, the SB and Board members, together with the management of VIVA, took part in three strategic sessions to discuss relevant issues related to the preparation of the Strategic Action Plan.

Declaration of private interests of the Supervisory Board members

In observance of Law of the Republic of Lithuania on the Adjustment of Public and Private Interests in Public Service of 27 June 2019, No XIIII-2274, the amended Description of the Procedure for the Prevention of Corruption of the Republic of Lithuania approved by Order No 1K-115 of 10 April 2019 of the Minister of Finance of the Republic of Lithuania, in 2020, members of the Supervisory Board declared their private interests and submitted appropriate declarations in due time to the Chief Official Ethics Commission (COEC).

REMUNERATION OF INDEPENDENT MEMBERS OF THE SUPERVISORY BOARD IN 2020

The remuneration for activities in the Supervisory Board of VIVA is established by Order No 1K-245 of 17 July 2020 of the Minister of Finance of the Republic of Lithuania on the formation of the Supervisory Board of the limited liability company Public Investment Management Agency. An independent member of the Supervisory Board receives remuneration for the Supervisory Board member's activities which comprises:

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

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

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

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

The total amount (before taxes) disbursed to independent members of the Supervisory Board from the start of Supervisory Board's activities:

Supervisory Board member's forename and surname	Number of meetings	Amount (EUR)
Valdas Vitkauskas (Supervisory Board Chairman, independent member)	23	8 240.43
Darius Daubaras Vitkauskas (Supervisory Board independent member)	24	6 635.43
Giedrius Dusevčius (Supervisory Board independent member)	25	6.870.43

BOARD

The Board consists of 5 members elected by the Supervisory Board for a term of 4 years. The Board members must be independent of the Company's shareholders, i.e. they may not be employees of the Company's shareholder or related persons or members of management bodies. The Board members' competence is established in the Law on Companies. In addition to the competence established in the Law on Companies, the Board:

- upon approval of the meeting of shareholders, adopts decisions on the signing, amending or terminating agreements of the Fund;
- may perform other functions provided for in the agreements of the Fund:
    - Take decisions on the Fund's investment, replacement and disposal of investments.
    - Consider draft estimates of the Fund's revenue and expenditure and submit them for approval in accordance with the procedure laid down in the agreements of the Fund.
    - Establish the procedure for investment, management and disposal of investments.
    - In performing the functions of the Investment Committee Fund, the Board must observe the agreements of the Fund

In carrying out its activities, the Board draws up the following documents:

- the annual activity plan of the Board;
- the annual report on activities of the Board;
- the minutes of meetings;
- the Board's performance self-assessment questionnaires.

VIVA BOARD MEMBERS

Name, surname	Workplace, professional experience	Education, qualifications	Starting date of the term of office
Normantas Marius Dvareckas, Chairman of the Board	N. M. Dvareckas is the independent board member of the strategic state enterprise Valstybinių miškų urėdija (entity code 132340880, address: Pramonės pr. 11A-9, Kaunas), Putokšnis UAB (company code 145196056, address: Aerouosto g. 35, Šiauliai), the founder and manager of Ad ventum UAB (company code 302495371, address: Gedimino pr. 20, Vilnius), company consulting on the issues of acquisitions and mergers, remote project evaluation expert of the programme of innovative projects Horizon2020 in Brussels). N. M. Dvareckas has gained extensive experience in corporate governance as an independent board member in state enterprises of strategic importance Klaipėda State Seaport Authority and Air Navigation, as well as experience in private equity investment management at investment company Avestis	N. M. Dvareckas graduated from the Faculty of Economics of Vilnius University, acquired a master's degree in management from ISM University of Management and Economics, and upgraded his qualification in acquisitions and mergers management courses at London Business School in Great Britain.	07 08 2020
Agnė Daukšienė	Head of Business Restructuring Unit of UAB Ignitis (company code 303383884, address: Žvejų g. 14, Vilnius). A. Daukšienė has 15 years' experience of legal work in asset management, creation and development of investment and pension funds, financial intermediation, investment and traditional banking, licensing and management consulting. A. Daukšienė held management positions with one of the largest asset management companies in Lithuania INVL Asset Management, Finasta, which specializes in investment, and other supervised companies providing financial and investment services.	A. Daukšienė acquired a master's degree in law from Vilnius University Faculty of Law. At present, she is seeking a master's degree in t business administration management the Baltic Management Institute.	07 08 2020

Andrius Sokolovskis	Financial Supervisor of the European Investment Bank (EIB), Member of the Directorate for Management and Restructuring of Operations. A. Sokolovskis has 15 years' experience of work in the financial sector and business banking. He was responsible for the financing of various companies and public sector and infrastructure projects in the Baltic States and Poland. Since 2005, he has worked for Nordea Bank Lithuania. Since 2016, he has been working for the European Investment Bank (EIB)	A. Sokolovskis graduated from Michael Romeris University with a law degree.	07 08 2020
Aurimas Martišauskas	UAB Vokė III (company code 120959622, address: Piliakalnio g. 70, Nemenčinė, Vilniaus r.), Shareholder and board member, independent strategic and M&A consultant. A. Martišauskas has more than 15 years' experience in strategic management, acquisition practices and as a board member in telecommunications, finance and investment management, retail trade. He worked for Bite GSM UAB, the specialized investment bank Finasta and Vilniaus prekyba group of companies.	A. Martišauskas graduated from Kaunas University of Technology with a bachelor's degree in electrical systems and their management and a master's degree in management sciences and completed an independent board member's training courses at the Baltic Institute of Corporate Governance.	07 08 2020
Virginijus Doveika	Member of the Board of UAB Ambr Payments (company code 305270426, address: Konstitucijos pr. 7, Vilnius) and manager of UAB Ambr Europe (company code 305264761, address: Konstitucijos pr. 7, Vilnius) which has applied for a banking licence. V. Doveika has worked in the financial sector for 18 years. He spent more than 14 years managing various business branches with SEB bankas, including 6 years as a board member of SEB bankas and three years as the head of the Baltic Retail Banking Service where he was responsible for a credit portfolio of more than EUR 10 billion.	V. Doveika received a bachelor's degree in business management and administration from Vilnius University, a master's degree in international management from the Baltic Management Institute, upgraded his qualification at the IESE Business School (Spain), IMID Business School (Switzerland) and Wallenberg Institute (Sweden).	07 08 2020

TABLE 5. VIVA BOARD MEMBERS

Board meetings and adopted decisions

Meetings of the Board in 2020	18
Issues discussed, of which:	113
Adopted decisions	84
Approved procedures	17

Attendance of meetings of the board members

Board member's forename and surname	Attendance of meetings to be attended, %
Normantas Marius Dvareckas	100
Agnė Daukšienė	100
Andrius Sokolovskis	100
Aurimas Martišauskas	89
Virginijus Doveika	94

Meetings of the investment committee of LP "Aid fund for business"

In 2020, eight meetings of the Investment Committee were held, during which 20 issues were deliberated and 2 financing decisions were adopted.

Priority issues of the Board in 2020

- Approval of the Company's administrative management structure, selection of the Company's CEO and other top-level managers;
- Drawing up of the Company's action plan and supervision of its implementation by setting up the LP "Aid Fund for Business";
- Approval of documents, procedures and policies formalising the processes of governance and operational processes;
- Approval of the Company's policy for control of activities and risk management as well as avoidance of conflicts of interest;

- Preparation and approval of the Company's strategy and strategic action plan;

- Approval of the procedures and policies formalising the activities of the LP "Aid Fund for Business";

- Organisation of the process of deliberation and approval of investments.

Declaration of private interests of the board members

In observance of Law of the Republic of Lithuania on the Adjustment of Public and Private Interests in Public Service of 27 June 2019, No XIIII-2274, the amended Description of the Procedure for the Prevention of Corruption of the Republic of Lithuania approved by Order No 1K-115 of 10 April 2019 of the Minister of Finance of the Republic of Lithuania, in 2020, members of the Board declared their private interests and submitted appropriate declarations in due time to the Chief Official Ethics Commission (COEC).

Areas of competence of the board members

In 2020, in order to ensure the quality of activities of the Board, all necessary competences have been strengthened, taking into account the scope of activities of VIVA and PVF, responsibilities of the Board and adopted decisions. The focus has been on all areas of competence related to the specifics of the Company's activities: investment structuring and risk management, corporate finance, law and compliance.

During the meeting of 8 January 2021, the Board assessed its activities of 2020, identified the areas for improvement and planned its activities for 2021. The results of the Board's performance assessment survey and the created matrix of competences showed that the Board members have a good understanding of the Board's role in the governance of the Company, have competences complementing each other for adopting decisions on topical issues.

