

UAB Valstybės Investicinis Kapitalas

**INTERIM FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL
REPORTING STANDARDS AS ADOPTED BY THE
EUROPEAN UNION FOR THE 6-MONTH PERIOD ENDED 30 JUNE 2022
(UNAUDITED)**

26 August 2022

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INTERIM STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	30/06/2022	31/12/2021
Non-current assets			
Non-current assets		-	-
Financial assets at fair value through profit or loss	3.1	150,812,398	142,264,193
Deferred income tax assets	3.12	4,929	4,929
Total non-current assets		150,817,327	142,269,122
Current assets			
Other current assets	3.2	123,719	159,399
Cash and cash equivalents	3.3	25,508,382	585,662
Total current assets		25,632,101	745,061
TOTAL ASSETS		176,449,428	143,014,183
EQUITY AND LIABILITIES			
	Notes		
Equity			
Share capital	3.4	101,200,000	101,200,000
Retained earnings/loss		(24,665,499)	(8,026,183)
Total Equity		76,534,501	93,173,817
Non-current liabilities			
Bonds issued	3.5	99,896,391	49,830,758
Total non-current liabilities		99,896,391	49,830,758
Current liabilities			
Amounts payable to employees	3.6	12,335	5,058
Other payables and accrued expenses	3.7	6,201	4,550
Total current liabilities		18,536	9,608
Total liabilities		99,914,927	49,840,366
TOTAL EQUITY AND LIABILITIES		176,449,428	143,014,183

The accompanying notes form an integral part of these financial statements

The interim financial statements were approved and signed on 26 August 2022.

On behalf of UAB Valstybės Investicinis Kapitalas

Chief Accountant

Robertas Vyšniauskas
CEO

Inga Čėsiėnė
Authorised person of UAB Nordgain

INTERIM STATEMENT OF COMPREHENSIVE INCOME

Notes

		Period ended 30/06/2022	Financial year ended 31/12/2021
OPERATING INCOME			
Sales		-	-
Cost of sales		-	-
Other income (resold)		-	-
GROSS PROFIT		-	-
Operating costs	3.8	(78,225)	(241,460)
Other costs	3.9	(109,295)	(22,129)
OPERATING PROFIT/LOSS		(187,520)	(263,589)
Impairment of financial assets at fair value through profit or loss	3.10	(16,451,795)	(4,860,624)
PROFIT/LOSS BEFORE TAX		(16,639,316)	(5,124,213)
Income tax (expense) benefits	3.12	-	-
NET PROFIT/LOSS	3.12	(16,639,316)	(5,124,213)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		-	-
Earnings/loss per share (EUR per share)	3.11	(1.6442)	(0.506)

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INTERIM STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings/loss	Total
Balance as of 31/12/2020	100,200,000	(2,901,970)	97,298,030
Formation of authorised capital	-	-	-
Net profit/loss	-	(5,124,213)	(5,124,213)
Increase/decrease of authorised capital	1,000,000	-	1,000,000
Dividend	-	-	-
Other benefits to owners	-	-	-
Balance as of 31/12/2021	101,200,000	(8,026,183)	93,173,817
Formation of authorised capital	-	-	-
Net profit/loss	-	(16,639,316)	(16,639,316)
Increase/decrease of authorised capital	-	-	-
Dividend	-	-	-
Other benefits to owners	-	-	-
Balance as of 30/06/2022	101,200,000	(24,665,499)	76,534,501