Management

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

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

The following are the main principles of remuneration of the Board and the CEO in accordance with the remuneration policies of Board members and the CEO approved by the Supervisory Board of VIVA.

The remuneration of the managerial bodies of VIVA is determined in observance of the principle that the remuneration amount and payment procedure must:

a) promote the creation of a long-term and sustainable value for the Fund;

b) correspond to the workload of the individual managing bodies of the VIVA and their members and, as far as possible, to the current market situation, i.e., be competitive vis-à-vis the remuneration levels offered to professionals in the relevant field on the labour market;

c) to allow the formation of a high-level professional team;

d) ensure fair remuneration commensurate with the responsibilities assumed by the managing bodies of the VIVA;

e) ensure the independence of VIVA Board members;

f) promote the attraction of high-level professionals to manage PVF and VIVA.

In determining the remuneration for the Board members and CEO of VIVA, the aim is to make their remuneration essentially dependent on the successful implementation of the strategy and objectives of VIVA and PVF. Competent bodies of VIVA (in the case of Board members – the Supervisory Board and, in the case of the CEO – the Board) adopt appropriate decisions on the fixed and variable remuneration rates for the Board members and the CEO of VIVA, the annual operating budget of the Board and additional expenses for ensuring activities of the Board.

The remuneration of the CEO of VIVA consists of two main components: fixed and variable.

The fixed component of remuneration (hereinafter – the FC) is the monetary remuneration specified in the employment contract paid on a monthly basis – the largest and most important part of the cash remuneration of the CEO of VIVA approved by the Board of VIVA.

The basis for determining the FC is VIVA CEO's position level reflecting the relative weighting of the position in the labour market. Taking into account other similar positions, including those of investment fund management companies, the income of VIVA, the assets managed by the Fund and the number of employees are also taken into account. The remuneration set for the CEO must be justified and competitive. When determining remuneration, the general conditions for recruitment and remuneration of employees in VIVA are also considered.

The remuneration is set taking account of the data of the independent wage survey and market trends.

The variable component (hereinafter – the VC) of the remuneration is set with a view to encouraging the CEO of VIVA to achieve the best possible result of annual activities and activities of the entire period of operation of the Fund in meeting the strategic, long-term objectives of the Fund and VIVA.

The annual VC of the remuneration is allocated by decision of the Board of VIVA once a year and is paid in instalments after approval by the ordinary general meeting of shareholders of VIVA the set of annual financial statements of VIVA and its publication.

The remuneration for activities in the Board of VIVA may be paid only to the Board members who are considered independent and for whom payment of remuneration is not prohibited by the applicable legal acts of the Republic of

Lithuania, i.e. independent members whose independence is established according to applicable legal acts and internal documents. Remuneration is not paid to civil servants or employees of the institution representing the State or employees of VIVA.

The remuneration is paid only for actual activities in the Board of VIVA.

The Board members receive a fixed monthly remuneration (hereinafter – the FMR) and a variable remuneration (hereinafter – the VR).

The FMR payable to the Board members of VIVA is determined by the Supervisory Board of VIVA. The basis for determining the FMR is the average remuneration in other companies of the sector, the practice of state-owned enterprises, the level of positions assigned to VIVA Board members while taking into account the competences attributable to the responsibility of a particular member of the Board, which reflect the comparative weighting of the position on the labour market. Other similar positions are considered, including those of investment fund management companies, as well as an assessment of VIVA's income and managed assets of the Fund. The FMR is determined take into account data from the independent salary survey and market trends.

The annual VC is allocated by decision of the Board of VIVA once a year and is paid in instalments when the ordinary general meeting of shareholders of VIVA approves the set of annual financial statements of VIVA and after its publication.

Remuneration of board members in 2020

Total amount calculated and paid (before taxes, EUR) to theBoard members since the start of activities of the Board, in 2020:

Remuneration paid to VIVA Board members in 2020	Amount (Eur)
Normantas Marius Dvareckas	10 340.48
Agnė Daukšienė	8 416.67
Andrius Sokolovskis	8 416.67
Aurimas Martišauskas	8 416.67
Virginijus Doveika	8 416.67
Board members' remuneration, total	**44 007.16**

VIVA ORGANISATIONAL STRUCTURE, WAGES AND STAFF

In the first months of its activities, at the end of summer 2020, VIVA has taken key steps to ensure a solid foundation for the organisation's future: forming internal processes and building the team.

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

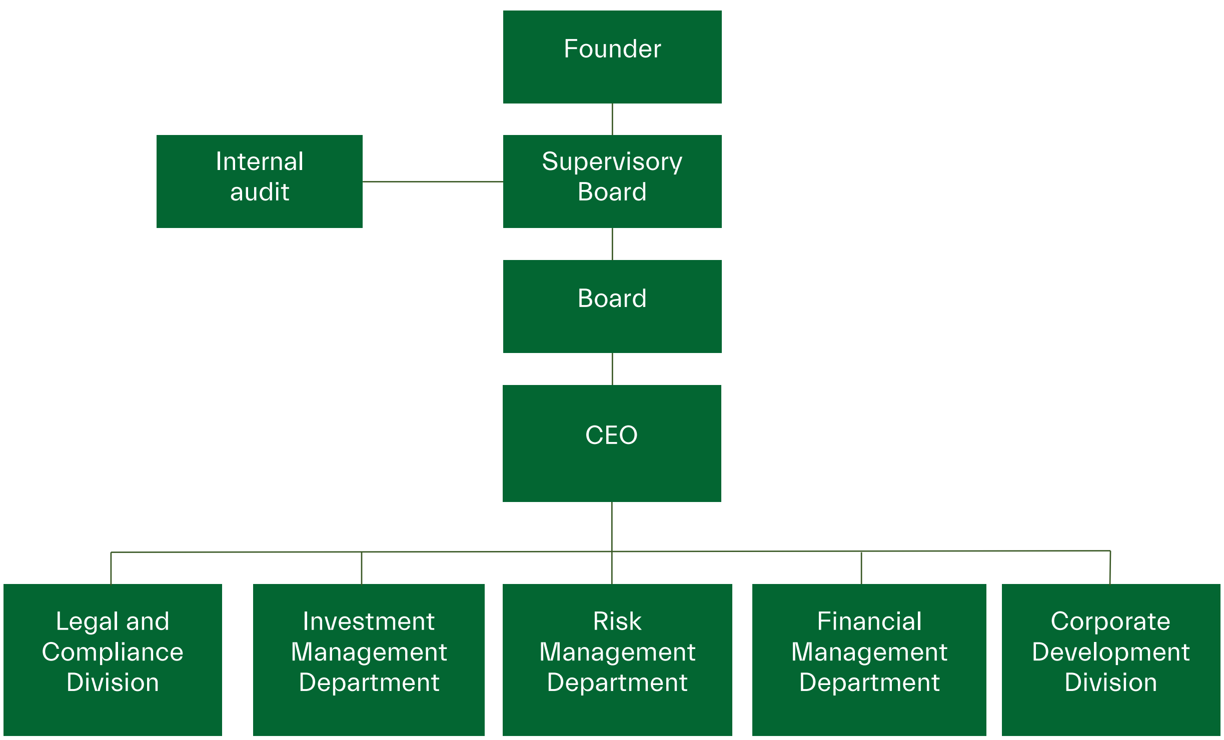

FIGURE 2. ORGANISATIONAL STRUCTURE OF VIVA

Despite the early stage of VIVA's operations, a number of tasks have already been implemented which have led to the launch of the Agency's fully-fledged activities: the core team of the Company has been set up to ensure key business and risk management functions and ancillary activities, and supporting investment, risk management and other strategies have been developed to allow for executing financing transactions.

The main priority and challenge for 2021 is to implement the investment strategy of PVF. It must be given full attention and resources until September 2021, when, on the basis of the information currently available, the decision-making mandate granted by the EC expires. In the run-up to this deadline, the management of VIVA will develop follow-up plans, taking into account the real market demand for the instruments proposed and the challenges of further management predetermined by the size and structure of the formed portfolio.

As at 31 December 2020, VIVA had 22 employees.

The average wage in 2020 was EUR 3 415 before taxes.

The wage structure of employees in 2020 comprises the fixed part laid down in employment contracts. The remuneration policy being prepared in 2021 will determine the structure of the variable part depending on the functions performed in the Company and objectives implemented by them.