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INTERIM CASH FLOW STATEMENT

	Notes		
		Period ended 30/06/2022	Financial year ended 31/12/2021
Cash flow from operating activities			
<i>Payments for the reporting period</i>		(89,880)	(500,080)
Wage payments		(25,255)	(36,240)
Tax paid		(21,200)	(32,064)
Cash payments to suppliers		(21,224)	(60,990)
Bond issuance costs		(16,725)	(101,100)
Guarantee deposit		-	(150,000)
Additional bank account management fee		-	(108,055)
Other benefits		(5,476)	(11,631)
Inflows of the reporting period		12,600	-
Cash inflows of the reporting period		12,600	-
		<u>(77,280)</u>	<u>(500,080)</u>
Acquisition of investments	3.1	(25,000,000)	(143,000,000)
Net cash flows from investment activities		<u>(25,000,000)</u>	<u>(143,000,000)</u>
Cash flows from financing activities			
Bond issue proceeds		50,000,000	49,908,000
Net cash flows from financial activities		<u>50,000,000</u>	<u>49,908,000</u>
Impact of exchange rate changes on cash and cash equivalents		-	-
Net increase/decrease in cash flows		<u>24,922,720</u>	<u>143,500,080</u>
Cash and cash equivalents at the beginning of the period		585,662	94,177,742
Cash and cash equivalents at the end of the period	3.3	25,508,382	585,662

The financial statements were approved and signed on 26 August 2022.

On behalf of UAB Valstybės Investicinis Kapitalas

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NOTES TO THE FINANCIAL STATEMENTS

1. General

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

**Gedimino pr. 38,
Vilnius,
Republic of Lithuania**

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

The Company was registered on 26 August 2020. As of 30 June 2022, 100% of the Company’s authorised capital belongs to the Republic of Lithuania, code 111105555.

The registered capital of the Company is EUR 101,200,000 and consists of 10,120,000 ordinary registered shares with a par value of EUR 10 each. As of 30 June 2022, all shares were fully paid up.

As of 30 June 2022 the average annual number of employees of the Company was 1.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1. Confirmation of conformity

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

2.2. Basis of preparation of the financial statements

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

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

The financial statements are presented in euros (EUR).

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

2.3. Equity

Equity includes the paid-up part of the authorised capital, share premium, revaluation reserve (results), statutory reserve, reserve for acquisition of own shares, other reserves, and retained earnings/loss.

The subscribed share capital is accounted for and disclosed in the financial statements in full, regardless of the part paid up. The unpaid portion of the shares shall be accounted for and disclosed in the financial statements in the counterpart account (item) of the authorised capital.

If the issued shares are settled in assets (including shares of another public limited company), the issue price of the shares shall be equal to the fair value of the assets received for them. Only the nominal value of shares shall be recorded in the authorised capital account. If the issue price exceeds their par value, the excess price shall be recorded in the share premium account.

If a decision is made to increase or decrease the authorised capital, the increase or decrease of the authorised capital shall be registered in the accounts when the amended articles of association of the public limited company are registered in accordance with the procedure established by legal acts.

2.4. Recognition of costs

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

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

2.5. Leasing

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

2.5.1. Company as a lessee

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

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

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

2.6. Foreign exchange

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

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

2.7. Income tax and deferred income tax

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

2.7.1. Current year fee

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

2.7.2. Deferred tax

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

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

Deferred tax liabilities and assets shall be measured using the tax rate ruling for the year in which the temporary differences are expected to be settled, based on the tax rates (and tax laws) that have been or will be approved by the end of the reporting period. Deferred tax assets and liabilities represent the tax consequences that the Company expects at the end of the reporting period in order to pay or settle its assets or liabilities.

2.7.3. Current year tax and deferred tax for the period

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

Deferred tax assets shall be recognised in the statement of financial position when management expects to generate sufficient taxable profit in the foreseeable future to realise the asset. If it is probable that part of the deferred tax asset will not be realised, this part of the deferred tax asset is not recognised in the financial statements.

2.8. Financial instruments

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

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

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

Recognition and derecognition in the statement of financial position

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

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

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

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

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

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

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

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

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

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

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

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

Cash and cash equivalents

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

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

2.9. Employee benefits

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

2.10. Fair value measurement

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

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

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

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

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

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

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

2.11. Related parties

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

2.12. Contingencies

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

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

2.13. Post-reporting events

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

2.14. Comparative information

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

2.15. Significant accounting estimates and management judgements

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

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

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

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

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

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

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

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

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

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

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

The amendments cover the following practical expedients:

- Practical expedient to require that changes in contracts or changes in cash flows directly required by the reform be treated as changes in variable interest rates equivalent to changes in market interest rates.
- Allow changes to hedge designation and hedging documents required by the IBOR reform without terminating the hedging relationship.
- Provide a temporary rebate to entities so that they do not have to comply with a separate requirement when an RFR instrument is assigned to hedge a risk component.

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

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

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

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

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

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

The IASB has issued amendments to the narrow IFRS standards:

- IFRS 3 Business Combinations (amendments) updates the reference in IFRS 3 to the Conceptual Framework for Financial Statements without changing the accounting requirements for business combinations.
- IAS 16 Property, Plant and Equipment (Amendments) prohibits an enterprise from deducting from the cost of property, plant and equipment the proceeds from the sale of items produced by the enterprise to prepare the asset for its intended use. Instead, the entity will recognise such sales revenue and related expenses in SPLOCI's profit or loss.
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets (amendments) specifies the costs that an entity includes in determining contract costs to determine whether a contract is onerous.
- The annual improvements for 2018-2020 make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the illustrative examples presented in conjunction with IFRS 16 Leases.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The amendments are effective for annual periods beginning on or after 01 January 2023, if earlier application is permitted. The amendments provide guidance on the application of materiality judgements in accounting policies. In particular, the amendments to IAS 1 replace the requirement to disclose "significant" accounting policies with the requirement to disclose "material" accounting policies. In addition, the practice report provides guidance and illustrative examples for applying the

concept of materiality in making accounting policy disclosures. The amendments have not yet been approved by the EU. The Company has not yet assessed the impact of implementing these changes.

2.17. Management of financial risks and capital

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

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

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

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

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

Fair value of financial assets and liabilities

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

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

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

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period in which the change occurs.

The statement of financial position shows the fair values of assets and liabilities as of 31 December 2021 do not differ from the carrying amounts of assets and liabilities.

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

Capital management

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

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

The Company manages its capital structure and adjusts it to changes in economic conditions and the specific risks of its operations. In order to maintain or change the capital structure, the Company may issue new shares. The Law on Companies of the Republic of Lithuania requires that the Company's equity should not be less than 50% of its authorised capital. In 2021 and 2022, the Company complied with the said law.

3. NOTES

3.1. Financial assets at fair value through profit or loss

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

According to the calls, the Company invested EUR 7,000,000 in KŪB Pagalbos Verslui Fondas, with the funds transferred on 26/11/2020. This investment was revalued at the end of 2020, its value decreased by EUR 2,875,183 and amounted to EUR 4,124,817 as of 31.12.2020. During 2022, according to the calls, the Company invested EUR 50,000,000 in KŪB Pagalbos Verslui Fondas, EUR 11,000,000 was transferred on 22 March 2021, EUR 82,000,000 was transferred on 25 March 2021, EUR 30,000,000 was transferred on 04 October 2021, and EUR 20,000,000 was transferred on 06 December 2021. The value of the investment of EUR 143,000,000 was reduced by EUR 4,860,624 at the end of the year and amounted to EUR 142,264,193 as of 31/12/2021. During the period from 01 January 2022 until 30 June 2022, according to the calls, the Company invested EUR 25,000,000 in KŪB Pagalbos Verslui Fondas, the funds being transferred on 10/03/2022.

Although the Company's accounting policy states that the revaluation of the investment shall be carried out once a year - at the end of the year, but after receiving unaudited semi-annual reports of KŪB Pagalbos Verslui Fondas due to a significant change in value, it was decided to carry out the revaluation of the investment on 30 June. The value of the investment at the end of the year was reduced by EUR 16,451,795 and amounted to EUR 150,812,398 as of 30/06/2022.