Total wage fund for 2020, EUR

Wage Fund of VIVA in 2020	Amount (Eur)
Gross wages	205,132
Employer's taxes to "Sodra"	3,871
Total:	209,003

Average wage by positions in 2020

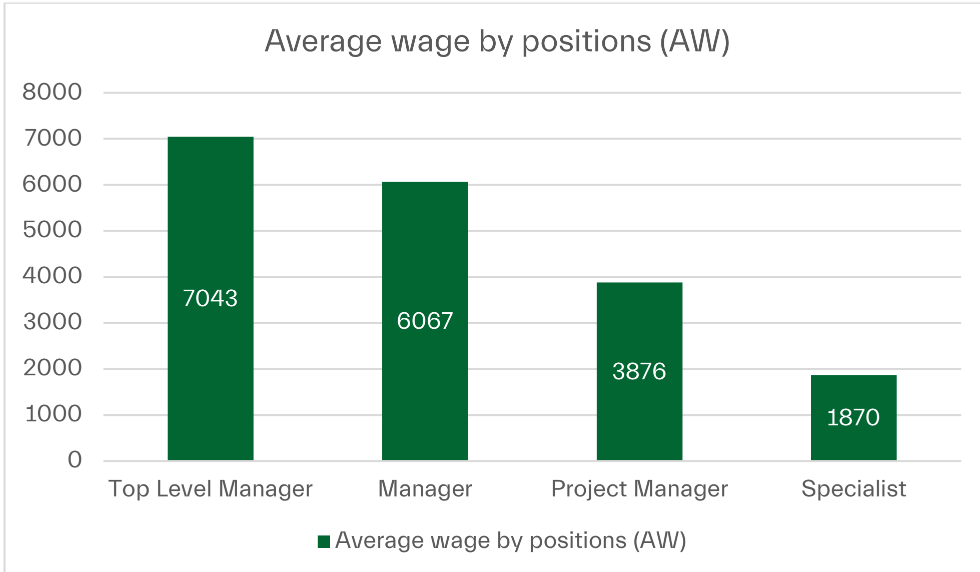

FIGURE 3. AVERAGE WAGE BY POSITIONS IN 2020

VIVA has 22 employees; one of them is the top level manager – the CEO.

Four employees are heads of departments / units in charge of project managers and specialists 50% of managers are women and 50% are men.

There are six project managers, of them 33% are women and 67% – men.

The distribution of staff positions shows that the Agency has eleven specialists who make up 50 % of all staff of the Agency. Women account for 73% and men – for 27%.

Women account for 55% and men – 45% of the total workforce of the organisation.

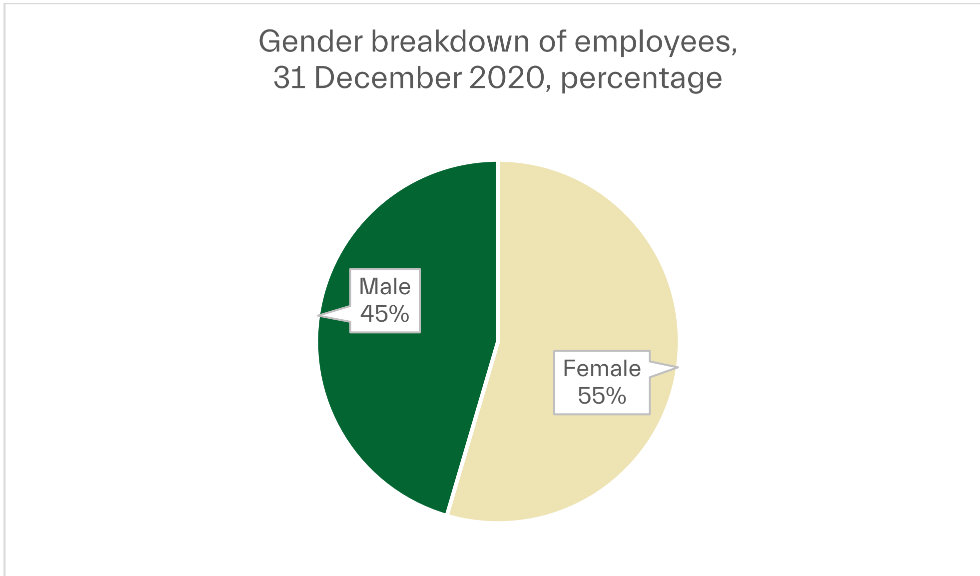

FIGURE 4. GENDER BREAKDOWN OF EMPLOYEES

Gender breakdown in managerial positions: 60% male and 40% female managers.

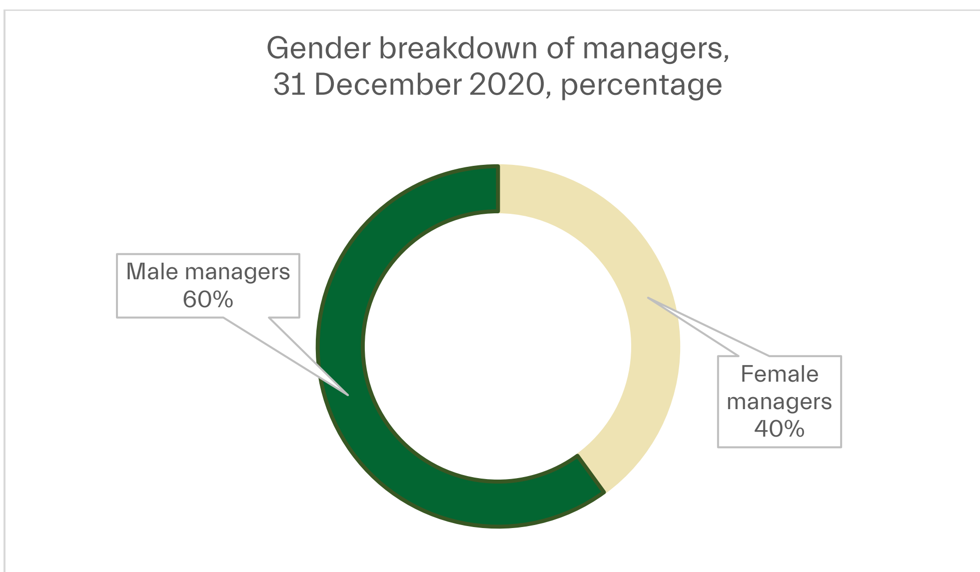

FIGURE 5. GENDER BREAKDOWN OF MANAGERS

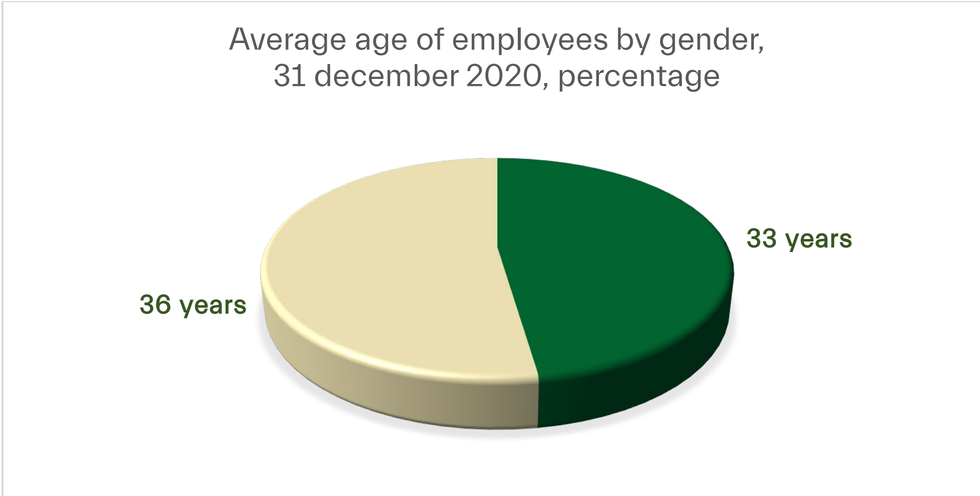

FIGURE 6. AVERAGE AGE OF EMPLOYEES BY GENDER

The average age of VIVA employees is 34.5 years

The average age of women is 36 years and of men – 33 years.

RISK MANAGEMENT

The Company, acting as a Full Member of the established Fund, when handling the matters of the Fund and taking decisions on behalf of the Fund, ensuring its day-to-day activities and control, faces the following main risks:

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

Market risk. The Company and the Fund it manages are exposed to changes in the current (market) value of investments when they are unable to hold the investment to maturity. When investing in market-risk financial instruments, such as debt securities, and being unable to hold those debt securities to maturity, the Fund is exposed to changes in the current (market) value of the investment. In order to manage this risk, the Fund manager regularly monitors the evolution of the current (market) value of the investment controlling this way the investment market and hence the credit risk.

Liquidity risk. The Company and the Fund it manages face the risk that they will not have or will not be able to access in due time financial resources to fulfil their financial obligations.

Interest rate risk. The risk of incurring losses from interest rate fluctuations due to different dates of revaluation dates of assets and liabilities. Since the Fund's investments are made at fixed interest rates and the sources of funding and their price are guaranteed before investing, this risk is insignificant.

Foreign exchange rate risk. The risk of incurring losses due to exchange rate fluctuations of different currencies. The currency of the sources of funding and investments of the Fund is the euro; therefore, this risk is insignificant.

Operational risk. Operational is understood as the likelihood of losses due to improper or failing internal processes of the Fund, the influence of the Fund manager's employees, systems 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 risk management in the Fund is decentralised – carried out separately in each structural unit and in all ongoing processes. Each staff member of the Fund's manager is directly involved in operational risk management processes. Identified failures shall be immediately recorded in the operational risk events database and eliminated in accordance with the operational risk management documents. The main operational risks distinguished in the activities of the Fund are specified below.

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

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

- detailed financial and business analysis is performed before the investment decision is taken;

- investment decisions are taken by the Investment Committee of which all members have extensive experience and are highly competent in the fields of financing and investment;

- legal risks are managed through both high internal competence of VIVA and external top-level legal services companies;

- when investing in equity of business entities it is aimed to delegate independent members of the Board who ensure the proper representation of PVF's interests and increase the professionalism and transparency of management;

- where risk is very high the provision of adequate collateral is sought;

- all investments made are regularly reviewed on a quarterly basis and regular monitoring of payments and other contractual terms is carried out to ensure a rapid response to negative, risk-increasing factors.

The whole set of the specified measures provides real possibility to achieve the objectives set for PVF and VIVA.

In order to properly manage the existing risk, as part of its activities VIVA:

- identifies the participants, scope and risk assessment criteria of the risk management process having regard to the internal and external environment of the Fund, historical results of risk assessment and monitoring of their management measures;

- identifies, assesses and defines the risks on a regular basis;

- assumes, restricts or defines the risks;

- determines risk priorities according to their level and importance to the Fund;

- develops procedures and processes for the necessary risk management measures in order to manage priority risks;

- carries out regular monitoring of the implementation of the plan of risk management measures.

In 2020, the VIVA developed and its management bodies approved the Policy for the risk management and control system covering both the identification of very significant risks and the assessment of insignificant risks. The document also provides for the particular responsibilities in the risk management process, reporting levels and periodicity. On the basis of this document, appropriate special internal procedures and processes of the Company have been and will be drawn up.

In addition, in 2020, VIVA developed the risk assessment methodology and established the risk register. In the near future, a detailed risk management plan will be drawn up prioritising the management of medium and high risks specified in the risk register and mitigating their impact and the probability of occurrence.

In 2020, VIVA signed a service agreement and started cooperating with the external supplier on assessing the creditworthiness of companies and determining the probability of insolvency), as well as regular monitoring of clients in the investment portfolio and automatic reporting of changes in material risk factors.

In 2020, VIVA completed the formation of the Risk Management Department team consisting of professionals from the fields of prevention of money laundering and terrorism financing, credit risk, and systemic management of all risks.

The internal control system and its monitoring in the Fund are based on the model of three lines of defence, where:

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

The second line of defence covers the functions in which risk management controls are carried out. The second line of defence is the responsibility of the Fund's manager's chief risk officer and the chief compliance officer.

The third line of defence includes functions ensuring the independent audit of activities of the first two lines of defence and the evaluation of the internal control system. The third line of defence is the responsibility of the Fund manager's internal audit function.

The management of financial risks of the Company is described in annual financial statements. The description of the extent of financial risk is also provided in annual financial statements. When carrying out risk assessment and management activities, the Company is guided by the principles of cautiousness, conservatism and prudence.

VIVA does not use financial derivative hedges in its activities.

ANALYSIS OF FINANCIAL PERFORMANCE AND KEY INDICATORS OF 2020

On 26 January 2021, Minister of Finance of the Republic of Lithuania G. Skaistė signed Order No 1K-20 on the selection of the audit company for auditing the set of financial statements of the limited liability company Public Investment Management Agency. In accordance with Article 20(5)(1) and Article 29(6), of the Law of the Republic of Lithuania on Companies, paragraph 46 of the Procedure for the implementation of the property and non-property rights of the state in the state-owned enterprises approved by Resolution No 665 of the Government of the Republic of Lithuania of 6 June 2012 on the approval of the procedure for the implementation of the property and non-property rights of the state in the state-owned enterprises, and subparagraph 6.2 of Resolution No 512 on the establishment of the limited liability company State Investment Capital and the limited liability company State Investment Management Agency and on the investment of state assets, the audit firm Deloitte Lietuva UAB was selected for the audit of the set of financial statements of 2020 of the State Investment Management Agency UAB. It has been established that not more than EUR 6 500 (six thousand five hundred euro) will be paid for the audit services of the set of those financial statements accordance to the respective public procurement procedures.

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU, the Law of the Republic of Lithuania on Accounting, other laws and legal acts adopted by the Government of the Republic of Lithuania and the Board of the Bank of Lithuania defining the management of financial accounting and the compilation of financial statements. The annual report and financial statements are prepared and published in compliance with the Description of the guidelines for transparency of activities of the state-owned enterprises approved by Resolution No 284 of the Government of the Republic of Lithuania (Transparency Guidelines).

Investment

In 2020, investments of VIVA in non-current intangible assets amounted to EUR 5,900. As a result of application of IAS 16 to agreements on lease of administrative premises, VIVA's fixed assets increased by an additional amount of EUR 213,692 (rights to leased assets). VIVA does not carry out investments which would be attributed to investment projects. VIVA's investments are limited to non-current assets used for administrative purposes (software, hardware, etc.). These investments are not considered to be investment projects and the return on investment is not assessed.

Income

VIVA generates income from the fee for management of PVF which is regulated by the European Commission decision on the measures of the Fund and, respectively, in the description of the Fund's activities (Order No 4-837/1K-319 of the Minister of Economics 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). During the investment period, the annual fee is 2 % on commitments of all participants of the Fund up to EUR 100 million, and 1% annual fee on commitments over EUR 100 million. After the end of the investment period, the annual fee of 1 % will apply to investments not refunded to the participants of the Fund up to EUR 100 million. If the amount exceeds EUR 100 million but is less than EUR 200 million, the annual fee of 0.75 % will continue to apply, and further the fee will be 0.5 % of the share of investments not refunded to the participants of the Fund exceeding EUR 200 million.

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

Operating expenses

In 2020, 76 % of VIVA's operating expenses comprised wages and other related costs, the structure (percentage) of which was as follows:

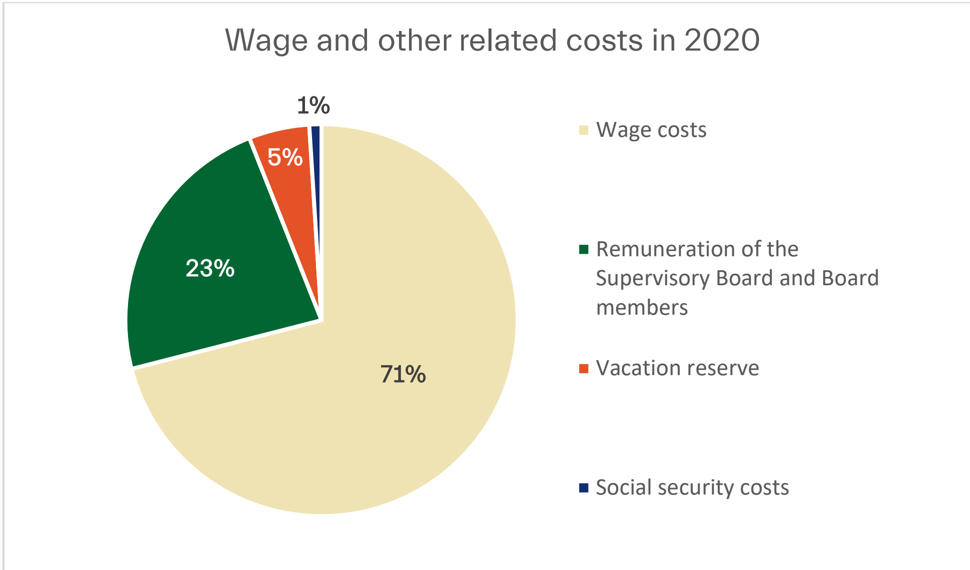

FIGURE 7. WAGE AND OTHER RELATED COSTS

In 2020, 24% of VIVA's operating expenses comprised administrative expenses, the structure (percentage) of which was as follows:

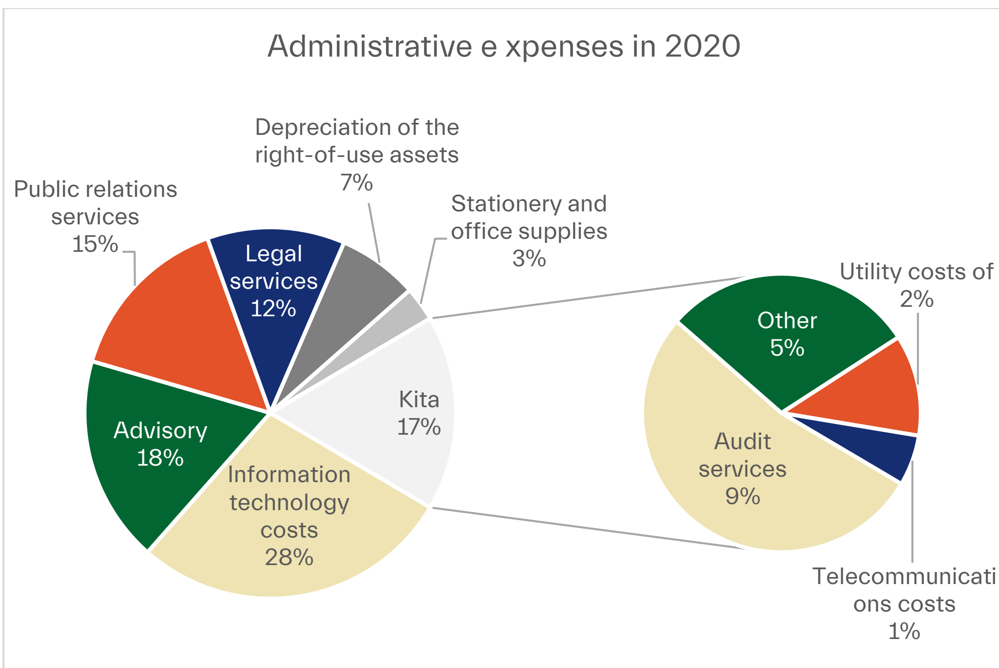

FIGURE 8. ADMINISTRATIVE EXPENSES

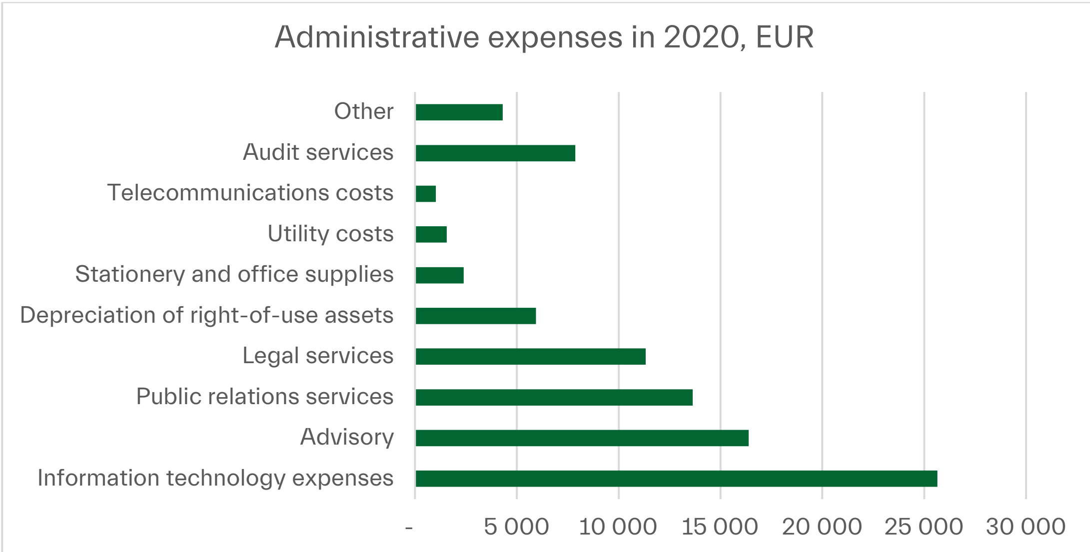

FIGURE 9: ADMINISTRATIVE EXPENSES BY CATEGORY

Dividends are allocated and paid in compliance with provisions of Resolution No 20 of the Government of the Republic of Lithuania of 14 January 1997 on dividends on shares of state-owned companies and profit contributions of state-owned enterprises (recast from 1 January 2017).

On 31 December 2020, the functions performed by VIVA were not classified as special obligations, as established by Order No 4-1100 of the Minister of Economy of the Republic of Lithuania of 20 December 2013 on the establishment of special obligations of state-owned enterprises and approval of recommendations for the provision of information.

KEY FINANCIAL INDICATORS OF VIVA IN 2020

Assets

As at 31 December 2020, assets of VIVA totalled EUR 1,414,056, of which 83 % comprised cash balance with a bank. Fixed assets amounted to EUR 213,370, of which 97 % comprised the right-of-use assets, i.e. the agreement on lease of administrative premises according to IFRS 16.

Liabilities

As at 31 December 2020, liabilities of VIVA totalled EUR 366,100, of which 53 % comprised long- and short-term lease obligations relating to the lease of administrative premises according to provisions of IFRS 16 (EUR 126,479 and EUR 69,158, respectively). The remaining part is related to the current payments of subsequent period to suppliers, employees and contractual obligations.

Key financial indicators (EUR)	2020
Sales income	437 158
Net profit (loss)	47 956
Earnings before interest, taxes, depreciation and amortization (EBITDA)	63 307
EBITDA profitability ratio (EBITDA profit / sales income)	14%
Assets	1 414 056
Authorized capital	1 000 000
Equity capital	1 047 956
Return on equity (ROE), %	**5%**
Return on capital employed (ROCE), %	5%
Assets to equity ratio	74%
Return on assets (ROA), %	**3%**
Profit (loss) per share	4.80
Number of shares	10 000
Investments	5 901
Number of employees at the end of the period	**22**

TABLE 6. KEY FINANCIAL INDICATORS

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

Liquidity indicators	2020

Total liquidity ratio	5
Current assets	1 200 686
Short-term debts	239 621
Quick ratio	5
Current assets	1 200 686
Short-term debts	239 621
Reserves	0

TABLE 7. LIQUIDITY RATIOS

Liquidity ratios of VIVA reflect the stable position of the Company in managing monetary resources and liabilities

FINANCIAL PROFITABILITY AND TURNOVER RATIOS

Profitability ratios	2020
Cost to income ratio (C/I)	0.87
Sales income	437 158
Operating expenses	380 622
Net profitability	11%
Sales income	437 158
Net profit	47 956
TURNOVER RATIOS	
Asset turnover	0.31
Sales income	437 158
Assets	1 414 056

TABLE 8. PROFITABILITY AND TURNOVER RATIOS

Financial indicators of profitability and turnaround reflect the adequate and target cost/income ratio and adequate asset turnover level.

Data provided in the annual financial accounts are elaborated in sufficient detail and, therefore, references and additional interpretations are not provided.

Events after the end of the financial year

On 17 February 2021, VIVA managing the Aid Fund for Business (PVF) signed the undertaking to allocate EUR 10 million for investment in Novaturas group. The investment of EUR 10 million will reach Novaturas Group through hybrid financial instruments. The Fund undertakes to redeem convertible bonds the Company worth EUR 5 million and ordinary bonds also worth EUR 5 million. The agreement will be concluded for a period of 6 years after which Novaturas Group undertakes to redeem the bonds, in addition, the possibility of early redemption or all or part of the bonds is provided for the Company.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Valstybės investicijų valdymo agentūra, UAB:

Opinion

We have audited the financial statements of Valstybės investicijų valdymo agentūra, UAB (the Company), which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the five months 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 2020, and its financial performance and its cash flows for the five months then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

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

Other Information

The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as specified below.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In addition, our responsibility is to consider whether information included in the Company's annual report for the financial year for which the financial statements are prepared is consistent with the financial statements and whether annual report has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of financial statements, in our opinion, in all material respects:

- The information given in the Company's annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Company's annual report has been prepared in accordance with the requirements of the Law on Financial Reporting by Undertakings of the Republic of Lithuania.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Deloitte Lietuva UAB
Audit Company License No 001275

Mindaugas Jukna
Lithuanian Certified Auditor
License No 000580

Vilnius, Republic of Lithuania
24 March 2021

Statement of profit (loss) and other comprehensive income

Date of approval 24 March 2021

	Notes	27 08 2020 31 12 2020
Operating income		
Fund management fee	4	437 158
Total operating income:		**437 158**
Operating expenses		
Wage and other related costs	5	(289 985)
Administrative expenses	6	(90 089)
Financing activity expenses	8	(548)
Total operating expenses:		**(380 622)**
Pre-tax profit		**56 536**
Corporate income tax expenses	7	(8 580)
Net profit		**47 956**
Other comprehensive income		-
Total comprehensive income		**47 956**

The accompanying notes are integral part of these financial statements.