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

3.2. Other current assets

Other current assets as of 30 June consisted of:

	Period ended 30 June 2022	Year ended 31 December 2021
Advances to suppliers	-	12,500
Deferred charges	123,719	146,798
Total	123,719	159,398

Neither in 2021 nor as at 30 June 2022 did the Company have any receivables from related parties.

3.3. Cash and cash equivalents

Cash and cash equivalents consisted of:

	Period ended 30 June 2022	Year ended 31 December 2021
Cash at the bank	25,508,382	585,662
Total	25,508,382	585,662

3.4. Share capital

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

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

3.5. Bonds issued

In 2021, 2 tranches of Series 1 of bond issues with a total value of EUR 50,000,000 (ISIN code LT0000405664) were issued (corresponding decisions of the Company's management adopted on 09 July 2021, No. 25, 15 September 2021, No. 27, and 25 November 2021, No. 30 and 31)

In 2022, the bond issue of Tranche 1, Series 2, with a value of EUR 25,000,000 (ISIN code LT0000406258) was issued (corresponding decisions of the Company's management adopted on 01 March 2022, No. 3 and No. 4)

Taking into account (i) the provisions of the Company's Medium Term Note Programme guaranteed by the Republic of Lithuania up to EUR 400 million (Programme) and its information memorandum (Information Memorandum) were approved by the Management Board (updated Programme and its Information Memorandum were approved by the Company's management by decision 27 June 2022, No. 7); (ii) the results of investor surveys, as well as (iii) the recommendations of the Programme Organiser, the Lithuanian branch of Luminor Bank AS, to issue Tranche 1, Series 3 of the Company's bonds with a total par value of EUR 25,000,000 under the Programme and the Information Memorandum, ISIN LT0000406613.

3.6. Amounts payable to shareholders

Amounts payable:

	Period ended 30 June 2022	Year ended 31 December 2021
Wages and salaries payable	3,128	574
Tax payable	3,039	-
Vacation accruals	6,168	4,484
Total	12 335	4,584

3.7. Other payables and accrued expenses

Amounts payable:

	Period ended 30 June 2022	Year ended 31 December 2021
Remuneration payable to the members of the Management Board	2,701	2,701
Fees payable on the remuneration of members of the Management Board	840	925
Short-term debt to suppliers	2,660	924
Total	6,201	4,550

3.8. Operating expenses

Operating expenses consisted of:

	Period ended 30 June 2022	Year ended 31 December 2021
Wages and salaries and related taxes	(50,648)	(60,614)
Remuneration expenses of members of the Management Board	(8,400)	(15,600)
Accounting costs	(7,768)	(8,349)
Audit costs	-	(10,925)
Bank charges	(74)	(109,987)
Costs of legal services	(3,509)	(16,096)
Other administrative expenses	(7,826)	(19,889)
Total	(78,225)	(241,460)

3.9. Other costs

Other expenses as of 31 December consisted of:

	Period ended 30 June 2022	Year ended 31 December 2021
Non-equity issuance/distribution costs	(41,110)	(17,590)
Other financial and investment operating costs	(68,185)	(4,539)
Total	(109 295)	(22,129)

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

Impairment of financial assets at fair value through profit or loss amounted to:

	Period ended 30 June 2022	Year ended 31 December 2021
Impairment costs of financial non-current assets	(16,451,795)	(4,860,624)
Total	(16,451,795)	(4,860,624)

3.11. Earnings/loss per share

Ordinary earnings/loss per share is calculated by dividing the net profit/loss for the period by the weighted average number of ordinary shares in issue during the period. The weighted average number of shares in 2022 was 10,120,000.

Earnings/loss per share:

	2022	2021
	January-June	January-December
Net profit/loss	(16,639,316)	(5,124,213)
Weighted average number of ordinary shares in issue	10,120,000	10,120,000
Earnings/loss per share	(1.6442)	(0.506)

3.12. Income tax and deferred income tax

Income tax for the year ended 31 December consisted of:

	Year ended 30/06/2022	Year ended 31/12/2021
Taxable income	-	-
Total cost:	(16,639,316)	(5,124,213)
Deductions allowed	(187,521)	(263,531)
Deductions not allowed	16,451,795	4,860,682
Profit/loss	(187,521)	(263,531)
Recognised deferred tax assets from losses carried forward	-	-
	-	-
Unrecognised deferred tax assets from losses carried forward	28,128	39,530
Income tax	-	-

From 01 January 2022 to 30 June 2022, the company operated at a loss.

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

	Period ended 30 June 2022	Year ended 31 December 2021
Income tax expense	-	-
Deferred income tax benefits (expense)	-	-
Total	-	-

Income tax is calculated in accordance with the requirements of Lithuanian tax laws. As of 30 June 2022, the standard corporate income tax rate in Lithuania was 15%. Deferred income tax assets are realised when the Company expects to generate profit in the future.

3.13. Related party transactions

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

In 2022, the Company had one transaction with a related party, invested EUR 25,000,000 in KŪB Pagalbos Verslui Fondas.

Salaries for key management staff

	30/062022	2021
Salaries and other short-term employee benefits	48,965	57,275
Remuneration of Management Board members	8,400	15,600
Total	57,365	72,875

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

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

3.15. Events after the statement of financial position

According to letter No. SR-PVF-2022-6 dated 20/06/2022, the company invested EUR 25 million in KŪB's "Business Support Fund", the funds were transferred on 08.07.2022

The ongoing war in Ukraine and the associated sanctions against the Russian Federation could have a global impact on the European economy. The Company has no direct links with Ukraine, Russia or Belarus, but the Fund has provided financing to clients whose activities are directly and/or indirectly related to these countries. The financial difficulties of the Fund's clients may adversely affect the value of the Fund's financial assets and, accordingly, may have a direct adverse effect on the valuation of the Company's investments in the Fund. The impact on the overall economic situation may require a

review of certain assumptions and estimates. At present, management cannot reliably estimate the impact of these events as the situation changes on a daily basis.

On behalf of UAB Valstybės Investicinis Kapitalas

Chief Accountant

Robertas Vyšniauskas
CEO

Inga Čėsniė
Authorised person of UAB Nordgain

UAB „Valstybės investicinis kapitalas“ INTERIM SIX-MONTH REPORT

Below is an assessment of the compliance of the Company's 2022 six-month interim Annual Report (or Annual Activity Report) with the on the Guidelines for Ensuring the Transparency of State-owned Enterprises, the Corporate Governance Code for the Companies Listed on NASDAQ OMX Vilnius and the Law on Financial Reporting by Undertakings (or the Law on State and Municipal Enterprises), as well as other good reporting practices.

DESCRIPTION AND OBJECTIVES OF THE COMPANY

General

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

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

The company's taxpayer code is 305611945.

Email: info@vika.lt

Shareholder: The State

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

State-owned part: 100%

Manager's word

Valstybės Investicinis Kapitalas (VIKA) was established to help Lithuanian businesses overcome the challenges caused by the pandemic. In 2022, VIKA invested the funds raised in the state and capital markets in Pagalbos Verslui Fondas managed by the State Investment Management Agency, thus providing financial assistance to businesses and promoting the capital market.

Despite the complex geopolitical situation this year, which significantly affects financial markets and their participants, VIKA raised EUR 50 million in the capital market by issuing two bond issues of EUR 25 million each. All VIKA bonds are listed on the Nasdaq Vilnius Stock Exchange and may participate in the monetary policy operations of the European Central Bank.



VIKA's plans to invest in KŪB Pagalbos Verslui Fondas are determined by the real needs of Lithuanian business enterprises. I invite you to get acquainted with the results of the activities.

VIKA activity description and activity model

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

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

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

- VIKA must raise EUR 400 million in DS issues and ensure that VIKA does not operate at a loss.
- VIKA must ensure that the total cost of the funds raised is in line with the best market conditions at the time of the issuance of the DSs, using all possible cost-optimisation solutions for the issuance and the entire financial cycle, such as credit rating and other measures.
- VIKA must implement appropriate risk management measures.