Chief Executive Officer Dainius Vilčinskas

Chief Financial Officer Marta Jablonskė

Statement of financial position

Date of approval 24 March 2021

	Notes	31 12 2020
Assets		
Non-current assets		
Right-of-use assets	9	207 756
Fixed intangible assets	10	5 613
Investments in associates	11	1
Total fixed assets:		**213 370**
Current assets		
Cash and equivalents		1 179 398
Deferred tax assets	7	83
Other current assets	12	21 205
Total short-term assets:		**1 200 686**
Total assets:		**1 414 056**

	Notes	31 12 2020
Equity and liabilities		
Equity		
Authorised capital	13	1 000 000
Retained profit	14	47 956
Total equity:		**1 047 956**
Long-term liabilities		
Long-term lease liabilities	9	126 479
Total long-term liabilities		**126 479**

		31 12 2020
Short-term liabilities		
Short-term financial lease obligation		69 158
Trade and other payables		60 644
Contractual obligations		62 842
Wage and other related liabilities		38 314
Other short-term liabilities		8 663
Total short-term liabilities:		**239 621**
Total equity liabilities:		**1 414 056**

The accompanying notes are integral part of these financial statements.

Chief Executive Officer Dainius Vilčinskas

Chief Financial Officer Marta Jablonskė

Statement of changes in equity

	Share capital	Retained earnings	Notes	27 08 2020 31 12 2020
27 August 2020				
Authorised capital formation	1 000 000		13	1 000 000
Net profit of the period		47 956	14	47 956
31 December 2020	**1 000 000**	**47 956**		**1 047 956**

The accompanying notes are integral part of these financial statements.

Chief Executive Officer Dainius Vilčinskas

Chief Financial Officer Marta Jablonskė

Cash flow statement

		27 08 2020 31 12 2020
Operating activity		
Profit (loss) of the period	7	47 956
Depreciation of right-of-use assets	9	5 936
Amortisation of intangible assets		287
Total for operating activity:		**54 179**
Working capital adjustments		
Deferred corporate income tax assets (increase)/decrease	7	(83)
Other current assets (increase)/decrease	12	(21 205)
Employment relations and other related obligations (decrease)/increase	16	38 314
Trade and other payables increase /(decrease)	15	132 149
Total working capital adjustments:		**149 175**
Net cash flows from operating activity		**203 354**
Investing activity		
Acquisition of intangible assets	10	(5 900)
Full-member investment	11	(1)
Net cash flows from investing activity:		**(5 901)**
Financing activity		
Formation of share capital	13	1 000 000
Covering of lease liabilities		(18 055)
Total for financing activity		**981 945**
Net increase (decrease) in cash and cash equivalents		1 179 398
Cash and equivalent at 31 December 2020		**1 179 398**

Chief Executive Officer Dainius Vilčinskas

Chief Financial Officer Marta Jablonskė

NOTES TO FINANCIAL STATEMENTS

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 Valstybės investicijų valdymo agentūra UAB, also referred as State Investment Management Agency, (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 Pagalbos verslui fondas KUB, also referred as Aid Fund for Business LP (hereinafter – the Fund).

Aid Fund for Business LP 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 Aid Fund for Business through UAB "State Investment Capital" (VIK), while the Fund is managed by UAB "State Investment Management Agency" (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 2020, 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 International Financial Reporting Standards (IFRS) as adopted in the European Union, the Law of the Republic of Lithuania on Accounting, other laws, legal acts of the Government of the Republic of Lithuania and the Board of the Bank of Lithuania defining the management of financial accounting and drawing up of financial statements.

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

2.1. APPLIED AMENDMENTS AND INTERPRETATIONS TO THE STANDARDS

When preparing the financial statements, the Company took into account and assessed the impact of the amendments and interpretations to the IFRS that entered into force on 1 January 2020:

• **The conceptual framework for IFRS standards**

On 29 March 2018, the IASB published the revised "Conceptual Framework for Financial Reporting". The conceptual framework provides a comprehensive set of concepts that apply to the preparation of financial statements, the issuing of standards and the consistent application of accounting policies by preparers. They can also help those who want to understand and interpret standards. The IASB also issued "Amendments to References to the Conceptual Framework in IFRS Standards – a separate accompanying document" containing amendments to relevant standards in order to update references to the revised Conceptual Framework. It is also designed to facilitate the transition of companies to the revised Conceptual Framework, where such companies develop accounting policies on the basis of the Conceptual Framework and where no IFRS can be applied to a specific case. Where producers draw up accounting policies on the basis of the Conceptual Framework, they should comply with them during the financial periods beginning on or after 1 January 2020. The management of the Company assessed that these changes do not affect these financial statements.

• **IFRS 3 "Business Combinations" (amendments)**

The IASB has issued Amendments to IFRS 3 "Definition of a Business" (amendments to IFRS 3) to address the difficulties that arise when an entity has to determine whether it has acquired a business or a group of assets. The amendments apply to business combinations that occurred in the first annual reporting period beginning on or after 1 January 2020 and to assets that are acquired from or after the beginning of this period. The management of the Company assessed that these adjustments do not affect these financial statements.

• **IAS 1 "Presentation of financial statements" and IAS 8 "Accounting policy - Changes in accounting estimates – Errors": Definition of materiality (amendments)**

The amendments entered into force for annual periods beginning on or after 1 January 2020, however, the earlier application is allowed. The amendments clarify the definition of materiality and specify how it should be applied – the definition includes guidance that until now has featured in other IFRS. The Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Furthermore, the explanations accompanying the definition have been improved. The amendments ensure that the definition of material is consistent across all IFRS. The management of the Company assessed that these adjustments do not affect these financial statements.

- **IFRS 16 “Leases” - “COVID-19-Related Rent Concessions” (Amendment).**

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

- the modified rental as a result of the change in rentals is substantially the same as or smaller than the rental immediately before the modification;

- any reduction in rents affects only payments due on or before 30 June 2021;

- the other terms of the lease are not substantially altered.

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

- **Interest Rate Benchmark Reform – IFRS 9, IAS 39, IFRS 7 (amendments)**

In September 2019, the IASB published amendments to IFRS 9, IAS 39 and IFRS 7, as these amendments aim to provide for a general exemption before the Phase 1 of the interbank interest rate (IBOR) amendment. These published amendments address issues affecting financial statements during the period prior to replacing the existing interest rate benchmark with an alternative interest rate and analyse the impact that specific insurance transaction accounting requirements set out in IFRS 9 “Financial Instruments” and IAS 39 “Financial Instruments. Recognition and Measurement” may have when such effects require forward-looking analysis. The amendments allow the use of a temporary exemption applicable to all hedging transactions directly affected by the reform of the interest rate benchmark when such a reform continues the hedging accounting during a period of uncertainty until the existing interest rate benchmark is converted into an alternative near-risk interest rate. Amendments were also made to IFRS 7 “Financial Instruments. Disclosure”. They concern the disclosure of additional information on uncertainty resulting from the interest rate benchmark reform. The amendments shall enter into force in the financial year beginning on or after 1 January 2020 and shall be applied retrospectively. Phase 2 will focus on issues that may affect financial statements when the existing interest rate benchmark is changed to a near-risk interest rate (RFR). The management of the company assessed that these changes do not affect these financial statements.

2.2 STANDARDS, AMENDMENTS AND INTERPRETATIONS WHICH HAVE NOT YET ENTERED INTO FORCE

New standards, amendments and interpretations which are not binding for the reporting period beginning on 1 January 2020 and which have not been adopted prior to the preparation of these financial statements are presented below:

• IFRS 10 "Consolidated financial statements" and IAS 28 "Investments in associates, joint ventures. Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)

The amendments analyse the recognised non-compliance between IFRS 10 and IAS 28 regarding the sale of assets or contributions between an investor and its associate or joint venture. The main consequence of the amendments is that all income or losses are recognised when a transaction involves a business (whether or not it is carried out in a subsidiary). Part of the income or loss is recognised when the transaction includes assets that do not comply with the business definition, even if these assets are owned by a subsidiary.

In December 2015, the IASB postponed the entry into force indefinitely pending the outcome of the draft study of the property accounting method. The EU has not yet adopted these amendments. The management of the Company assessed that these amendments will have no impact on the financial statements.