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

During 2022, UAB Valstybės Investicinis Kapitalas spent a total of EUR 50 million on DSs.

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

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

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

The main activities of VIKA include:

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

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

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

As of 30 June 2022, all shares were fully paid up.

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

Description of activities during the reporting period

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

In 2022, the updated Articles of Association of the Company were approved twice. New statutes were registered in the register of legal entities on: 24 March 2022 and 27 June 2022.

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

On 13 April 2022 the Government of the Republic of Lithuania adopted a resolution deciding to transfer all ordinary registered intangible shares owned by the state and managed by the Ministry of the Economy and Innovation of the Republic of Lithuania, i.e. 10,120,000 (ten million one hundred and twenty thousand), each with a nominal value of EUR 10 (ten) and giving 100% votes at the General Meeting of Shareholders of UAB Valstybės Investicinis Kapitalas, to the Ministry of Finance of the Republic of Lithuania for management, use and disposal. From 11 May 2022, all shares of the Company have been transferred to the Ministry of Finance of the Republic of Lithuania to manage, use and dispose of in trust.

On 27 June 2022, the board of UAB Valstybės Investicinis Kapitalas adopted a decision to accept and approve the updated program of the Company's Medium Term Note Programme guaranteed by the Republic of Lithuania up to EUR 400 million and its information memorandum, which sets out the updated conditions of the Programme.

Taking into account (i) the provisions of the Company's Medium Term Note Programme guaranteed by the Republic of Lithuania up to EUR 400 million (Programme) and its information memorandum (Information Memorandum) were approved by the Management Board (updated Programme and its Information Memorandum were approved by the Company's management by decision 27 June 2022, No. 7); (ii) the results of investor surveys, as well as (iii) the recommendations of the Programme Organiser, the Lithuanian branch of Luminor Bank AS, to issue Tranche 1, Series 3 of the Company's bonds with a total par value of EUR 25,000,000 under the Programme and the Information Memorandum, ISIN LT0000406613.

Significant events after 30 June 2022

According to letter No. SR-PVF-2022-6 dated 20/06/2022, the company invested EUR 25 million in KŪB's "Business Support Fund", the funds were transferred on 08/07/2022.

STRATEGY AND ITS IMPLEMENTATION

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

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

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

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

Sustainability

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

Company's business plans and forecasts

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

Compliance of the results with the objectives

In 2022, according to the calls, the Company invested EUR 50,000,000 in KŪB Pagalbos Verslui Fondas, i.e. according to the calls, the company invested 25 million in KŪB Pagalbos Verslui Fondas on 10 March 2022, and according to letter No. SR-PVF-2022-6 dated 20/06/2022, the company invested EUR 25 million in KŪB's "Business Support Fund", the funds were transferred on 08/07/2022.

25 million euro bonds of the Tranche 1, Series 2, were issued in 2022. The par value of one bond was EUR 1,000. The bond redemption date is September 22, 2025, as well as the EUR 25 million bonds of Tranche 1, Series 3. The bond redemption date is 30 June 2027.

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

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

FINANCIAL AND PERFORMANCE ANALYSIS

Income

The company did not earn any income in 2021 and 2022. The company's operating model is designed so that the company does not plan to receive additional income in the near future other than return on investment.

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

Table 1.

N o.	Name	Total, EUR	Year							
			2021	2022	2023	2024	2025	2026	2027	2028
1	Authorised capital and funds for bonds issued	251,200,000	161,200,000	90,000,000	-	-	-	-	-	-
2	Company's investments in the Fund	250,000,000	160,000,000	90,000,000	-	-	-	-	-	-
3	Company's costs	5,180,239	397,004	660,388	1,057,021	1,101,021	812,998	559,841	295,983	295,983
4	Purchase of bonds	150,000,000	-	-	-	60,000,000	50,000,000	40,000,000	-	-
5	Payments receivable from the Fund (with hurdle rate return)	267,139,814	-	1,700,000	61,200,000	1,200,000	110,941,505	24,480,339	50,201,665	17,416,306

Costs

The Company's operating expenses, other expenses and impairment of financial and non-current financial assets in 2022 amounted to EUR 16.6 million.