• IAS 1: "Presentation of financial statements. Classifying liabilities as current and non-current" (amendments)

The amendments enter into force in the financial year beginning on or after 1 January 2022, although the earlier application is permitted. Due to the COVID-19 pandemic, the IASB postponed the entry into force of the amendments for a year, i.e. until 1 January 2023, in order to allow companies more time to implement the classification changes related to these amendments. The amendments are intended to encourage consistent application of requirements and to help companies determine whether debts and other liabilities in the financial position statement should be classified as current or non-current. Amendments affect the presentation of liabilities in the statement of financial standing, but do not alter the applicable requirements regarding the timing of valuation or recognition of assets, liabilities, income or expenses, nor do they alter the information disclosed by undertakings about such items. The amendments also clarify the requirement to classify debts where such debts can be settled by an enterprise using its own equity instruments. These amendments have not yet been adopted in the EU. The Company's management is currently assessing the impact of these amendments on the financial statements.

• Interest Rate Benchmark Reform. Phase 2. Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

On 13 August 2021 the International Accounting Standards Board published the document "Interest Rate Benchmark Reform. Phase 2. Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16", thus completing its work to respond to the IBOR reform: the amendments provide for a temporary exemption to take account of the consequences of replacing Interbank Offered Rates (IBOR) with an alternative almost risk-free interest rate (RFR) for financial statements. In particular, the amendments provide for a practical measure requiring the actual interest rate to be adjusted to the extent that the market interest rate has changed when accounting for a change in the basis for determining the cash flows provided for in a financial asset or financial liability contract. The amendments also provide for an exemption from the requirement of termination of insurance relationships, including a temporary exemption from compliance with a separate identification requirement when the RFR instrument is used as a hedging instrument for a risk component. Furthermore, the amendments to IFRS 4 provide that insurers who still apply IAS 39 may benefit from the same exemptions as those provided for in the amendments to IFRS 9. Amendments have also been made to IFRS 7 "Financial Instruments. Disclosures", so that users of financial statements can understand the impact of the interest rate benchmark reform on the company's financial instruments and risk management strategy. The amendments apply to the financial year beginning on or after 1 January 2021. Although the amendments are applied retrospectively, the entity is not obliged to adjust historical information.

The Company's management has assessed that these amendments will not affect the Company's financial statements.

• Amendments to IFRS 4 "Insurance Contracts", "Extension of the Temporary Exemption from Applying IFRS 9"

The amendments aim to address the issues related to the temporary accounting consequences of different dates of entry into force of IFRS 9 "Financial Instruments" and the future IFRS 17 "Insurance Contracts". Firstly, amendments to IFRS 4 extend the temporary exemption from applying IFRS 9 until 2023 in order to align the entry into force date of IFRS 9 with the new IFRS 17. The EU has adopted the following amendments. The management of the Company assessed that the adopted amendments have no effect on the financial statements.

• IFRS 17 "Insurance contracts"

IFRS 17 sets out the principles of recognition, measurement, presentation and disclosure of insurance contracts and replaces IFRS 4 "Insurance contracts". IFRS 17 presents a common model described as a variable tax approach for modified insurance contracts with direct participation features. The overall model is simplified if certain criteria are met when assessing the liability for the remaining insurance through the premium allocation method. The common model uses current assumptions to assess the amount, timing and uncertainty of future cash flows and clearly determines the price of that uncertainty. Account is taken of market interest rates and the impact of options and guarantees for policyholders.

In June 2020, the International Accounting Standards Board issued amendments to IFRS 17 to address the problems and application challenges identified following the publication of IFRS 17. Amendments postpone the date of initial application of IFRS 17 (including amendments) for annual reporting periods starting on or after 1 January 2023. At the same time, the International Accounting Standards Board extended the temporary exemption from IFRS 9 (amendments to IFRS 4), extending the temporary exemption from IFRS 9 in IFRS 4 to the annual reporting period starting on 1 January 2023.

The standard is not adopted in the EU. The management has assessed that the change will not affect the Company.

• Amendments to IFRS 3 "Business combinations", IAS 16 "Property, Plant and Equipment", IAS 37 "Provisions, Contingent Liabilities and Assets" and annual improvements to IFRS 2018-2020

The Amendments apply to the financial year starting on or after 1 January 2022. The earlier application is allowed. The IASB has published the following amendments to the IFRS standards of narrow application:

- The amendments to IFRS 3 "Business combinations" update IFRS 3 reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations;

- The amendments to IAS 16 "Property, plant and equipment" provide that a company may not deduct from costs of property, plant and equipment income from the unit of asset that is being prepared for the intended use. Instead, the company will recognise such sales revenue and related costs in the profit/loss statement.

- The amendments to IAS 37 “Provisions, contingent liabilities and assets” specify what costs a company should include in determining the cost of performance of the contract in order to assess whether the contract is loss-making.

- The annual improvements for 2018-2020 include minor revisions to the explanatory examples of IFRS 1 “First-time adoption of International Financial Reporting Standards”, IFRS 9 “Financial Instruments”, IAS 41 “Agriculture” and IFRS 16 “Leases”.

The EU has not yet adopted these amendments. The Company’s management is currently assessing the impact of these improvements on the financial statements.

• **IFRS 14 “Regulatory deferral accounts”**

The adoption of IFRS 14 is linked to industries whose activities and tariffs are regulated by the government or national regulatory authorities setting price regulations for the volume of supply. Current IFRS reporting standards do not include assets, liabilities related to tariff regulation accounting principles. IFRS 14 has a very narrow scope and applies only to enterprises governed by the State.

The European Commission has decided not to apply this provisional standard and to wait for the final standard to be drawn up. The Company’s management considers that the adoption of this standard will not have a significant impact.

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 concern, 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 recognised during the period in which they are reviewed or in subsequent related periods.

USE OF ESTIMATES IN PREPARING FINANCIAL STATEMENTS

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

The main principles on the basis of which the financial statements for 2020 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 recognised as income during the financial period in which it is earned.

According to IFRS 15 the Company recognises 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 exchange for the services provided. In recognising 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 recognised 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 recognises revenue at a point in time for performance obligations that do not meet the criteria for recognition of revenue over time.

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

Income is recognised 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 acquisition of) control of such asset.

Interest income is recognised 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 recognised when the right to receive dividends is acquired and is attributed to other operating income.

Interest and penalty income is recognised 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 recognised as expenditure 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 recognises 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 amount of losses from typical activities deducted from income of previous tax periods may not exceed 70 % taxable profit of the tax period calculated by deducting from income non-taxable income, allowable deductions and allowable deductions of limited amounts, with the exception of operating losses of tax periods of previous years.

Deferred taxes are accounted for in accordance with the commitment method. The deferred corporate income tax reflects the temporary tax differences between the Company's assets and liabilities shown in the financial statements and the assets and liabilities shown in tax statements. Deferred tax assets (liabilities) are measured 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 realise the assets. If it is likely that some of the deferred tax assets will not be realised, this part of the deferred tax is not recognised in the financial statements.

OPERATING LEASE

The lease, where the company is a lessee, is recognised 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 recognises the lease payments as operating costs in a directly proportional manner throughout the lease period, except where other systematic method may be applied which 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 recognised 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.

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 capitalised by adding it to the acquisition value of the fixed tangible asset. Significant improvements in fixed tangible assets are capitalised 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 amortised 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 recognised 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 recognised when the Company becomes a party to the contractual terms of the instrument.

Assets held to generate contractual cash flows when they are solely the payments of principal and interest are measured at amortised cost. Profits or losses resulting from derecognising 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 derecognised 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

	27 08 2020 31 12 2020
Fund management fee	437 158
Total operating income:	**437 158**

The total amount of income is from contracts with customers.

5. PAYROLL AND OTHER RELATED COSTS

	27 08 2020 31 12 2020
Wage costs	205 132
Remuneration of Board and Supervisory Board members	65 753
Vacation reserve	15 229
Social security costs	3 871
Total wage and other related costs:	**289 985**

6. ADMINISTRATIVE EXPENSES

	27 08 2020 31 12 2020
Information technology expenses	25,647
Advisory	16 387
Public relations services	13 634
Legal services	11 327
Depreciation of right-of-use assets	5 936
Stationery and office supplies	2 393
Utility costs	1 558
Telecommunications costs	1 030
Audit services	7 865
Other	4 312
Total administrative expenses:	**90 089**

7. CORPORATE INCOME TAX EXPENSES

Reconciliation of taxes and financial profit

	27 08 2020 31 12 2020
Profit before taxes	**56 536**
Non-deductible expenses	1 215
Taxable profit	**57 751**
Corporate income tax of the accounting year	(8 663)
Deferred tax assets	83

Annual profit	**47 956**
Profit before taxes	
Corporate income tax of 15 %	56 536
Tax effect	(8 480)
Non-deductible expenses	(182)
Tax-free income and tax benefits	-
Additional allowable deductions (reducing/increasing losses)	-
Temporary differences due to taxation and financial accounting differences	83
Current year's corporate income tax expenses recognised in accounting	**(8 580)**

8. FINANCING ACTIVITY EXPENSES

	27 08 2020 31 12 2020
Interest expenses of lease liabilities	548
Total expenses of financial activities:	**548**

9. RIGHT-OF-USE ASSETS

The Company has concluded the agreement for lease of premises be valid until 30 11 2023. The value of the right-of-use assets and related liabilities is calculated according to IFRS 16 applying of 3.25 % (average interest rate on loans announced by the BL).