Company's performance

The company's net loss was EUR 16.6 million in 2022. The main reason for the increase in net loss is the impairment of long-term financial assets.

Earnings/loss per share

Ordinary earnings/loss per share is calculated by dividing the net profit/loss for the period by the weighted average number of ordinary shares in issue during the period. The weighted average number of shares in 2022 was 10,120,000.

Earnings/loss per share:

	2022	2021
Net profit/loss	(16,639,316)	(2,901,970)

Weighted average number of ordinary shares in issue	10,120,000	10,020,000
Earnings/loss per share	(1.6442)	(0.290)

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

Balance sheet analysis	30/06/2022	31/12/2021	Change, Eur	Change, %
Non-Current Assets	150 817 327	142 269 122	8 548 205	6
Current Assets	25 632 101	745 061	24 887 040	3 340
TOTAL ASSETS	150 817 327	143 014 183	7 803 144	5
Total equity	76 534 501	93 173 817	- 16 639 316	- 18
Non-current liabilities	9 999 896 391	49 830 758	9 950 065 633	19 968
Current liabilities	18 536	9 608	8 928	93
TOTAL LIABILITIES	9 999 914 927	49 840 366	50 074 561	100

As of 30/06/2022, the Company had EUR 25,508,382 in its bank account. During 01/01/2022 – 30/06/2022, EUR 25,000,000 was transferred to KŪB Pagalbos Verslui Fondas according to calls.

Table 4. The Company's main financial indicators

Key financial indicators	30/06/2022	31/12/2021
Revenue	-	-
Costs	16 639 316	5 124 213
Net loss	16 639 316	5 124 213
Liquidity ratios		
Current liquidity ratio	1 382,83	77,55
Critical liquidity ratio	1 382,83	77,55
Absolute cash liquidity ratio	1 376,15	60,96
Working capital	25 613 565	735 453
Profitability indicators		
Net profitability	-	-
Asset turnover ratio	-	-
Average ROA, %	-10,4%	-4,20%
ROE, %	-21,7%	-5,50%
D/E ratio	1,31	0,53

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

RISK FACTORS

Key risk factors and their management policies

The company's activities must comply with the Commission Decision No. C(2020) 3534 (final) of 26 May 2020 "State Aid SA.57008(2020/N) – Lithuania COVID-19: Aid Fund for Business" as

subsequently amended and supplemented, and the provisions of the Description of Activities of the Measure “Aid Fund for Business” approved by the Minister of the Economy and Innovation of the Republic of Lithuania and the Minister of Finance of the Republic of Lithuania, as subsequently amended and supplemented. This specificity of the company’s activities determines the limited need for risk management policy. On the other hand, the company has general risk management controls in place.

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

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

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

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

INVESTMENT PROJECTS

Key ongoing and completed investment projects.

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

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

During 2022, according to the calls, the Company invested EUR 50,000,000 in KŪB Pagalbos Verslui Fondas: EUR 25 million were invested by the Company on 10 March 2022, while EUR 25 million were invested according to letter No. SR-PVF-2022-6 dated 20/06/2022, with the funds received on 08/07/2022.

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

Planned investment projects

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

Under the current agreement with the participants, the company can invest up to EUR 250 million in KŪB Pagalbos Verslui Fondas (by 30 June 2022, VIKA had invested EUR 150 million). The company can issue bonds under the EUR 400 million programme and thus raise additional funds if the company makes additional commitments.

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

Investment policy

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

CORPORATE GOVERNANCE STRUCTURE, MANAGEMENT AND SUPERVISORY BODIES

Main shareholders of the Company, their rights

On 13 April 2022 the Government of the Republic of Lithuania adopted a resolution deciding to transfer all ordinary registered intangible shares owned by the state and managed by the Ministry of the Economy and Innovation of the Republic of Lithuania, i.e. 10,120,000 and giving 100% votes at the General Meeting of Shareholders of VIKA, to the Ministry of Finance of the Republic of Lithuania for management, use and disposal. From 11 May 2022, all shares of the Company have been transferred to the Ministry of Finance of the Republic of Lithuania to manage, use and dispose of in trust.

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

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

As of 30 June 2022, 100% of the Company's authorised capital belongs to the Republic of Lithuania, code 111105555.

Management bodies of the company (structure)

The governing bodies of VIKA are:

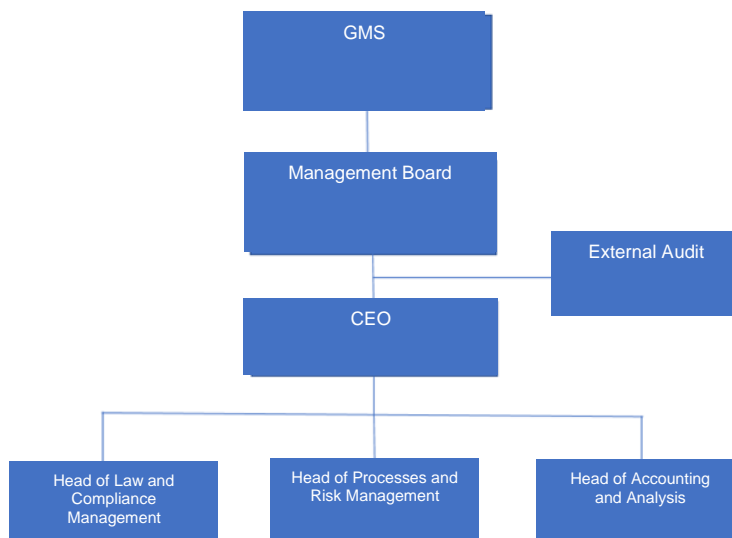
- General Meeting of Shareholders
- Management Board
- Head of VIKA (CEO)

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

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

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

Figure 2. Company's management structure



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

Chair of the Management Board - Šarūnas Ruzgys, Member of the Management Board, elected on 07 August 2020.

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

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

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

Selection principles applied to the composition of the Management Board

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

The Management Board also has the following additional competencies:

- consider and approve a policy for the investment of temporarily available funds;
- give its approval to the head of VIKa for the conclusion of a transaction with a value of more than EUR 50,000 (fifty thousand euros) excluding VAT;
- consider and make decisions implementing the relevant decisions adopted by the general meeting of shareholders,

- consider and make decisions to issue VIKA bonds as provided for in Article 55(4) of the Law on Companies;
- determine the indicators used to evaluate the activities of the head of VIKA and their target values, on which the size of the variable part of the monthly salary of the head of VIKA depends.

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

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

The head of the company is the CEO Robertas Vyšniauskas.

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

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

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

Remuneration for the head of the Company for 2022 - EUR 48,965.

General Meeting of Shareholders and its activities

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

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

REMUNERATION AND STAFF

The total half-year salary fund is EUR 48,965. The Company does not have Staff (HRM) policy.

The average monthly salary of employees (gross) by position as of 30 June:

CEO

2022 - EUR 4,531.20

Remuneration policy of the head of the company: The head of the company has a fixed part of the salary. The variable part of the salary may be determined by the decision of the Management Board as a percentage for the financial year or quarter, taking into account the achievement of the employee's tasks for the previous financial year or quarter and the performance indicators for

determining the employee's monthly salary variable. The variable part of the monthly salary may not exceed 50% of the fixed part of the salary for the employee.

Actual remuneration of Management Board members during the current year

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

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

Remuneration calculated for the members of the Management Board for 2022 amounts to EUR 8,400.

DIVIDEND POLICY

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

INFORMATION ABOUT SUBSIDIARIES

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

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