LEASES

	Office premises
Capitalised as at 27 August 2020	-
Annual increase	213 692
Annual depreciation	(5 936)
Net residual value as at 31 December 2020	**207 756**

LEASE LIABILITIES

	Office premises
27 August 2020	-
Annual increase	213 692
Covering of lease liabilities	(18 055)
Net residual value as at 31 December 2020	**195 637**

LEASE LIABILITIES

Long-term lease liabilities	(126 479)
Short-term lease liabilities	(69 158)

As at 31 December 2020, future minimum lease payments under operating leases were due as shown below.

Maturity analysis. Contractual undiscounted cash flows	31 12 2020
up to one year	74 409
1 to 3 years	136 416
Total undiscounted lease liabilities as at 31 December 2020	**210 825**

10. NON-CURRENT INTANGIBLE ASSETS

Initial Cost	Software
Balance as at 27 August 2020	-
Acquisitions	5 900
Balance as at 31 December 2020	**5 900**
Accrued amortisation	Software
Balance as at 27 August 2020	-
Annual amortisation	(287)
Impairment losses	-
Balance as at 31 December 2020	**(287)**
Net residual value as at 27 August 2020	-
Net residual value at 31 December 2020	**5 613**

11. INVESTMENTS IN ASSOCIATES

By virtue of the members' agreement signed on 6 October 2020 Participants State Investment Management Agency, Valtybės investicijų valdymo agentūra UAB (VIVA) and State Investment Capital, Valstybės Investicinis kapitalas UAB (VIK) established the Limited Partnership "Aid Fund for Business" Pagalbos verslui fondas KŪB. The main activity of the Fund is the assistance and investment in medium-sized and large enterprises facing the challenges posed by the COVID-19.

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

12. OTHER CURRENT ASSETS

	31-12-2020
Deferred expenses	21 205
Total other current assets	**21 205**

DEFERRED EXPENSES

	31-12-2020
External systems and connections	8 857
Subscriptions	7 778
Civil liability insurance	3 082
Information technology costs	838
Staff training	650
Total deferred expenses:	**21 205**

13. AUTHORISED CAPITAL

As at 31 December 2020, the Company's share capital comprised 10 000 ordinary shares; the nominal value of one share is EUR 100. All issued shares issued are fully paid up. All issued shares are uncertificated ordinary registered shares.

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

In 2020, the Company's profit from the date of its establishment was EUR 47,956. Draft profit distribution is presented in Note 14.

14. PROFIT DISTRIBUTION PROJECT

		31-12-2020
Annual profit		47 956
Undistributed profit		**47 956**
Contribution to the mandatory reserve	60%	(28 774)
Contribution to the special capital reserve	40%	(19 182)
Undistributed profit		-

The Law of the Republic of Lithuania on Companies requires the Company to transfer at least 1/20 (5%) of the profit of the reporting financial year to the mandatory reserve until the reserve amount reaches at least 1/10 (at least 10%) of the authorised capital. The reserve may be used only to cover losses incurred by the Company.

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

15. TRADE AND OTHER PAYABLES

	31-12-2020
Trade payables	52 570
Amounts payable to accountable persons	209
Audit fee	7 865
Contractual obligations	62 842
Total trade and other payables	**123 486**

Revenue related to contractual obligations under IFRS 15 was recognised in the accounting in the first quarter of 2021.

16. WAGE AND OTHER RELATED OBLIGATIONS

	31-12-2020
Remuneration to Supervisory Board members and related taxes	23 086
Accruals of unused annual leave	15 228
Total employment and other related obligations:	**38 314**

17. RISK MANAGEMENT

Risk is a potentially unfavourable change in expected outcomes. Risk is a part of any activity that cannot be completely avoided, but can be minimised by making a good assessment of the expected risk.

Risk management objectives:
- assess the probability of potential losses, the amount of losses, risk management costs;
- identify and limit the most significant risks likely to cause losses.

Optimal and balanced risk management is the basis for effectively ensuring the stable operations of the Fund.

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, unfounded, 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 manage properly the risks faced by the Fund manager in theirs own activities and in the managed Fund's activities, the Fund manager:

- based on the internal and external environment of the Fund, results of risk assessment and monitoring of the implementation of risk management measures, identifies the participants, scope and risk assessment criteria of the risk management process;
- identifies, assesses and defines risks on a regular basis;
- prioritises the assessed risks according to their level and significance;
- for the management of priority risks draws up the procedures and processes of the necessary risk management measures;
- carries out regular monitoring of the implementation of the plan of the identified risks and risk management measures.

In order to ensure proper, effective and continuous risk management, the Fund manager:

- establishes in the internal documents and adopts detailed risk management requirements (risk level, risk assessment, monitoring and control processes, management principles);
- periodically reviews the approved risk management requirements and limitations in order to properly assess new or previously uncontrolled types of risk.

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	- considers and approves the operational strategy of the Company and the Fund, analyse and evaluate information on the implementation of the operational strategy; - supervises the activities of the Board and the Fund manager, on the basis of internal audit and other information available to them, and ensure that the established management of risk is complied with; - submits comments and proposals to improve the risk management process;
Internal auditor	- supervises, monitors, assesses and provides recommendations to the management bodies of the Company and the Fund manager on improving the risk management system; - at the prescribed intervals carries out internal audits of the effectiveness of risk management systems and individual measures of the Company and the Fund to establish that the main risks are adequately identified, managed and disclosed; - submits internal audit reports to the management bodies of the Fund manager and recommendations to the CEO on the basis of received and systematised information on risk management;
Board	- ensures that these policy provisions are consistent with the operational strategy of the Company and the Fund and with the applicable legislation; - communicates with management with a view to improving the management of the Fund's risks; - encourages the management of the Fund manager to follow the risk management process and integrate it into planning, decision-making and control processes; - monitors, at least quarterly, the implementation of the most significant risk management measures;
Chief Executive Officer (CEO)	- encourages the Fund Manager's employees to manage risks in accordance with the approved procedures and maintain a culture of open communication of incidents; - seeks that the Fund Manager's employees have sufficient means to identify, assess and manage risks; - immediately informs the Board on material risks that threaten the continuity of the Fund's activities;
Chief Risk Officer (CRO)	- participates in the risk monitoring, management and control process; - reviews and assesses, once a year, the main risks of the Fund and developments in the business environment; - identifies the owners of the risks; - is responsible for the review and timely updating of the Policy; - where appropriate, advises the Fund Manager's employees on the appropriate risk management, submits proposals and initiates actions to improve the efficiency and effectiveness of the risk management system;
Risk owner	- participates in the risk management process in identifying and analysing risks; - identifies risks and proposes risk management measures; - applies the established risk management measures; - immediately informs the risk manager of the increased risks.

CREDIT RISK

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

LIQUIDITY RISK

The Company aims to ensure sufficient flows of cash and cash equivalents to meet its existing liabilities. The table below presents obligations by maturities on the basis of undiscounted payments:

31 December 2020	Less than 1 year	1-2 years	2-3 years	Total
Cash and cash equivalents	1 179 398			1 179 398
Lease liabilities	(74 409)	(74 409)	(62 007)	(210 825)
Trade and other payables	(60 644)			(60 644)
Wage and other related obligations	(38 314)			(38 314)
Other short-term liabilities	(8 663)			
Net risk	**997 368**	**(74 409)**	**(62 007)**	**869 615**

18. WAGES AND OTHER RELATED COSTS

	27 08 2020 31 12 2020
Wages (including management)	205 132
Wages and benefits to the Board and Supervisory Board members	65 753
Total:	**270 885**

	31 12 2020
Number of employees at the end of the reporting period, of whom:	**22**
Specialists	17
Managers	5

19. FINANCIAL RELATIONS WITH RELATED PARTIES

The parties are considered to be related where one party has control over the other or can exercise significant influence over the other party's financial and operational decisions.

The related parties of the Company are the Pagalbos verslui fondas KŪB Limited Partnership "Aid Fund for Business" (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.

In 2020, no loans, guarantees were granted to the Company's Management (CEO, Board and Supervisory Board members), no other amounts were paid or charged and no assets were transferred.

2020

	Purchases	**Sales**	**Receivables**	**Contractual obligations**	**Accrued interest**
Pagalbos verslui fondas KŪB Aid Fund for Business	-	437 158	-	62 842	-

Chief Executive Officer Dainius Vilčinskas

Chief Financial Officer Marta Jablonskė